

June 30, 2014

Burl W. Haar
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. E001/M-14-282

Dear Dr. Haar:

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

Interstate Power and Light Company's 2013 Annual Safety, Reliability, and Service Quality Report and Proposed SAIFI, SAIDI and CAIDI Indices for 2014.

The Petition was filed on April 1, 2013 by:

Paula N. Johnson
Senior Attorney – Regulatory
Interstate Power and Light Company
200 First Street SE
P.O. Box 351
Cedar Rapids, IA 52406-0351

The Department recommends that the Minnesota Utilities Commission **accept Interstate Power and Light Company's filing and set appropriate reliability goals for 2014, pending the submission of additional information.**

Sincerely,

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

AB/ja
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

**COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES**

DOCKET No. E001/M-14-282

I. BACKGROUND

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 January 13, 2014 Order in Docket No. E001/M-13-249 directed Interstate Power and Light Company (IPL or the Company) to include in its next annual safety, reliability, and service quality reports:

- a. 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.
- 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.
- c. a report on the Company’s review of its Life Extension guidelines with its field engineering and construction crews. The review should ensure wildlife protection is installed on all projects and lightning protection is installed as designed by the engineer.

- d. the reports required under Minn. R. 7826.0500, subp. 1G and the performance data for its worst-performing circuits, as required under Minn. R. 7826.0500, subp. 1H.

On April 1, 2014, IPL filed a petition (2014 Annual Report) to comply with Minnesota Rules Chapter 7826 and the Commission's January 13, 2014 Order.

The Minnesota Department of Commerce (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.

On May 4, 2010, the Commission issued a "Notice Seeking Comments" in the 08-948 docket requesting comments on issues relating to that docket, including the annual reports filed in compliance with its June 5, 2009 Order. Therefore, the Department concluded that the 08-948 docket was the appropriate forum for comments on the utilities' annual smart grid project reports and did not address those reports in our comments relating to the utilities' 2010 Safety, Reliability, and Service Quality Reports. On March 4, 2011, the Commission issued its "Notice Clarifying Information Sought in Smart Grid Reports" in the 08-948 docket. The Commission directed rate-regulated utilities to file their smart grid reports in both their annual Safety, Reliability, and Service Quality Report and in the 08-948 docket. No request for comments has been issued to date on the 2014 smart grid reports; therefore, the Department will include a summary IPL's smart grid report as filed in its 2014 Annual Report.

II. SUMMARY OF REPORT AND DEPARTMENT ANALYSIS

The Department reviewed IPL's 2014 Annual Report to assess compliance with Minnesota Rules, Chapter 7826 and the Commission's January 13, 2014 Order. The Department used information from past annual reports to facilitate the identification of issues and trends regarding IPL's performance.

A. ANNUAL SAFETY REPORT

The Annual Safety Report consists of two parts:

- A. 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
- B. 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.

IPL reported that it is not required to submit reports to OSHA, though it does comply with OSHA record-keeping requirements. IPL submitted completed copies of OSHA’s Form 300A, “Summary of Work-Related Injuries and Illnesses” covering incidents that occurred during 2013 for each of the Company’s Minnesota facilities.

IPL reported that there were no incidents of injuries requiring medical attention as a result of electrical system failures in 2013. The following table summarizes IPL’s most recent and past Annual Reports regarding property damage claims.

Table 1: Property Damage Reimbursement

	Claims	Cause	Total Amount Paid
2004	5	Crew errors	\$36,069.48
2005	3	Crew errors, customer overlooked after weather-related outage	\$3,741.20
2006	3	Equipment failure, crop damage when repairing line, low clearance from road rebuild	\$2,076.10
2007	6	Crop damage when replacing pole, equipment failure	\$4,435.00
2008	3	Crew error, tree trimming accident, incorrectly installed meter	\$3,938.00
2009	6	Circuit breakers blew when power came back on, transformer/neutral power surge, transformer oil leak, fire, underground secondary shorted out	\$7,957.60
2010	3	Rotten pole & line fell on car, failed transformer, storm damaged meter socket	\$4,689.19
2011	3	Killed tree, customer’s service disconnected in error, service neutral was pulled apart at old splice	\$1,773.41
2012	4	Voltage damage, damage from pole anchor, contractor strike from incorrect locate by IPL, trees removed without permission	\$21,705.26
2013	3	Equipment fire, IPL vehicle contact with overhead conductor, dug into UG telephone cable	\$2,542.82

The Department acknowledges IPL's fulfillment of the requirements 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 interruptions,
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

IPL's Minnesota service territory consists of two work centers. In Docket No. E001/M-13-249, the Commission set IPL's reliability goals as follows:¹

Winnebago work center:

SAIDI (average number of minutes a customer is without power) = 59.81
SAIFI (average number of times a customer is without power) = 0.90
CAIDI (average minutes per outage for customers that lose power) = 66.17

Albert Lea work center:

SAIDI = 80.30
SAIFI = 1.02
CAIDI = 78.44

The Department notes that the goals remained unchanged from 2008 through 2013. IPL's reliability report shows that the Company failed to meet all of its 2013 goals with the exception of its SAIFI goal for the Winnebago work center. Table 2 compares IPL's 2013 reliability goals and performance.

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 notes that SAIDI = SAIFI * CAIDI.

Table 2: IPL's 2013 Reliability Goals and Performance

Work Center	SAIDI		SAIFI		CAIDI	
	Goal	Actual	Goal	Actual	Goal	Actual
Winnebago	59.81	86.44	0.90	0.76	66.17	113.54
Albert Lea	80.30	136.14	1.02	1.16	78.44	117.51

The Department acknowledges IPL's fulfillment of the requirements of Minnesota Rules, part 7826.0500, subp. 1A, B, and C. See Section II.B.3 below for a discussion of IPL's 2013 reliability performance.

