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DOCKET NO. 43571

AGREED NOTICE OF VIOLATION AND SETTLEMENT AGREEMENT RELATING TO ONCOR ELECTRIC DELIVERY COMPANY'S VIOLATION OF PURA § 38.005 AND P.U.C. SUBST. R. 25.52, CONCERNING RELIABILTY AND CONTINUITY OF SERVICE	§ § § § § § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

APPLICATION FOR APPROVAL OF SETTLEMENT AGREEMENT

Staff of the Public Utility Commission of Texas (Commission) files this Application for Approval of Settlement Agreement and would show in support as follows:

Commission Staff and Oncor Electric Delivery Company (Oncor) (together, Parties) have entered into a Settlement Agreement and Report to Commission (Agreement). The Agreement, attached to this motion, has been signed by representatives of both parties and includes a Proposed Order. This Agreement resolves and concludes Commission Staff's investigation of Oncor for violations of PURA[1] § 38.005 and P.U.C. SUBST. R. 25.52, concerning reliability and continuity of service for the reporting year 2013.

WHEREFORE, Commission Staff respectfully requests that its Application for Approval of Settlement Agreement be granted.

[1] Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001-66.016 (Vernon 2007 & Supp. 2013) (PURA).

Respectfully Submitted,

Robert M. Long
Division Director
Oversight and Enforcement Division

Joshua Walters
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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on this the 15th of October, 2014 in accordance with P.U.C. Procedural Rule 22.74.

Joshua Walters

DOCKET NO. _____

AGREED NOTICE OF VIOLATION AND SETTLEMENT AGREEMENT RELATING TO ONCOR ELECTRIC DELIVERY COMPANY'S VIOLATION OF PURA § 38.005 AND P.U.C. SUBST. R. 25.52, CONCERNING RELIABILTY AND CONTINUITY OF SERVICE	§	**PUBLIC UTILITY COMMISSION OF TEXAS**

SETTLEMENT AGREEMENT AND REPORT TO COMMISSION

Staff of the Public Utility Commission of Texas (Commission) and Oncor Electric Delivery Company (Oncor) (together, Parties) enter into this Settlement Agreement and Report to Commission (Agreement). This Agreement resolves and concludes the investigation of Oncor for violations of PURA[1] § 38.005 and P.U.C. SUBST. R. 25.52, concerning reliability and continuity of service for the reporting year 2013.

The Parties agree as follows:

1. The Parties stipulate to the facts contained in the attached Proposed Order and request approval of the Order by the Commission.
2. Commission Staff recommended an administrative penalty, and Oncor agrees to pay an administrative penalty of One Hundred Seventy Four Thousand Dollars ($174,000) for Oncor's violations described in the attached Proposed Order.
3. Oncor agrees to make efforts to improve the performance and reliability of all of its feeders. In particular, efforts will include an increase of expenditures and resources that will focus on feeders which have violated service quality and reliability standards for three or more consecutive years and maintaining the system-wide standards required by P.U.C. SUBST. R. 25.52 (g)(1)(A) and (B).
4. Oncor asserts the following with regard to the circumstances for the underperforming circuits:
    a. CNI45 – 2401

[1] Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001-66.016 (Vernon 2007 & Supp. 2013) (PURA).

i. This is a 94.2 mile long 25 kV feeder that currently serves 422 residential and 171 commercial customers in a rural Central Texas area with 90% tree density.

ii. Oncor has spent over $800,000 over a four year period on proactive reliability programs such as maintenance on electronic reclosers, air switches, patrolled reactive maintenance, and vegetation management.

iii. The major obstacle to maintaining reliability on this feeder is the difficulty of remote and dense vegetation that causes interruptions but also slows down restoration efforts. This feeder is located 56 miles from the nearest Oncor Service Center. On a clear weather day the drive time is over one hour.

