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July 8, 2013

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
Docket No. E016/M-13-379

Dear Dr. Haar:

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

Northwestern Wisconsin Electric Company's Minnesota Electric Distribution Reliability Report Pursuant to Minnesota Rules, Chapter 7826.

The petition was filed on May 7, 2013 by:

Mark F. Dahlberg, Executive Vice President
Northwestern Wisconsin Electric Company
104 South Pine Street
PO Box 9
Grantsburg, Wisconsin 54840-0009

The Department recommends that the Commission accept Northwestern Wisconsin Electric Company's filing and set appropriate reliability goals for 2013, and is available to answer any questions the Commission may have.

Sincerely,

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

AB/sm
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET NO. E016/M-13-379

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 electric distribution utilities 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).

On March 4, 2011, the Commission issued its “Notice Clarifying Information Sought in Smart Grid Reports” in Docket No. E999/CI-08-948 (08-948 Docket). The Commission requested that rate regulated utilities file their smart grid reports in both their annual Safety, Reliability, and Service Quality Report and in the 08-948 Docket. Northwestern Wisconsin Electric Company (NWECC) has not filed a Smart Grid Report since its March 8, 2011 letter indicating that the Company does not have any Smart Grid applications or equipment in Minnesota.

II. SUMMARY OF REPORT AND DEPARTMENT ANALYSIS

The Department reviewed NWECC’s 2013 annual safety, reliability and service quality report (2013 Annual Report) to assess compliance with Minnesota Rules, Chapter 7826 and the December 20, 2012 Commission Order. The Department used information from past annual reports to facilitate the identification of issues and trends regarding NWECC’s performance.

A. *ANNUAL SAFETY REPORT*

NWEC stated that there were no reports filed with the United States Occupational Safety and Health Administration or the Occupational Safety and Health Division of the Minnesota Department of Labor and Industry during 2012. The Company reported that there were no injuries in Minnesota requiring medical attention or property damage resulting in compensation occurring as a result of downed wires or other electrical system failures in 2012. The Department acknowledges NWEC'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*

In its Order dated December 20, 2012,¹ the Commission set NWEC's reliability goals as follows:²

SAIDI (average number of minutes a customer was without power) = 152.70

SAIFI (average number of times a customer was without power) = 1.30

CAIDI (average minutes per outage for customers that lose power) = 117.46

NWEC's reliability report shows that the Company met its SAIFI goal but missed its SAIDI and CAIDI goals in the current reporting year. The Company reports the following 2012 reliability performance:

SAIDI = 274.40

SAIFI = 1.24

CAIDI = 221.29

¹ Docket No. E016/M-12-377.

² 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.

The Department acknowledges NWEC's fulfillment of the reporting requirements of Minnesota Rules, part 7826.0500, subp. 1A through 1C. The following is a brief discussion of NWEC's historical reliability performance and proposed goals for 2013.

NWEC's historical reliability performance is as follows:

Table 1: NWEC's Historical Reliability Performance

	SAIDI	SAIFI	CAIDI
2003	64.22	0.49	131.29
2004	202.92	2.91	69.64
2005	621.09	4.57	136.05
2006	362.63	2.98	121.75
2007	52.79	1.05	50.15
2008	231.70	1.42	163.55
2009	148.80	1.76	84.53
2010	261.11	1.03	253.43
2011	69.09	0.63	110.32
2012	274.40	1.24	221.29

Table 2: NWEC Minnesota Outage Detail

	# of Outages	Total Customers Affected	Total Customer Minutes	Duration of Longest Outage (Hours)	# of Customers Affected by Longest Outage	Average Duration of all Outages (Minutes)
2003	7	45	5,908	3.0	17	95
2004	13	271	18,872	3.0	10	96
2005	10	420	57,140	5.5	75	128
2006	10	277	33,725	9.0	17	124
2007	5	100	5,015	3.0	3	94
2008	8	136	22,243	6.5	17	139
2009	11	169	14,285	2.0	80	70
2010	6	102	25,850	14.0	20	219
2011	5	62	6,840	4.0	1	139
2012	7	124	27,440	11.0	20	237

Due to the nature of NWEC's system in Minnesota (two distribution lines serving 100 customers), large variations in reliability performance measures occur depending largely on which line is affected most often.

NWEC did not propose any change to its reliability goals for 2013. Based on NWEC's 2012 performance, the Department concludes that it is reasonable to set 2013 goals based on a five-year (2008 through 2012) performance average. Therefore, the Department recommends that the Commission set NWEC's 2013 reliability goals as follows:

SAIDI = 197.02
SAIFI = 1.22
CAIDI = 162.13

These goals are higher (easier to achieve) than the 2012 goals set by the Commission, however the 2013 goals still represent an improvement over 2012 reliability performance.

