

April 30, 2013

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PA PUBLIC UTILITY COMMISSION
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Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17120

Re: 2012 Annual Reliability Report – West Pennsylvania Power Company

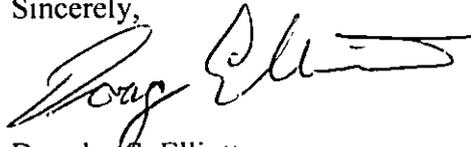
Dear Secretary Chiavetta:

L-00030161

Pursuant to 52 Pa. Code § 57.195(a) and (b), enclosed for filing are two copies of West Penn Power Company's ("West Penn") 2012 Annual Reliability Report ("Report"). Please date-stamp the additional copy and return it in the postage-paid envelope provided.

Please contact me if you have any questions.

Sincerely,



Douglas S. Elliott
President, Pennsylvania Operations
(610) 921-6060
elliottd@firstenergycorp.com

dln
Enclosures

c: As Per Certificate of Service
D. Gill – Bureau of Technical Utility Services
D. Searfoorce – Bureau of Technical Utility Services

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PA PUBLIC UTILITY COMMISSION
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2012 Annual Reliability Report

West Penn Power Company

Pursuant to 52 Pa. Code § 57.195(a) and (b)

**2012 Annual Reliability Report
West Penn Power Company
Pursuant to 52 Pa. Code Chapter § 57.195(a) and (b)**

The following 2012 Report (“Report”) is submitted to the Pennsylvania Public Utility Commission (“PaPUC” or “Commission”) on behalf of West Penn Power Company (“West Penn Power”).

Section 57.195(b)(1) An overall current assessment of the state of the system reliability in the EDC’s service territory including a discussion of the EDC’s current programs and procedures for providing reliable electric service.

Current Assessment of the State of System Reliability

The 2012 year-end results reflect hard work, dedication and commitment exhibited by West Penn Power to improve reliability performance for their customers in the Commonwealth of Pennsylvania. West Penn Power has programs and processes in place to support reliability initiatives and to continually address and improve distribution performance. In addition to the already established inspection and maintenance programs (tree trimming, pole inspections, etc.) and worst performing circuit reviews, these programs include root cause analysis for distribution circuit lockouts, mainline hardware reviews, complete circuit coordination reviews on a periodic basis, remote circuit monitoring, customers experiencing multiple interruption (CEMI) review and outage cause analysis trending.

Weather events continue to affect circuit reliability and overall reliability performance. One major event was excluded from statistics however; other less severe weather events are included in statistics and contributed significantly to reliability statistics, especially on an individual circuit basis.

Reliability Results

The table below, taken from the 4th Quarter 2012 Reliability Report, shows there are two reliability indices in 2012 that were better than the Commission’s 12-Month Standard (shown in **green**).

12-Mo Rolling	West Penn Power		
	Benchmark	12-Month Standard	12-Month Actual
SAIFI	1.05	1.26	1.07
CAIDI	170	204	226 ¹
SAIDI	179	257	241
Customers Served ²	706,261		
Number of Sustained Interruptions	11,237		
Customers Affected	753,301		
Customer Minutes	170,498,704		

¹ West Penn Power's higher-than-normal CAIDI is directly attributed to the non-excludable events, Derecho which occurred in June 2012 and Hurricane Sandy which occurred in October 2012. These events resulted in an 83 minute impact to West Penn Power's overall CAIDI.

² Represents the average number of customers served during the reporting period

Section 57.195(b)(2) A description of each major event that occurred during the year being reported on, including the time and duration of the event, the number of customers affected, the cause of the event and any modified procedures adopted to avoid or minimize the impact of similar events in the future.

Major Events

A major event is determined to have occurred where 10% of West Penn Power’s customers are out of service for five minutes or greater as defined in 52 Pa. Code § 57.192. This annual report for 2012 is based on the exclusion of major events and is consistent with the major events reported in each of the 2012 quarterly reports. The major event for 2012 is as follows:

FirstEnergy Company	Customers Affected	Time and Duration of the Event		Cause of the Event	Commission Approval Status
West Penn Power	80,438	Duration	4 days, 12 hours and 29 minutes	Severe thunderstorms	Approved on October 25, 2012
		Start Date/Time	July 26, 2012 4:26am		
		End Date/Time	July 30, 2012 4:55pm		

Section 57.195(b)(3) A table showing the actual values of each of the reliability indices (SAIFI, CAIDI, SAIDI, and if available, MAIFI) for the EDC's service territory for each of the preceding 3 calendar years. The report shall include the data used in calculating the indices, namely the average number of customers served, the number of sustained customer minutes interruptions, the number of customers affected and the minutes of interruption. If MAIFI values are provided, the number of customer momentary interruptions shall also be reported.

