

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger  
David Boyd  
Nancy Lange  
Dan Lipschultz  
Betsy Wergin

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

Lori Hoyum  
Policy Manager  
Minnesota Power  
30 West Superior Street  
Duluth, MN 55802-2093

SERVICE DATE: December 12, 2014

DOCKET NO. E-015/M-14-281

In the Matter of Minnesota Power Company's (MP's) 2013 Annual Safety, Reliability, and Service Quality Report and Proposed Annual Reliability Standards for 2014

The above entitled matter has been considered by the Commission and the following disposition made:

1. **Accepted MP's April 1, 2014 safety, reliability, and service quality report as complying with Minn. Rules, Chapter 7826 and relevant Commission orders.**
2. **Accepted MP's proposed 2014 reliability standards at the levels indicated below:**

	<b>SAIDI</b>	<b>SAIFI</b>	<b>CAIDI</b>
<b>2014 Standard</b>	<b>97.50</b>	<b>1.02</b>	<b>95.59</b>

3. **Required MP to augment its next 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 pro-active management of the system as a whole, increased reliability, and active contingency planning.**
4. **Required MP to incorporate into its next 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.**

The Commission agrees with and adopts the recommendations of the Department of Commerce, which are attached and hereby incorporated into the Order. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION



Burl W. Haar  
Executive Secretary



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June 30, 2014

Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. E015/M-14-281

Dear Dr. Haar:

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

Minnesota Power's 2014 Safety, Reliability and Service Quality Standards Report.

The report was filed on April 1, 2014 by:

Lori Hoyum  
Policy Manager  
Minnesota Power  
30 West Superior Street  
Duluth, Minnesota 55802-2093

The Department recommends that the Commission **accept Minnesota Power's filing and set appropriate reliability goals for 2014**. The Department is available to answer any questions that the Commission may have on this matter.

Sincerely,

/s/ MICHAEL N. ZAJICEK  
Rates Analyst

MNZ/ja  
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE  
MINNESOTA DEPARTMENT OF COMMERCE  
DIVISION OF ENERGY RESOURCES

DOCKET No. E015/M-14-281

**I. INTRODUCTION**

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. E015/M-13-254 directed Minnesota Power (MP or the Company) to:

- a. . . . 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 demonstrating proactive management of the system as a whole, increased reliability, and active contingency planning.
- b. . . . incorporate into its next 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.

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

The 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 2012 smart grid reports; therefore, the Department will include a summary of MP's smart grid report as filed in its 2014 Annual Report.

## **II. SUMMARY OF REPORT AND DEPARTMENT ANALYSIS**

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

### **A. ANNUAL SAFETY REPORT**

The Annual Safety Report consists of two parts:

1. 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

2. 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.

The following tables are a compilation of MP's summaries of the reports the Company filed with OSHA and OSHD for the previous 10 years.

**Table 1: Number of Cases**

	<b>Number of Deaths</b>	<b>Number of Cases with Days Away from Work</b>	<b>Number of Cases with Job Transfer or Restriction</b>	<b>Other Recordable Cases</b>
2004	0	14	10	33
2005	0	16	11	37
2006	0	17	3	22
2007	0	14	5	19
2008	0	16	6	14
2009	0	5	8	17
2010	1	6	8	19
2011	0	3	10	14
2012	0	4	10	8
2013	0	4	3	17

According to press reports, the fatality in 2010 was due to electrocution. The OSHA investigation found no hazards at the location that may have contributed to the death. No citations were issued to MP in the matter.

**Table 2: Number of Days**

	<b>Days of Job Transfer or Restriction</b>	<b>Days Away from Work</b>
2004	348	489
2005	340	768
2006	500	412
2007	758	122
2008	778	374
2009	215	56
2010	641	139
2011	353	43
2012	598	105
2013	218	29

**Table 3: Injury & Illness Types**

	Injuries	Skin Disorders	Respiratory Conditions	Poisonings	All Other Illnesses
2004	51	0	0	0	6
2005	57	0	0	0	7
2006	37	0	0	0	5
2007	37	0	0	0	1
2008	31	2	1	0	2
2009	27	3	0	0	0
2010	32	1	1	0	0
2011	26	1	0	0	0
2012	22	0	0	0	0
2013	23	1	0	0	0

MP stated that there were no incidents in 2013 in which injuries requiring medical attention occurred as a result of downed wires or other electrical system failures.

