

July 31, 2015

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E015/M-15-323

Dear Mr. Wolf:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Minnesota Power's 2015 Safety, Reliability and Service Quality Standards Report.

The report was filed on April 1, 2015 by:

Lori Hoyum
Policy Manager
Minnesota Power
30 West Superior Street
Duluth, Minnesota 55802-2093

The Department recommends that the Commission **accept Minnesota Power's filing and set appropriate reliability goals for 2015, pending the submission of additional information.** The Department is available to answer any questions that the Commission may have on this matter.

Sincerely,

/s/ ANGELA BYRNE
Financial Analyst
651-539-1820

AB/lt
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET No. E015/M-15-323

I. INTRODUCTION

Minnesota Rules, Chapter 7826 (effective January 28, 2003) were developed as a means for the Minnesota Public Utilities Commission (Commission) to establish safety, reliability and service quality standards for utilities “engaged in the retail distribution of electric service to the public” and to monitor their performance as measured against those standards. There are three main annual reporting requirements set forth in the rule. These are:

- (1) the annual safety report (Minnesota Rules, part 7826.0400),
- (2) the annual reliability report (Minnesota Rules, part 7826.0500, subp. 1 and 7826.0600, subp. 1), and
- (3) the annual service quality report (Minnesota Rules, part 7826.1300).

In addition to the rule requirements, the Commission’s December 12, 2014 Order in Docket No. E015/M-14-281 directed Minnesota Power (MP or the Company) to:

- a. . . . augment its next filing to include a description of the policies, procedures and actions that it has implemented, and plans to implement, to assure reliability, including information demonstrating pro-active management of the system as a whole, increased reliability, and active contingency planning.
- b. . . . incorporate into its next filing a summary table that allows the reader to more easily assess the overall reliability of the system and identify the main factors that affect reliability.

The Minnesota Department of Commerce, Division of Energy Resources (Department) notes that the Commission's June 5, 2009 Order in Docket No. E999/CI-08-948 (08-948 docket) contains the following order point:

Beginning on April 1, 2010 and annually thereafter, utilities shall file reports on past, current, and planned smart grid projects, with a description of those projects, including: total costs, cost effectiveness, improved reliability, security, system performance, and societal benefit, with their electric service quality reports.

In its December 31, 2015 *Order Closing Docket*, the Commission stated,

While [the annual smart grid reports and stakeholder workshops] have served their informational purpose well, the Commission believes that the time has come to close this docket and to consider, in a more focused way, how the Commission can most effectively facilitate the development of an integrated, dynamic grid.

As a result, the regulated utilities are no longer required to file smart grid reports in their annual service quality reports.

On April 1, 2015, MP filed a petition (2015 Annual Report) to comply with the Commission's December 12, 2014 Order and the requirements of Minnesota Rules, Chapter 7826.

II. SUMMARY OF REPORT AND DEPARTMENT ANALYSIS

The Department reviewed MP's 2015 Annual Report to assess compliance with Minnesota Rules, Chapter 7826 and the Commission's December 12, 2014 Order. Information from past annual reports was used to facilitate the identification of issues and trends regarding MP's performance.

A. ANNUAL SAFETY REPORT

The Annual Safety Report consists of two parts:

1. a summary of all reports filed with the United States Occupational Safety and Health Administration (OSHA) and the Occupational Safety and Health Division of the Minnesota Department of Labor and Industry (OSHD) during the calendar year; and

2. a description of all incidents during the calendar year in which an injury requiring medical attention or property damage resulting in compensation occurred as a result of downed wires or other electrical system failures and all remedial action taken as a result of any injuries or property damage described.

The following tables are a compilation of MP's summaries of the reports the Company filed with OSHA and OSHD for the previous 10 years.

