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Paula N. Johnson  
Senior Attorney – Regulatory

July 21, 2014

Dr. Burl W. Haar, Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
St. Paul, MN 55101

RE: Interstate Power and Light Company  
2013 Annual Safety, Reliability, and Service Quality Report and Proposed SAIFI,  
SAIDI and CAID Indices for 2014  
Docket No. E001/M-14-282  
Reply Comments

Dear Dr. Haar:

Enclosed for e-Filing with the Minnesota Public Utilities Commission, please find Interstate Power and Light Company's Reply Comments in the above-referenced docket.

Copies of this filing have been served on the Minnesota Department of Commerce, Division of Energy Resources, the Minnesota Office of Attorney General - Residential and Small Business Utilities Division and the attached service list.

Respectfully submitted,

/s/ Paula N. Johnson  
Paula N. Johnson  
Senior Attorney – Regulatory

PNJ:kcb  
Enclosures

cc: Service List

Interstate Power and Light Co.  
An Alliant Energy Company

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STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger  
David C. Boyd  
Nancy Lange  
Dan Lipschultz  
Betsy Wergin

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

IN THE MATTER OF INTERSTATE  
POWER AND LIGHT COMPANY'S  
2013 ANNUAL SAFETY,  
RELIABILITY AND SERVICE  
QUALITY REPORT AND  
PROPOSED SAIFI, SAIDI AND  
CAIDI INDICES FOR 2014

DOCKET NO. E001/M-14-282

AFFIDAVIT OF SERVICE

STATE OF IOWA            )  
  ) ss.  
COUNTY OF LINN        )

Kathleen C. Balvanz, being first duly sworn on oath, deposes and states:

That on the 21<sup>st</sup> day of July, 2014, copies of the foregoing Affidavit of Service, together with Interstate Power and Light Company's Reply Comments, were served upon the parties on the attached service list, by e-filing, overnight delivery, electronic mail, and/or first-class mail, proper postage prepaid from Cedar Rapids, Iowa.

          /s/ Kathleen C. Balvanz            
Kathleen C. Balvanz

Subscribed and Sworn to Before Me  
this 21<sup>st</sup> day of July, 2014

          /s/ Kathleen J. Faine            
Kathleen J. Faine  
Notary Public  
My Commission expires on February 20, 2015

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Bobby	Adam	bobby.adam@conagrafoods.com	ConAgra	Suite 5022 11 ConAgra Drive Omaha, NE 68102	Electronic Service	No	OFF_SL_14-282_M-14-282
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_14-282_M-14-282
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STATE OF MINNESOTA

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger  
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Chair  
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IN THE MATTER OF INTERSTATE  
POWER AND LIGHT COMPANY'S –  
ELECTRIC - 2013 ANNUAL SAFETY,  
RELIABILITY AND SERVICE QUALITY  
REPORT AND PROPOSED SAIFI, SAIDI  
AND CAIDI INDICES FOR 2014

DOCKET NO. E001/M-14-282

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INTERSTATE POWER AND LIGHT COMPANY'S  
REPLY COMMENTS

**COMES NOW**, Interstate Power and Light Company (IPL), respectfully submits *Reply Comments* to the Minnesota Department of Commerce, Division of Energy Resources (Department) June 30, 2014, *Comments* submitted in the above-referenced docket.

**I. INTRODUCTION**

On April 1, 2014, IPL filed its 2013 Annual Safety, Reliability and Service Quality Report and Proposed System Average Interruption Frequency Index (SAIFI), System Average Interruption Duration Index (SAIDI), and Customer Average Interruption Duration Index (CAIDI) indices for 2014 (2013 Annual Report).

The Department filed Comments on June 30, 2014, recommending that the Commission accept IPL's filing and set appropriate reliability goals for 2014, pending the submission of additional information.

In its Comments, the Department requested that IPL, in its Reply Comments, provide the following:

- a more detailed discussion regarding why property damage complaints have been so prevalent in recent history. At a minimum, this discussion should address IPL's property damage claim and reimbursement process and in whose favor most of these claims were settled.
- a discussion regarding the barriers it has faced in improving the reliability of its system, including how IPL plans for selling its electric distribution system and service territory may have impacted spending priorities.
- a discussion regarding the currently-anticipated timeline of the electric and gas asset purchase agreements, when IPL anticipates it would no longer serve Minnesota retail electric and gas customers, and for what time period IPL anticipates it would file its final electric service quality report.