The following table summarizes MP's current and past reporting on incidents in which property damage resulting in compensation occurred as a result of downed wires or other electrical system failures.

**Table 4: Property Damage Claims**

	Number of Claims	Amount Paid
2004	49	\$45,864.04
2005	32	\$36,382.12
2006	33	\$64,018.18
2007	30	\$29,824.88
2008	45	\$45,526.73
2009	35	\$46,626.53
2010	22	\$50,634.22
2011	28	\$26,883.41
2012	17	\$12,796.63
2013	35	\$71,796.27

The Department notes that, prior to 2007, voltage fluctuations accounted for at least half of the dollar amounts that MP paid to its customers in damage claims. In recent years, damage due to work procedures and damage due to equipment failure have replaced voltage fluctuation as the categories resulting in the highest levels of damage reimbursement. In 2013 damage claims increased for both work procedures and equipment failures, but Vehicle Damage represented the largest portion of damage claims, amounting to \$28,485.17. The Department requests that MP file in reply comments an explanation for the large increase in damages during 2013, primarily addressing the vehicle damage claims.

The Department acknowledges MP's fulfillment 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 interruption,
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*

MP considers its entire service area as a single work center. In Docket No. E015/M-13-254, the Commission set the Company's reliability goals for 2013 as follows:<sup>1</sup>

SAIDI (average number of minutes a customer was without power) = 90.6  
SAIFI (average number of times a customer was without power) = 0.99  
CAIDI (average minutes per outage for customers who lose power) = 91.52

MP reported the following reliability performance for 2013:

SAIDI = 120.43  
SAIFI = 1.14  
CAIDI = 105.64

The Department acknowledges MP's fulfillment of the requirements of Minnesota Rules, part 7826.0500, subp. 1A, B, and C. The Department notes that MP failed to meet the goals for SAIDI, SAIFI, and CAIDI for 2013. Further discussion of MP's 2013 reliability performance is provided in section II.B.3 below.

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<sup>1</sup> 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 also notes that the three indices are related: CAIDI \* SAIFI = SAIDI.

## 2. *Storm-Normalization Method*

MP stated that the IEEE 2.5 beta method was used to exclude major events from calculations of reliability indices in 2013. The Company noted that using this method one major event was excluded from the data used to calculate SAIDI, SAIFI, and CAIDI in 2013.

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

## 3. *Action Plan to Improve Reliability*

MP failed to meet its SAIDI, SAIFI, and CAIDI goals for 2013. MP stated that many of the Company's outages were due to weather events; specifically wind blew trees down and into power lines. Only one weather event qualified for exclusion from the reliability metric calculations in 2013. The Company noted that its 2013 reliability performance is not evidence of a deficit in vegetation management because the events were caused by very large trees well outside of vegetation management clearances. MP also noted that the Company saw an approximately 20 percent turnover of line personal during 2013, which created training challenges to keep up with the turnover rate.

The Department reviewed MP's explanation for the failure to achieve its 2013 goals in light of the Company's past performance levels. As shown in Table 5 below, MP has generally been successful in meeting its reliability goals in the past. Therefore, the Department concludes that the Company's explanation appears reasonable and that no specific action plan to improve reliability is necessary at this time. The Department will continue to carefully assess MP's future Safety, Reliability and Service Quality Standards Reports to ensure that this is not the beginning of a downward trend in performance.



