

ORDER NO. 89629

In The Matter Of The Review Of Annual
Performance Reports On Electric
Service Reliability Filed Pursuant To
COMAR 20.50.12.11

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BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

Case No. 9353

Issue Date: September 1, 2020

ORDER ON ELECTRIC RELIABILITY PERFORMANCE REPORTS

1. Pursuant to the Maryland Electricity Service Quality and Reliability Act¹ (“the Act”) and the Code of Maryland Regulations (“COMAR”) 20.50.12 *et seq.*, the Commission accepts the annual reliability performance reports filed by Baltimore Gas and Electric Company (“BGE”), the Potomac Electric Power Company (“Pepco”), Delmarva Power & Light Company (“Delmarva”), the Potomac Edison Company (“Potomac Edison”), Choptank Electric Cooperative, Inc. (“Choptank”), and Southern Maryland Electric Cooperative, Inc. (“SMECO”) (collectively the “Electric Companies”). The Commission also accepts the Corrective Action Plans filed in response to the violations discussed below.

I. INTRODUCTION AND PROCEDURAL HISTORY

2. The Maryland Electricity Service Quality and Reliability Act requires that “each electric company provide its customers with high levels of service quality and reliability

¹ Chapter 168 of the Acts of 2011 (codified as Public Utilities Article (“PUA”), *Annotated Code of Maryland* § 7-213).

in a cost-effective manner, as measured by objective and verifiable standards.”² In accordance with the Act, the Commission established specific service quality and reliability standards that are designed to improve reliability and ensure an objectively high level of performance tailored to each Electric Company. Specifically, the Commission enacted benchmark standards for service quality and reliability through Rule Making 43 (“RM43”); the standards are codified in COMAR 20.50.12 *et seq.*³ The Commission held a second rulemaking session on September 1-2, 2015, which set more stringent system-wide reliability standards for the Electric Companies to meet for years 2016 through 2019. Additionally, in Case No. 9361, Pepco and Delmarva agreed to further reduce their System Average Interruption Duration Index (“SAIDI”) and System Average Interruption Frequency Index (“SAIFI”) scores below what COMAR would otherwise have required as a condition of Commission approval of the merger of their parent corporation, Pepco Holdings, Inc., with Exelon Corporation.⁴

3. The service quality and reliability standards address a wide range of performance categories including system-wide reliability, poorest performing feeders, multiple device activation, service interruption, downed wire response, customer communication, and vegetation management. The 2019 reporting year, addressed herein, represents the seventh full year since these reliability standards were established in 2012.

4. COMAR 20.50.12.11 requires that each Electric Company serving 40,000 or more customers in Maryland submit an annual performance report by April 1 of each

² See PUA § 7-213(b).

³ See RM43, *Revisions to COMAR 20.50 – Service Supplied by Electric Companies – Proposed Reliability and Service Quality Standards*. The regulations became effective on May 28, 2012.

⁴ See Order No. 86990 in Case No. 9361, *In the Matter of the Merger of Exelon Corporation and Pepco Holdings, Inc.*

year that summarizes the electric service reliability results for the preceding year. PUA § 7-213(f) provides that the Commission shall determine whether each Electric Company has met the relevant service quality and reliability standards and authorizes the Commission to take appropriate corrective action where compliance is not met.⁵

5. On or about April 1, 2020,⁶ the Electric Companies filed their respective annual reports with the Commission, covering the period from January 1, 2019 through December 31, 2019.⁷ On May 4, 2020, the Commission issued a Notice of Annual Reliability Hearing and Opportunity to Comment.⁸ The Notice set a virtual,⁹ legislative-style hearing for June 18, 2020, for the purpose of reviewing the Electric Companies' Annual Reliability Reports and to determine compliance with the Commission's service quality and reliability standards for 2019. The Notice also provided an opportunity for parties to file written comments.¹⁰

6. On June 1, 2020, the Commission's Technical Staff ("Staff") filed with the Commission the Customer Communication Workgroup Final Report, which provides consensus recommendations regarding best practices and key metrics related to Electric

⁵ For example, PUA §§ 7-213(f)(2)(ii) and 7-213(e)(1)(iii) authorize the Commission to require an Electric Company to file a Corrective Action Plan that delineates specific steps the company will take to meet the standards. PUA §§ 7-213(f)(2) and 13-201 authorize the Commission to impose appropriate civil penalties for noncompliance with the PUA or COMAR.

⁶ Potomac Edison filed its 2019 Annual Performance Report on March 30, 2020. Maillog No. 229408. On April 10, 2020, SMECO filed its Amended 2019 Annual Performance Report. Maillog No. 229687.

⁷ The data provided by the Electric Companies in their reports cover the reporting period from January 1, 2019 through December 31, 2019, with the exception of the Poorest Performing Feeder and Multiple Device Activation standards, where outage data is submitted that covers the 12-month period ending on September 30, 2019.

⁸ Maillog No. 230067.

⁹ The Commission held the virtual hearing through WebEx at the following link: <https://marylandpsc.my.webex.com/meet/virtualhearingroom>, and the hearing was available for viewing on the Commission's YouTube channel (<https://www.youtube.com/c/MarylandPSC>.)

¹⁰ Written comments were required to be filed with the Commission's Executive Secretary by June 8, 2020.

Company performance in regard to customer communications.¹¹ On June 8, 2020, several intervening parties filed Comments with the Commission, including Montgomery County, the Maryland Office of People’s Counsel (“OPC”), and Staff.¹² On June 18, 2020, the Commission conducted the hearing to consider the Performance Reports filed by the Electric Companies and the Comments filed by the intervening parties. Each party made a presentation to the Commission during the hearing and was available to answer Commission questions.

II. DISCUSSION

A. System-Wide Reliability Standards

7. COMAR 20.50.12.02D(1) sets forth the minimum standards with which each Electric Company must comply regarding system-wide reliability. Specifically, those regulations set targets for each Electric Company’s SAIFI¹³ and SAIDI.¹⁴ In the case of Pepco and Delmarva, their merger-commitment targets currently supersede their COMAR goals.¹⁵ The system-wide reliability data reported by the Electric Companies exclude Major Outage Events (“MOEs”), as required by COMAR 20.50.12.02D.

¹¹ Maillog No. 230543.

¹² On June 16, 2020, Staff filed a corrected version of its Engineering Division Review of 2019 Annual Performance Reports on Electric Service Reliability (“Staff Review”). Maillog No. 230763.

¹³ SAIFI represents how often customers, on average, experience an interruption in a given year. Mathematically, it is equal to the number of customer interruptions divided by the total number of customers serviced on the electric system.

¹⁴ SAIDI measures the total time that customers, on average, face interrupted service in a given year. It is equal to the number of customer interruption minutes divided by the total number of customers serviced on the electric system.

¹⁵ See Staff Review at 5; see also Case No. 9361, Order No. 86990 (May 15, 2015), Appendix A, Condition 8.

Nevertheless, no Electric Company reported experiencing a Major Outage Event in 2019.¹⁶

8. BGE, Pepco, Delmarva, Choptank, and SMECO met all of their System-Wide Reliability Standards in 2019. However, Potomac Edison failed to meet its SAIFI and SAIDI targets. The Electric Companies’ reported SAIDI and SAIFI numbers and targets are provided below.

