

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger
David C. Boyd
J. Dennis O'Brien
Phyllis A. Reha
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Annual Review of
Minnesota Power's 2011 Annual Safety,
Reliability, Service Quality Report and
Proposed Annual Reliability Standards

ISSUE DATE: December 20, 2012

DOCKET NO. E-015/M-12-308

ORDER APPROVING REPORTS,
SETTING 2012 RELIABILITY
STANDARDS, AND SETTING FILING
REQUIREMENTS

PROCEDURAL HISTORY

On January 12, 2012, the Commission established Minnesota Power's (the Company's) 2011 reliability standards in Docket No. E-015/M-11-292. The Commission also established additional reporting requirements for Minnesota Power's next annual filing.

On March 30, 2012, the Company filed its 2011 safety, reliability, and service quality reports as required by Minnesota Rules Chapter 7826, and proposed reliability standards for 2012.

On June 21, 2012, the Minnesota Department of Commerce Division of Energy Resources (the Department) filed comments recommending that the Commission accept the reports, and recommended that the Commission adopt the Company's proposed 2012 standards. The Department also requested the Company provide additional detail concerning its increased vegetation management expenses in reply comments.

On July 20, the Company stated in reply comments that increased vegetation management expenses arose when the Company adopted a new vegetation management strategy that would provide long-run savings but required an increase in 2011 expenses to wind up the old approach.

On November 19, 2012, the matter came before the Commission.

FINDINGS AND CONCLUSIONS

All investor-owned utilities that distribute electricity to retail customers must file annual safety, reliability, and service quality reports.¹ The Commission, in turn, annually sets reliability performance standards for (1) the system average interruption frequency index (SAIFI), (2) the system average interruption duration index (SAIDI), and (3) the customer average interruption duration index (CAIDI) for each of the utility's work centers.² The reliability standards are intended to encourage utilities to maintain or improve reliability, taking into account the unique circumstances of each utility's system.

The Company's reporting was comprehensive and thorough. The Commission concurs with the Company and the Department that the Company's filing meets the requirements of Minnesota Rules Chapter 7826 and the Commission's prior order. The Commission will therefore approve the filing.

The Commission will set the Company's 2012 reliability goals as proposed by the Company and recommended by the Department, which are based on the Company's five-year average performance. The Commission agrees that in this case the most recent five-year average best achieves the goal of providing an incentive to the Company to maintain or improve on its past performance.

The Commission will also continue to require that the Company's annual safety, reliability, and service quality filings include the features that enhanced the usefulness of this year's report, as detailed in the ordering paragraphs below.

ORDER

1. Minnesota Power Company's March 30, 2012 safety, reliability, and service quality reports comply with Minn. R. Ch. 7826 and relevant Commission orders, and are therefore approved.
2. Minnesota Power Company's 2012 reliability standards are:

	SAIDI	SAIFI	CAIDI
2012 Standard	97.69	1.02	95.40

3. The Company shall include the following in its next annual safety, reliability, and service quality reports:

¹ Minn. Stat. 216B.029; *see also* Minn. R. 7826.0400, .0500, and .1300.

² Minn. R. 7826.0600, subpt. 2.

- a. a description of the policies, procedures, and actions that it has implemented, and plans to implement, to assure reliability, including information on how the Company is demonstrating proactive management of the system as a whole, increased reliability, and active contingency planning.
 - b. 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.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary



This document can be made available in alternative formats (i.e., large print or audio) by calling 651.296.0406 (voice). Persons with hearing or speech disabilities may call us through Minnesota Relay at 1.800.627.3529 or by dialing 711.