

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-100, SUB 138

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	
Rulemaking Proceeding to	)	ORDER ADOPTING RULE ESTABLISHING
Standardize the Indices Used to	)	ELECTRIC UTILITY SERVICE QUALITY
Measure and Report Electric	)	METRICS AND REQUIRING FILING OF
Utility Service Quality	)	QUARTERLY REPORTS AND
	)	REQUESTING FURTHER COMMENTS

BY THE COMMISSION: On January 25, 2013, the Commission issued an Order Requesting Comments on Proposed Rule to establish electric utility service quality metrics for all electric public utilities currently subject to the Commission's integrated resource plan filing requirements under Commission Rule R8-60. In its Order, comments were to be filed on or before Monday, February 25, 2013, and reply comments were to be filed on or before March 25, 2013.

**BACKGROUND**

On June 29, 2012, the Commission issued an Order Approving Merger Subject to Regulatory Conditions and Code of Conduct in Docket Nos. E-2, Sub 998 and E-7, Sub 986 (Merger Docket). In Ordering Paragraph No. 22, the Commission directed "Duke Energy Carolinas, LLC (DEC), Progress Energy Carolinas, Inc. (PEC),<sup>1</sup> and the Public Staff to work with other interested parties to propose within 90 days after the close of the merger a Commission rulemaking to standardize the indices used to measure and report electric utility service quality".

On July 2, 2012, the merger transaction was closed.

On September 28, 2012, in response to a motion by DEC and PEC (the Companies), the Commission issued an order in the Merger Docket extending the time for the Companies to file the proposed rulemaking to November 5, 2012.

On November 5, 2012, the Companies filed a Status Report and Motion for Extension of Time to File Proposed Rulemaking Pursuant to Ordering Paragraph 22 in the Merger Docket requesting that the Commission extend the time to file the proposed rulemaking to November 26, 2012, stating that they had met with the Public Staff to discuss the draft rule. The draft rule consisted of two specific service quality indices: the System Average Interruption Duration Index (SAIDI), which indicates the total duration

---

<sup>1</sup> On April 29, 2013, Progress Energy Carolinas, Inc. became Duke Energy Progress, Inc.

of interruption for the average customer during a predefined period of time, typically one year; and, the System Average Interruption Frequency Index (SAIFI), which indicates how often the average customer experiences interruptions. A copy of the proposed rule containing the proposed definitions was also provided to Dominion North Carolina Power (DNCP) for its review and comment. In addition, the Companies stated that they believed that the North Carolina Electric Membership Corporation (NCEMC) was also interested in participating in the discussions concerning a proposed rule. The additional time, if granted, was to allow the parties to reach consensus on the proposed rule.

On November 7, 2012, the Commission issued an Order granting the extension of time.

On November 26, 2012, the Companies and the Public Staff (the Parties) filed a Petition, in the above captioned docket, to Standardize Electric Service Quality Indices, in which they proposed a Commission rule formalizing and standardizing the requirements for reporting the reliability of electric utility service by electric public utilities operating in the State. The Parties stated that the proposed rule provided that the electric utilities would report SAIDI and SAIFI data on a quarterly basis. The Parties stated that, in drafting this proposed rule, the Parties referred to the Institute of Electrical and Electronics Engineers (IEEE) Guide for Electric Power Distribution Reliability Indices 1366-2012 (IEEE Standard 1366). The Parties further stated that IEEE Standard 1366 presents a set of terms and definitions that are intended to make reporting practices consistent and to enable comparisons between and among the electric public utilities.

The Parties stated that, at this time, there are no formal Commission requirements for reporting the reliability of electric utility service by the electric public utilities operating in the State. The Parties also noted that, after DNCP's review, the Parties and DNCP were unable to reach consensus to apply the proposed rule to all electric public utilities in the State. Also, NCEMC declined to join in proposing this rule to the Commission.

In response to the January 25, 2013 Order, comments were filed jointly by Piedmont Electric Membership Corporation (Piedmont), Rutherford Electric Membership Corporation (Rutherford), and EnergyUnited Electric Membership Corporation (EnergyUnited); NCEMC; and DNCP on February 25, 2013. Joint reply comments were filed by the Companies on April 8, 2013. Also on April 8, 2013, the Public Staff filed a letter in lieu of reply comments.

## COMMENTS

### NCEMC

NCEMC, on behalf of its member electric membership corporations (EMCs), requested that the Commission revert to the initial version of the draft rule which was to apply solely to the Companies. NCEMC further stated that, "absent some compelling

reason to include the EMCs, it seems appropriate to spare EMC member/consumers the cost and inconvenience of additional regulatory burden.” NCEMC stated that this rulemaking resulted from the express condition of the merger between DEC and PEC.