TABLE 1: 2019 SAIFI AND SAIDI SCORES

Utility	SAIFI		SAIDI	
	Reported	COMAR Standard ¹⁷	Reported (Minutes)	COMAR Standard (Minutes)
BGE	1.05	1.08	128.0	142.2
Choptank	1.13	1.36	142.2	148.2
Delmarva	1.05	1.22	105.0	125.2
Potomac Edison	1.42	1.08	392.3	153.9
Pepco	0.82	0.95	74	101.0
SMECO	1.09	1.32	113.6	135.6

9. Potomac Edison attributes its failure to meet its system-wide reliability targets to extreme weather conditions and ground saturation. Regarding weather conditions, Potomac Edison states that it experienced several significant storms in its service territory, including an ice storm on February 12, 2019 (Winter Storm Maya) and a wind

¹⁶ Staff Review at 15.

¹⁷ The SAIDI and SAIFI targets listed for Pepco and Delmarva reflect their more stringent merger commitments rather than their original COMAR goals. See Case No. 9361, Order No. 86990 (May 15, 2015), Appendix A, Condition 8.

storm on February 24, 2019 (Winter Storm Quiana).¹⁸ Although these storms did not reach the 10-percent-of-customers-affected threshold to be excluded as a Major Outage Event, the Company states that they “still significantly impacted the service territory.”¹⁹ Regarding saturation, Potomac Edison states that substantial rainfall increased ground saturation, resulting in a much larger number of healthy off-right-of-way trees being uprooted and causing outages.²⁰ Potomac Edison further asserts that under the new IEEE 2.5 Beta standard (effective beginning January 1, 2020), Potomac Edison would have experienced nine Major Event Days²¹ in 2019, which would have resulted in the Company meeting its SAIFI goal and only narrowly missing its SAIDI target.²²

10. As required by COMAR 20.50.12.02E, Potomac Edison filed a Corrective Action Plan to improve its performance related to system-wide reliability. Specifically, Potomac Edison proposes to transition its vegetation management trimming cycle from five years to four years. The Company asserts that this action will reduce SAIDI by 27 minutes and decrease SAIFI by 0.065.²³ Additionally, Potomac Edison states that Distribution Automation (“DA”) is being installed on select circuits, which will isolate faulted

¹⁸ Potomac Edison states that approximately 22 percent of the customers affected throughout the year were impacted due to four storms. Hr’g. Tr. at 90 (McGettigan).

¹⁹ Potomac Edison Annual Reliability Report at 4. Specifically, Potomac Edison contends that Winter Storm Maya affected about nine percent of its customers, and Winter Storm Quiana affected eight percent of its customers, both just below the threshold for exclusion as Major Outage Events. Hr’g. Tr. at 90 (McGettigan).

²⁰ Potomac Edison Annual Reliability Report at 4, 7.

²¹ The 2.5 Beta Method separately classifies interruptions associated with an identified Major Event Day and excludes them from non-storm related reliability index calculations. COMAR 20.50.01.03(B)(25) defines IEEE Major Event Day as “a day determined to be a major event day using the IEEE method of determining excludable data for calculation of reliability indices under IEEE Std 1366TM — 2003.”

²² Potomac Edison Annual Report at 7, n. 1; Hr’g. Tr. at 94-95 (Bedard).

²³ Potomac Edison Annual Reliability Report at 7; Staff Review at 19.

sections of the circuit while automatically restoring service to blocks of unaffected customers in the event of a fault.²⁴

11. Potomac Edison has also proposed a recloser program as part of its Corrective Action Plan. Under this program, Potomac Edison will replace select reclosers in substations on distribution circuits. The new reclosers will interrupt the faulted phase only in the event of a single-phase fault, thereby maintaining service to customers served from phases that are not involved in the fault. The new reclosers will also analyze real-time data to minimize the number of customers interrupted and allow operators to assist line workers in the field during restoration activities.²⁵ Finally, Potomac Edison states that its Underground Cable Replacement program will improve the performance of underground cable and protect customers from lengthy outages.

12. Staff recommends that the Commission approve Potomac Edison's Corrective Action Plan.²⁶ Staff further recommends that no penalty be assessed for the Company's violation of its system-wide reliability metrics.

13. Staff also conducted several trend analyses for the reporting year to measure how the Electric Companies' system-wide reliability has changed over time, including a three-year trend analysis.²⁷ Staff found that for 2019, Delmarva, Choptank, and SMECO performed better than their three-year average SAIFI. In addition, Delmarva and SMECO showed continuous improvement in SAIFI for each of the three years. In contrast, BGE, Pepco, and Potomac Edison did not perform as well as their three-year average SAIFI in

²⁴ Potomac Edison Annual Reliability Report at 8. Potomac Edison asserts that the DA program is expected to improve SAIFI by 0.0037 and SAIDI by 1.2 minutes per year.

²⁵ *Id.* Potomac Edison states that the Recloser program is expected to improve SAIFI by 0.00196 and SAIDI by 1.8 minutes per year.

²⁶ Staff Review at 92-93.

²⁷ *Id.* at 21.

2019. Regarding SAIDI--Delmarva, and SMECO performed better than their respective three-year averages, while BGE, Pepco, Potomac Edison, and Choptank did not perform as well as their three year-average SAIDI.²⁸

14. Staff additionally evaluated the Electric Companies using the Customer Average Interruption Duration Index (“CAIDI”). CAIDI measures the average time required to restore service to customers per interruption.²⁹ For 2019, Delmarva performed better than its three-year average CAIDI, while the other Electric Companies performed worse than their three-year average.³⁰

15. Staff also performed a rolling two-year trend analysis, which averaged data over two years from 2013/2014 to the present, in order to reduce the effects of an atypical single year performance. The two-year SAIFI analysis shows improving reliability for Pepco and Delmarva, with BGE and Potomac Edison generally maintaining steady performance, and SMECO and Choptank generally showing declining performance.³¹ Regarding SAIDI, Staff’s two-year trend analysis demonstrates continuously improving performance for Pepco and Delmarva, generally improving performance for BGE and SMECO, and a general decline for Choptank. Staff’s rolling two-year CAIDI trend analysis shows continued improvement in service restoration times for Pepco, a general improving trend for SMECO, and steady performance for BGE, Choptank, and

²⁸ *Id.* at 22.

²⁹ CAIDI is calculated by dividing the number of customer interruption minutes by the number of customer interruptions. *Id.* at 7.

³⁰ *Id.* at 23.

³¹ *Id.* at 24.

Delmarva. In contrast, Potomac Edison demonstrated a decline in two-year CAIDI performance during the last two reporting years.³²

16. The Commission notes that BGE, Pepco, Delmarva, Choptank, and SMECO met all of their system-wide reliability targets. Potomac Edison did not meet its SAIDI and SAIFI goals; however, its service territory experienced several storms that did not qualify as Major Outage Events. Additionally, the IEEE 2.5 Beta standard became effective January 1, 2020, and under that standard, Potomac Edison would have met its 2019 SAIFI target.³³ Additionally, Potomac Edison has provided a Corrective Action Plan that will (i) mitigate the risk of tree-caused outages by transitioning the Company's vegetation management cycle from five years to four years; (ii) augment the use of distribution automation to isolate faulted sections of the circuit while automatically restoring service to blocks of unaffected customers; (iii) replace select reclosers in substations or distribution circuits in order to maintain service to customers served from phases that are not involved in the fault; and (iv) implement its Underground Cable Replacement Program to improve the performance of underground cable and protect customers from lengthy outages. The Commission finds Potomac Edison's Corrective Action Plan appropriate and approves it. The Commission additionally finds that no penalty is appropriate for the Company's current violation.³⁴

³² *Id.* at 27.

