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April 30, 2015

VIA UNITED PARCEL SERVICE

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

L-00030161

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: 2014 Annual Reliability Report – West Penn Power Company

Dear Secretary Chiavetta:

Pursuant to 52 Pa. Code § 57.195(a) and (b), enclosed for filing are two copies of West Penn Power Company's 2014 Annual Reliability 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,



Tori L. Giesler

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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2014 Annual Reliability Report

West Penn Power Company

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

**2014 Annual Reliability Report
West Penn Power Company
Pursuant to 52 Pa. Code Chapter § 57.195(a) and (b)**

The following 2014 Annual Reliability 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

West Penn Power’s year-end reliability results reflect the Company’s ongoing commitment to operate its system in a safe manner and to improve reliability for its customers. The Company has programs and processes in place to continually address and enhance system reliability. These programs include inspection and maintenance, such as overhead circuit, pole, and capacitor inspections. West Penn Power also conducts worst performing circuit reviews, mainline hardware reviews, complete circuit coordination reviews, remote circuit monitoring, customers experiencing multiple interruption (CEMI) review, and outage cause analysis trending.

In 2013, the Company instituted a danger tree program in addition to its vegetation management program. The new program consists of removing, or significantly reducing in height, trees that are located outside the boundary of the right-of-way that are dead, dying, diseased, and leaning or significantly encroaching on the corridor as may pose a threat to service reliability or the integrity of the line. West Penn Power also initiated zone 1 (from the substation to the first protective device) vegetation reviews to minimize the effects of identified danger trees on the system. Currently, West Penn Power is in the third year of its five-year vegetation management cycle and continues to realize the benefits of this program. Finally, in 2014, the Company initiated a ‘Blue Sky’ review process whereby outages with over 250 customers interrupted are reviewed to allow engineering to identify solutions to reduce future outages on affected circuits.

As of year-end 2014, West Penn Power had met all of its Commission-established benchmarks and standards. In doing so, the Company’s SAIDI improved 37%, CAIDI improved 25%, and SAIFI improved 16% over 2013 performance. West Penn Power was able to achieve these results while responding to and restoring outages resulting from twenty-three minor storm events. Although 2014 was a year of good weather, which greatly aided its reliability results, West Penn Power continues to assess and enhance its storm restoration processes as it continuously strives for improvement.

Reliability Results

The table below, taken from the 4th Quarter 2014 Reliability Report, shows that all of West Penn Power’s reliability indices at year-end 2014 were better than the Commission-established 12-Month Standard and Benchmark (shown in **green**).

12-Mo Rolling	West Penn Power		
	Benchmark	12-Month Standard	12-Month Actual
SAIFI	1.05	1.26	1.02¹
CAIDI	170	204	137¹
SAIDI	179	257	139¹
Customers Served ²	711,915		
Number of Sustained Interruptions	10,260		
Customers Affected	722,597		
Customer Minutes	99,203,464		

¹ West Penn Power achieved better than benchmark SAIFI, CAIDI, and SAIDI performance.

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

As defined in 52 Pa. Code § 57.192, a major event is determined to have occurred 1) where 10% of West Penn Power's customers are out of service for five minutes or greater or 2) where an unscheduled interruption of electric service results from an action taken by West Penn Power to maintain the adequacy and security of the electrical system, including emergency load control, emergency switching and energy conservation procedures, affecting at least one customer.

West Penn Power did not experience any major events during 2014.

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 Indices³

Historic 12-Month Rolling Reliability Indices				
	Index	2012	2013	2014
West Penn Power	SAIFI	1.07	1.21	1.02
	CAIDI	226	183	137
	SAIDI	241	222	139
	Customer Minutes	170,498,704	157,751,725	99,203,464
	Customers Affected	753,301	863,104	722,597
	Customers Served ⁴	706,261	710,379	711,915

36-Month Rolling Year-End 2014	West Penn Power	
	36-Month Standard	36-Month Actual
SAIFI	1.16	1.10
CAIDI	187	182
SAIDI	217	201