Table 1: Number of Cases

| | Number of Deaths | Number of Cases with Days Away from Work | Number of Cases with Job Transfer or Restriction | Other Recordable Cases |
|------|------------------|--|--|------------------------|
| 2005 | 0 | 16 | 11 | 37 |
| 2006 | 0 | 17 | 3 | 22 |
| 2007 | 0 | 14 | 5 | 19 |
| 2008 | 0 | 16 | 6 | 14 |
| 2009 | 0 | 5 | 8 | 17 |
| 2010 | 1 | 6 | 8 | 19 |
| 2011 | 0 | 3 | 10 | 14 |
| 2012 | 0 | 4 | 10 | 8 |
| 2013 | 0 | 4 | 3 | 17 |
| 2014 | 0 | 3 | 8 | 10 |

According to press reports, the fatality in 2010 was due to electrocution. The OSHA investigation found no hazards at the location that may have contributed to the death. No citations were issued to MP in the matter.

Table 2: Number of Days

| | Days of Job Transfer or Restriction | Days Away from Work |
|------|-------------------------------------|---------------------|
| 2005 | 340 | 768 |
| 2006 | 500 | 412 |
| 2007 | 758 | 122 |
| 2008 | 778 | 374 |
| 2009 | 215 | 56 |
| 2010 | 641 | 139 |
| 2011 | 353 | 43 |
| 2012 | 598 | 105 |
| 2013 | 218 | 29 |
| 2014 | 267 | 26 |

Table 3: Injury & Illness Types

| | Injuries | Skin Disorders | Respiratory Conditions | Poisonings | All Other Illnesses |
|------|----------|----------------|------------------------|------------|---------------------|
| 2005 | 57 | 0 | 0 | 0 | 7 |
| 2006 | 37 | 0 | 0 | 0 | 5 |
| 2007 | 37 | 0 | 0 | 0 | 1 |
| 2008 | 31 | 2 | 1 | 0 | 2 |
| 2009 | 27 | 3 | 0 | 0 | 0 |
| 2010 | 32 | 1 | 1 | 0 | 0 |
| 2011 | 26 | 1 | 0 | 0 | 0 |
| 2012 | 22 | 0 | 0 | 0 | 0 |
| 2013 | 23 | 1 | 0 | 0 | 0 |
| 2014 | 21 | 0 | 0 | 0 | 0 |

MP stated that there were no incidents in 2014 in which injuries requiring medical attention occurred as a result of downed wires or other electrical system failures.

The following table summarizes MP's current and past reporting on incidents in which property damage resulting in compensation occurred as a result of downed wires or other electrical system failures.

Table 4: Property Damage Claims

| | Number of Claims | Amount Paid |
|------|------------------|-------------|
| 2005 | 32 | \$36,382.12 |
| 2006 | 33 | \$64,018.18 |
| 2007 | 30 | \$29,824.88 |
| 2008 | 45 | \$45,526.73 |
| 2009 | 35 | \$46,626.53 |
| 2010 | 22 | \$50,634.22 |
| 2011 | 28 | \$26,883.41 |
| 2012 | 17 | \$12,796.63 |
| 2013 | 35 | \$71,796.27 |
| 2014 | 23 | \$26,939.32 |

The Department notes that, prior to 2007, voltage fluctuations accounted for at least half of the dollar amounts that MP paid to its customers in damage claims. In recent years, damage due to work procedures and damage due to equipment failure have replaced voltage fluctuation as the categories resulting in the highest levels of damage reimbursement. In 2013, Vehicle Damage represented the largest portion of damage claims, amounting to \$28,485.17, prompting the Department to seek further discussion from MP. In 2014, vehicle damage decreased to \$9,041.90. Damage claims also decreased for both work procedures and equipment failures in 2014.

The Department acknowledges MP's fulfillment of Minnesota rules, part 7826.0400.

B. ANNUAL RELIABILITY REPORT

Minnesota Rules, part 7826.0500 requires each utility to file an annual report that includes the following information:

1. reliability performance,
2. storm-normalization method,
3. action plan for remedying any failure to comply with reliability goals,
4. bulk power supply interruption,
5. major service interruptions,
6. circuit interruption data (identify worst-performing circuit),
7. known instances in which nominal voltages did not meet American National Standards Institute (ANSI) standards,
8. work center staffing levels, and
9. any other relevant information.