**Table 5: MP's Goals vs Performance<sup>2</sup>**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Goal SAIDI</b>	137.54	136.28	143.33	122.70	114.12	119.31	106.57	103.23	97.69	90.60
<b>Goal SAIFI</b>	1.09	1.14	1.19	1.20	1.14	1.22	1.06	1.06	1.02	0.99
<b>Goal CAIDI</b>	125.72	119.58	120.45	102.25	100.10	97.79	100.54	97.39	95.40	91.52
<b>Actual SAIDI</b>	119.58	113.22	118.30	125.18	85.95	90.21	96.51	90.59	89.75	120.43
<b>Actual SAIFI</b>	1.33	1.11	1.13	1.09	0.98	1.02	1.11	0.92	0.94	1.14
<b>Actual CAIDI</b>	90.02	101.81	105.05	115.32	87.81	88.61	86.70	98.47	95.48	105.64

*4. Bulk Power Supply Interruptions*

MP reported that there were four events resulting in an interruption of a bulk power supply facility in 2013. MP's descriptions of the outages include the corrective actions taken to minimize outages and restore service.

*5. Major Service Interruptions*

MP stated that there were 24 reports filed under Minnesota Rules, part 7826.0700 in 2013. The Company provided copies of the reports and a summary table. The longest outage lasted 540 minutes (9 hours) due to damage to a transformer at a substation.

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

*6. Worst Performing Circuit*

Rather than identifying just one circuit, MP identified its four worst performing feeders – two urban and two rural. For each feeder, the Company detailed the causes of the poor performance and the actions planned or completed to improve the performance of these circuits. The Department uses historical data to identify potential areas of concerns regarding any feeders that appear multiple times as a worst performing feeder. After

<sup>2</sup> Shading indicates unmet goals.

reviewing ten years of historical data, the Department concludes that there is no concern with any specific feeder at this time.

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

#### *7. Compliance with ANSI Voltage Standards*

MP reported two instances in 2013 in which nominal electric service voltages did not meet the standards of ANSI voltage range B. This number is fairly consistent with the number of instances each year since 2003.

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

#### *8. Work Center Staffing Levels*

MP reported that there were 105 full-time equivalent field employee positions responsible for responding to trouble and for the operation and maintenance of distribution lines in 2013. The number of employee positions reported by MP in the past has ranged from 105 to 108.

The Department acknowledges MP's fulfillment of the requirements of Minnesota Rules, part 7825.0500, subp. 1J.

#### *9. Other Information*

MP noted that it had no additional information to report at this time.

### *C. PROPOSED RELIABILITY STANDARDS FOR 2014*

MP proposed the following reliability goals for 2014:

SAIDI = 97.5  
SAIFI = 1.02  
CAIDI = 95.59

These goals reflect an average of MP's previous five years of actual performance. The Department notes that these proposed goals reflect a slightly lower level of reliability when compared with previous goals due to the failure by the Company to meet its 2013 goals; however, MP's performance trends do not suggest a need to depart from the Commission's past practice of setting goals based on 5-year averages. Therefore, the Department recommends that the Commission approve MP's proposed 2014 goals.

*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 by customer class:

- 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;
- D. data on monthly meter reading staffing levels, by work center or geographical area.

MP reported that, on an annual average, approximately 90.78 percent of its meters are read monthly, almost all of which are read by the Company. Minnesota Rules, part 7826.0900, subp. 1 requires that at least 90 percent of all meters are read monthly from April through November and that at least 80 percent of all meters are read monthly from December through March. MP's information reflects that this standard has been met. MP reported maintaining an average of 9.5 full-time equivalent monthly meter reading staff in 2013.

The following table summarizes the number of service points not read in one year or more according to MP's past ten annual reports.

**Table 6: Meters Not Read**

	Company Read		Customer Read	
	12 months	+12 months	12 months	+12 months
2004	7	16	6	12
2005	3	40	6	36
2006	17	5	10	2
2007	2	33	0	2
2008	1	8	0	0
2009	1	32	0	1
2010	0	0	0	1
2011	0	3	1	3
2012	7	3	1	3
2013	2	14	0	1

In 2013, MP was relatively successful in ensuring that each meter was read at least once.