³ MAIFI values are not available

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

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

Outage by Cause				
4th Quarter 2014 12-Month Rolling	West Penn Power			
Cause	Customer Minutes	Number of Sustained Interruptions	Customers Affected	% Based on Number of Outages
Equipment Failure	15,665,072	2,419	144,555	23.58%
Unknown	9,346,031	1,632	77,777	15.91%
Trees Off ROW-Tree	25,728,451	1,215	100,298	11.84%
Forced Outage	8,443,654	1,149	142,602	11.20%
Line Failure	12,774,306	943	71,871	9.19%
Animal	1,427,517	874	22,244	8.52%
Trees On ROW	5,996,223	455	30,399	4.43%
Trees Off ROW-Limb	4,822,659	360	28,653	3.51%
Vehicle	9,284,922	343	65,989	3.34%
Bird	612,174	225	5,841	2.19%
Trees - Sec/Service	304,323	212	1,106	2.07%
Lightning	2,148,109	170	11,046	1.66%
Human Error - Non-Company	1,636,702	99	12,474	0.96%
UG Dig-Up	60,007	32	275	0.31%
Human Error - Company	50,757	27	611	0.26%
Object Contact With Line	95,624	27	712	0.26%
Customer Equipment	171,149	20	2,285	0.19%
Overload	296,487	20	2,030	0.19%
Fire	17,438	11	69	0.11%
Vandalism	10,963	10	66	0.10%
Other Electric Utility	261,690	5	742	0.05%
Previous Lightning	2,432	5	5	0.05%
Wind	37,342	4	227	0.04%
Switching Error	9,334	2	718	0.02%
Other Utility - Non Electric	98	1	2	0.01%
Total	99,203,464	10,260	722,597	100.00%

Proposed Solutions – West Penn Power

Equipment Failure

West Penn Power addresses equipment failures using a three-prong approach. The first step is to conduct pole by pole reviews of main line 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. 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 programs 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.

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 continued its root cause analysis process that began in 2013 for all circuit lockouts that includes field patrols of all unknown outage causes.

Trees Off ROW-Tree

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 also began a program targeting ash trees impacted by the Emerald Ash Borer. This has been an ongoing effort, continuing throughout 2014.

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 2014		West Penn Power	
		Planned	Completed
Forestry	Transmission (Miles)	166.62	174.95
	Distribution (Miles)	4,506	4,506
Transmission	Aerial Patrols	2	2
	Groundline	0	0
Substation	General Inspections	5,880	5,880
	Transformers	564	564
	Breakers	501	501
	Relay Schemes	160	160
Distribution	Capacitors	1,310	1,311
	Poles	54,900	57,613
	Reclosers	3,789	3,789
	Radio-Controlled Switches	West Penn Power has no radio-controlled switches.	

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

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 - 2014 (\$)					
Transmission					
Category		2014 Actuals	2014 Budget	Variance %	Notes⁵
560	Operation Supervision and Engineering	1,494	-	100%	1
561	Load Dispatching	848,734	2,133,581	-60%	2
562	Station Expenses	12,135	1,913,851	-99%	3
563	Overhead Lines Expenses	1,177	-	100%	4
565	Transmission of Electricity by Others	31,564,150	27,481,224	15%	5
566	Miscellaneous Transmission Expenses	271,881	271,032	0%	
567	Rents	194,531	-	100%	6
568	Maintenance Supervision and Engineering	354,978	417,316	-15%	7
569	Maintenance of Structures	51,234	227,646	-77%	8
570	Maintenance of Station Equipment	2,097,723	340,036	517%	9
571	Maintenance of Overhead Lines	5,112,578	1,946,687	163%	10
572	Maintenance of Underground Lines	890	-	100%	11
573	Maintenance of Miscellaneous Transmission Plant	-	-	0%	
575	Market Administration, Monitoring & Compliance Services	8	23,360	-100%	12
Transmission Total		40,511,512	34,754,735	17%	
Distribution					
Category		2014 Actuals	2014 Budget	Variance %	Notes⁵
580	Operation Supervision and Engineering	27,424	453,940	-94%	13
581	Load Dispatching	1,203,928	1,074,225	12%	14
582	Station Expenses	647,598	1,210,387	-46%	15
583	Overhead Line Expenses	1,377,142	1,364,428	1%	
584	Underground Line Expenses	1,096,885	974,363	13%	16
586	Meter Expenses	670,349	754,590	-11%	17
587	Customer Installations Expenses	-	-	0%	
588	Miscellaneous Distribution Expenses	10,310,310	8,521,377	21%	18
589	Rents	-	-	0%	
590	Maintenance Supervision and Engineering	225,086	379,123	-41%	19
591	Maintenance of Structures	-	-	0%	
592	Maintenance of Station Equipment	4,030,728	3,665,101	10%	20
593	Maintenance of Overhead Lines	13,627,108	15,032,288	-9%	
594	Maintenance of Underground Lines	1,012,614	668,242	52%	21
595	Maintenance Line Transformer	-	-	0%	
596	Maintenance of Street Lighting and Signal Systems	991,954	821,803	21%	22
597	Maintenance of Meters	1,276,304	1,552,690	-18%	23
598	Maintenance of Miscellaneous Distribution Plant	295,520	1,272,025	-77%	24
Distribution Total		36,792,947	37,744,583	-3%	
West Penn Power Total		77,304,459	72,499,317	7%	

⁵ Please use the numbers listed in the "Notes" column when referencing the "Variance Explanations (Variances 10% or greater)" table on the next page.