1. Reliability Performance

MP considers its entire service area as a single work center. In Docket No. E015/M-14-281, the Commission set the Company's reliability goals for 2014 as follows:¹

SAIDI (average number of minutes a customer was without power) = 97.50

SAIFI (average number of times a customer was without power) = 1.02

CAIDI (average minutes per outage for customers who lose power) = 95.59

MP reported the following reliability performance for 2014:

SAIDI = 88.35

SAIFI = 0.96

CAIDI = 92.03

The Department acknowledges MP's fulfillment of the requirements of Minnesota Rules, part 7826.0500, subp. 1A, B, and C. The Department notes that MP met its goals for SAIDI, SAIFI, and CAIDI for 2014. Further discussion of MP's 2014 reliability performance is provided in section II.B.3 below.

¹ For ease of reference, the Department attaches to these comments Minnesota Rules, Chapter 7826. Minnesota Rules, part 7826.0200 defines SAIDI, SAIFI and CAIDI. The Department also notes that the three indices are related: $CAIDI * SAIFI = SAIDI$.

2. *Storm-Normalization Method*

MP stated that the IEEE 2.5 beta method was used to exclude major events from calculations of reliability indices in 2014. The Company noted that, using this method, three major events were excluded from the data used to calculate SAIDI, SAIFI, and CAIDI in 2014.

The Department acknowledges MP's fulfillment of the requirements of Minnesota Rules, part 7826.0500, subp. 1D.

3. *Action Plan to Improve Reliability*

MP met its SAIDI, SAIFI, and CAIDI goals for 2014. Therefore, no action plan to improve reliability is required.

4. *Bulk Power Supply Interruptions*

MP reported that there were seven events resulting in an interruption of a bulk power supply facility in 2014. MP's descriptions of the outages include the corrective actions taken to minimize outages and restore service.

5. *Major Service Interruptions*

MP stated that there were 16 reports filed under Minnesota Rules, part 7826.0700 in 2014. The Company provided copies of the reports and a summary table. The longest outage lasted 1127 minutes (almost 19 hours) due to many broken poles, a down conductor, and severe damage to the feeder from storms in the area. Power was restored within one to three hours in the majority of the remaining interruptions.

The Department acknowledges MP's fulfillment of the requirements of Minnesota rules, part 7826.0500, subp. 1G.

6. *Worst Performing Circuit*

Rather than identifying just one circuit, MP identified its four worst performing feeders – two urban and two rural. For each feeder, the Company detailed the causes of the poor performance and the actions planned or completed to improve the performance of these circuits. The Department uses historical data to identify potential areas of concerns regarding any feeders that appear multiple times as a worst performing feeder. After reviewing ten years of historical data, the Department concludes that there is no concern with any specific feeder at this time.

The Department acknowledges MP's fulfillment of the requirements of Minnesota rules, part 7826.0500, subp. 1H.

7. *Compliance with ANSI Voltage Standards*

MP reported nine instances in 2014 in which nominal electric service voltages did not meet the standards of ANSI voltage range B. This number is higher than the typical number of instances each year since 2005. MP stated that,

Due to recent large changeover in staff, along with a conversion of our outage management system, some of the instances exceeding the ANSI standard were not recorded properly. Minnesota Power is currently reviewing and modifying the documentation methods and will have accurate statistics to report for 2015.

From this discussion, it is unclear whether there were additional instances where voltage exceeded the ANSI standards than were reported here, or whether the incidents reported here were false positives. The Department requests that MP provide further discussion on this issue in its Reply Comments, including whether MP will restate 2014 data in its next report.

The Department acknowledges MP's fulfillment of the requirements of Minnesota Rules, part 7826.0500, subp. 1I.