2. *Storm-Normalization Method*

NWEC reported that it did not apply a storm-normalization method to its outage data, as there were no major storms that affected the Company's Minnesota service area in 2012.

3. *Action Plan to Improve Reliability*

As noted above, NWEC met its SAIFI goal but missed its SAIDI and CAIDI reliability goals for 2012. Given the high level of variability in NWEC's reliability statistics, due in large part to the nature and size of the Company's Minnesota service area, identifying performance trends is very difficult. Therefore, the Department also relies on the outage causes provided by NWEC in its annual reports as an indication of a possible trend or pattern. In its 2013 Annual Report, the Company indicated that the cause for each of the 7 outages in 2012 was unknown. That said, NWEC has been relatively successful in meeting its performance goals in recent history (NWEC met 77.8% of its goals since 2007), and goals have been trending downward (or becoming harder to achieve). An action plan may not be necessary at this time, but the Department will continue to closely monitor NWEC's performance for signs of declining performance.

4. *Bulk Power Supply Interruptions*

NWEC stated that there were no bulk power supply interruptions that affected its Minnesota customers in 2012.

5. *Major Service Interruptions*

NWEC stated that it did not file any reports pursuant to Minnesota Rules, part 7826.0700 in 2012.

6. *Worst-Performing Circuit*

As previously noted, NWEC has only two distribution lines in Minnesota. The Company provides the 2012 SAIDI, SAIFI and CAIDI indices for both circuits.

7. *Compliance with ANSI Voltage Standards*

NWEC stated that there were no instances in which nominal electric service voltages on the Company's side of the meter failed to meet ANSI Standards.

8. *Work Center Staffing Levels*

NWEC reported the following staffing levels for 2012:

Danbury, Wisconsin	1 Foreman and 2 Linemen
Frederic, Wisconsin	2 Foremen and 5 Linemen
Grantsburg, Wisconsin	3 Foremen and 6 Linemen

These levels are similar to those reported in the past.

C. *ANNUAL SERVICE QUALITY REPORT*

Minnesota Rules, part 7826.1300 requires each utility to file information regarding meter-reading performance, involuntary disconnections of service, service extension request response times, call center response time, emergency medical account status applications, customer deposits, and customer complaints. The Department acknowledges that NWEC has minimally fulfilled the requirements of Minnesota rules, part 7826.1300, as varied by the Commission.

1. *Meter-Reading Performance*

NWEC reported that 80 percent of its Minnesota meters are read by utility personnel (those meters served by the line from Tower Road to Arna Township) and 20 percent are read by the customer. One meter reader is assigned NWEC's Arna Township's meters. Through previous telephone contact, NWEC clarified that all of the Company-read meters are read monthly. Customers with self-read meters are sent cards on which they record their usage and mail back to NWEC. A Company employee reads the customer-read meters once every six months.

2. *Involuntary Disconnections*

NWEC reported that 34 customers received disconnection notices in 2012; no customers were disconnected involuntarily. The Company stated that no customer sought Cold Weather Rule protection in 2012.

3. *Service Extension Requests*

NWEC reported that three customers requested service to a location not previously served. Service was installed for these customers 6 to 19 days after the location was ready. NWEC reported that no customers requested service at an existing location.

4. Call Center Response Time

NWEC does not have the capability to measure telephone response time on calls made to its business office. The Company uses a call answering service for calls made after business hours. Therefore, NWEC's Minnesota customers are always able to reach a "live" person when trying to contact the Company. NWEC reported that it has not received any complaints from customers regarding its call answering service.

NWEC was granted a permanent variance (Docket No. E016/M-04-510) from Minnesota Rules, part 7826.1700 to eliminate the need for the Company to establish a mechanism to measure telephone response times.

5. Emergency Medical Accounts

NWEC reported that one Minnesota customer is on Emergency Medical Account Status.

6. Customer Deposits

NWEC reported that no customer was required to make a deposit as a condition of receiving service in 2012.

7. Customer Complaints

NWEC reported that no customer complaints were received in 2012.

III. RECOMMENDATIONS

The Department recommends that the Commission accept NWEC's filing in fulfillment of the requirements of Minnesota Rules, Chapter 7826 and the Commission's December 20, 2012 Order.

The Department also recommends that the Commission set the Company's 2013 reliability goals based on a five-year performance average as follows:

SAIDI = 197.02
SAIFI = 1.22
CAIDI = 162.13

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. E016/M-13-379

Dated this **8th** day of **July, 2013**

/s/Sharon Ferguson

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