Reliability Indices

For the purposes of this report, all reliability reporting is based upon the PaPUC's definitions for "momentary outages" and "major events" (outage data excluded as a result of major events).

Historic 12-Month Rolling Reliability Indices				
	Index	2010	2011	2012
West Penn Power	SAIFI	1.00	1.40	1.07
	CAIDI	190	151	226
	SAIDI	191	211	241
	Customer Minutes	136,121,784	151,157,755	170,498,704
	Customers Affected	715,735	999,988	753,301
	Customers Served ⁴	713,122	715,738	706,261

36-Month Rolling Year-End 2012	West Penn Power	
	36-Month Standard	36-Month Actual
SAIFI	1.16	1.16
CAIDI	187	189 ⁵
SAIDI	217	214

³ MAIFI values are not available

⁴ Represents the average number of customers served during the reporting period

⁵ As shown in the chart on page three of this report, West Penn Power's higher-than-normal CAIDI is directly attributed to the non-excludable events Derecho and Hurricane Sandy. Additionally, West Penn Power experienced several non-excludable events during 2011.

Section 57.195(b)(4) A breakdown and analysis of outage causes during the year being reported on, including the number and percentage of service outages, the number of customers interrupted, the customer interruption minutes categorized by outage cause such as equipment failure, animal contact, tree related, and so forth. Proposed solutions to identified service problems shall be reported.

Outages by Cause

Outages by Cause				
2012 12-Month Rolling	West Penn Power			
Cause	Customer Minutes	Number of Sustained Interruptions	Customers Affected	% Based on Number of Outages
EQUIPMENT FAILURE	19,471,142	2,566	136,800	22.84%
TREES/NOT PREVENTABLE	68,377,040	2,450	169,825	21.80%
UNKNOWN	21,532,137	1,978	113,781	17.60%
ANIMAL	2,087,784	998	24,834	8.88%
LINE FAILURE	13,428,338	779	69,476	6.93%
FORCED OUTAGE	4,368,227	718	67,046	6.39%
TREES/PREVENTABLE	7,044,906	398	19,873	3.54%
VEHICLE	8,040,413	352	65,690	3.13%
WIND	18,969,212	324	31,860	2.88%
LIGHTNING	2,245,292	225	10,921	2.00%
BIRD	587,746	151	4,572	1.34%
HUMAN ERROR - NON-COMPANY	1,411,515	91	13,351	0.81%
CUSTOMER EQUIPMENT	133,444	50	915	0.44%
UG DIG-UP	115,205	34	1,037	0.30%
HUMAN ERROR - COMPANY	394,571	29	8,005	0.26%
FIRE	515,347	23	3,192	0.20%
OBJECT CONTACT WITH LINE	104,055	20	1,560	0.18%
OVERLOAD	618,369	20	3,989	0.18%
VANDALISM	118,885	15	5,261	0.13%
PREVIOUS LIGHTNING	14,121	7	49	0.06%
OTHER UTILITY-NON ELEC	3,755	5	19	0.04%
ICE	2,452	2	2	0.02%
OTHER ELECTRIC UTILITY	914,748	2	1,243	0.02%
TOTAL	170,498,704	11,237	753,301	100.00%

Proposed Solutions

Equipment Failure

West Penn Power addresses equipment failures using a three-prong approach. The first step is to conduct pole by pole reviews of mainline hardware and correct any deficiencies found. The second step is a review of the entire overhead circuit, visiting all locations on a six-year cycle. And the third step is conducting an engineering review and root cause analysis of all distribution circuit lockouts. The number of equipment failures is mitigated through these inspection and maintenance practices and the follow up corrective actions. In addition, the Engineering Department periodically conducts a multi-operation device review to identify causes and trends of equipment failures and other outage causes. Engineering then plans accordingly to repair or replace facilities.