8. *Work Center Staffing Levels*

MP reported that there were 105 full-time equivalent field employee positions responsible for responding to trouble and for the operation and maintenance of distribution lines in 2014. The number of employee positions reported by MP in the past has ranged from 105 to 108.

The Department acknowledges MP's fulfillment of the requirements of Minnesota Rules, part 7825.0500, subp. 1J.

9. *Other Information*

MP noted that it had no additional information to report at this time.

C. *PROPOSED RELIABILITY STANDARDS FOR 2015*

MP proposed the following reliability goals for 2015:

SAIDI = 97.13
SAIFI = 1.01
CAIDI = 96.17

These goals reflect an average of MP's previous five years of actual performance. The Department notes that these proposed goals are slightly lower (*i.e.* harder to achieve), but

essentially unchanged from the goals set for 2014. This appears to be a result of the Company's performance in 2013, which was worse than its typical performance since 2010, and its 2014 performance which was back in line with recent history. The Department does not see a need to depart from the Commission's past practice of setting goals based on 5-year averages, and therefore recommends that the Commission approve MP's proposed 2015 goals.

D. ANNUAL SERVICE QUALITY REPORT

Minnesota Rules, part 7826.1300 requires each utility to file the following information:

1. Meter Reading Performance (7826.1400),
2. Involuntary Disconnection (7826.1500),
3. Service Extension Response Time (7826.1600),
4. Call Center Response Time (7826.1700),
5. Emergency Medical Accounts (7826.1800),
6. Customer Deposits (7826.1900), and
7. Customer Complaints (7826.2000).

1. Meter Reading Performance

The following information is required for reporting on monthly meter reading performance by customer class:

- A. the number and percentage of customer meters read by utility personnel;
- B. the number and percentage of customer meters self-read by customers;
- C. the number and percentage of customer meters that have not been read by utility personnel for periods of 6 to 12 months and for periods of longer than 12 months;
- D. data on monthly meter reading staffing levels, by work center or geographical area.

MP reported that, on an annual average, approximately 91.18 percent of its meters were read monthly, almost all of which are read by the Company. Minnesota Rules, part 7826.0900, subp. 1 requires that at least 90 percent of all meters are read monthly from April through November and that at least 80 percent of all meters are read monthly from December through March. MP's information reflects that this standard has been met. MP reported maintaining an average of 8.75 full-time equivalent monthly meter reading staff in 2014.

The following table summarizes the number of service points not read in one year or more according to MP's past ten annual reports.

Table 5: Meters Not Read

| | Company Read | | Customer Read | |
|------|--------------|------------|---------------|------------|
| | 12 months | +12 months | 12 months | +12 months |
| 2005 | 3 | 40 | 6 | 36 |
| 2006 | 17 | 5 | 10 | 2 |
| 2007 | 2 | 33 | 0 | 2 |
| 2008 | 1 | 8 | 0 | 0 |
| 2009 | 1 | 32 | 0 | 1 |
| 2010 | 0 | 0 | 0 | 1 |
| 2011 | 0 | 3 | 1 | 3 |
| 2012 | 7 | 3 | 1 | 3 |
| 2013 | 2 | 14 | 0 | 1 |
| 2014 | 4 | 8 | 0 | 0 |

In 2014, MP was relatively successful in ensuring that each meter was read at least once.

The Department acknowledges MP's fulfillment of the requirements of Minnesota Rules, part 7826.1400 and the Company's achievement of the standard set in Minnesota Rules, part 7826.0900, subp. 1.

2. Involuntary Disconnections

The following information is required for reporting on involuntary disconnection of service by customer class and calendar month:

- A. the number of customers who received disconnection notices;
- B. the number of customers who sought cold weather rule (CWR) protection under Chapter 7820 and the number of customers who were granted cold weather rule protection;
- C. the total number of customers whose service was disconnected involuntarily and the number of these customers restored to service within 24 hours; and
- D. the number of disconnected customers restored to service by entering into a payment plan.