In response to the Department's Comments, IPL provides the following Reply Comments:

## **II. REPLY COMMENTS**

### **A. Property Damage Complaints**

On pages 21 of the Department's Comments, the Department expressed concerns with how property damage has been one of the top two types of customer complaints, by percentage, since 2010. The Department requested that IPL provide a more detailed discussion regarding property damage complaints in recent years, including IPL's property damage claim and reimbursement process and in whose favor most of the claims were settled.

IPL has put great effort into providing quality customer service and overall customer complaints have drastically declined from over 600 complaints in 2008 to 280 in 2013, as illustrated on Graph 8 on page 21 of IPL's 2013 Annual Safety, Reliability, and Service Quality Report. Likewise, complaints forwarded by the Consumer Affairs

Office to IPL for resolution have trended downward as shown on Table 14 of the Departments Comments.

As noted by the Department, Property Damage has been one of the top two types of complaints, by percentage, from customers since 2010, as compared to 2009 when Inaccurate Metering and Billing Errors were the top two complaint types. One reason the Property Damage category has become a greater percentage of the complaints received is the dramatic reduction of complaints in other categories. In fact, the categories of Inaccurate Metering and Billing Errors that had the highest rate of complaints in 2009 were both reduced to zero in 2013. When comparing actual numbers of complaints over the last four years, IPL received 91 customer complaints of property damage in 2010 and the number of complaints have since dropped to 46 in 2011, 50 in 2012, and 46 in 2013, illustrating that even though damage claims are one of the highest percentages of complaints, the overall number of complaints have gone down during this time period.

Utility construction by nature occurs in public road right-of-ways and on private property in order to serve IPL's customers and addressing property damage is a normal part of the construction process. For example, in 2013, IPL received 46 calls regarding property damage with 10, or 22%, of those calls coming in the month of May. As noted within IPL's 2013 Annual Report, Minnesota experienced a late-season snow storm in May causing extensive damage to the distribution system. The wet, heavy snow fell at a time of year when the ground was thawed creating a very soft terrain that does not hold up well under the weight of utility vehicles repairing the distribution facilities. IPL has separate crews for line construction and restoration work to better utilize the equipment and personnel resources. The line crews are dispatched to make the



electric line repairs and then restoration crews follow to repair ruts, re-seed the area, and repair any other damage caused by the utility construction. Restoration efforts cannot be completed until conditions are suitable, so it may be several weeks after utility work has been completed before restoration occurs. Customers may become concerned when the construction crew leaves the site without addressing the damage, not realizing that a restoration crew will be returning to complete the work. When a customer contacts the IPL call center with a property damage complaint, the local operations office is contacted to verify the customer is on the restoration list and provide an approximate timeline for the restoration if possible. The complaint is resolved when the customer is assured IPL is aware of the issue and are taking steps to correct the situation. IPL pays the full cost of repairing damage it has caused during line construction or maintenance work, and therefore, the customer has no financial burden for repairs. The customer does not file a property damage claim because they have no out of pocket expenses for which they are seeking reimbursement. The Department also requested that IPL address the number of property damage complaints and the amount paid for property damage reimbursement and asked for additional discussion. As previously stated, property damage complaints often are resolved by IPL and do not escalate to a damage claim. Table 1 from the Department's Comments contains the information specifically required by Minn. Rules, Pt. 7826.0400 regarding damage reimbursements paid as a *result of an injury requiring medical attention or property damage as a result of downed wires or other electrical system failures*. If a customer contacts IPL indicating he/she has experienced property damage that he/she believes was caused by IPL, a claim can be filed with IPL for compensation.

In 2013 there were seven incidents regarding electric activities in Minnesota that were referred to the Claims Department. As a result of the seven incidents, three claims were negotiated with the customer and were paid, one was denied, one was closed with no payment (there was no further contact from the claimant supporting the claim), and two were still open at the end of the year. Subsequently, one of the open claims was closed in 2014 (there was no further contact from the claimant).

