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3 **Q. (Page 30, Lines 11 - 14) In the two regulatory jurisdictions discussed by Mr.**
4 **Bowman in his evidence, Delaware and Vermont, please provide specific examples**
5 **where the establishment of formal distribution reliability and service standards has**
6 **established that “reliability and service-related expenditures are prudently**
7 **incurred” resulting in “fair and consistent treatment” of customers.**
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9 **A.** In his Pre-filed Evidence, Mr. Bowman references distribution reliability and
10 service standards in Delaware and Vermont, Alberta (FortisAlberta), Ontario
11 (FortisOntario), and Newfoundland and Labrador (Decision and Order of the Board
12 Order No. P.U. 8 (2007) relating to Newfoundland and Labrador Hydro’s 2006 General
13 Rate Application, where the Board ordered “Hydro shall include in its quarterly reports,
14 ... , an update on the progress of the development of a comprehensive maintenance plan
15 and associated reliability standards”.

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17 It is difficult to come up with specific examples of how these standards have established
18 that “reliability and service-related expenditures are prudently incurred” resulting in “fair
19 and consistent treatment” of customers. The fact that the standards are in place provides
20 transparency and an audit trail that enables utilities, the consumer advocate and the
21 regulatory commission to determine if reliability expenditures are prudently incurred and
22 customers are receiving fair treatment. The reliability and service standards in Vermont
23 and Delaware have been in place for only a few years, and with one exception, the
24 distribution companies have been meeting the standards. Mr. Bowman understands from
25 Vermont regulatory staff that the distribution companies and the consumer advocate
26 (Department of Public Service) get together every two years to review the standards and
27 performance, and make changes where appropriate. This approach heads off potential
28 challenges thus improving regulatory efficiency.

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30 The only case that Mr. Bowman is aware of that has been filed in response to a standard
31 is currently before the Vermont Public Service Board.² The docket states that statutory
32 provisions constitute the basis for the Board to establish service quality and reliability
33 standards by which the adequacy of service can be measured in order to determine
34 whether a company is, in fact, providing "reasonably adequate service" and is operating
35 its business in a "reasonable and expedient" manner that "promotes the safety,
36 convenience, and accommodation of the public". The investigation is into Vermont
37 Electric Cooperative’s failure to meet some of the performance standards in its Service
38 Quality and Reliability Plan, specifically, performance standards relating to SAIFI, lost
39 time severity rate and payment posting complaints. In all three cases, the standard was
40 missed by more than 10 percent which requires that a corrective action plan be submitted
41 to the Board. This has not done, and the Board has reminded the utility of its obligation to
42 do so, and that the corrective action plan will be reviewed in the proceeding. In addition,
43 the Board will review concerns raised by customers about the number and duration of
44 outages that they have experienced. The Board is interested in how the reliability of

² Docket No. 7273 Order Opening Investigation and Notice of Hearing at website:
<http://www.state.vt.us/psb/document/7273VECSserviceQuality/7273InvestPHC.pdf>

1 service to these customers compares with the reliability of the utility's system as a whole,
2 and if service to some or all of these customers is significantly less reliable than the
3 system average.

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5 Mr. Bowman understands from regulatory staff in Vermont and Delaware that similar to
6 Newfoundland and Labrador, the regulatory compact requires that all expenditures be
7 prudently incurred, and customers should have equitable access to power and should pay
8 the lowest possible cost consistent with reliable service (CA-NP 69, lines 20-23). The
9 service standards in Vermont and Delaware were implemented within the context of this
10 regulatory framework. The fact that there have been no challenges to the plans, at least
11 publicly, implies that stakeholders are reasonably satisfied that "reliability and service-
12 related expenditures are prudently incurred" resulting in "fair and consistent treatment"
13 of customers.

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