The following table summarizes residential customer disconnection statistics reported by MP in its annual reports.

Table 6: Residential Customer Involuntary Disconnection Information

| | Received Disconnect Notice | Sought CWR Protection | % Granted | Disconnected Involuntarily | Restored within 24 Hours | Restored by Entering Payment Plan |
|------|----------------------------|-----------------------|-----------|----------------------------|--------------------------|-----------------------------------|
| 2005 | 24,181 | 461 | 85% | 2,279 | 1,288 | 64 |
| 2006 | 25,745 | 703 | 81% | 2,315 | 1,219 | 83 |
| 2007 | 29,223 | 920 | 94% | 3,038 | 1,501 | 171 |
| 2008 | 33,889 | 1,746 | 100% | 3,293 | 1,774 | 204 |
| 2009 | 33,129 | 1,429 | 100% | 3,229 | 1,723 | 311 |
| 2010 | 35,526 | 1,698 | 100% | 2,853 | 1,481 | 297 |
| 2011 | 37,647 | 3,465 | 99% | 3,009 | 1,804 | 331 |
| 2012 | 37,837 | 3,227 | 99.8% | 3,518 | 1,828 | 569 |
| 2013 | 40,451 | 2,617 | 99.8% | 3,171 | 1,122 | 576 |
| 2014 | 35,796 | 2,852 | 100% | 3,257 | 799 | 443 |

The Department notes that the proportion of customers restored within 24 hours of being involuntarily disconnected declined in 2013 and even further in 2014.² In years prior to 2013, the number of customers restored within 24 hours was approximately 50 percent. The Department requests that the Company provide discussion on what is, or may be, causing the decline in restoring involuntarily disconnected customers within 24 hours.

MP also reported information on commercial and industrial involuntary disconnections. The Department acknowledges MP's fulfillment of the requirements of Minnesota Rules, part 7826.1500.

3. *Service Extension Requests*

The following information is required for reporting on service extension request response times by customer class and calendar month:

- A. the number of customers requesting service to a location not previously served by the utility and the intervals between the date service was installed and the later of the in-service date requested by the customer or the date the premises were ready for service; and
- B. the number of customers requesting service to a location previously served by the utility, but not served at the time of the request, and the intervals between the date service was installed and the later of the in-service date requested by the customer or the date the premises were ready for service.

For 2014, MP reported that 857 customers requested service to a location not previously served. Approximately 72 percent of these requests were connected by the date requested.

² 2014: 799 customers restored / 3,257 involuntarily disconnected customers = 24.53%.
2013: 1,122 customers restored / 3,171 involuntarily disconnected customers = 35.38%.

For those that were not, the most common reason was “workload,” followed by “bad date info” and “customer site not ready.”³

For locations that previously had service, MP reported that 2,177 residential, 193 commercial and 5 industrial customers requested service in 2014. Approximately 93 percent of these requests were connected by the date requested. The Department looks for any significant increases in overall response times and inquires as needed. At this time, responses times for 2014 appear to be relatively consistent with past reports.

The Department acknowledges that MP provided the information required by Minnesota Rules, part 7826.1600.

4. *Call Center Response Time*

The annual service quality report must include a detailed report on monthly call center response times, including calls to the business office and calls regarding service interruptions. Minnesota Rules, part 7826.1200 requires utilities to answer 80 percent of calls made to the business office during regular business hours and 80 percent of all outage calls within 20 seconds.

MP reported that 179,008 calls were made during business hours (7:00 a.m. to 5:30 p.m.) to the Company’s Interactive Voice Response (IVR) unit.⁴ The Company reported that, on an annual average, 82 percent of all calls received during business hours were answered within 20 seconds.

MP reported that 12,320 calls were received after business hours. MP’s report does not distinguish between calls to the business office and calls regarding service interruptions, because although the Company can determine the number of calls by call category (e.g. service interruption), MP is unable to track response times to individual call categories. Combining all calls, made before and after business hours, shows that an annual average of 80 percent of all calls made to MP in 2014 were answered within 20 seconds. The Department concludes that MP complied with the call response time standard set forth in Minnesota Rules, part 7826.1200 in 2014.