2. Storm-Normalization Method

Since 2004, IPL has used the method set forth in the IEEE 1366 standard (IEEE 2.5 beta method). IPL reported that, in 2013, this method resulted in one event exclusion from reliability index calculations for the Winnebago work center and one event exclusion for the Albert Lea work center.

In the Winnebago work center, a major ice storm during April 9-12, 2013 accounted for 97 percent of the total outage minutes for the entire work center. In the Albert Lea work center, a record-breaking late-season snowstorm on May 2, 2013 created significant damage and outages in the area. The following table shows IPL's normalized versus non-normalized reliability indices for 2013.

Table 3: Normalized versus Non-Normalized Indices

2013	SAIDI Normal	SAIDI non-Normal	SAIFI Normal	SAIFI non-Normal	CAIDI Normal	CAIDI non-Normal
Albert Lea	136.1	232.6	1.2	1.4	117.5	163.8
Winnebago	86.4	1163.4	0.8	1.5	113.5	768.0

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

3. Action Plan to Improve Reliability

Regarding its Albert Lea work center, IPL did not meet any of its reliability goals in 2013. Regarding this performance, IPL stated the following,

IPL attributes the SAIDI result of 136.14 versus the goal of 80.3 and the CAIDI result of 117.51 versus the goal of 78.44 partially to the planned outages discussed above. Although total annual outage events are trending downwards over time,

longer average repair times for events in 2013 also attributed to IPL missing the SAIDI and CAIDI goals. One factor in the longer repair times was that fewer responders were available due to a number of reasons. IPL has hired four Apprentice Line Workers, however, they are not yet qualified to be responders. Three of the four line mechanic apprentices in the zone will be qualified for responding to outage events in late 2014. Also affecting responder numbers was the extended illness in 2013 for a Journeyman Worker in Albert Lea and unexpected vacancies caused by Journeyman Workers leaving IPL. The Journeyman Worker who was ill has returned to full duty and is available to respond to outage events as of January 2014.

In its Winnebago work center, IPL did not meet its SAIDI and CAIDI goals for 2013. Regarding its performance in this work center, IPL stated,

The SAIDI result of 86.44 versus the goal of 59.81 is due largely to two outages in the Wabasso area. One outage was the result of a failed insulator and the second outage was due to a loose wire, both of which have been repaired. In addition, the Wabasso system is presently undergoing reconstruction and reconfiguration that will replace older equipment. Tree trimming has been completed and line construction is scheduled for completion in the summer of 2014. The system upgrades will also provide more flexibility for switching and restoring power to customers should an outage occur.

As in past reports, IPL's annual explanations for its continuing struggle to attain its reliability goals generally focus on what it has, or will do, to fix the specific incident or incidents it considered the main reason for its failure to meet the goals, and/or describe non-preventable events as contributing factors. Overall, IPL's performance has generally remained steady or worsened since 2004, indicating that that the action steps described may have had limited, or insufficient, impact on overall reliability performance. Table 4 below shows how many of its six annual goals² IPL has met since 2004.

² The six goals being SAIDI, SAIFI, and CAIDI for both the Winnebago and the Albert Lea work centers.

Table 4 – Reliability Goals Met

	Winnebago			Albert Lea		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2004	Yes	Yes	No	No	No	No
2005	No	No	No	No	No	No
2006	Yes	Yes	Yes	No	Yes	No
2007	No	No	No	Yes	No	Yes
2008	Yes	Yes	No	No	No	No
2009	Yes	Yes	No	Yes	No	Yes
2010	No	No	No	No	No	No
2011	No	Yes	No	No	Yes	No
2012	No	No	No	Yes	No	Yes
2013	No	Yes	No	No	No	No

As shown above, IPL has only met 19 out of 60 goals in the previous 10 years, resulting in a 32 percent success rate. At its best, IPL met four of its six goals in 2006 and 2009; however it did not achieve any of its goals in either 2005 or 2010. Further, IPL has met its CAIDI goal in the Winnebago work center only once in the past 10 years.

While the Company is typically responsive to individual causes of reliability issues in its annual reports, the Department continues to be frustrated by IPL’s apparent lack of improvement in its overall annual reliability performance. IPL has been required to provide an action plan to improve reliability since at least the 2008 report (reporting data for the 2007 calendar year).³ The Department appreciates the information IPL has provided over the years but notes again that IPL’s efforts appear to be insufficient to improve IPL’s overall reliability performance.

As discussed in Section II.C below, IPL’s reliability performance has been generally decreasing, in spite of Commission-approved goals intended to promote stability or improvement. The Company continues to struggle to achieve its goals, even after the goals have been held constant since 2009. The Department would typically request that IPL submit in its Reply Comments an action plan to improve its reliability; however IPL’s performance does not appear to be influenced by this review and goal-setting process. As a result, the Department does not have a recommendation regarding an action plan to improve reliability at this time. Instead, the Department requests that IPL address, in reply comments, the barriers it has faced in improving the reliability of its system, including how the Company’s plans for selling its electric distribution system and service territory may have impacted spending priorities.⁴

³ Please see the Department’s Comments in Docket No. E001/M-13-249 filed July 31, 2013 for a compilation of excerpts from IPL’s reply comments regarding reliability performance since 2008.

⁴ Please see Section II.G. below for a discussion of the Purchase Agreement dockets pending before the Commission.

4. *Bulk Power Supply Interruptions*

IPL submitted a list summarizing the twelve bulk power supply interruptions that occurred in 2013. This list includes information regarding the cause, duration, and remediation of each interruption. The most common cause listed for the bulk power supply interruptions in 2013 is "Foreign Utility_AE."