³³ Staff Review at 30; Hr'g. Tr. at 94-95 (Bedard).

³⁴ The Commission notes that Potomac Edison fully met its SAIDI and SAIFI reliability targets for 2018. *See* Order No. 89260 at 5, noting that for 2018, Potomac Edison reported a SAIFI of 0.89 against a target of 1.08, and a SAIDI of 145.4, with its target being 160.2.

B. Poorest Performing Feeder Standards

17. The Poorest Performing Feeder (“PPF”) Standard requires that Electric Companies report to the Commission SAIDI, SAIFI, and CAIDI indices for all feeders assigned to Maryland that are identified by the utility as having the poorest feeder reliability, defined as “all feeders having circuit reliability performance 250 percent or more above the utility’s System-Wide SAIFI and SAIDI[.]”³⁵ The PPF Standard further provides that “no feeder shall appear in a utility’s list of poorest performing feeders during three consecutive 12-month reporting periods, unless the utility has undertaken reasonable remediation measures to improve the performance of the feeder.”³⁶

18. In 2019, BGE, Pepco, Delmarva, Potomac Edison, and SMECO collectively reported 28 PPFs, which is roughly one percent of the total number of feeders in Maryland. Choptank did not report any PPFs.³⁷ BGE, Pepco and Delmarva plan remediation work for their respective PPFs that will be complete by the end of 2020. Their proposed remedial actions include tree trimming, reconductoring, pole replacement, and installing additional equipment such as animal guards and lightning arresters. SMECO identified a single feeder (Grayton #5) as a PPF in 2019, and identified remedial work on this feeder to include accelerated cyclic tree trimming, removal of danger trees, upgrading a station recloser, and the conversion of 2.5 miles of overhead lines to underground to address the problem.³⁸ Finally, Potomac Edison reported two PPFs, the Little Orleans feeder and the Town Hall feeder, which it intends to improve through

³⁵ COMAR 20.50.12.03A(1) and A(3).

³⁶ COMAR 20.50.12.03A(4). The newly adopted PPF standard is in its second year since the Commission adopted COMAR revisions in RM63, *Service Supplied by Electric Companies – Service Quality and Reliability Standards – Poorest Performing Feeder Standard*. (See COMAR 20.50.12.03, revision October 2018.) The new standard is designed to better identify feeders that are significant outliers in performance.

³⁷ Staff Review at 34.

³⁸ *Id.* at 35.

vegetative management and potentially through inclusion in the Commission’s battery energy storage system (“BESS”) pilot program.³⁹

19. None of the Electric Companies reported having repeat PPFs in 2019 for three consecutive 12-month reporting periods. Therefore, each of the Electric Companies is in compliance with this standard.

C. Multiple Device Activation Standards

20. COMAR 20.50.12.04 requires each Electric Company to report the number of protective devices that activated five or more times during the applicable reporting period that caused sustained interruptions in electric service, including during MOEs, to more than 10 Maryland customers.⁴⁰ The Electric Companies are required to implement reasonable remediation measures to reduce the number of activations and describe these measures in their annual performance reports. COMAR 20.50.12.04D provides that the protective devices reported under this standard shall not exceed the standard during either of the two subsequent 12-month reporting periods, after allowing one 12-month reporting period for remediation measures. Any Electric Company that fails to meet this standard is required to file with the Commission a remedial plan setting forth its proposed corrective actions.

21. In 2019, a total of 51 multiple device activations (“MDAs”) were reported. Line or tap fuse activations represented the largest number of MDAs (27), with BGE reporting 15. The Electric Companies also reported 19 recloser activations, four circuit breaker

³⁹ See Case No. 9619, *In the Matter of the Maryland Energy Storage Pilot Program*.

⁴⁰ COMAR 20.50.01.03B(43) provides that protective devices include substation breakers and reclosers, line reclosers, line sectionalizing equipment, and line fuses.

activations, one transformer activation, and no substation activations.⁴¹ Each of the Electric Companies has investigated their respective MDAs in the field and implemented remediation measures. Staff advises that it has reviewed the remediation measures and “is in agreement with them.”⁴²

22. The MDA Standard provides that a protective device that has activated and been reported pursuant to the Standard shall not experience five or more activations during either of the two subsequent 12-month reporting periods after allowing one 12-month reporting period for the utility to implement remediation measures.⁴³ In 2019, all Electric Companies met this standard, and therefore none were required to file corrective action plans.⁴⁴

D. Additional Reliability Indices

23. In addition to reporting SAIDI, SAIFI, and CAIDI, COMAR 20.50.12.05 requires that the Electric Companies calculate and report to the Commission two additional reliability indices. Specifically, Electric Companies must report Customers Experiencing Multiple Interruptions (“CEMI_n”)⁴⁵ and Momentary Average Interruption Frequency Index (“MAIFI_E”).⁴⁶ CEMI_n measures the ratio of customers experiencing multiple

⁴¹ *Id.* at 37.

⁴² Staff Review at 38.

⁴³ COMAR 20.50.12.04D.

⁴⁴ During the hearing, Montgomery County observed that BGE did not meet the MDA Standard in 2018, and the Commission required BGE in its remediation plan to “focus particular attention on devices that activate serving Special Needs Facilities.” Order No. 89260 at 12. Montgomery County further noted that in 2019, “BGE clearly did so and this year had significant improvement over last year’s numbers, and we appreciate the Commission directing BGE to do that and BGE’s efforts which resulted in that improvement.” Hr’g. Tr. at 143 (Brennan).

⁴⁵ CEMI_n is calculated as the ratio of the total number of customers experiencing sustained interruptions equal to or greater than “n”, where n is the number of interruptions, divided by the total number of customers served.

⁴⁶ MAIFI_E is calculated as the ratio of the total number of customer momentary interruption events divided by the total number of customers served, where E is equal to the number of interruption events.

sustained interruptions against the total number of customers served on the system⁴⁷ and MAIFI_E measures the ratio of the total number of momentary interruption events against the total number of customers served on the system. MAIFI_E records multiple circuit operations that occur close to each other in time as a single event.⁴⁸ It is helpful in indicating whether companies that report lower SAIFI are doing so at the expense of increased momentary outages.⁴⁹ If an Electric Company is unable to provide either of these calculations, it must present to the Commission a reason why, as well as an estimate of the cost to provide the information in the future.⁵⁰

24. In 2019, BGE, Pepco, Choptank, and Delmarva reported MAIFI_E performance. SMECO and Potomac Edison stated that they did not have the capability to calculate MAIFI_E data, though Potomac Edison provided MAIFI performance data for 2019. Pursuant to COMAR 20.50.12.05C, Potomac Edison and SMECO provided explanations for why they do not have the capability to perform these MAIFI_E calculations.⁵¹ Staff's Review indicates that since the installation of distribution automation in the Electric Companies' service territories (beginning in 2013), there has been a decrease in momentary outages in the Delmarva and Pepco service territories, in addition to a

⁴⁷ This number includes customers experiencing three or more, five or more, seven or more, or nine or more interruptions.

⁴⁸ Staff argues that MAIFI_E is a superior metric to assess the customer experience than MAIFI because "often electric utility system protection schemes may operate circuit devices several times to clear an electrical fault as part of one event." MAIFI alone simply records every individual circuit operation. Staff Review at 40.

⁴⁹ *Id.* at 40. Staff asserts "it is important that Electric Companies reduce all outages and not simply substitute sustained outages with momentary outages." *Id.* at 40-41.