The Department acknowledges MP's fulfillment of the requirements of Minnesota Rules, part 7826.1400 and the Company's achievement of the standard set in Minnesota Rules, part 7826.0900, subp. 1.

*2. Involuntary Disconnections*

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

- A. the number of customers who received disconnection notices;
- B. the number of customers who sought cold weather rule (CWR) protection under Chapter 7820 and the number of customers 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 residential customer disconnection statistics reported by MP in its annual reports.

**Table 7: Residential Customer Involuntary Disconnection Information**

	Received Disconnect Notice	Sought CWR Protection	% Granted	Disconnected Involuntarily	Restored within 24 Hours	Restored by Entering Payment Plan
2004	23,430	355	99%	2,042	976	41
2005	24,181	461	85%	2,279	1,288	64
2006	25,745	703	81%	2,315	1,219	83
2007	29,223	920	94%	3,038	1,501	171
2008	33,889	1,746	100%	3,293	1,774	204
2009	33,129	1,429	100%	3,229	1,723	311
2010	35,526	1,698	100%	2,853	1,481	297
2011	37,647	3,465	99%	3,009	1,804	331
2012	37,837	3,227	99.8%	3,518	1,828	569
2013	40,451	2,617	99.8%	3,171	1,122	576

MP also reported information on commercial and industrial involuntary disconnections. The Department acknowledges MP'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 customer class and 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, MP reported that 794 customers requested service to a location not previously served. Approximately 77 percent of these requests were connected by the date requested. For those that were not, the most common reason was "customer site not ready" followed by "bad date info" and "workload."<sup>3</sup>

<sup>3</sup> MP measures service extension request response times as the interval between the date service was installed and the requested service date even in cases where the requested service date cannot be met due to a delay caused by the customer.

For locations that previously had service, MP reported that 2,009 residential, 284 commercial and 12 industrial customers requested service in 2013. Approximately 91 percent of these requests were connected by the date requested. The Department looks for any significant increases in overall response times and inquires as needed. At this time, responses times for 2013 appear to be relatively consistent with 2012.

The Department acknowledges that MP provided the information required by 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. Minnesota Rules, part 7826.1200 requires utilities to answer 80 percent of calls made to the business office during regular business hours and 80 percent of all outage calls within 20 seconds.

MP reported that 178,396 calls were made during business hours (7:00 a.m. to 5:30 p.m.) to the Company's Interactive Voice Response (IVR) unit.<sup>4</sup> The Company reported that, on an annual average, 85 percent of all calls received during business hours were answered within 20 seconds.

MP reported that 12,165 calls were received after business hours. MP's report does not distinguish between calls to the business office and calls regarding service interruptions because, although the Company can determine the number of calls by call category (e.g. service interruption), MP is unable to track response times to individual call categories. Combining all calls, made before and after business hours, shows that an annual average of 83 percent of all calls made to MP in 2013 were answered within 20 seconds. The Department concludes that MP complied with the call response time standard set forth in Minnesota Rules, part 7826.1200 in 2013.

The Department acknowledges that MP has fulfilled the requirements of Minnesota Rules, part 7826.1700.

#### 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 whose applications were granted, and the number whose applications were denied, including the reasons for each denial.

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<sup>4</sup> All calls to Minnesota Power are routed through its IVR unit.

MP reported that in 2013, 98 customers requested emergency medical account status. All requests were granted.

The Department acknowledges MP'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.

MP reported monthly information showing that 326 residential customers and 11 commercial customers were required to make a deposit as a condition of receiving service in 2013. This represents an increase over the previous year, which had previously been the highest total since 2002. The number of deposits required by MP over the past 5 years is shown in Table 8 below.

**Table 8: MP's Required Deposits**

Year	Residential	Commercial	Total
2004	114	0	114
2005	153	1	154
2006	153	1	154
2007	5	0	5
2008	74	1	75
2009	161	21	182
2010	190	24	214
2011	222	10	232
2012	315	1	316
2013	326	11	337

The Department invites MP to provide information in reply comments that may give the Commission some insight into the information in Table 8 above.