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

5. *Major Service Interruptions*

Copies of the Outage Reports sent to the Commission's Consumer Affairs Office pursuant to Minnesota Rules, part 7826.0700 are included in IPL's 2014 Annual Report. Several times during the year, multiple reports were sent pertaining to a single weather event.

The Department acknowledges IPL's fulfillment of the requirements of Minnesota Rules, part 7826.0500, subp. G.

6. *Worst Performing Circuit*

Minnesota Rules, part 7826.0500, subp. 1H requires information on the utility's worst performing circuit, including the circuit's SAIDI, SAIFI, and CAIDI. IPL indicated that it has a ranking process in order to better identify its worst performing circuits that otherwise may not have been identified if using only the SAIDI and SAIFI of a circuit. IPL stated that certain outages beyond the control of IPL or which may not reflect the physical conditions of the equipment have been excluded from the analysis. These types of events include: planned interruptions; interruptions caused by the failure of another utility's transmission or distribution system which feeds the IPL distribution system; interruptions caused by the public, such as vehicle accidents, customers dropping tree limbs in lines while trimming, etc.; interruptions caused by personnel errors such as switching errors or accidental contact during live utility work; and interruptions due to flooding.

IPL identified the worst performing circuit in each work center, the main causes of the outages, and remedial measures taken. The worst performing circuit in the Albert Lea work center, according to IPL, experienced equipment damage from lightning two times during 2013. IPL stated that it repaired the equipment and that additional lightning protection was installed. The Company noted that the worst performing circuit in the Winnebago work center experienced five outages, two of which occurred during the April 10th ice storm.

The Department uses historical data to identify potential areas of concern 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 IPL's fulfillment of Minnesota Rules, part 7826.0500, subp. 1G.

7. *Compliance with ANSI Voltage Standards*

IPL reported that there were no instances in 2013 where nominal voltages exceeded ANSI standards.

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

8. *Work Center Staffing Levels*

The following table summarizes IPL's work center staffing levels.

Table 5: Work Center Staffing Level (in Full-Time Equivalent)

	Albert Lea	Winnebago	Total
2004	29.6	18.0	47.6
2005	20.6	18.0	38.6
2006	20.6	17.0	37.6
2007	20.6	17.0	37.6
2008	25.0	18.0	43.0
2009	25.0	18.0	43.0
2010	25.0	17.0	42.0
2011	23.0	17.0	40.0
2012	23.0	17.0	40.0
2013	18.0	16.0	34.0

There was a decline of six employees during 2013. In its report, IPL stated that this decline was due to the extended illness of a Journeyman Worker and the unexpected vacancies caused by Journeyman Workers leaving IPL. Later in its report, IPL also stated,

The number of available Journeyman Line Workers available to respond to trouble decreased from 2012. IPL has hired five Apprentice Line Workers who are able to perform electric and construction tasks under the direct supervision of a Journeyman, however, they are not yet fully qualified to respond to trouble calls and therefore not available on the call-out roster after hours. Four of the five Apprentice Workers will be qualified for trouble call response by the end of 2014.

The Department acknowledges IPL's fulfillment of Minnesota Rules, part 7826.0500, subp. 1J.

C. *PROPOSED RELIABILITY STANDARDS FOR 2014*

1. *Proposed Reliability Goals*

In its 2014 Annual Report, IPL proposed the following reliability goals for 2014:

Table 6: IPL's Reliability Indices – Proposed 2014 Goals

Work Center	SAIDI		SAIFI		CAIDI	
	Proposed	2013 Goal	Proposed	2013 Goal	Proposed	2013 Goal
Winnebago	83.80	59.81	0.80	0.90	102.4	66.17
Albert Lea	81.80	80.30	1.13	1.02	75.20	78.44

IPL stated that its proposed goals were developed based on IPL's previous five years of performance data and calculated by determining the mean, the median, and the mean with the highest and lowest performance indices excluded. The Company stated that it selected as its proposed goals the lowest (hardest to achieve) of the results of those calculations for each index.

The Department notes that this is the same method IPL used in its 2009 through 2013 Annual Reports. In all cases, the Commission did not approve this method and instead, set IPL's 2009 through 2013 goals at the same level as its 2008 goals, as recommended by the Department.⁵ The Department provides the following analysis comparing IPL's past reliability performance and past goals to assess whether IPL's proposed 2014 goals are reasonable.

Below is a table showing what additional goals the Company would have met had the Commission consistently used five-year averages to set IPL's annual goals rather than keep them flat since 2009. The changes in goals are highlighted in green (goals not met that would have been met if goal equaled 5-year average) and red (goal met that would not have been met if goal equaled 5-year average).

⁵ Please see the Department's initial comments and the Commission's Orders in Docket Nos. E001/M-09-344, E001/M-10-291, E001/M-11-277, E001/M-12-320, and E001/M-13-249.

Table 7

	Winnebago			Albert Lea		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2004	Yes	Yes	No	No	No	No
2005	No	No	No	No	No	No
2006	Yes	Yes	Yes	No	Yes	No
2007	No	No	No	Yes	No	Yes
2008	Yes	Yes	No	No	No	No
2009	Yes	Yes	No	Yes	No	Yes
2010	No	No	No	No	No	Yes
2011	No	Yes	No	Yes	Yes	No
2012	No	No	No	Yes	Yes	Yes
2013	No	No	No	No	Yes	No

Had IPL’s goals been set at rolling five-year averages since 2009, the Company would have met three additional goals over what was reported in Section II.B.3 above. Taking these three hypothetically-met goals into account, IPL’s overall success rate in meeting goals since 2004 would have increased to 37%.⁶ This would make it appear that the Company’s Albert Lea work center reliability has improved in recent history. However, as can be seen in the charts below, IPL’s SAIDI and SAIFI performance in the Albert Lea work center has declined slightly and CAIDI performance has remained relatively stable. The Department also notes that freezing IPL’s goals has not always resulted in goals that were harder to achieve than had they been set at the five-year average (see Graphs 1, 2 and 6 below).