⁵⁰ See COMAR 20.50.12.05B; see also COMAR 20.50.12.05C.

⁵¹ SMECO states that it does not currently have the means to calculate MAIFI_E, but that it anticipates having the capability to calculate the indices beginning in 2020. SMECO Annual Reliability Report at 18. Potomac Edison states that it cannot provide MAIFI_E data because it "does not have smart meters and must rely on gathering data by manually reading counters on line reclosers annually." Potomac Edison Annual Reliability Report at 9 n.3. For the same reason, Potomac Edison is unable to calculate MAIFI excluding major event data.

decrease in SAIFI, “which seems to indicate that the lower SAIFI experienced in these service territories during that time period has not come at the expense of increased momentary outages.”⁵² In contrast, Delmarva’s 2018 and 2019 Annual Reports show a significant increase in MAIFI_E reporting. Pepco’s MAIFI_E performance has remained constant over the last several years. BGE’s MAIFI_E increased in 2018 and decreased slightly for 2019.

25. All Electric Companies reported CEMI_n data for 2019. Among customers experiencing three or more interruptions during the year, Choptank had the highest percentage of customers affected, followed by Potomac Edison, SMECO, Delmarva, BGE, and Pepco. Among customers experiencing five or more interruptions during the year, Choptank showed the highest percentage of customers affected, followed by Potomac Edison, Delmarva, BGE, SMECO, and Pepco. From 2013 to 2017, the number of customers experiencing multiple interruptions has generally decreased. Although the Companies reported elevated numbers in 2018, they decreased again in 2019.⁵³ All Electric Companies are currently in compliance with MAIFI_E and CEMI_n reporting requirements.

E. Service Interruption Standards

26. COMAR 20.50.12.06A requires that Electric Companies restore service within eight hours, from the time when the utility knew or should have known of an outage, to at least 92 percent of their customers that experienced sustained interruptions during normal conditions. Additionally, COMAR 20.50.12.06B provides that Electric Companies must

⁵² Staff Review at 41.

⁵³ *Id.* at 43-44.

restore service within 50 hours to at least 95 percent of their customers experiencing sustained interruptions during MOEs, where the total number of sustained interruptions is less than or equal to 400,000 or 40 percent of the Electric Company's total number of customers, whichever is less. An Electric Company is required to restore service as quickly and safely as permitted to its customers experiencing sustained interruptions during each major outage event in which the total number of sustained interruptions is greater than 400,000 or 40 percent of the utility's total number of customers, whichever is less.⁵⁴

27. In 2019, BGE, Pepco, Delmarva, Choptank, and SMECO met these requirements. Choptank reported the highest restoration rate, restoring 99.40 percent of customers within eight hours under normal conditions.⁵⁵ The MOE standard was not implicated this year since no Electric Company reported experiencing an MOE. Potomac Edison did not meet the requirement to restore at least 92 percent of customers within eight hours during normal conditions, instead restoring only 87.76 percent.

28. Potomac Edison proposes the same corrective action to resolve violation of the Service Interruption Standard as it did for the System-Wide Reliability Standard. Namely, Potomac Edison proposed to (i) transition the Company's vegetation management cycle from five years to four years; (ii) augment the use of distribution automation; (iii) replace select reclosers in substations or distribution circuits; and (iv) implement its Underground Cable Replacement Program. Potomac Edison asserts that these actions will improve the Company's performance with regard to both standards, because tree-caused outages accounted for approximately two-thirds of all outages on

⁵⁴ COMAR 20.50.12.06D.

⁵⁵ Staff Review at 45.

Potomac Edison's system, and tree-caused outages also accounted for about two-thirds of the outages that took longer than eight hours to restore.⁵⁶ Potomac Edison further contends that if the top four storm events that impacted the Company's Maryland territory were excluded, Potomac Edison would have achieved 93.8 percent on interruptions restored.⁵⁷

29. Staff agrees with Potomac Edison that, absent several large non-MOE storms in 2019, the Company would have met the Service Interruption Standard.⁵⁸ However, Staff also notes that Potomac Edison has not updated its MOE Plan with the Commission since its original filing on August 10, 2012.⁵⁹ Given the large number of storms that Potomac Edison has faced, Staff recommends that Potomac Edison be required to update its MOE Plan as part of its Corrective Action Plan.

30. COMAR 20.50.12.12 requires that each Electric Company file an MOE plan providing a description of, and procedures for, its response to major outage events, and performance measures associated with the assessment of the implementation of the MOE plan. Additionally, COMAR 20.50.12.12B provides that each Electric Company shall file with the Commission any material change to its MOE plan at least 60 days prior to implementation. Potomac Edison has filed an MOE Plan with the Commission; however, that Plan has not been updated since 2012. In the intervening years, Potomac Edison and its FirstEnergy affiliates have experienced multiple qualifying MOE storms, as well as smaller, non-qualifying storms. In light of Potomac Edison's violation of the Service

⁵⁶ Potomac Edison Annual Reliability Report at 21.

⁵⁷ *Id.*

⁵⁸ Hr'g. Tr. at 25 (Borkoski).

⁵⁹ Maillog No. 141921, FirstEnergy Utilities Emergency Plan for Service Restoration (E-Plan) Effective as of August 10, 2012, Version 1.

Interruption Standard, the Company is directed as part of its Corrective Action Plan to file an updated MOE Plan with the Commission that incorporates lessons learned from the multiple MOEs and other large storms that Potomac Edison and other its FirstEnergy affiliates have experienced since the original 2012 filing. Otherwise, the Commission accepts the measures Potomac Edison has proposed to take with regard to the System-Wide Reliability Standard as its Corrective Action Plan for the Service Interruption Standard.

F. Downed Wire Response Standard

31. COMAR 20.50.12.07A requires that each Electric Company respond to a government emergency responder-guarded downed electric utility wire within three hours after notification by a fire department, police department, or 911 emergency dispatcher at least 90 percent of the time. This Standard was revised in 2019 to become more stringent.⁶⁰ COMAR 20.50.12.07D provides that each Company shall exercise reasonable care to reduce the potential hazard caused by a downed electric wire to which its employees, its customers, and the general public may be subjected.

32. All six Electric Companies met the Downed Wire Response Standard for 2019. Each Company responded to at least 90 percent of government emergency responder-guarded downed electric wires within three hours from December 2, 2019 to December 31, 2019, and within four hours from January 1, 2019 to December 1, 2019.⁶¹ SMECO

⁶⁰ On November 6, 2019, pursuant to RM 67, the Commission adopted the new three-hour downed wire response standard, which requires Electric Companies to report their downed wire response information under the enhanced standard beginning December 2, 2019. Maillog No. 227390. The four-hour standard was therefore in effect from January 1, 2019 through December 1, 2019, and the new three-hour standard began on December 2, 2019 and continued through the end of the reporting period on December 31, 2019.

⁶¹ Staff Review at 48. The Commission has previously observed: “Given the potentially life-threatening nature of downed wires, compliance with this standard is imperative.” Order No. 89056, *In the Matter of*

posted the highest response rate, responding to 100 percent of government emergency responder-guarded downed wires within the time frames required by this Standard.⁶²

G. Customer Communications Standards

33. COMAR 20.50.12.08 sets standards for customer communications metrics, which include standards for the percentage of calls answered within 30 seconds, and for the percentage of calls abandoned by the customer. COMAR 20.50.12.08A requires that each Electric Company answer within 30 seconds, on an annual basis, at least 75 percent of all calls placed to the Electric Company for customer service or outage reporting purposes. All Electric Companies met this standard in 2019.⁶³ Delmarva posted the highest answered-call rate this year (as it did in 2018), reporting that it answered 94.10 percent of calls placed to it for customer service or outage reporting purposes within 30 seconds.⁶⁴ Pepco reported the next highest rate at 93.90 percent.

