

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 Otter Tail  
Power Company's 2011 Annual Safety,  
Reliability, Service Quality Report and  
Proposed Annual Reliability Standards

ISSUE DATE: December 20, 2012

DOCKET NO. E-017/M-12-325

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

**PROCEDURAL HISTORY**

On January 12, 2012, the Commission established Otter Tail Power Company's (the Company's) 2011 reliability standards in Docket No. E-017/M-11-291.

On April 2, 2012, the Company filed its 2011 safety, reliability, and service quality reports as required by Minnesota Rules Chapter 7826, and proposed 2012 reliability standards.

On July 11, 2012, the Minnesota Department of Commerce Division of Energy Resources (the Department) filed comments recommending that the Commission accept the reports, and set the Company's 2012 standards as proposed by the Company. The Department's recommendation was contingent on the Company providing additional information on staffing and meters in reply comments.

On August 6, 2012, the Company responded to the Department's request by filing additional information in reply comments.

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.<sup>1</sup> The Commission, in turn, annually sets reliability

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

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.<sup>2</sup> 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 Commission concurs with the Company and the Department that the Company’s filing meets the requirements of Minnesota Rules Chapter 7826, with the exception of Rule 7826.0500, subpt. 1(E). The Commission will therefore approve the filing, contingent on the company filing an action plan as required by Minnesota Rules 7826.0500, subpt. 1(E).

The Commission concludes that for 2012 the Company’s most recent five-year average performance best achieves the goal of providing an incentive to the Company to maintain or improve on its past performance. The Commission will therefore establish 2012 reliability standards as proposed by the Company and the Department, based on an average of the most recent five years of the Company’s actual reliability performance.

The Commission will also require that the Company’s annual safety, reliability, and service quality filings include additional information as detailed in the ordering paragraphs below.

**ORDER**

1. Within 45 days of the date of this Order, Otter Tail Power Company shall file a full action plan as required by Minnesota Rules 7826.0500, subpt. 1(E).
2. Provided the Company satisfies paragraph 1, above, Otter Tail Power Company’s April 2, 2012 safety, reliability, and service quality reports comply with Minn. R. Ch. 7826 and relevant Commission orders, and are therefore approved.
3. Otter Tail Power Company’s 2012 reliability standards are

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<b>Work Station</b>	<b>SAIDI</b>	<b>SAIFI</b>	<b>CAIDI</b>
Bemidji	58.74	1.16	50.64
Crookston	48.58	0.93	52.24
Fergus Falls	69.16	1.17	59.11
Milbank	59.24	1.57	37.73
Morris	55.71	1.12	49.74
Wahpeton	57.00	1.15	49.57

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<sup>2</sup> Minn. R. 7826.0600, subpt. 2.

4. The Company shall include the following 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 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 comparison of the results of using the IEEE 2.5 beta method and its former method of storm normalization.
  - d. a report on the major causes of outages for major event days.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary



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