iv. The major vegetation management project that was completed this year (2014) at a cost of over $500,000 should improve the future performance of this feeder. Herbicide spray of the right-of-way of this feeder is also scheduled for this year to improve future vehicle and personnel access for patrol and restoration. Oncor will continue to monitor the performance of this feeder and take corrective actions as needed.

b. GRDNC – 1211

i. This is a 90 mile long 12.5 kV feeder that currently serves 169 residential and 269 commercial/industrial customers in West Texas. The terrain is low scrub brush and desert sands; limited paved road access with 75% tree density.

ii. Oncor has spent $2.7 million over a four year period on proactive reliability programs for this feeder such as patrolled reactive maintenance and a project to install capacitors for voltage support. A major system improvement project to relieve loading on this feeder was designed in 2013 and construction was completed in June 2014 at a cost of approximately $3.3 million. This project has established a new substation (GRDNE) and a new 11,000 feet distribution line to connect to GRDNC-1211. A load of 6.5 MVA (approximately one-half of the feeder) has been

transferred to the new substation and feeder (GRDNE-9211). This will correct the loading problems and should improve reliability.

iii. The major obstacle to maintaining reliability on this feeder is the vast remoteness of west Texas where it can take hours to travel to the substation and subsequent hour(s) to make single repairs. This feeder is located 67 miles from the nearest Oncor Service Center. On a clear weather day the drive time is approximately 1.6 hours. Lightning continues to be an annual and frequent event since power lines are often the tallest object in the vast areas of west Texas. Also, Acts of Public last year (2013) were a major outage contributor.

iv. As mentioned in Subsection ii above, the new (GRDNE) substation constructed east of the existing (GRDNC) substation will establish a new feeder (GRDNE-9211) to serve half of the existing customers and also provide a backstand feed for the other half of the customers that remain on GRDNC-1211. Oncor will continue to monitor the performance of this feeder and take corrective actions as needed.

c. HOWRD - 3971

i. This is a 34 mile long 12.5 kV feeder that currently serves 1 residential and 71 commercial/industrial customers in West Texas. The terrain is low scrub brush and desert sands; there is limited paved road access with 75% tree density.

ii. Oncor has spent $112,000 over a three year period on proactive reliability programs such as patrolled reactive maintenance and vegetation management.

iii. The major obstacle to maintaining reliability on this feeder is the vast remoteness of west Texas and exposure of the power lines to weather related events (typically lightning). This feeder is located over 33 miles from the nearest Oncor Service Center. Due to limited road access, even on a clear weather day the drive time to this location is nearly one hour. Lightning continues to be an annual and frequent event since power lines are often the tallest object in the vast areas of west Texas.

v. Weather-caused outages continue to be a major reason that this feeder is a >300% SAIDI feeder in 2013. Oncor will continue to monitor the performance of this feeder and take corrective actions as needed.

d. JKWST - 4035

i. This is a 14 mile long 12.5 kV feeder that currently serves 67 residential and 12 commercial/industrial customers in rural East Texas. The terrain has 98% tree density.

ii. Oncor spent over $300,000 in a four year period on proactive reliability programs such as patrolled reactive maintenance and vegetation management.

iii. The major obstacle to maintaining reliability on this feeder is the difficulty in managing the dense and very tall tree vegetation; much of which is outside the right of way. Dense vegetation often slows down restoration efforts.

iv. Since vegetation related outages (97%) were the major problem in 2013, the vegetation management project that was completed this year (2014) at a cost of over $125,000 should improve the future performance of this feeder. Oncor will continue to monitor the performance of this feeder and take corrective actions as needed

e. MASON – 3411

i. This is a 27 mile long 21.6 kV feeder that currently serves 19 commercial/industrial oil field and 2 residential customers in rural West Texas. The terrain is low scrub brush and desert sands with limited paved road access and 5% tree density.