2. Winnebago Work Center

Table 8 compares 2013 goals established by the Commission for the Winnebago Work Center with the five-year performance average (2009 – 2013) and IPL’s proposed goals. The Department notes that IPL’s proposed goals do not reflect the mathematical relationship between SAIDI, SAIFI, and CAIDI.

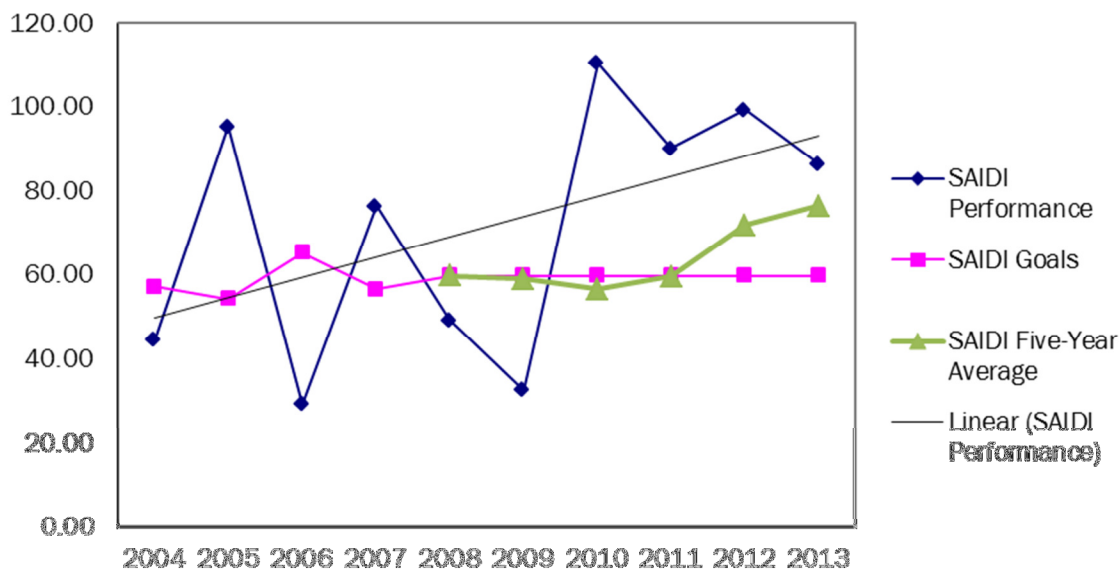
⁶ Table 4 shows IPL has met 19 of its goals since 2004 (or 31.67 percent). Table 7 shows that IPL would have met three additional goals had they been set at rolling three-year averages since 2009. Twenty-two goals met since 2004 divided by 60 total goals since 2004 = 36.67 percent.

Table 8: Winnebago Work Center Proposed Goal Comparison

	SAIDI	SAIFI	CAIDI
2013 Goal	59.81	0.90	66.17
5-Year Ave.	83.77	0.80	104.19
IPL Proposed	83.80	0.80	102.4

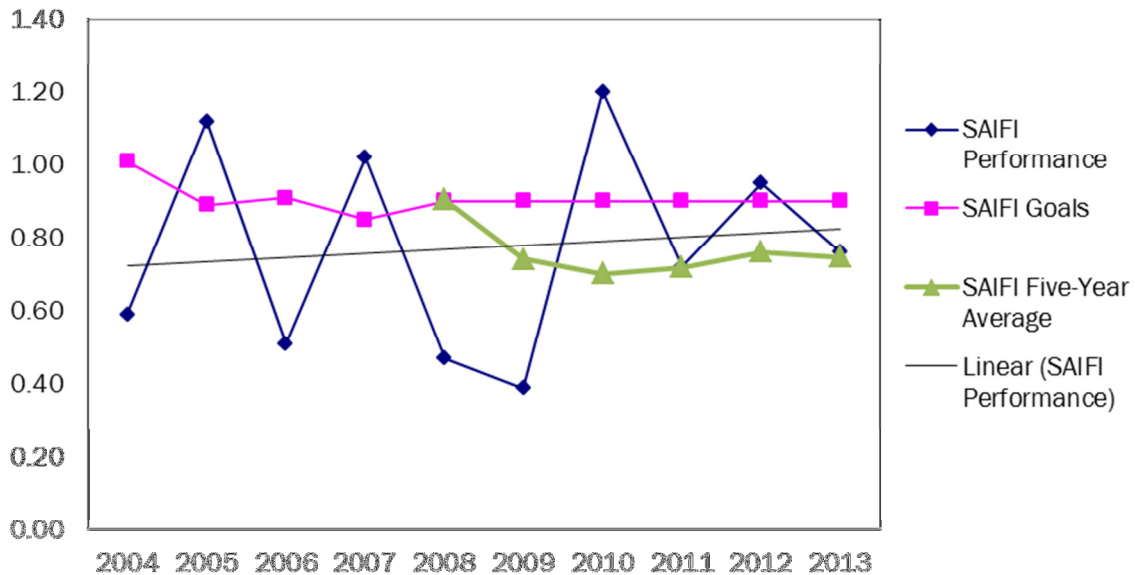
IPL stated that its proposed SAIDI and SAIFI goals reflect the mean of the previous five years' performance, while its proposed CAIDI goal reflects the mean of the previous five years' performance with the highest and lowest figures excluded (to exclude large swings). The Department notes that IPL's proposal represents a different relationship among the goals than has been approved in the past. More specifically, IPL proposed to impose a stricter SAIFI goal and relatively less strict SAIDI and CAIDI goals over its 2013 goals. To assess whether it may be appropriate to set more stringent SAIDI and CAIDI goals while allowing the SAIFI goal to be more easily achieved, the Department examined IPL's historical reliability goals and performance. The following graphs represent reliability performance compared to goals in the Winnebago work center. Note that performance numbers that are less than the goals represent performance that exceeds goals.⁷