Trees/Not Preventable

West Penn Power's danger tree program consists of removing, or significantly reducing in height, dead, diseased or damaged trees located outside the boundary of the right-of-way that pose a threat to service reliability or the integrity of the line under any weather condition. In 2012, West Penn Power began a program targeting ash trees impacted by the Emerald Ash Borer. This will be an ongoing program.

Unknown

There are numerous events, which are typically transient in nature, that result in outages with an unknown cause. Procedures are in place for field personnel to investigate recurring outages on a specific sectionalizing device. Experience has shown that very few of the outage events classified as unknown are recurrent in nature. West Penn Power has also introduced a root cause analysis process for all circuit lockouts that includes field patrols of all questionable outage causes.

Section 57.195(b)(5) A list of the major remedial efforts taken to date and planned for circuits that have been on the worst performing 5% of circuits list for a year or more.

Worst Performing Circuits – Remedial Actions

West Penn Power's Remedial Actions for its 5% Worst Performing Circuits are provided in Attachment A of this report.

Section 57.195(b)(6) A comparison of established transmission and distribution inspections and maintenance goals/objectives versus actual results achieved during the year being reported on. Explanations of any variances shall be included.

T&D Inspection and Maintenance Program

Inspection and Maintenance 2012		West Penn Power	
		Planned	Completed
Forestry	Transmission (Miles)	318.10	316.74 ⁶
	Distribution (Miles)	4,533	4,800
Transmission	Aerial Patrols	2	2
	Groundline	206	258
Substation	General Inspections	5,050	5,050
	Transformers	405	440
	Breakers	210	210
	Relay Schemes	140	193
Distribution	Capacitors	1,360	1,360
	Poles	42,180	42,582
	Reclosers	3,556	3,557
	Radio-Controlled Switches	West Penn Power has no radio-controlled switches.	

General Note:
Unless specified otherwise, all inspections are reported on a unit bases rather than on a location basis.

⁶ 1.36 miles were not completed due to six property refusals.

Section 57.195(b)(7). A comparison of budgeted versus actual transmission and distribution operation and maintenance expenses for the year being reported on in total and detailed by the EDC's own functional account code of FERC account code as available. Explanations of any variances shall be included.

Budgeted vs. Actual T&D Operation & Maintenance Expenditures

West Penn Power					
T&D O&M (YTD December 2012)					
Category		YTD Actuals	YTD Budget	Variance %	Notes ^a
Transmission					
560	Operation Supervision & Engineering	(70,658)	(70,659)	0%	
561	Load Dispatching	2,091,895	6,950,594	-70%	13
562	Station Expenses	461,526	2,301,818	-80%	13
563	Overhead Lines Expenses	98,271	102,779	-4%	
565	Transmission of Electricity by Others	24,845,343	17,730,188	40%	1
566	Miscellaneous Transmission Expenses	255,123	136,868	86%	15
567	Rents	230	0	100%	6
568	Maintenance Supervision & Engineering	548,360	1,088,963	-50%	2
569	Maintenance of Structures	68,925	110,421	-38%	3
570	Maintenance of Station Equipment	758,435	415,701	82%	4
571	Maintenance of Overhead Lines	3,946,774	3,527,269	12%	5
572	Maintenance of Underground Lines	575	0	100%	6
575	Market Administration, Monitoring & Compliance Services	92,429	44,308	109%	7
Transmission Total		33,097,228	32,338,249		
Distribution					
580	Operation Supervision & Engineering	804,098	643,882	25%	14
581	Load Dispatching	1,756,406	2,279,657	-23%	13
582	Station Expenses	1,748,618	733,217	138%	4
583	Overhead Line Expenses	542,953	575,123	-6%	
584	Underground Line Expenses	1,105,732	1,200,687	-8%	
586	Meter Expenses	580,476	581,429	0%	
587	Customer Installations Expenses	108,604	108,604	0%	
588	Miscellaneous Distribution Expenses	8,507,219	6,887,560	24%	12
589	Rents	2,713	2,713	0%	
590	Maintenance Supervision & Engineering	785,209	906,276	-13%	8
592	Maintenance of Station Equipment	2,867,286	4,319,496	-34%	9
593	Maintenance of Overhead Lines	(1,158,504)	19,752,461	-106%	10
594	Maintenance of Underground Lines	587,674	667,349	-12%	11
595	Maintenance of Line Transformer	48,027	48,027	0%	
596	Maintenance of Street Lighting and Signal Systems	651,488	396,513	64%	12
597	Maintenance of Meters	1,911,923	1,362,485	40%	12
598	Maintenance of Miscellaneous Distribution Plant	545,657	745,851	-27%	3
Distribution Total		21,395,578	41,211,331		
West Penn Power Grand Total		54,492,806	73,549,580		

