

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger
David C. Boyd
Nancy Lange
J. Dennis O'Brien
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of Otter Tail Power Company's
2012 Annual Safety, Reliability, and Service
Quality Report, and Proposed Annual
Reliability Standards for 2013

ISSUE DATE: January 13, 2014

DOCKET NO. E-017/M-13-253

ORDER ACCEPTING REPORTS,
SETTING 2013 RELIABILITY
STANDARDS, AND REQUIRING FILINGS

PROCEDURAL HISTORY

On December 20, 2012, the Commission issued an order accepting Otter Tail Power Company's (Otter Tail or the Company) annual report on safety, reliability, and service quality under Minnesota Rules Chapter 7826.¹ The order also accepted the reliability standards the Company proposed for the coming year² and set additional reporting requirements.³

On April 1, 2013, the Company filed its safety, reliability, and service quality report for 2013, including new proposed reliability standards.

On July 31, 2013, the Minnesota Department of Commerce (the Department) filed comments recommending accepting the annual report and adopting the reliability standards the report proposed. The Department stated that it would continue to monitor reliability throughout the year and throughout the Company's service area and requested an update on measures taken to improve reliability in one of the Company's work centers (Morris).

On August 12, 2013, the Company filed the information requested by the Department.

On December 12, 2013, the annual report and proposed reliability standards came before the Commission.

¹ Minn. R. 7826.0400, 7826.1300, and 7826.0500.

² Minn. R. 7826.0600.

³ *In the Matter of the Annual Review of Otter Tail Power Company's 2011 Annual Safety, Reliability, Service Quality Report and Proposed Annual Reliability Standards*, Docket No. E-017/M-12-325, Order Conditionally Approving Reports, Setting 2012 Reliability Standards, and Setting Filing Requirements (December 20, 2012).

FINDINGS AND CONCLUSIONS

I. Factual Background

In 2001, the Legislature enacted Minn. Stat. § 216B.029, which requires the Commission to adopt standards on safety, reliability, and service quality for investor-owned electric distribution utilities.

The statute requires that reliability standards be set using three reliability metrics—the System Average Interruption Duration Index (SAIDI), the System Average Interruption Frequency Index (SAIFI), and the Customer Average Interruption Duration Index (CAIDI)—and that reliability standards “treat similarly situated distribution systems similarly” and “recognize differing characteristics of system design and hardware.”⁴

The Commission complied with the statute by adopting Minnesota Rules Chapter 7826. These rules require affected utilities to file detailed annual reports on their performance in the areas of safety, reliability, and customer service. They also set minimum safety standards and minimum customer service standards for affected utilities.

Instead of setting minimum reliability standards, however, the Commission determined that reliability standards must be utility-specific, since reasonably achievable levels of reliability vary between utilities—and even between individual, homogenous areas within utilities' service territories—based on geography, topography, population density, and other factors. Instead of setting permanent, industry-wide reliability standards, therefore, the rules require utilities to propose new reliability standards annually—using the statutory metrics of SAIDI, SAIFI, and CAIDI—and to propose these standards by “work center,” the basic administrative unit utilities use to maintain and repair their distribution systems.

II. Report Accepted

The Commission has examined the Company’s annual safety, reliability, and service quality report and concurs with the Department that it is complete and meets the requirements of Minnesota Rules Chapter 7826 and prior orders issued thereunder. The Commission will accept the filing.

III. Reliability Standards Set; Further Reporting Required

The Commission concurs with the Department that the reliability standards proposed by the Company for 2013 are reasonable, appropriate, and should be adopted. The proposed standards are based on rolling averages for the past five years for each reliability index (SAIDI, SAIFI, and CAIDI) at each of the Company’s six work centers. This is the methodology used to set reliability standards in the past and is clearly sound.

Since improving reliability performance—not just maintaining it—is one of the goals of the standard-setting process, the Commission will continue to require reports on the Company’s reliability initiatives in its next annual filing, as well as reports on the causes of outages on major event days. The Commission will also require the Company to continue using the format improvements required in previous orders (detailed below), and to provide all items required by rule.

⁴ Minn. Stat. § 216B.029, subd. 1 (c).

The Commission will so order.

ORDER

1. The Commission accepts Otter Tail Power Company’s April 1, 2013 safety, reliability, and service quality report as complying with Minnesota Rules Chapter 7826 and relevant Commission orders.
2. The Commission accepts the Company’s 2013 proposed reliability standards, set forth below:

Work Center	SAIDI	SAIFI	CAIDI
Bemidji	70.64	1.26	56.06
Crookston	69.33	1.19	58.26
Fergus Falls	66.97	1.11	60.33
Milbank	75.49	1.82	41.48
Morris	55.78	1.01	55.23
Wahpeton	57.24	1.13	50.65
MN Total	64.95	1.13	57.48

3. The Company shall augment its next annual filing to include a description of the policies, procedures, and actions that it has implemented, and plans to implement, to assure reliability, including information on how it is demonstrating proactive management of the system as a whole, increased reliability, and active contingency planning.
4. The Company shall incorporate into its next annual 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.
5. The Company shall continue to report on the major causes of outages for major event days.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary



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