The Department acknowledges that MP has fulfilled the requirements of Minnesota Rules, part 7826.1700.

5. *Emergency Medical Accounts*

The reporting on emergency medical accounts must include the number of customers who requested emergency medical account status under Minnesota Statutes, section 216B.098,

³ MP measures service extension request response times as the interval between the date service was installed and the requested service date even in cases where the requested service date cannot be met due to a delay caused by the customer.

⁴ All calls to Minnesota Power are routed through its IVR unit.

subd. 5, the number of requests granted, and the number denied, including the reasons for each denial.

MP reported that in 2014, 70 customers requested emergency medical account status. All requests were granted.

The Department acknowledges MP's fulfillment of the requirements of Minnesota Rules, part 7826.1800.

6. *Customer Deposits*

The reporting on customer deposits must include the number of customers who were required to make a deposit as a condition of receiving service.

MP reported that it refunded all deposits in 2014. MP stated that collection of deposits will be reconsidered after full implementation of the updated CIS system is complete. The number of deposits required by MP over the past ten years is shown in Table 7 below.

Table 7: MP's Required Deposits

| Year | Residential | Commercial | Total |
|------|-------------|------------|-------|
| 2005 | 153 | 1 | 154 |
| 2006 | 153 | 1 | 154 |
| 2007 | 5 | 0 | 5 |
| 2008 | 74 | 1 | 75 |
| 2009 | 161 | 21 | 182 |
| 2010 | 190 | 24 | 214 |
| 2011 | 222 | 10 | 232 |
| 2012 | 315 | 1 | 316 |
| 2013 | 326 | 11 | 337 |
| 2014 | - | - | - |

The Department requests that MP provide additional discussion regarding the refund of customer deposits in 2014. Specifically, the Company should discuss why it decided to refund all of the currently-held deposits and whether MP anticipates collecting deposits again. If the Company anticipates it will again collect deposits, MP should indicate whether the Company will re-collect deposits that were held before the 2014 refunds, or whether the Company will only require deposits on accounts going forward.

The Department acknowledges MP's fulfillment of the requirements of Minnesota Rules, part 7826.1900.

7. *Customer Complaints*

The reporting on customer complaints must include the following information by customer class and calendar month:

- A. the number of complaints received;
- B. the number and percentage of complaints alleging billing errors, inaccurate metering, wrongful disconnection, high bills, inadequate service, and the number involving service extension intervals, service restoration intervals, and any other identifiable subject matter involved in five percent or more of customer complaints;
- C. the number and percentage of complaints resolved upon initial inquiry, within ten days, and longer than ten days;
- D. the number and percentage of all complaints resolved by taking any of the following actions: (1) taking the action the customer requested; (2) taking an action the customer and the utility agree is an acceptable compromise; (3) providing the customer with information that demonstrates that the situation complained of is not reasonably within the control of the utility; or (4) refusing to take the action the customer requested; and
- E. the number of complaints forwarded to the utility by the Commission’s consumer Affairs Office for further investigation and action.

MP reported monthly information showing that a total of 64 commercial and 1045 residential customer complaints were received in 2014. The most frequent category of complaint was “high bill complaint.” MP reported that 86.6 percent of the residential complaints were resolved upon initial inquiry. The Company also reported that 61.23 percent of resolved complaints were done so by explaining that the situation complained of was not reasonably within the control of Minnesota Power. Table 8 below shows the historical number of complaints received by the Company for the last ten years.

