BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE INVESTIGATION	)	
INTO DELMARVA POWER & LIGHT	)	
COMPANY'S PLANNED DISTRIBUTION	)	PSC DOCKET NO. 13-152
INFRASTRUCTURE INVESTMENT OVER	)	
THE NEXT SEVERAL YEARS	)	
(OPENED MAY 7, 2013)	)	

CAESAR RODNEY INSTITUTE'S COMMENTS ON THE STAFF REVIEW OF DELMARVA POWER & LIGHT COMPANY'S 2013-2017 INFRASTRUCTURE INVESTMENT PLANS

Since CRI has submitted a detailed analysis of Delmarva Power's Reliability Spending Plan, these comments will be brief. Staff has suggested a better understanding of the relative age of infrastructure compared to expected lifetime would be helpful and we agree. We also agree with Staff's suggestion a collaborative process is needed to revise Docket 50, and to work on the basis for going beyond just measuring SAIDI to determining how to measure hardening, and resiliency. Delmarva's customers certainly don't understand the difference between reliability, hardening, and resiliency. Delmarva needs to do a better job, perhaps in annual satisfaction surveys, in explaining these issues.

CRI takes issue with several fundamental precepts laid out in Staff's Consultant report. A concern was raised Delmarva "was leveraging the reliability problems of its affiliate in Maryland, Potomac Electric Power Company (Pepco), to accelerate reliability spending in Delaware" (page 1). It was further claimed Delmarva wants "to grow their distribution system rate base as a means to boost earnings" (page 10). We submit the different attitudes about spending on hardening and resiliency in Delaware compared to Maryland, and New Jersey, is we didn't have massive power outages from the derecho or super-storm Sandy. Shall we wait for a storm to knock out power to 95% of customers for up to a month to take action? Complaints were raised in the same paragraph Delmarva, and other utilities, were not spending enough on infrastructure in the past, but are spending too much now. Doesn't that suggest, on average, they are spending about the right amount?

CRI recognizes the potential investment might be increased to bump the rate base. However, we take the contrary view Delmarva has learned some important lessons from the major outages at sister companies in Maryland, and New Jersey, and is taking prudent steps to boost resiliency. The spending on substations, and feeders the Consultant recommends cutting are the very investments most needed to boost resiliency. It is feeder lines that are cut, and substations that flood in a major storm. Even with the increased spending on feeders it will take ten years to upgrade the entire distribution system. Spending cuts on URD's and metal clad switchgear experiencing premature failures also doesn't make sense. Delmarva has done a poor job laying out their case, partly because of a lack of an easy resiliency measuring tool. It may be impossible to find a proper measure but it is possible to agree on a plan in a collaborative manner.

CRI also takes issue with the Consultant claim being solidly in the third quartile of comparison utility reliability performance is satisfactory. Reliability is critical to industry and Delaware is competing globally for jobs. How is 200 minutes SAIDI performance OK when countries like Japan are hitting 4 minutes? The more basic problem is relying on a reliability index like SAIDI when most customers are really thinking resilience. At this point, if we invest in resilience and hardening we will get better SAIDI results as well.

The Consultant claims reducing Delmarva's infrastructure spending plan by $126.6 million over five years will save customers about 2% on their electric bills. A study by Edison Electric Institute suggests that is about the amount customers would willingly pay for better hardening and resiliency. Let's sit down and work together to determine the right amount of infrastructure needed after the merger docket is complete.