**Graph 1: SAIDI Performance vs. Goals
 Winnebago Work Center**

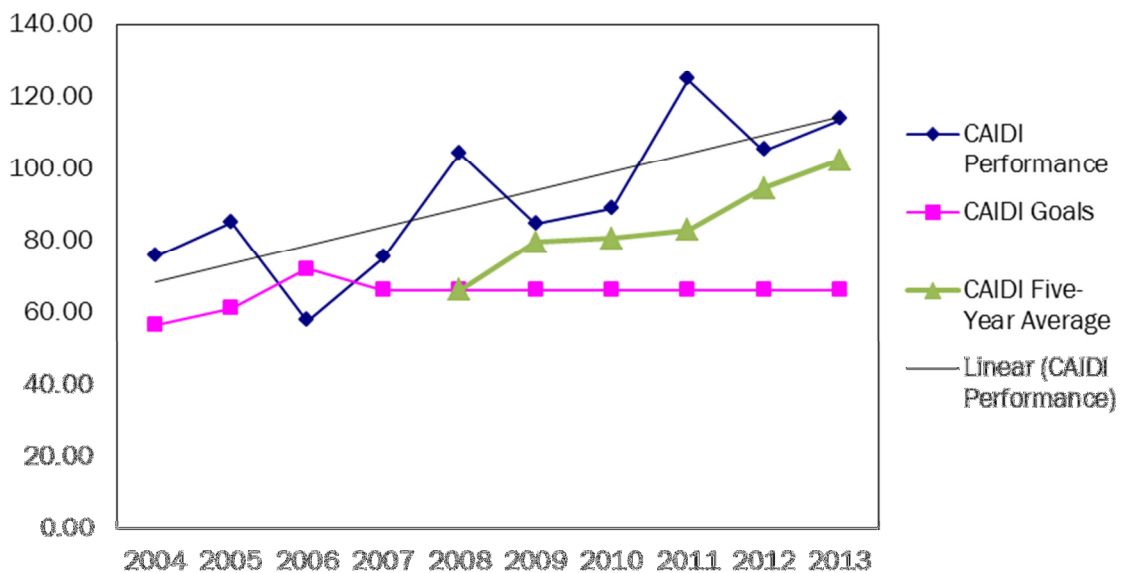


⁷ The Department has added additional elements to its graphs to better assist the Commission in its evaluation. The "Linear" line is the overall linear trend in IPL's performance results since 2004. Note that an increasing line indicates overall declining performance. The green line (triangle data points) shows where IPL's goals would have been set if the Commission had continued to utilize the rolling, five-year performance average since 2008. Note that the Goals lines coincide with the Five-Year Average lines through 2008, after which the goals were frozen.

**Graph 2: SAIFI Performance vs. Goals
 Winnebago Work Center**



**Graph 3: CAIDI Performance vs. Goals
 Winnebago Work Center**



The Department notes that Graphs 1 through 3, along with Table 4 above, illustrate the high performance variability that has occurred in this relatively small work center. While IPL has achieved its goals six out of the last ten years on SAIFI, as can be seen in Graphs 1 and 3, the SAIDI goal was only met four times in the past ten years and the CAIDI goal was only met once.

Considering the declining trend in SAIDI performance and the difficulty IPL appears to be having in meeting its CAIDI goals, it appears to the Department that goals that continue to exert a downward pressure on SAIDI and CAIDI would be more desirable for 2014 than a stricter SAIFI goal. Therefore, the Department recommends that the Commission set IPL's 2014 goals in the Winnebago work center at the same level as those set for 2008 through 2013.

3. Albert Lea Work Center

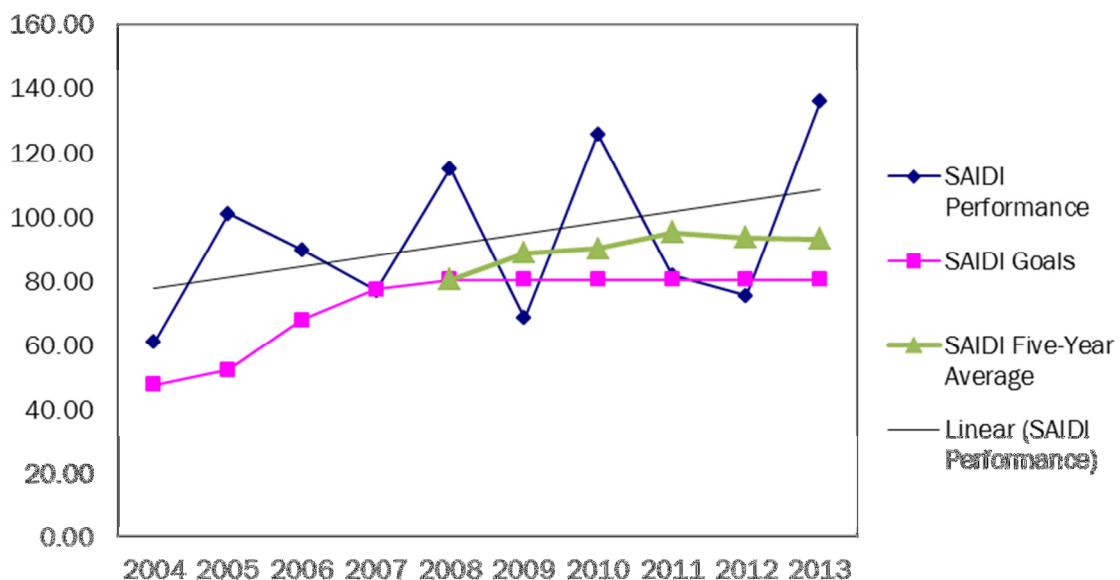
Table 9 compares the 2013 goals that were established by the Commission for the Albert Lea work center with goals based on five-year (2009 – 2013) averages and IPL's proposed goals. Again, IPL's proposed goals do not reflect the mathematical relationship between SAIDI, SAIFI, and CAIDI.