ii. Oncor spent $1.5 million in a three year period on proactive reliability programs such as major system improvement projects, patrolled reactive maintenance, vegetation management, and a project to install faulted circuit indicators. In 2012, major system improvement projects were started to upgrade this substation by replacing the existing substation transformer and converting the distribution primary voltage from 33kV to 21.6kV. These projects also included building nearly two miles (12,000

feet) of new circuit to establish a new feeder tie with an adjacent feeder and to reconductor nearly three miles (15,000 feet) with increased ampacity conductor (bigger wire). These projects were completed in 2013. In addition, a major system improvement project to install capacitor banks and reactors at the substation to provide transmission voltage support was completed in June of this year (2014) at a total cost of $1.68 million (with 33% of that cost allocated to this feeder).

iii. The major obstacle to maintaining reliability on this feeder is the vast remoteness of west Texas and exposure of the power lines to weather related events (typically lightning). This feeder is located over 76 miles from the nearest Oncor Service Center. On a clear weather day the drive time is approximately 1.2 hours. Lightning continues to be an annual and frequent event since power lines are often the tallest object in the vast areas of west Texas.

iv. Weather caused outages (90%) in 2013 were the reason this feeder is a >300% SAIDI repeat feeder. Herbicide spray of the right-of-way of this feeder is scheduled for this year to improve future vehicle and personnel access for patrol and restoration. Oncor will continue to monitor the performance of this feeder and take corrective actions as needed.

f. MDFRM – 2131

i. This is a 28 mile long 12.5 kV feeder that currently serves 9 commercial/industrial oil field and no residential customers in rural West Texas. The terrain is low scrub brush and desert sands with 10% tree density.

ii. Oncor spent $1.8 million in a three year period on proactive reliability programs such as patrolled reactive maintenance and major system improvement projects. The design of a major capital project to upgrade the capacity of the existing substation transformer to 28 MVA and convert the substation from a 12.5kV to a 21.6kV distribution primary voltage was started in late 2013. The project also involved the reconductoring of over two miles (13,000 feet) of primary circuit with larger primary; upgrading

the feeder exit; and installing reclosers to improve sectionalizing. The construction on this project was started in early 2014 and was completed in June of 2014 at a total cost of approximately $1.25 million.

iii. The major obstacle to maintaining reliability on this feeder is the difficulty in weather caused outages and the vast remoteness of west Texas where it can take hour(s) to travel to the substation and subsequent hour(s) to make single repairs. Oncor will continue to monitor the performance of this feeder and take corrective actions as needed

g. SMOUR – 0721

i. This is a 22 mile long 12.5 kV feeder that currently serves 12 commercial/industrial and 6 residential customers in rural North Texas west of Wichita Falls. The terrain has 70% tree density.

ii. Oncor spent over $1.0 million over a four year period on proactive reliability programs such as three major system improvement projects, patrolled reactive maintenance, and vegetation management.

iii. The major obstacle to maintaining reliability on this feeder is the remoteness from the service center and weather caused damages.

iv. Weather related (36%) and unknown (54%) outages were the reasons that this was a >300% SAIDI feeder in 2013. These events were most likely either directly or indirectly related to lightning. Oncor will continue to monitor the performance of this feeder and take corrective actions as needed.

h. LOVING – 2511

i. This is a 57 mile long 34.5 kV feeder that currently serves 70 commercial/industrial oil field and 4 residential customers in rural West Texas. The terrain is low scrub brush and desert sands with limited paved road access and 5% tree density.

ii. Oncor spent $4.5 million over a four year period on proactive reliability programs such as multiple major system improvement projects, patrolled reactive maintenance and a major vegetation management project. The design of a major system improvement project to replace the existing

substation transformer and convert the substation from a 33kV to a 21.6kV distribution primary voltage was started in late 2013 and completed in June of this year (2014) at a cost of $1.8 million. This project also included a second feeder breaker being installed to pick-up load from the existing feeder. A comprehensive vegetation management right-of-way clearing project of approximately 8 miles of hard-to-access areas was identified in 2013 and was completed in May 2014 at a cost of approximately $97,000.