The Department acknowledges MP'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.

MP reported monthly information showing that a total of 663 residential and 63 commercial customer complaints were received in 2013. The most frequent category of complaint was “high bill complaint.” MP reported that 88.2 percent of the residential complaints were resolved upon initial inquiry. The Company also reported that 49.17 percent of resolved complaints were done so by explaining that the situation complained of was not reasonably within the control of Minnesota Power. Table 9 below shows the historical number of complaints received by the Company for the last 10 years.

**Table 9: Summary Complaint Totals**

<b>Year</b>	<b>Commercial</b>	<b>Residential</b>	<b>Industrial</b>	<b>Total</b>
<b>2004</b>	118	1932	2050	4100
<b>2005</b>	71	1174	0	1245
<b>2006</b>	96	1619	0	1715
<b>2007</b>	118	1257	0	1375
<b>2008</b>	96	1582	0	1678
<b>2009</b>	137	1534	0	1671
<b>2010</b>	141	1585	0	1726
<b>2011</b>	76	1178	0	1254
<b>2012</b>	81	780	0	861
<b>2013</b>	63	663	0	726

Table 10 shows the number of complaints forwarded to the Company by the Commission’s Consumer Affairs Office over the past several years.



**Table 10: Complaints Forwarded by the CAO**

<b>Year</b>	<b># of Complaints</b>
2005	18
2006	10
2007	8
2008	10
2009	4
2010	15
2011	10
2012	9
2013	11

The Department acknowledges MP's fulfillment of the requirements of Minnesota rules, part 7826.2000.

**E. COMPLIANCE WITH JANUARY 13, 2014 ORDER**

1. *Include a description of the policies, procedures and actions implemented to assure reliability; demonstrate pro-active management of the system, increased reliability and active contingency planning.*

In its report, MP provided a narrative summarizing the Company's existing and planned efforts geared towards improving system reliability. MP summarized the planning process used to prioritize operating and maintenance expenditures, and the Company's vegetation management, pole line inspection programs, and a new improved crew mobilization system. MP also discussed improved customer and meter communication, as well as the North American Electric Reliability Corporation's (NERC) role in discovering, identifying, and providing information that is critical to ensuring the reliability of the bulk power system in North America.

2. *Incorporate a summary that allows the reader to more easily assess the overall reliability of the system and to identify main factors that affect reliability.*

MP provided several graphs showing various aspects of reliability and customer service performance. For example, MP included two pie charts depicting the percent each outage cause contributed to SAIDI and SAIFI. Also of particular interest are the several charts comparing expenditures with reliability performance over the past 5 years.

*F. SMART GRID REPORT*

MP provided a summary of its 2014 Smart Grid Report filed under Docket No. E999/CI-08-948.<sup>5</sup> The Company noted that it is continuing the process of implementing its Smart Grid Advanced Metering Infrastructure (AMI) Pilot Project, which is partially funded through the U.S. Department of Energy's (DOE) American Recovery and Reinvestment Act (ARRA). During 2013, MP installed approximately 10,000 additional AMI meters (for a total of 24,000 meters installed), which now make up approximately 18 percent of MP's overall meter population. Further, MP is participating in the MISO Synchrophasor Project. MP has installed four Phasor Measurement Units (PMUs) and two Phasor Data Concentrators (PDC), which are operational and providing high speed measurement information to MISO and critical locations throughout the transmission system. MP also summarized several other initiatives, relating to transmission investments, outage management, and voltage monitoring, that continued through 2013.

**III. CONCLUSION AND RECOMMENDATION**

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

Additionally, the Department recommends that the Commission set the Company's reliability standards for 2014 as proposed by the Company.

Finally, the Department requests that the Company provide in reply comments an explanation regarding the number of deposits required in recent years, and regarding the large increase in damages during 2013, primarily addressing vehicle damage claims.

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<sup>5</sup> This report was provided in its entirety as Attachment A in the 2013 Annual Report.