

September 8, 2014

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

RE: **Response Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E001/M-14-282

Dear Dr. Haar:

This letter serves as the response comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) 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.

On April 1, 2014, Interstate Power and Light (IPL or the Company) filed its petition (2014 Annual Report) to comply with Minnesota Rules Chapter 7826 and the Minnesota Public Utilities Commission's (Commission) January 13, 2014 Order in Docket No. E001/M-13-249.

On June 30, 2014, the Department submitted its comments which recommended that the Commission accept IPL's filing and set appropriate reliability goals for 2014, pending the submission of additional information.

IPL submitted its Reply Comments on July 21, 2014. The Company provided the information requested by the Department regarding property damage complaints, barriers to improving reliability and how the pending asset sales have impacted spending priorities, and the currently-anticipated timeline of the electric and gas asset purchase agreements.

The Department appreciates the additional information provided by IPL in response to our concern regarding property damage claims in recent years and concludes that the Company provided a reasonable discussion.

Regarding the barriers to improving reliability, IPL stated that the largest single barrier that IPL faces in achieving the Commission's reliability goals is weather. IPL also stated that it accelerated its 2014 capital spending as a result of the pending sale of its Minnesota electric distribution assets to Southern Minnesota Energy Cooperative (SMEC).

IPL's discussion regarding weather as a barrier was not particularly extensive, and is generally consistent with information the Company has reported in the past when explaining why it did not achieve its annual reliability goals. From a reliability standpoint, it is encouraging to see that capital spending increased in 2014 in anticipation of the sale of distribution assets to SMEC.¹ The Department does not have a further recommendation regarding this information.

Finally, IPL stated that it remains optimistic that the sale of assets transactions will close by year-end 2014. Assuming the electric transaction closes on December 31, 2014, IPL would not propose to file an electric service quality report in 2015.

The Department recognizes that, if the sale of electric assets to SMEC is approved by the Commission and closes by December 31, 2014, beginning in 2015 IPL would no longer be a distribution utility subject to Minnesota Rules Chapter 7826. However, while the next Annual Safety, Reliability, and Service Quality Report is not due until April 1, 2015, the reporting period for that report is calendar year 2014, for which the reliability goals set in this docket apply. If the sale is approved and finalized by December 31, 2014, the Department recommends that, at a minimum, IPL file an informational report by April 1, 2015 containing 2014 safety, reliability, and service quality data, in order to ensure that the Commission is able to review the service provided to Minnesota ratepayers served by IPL during 2014.²

The Department is available to answer any questions that the Commission may have.

Sincerely,

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

AB/lt

¹ For more information on the sale of distribution assets to SMEC, please see Docket No. E115,E140,E105,E139,E124,E126,E145,E001,E132,E114,E6521,E142,E135/PA-14-322.

² This would include any information required under Minnesota Rules Chapter 7826, with the exception of 7826.0600, which involves setting goals for the next year.

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
Response Comments**

Docket No. E001/M-14-282

Dated this **8th** day of **September 2014**

/s/Sharon Ferguson

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