Variance Explanations (Variances 10% or greater):	
1	Over budget due to higher Network Integration Transmission Services (NITS) charges and actual load dispatching expenses.
2	Under budget due to Planning & Protection Services being less than planned.
3	Under budget due to lower Information Technology (IT) billings than anticipated.
4	Over budget due to higher labor costs than planned.
5	Over budget due to vegetation management costs being less than planned.
6	Current budgeting practices do not budget directly to FERC accounts. FirstEnergy budgets to different cost collectors, which settle to FERC accounts. Actual settlements to these FERC accounts are relatively immaterial amounts.
7	Over budget due to higher load procurement expenses for the Load Serving Entity (LSE).
8	Under budget due to lower labor costs than planned.
9	Under budget due to lower distribution substation corrective maintenance costs.
10	Under budget due to capitalization changes which were made to further align West Penn Power with FirstEnergy corporate policies and practices.
11	Under budget due to lower costs for maintenance and repair of underground facilities.
12	Over budget due to higher costs for company vehicles.
13	Under budget due to lower labor costs than planned; differenced in account mapping for load dispatching expenses.
14	Over budget due to higher labor costs than planned.
15	Over budget due to Service Company cost allocations.

Section 57.195(b)(8) A comparison of budgeted versus actual transmission and distribution operation and maintenance capital expenses for the year being reported on in total and detailed by the EDC's own functional account code or FERC account code as available. Explanations of any variances 10% or greater shall be included.

Budgeted vs. Actual T&D Capital Expenditures

West Penn Power				
T&D Capital (YTD December 2012)				
Category	YTD Actuals	YTD Budget	Variance %	Notes
Capacity	4,754,898	4,154,480	14%	1
Condition	10,220,762	8,836,187	16%	2
Facilities	8,807,405	5,401,834	63%	3
Forced	39,716,635	30,209,021	31%	4
Meter Related	559,055	2,011,450	-72%	5
New Business	22,673,620	17,244,298	31%	6
Other	18,525,976	(2,594,517)	-814%	7
Reliability	5,554,813	10,509,227	-47%	8
Street Light	795,042	1,636,205	-51%	9
Tools & Equipment	4,108,224	2,976,949	38%	10
Vegetation Management	33,623,145	31,981,095	5%	
West Penn Power Total	149,339,576	112,366,228		

Variance Explanations (Variances of 10% or greater):	
1	Over budget due to capitalization changes made to align West Penn Power with FirstEnergy policies and practices; timing differences on several smaller projects
2	Over budget due to emerging projects not included in the original budget.
3	Over budget due to the expansion of the Connellsville South District Center and the Jeannette Training Center.
4	Over budget due to costs related to Hurricane Sandy.
5	Under budget due to meter exchanges being less than anticipated.
6	Over budget due to new residential, commercial, and industrial business being greater than budget.
7	Over budget due to capitalization changes made to align West Penn Power with FirstEnergy policies and practices.
8	Under budget due to the timing of Carbon Center Substation Spare Transformer.
9	Under budget due to less streetlight work and fewer mercury vapor replacements than anticipated.
10	Over budget due to Information Technology (IT) costs being greater than budget.

Section 57.195(b)(9) *Quantified transmission and distribution inspection and maintenance goals/objectives for the current calendar year detailed by system area (that is, transmission, substation and distribution).*

T&D Inspection & Maintenance Programs – 2013 Goals / Objectives

T&D Inspection & Maintenance Programs - 2013	
Program/Project	West Penn Power
Forestry	
Transmission (Miles)	513.30
Distribution (Miles)	4,482
Transmission	
Aerial Patrols	2
Wood Pole Groundline	0
Substation	
General Inspections	5,070
Transformers	405
Breakers	210
Relay Schemes	133
Distribution	
Capacitors	1,332
Poles	38,701
Reclosers	3,799
Radio-Controlled Switches	West Penn Power has no radio-controlled switches.