Table 9: Albert Lea Work Center Proposed Goal Comparison

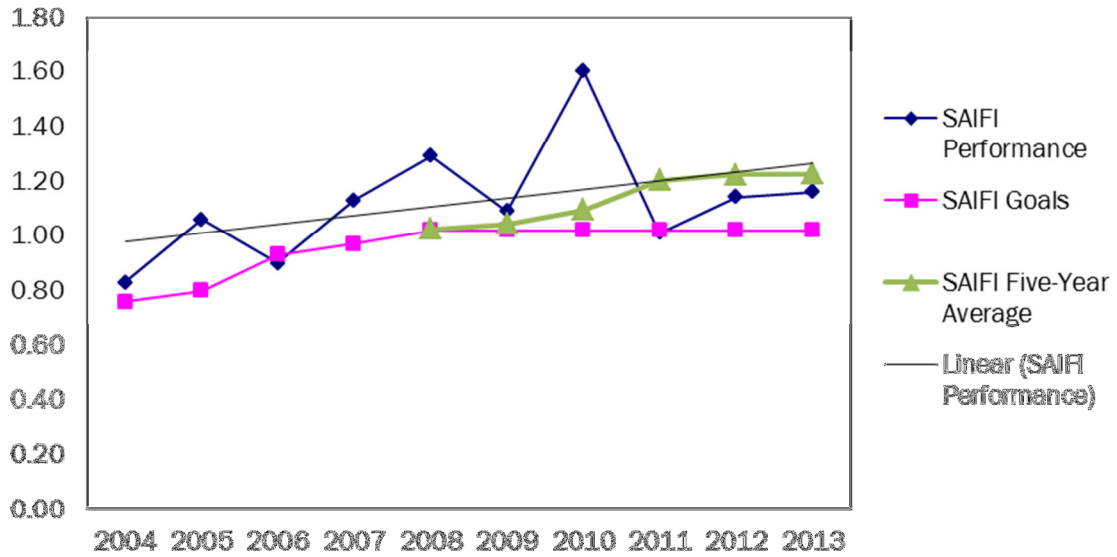
	SAIDI	SAIFI	CAIDI
2013 Goal	80.30	1.02	78.44
5-Year Ave.	97.48	1.20	81.23
IPL Proposed	81.80	1.13	75.20

The following graphs depict the past goals and actual performance for the Albert Lea work center.

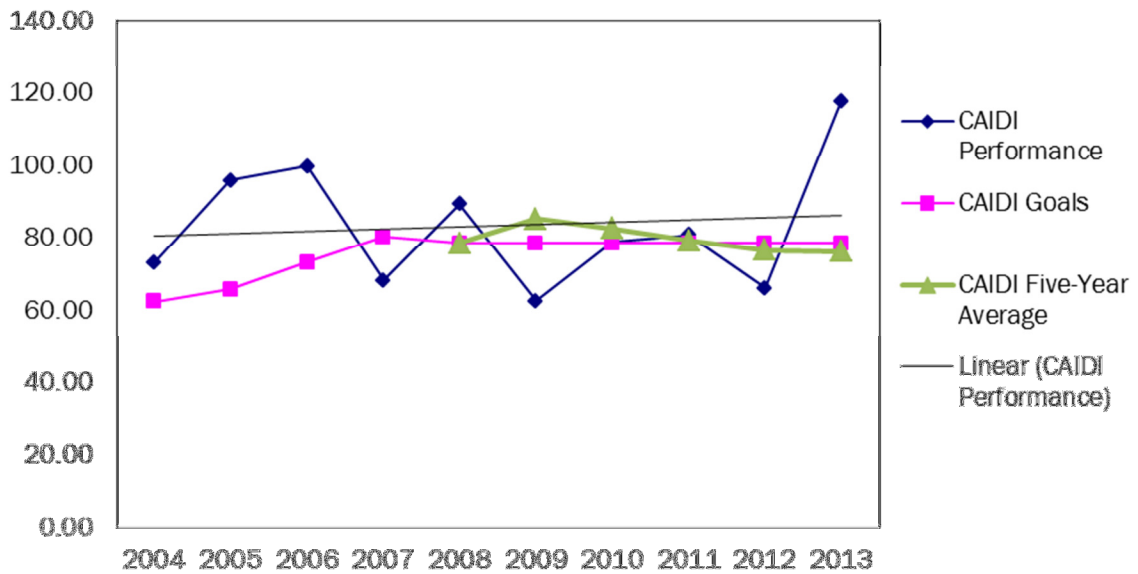
**Graph 4: SAIDI Performance vs. Goals
 Albert Lea Work Center**



**Graph 5: SAIFI Performance vs. Goals
 Albert Lea Work Center**



**Graph 6: CAIDI Performance vs. Goals
 Albert Lea Work Center**



IPL has only achieved its SAIFI goal two times and SAIDI and CAIDI goals three times each over the last ten years.⁸ In addition, there appears to be a slight declining trend in SAIFI performance and a more pronounced decline in SAIDI performance since 2004. The 2013 goals shown in Table 9, if maintained for 2014, would place slightly more downward pressure on SAIDI and SAIFI while maintaining a CAIDI goal closer to the 5-year average. Therefore, the Department recommends that the goals for the Albert Lea work center be maintained at the same level for 2014 as were approved by the Commission for 2008 through 2013.

