

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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In the Matter of Minnesota Power Company's
Annual Safety, Reliability and Service Quality
Standards Report and Proposed Standards

ISSUE DATE: November 3, 2004

DOCKET NO. E-015/M-04-509

In the Matter of Northwestern Wisconsin
Electric Company's 2004 Annual Safety,
Reliability and Service Quality Standards
Report and Proposed Standards

DOCKET NO. E-016/M-04-510

DOCKET NO. E-002/M-04-511

In the Matter of Northern States Power
Company d/b/a Xcel Energy's Annual Safety,
Reliability and Service Quality Standards
Report and Proposed Standards

DOCKET NO. E-001/M-04-514

DOCKET NO. E-017/M-04-516

DOCKET NO. E-111/M-04-520

In the Matter of Interstate Power and Light
Company's Annual Safety, Reliability and
Service Quality Standards Report and Proposed
Standards

ORDER ACCEPTING ANNUAL SAFETY,
RELIABILITY AND SERVICE QUALITY
REPORTS, APPROVING 2004 RELIABILITY
STANDARDS, GRANTING VARIANCES
AND CLARIFYING REQUIREMENTS

In the Matter of Otter Tail Power Company's
Annual Safety, Reliability and Service Quality
Standards Report and Proposed Standards

In the Matter of Dakota Electric Association's
Annual Safety, Reliability and Service Quality
Standards Report and Proposed Standards

PROCEDURAL HISTORY

On or about April 1, 2004 each rate regulated electric utility¹ filed its annual reliability, safety, and service quality report as required by Minnesota Rules.² In addition, Dakota Electric Association voluntarily filed this information.

The following companies filed March 31, 2004:

- Interstate Power and Light Company (Interstate)
- Dakota Electric Association (Dakota)

The following companies filed April 1, 2004:

- Minnesota Power (MP)
- Northwestern Wisconsin Electric Company (NWEC)³:
- Northern States Power Company d/b/a Xcel Energy (Xcel)
- Otter Tail Power Company (OTP)

MP submitted a corrected filing on April 5, 2004.

Xcel submitted a revised filing on April 9, 2004 and a supplemental filing on April 19, 2004.

OTP submitted a corrected filing on May 3, 2004 and a supplemental filing on June 1, 2004.

On July 2, 2004, the Department of Commerce (DOC) filed comments regarding the filings of MP, NWEC, Xcel, Interstate, OTP and Dakota.

On July 16, 2004, the DOC filed supplemental comments regarding OTP's filing.

Reply comments were filed by Interstate, Xcel and Dakota on July 12, 2004, and by OTP on July 30, 2004.

On August 20, 2004, Xcel filed modifications to its filing.

The matter came before the Commission on October 7, 2004.

¹ Cooperative and Municipal utilities are not required to file reliability or service quality data with the Commission under Minnesota Rules part 7826.0600, subp.1. Dakota Electric Association voluntarily filed under the rule.

² Minn. Rules, part 7826.0400, 7826.0500, subp.1, 7826.0600, subp. 1.

³ NWEC has 92 customers in Minnesota.

FINDINGS AND CONCLUSIONS

I. Background

The Company's filings that are addressed in this Order are the first complete filings required under Minnesota Rules Chapter 7826. Limited reporting was required for 2003, at which time utilities submitted only historical reliability data concerning outages and restoration. The historical data was used to establish reliability goals or standards for service provided in 2003. The 2003 service quality goals for MP, OTP, Dakota and Interstate were approved in the Commission's November 21, 2003, ORDER ACCEPTING SERVICE QUALITY PERFORMANCE REPORTS AND APPROVING SERVICE QUALITY GOALS FOR 2003.⁴ The 2003 service quality goals for Xcel were approved April 4, 2004.⁵

II. Applicable Rules

Minn. Rules Chapter 7826 became effective January 28, 2003. These rules were developed in order to allow the Commission to establish safety, reliability and service quality standards for electric distribution utilities. The rules require the utilities to file an annual safety report, an annual reliability report and an annual service quality report. A summary of some of the reporting and other requirements of the rule follows.

A. Reliability Performance Indices

The indices used in the Commission's reliability service performance rules and in this Order are:

System average interruption duration index or SAIDI: system average interruption duration index or "SAIDI" means the average customer-minutes of interruption per customer. It is determined by dividing the annual sum of customer-minutes of interruption by the average number of customers served during the year, using storm-normalized data. Minn. Rules part 7826.0200, subp.10.