NCEMC noted that the purpose of this rulemaking initially was to monitor service reliability, safety, and dependability of the Companies after the merger because of the potential pressure to attain cost savings and earnings growth. NCEMC stated that its members are transmission-dependent load serving entities and rely on the Companies and DNCP as the transmission providers for EMC services territories. NCEMC further commented that the EMCs should be excluded from this rulemaking since there are no service problems or shortfalls in EMC service quality.

#### Piedmont, Rutherford, and EnergyUnited

Piedmont, Rutherford, and EnergyUnited commented that they summarily agree with the comments filed by NCEMC and that they should be excluded from this rulemaking. Further, Piedmont, Rutherford, and EnergyUnited stated that this rulemaking should not be extended to electric service providers that are not “public utilities.” Piedmont, Rutherford, and EnergyUnited stated that their decision to be responsible for procurement of any or all of their respective individual power supply resources, and thereby being subject to the requirement to file an integrated resource plan pursuant to Rule R8-60, is unrelated to issues pertaining to their distribution systems and retail service, such as the measuring and reporting of electric utility quality that is the subject of this docket.

#### DNCP

DNCP commented that it has provided quarterly service reliability reports to the Commission containing SAIDI and SAIFI index statistics since the year 2000 pursuant to the Commission’s Order Approving Merger issued on October 18, 1999, in Docket No. E-22, Sub 380 and its Order Closing Docket and Opening New Docket issued on March 6, 2002, in Docket No. E-22, Subs 380 and 380A. Although DNCP stated that it can provide SAIDI and SAIFI data in accordance with IEEE Standard 1366, it has three recommendations regarding the rulemaking.

First, DNCP recommended that the Commission remove the definitions from the rule that replicate definitions contained in IEEE Standard 1366 and consider, instead, stating in the rule that terms not defined in the rule are defined by IEEE Standard 1366. Therefore, changes to the rule made by the Commission could be done consistent with IEEE Standard 1366 as well as any changes made by the IEEE to IEEE Standard 1366.

Second, DNCP recommended that the Commission allow a utility, where practical and identified by the utility as appropriate, to alter the standards contained in the rule and, by reference, IEEE Standard 1366. DNCP stated that, for example, it defines a sustained interruption as an interruption lasting more than two minutes,

whereas a sustained interruption is defined in IEEE standard 1366 as one lasting more than five minutes.

Third, DNCP recommended that the rule should permit individual utilities to select a method to exclude catastrophic events from their calculations of service quality reported as SAIDI and SAIFI data. DNCP commented that it currently excludes catastrophic events from its reporting.

## REPLY COMMENTS

### The Companies

In reply, the Companies stated they did not agree that the rule should only apply to themselves. The Companies commented that, because DNCP files SAIDI and SAIFI reports, DNCP should be included in the standardization of the reporting requirements. The Companies stated that a rulemaking typically does not apply to one or two entities in a service sector, but rather, to an entire sector. The Companies noted that, in the Merger Order, the Commission did not limit the applicability of the rulemaking to the Companies only.

The Companies commented on DNCP's first recommendation stating they agree that the Commission should remove from the rule those definitions already contained in IEEE Standard 1366 and state that the terms not defined in the rule are defined by the current version of IEEE Standard 1366. The Companies suggested that reports provided pursuant to the rule would be accomplished by the electric public utilities consistent with the current version of IEEE Standard 1366.

The Companies, however, did not agree to DNCP's second recommendation to allow the utilities to use their own definitions where practical and identified as appropriate. The Companies commented that standardization is necessary to allow comparisons on reliability between the electric utilities. As they further stated, if the reporting metrics of these individual utilities differ, the reports will be inconsistent, and any meaningful comparisons between and among the utilities will be impossible.

The Companies also do not agree with DNCP's third recommendation to allow the electric utilities to "permit the individual utilities to select a method to exclude catastrophic events" from the SAIDI and SAIFI reported indices. The Companies stated that IEEE Standard 1366 does not define catastrophic event; without such a standard definition, it would be left to the reporting utilities to define such an event.

In summary, the Companies stated they believe that the definitions in IEEE Standard 1366, as set forth in the revised rule, are sufficient to accomplish the Commission's goal of consistent and comparable reporting by the electric utilities of their SAIDI and SAIFI data. The Companies stated that, in addition to its current quarterly filing requirement of SAIDI and SAIFI indices, DNCP should also be required to file the same data each quarter as other utilities.

## The Public Staff

In its letter filed in lieu of reply comments, the Public Staff stated that it had reviewed all of the filed comments and a draft of the joint comments to be filed by the Companies. The Public Staff stated that it concurs with the Companies' joint reply comments and requests that the Commission adopt the proposed rule with the revisions recommended therein.