34. COMAR 20.50.12.08 provides that each Electric Company must achieve an annual average abandoned call rate of five percent or less. In 2019, all six Electric Companies satisfied this Standard. Delmarva reported the lowest abandoned call rate at 0.21 percent. Pepco reported the next lowest abandoned call rate at 0.51 percent.⁶⁵

35. In last year's Order on Electric Reliability Performance Reports (Order No. 89260), the Commission found that the current Customer Communication metrics "do not fully demonstrate whether a customer's concerns are being resolved during the

the Review of Annual Performance Reports of Electric Service Reliability Filed Pursuant to COMAR 20.50.12.11, Case No 9353, (March 6, 2019) at 26.

⁶² Staff Review at 51.

⁶³ *Id.* at 49-50.

⁶⁴ *Id.* at 52.

⁶⁵ *Id.*

communication process.... [and that] it is important to prevent backsliding regarding the Customer Communication standards.”⁶⁶ The Commission therefore directed Staff to convene a workgroup to address the Customer Communication Standards, and tasked the workgroup with proposing “shared best practices” for Electric Companies when handling customer communications. The Commission further required the workgroup to recommend to the Commission which metrics would be best suited for measuring a Company’s overall performance with regard to customer issue resolution.

36. On September 26, 2019, Staff convened the Customer Communication Workgroup (“CCWG”)⁶⁷ to discuss a wide range of topics related to customer communication standards and best practices by the Electric Companies. The CCWG met several times from September 2019 through May 2020. On June 1, 2020, Staff filed a CCWG Final Report with the Commission, which included consensus recommendations for best practices and metrics that are best suited for measuring a Company’s performance with regard to customer communications.⁶⁸ The CCWG identified 19 metrics and best practices related to call center capabilities, customer service representatives, performance and staffing protocols, backup call center plans, and vulnerable individual (“VI”) practices. Most of the Electric Companies have either implemented or are planning to implement these best practices.⁶⁹

37. The CCWG proposed three metrics for measuring call center performance and quality of service provided related to customer communications. Those metrics are (i) first call resolution (whether, from the customers’ perspective, their inquiry was resolved

⁶⁶ Order No 89260 at 17.

⁶⁷ The CCWG consisted of the six Electric Companies, OPC, and Staff.

⁶⁸ Hr’g Tr. at 11-12 (Lo).

⁶⁹ *Id.* at 14.

to their satisfaction in a single interaction); (ii) Customer Service Representative average handling time (the average amount of time needed to resolve a customer's request); and (iii) percentage of time a VI customer is notified in advance of storms.⁷⁰ The CCWG supports the tracking and reporting of these three metrics in each Electric Company's annual reliability report as supplemental customer communication information, but the CCWG does not recommend that they be adopted as performance standards.⁷¹

38. The CCWG also proposed 16 best practices that should be shared among all utilities and generally relate to call center capabilities, CSR performance, staffing protocols, and backup call center plans. Specifically, the CCWG recommended that the utilities adopt the following best practices according to their capabilities:

1. Measure average wait time for every hour after a customer elects to speak with a CSR during an MOE.
2. Measure average wait time for every hour after a customer elects to speak with a CSR before abandoning the call during an MOE.
3. Adopt a script to assist CSRs in handling outage calls.
4. Proactive outbound calls to alert customers and configurable IVR messaging.
5. Call overflow system.
6. Backup call center plan in the event of network outages or other service disruption.
7. CSR staffing plan during normal and storm days.
8. Use workforce management software to create CSR schedules based on forecasting.
9. Customer authentication - IVR system identifies customer's authentication to provide outage information.

⁷⁰ Customer Communication Final Report, Maillog No. 230543.

⁷¹ CCWG Report at 9.

10. Automated system to notify additional CSRs to report during a non-regular shift.
11. Call routing priorities - routing emergency call to the first available CSR.
12. Mobile CSR workforce handling calls remotely - is utilized in the event of a network disruption at any of the call centers.
13. VI identification process and annual update.
14. VI notification in advance of a storm event.
15. VI notified of outage update after a storm event if a customer chooses to opt-in to receive notification.
16. Tracking VI notification for storms over 24 hours⁷²

39. Despite the consensus nature of the proposed best practices, Potomac Edison expressed reservation regarding VI notification in advance of a storm event.⁷³ Potomac Edison testified that it currently provides advance notification to any customer (not just a VI customer) who requests such communication, but the Company does not provide advance notification to customers who have not affirmatively requested the service. Hr’g. Tr. at 97-98 (Trout). Potomac Edison further testified that cost was not a significant obstacle to implementation of the best practice, but that the Company was concerned the practice could disturb some customers.⁷⁴

40. Given the success of the CCWG, Staff asserts that the Phase II process for promulgation of regulations that Staff had originally proposed on November 4, 2019⁷⁵ is no longer necessary. Instead, Staff contends that the work of the CCWG is complete because “the customer communications workgroup achieved the goal of reaching

⁷² Staff Presentation, Maillog No. 230800, at 3; CCWG Report at 28-29.

⁷³ See CCWG Report at 21; Hr’g. Tr. at 97-98 (Trout).

⁷⁴ See Hr’g. Tr. at 99-100 (Trout) (“It’s really trying to balance between how many customers would benefit against how many customers you might annoy by unsolicited contacts.”)

⁷⁵ See Staff’s Nov. 4, 2019 Customer Communications Workgroup Timeline, Maillog No. 226702.

consensus recommendations for best practices and metrics.” Staff concludes that the CCWG should be disbanded.⁷⁶

41. The Commission finds that the three metrics recommended by the CCWG will further help measure call center performance and quality of service related to customer communications beyond the metrics contained in the existing Customer Communications Standard. The First Call Resolution metric will represent a key performance indicator for the customer experience and reflect the customer service representative’s performance and efficiency. The Customer Service Representative Average Handling Time metric will provide valuable insight into how productive the support and service interactions are for customers and potentially highlight problems with customers waiting too long for issues to be resolved. Additionally, the metric for the Percentage of Time VI Customers Are Notified in Advance of Storm will provide important insight into how Electric Companies communicate with special medical needs customers before and during a storm event. Nevertheless, as noted in the CCWG Report, a major challenge to developing these additional metrics is the variability across the industry in practice and definitions.⁷⁷ Therefore, the Commission accepts the CCWG’s recommendation that these three metrics be tracked and reported in each Electric Company’s annual reliability report as supplemental customer communication information, but that these additional metrics not be adopted as performance standards at this time. Each Electric Company should measure these metrics using a 12-month period ending December 31 and have the data readily available when requested by Staff.

⁷⁶ Hr’g Tr. at 35 (Borkoski). Staff witness Lo testified that “even though we’re recommending to disband the workgroup, communication will still continue to make sure that everyone fully implements the metrics and best practices. Hr’g Tr. at 18 (Lo).

⁷⁷ See CCWG Report at 5.

