

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 Northwestern Wisconsin  
Electric Company's 2012 Annual Safety,  
Reliability, and Service Quality Report, and  
Proposed Annual Reliability Standards for 2013

ISSUE DATE: January 13, 2014

DOCKET NO. E-016/M-13-379

ORDER ACCEPTING REPORTS AND  
SETTING 2013 RELIABILITY  
STANDARDS

**PROCEDURAL HISTORY**

On December 20, 2012, the Commission issued an order accepting Northwestern Wisconsin Electric Company'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>

On May 7, 2013, the Company filed its safety, reliability, and service quality report for 2013, including proposed reliability standards for 2013. The Company proposed retaining the 2012 reliability standards for the coming year, recognizing its reliability performance had not met those standards during the reporting year.

On July 8, 2013, the Minnesota Department of Commerce (the Department) filed comments recommending accepting the annual report and adopting new reliability standards based on the Company's rolling average for the past five years for each reliability index (SAIDI, SAIFI, and CAIDI). The Department also stated that it would continue to monitor reliability throughout the year and throughout the Company's service area.

The Company did not oppose the Department's recommended reliability standards.

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

<sup>2</sup> *In the Matter of the Annual Review of Northwestern Wisconsin Electric Company's 2011 Annual Safety, Reliability, Service Quality Report and Proposed Annual Reliability Standards*, Docket No. E-016/M-12-377, Order Approving Reports and Setting 2012 Reliability Standards (December 20, 2012).

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

## **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>3</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.

The Company 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 it proposes for 2013—in which the Company acquiesces—are reasonable, appropriate, and should be adopted. The proposed standards are based on rolling averages for the past five years for each reliability

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<sup>3</sup> Minn. Stat. § 216B.029, subd. 1 (c).

index (SAIDI, SAIFI, and CAIDI); this is the methodology used to set reliability standards in the past and is clearly sound.

While the Company's below-average performance during the past year will affect reliability standards based on five-year averages, the Department pointed out that the Company's extremely small Minnesota presence (100 customers, two distribution lines) can skew reliability data in ways that complicate analysis and that the Company's reliability performance has been improving since annual reporting began. The Department therefore saw no need to change its existing approach to standard-setting, while reiterating its commitment to monitor reliability throughout the coming year. The Commission concurs.

**ORDER**

1. The Commission accepts Northwestern Wisconsin Electric Company's May 7, 2013 safety, reliability, and service quality report as complying with Minnesota Rules Chapter 7826 and relevant Commission orders.
2. The Commission hereby sets the Company's 2013 reliability standards, set forth below:

	<b>SAIDI</b>	<b>SAIFI</b>	<b>CAIDI</b>
2013 Standard	197.02	1.22	162.13

3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary



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