ii. The major obstacle to maintaining reliability on this feeder is the vast remoteness of west Texas and weather related events. This feeder is located 40 miles from the nearest Oncor Service Center. On a clear weather day the drive time is approximately 40 minutes. Lightning continues to be an annual and frequent event since power lines are often the tallest object in the vast areas of west Texas. .

iii. The SAIDI performance of this feeder, though still high, has seen progressive improvement over the past four years. Weather caused outages (64%) in 2013 were the reason this feeder is a >300% SAIDI repeat feeder. Herbicide spray of the right-of-way of this feeder is scheduled for this year (2014) to improve future vehicle and personnel access for patrol and restoration. Oncor will continue to monitor the performance of this feeder and take corrective actions as needed.

i. PLDAV – 4221

i. This is an 85 mile long 21.6 kV feeder that currently serves 69 commercial/industrial oil field and 3 residential customers in rural West Texas. The terrain is low scrub brush and desert sands with limited paved road access and 25% tree density.

ii. Oncor spent over $1.1 million over a four year period on proactive reliability programs such as multiple major system improvement projects, patrolled reactive maintenance, and vegetation management. A project to install remote fault circuit indicators and monitoring software was completed in 2013. A project to establish a new feeder tie with MSTNG-

2621 was designed and construction was completed in May 2014. This project transferred 3.5 MW of load to the new feeder and removed several miles of exposure. Oncor has stated that a project to replace the feeder breaker at the substation planned for late 2014.

iii. The major obstacle to maintaining reliability on this feeder is the vast remoteness of west Texas and weather related events. It can take hours to travel to the substation and subsequent hours to make single repairs. Lightning continues to be an annual and frequent event since power lines are often the tallest object in the vast areas of west Texas. The substation is located about 30 miles from the nearest Oncor Service Center and then the feeder itself is spread out over 85 miles of remote and limited access terrain.

iv. The load transfer of several customers to the new feeder out of MSTNG and the establishment of this new feeder tie should provide some improvement in feeder performance. Herbicide spray of the right-of-way of this feeder is scheduled for this year (2014) to improve future vehicle and personnel access for patrol and restoration. Oncor will continue to monitor the performance of this feeder and take corrective actions as needed.

5. Oncor agrees to continue to make efforts to improve the performance and reliability of all of its feeders. This Agreement resolves all claims related to Oncor's obligations pursuant to PURA § 38.005 and P.U.C. SUBST. R. 25.52 concerning reliability and continuity of service for reporting year 2013.

6. Unless specifically provided for in this Agreement, Oncor waives any notice and procedures that might otherwise be authorized or required in this proceeding.

7. Nothing in this Agreement shall limit the Commission Staff's ability to perform its enforcement functions as set forth in PURA and the Commission's rules.

8. A Party's support of the resolution of this docket in accordance with this Agreement may differ from its position or testimony regarding contested issues of law, policy, or fact in other proceedings before the Commission or other forums. Because this is a settlement agreement, a Party is under no obligation to take the same position as set out in this

Agreement in other proceedings not referenced in this Agreement whether those dockets present the same or a different set of circumstances. The Parties' agreement to entry of a final order by the Commission consistent with this Agreement should not be regarded as an agreement as to the appropriateness or correctness of any assumptions, methodology, or legal or regulatory principle that may have been employed in reaching this Agreement.

9. The Parties contemplate that this Agreement will be approved pursuant to P.U.C. PROC. R. 22.246(g)(1)(C). In the event the Commission materially changes the terms of this Agreement, the Parties agree that any Party adversely affected by that material alteration has the right to withdraw from this Agreement, thereby becoming released from its obligations arising hereunder, and to proceed as otherwise permitted by law to exercise all rights available under law. The right to withdraw must be exercised by providing the other Party written notice within 20 calendar days of the date the Commission files the final order in this matter. Failure to provide such notice within the specified time period shall constitute a waiver of the right to withdraw and acceptance of the material changes to this Agreement made by the Commission.