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:

- 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, and an explanation as to why they have not been read; and
- D. data on monthly meter reading staffing levels by work center or geographical area.

IPL reported that, on average, 89.1 percent of its meters in Minnesota were read monthly in 2013; virtually all of which were read by the Company. Minnesota Rules, part 7826.0900, subp. 1 requires that at least 90 percent of all meters during the months of April through November and at least 80 percent of all meters during the months of December through March be read monthly. According to IPL's monthly meter reading statistics, the Company did not meet these standards in the months of February through May 2013. IPL stated that it missed the 80 percent requirement in February and March and the 90 percent requirement in April through May due to severe weather, staff availability, and equipment-related issues. The following table summarizes recent meter reading statistics reported by IPL in its annual reports.

⁸ See Table 4 discussed above.

Table 10: Average Monthly Meter Reading Statistics

	Meters Read	% Meters Read by Utility	Meters Estimated	Total Meters	Meters Read by Customer	Meters Not Read 6-12 Mos	Meters Not read 12+ Mos	Staffing Level
2010	52,000	96.00%	2,112	54,131	20	24	0	11
2011	50,991	94.50%	2,935	53,940	14	298	18	11
2012	49,811	92.70%	3,932	53,754	10	10	0	11
2013	47,879	89.10%	5,835	53,723	9	21	1	11

As shown in Table 10, the percentage of meters read by IPL has declined each year since 2010. However, IPL provided a detailed discussion regarding the various weather and staffing challenges the Company faced during 2013. This discussion also included several actions that IPL implemented during the year to prevent this level of underperformance in the future. The Department appreciates this information and will monitor IPL's meter reading statistics in the future to identify any potential declining trends in performance.

The Department acknowledges IPL's fulfillment of the requirements of Minnesota Rules, part 7826.1400.

2. Involuntary Disconnections

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

- A. the number of customers who received disconnection notices,
- B. the number of customers who sought cold weather rule protection under Chapter 7820 and the number 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 customer disconnection statistics reported by IPL in its annual reports.

Table 11: Customer Involuntary Disconnection Information

	Customers Receiving Disconnect Notice	Customers Seeking CWR Protection*	Customers Granted CWR Protection*	% Granted	Customers Disconnected Involuntarily	Customers Restored within 24 Hours	Customers Restored by Entering Payment Plan
2004	28,682	148	135	71%	885	19	42
2005	32,983	179	172	96%	821	54	5
2006	34,153	642	585	91%	944	16	1
2007	32,215	1,031	1,031	100%	959	18	0
2008	32,757	891	891	100%	630	43	9
2009	36,377	1,555	1,555	100%	604	122	11
2010	37,997	1,976	1,976	100%	509	96	11
2011	42,347	3,772	3,772	100%	490	63	19
2012	39,200	5,328	5,328	100%	511	91	0
2013	39,421	4,307	4,307	100%	273	51	2

*Residential customers only.

The Department acknowledges IPL'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 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 2013, IPL reported that 6,972 customers requested service to a location previously served and 421 customers requested service to a location not previously served. The Department looks for any significant increases in overall response times and inquires as needed. According to the data provided by IPL, the average intervals between request/readiness date and installation date for 2013 appear to be relatively consistent with past performance.

The Department acknowledges IPL's fulfillment of the requirements of 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. Further, Minnesota Rules, part 7826.1200 requires that 80 percent of calls be answered within 20 seconds.

IPL reported that 65,133 calls were received in 2013 from Minnesota customers. An average of 82.9 percent of these calls were answered within 20 seconds. IPL also reported that 6,557 of these calls were calls regarding outages. An average of 95.5 percent of these outage calls were answered within 20 seconds.

The following table summarizes IPL's reported call center volume.

Table 12: IPL Call Center Volume

	Outage Calls	Outage Calls Answered within 20 Seconds	Total Calls	Total Calls Answered within 20 Seconds	Outage Calls as a percent of Total Calls
2004	5,132	84%	75,562	81%	6.79%
2005	5,607	89%	69,894	84%	8.02%
2006	6,328	93%	64,850	73%	9.76%
2007	6,353	93%	67,225	71%	9.45%
2008	6,046	95%	69,650	75%	8.68%
2009	5,271	98%	65,585	84%	8.04%
2010	7,058	99%	67,168	87%	10.51%
2011	6,186	95%	67,399	85%	9.18%
2012	7,372	92%	63,939	88%	11.53%
2013	6,557	96%	65,133	83%	10.07%

The Department acknowledges IPL's fulfillment of the requirements of Minnesota Rules, part 7826.1700 and the standard contained in Minnesota Rules, part 7826.1200.

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

IPL reported that eight customers requested and were granted Emergency Medical Account Status in 2013.

The Department acknowledges IPL'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.

The following table summarizes IPL's deposit requirements in recent years.

Table 13: Customer Deposits Required

	Number of Customer Deposits Required
2004	263
2005	594
2006	402
2007	481
2008	302
2009	336
2010	454
2011	405
2012	434
2013	402

The Department acknowledges IPL'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.

IPL reported monthly information showing that a total of 280 customer complaints were received in 2013. The following table summarizes IPL's customer complaints in recent years.

Table 14: Customer Complaints

	Top Complaint	Second Complaint	% Resolved Upon Initial Inquiry	% Resolved 10+ Days	% Resolved Taking Cust. Action	Complaints Forwarded by the CAO
2009	Inaccurate Metering	Billing Errors	41%	12%	59%	10
2010	Property Damage	Payment Status	34%	6%	60%	4
2011	General	Property Damage	21%	10%	59%	4
2012	Property Damage	Payment Status	23%	7%	56%	3
2013	Property Damage	Tree Trimming	22%	12%	55%	2

The Department is concerned that property damage has been one of the top two customer complaints since 2010. However, the amounts paid annually for Property Damage Reimbursement, shown in Table 1 above, do not appear to indicate a systematic property damage issue. The Department requests that in Reply Comments IPL provide 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.