## DISCUSSION AND CONCLUSIONS

On June 26, 2013, Session Law 2013-187 (House Bill 223), entitled An Act Exempting Electric Membership Corporations From Integrated Resource Planning and Service Regulations Requirements Established by the Utilities Commission, Returning Oversight of the Corporations to Their Member Board of Directors, and Clarifying the Authority of the North Carolina Rural Electrification Authority to Receive and Investigate Complaints from Members of Electric Membership Corporations (the Act), was signed into law effective July 1, 2013. Section 2 of the Act exempts EMCs from the requirement to file integrated resource plans with the Commission. The Act further removes EMCs from service regulations requirements established by the Commission and returns oversight of the EMCs to their member boards of directors. Consistent with the purpose and intent of the Act, the Commission, therefore, concludes that the EMCs should be excluded from the service reliability indices reporting requirements in this rulemaking.

With regard to the electric public utilities, the Commission concludes that the adoption of IEEE Standard 1366, as proposed for use in this rulemaking, will provide a reasonable indicator of network service quality among the public utilities providing electric service across the State. Also, the adoption of the proposed rule will provide consistent and comparable information from the electric public utilities concerning the ongoing reliability of their systems.

After careful consideration, the Commission, therefore, concludes that the Companies and DNCP should be required to submit SAIDI and SAIFI data on a quarterly basis for the preceding 12 months within 30 days of the end of each quarter beginning with the quarter ending December 31, 2013. The SAIDI and SAIFI indices are to be reported, as defined, in the attached rule, which adopts IEEE Standard 1366. The Commission finds that the adoption of this rule will provide consistent and comparable publicly available data pertaining to the continued reliability of the electric service provided by the electric public utilities in this State. Lastly, although proposed by the Companies to be included as a new Rule R8-42, which would replace the previously rescinded rule in Article 8, Electric Energy Supply Planning, of Chapter 8 of the Commission's Rules and Regulations, the Commission concludes that the proposed rule more appropriately should be added to Article 7, Power Reliability, which already includes a rule on reporting of service interruptions in bulk electric power supply and related power supply facilities.

The Commission, in addition to addressing network reliability among the electric utilities, is also interested in addressing the adoption of indices relating to customer service satisfaction similar to those required of other utilities subject to the Commission's jurisdiction. As such, the Commission is requesting that the parties in this rulemaking discuss the development of customer service satisfaction indices, such as Average Customer Call Answer Time, Complaint Response Time, New Service Installation Factor, Commission Complaint Rate, etc. The Commission, therefore, finds good cause to request further comments on whether the reporting of such additional service indices should be required by electric public utilities. Discussion of the following questions would be beneficial to the Commission in weighing its decision regarding further rulemaking in this matter: (1) Are the suggested indices measurable and reportable? (2) What is the appropriate basis to establish the target objective for the measurement, historically trended data or on a statistical basis? (3) Should the proposed indices be reported quarterly or on some other interval? (4) Are there other service quality or customer relations factors or indices which should be evaluated and reported to better gauge company performance?

IT IS, THEREFORE, ORDERED as follows:

1. That DEC, PEC, and DNCP shall file with the Commission on a quarterly basis SAIDI and SAIFI data for the preceding 12 months within 30 days of the end of each quarter beginning with the quarter ending December 31, 2013.

2. That Commission Rule R8-40A, Service Reliability Index Reporting, attached hereto as Appendix A, shall be, and is hereby adopted effective as of the date of this Order.

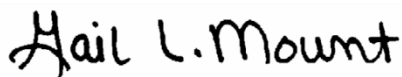
3. That DEC, PEC, DNCP, the North Carolina Attorney General, and the Public Staff are requested to file comments and reply comments on the adoption of further customer indices, as discussed herein. Comments shall be filed on or before January 24, 2014, and reply comments shall be filed on or before February 21, 2014.

4. That the Service Reliability Index Reports shall be filed by the utilities in Docket No. E-100, Sub 138A.

ISSUED BY ORDER OF THE COMMISSION.

This the 25th day of November, 2013.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Gail L. Mount". The signature is written in a cursive, flowing style.

Gail L. Mount, Chief Clerk

R8-40A Service Reliability Index Reporting

(a) Purpose. The purpose of this Rule is to establish standards for measuring and reporting distribution service reliability by electric public utilities that own and operate electric power distribution systems in North Carolina.

(b) Applicability. This Rule applies to Duke Energy Carolinas, LLC; Duke Energy Progress, Inc.; and Dominion North Carolina Power.

(c) Definitions. Unless otherwise provided for in this Rule, all terms used are as defined by the Institute of Electrical and Electronics Engineers (IEEE) in the most current IEEE Guide for Electric Power Distribution Reliability Indices 1366 (IEEE Standard 1366).

(d) Quarterly Reports.

(1) Each electric public utility shall report service reliability data to the Commission on a quarterly basis. The data reported shall be submitted within 30 days of the end of each quarter and shall reflect SAIDI and SAIFI results for the preceding 12 months.

(2) SAIDI and SAIFI shall be calculated in accordance with IEEE Standard 1366.

(3) The reports shall include: SAIDI, with and without Major Event Days, and SAIFI, with and without Major Event Days.

(4) Interruptions reported shall include all sustained interruptions, except those for Major Event Days.