42. The Commission also finds that the 16 best practices endorsed by the CCWG should be shared among and adopted by the Electric Companies according to their capabilities. The CCWG Report represents a consensus recommendation by the workgroup participants, and the Electric Companies who will be adopting the best practices testified favorably about the CCWG's process and effectiveness.⁷⁸ Nevertheless, Potomac Edison presented a valid concern that VI notification in advance of a storm event could disturb some customers who have not requested such advance notification. Therefore, Potomac Edison will not be required to adopt that best practice. Additionally, any other Electric Company that has a similar concern may opt out of adopting that practice. Finally, given that the purpose of the CCWG has been accomplished, Staff's request that it be disbanded is approved.

H. Vegetation Management Standards

43. COMAR 20.50.12.09 addresses vegetation management standards and requires that each Electric Company trim vegetation on a certain percentage of the Electric Company's total distribution miles each year. The regulation requires that each Electric Company develop its own vegetation management program to address tree pruning and removal; vegetation management around poles, substations, and overhead electric plant; vegetation management along rights-of-way; inspections; and public education regarding vegetation management practices, among other requirements.⁷⁹

⁷⁸ See Hr'g. Tr. at 60 (Sikora) ("We definitely thought that the discussion of the working group was helpful. The sharing of best practices is always good.... We got continuous improvement at BGE;") and Hr'g. Tr. at 49 (Micheel) ("I think we got three really good recommendations and shared a number of best practices and we're on the right track with that.")

⁷⁹ COMAR 20.50.12.09B(2).

44. Pursuant to COMAR 20.50.12.09F, each Electric Company must adopt either a four-year or five-year trim cycle. Based on the Company's chosen trim cycle, it is then required to perform no less than a specified amount of vegetation management to its electric distribution system each year. BGE, Delmarva, Pepco, and SMECO adopted a four-year trim cycle, while Choptank and Potomac Edison⁸⁰ elected a five-year trim cycle.

45. In 2019, all of the Electric Companies exceeded their minimum vegetation management requirements to combine for a total of 7,062 circuit miles of vegetation management trimming across the State of Maryland.⁸¹ The Commission notes that all of the Electric Companies have met their vegetation management targets. The Companies should continue to place priority on vegetation management, on communicating effectively with customers, and on addressing customer concerns as they carry out their vegetation management programs.

46. As has been the case in the past, the Commission continues to be concerned about the relatively high per-mile cost of Pepco's vegetation management program. Pepco reported that the cost per mile of its vegetation management program is \$16,593, which is the highest among the Electric Companies, and is significantly above the average Electric Company cost per mile of \$10,059.⁸² Nevertheless, the Commission notes that Pepco's 2019 vegetation management costs have decreased approximately nine percent compared to the Company's \$18,254 cost per mile in 2018.

⁸⁰ As discussed above, Potomac Edison will transition to a four-year trim cycle beginning in 2020 as part of its Corrective Action Plan.

⁸¹ Staff Review at 56.

⁸² *Id.* at 57.

47. Staff observes that the accuracy of the statistics regarding the cost per mile of vegetation management may be obscured because some Electric Companies may not be reporting “all-in” costs, including their entire vegetation management O&M spend, but may instead be reporting only RM43-routine specific vegetation management expenditures.⁸³ Staff asserts that it has always requested that all Electric Companies report “all-in” costs in order for Staff to make an “apples-to-apples comparison” of vegetation management costs between companies.⁸⁴ Nevertheless, given that it has received disparate vegetation management costs, Staff requests that the Commission require that all Electric Companies provide all-in vegetation management costs. Specifically, Staff requests that consistent with the requirements of COMAR 20.50.12.09B(4), COMAR 20.50.12.09C(3)(a), and COMAR 20.50.12.11B(1), all Electric Companies report all costs that support the successful execution of their vegetation management program plans. Those “all-in” vegetation management costs include “all vegetation management Capital and O&M expenditures including: (1) all direct contractual costs and internal staffing associated with yearly scheduled cyclical trimming and all corrective work and (2) all indirect costs associated with VM staff, supplies and equipment.”⁸⁵

48. The Commission agrees with Staff that the Electric Companies should report all-in vegetation management costs in order to facilitate an apples-to-apples comparison. All of the Electric Companies agreed with this approach in principle during the hearing; however, some Companies requested a delay to meet with Staff to discuss the definition

⁸³ *Id.* at 58.

⁸⁴ *See* Hr’g. Tr. at 27, 33-34 (Borkoski).

⁸⁵ Staff Review at 59.

and ensure consistent reporting.⁸⁶ The Commission therefore preliminarily endorses Staff's definition of "all-in" vegetation management costs to include "all vegetation management Capital and O&M expenditures including: (1) all direct contractual costs and internal staffing associated with yearly scheduled cyclical trimming and all corrective work and (2) all indirect costs associated with VM staff, supplies and equipment." However, the Electric Companies are directed to meet with Staff (and any other parties interested in this issue) to discuss Staff's definition and file with the Commission, prior to the filing of next year's annual reliability reports, a consensus definition of "all-in" costs.

I. Merger-Related Vegetation Management Spending

49. When the Commission approved the merger of the PHI companies (Delmarva and Pepco) with Exelon in May 2015 in Case No. 9361,⁸⁷ one of the conditions of merger approval was that Pepco and Delmarva achieve SAIDI and SAIFI targets for the years 2016 through 2020 that are higher than the goals set under those Companies' original COMAR requirements. *See* Condition 8 of Order No. 86990. However, to ensure that Pepco and Delmarva would pursue their pledges of increased reliability within cost constraints and not impose them on ratepayers, their reliability commitments were coupled with "not to exceed" budget targets for reliability capital, scheduled maintenance O&M, and forestry O&M.⁸⁸ In 2019, Delmarva and Pepco spent less than their

⁸⁶ *See* Hr'g Tr. at 59-60 (Sikora) ("BGE agrees with the PHI companies that while we have no problem reporting an all-in vegetation cost per mile, we do think there should be some further discussion about what should constitute or what the definition of all-in should be just to make sure that all of the utilities are on the same page and that our reporting is consistent;" and Hr'g Tr. at 49-50 (Micheel) (asking for a work group to consider the all-in definition).

⁸⁷ Case No. 9361, *In the Matter of the Merger of Exelon Corp. and Pepco Holdings, Inc.*

⁸⁸ *See* Order No. 86990 at 10: ("Exelon further committed that Delmarva and Pepco will achieve these reliability metrics in the next five years without exceeding their proposed reliability-driven capital or operations and maintenance ("O&M") budgets for each year..."); and Order No. 86990, Appendix A, at Page A-15 Table 3: Projected Reliability-Driven Expenditures (2016 – 2020).

respective spending limits for distribution system scheduled maintenance. However, while Pepco came in under its spending limit for forestry, Delmarva exceeded its forestry spending limit by \$47,943.⁸⁹

50. Because Delmarva failed to comply with Condition 8 of Order No. 86900 by exceeding the distribution system vegetation management spending limit, Staff argues that the Company should be required to establish a regulatory liability in the amount of the excess (\$47,943), with the regulatory liability accruing carrying costs until new rates go into effect in Delmarva's next rate case.⁹⁰ Delmarva opposes Staff's recommendation and contends that Condition 8 of Order 86990 imposes a budgetary ceiling only on the Company's *combined* budgets for Scheduled Maintenance and Forestry, rather than limiting each of those categories individually. With regard to the combined budgets, Delmarva spent \$12,309,519 in 2019 for Scheduled Maintenance and Forestry and did not exceed the combined budget of \$18,344,742.⁹¹

51. The Commission finds that Order No. 86900 intended to place spending limits on Scheduled Maintenance and Forestry individually. That is why those categories were itemized and listed separately in Table 3 of Order No. 86900. *See also* Hr'g. Tr. at 28 (Borkoski) "Staff interprets this condition to refer to spending levels in the accompanying table in condition 8 due to the wording budget level set out above, which is in the order, and we feel that's clearly referring to that table and the line items in that table." That

⁸⁹ Staff Review at 81.