Table 8: Summary Complaint Totals

| Year | Commercial | Residential | Industrial | Total |
|------|------------|-------------|------------|-------|
| 2005 | 71 | 1174 | 0 | 1245 |
| 2006 | 96 | 1619 | 0 | 1715 |
| 2007 | 118 | 1257 | 0 | 1375 |
| 2008 | 96 | 1582 | 0 | 1678 |
| 2009 | 137 | 1534 | 0 | 1671 |
| 2010 | 141 | 1585 | 0 | 1726 |
| 2011 | 76 | 1178 | 0 | 1254 |
| 2012 | 81 | 780 | 0 | 861 |
| 2013 | 63 | 663 | 0 | 726 |
| 2014 | 64 | 1045 | 0 | 1109 |

The Department notes that, while at a similar or lower level than most previous years, an increase in residential customer complaints occurred in 2014 over years 2012 and 2013.

The increase appears to be largely due to a sharp rise in “high bill” complaints in January and February 2014. In its 2015 Report, MP stated that the 2013-2014 winter was harsher-than-normal, causing increased estimated billings for November and December 2013. MP further stated that the result of more estimated meter readings was that some customers had large “catch up” billings in January and February 2014.⁵ The Department requests that MP provide a discussion on how it calculates its estimated bills and whether any part of the process needs to be addressed to reduce the potential for “catch up” billings during the heating season.

Table 9 shows the number of complaints forwarded to the Company by the Commission’s Consumer Affairs Office over the past ten years.

Table 9: Complaints Forwarded by the CAO

| Year | # of Complaints |
|------|-----------------|
| 2005 | 18 |
| 2006 | 10 |
| 2007 | 8 |
| 2008 | 10 |
| 2009 | 4 |
| 2010 | 15 |
| 2011 | 10 |
| 2012 | 9 |
| 2013 | 11 |
| 2014 | 13 |

The Department acknowledges MP’s fulfillment of the requirements of Minnesota Rules, part 7826.2000.

E. COMPLIANCE WITH DECEMBER 12, 2014 ORDER

- 1. Include a description of the policies, procedures and actions implemented to assure reliability; demonstrate pro-active management of the system, increased reliability, and active contingency planning.*

In its report, MP provided a narrative summarizing the Company’s existing and planned efforts geared towards improving system reliability. MP summarized the planning process used to prioritize operating and maintenance expenditures, and the Company’s vegetation management, pole line inspection programs, and a new improved crew mobilization system. MP also discussed improved customer and meter communication, as well as the North American Electric Reliability Corporation’s (NERC) role in discovering, identifying, and providing information that is critical to ensuring the reliability of the bulk power system in North America.

⁵ 2015 Report, page 2.

2. *Incorporate a summary that allows the reader to more easily assess the overall reliability of the system and to identify main factors that affect reliability.*

MP provided several graphs showing various aspects of reliability and customer service performance. For example, MP included two pie charts depicting the percent each outage cause contributed to SAIDI and SAIFI. Also of particular interest are the several charts comparing expenditures with reliability performance over the past 5 years.

III. CONCLUSION AND RECOMMENDATION

The Department recommends that the Commission accept Minnesota Power's filing in fulfillment of the requirements of Minnesota Rules, Chapter 7826 and the Commission's December 12, 2014 Order, pending the submission of additional information.

Additionally, the Department recommends that the Commission set the Company's reliability standards for 2015 as proposed by the Company.

Finally, the Department requests that the Company provide in Reply Comments,

- further discussion on its reporting of instances exceeding the ANSI standard, including whether MP will restate 2014 data in its next service quality report;
- a discussion on what is, or may be, causing the decline in restoring involuntarily disconnected customers within 24 hours;
- additional discussion regarding the refund of customer deposits in 2014; and
- a discussion on how the Company calculates its estimated bills and whether any part of the process needs to be addressed to reduce the potential for "catch up" billings during the heating season.

/lt

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Comments**

Docket No. E015/M-15-323

Dated this 31st day of July 2015

/s/Sharon Ferguson

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
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| Daniel P | Wolf | dan.wolf@state.mn.us | Public Utilities Commission | 121 7th Place East Suite 350 St. Paul, MN 551012147 | Electronic Service | Yes | OFF_SL_15-323_M-15-323 |