The Department acknowledges IPL's fulfillment of the requirements of Minnesota Rules, part 7826.2000.

E. COMPLIANCE WITH JANUARY 13, 2014 ORDER

1. *Include in its next filing 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.*

The executive summary of IPL's 2014 Annual Report described several processes, plans and programs used to analyze and address outages. IPL provided a list of reliability improvement projects completed by its Zone Reliability Teams (ZRTs), which mainly consisted of partial or complete line rebuilds.⁹ IPL stated that in 2014 the ZRTs will continue to meet and discuss the worst performing circuits identified for 2013 and monitor system performance. Discussion will surround root cause analysis and best course of action solution screening. IPL indicated that work is currently underway to complete the large capital projects that were identified and scoped last year including Life-Extension work.¹⁰

The Department appreciates this information and the effort put forth by IPL to improve its system.

2. *Include in its next filing a summary table that allows the reader to more easily assess the overall reliability of the system and to identify the main factors that affect reliability.*

IPL's 2014 Annual Report contains an executive summary that includes narrative as well as graphs and tables that incorporate general and specific information regarding the reliability of IPL's system. In addition, IPL provided a table identifying reliability projects planned for 2014 that should minimize future outages on these circuits.¹¹

3. *Include in its next filing a report on IPL's review of the Life Extension guidelines with Field Engineering and construction crews; the review should ensure wildlife protection is installed on all projects and lightning protection is installed as designed by the engineer.*

Regarding this Order Point, IPL stated,¹²

As in 2012, IPL reviewed design and construction policies, practices and procedures with IPL's Field Engineering staff. In addition, IPL now has a one hour classroom instructional program to train all new Field Engineering staff on the Life Extension policies, practices and procedures. This instruction is required to be completed within their first year of employment.

⁹ 2014 Annual Report, pages 14-17.

¹⁰ 2014 Annual Report, page 18.

¹¹ 2014 Annual Report, pages 30-31.

¹² 2014 Annual Report, page 32.

4. *Include in its next filing the reports required under Minn. R. 7826.0500, subp. 1G and the performance data for its worst-performing circuits, as required under Minn. R. 7826.0500, subp. 1H.*

IPL provided this information in its report, and is discussed in Section II.B.6. above.

F. SMART GRID REPORT

IPL has not implemented any Smart Grid projects in Minnesota, nor does the Company have any near-term Smart Grid initiatives planned. IPL stated that potential AMI deployment for IPL has been put on indefinite hold. The Company also stated that it is heavily focused on replacement of its legacy Customer Information Systems (CIS) as part of the multi-year project to replace both the IPL and WPL CIS systems with one combined Oracle Customer Care and Billing system (CC&B). Full deployment of the CC&B system is a major prerequisite for IPL to be able to fully support goals of future Smart Grid investments and deployments, especially related to AMI smart metering.

IPL provided a lengthy discussion of Smart Grid projects in both Wisconsin and Iowa, but has yet to pilot or implement anything in Minnesota. One project, a web-based interface called PeakMap™ used by large electric retail and wholesale customers with advanced metering, does serve a few customers in Minnesota. PeakMap provides enhanced monthly data reports for analyzing customers' 15-minute interval load data. It uses an Internet browser-based design to deliver load profile information directly to those in the customers' organization who can use it to streamline operations. This technology is not available to all IPL customers, so as part of IPL's Oracle Customer Care and Billing project, the Company is implementing the Oracle Utilities Customer Self-Service functionality that will support providing all customer classes with access to their energy usage data via a customer portal. With that new capability, IPL expects to retire the PeakMap system.

G. PENDING DOCKETS FOR THE SALE OF IPL ASSETS

The Department notes that IPL has two pending dockets regarding the sale of its assets in Minnesota. The first docket requests the Commission's approval regarding the sale of IPL's Minnesota gas distribution system and assets, and transfer of service rights and obligations in Minnesota to Minnesota Energy Resources Corporation (MERC).¹³ The second docket requests approval of the sale of IPL's Minnesota electric distribution system and assets, and transfer of service rights and obligations in Minnesota, to Southern Minnesota Energy Cooperative (SMEC), an association of twelve electric cooperatives created for the purposes of purchasing and operating IPL's Minnesota electric operations.¹⁴

Should both of these purchase agreements be approved by the Commission, IPL's electric, and natural gas, operations in Minnesota would cease in the near future. The Department requests that in Reply Comments, the Company provide a discussion regarding the currently-

¹³ Docket No. G001,G011/PA-14-107.

¹⁴ Docket No. E115,E140,E105,E139,E124,E145,E001,E132,E114,E6521,E142,E135/PA-14-322.

anticipated timeline of each of these purchase agreements, when IPL anticipates it would no longer serve Minnesota retail electric and gas customers, and for what time period the Company anticipates it would file its final electric service quality report.

III. RECOMMENDATIONS

The Department recommends that the Commission accept IPL's filing in fulfillment of the requirements of Minnesota Rules, Chapter 7826 and the Commission's January 13, 2014 Order, pending the submission of additional information.

The Department requests that IPL provide in reply comments:

- 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 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 the Company anticipates it would file its final electric service quality report.

The Department also recommends that the Commission set the reliability goals at the same level for 2014 as were approved by the Commission for 2008 through 2013 as follows:

Work Center	SAIDI	SAIFI	CAIDI
Winnebago	59.81	0.90	66.17
Albert Lea	80.30	1.02	78.44

/ja

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. E001/M-14-282

Dated this 30th day of June 2014

/s/Sharon Ferguson

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