⁹⁰ *Id.* at 94; Hr'g. Tr. at 33 (Borkoski). Staff further observes that Delmarva's spending in excess of the limit in Condition 8 was not known to Staff prior to the evidentiary hearings in Case No. 9630, Delmarva's most recent rate case.

⁹¹ Delmarva's response to Staff DR No. 4-1. *See also* Hr'g. Tr. at 50 (Micheel): "It is our view that it is a combined schedule for forestry and scheduled maintenance, the merger commitment for Delmarva Power was 18.3 million. We spent an actual amount of 12.3 million. In our view it's promises made, promises kept."

layout contrasts with the budget limits placed on Capital Expenditures, where Delmarva and Pepco were given budgets that were not broken down by programs with spending limits for each program.⁹²

52. Condition 8(B) of Order No. 86990 provides that “[i]f Delmarva or Pepco fails to meet the reliability-related O&M budget levels set out above in any of the years, then the company shall automatically forgo seeking recovery in customer rates of any amounts spent in excess of the reliability-related O&M budget level for the year.” Because Delmarva exceeded its Forestry spending limit set forth in Condition 8, the Company is ordered to establish a regulatory liability in the amount of \$47,943, accruing carrying costs until new rates go into effect in Delmarva’s next rate case.⁹³

J. Periodic Equipment Inspections

53. COMAR 20.50.12.10A requires that each utility adopt and follow written operation and maintenance (“O&M”) procedures for its electric plant in order to maintain safe and reliable service. The programs should be designed to achieve, at a minimum, the level of reliability established by the Commission’s regulations. In accordance with those requirements, each of the Electric Companies filed O&M plans with the Commission in August 2012, detailing their procedures for the inspection and maintenance of wood poles, overhead circuits and equipment, pad-mounted transformers and underground equipment, line capacitors, and substations. BGE, Pepco, Delmarva,

⁹² Staff Review at 80.

⁹³ Delmarva testified that it did not report to Staff that it exceeded the spending threshold because “we don't believe that we're over with Delmarva Power. “ Hr’g. Tr. at 50 (Micheel). The Commission accepts that Delmarva had a good-faith belief that the budget ceiling was for the combined Scheduled Maintenance and Forestry spend and that the Company did not intentionally fail to report.

Choptank, and SMECO have all filed revised O&M program manuals for changes that took effect during the 2018 calendar year.⁹⁴

54. For the 2019 compliance period, Pepco, Delmarva, Potomac Edison, Choptank, and SMECO demonstrated that they completed their inspection and maintenance activities in accordance with their filed plans, and therefore met the Periodic Equipment Inspections standard. However, BGE did not comply with this Standard. In 2019, BGE identified 18 inspections associated with its Substation Maintenance programs that were not completed by their defined inspection interval.⁹⁵ Specifically, BGE states that the following preventative maintenance tests were not conducted by their due dates: seven Load Tap Changers dissolved gas and oil analysis tests; one oil quality, dissolved gas analysis, incipient test; seven fixed water spray dry trip tests; and three substation thermovision surveys.⁹⁶

55. BGE attributes the missed inspections to its implementation in February 2019 of a new IT solution, called Cascade, for equipment maintenance analysis and automated work order functions.⁹⁷ After launching the system, BGE performed an exhaustive review of its preventative maintenance schedules and discovered that certain preventative maintenance inspection work orders had not been created and that 18 inspections had been delayed.⁹⁸ BGE asserts that all of the 2019 delayed inspections were performed in 2019, with the majority completed within 45 days of the specified interval date. BGE

⁹⁴ Maillog No.'s 21628, 218032, 218033, 218834, and 221076.

⁹⁵ BGE Annual Reliability Report at 24, Attachment H

⁹⁶ *Id.* at Attachment H-2.

⁹⁷ BGE states that Cascade is “a more flexible work order system than our previous system and is a robust asset management system that allows our field technicians to enter data directly from the field.” Hr’g. Tr. at 70 (Dodson).

⁹⁸ BGE Annual Reliability Report at Attachment H-2.

contends that after discovering the problem caused by its IT upgrade, it implemented “comprehensive changes” that have “substantially improved performance” and will prevent future problems.⁹⁹

56. Staff finds BGE’s Corrective Action Plan acceptable.¹⁰⁰ Staff states that BGE quickly discovered the error and completed all 18 overdue inspections in less than two months from their scheduled date and was transparent in alerting Staff to its non-compliance. Staff views these facts as mitigating factors and recommends against the imposition of a civil penalty.¹⁰¹

57. This is the fourth year, out of the past five, that BGE has failed to meet the Periodic Equipment Inspections standard.¹⁰² The Company reported missing its preventative maintenance inspections in 2015, 2016, 2018, and 2019, citing various human error and process failure as causes.¹⁰³ In 2017, BGE self-reported to Staff that its periodic equipment inspection work scheduled for 2015 and 2016 was not fully completed and that a total of at least 3,111 missed periodic equipment inspections had been discovered as of July 12, 2017.¹⁰⁴ In 2018, BGE self-reported missing 21 preventative maintenance inspections related to its Substation Maintenance program, its Power Transformers program, and its Load Tap Changers program.¹⁰⁵ The Commission

⁹⁹ Some of BGE’s remediation measures, which form its Corrective Action Plan for this Standard, include new robust risk reporting measures with safeguards against data errors; the development of a Preventative Maintenance Risk Dashboard to better identify preventative maintenance schedule risk; the initiation of a daily Preventative Maintenance Risk Screening meeting; the scheduling of weekly Cross-Functional Work Order System Defect Review meetings; and structural reorganization to assign geographic responsibility to certain managers by district for purposes of monitoring preventative maintenance schedules and risk.

¹⁰⁰ Hr’g. Tr. at 26 (Borkoski).

¹⁰¹ Staff Review at 64.

¹⁰² *Id.* at 59-60.

¹⁰³ *Id.* at 64.

¹⁰⁴ Order No. 88406 at 24.

¹⁰⁵ Order No. 89260 at 21.

stated last year that it “views BGE’s repeated noncompliance with the Periodic Equipment Inspection standard as a significant failure.”¹⁰⁶ The Company’s noncompliance not only has reliability implications, but also raises significant health and safety concerns. As a consequence, last year the Commission imposed a civil penalty of \$250,000 against BGE for failure to meet the Period Inspections Standard.

58. PUA § 7-213(f)(2) provides that the Commission may take appropriate corrective action against an Electric Company that fails to meet any or all of the applicable service quality and reliability standards, including through the imposition of civil penalties. PUA § 13-201(b)(1) and PUA § 13-201(c) allow for civil penalties to be imposed of up to \$25,000 per offense, per day, that a Company is in violation of a Commission regulation.¹⁰⁷ In the present case, with regard to BGE’s failure in 2019 to complete 18 Substation Maintenance program inspections, the Commission elects not to impose a civil penalty. The Commission agrees with Staff that the oversight is related to the implementation of new software that was launched to improve BGE’s asset management processes, and that the Cascade system should improve the Company’s reliability in the long run.¹⁰⁸ Additionally, BGE quickly discovered the missed inspections, completed them in less than two months from their scheduled dates, and acted in a transparent fashion to alert Staff to the Company’s non-compliance.¹⁰⁹ BGE has also offered a significant Corrective Action Plan to address the failure and it has not missed any

¹⁰⁶ *Id.* at 21.

