

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 Minnesota Power's 2012  
Annual Safety, Reliability, and Service Quality  
Report, and Proposed Annual Reliability  
Standards for 2013

ISSUE DATE: January 13, 2014

DOCKET NO. E-015/M-13-254

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

**PROCEDURAL HISTORY**

On December 20, 2012, the Commission issued an order accepting Minnesota Power's (the Company) annual report on safety, reliability, and service quality under Minnesota Rules Chapter 7826.<sup>1</sup> The order also accepted the reliability standards the Company proposed for the coming year<sup>2</sup> and set additional reporting requirements.<sup>3</sup>

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

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 also stated that it would continue to monitor reliability throughout the year and throughout the Company's service area.

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

---

<sup>1</sup> Minn. R. 7826.0400, 7826.1300, and 7826.0500.

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

<sup>3</sup> *In the Matter of the Annual Review of Minnesota Power's 2011 Annual Safety, Reliability, Service Quality Report and Proposed Annual Reliability Standards*, Docket No. E-015/M-12-308, Order 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.”<sup>4</sup>

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.

Minnesota Power centralizes maintenance and repair of its distribution system in a single office and treats its entire service area as a single work center.

### **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). 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. The Commission will also require the Company to

---

<sup>4</sup> Minn. Stat. § 216B.029, subd. 1 (c).

continue using the format improvements required in previous orders (detailed below), and to provide all items required by rule.

**ORDER**

1. The Commission accepts Minnesota Power’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:

	<b>SAIDI</b>	<b>SAIFI</b>	<b>CAIDI</b>
2013 Standard	90.60	0.99	91.52

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. 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 (e.g., large print or audio) by calling 651.296.0406 (voice). Persons with hearing loss or speech disabilities may call us through their preferred Telecommunications Relay Service.