Section 57.195(b)(10) *Budgeted transmission and distribution operation and maintenance expenses for the current year in total and detailed by the EDC's own functional account code or FERC account code as available.*

2013 T&D O&M Budget⁷

West Penn Power		
T&D O&M - Annual 2013		
Category		Annual Budget
Transmission		
561	Load Dispatching	2,918,008
562	Station Expenses	2,898,094
565	Transmission of Electricity by Others	24,306,181
566	Miscellaneous Transmission Expenses	194,763
567	Rents	2,867
568	Maintenance Supervision & Engineering	1,096,662
569	Maintenance of Computer Hardware	275,970
570	Maintenance of Station Equipment	(33,305)
571	Maintenance of Overhead Lines	864,563
575	Market Administration, Monitoring & Compliance Services	45,000
Transmission Total		32,568,804
Distribution		
580	Operation Supervision & Engineering	433,774
581	Load Dispatching	1,298,802
582	Station Expenses	821,743
583	Overhead Line Expenses	341,463
584	Underground Line Expenses	870,000
586	Meter Expenses	940,886
588	Miscellaneous Distribution Expenses	6,848,491
590	Maintenance Supervision & Engineering	554,657
592	Maintenance of Station Equipment	3,195,787
593	Maintenance of Overhead Lines	22,015,105
594	Maintenance of Underground Lines	795,209
596	Maintenance of Street Lighting & Signal Systems	394,282
597	Maintenance of Meters	1,397,314
598	Maintenance of Miscellaneous Distribution Plant	1,596,881
Distribution Total		41,504,393
West Penn Power Total		74,073,197

⁷ Budgets are subject to change

Section 57.195(b)(11) Budgeted transmission and distribution capital expenses for the current year in total and detailed by the EDC's own functional account code or FERC account code as available.

2013 T&D Capital Budget⁸

West Penn Power T&D Capital - 2013	
Category	Annual Budget
Capacity	6,509,414
Condition	7,358,313
Facilities	173,124
Forced	24,885,963
Meter Related	1,949,692
New Business	14,822,122
Other	19,375,572
Reliability	14,282,823
Street Light	1,282,956
Tools & Equipment	3,611,308
Vegetation Management	25,987,100
West Penn Power Total	120,238,387

⁸ Budgets are subject to change

Section 57.195(b)(12) Significant changes, if any, to the transmission and distribution maintenance programs previously submitted to the Commission.

Changes to T&D Maintenance Programs

West Penn Power continues to review its inspection and maintenance practices to confirm that they are consistent with industry standards and that they support the achievement of the applicable Commission approved reliability benchmarks and standards. There were no significant revisions made to the inspection and maintenance practices in 2012.

ATTACHMENT A

Worst Performing Circuits – Remedial Actions

West Penn Power			
Substation	Circuit	Remedial Actions Planned or Taken	Status
Necessity	Ohiopyle	Main line tree trimming	Complete
		Circuit review for main line hardware issues	Complete
Rutan	Windridge	Circuit review for main line hardware issues	Complete
		Cycle tree trimming	To be completed 2013
Rutan	Bistoria	Cycle tree trimming	Complete
		Circuit review for main line hardware issues	Complete
Bethlen	Laughlontown	Circuit review for main line hardware issues	Complete
		Circuit review for main line hardware issues	Complete
Silverville 138-12	Harrison	Main line tree trimming	Complete
		Cycle tree trimming	To be completed 2013

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

2012 Annual Reliability Report – West :
Penn Power Company :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of the foregoing document upon the individuals listed below, in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant).

Service by first class mail, as follows:

John R. Evans
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Tanya McCloskey
Office of Consumer Advocate
555 Walnut Street – 5th Floor
Harrisburg, PA 17101-1923

David Dulick
Pennsylvania Rural Electric Association
212 Locust Street, 2nd Floor
Harrisburg, PA 17101

Scott Rubin
Utility Workers Union of America
333 Oak Lane
Bloomsburg, PA 17815-2036

Dated: April 30, 2013



Tori L. Giesler
Attorney No. 207742
FirstEnergy Service Company
2800 Pottsville Pike
P.O. Box 16001
Reading, Pennsylvania 19612-6001
(610) 921-6203
tgiesler@firstenergycorp.com

Counsel for West Penn Power Company

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