Once a claim is received by IPL, an initial contact is made with the customer to gain a better understanding of exactly what is being claimed, the damages that the customer claims have been done, and an overall understanding of the issue being presented. After contact is made with the customer, contact is made with the IPL manager and employees that were in the area or had contact with the customer in regard to the incident being claimed based on the information provided by the customer.

If the claim is found to be validated by evidence as something for which IPL would be liable, and if the customer has already had the problem resolved, a copy of the receipt for the damages is submitted and reimbursement is made to the customer. If the customer has not had the problem resolved, then at least one estimate is requested for household property damage claims. The estimates for repair are at the customer's discretion and payment is then made to the customer.

In the event IPL conducts an investigation and finds that IPL is not liable for the damage, a letter is sent to the customer detailing the grounds for the denial, advising the customer to contact his/her own insurance company if the customer wishes to file a claim, and also states that if he/she wishes to contact the Minnesota Public Utilities Commission to file a complaint the customer has the right to do so.

**B. Reliability of IPL's System**

The Department requests on page 7 of its Comments that IPL address the barriers it has faced in improving the reliability of its system, including how IPL's plans for selling its electric distribution system and service territory may have impacted spending priorities.

The largest single barrier that IPL faces in achieving the Commission's reliability goals is weather. Variability from year-to-year in severe weather, both in summer and winter, has large impacts on all three of the reliability indices. IPL builds its electric distribution system to the National Electrical Safety Code's Grade B construction, which is considered across the industry as the standard level for storm hardening the system. Due to the large geographic foot print of IPL's electric distribution system in Minnesota, one weather event can create extensive damage to the system, requiring extended periods of time to repair and replace. Severe thunderstorms with high winds create non-preventable tree outages, ice and snow events with high wind result in extensive damage to the geographically disperse electric distribution system. Both of these types of weather events create large variability in reliability performance and are largely out of IPL's control. IPL continues to invest prudently in electric distribution system improvements which can help to reduce, but will not eliminate, weather related outages. These investments include using materials with an expected 65-year life and adding lightning protection throughout its system.

IPL accelerated its 2014 capital spending plan as a result of the pending sale of its Minnesota electric distribution assets to Southern Minnesota Energy Cooperative (SMEC). IPL anticipated late in 2013 that the expected close of the sale transaction would be July 1, 2014. As part of the sale agreement, IPL and SMEC agreed to

complete a number of planned high value reliability improving projects by July 1, 2014. This date was a flexible target date as it was expected there would be some variability possible in the final sale completion date. To date, IPL has completed approximately 60% of the expected 2014 large project capital spend plan shared with the Commission in the 2013 Reliability, Safety and Service Quality Report in Section 7826.0500 Table 4. The 2014 capital spend plan agreed to with SMEC was largely unchanged from what IPL had expected to complete in 2014 from its five-year plan developed previously.

**C. Proposed Sale of IPL Electric Assets**

As the Department notes on Page 23 of its Reply Comments, IPL has two pending dockets before the Commission regarding the sale of its assets in Minnesota. IPL has requested Commission approval of the sale of its Minnesota gas distribution system and assets to Minnesota Energy Resources Corporation (MERC), and the sale of its electric distribution system and assets to SMEC.

On June 30, 2014, the Commission issued an Order in each docket requiring additional record development on issues to permit a prompt decision on whether contested-case procedures are necessary. IPL is fully engaged in these regulatory processes and is committed to taking the steps needed to provide a full and complete record for the Commission. At this time, IPL remains optimistic that the transactions will close by year-end 2014.

Assuming the electric transaction closes on December 31, 2014, IPL's Minnesota retail electric customers would become SMEC customers effective January 1, 2015. Consequently, under this example, IPL would not propose to file an electric service quality report in 2015.

IPL would expect to discuss the needs of the Commission for filing the report if the sale date extends into 2015.

***D. Proposed Reliability Standards for 2014***

IPL agrees with the Department recommendations to set IPL's performance goals for 2014 SAIDI, SAIFI, and CAIDI at the same level as those set for 2008 through 2013.

**III. CONCLUSION**

**WHEREFORE**, IPL respectfully requests the Commission give IPL's Reply Comments due consideration.

DATED this 21<sup>st</sup> day of July, 2014.

Respectfully submitted,

Interstate Power and Light Company

By:     /s/ Paula N. Johnson    

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