Variance Explanations (Variances 10% or greater)	
1	Over budget due to supervision and engineering overheads being greater than planned.
2	Under budget due to contractor and labor costs required to perform the work being less than planned.
3	Under budget due to internal labor and fleet requirements for the work being less than anticipated.
4	Over budget due to higher labor costs than budgeted.
5	Over budget due to higher Network Integration Transmission Services (NITS) charges which is a result of less customers shopping than anticipated.
6	Over budget due to rents for Information Technology (IT) personnel occupying space at the Wadsworth building which were budgeted to another FERC account.
7	Under budget due to lower supervision and engineering costs than planned.
8	Under budget due to lower Information Technology (IT) costs than anticipated.
9	Over budget due to internal labor, contractor, and material costs being more than planned.
10	Over budget due to higher internal labor and contractor costs for tree-trimming than planned.
11	Current budgeting practices do not budget directly to FERC accounts. West Penn Power budgets to different cost collectors, which settle to FERC accounts. Actual settlements to these FERC accounts are relatively immaterial amounts.
12	Under budget due to lower load procurement expenses for market administration, monitoring, and compliance services.
13	Under budget due to distribution operations supervision and engineering costs being less than planned.
14	Over budget due to labor requirements and outside services for load dispatching work being greater than planned.
15	Under budget due to internal labor and fleet requirements for the work being less than anticipated.
16	Over budget due to greater underground locating work than anticipated.
17	Under budget due to labor requirements for the work being less than planned.
18	Over budget due to company vehicle, building lease, and contractor costs being greater than planned.
19	Under budget due to lower labor and FirstEnergy service company costs for distribution maintenance supervision and engineering being less than planned.
20	Over budget due to service company contractor costs being greater than planned.
21	Over budget due to internal labor, contractor, and material costs being more than planned.
22	Over budget due to higher labor, materials, contractor costs, and assessments than budgeted.
23	Under budget due to lower fleet costs and greater contributions in aid of construction (CIAC) than planned.
24	Under budget due to lower Information Technology (IT) labor, outside services, and service company costs than planned.

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 2014) (\$)					
Category	YTD Actuals	YTD Budget	Annual Budget	Variance %	Notes⁶
Capacity	11,233,210	15,490,510	15,490,510	-27%	1
Condition	7,645,286	8,056,231	8,056,231	-5%	
Facilities	3,658,680	1,114,559	1,114,559	228%	2
Forced	28,586,948	25,700,580	25,700,580	11%	3
Meter Related	3,117,101	2,454,625	2,454,625	27%	4
New Business	21,732,321	22,788,586	22,788,586	-5%	
Other	31,495,864	21,097,361	21,097,361	49%	5
Reliability	10,346,365	4,031,953	4,031,953	157%	6
Street Light	1,264,854	665,577	665,577	90%	7
Tools & Equipment	5,173,652	1,613,460	1,613,460	221%	8
Vegetation Management	35,175,676	31,730,252	31,730,252	11%	9
West Penn Power Total	159,429,955	134,743,695	134,743,695	18%	

General Note: Capital reported on Generally Accepted Accounting Principles (GAAP) basis.

Variance Explanations (Variances 10% or greater)	
1	Under budget due to timing differences in Moshannon and Elko facilities and new load projects.
2	Over budget due to more facilities work performed than budgeted, including smart meter facilities build out.
3	Over budget due to more equipment replacements made than budgeted.
4	Over budget due to greater investment in meter exchange program and smart meters than planned.
5	Over budget due to higher overheads than planned, partially offset by lower smart meter costs than planned.
6	Over budget due to higher cost of reliability-related technology projects and higher cost of addressing facilities clearances than budgeted.
7	Over budget due to higher new lighting installations and more unscheduled outdoor lighting repairs than planned.
8	Over budget due to higher Information Technology (IT) projects and small tools costs than planned.
9	Over budget due to higher vegetation management costs for transmission and subtransmission than planned.

⁶ Please use the numbers listed in the "Notes" column when referencing the "Variance Explanations (Variances 10% or greater)" table.