¹⁰⁷ The statute provides that each violation is a separate offense and that each day that the violation continues is a separate offense. PUA § 13-201(c).

¹⁰⁸ BGE testified that Cascade has positive reliability implications, including through enabling work orders to be triggered automatically based on the condition of equipment in the field. Hr’g. Tr. at 72 (Dodson).

¹⁰⁹ Staff Review at 64; Hr’g. Tr. at 26 (Borkoski); Hr’g. Tr. at 71 (Dodson).

subsequent inspections.¹¹⁰ Perhaps most importantly, BGE has strongly committed to improving its performance and to cultivating and enforcing a culture of compliance. *See* Hr’g. Tr. at 76 (Dodson) “We are fully committed to meeting our PM dates, and I and the other BGE executive leaders have sent that message loud and clear throughout the organization.”¹¹¹ The Commission accepts the Company’s commitment to improving its performance and enforcing a culture of compliance with this standard. The Commission will however, given the Company’s five-year performance on this preventive maintenance requirement, give increased scrutiny to the Company’s adherence to the applicable standards of COMAR and the specific commitments that it has made herein on this important reliability metric going forward.

K. OPC-Endorsed Stakeholder Process

59. Beyond addressing the Electric Companies’ compliance with their reliability standards, OPC focused considerable attention on how reliability and resilience spending options should be evaluated, prioritized, and selected. OPC observes that since the high-profile storms and resulting outages in 2012, the Electric Companies have invested hundreds of millions of dollars of ratepayer funds to augment vegetation management and improve pre-storm preparation, with the goal of improving the reliability and resiliency of their grids.¹¹² However, OPC contends that those Electric Companies are

¹¹⁰ *See* Hr’g. Tr. at 75 (Dodson) (stating that BGE’s performance has improved significantly with all preventative maintenance substation inspections performed in accordance with BGE’s specified intervals since September 2019.)

¹¹¹ Ms. Dodson further testified that she has acted to create a “culture of compliance” in BGE and concluded: “I believe for the PM inspections we have the processes in place, the people in place, systems in place, procedures and training in order to meet that commitment moving forward.” Hr’g. Tr. at 71, 78 (Dodson).

¹¹² OPC Comments at 3.

now operating at levels at or above investor-owned utility average reliability as measured by SAIDI, SAIFI, and CAIDI, which brings into question the prudence of continually increasing reliability spending. Accordingly, OPC encourages the Commission to begin viewing reliability and resilience spending in a “new light,” by considering issues such as the law of diminishing returns as well as the impacts of such spending on particular customer classes.¹¹³ In order to address these issues, OPC recommends that the Commission consider a proceeding to create a transparent, stakeholder-engaged process for distribution planning and capital budgets outside “business as usual” needs.¹¹⁴ OPC contends that the proceeding would begin with reliability and resilience, but argues the process could be expanded to incorporate other Maryland goals, including distributed energy resource accommodation, beneficial electrification, safety, and cybersecurity.

60. The Commission finds intriguing OPC’s recommendation to create a transparent, stakeholder-engaged process for distribution planning and capital budgets outside of “business as usual” needs. OPC raises important issues such as whether, and the extent to which, marginal increases in reliability spending suffer from diminishing returns and how individual customer classes are impacted by the costs and benefits of the spending. However, the Commission elects not to initiate a proceeding at this time. Many of the issues that OPC raises will be addressed in BGE’s recently filed multi-year rate case,¹¹⁵ which was filed as the State’s first multi-year rate proceeding and in accordance with the

¹¹³ OPC Comments at 5, 42. OPC argues that the economic benefits of reliability improvements are skewed to commercial customers, with residential customers having much lower opportunity costs for lost power.

¹¹⁴ *Id.* at 41.

¹¹⁵ See Case No. 9645, *Application of Balt. Gas and Elec. Co. for an Elec. and Gas Multi-Year Plan*. BGE’s rate case was filed on May 15, 2020.

Commission’s Order No. 89482, establishing a multi-year rate plan pilot.¹¹⁶ The Commission also notes that the State of Maryland is currently an active participant in a 16-state National Task Force, jointly sponsored by the National Association of Regulatory Utility Commissioners (“NARUC”) and the National Association of State Energy Officials (“NASEO”), and facilitated by the U.S. Department of Energy, that is working towards a best practices roadmap to distribution system planning including transparency considerations for the nation that may be instructive to the Commission and other parties in this regard when the Task Force produces its work product and recommendations expected to be available in 2021. The Commission finds that the limited resources of its Staff¹¹⁷ and the parties would be best used, and the risk of redundancy and/or inconsistency minimized, by focusing on the multi-year rate case pilot before establishing the type of proceeding suggested by OPC.

IT IS, THEREFORE, this 1st day of September, in the year Two Thousand Twenty,

ORDERED: (1) That the service quality and reliability annual reports of BGE, Pepco, Delmarva, Potomac Edison, Choptank, and SMECO are accepted;

(2) That the Corrective Actions Plans submitted are hereby noted;

(3) That the three metrics identified by the Customer Communication Workgroup

¹¹⁶ Order No. 89482, Case No. 9618, *In the Matter of Alternative Rate Plans or Methodologies to Establish New Base Rates for an Elec. Co. or Gas Co.* (Feb. 4, 2020).

¹¹⁷ Staff opined that many of the issues OPC raised are better addressed in rate cases. *See* Hr’g. Tr. at 30-31 (Borkoski) “Staff prefers to handle these types of evaluations ... of utility spending in rate cases. However, in evaluating forward-looking, multi-year rate cases, the utility needs to be transparent regarding their plans and the internal standards on which they are based.”

(“CCWG”) shall be tracked and reported in each Electric Company’s annual reliability report as supplemental customer communication information, but that these additional metrics will not be adopted as performance standards at this time;

(4) That each Electric Company shall measure the new customer communication metrics using a 12-month period ending December 31 and have the data readily available when requested by Staff;

(5) That the 16 best practices endorsed by the CCWG shall be shared among and adopted by the Electric Companies according to their capabilities;

(6) That any Electric Company may opt out of adopting the best practice related to vulnerable individual notification in advance of a storm event;

(7) That the CCWG shall disband as its purposes have been achieved;

(8) That the Electric Companies are directed to meet with Staff to finalize a definition of “all-in costs,” and provide to the Commission, prior to the filing of next year’s annual reliability reports, a consensus definition of the term;

(9) That Potomac Edison is directed, as part of its Corrective Action Plan related to the Service Interruption Standard, to file an updated Major Outage Events Plan that incorporates lessons learned;

(10) That Delmarva shall establish a regulatory liability in the amount of \$47,943, accruing carrying costs until new rates go into effect in Delmarva’s next rate case;

(11) That BGE will be subject to increased scrutiny regarding its future compliance with the Periodic Equipment Inspections Standard and the related commitments the Company has made thereto; and

(12) That OPC’s recommendation to create a transparent, stakeholder-engaged process for distribution planning and capital budgets outside of “business as usual” needs is denied at this time.

/s/ Jason M. Stanek

/s/ Michael T. Richard

/s/ Anthony J. O’Donnell

/s/ Odogwu Obi Linton

/s/ Mindy L. Herman

Commissioners