10. This Agreement is the final and entire agreement between the Parties regarding the alleged violations related to reliability and continuity of service for the year 2013 and supersedes all other communications among the Parties or their representatives regarding its terms.

11. Each person executing this Agreement represents that he has been authorized to sign on behalf of the Party represented. Copies of signatures are valid to show execution. If this Agreement is executed in multiple counterparts, each is deemed an original but all of which constitute the same Agreement.

12. Oncor warrants that it has read this Agreement carefully, knows the contents thereof, and signs the same as its free act.

EXECUTED by the Parties by their authorized representatives designated below.

Howard V. Fisher
Senior Counsel – Regulatory
Oncor Electric Delivery Company LLC
1616 Woodall Rodgers Freeway
Suite 6065
Dallas, Texas 75202

Date: 10-15-14

Robert M. Long
Division Director
Oversight and Enforcement Division
Public Utility Commission of Texas

Date: 10/15/14

ATTACHMENT
DOCKET NO. _____

AGREED NOTICE OF VIOLATION AND SETTLEMENT AGREEMENT RELATING TO ONCOR ELECTRIC DELIVERY COMPANY'S VIOLATION OF PURA § 38.005 AND P.U.C. SUBST. R. 25.52, CONCERNING RELIABILTY AND CONTINUITY OF SERVICE	§	**PUBLIC UTILITY COMMISSION OF TEXAS**

PROPOSED ORDER

Pursuant to P.U.C. PROC. R. 22.246(g)(l)(C), this Order approves the Settlement Agreement and Report to Commission (Agreement) between the Staff of the Public Utility Commission of Texas (Commission) and Oncor Electric Delivery Company (Oncor) (together, Parties) regarding Commission Staff's investigation of Oncor for violations of PURA[1] § 38.005 and P.U.C. SUBST. R. 25.52, concerning reliability and continuity of service for reporting year 2013. This docket was processed in accordance with applicable statutes and Commission rules. The Agreement resolves all issues in this docket. Commission Staff recommended an administrative penalty, and Oncor agreed to pay an administrative penalty of One Hundred Seventy Four Thousand Dollars ($174,000). The Agreement is approved.

The Commission adopts the following findings of fact and conclusions of law:

I. FINDINGS OF FACT

1. Oncor is a transmission and distribution utility as defined in PURA § 31.002(19).
2. For reporting year 2013, Oncor reported the following feeders were in violation, having a System-Average Interruption Duration Index (SAIDI) value more than 300% greater than system average for two consecutive years:
   - Fifteen single feeders in violation of the rule for the first year;
   - Six single feeders in violation of the rule for two years in a row;
   - Five single feeders in violation of the rule for three years in a row;
   - Two single feeders in violation of the rule for four years in a row; and
   - Two single feeders in violation of the rule for five consecutive years.

[1] Public Utility Regulatory Act, TEX. UTIL. CODE ANN. §§ 11.001-66.016 (Vernon 2007 & Supp. 2013) (PURA)

3. For reporting year 2013, Oncor further reported the following feeders were in violation, having a System-Average Interruption Frequency Index (SAIFI) value more than 300% greater than system average for two consecutive years:
   - Seven single feeders in violation of the rule for the first year, and
   - One single feeder in violation of the rule for two years in a row.
4. On or about May 2, 2014, Oncor was provided proper notice of Commission Staff's investigation in this matter, the results of the investigation, information about its right to a hearing, and an opportunity to explain its activities.
5. Oncor fully cooperated with Commission Staff's investigation.
6. Oncor acknowledges the violations detailed in this Order.
7. Oncor participated in one or more settlement discussions with Commission Staff to resolve this matter.
8. On October 15, 2014, the Parties entered into the Agreement resolving the violations. Commission Staff recommended an administrative penalty, and Oncor agreed to pay an administrative penalty of One Hundred Seventy Four Thousand Dollars ($174,000).
9. The Agreement provides for a reasonable resolution of this dispute.

II. CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to PURA §§ 14.001, 14.002, 14.003, 14.051, 15.023, 15.024, and 38.005.
2. Oncor is a transmission and distribution utility for purposes of PURA §§ 31.002(19) and 38.005 and P.U.C. SUBST. R. 25.52.
3. As a transmission and distribution utility, Oncor is required to comply with the service quality and reliability standards established by PURA § 38.005, and P.U.C. SUBST. R. 25.52.
4. Oncor was provided proper notice of Commission Staff's investigation in this matter, the results of the investigation, information about its right to a hearing, and an opportunity to explain its activities.
5. PURA § 38.005(a) provides that "the commission shall implement service quality and reliability standards relating to the delivery of electricity to retail customers by electric utilities and transmission and distribution utilities." Subsection (a) goes on to require the Commission to, by rule, "develop reliability standards, including: (1) the system-average

interruption frequency index (SAIFI); (2) the system-average interruption duration index (SAIDI); (3) achievement of average response time for customer service requests or inquiries; or (4) other standards that the commission finds reasonable and appropriate."

6. Pursuant to this legislative mandate, the Commission implemented the reliability standards found in P.U.C. SUBST. R. 25.52. P.U.C. SUBST. R. 25.52(g)(1) requires each utility to maintain and operate its distribution system so that its system-wide SAIDI and SAIFI averages do not exceed the standard by more than 5%. P.U.C. SUBST. R. 25.52(g)(2) requires that each utility shall maintain and operate its distribution system so that no distribution feeder with ten or more customers sustains a SAIDI or SAIFI value for a reporting year that is more than 300% greater than the system average of all feeders during any two consecutive reporting years.

7. Oncor violated PURA § 38.005 and the requirements of P.U.C. SUBST. R. 25.52 for reporting year 2013.

8. P.U.C. PROC. R. 22.246(g)(1)(A),(B) and (C) require issuance of a report of a settlement to the Commission and a written order that approves the settlement.

9. The Agreement is a report of settlement to the Commission as required by P.U.C. PROC. R. 22.246(g).

10. The requirements for informal disposition pursuant to P.U.C. PROC. R. 22.35 have been met in this proceeding.

III. ORDERING PARAGRAPHS

In accordance with these findings of fact and conclusions of law, the Commission issues the following order:

1. The Agreement, attached to this Order as Attachment 1, is approved, and the Parties shall be bound by its terms.

2. Oncor shall pay an administrative penalty to the Commission in the amount of One Hundred Seventy Four Thousand Dollars ($174,000). Oncor shall remit payment of the full amount of the administrative penalty on or before thirty (30) calendar days after the date this Order is signed. Payment of the administrative penalty shall be made by check payable to the Public Utility Commission of Texas and shall reference this docket. The check shall be sent to the following address:

Public Utility Commission of Texas
P.O. Box 13326,
Austin, Texas 78711
ATTN: Fiscal Services

3. Oncor shall file an affidavit of payment in this docket no later than five calendar days after the payment is made.

4. Oncor shall continue to make efforts to improve the performance and reliability of all of its feeders. In particular, those efforts shall focus on the feeders that have violated service quality and reliability standards for three or more consecutive years referenced in Paragraph 4 of the Agreement and maintaining the system-wide standards required by P.U.C. SUBST. R. 25.52 (g)(1)(A) and (B) and 25.52(g)(2).

5. The Commission shall not be constrained in any manner from requiring additional action or penalties for violations that are not raised here.

6. Entry of this order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the Agreement. Neither should the entry of an order consistent with the Agreement be regarded as a binding holding or precedent as to the appropriateness of any principle underlying the Agreement.

7. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other request for general or specific relief, if not expressly granted herein, are denied.

SIGNED AT AUSTIN, TEXAS the ____ day of _____, 2014.

PUBLIC UTILITY COMMISSION OF TEXAS

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DONNA L. NELSON, CHAIRMAN

_____

KENNETH W. ANDERSON, JR., COMMISSIONER

_____

BRANDY D. MARTY, COMMISSIONER