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 – 2015 Goals / Objectives

T&D Inspection & Maintenance Programs - 2015	
Program/Project	West Penn Power
Forestry	
Transmission (Miles)	168.99
Distribution (Miles)	4,559
Transmission	
Aerial Patrols	2
Wood Pole Groundline	0
Substation	
Substation Inspections Class A	980
Substation Inspections Class B	980
Substation Inspections Class C	3,920
Transformers	551
Breakers	428
Relay Schemes	160
Distribution	
Capacitors	1,304
Poles	52,889
Reclosers	3,762
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.*

2015 T&D O&M Budget⁷

West Penn Power T&D O&M - Annual 2015 (\$)		
Transmission		
Category		Annual Budget
560	Operation Supervision & Engineering	19,812
561	Load Dispatching	2,074,497
562	Station Expenses	1,878,106
563	Overhead Line Expenses	7,000
565	Transmission of Electricity by Others	29,981,264
566	Miscellaneous Transmission Expenses	347,572
567	Rents	263,394
568	Maintenance Supervision and Engineering	442,246
569	Maintenance of Structures	287,972
570	Maintenance of Station Equipment	252,380
571	Maintenance of Overhead Lines	3,992,661
575	Market Administration, Monitoring & Compliance Services	-
Transmission Total		39,546,903
Distribution		
Category		Annual Budget
580	Operation Supervision & Engineering	123,987
581	Load Dispatching	1,439,153
582	Station Expenses	1,226,191
583	Overhead Line Expenses	1,333,065
584	Underground Line Expenses	974,363
586	Meter Expenses	733,731
588	Miscellaneous Distribution Expenses	11,969,124
590	Maintenance Supervision and Engineering	401,360
592	Maintenance of Station Equipment	6,250,731
593	Maintenance of Overhead Lines	28,820,050
594	Maintenance of Underground Lines	1,706,905
596	Maintenance of Street Lighting and Signal Systems	803,116
597	Maintenance of Meters	1,381,068
598	Maintenance of Miscellaneous Distribution Plant	1,755,701
Distribution Total		58,918,545
West Penn Power Total		98,465,448

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.

*2015 T&D Capital Budget*⁸

West Penn Power T&D Capital - Annual 2015 (\$)	
Category	Annual Budget
Capacity	6,879,465
Condition	9,772,124
Facilities	5,988,783
Forced	28,791,843
Meter Related	2,570,325
New Business	25,459,848
Other	20,133,955
Reliability	7,112,923
Street Light	827,750
Tools & Equipment	1,698,880
Vegetation Management	31,277,667
West Penn Power Total	140,513,562

⁸ Budgets are subject to change and are reported on a Generally Accepted Accounting Principles (GAAP) basis.

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 2014.

ATTACHMENT A

Worst Performing Circuits – Remedial Actions

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West Penn Power				
Substation	Circuit	Remedial Actions Planned or Taken	Status of Remedial Work	Date Remedial Work Completed
Avella	W. Middletown	<i>Performance was driven by trees off right of way - tree (49%) and forced outages (14%). 43% of the outages occurred on one day.</i>		
		Cycle tree trimming	Complete	Dec-14
		Zone 1 hardware and forestry patrol	Complete	Mar-15
		Overhead circuit inspection	To be completed 2015	
Houston	McGovern	<i>Performance was driven by trees off right of way - tree (49%), and unknown (27%). 53% of the outages occurred on 2 days.</i>		
		Zone 1 hardware and forestry patrol	Complete	May-14
		Cycle tree trimming	Complete	Dec-14
		Overhead circuit inspection	To be completed 2015	
Kittanning	Cadogan	<i>Performance was driven by vehicle (62%) and forced outages (23%). 54% of the outages occurred on 1 day.</i>		
		Cycle tree trimming	Complete	Apr-14
		Zone 1 hardware and forestry patrol	Complete	May-14
		Overhead circuit inspection	To be completed 2015	
McConnellsburg	Harrisonville	<i>Performance was driven by trees off right of way - tree (40%), equipment failure (26%), and forced outages (22%). 51% of the outages occurred on one day - 11/26/13.</i>		
		Zone 1 circuit patrol	Complete	Jun-14
		Zone 1 hardware and forestry patrol	To be completed 2015	
Vanceville	Vanceville	<i>Performance was driven by vehicles (47%) and forced outages (28%). 57% of the outages occurred on one day.</i>		
		Cycle tree trimming	Complete	Jul-14
		Zone 1 hardware and forestry patrol	Complete	Jan-15

ATTACHMENT B

Automatic Splice Failures

Pursuant to the Joint Petition For Full Settlement of Proceeding at Docket No. C-2012-2307244, West Penn Power Company will track automatic splice failures and will report, for a period of three years, on the frequency of automatic splice failures as part of its annual reliability report. A report that includes this data is to be filed with the Commission for the next three years as an attachment to the reliability report filed on an annual basis.

For the reporting period of 2014, West Penn Power experienced a total of 8 (eight) automatic splice failures.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

2014 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:

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Office of Small Business Advocate
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300 North Second Street
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Dated: April 30, 2015

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