⁴ *In the Matter of Minnesota Power Company's Reliability Standards Report and Proposed Annual Standards for 2003 Pursuant to Minnesota Rules, Chapter 7826, Dkt. No. E-015/M-03-533; In the Matter of Otter Tail Power Company's Reliability Standards Report and Proposed Annual Standards for 2003 Pursuant to Minnesota Rules, Chapter 7826, Dkt. No. E017/M-03-505; In the Matter of Dakota Electric Association's Reliability Standards Report and Proposed Annual Standards for 2003 Pursuant to Minnesota Rules, Chapter 7826, Dkt. No. E-111/M-03-489; In the Matter of Interstate Power Company's Reliability Standards Report and Proposed Annual Standards for 2003 Pursuant to Minnesota Rules, Chapter 7826, Dkt. No. E-001/M-03-532, In the Matter of Northern States Power Company d/b/a Xcel Energy's Reliability Standards Report and Proposed Annual Standards for 2003, Pursuant to Minnesota Rules. Chapter 7826, Dkt. No. E-002/M-03-520 (the Xcel Docket was held over due to the service quality investigation of the Company).*

⁵ *In the Matter of Xcel Energy Proposed Reliability Performance Standards for 2003, Dkt. No. E-002/M-03-520, ORDER ACCEPTING REVISED SERVICE QUALITY PERFORMANCE REPORT AND APPROVING REVISED SERVICE QUALITY GOALS FOR 2003 (April 8, 2004).*

System average interruption frequency index or SAIFI. System average interruption frequency index or “SAIFI” means the average number of interruptions per customer per year. It is determined by dividing the total annual number of customer interruptions by the average number of customers served during the year, using storm-normalized data. Minn. Rules part 7826.0200, subp.11.

Customer average interruption duration index or CAIDI. Customer average interruption duration index or “CAIDI” means the average customer-minutes of interruption per customer interruption. It approximates the average length of time required to complete service restoration. It is determined by dividing the annual sum of all customer-minutes of interruption durations by the annual number of customer interruptions, using storm-normalized data. Minn. Rules part 7826.0200, subp.4.

By definition, SAIDI divided by SAIFI equals CAIDI.

B. The Safety Report

The safety report must include a summary of all reports filed during the year with the United States Occupational Safety and Health Administration and the Occupational Safety and Health Division of the Minnesota Department of Labor and Industry. Further, the report must include “a description of all incidents during the 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.” Minn. Rules part 7826.0400 (A) and (B).

C. The Reliability Report

The reliability report must include for the calendar year, by work center and for its assigned service area as a whole, the utility’s SAIDI, SAIFI, and CAIDI as well as other data, including: an explanation of how the utility normalizes its reliability data to account for major storms, an action plan for remedying any failure to comply with a utility’s proposed reliability standards, a copy of any report required to be filed on any major service interruption, circuit interruption data, data on instances in which nominal electric service voltages on the utility’s side of the meter did not meet American National Standards Institute (ANSI) standards, and data on staffing levels. Minn. Rules part 7826.0500, subp.1(A-K).

D. Service Quality Report

This report must include information on meter-reading performance, involuntary disconnections of service, service extension request response times, call center response times, the number of customers requesting emergency medical account status, the number of customers who were required to make a deposit, and a detailed report on customer complaints. Minn. Rules parts 7826.1300 through 7826.2000.

E. Reliability Performance Standards

The rules require that each utility file proposed reliability performance standards annually in the form of proposed numerical values for the SAIDI, SAIFI, and CAIDI indices for each of its work centers. Minn. Rules part 7826.0600, subp.1. The Commission will annually set reliability performance standards for each utility using SAIDI, SAIFI, and CAIDI values. Minn. Rules part 7826.0600, subp.2.

F. Reporting Requirements for Major Service Interruptions

Minnesota Rules require utilities to provide contemporaneous information on major service interruptions.⁶ Specifically, Minn. Rules part 7826.0700, subp.1 requires that a utility promptly inform the Commission’s Consumer Affairs Office of any major service interruption but does not specify how the notice should be given.

Minn. Rules part 7826.0700, subp. 2, requires a utility to file a written report within 30 days of any major service interruption in which ten percent or more of its Minnesota customers were out of service for 24 hours or more.

Minn. Rules part 7826.0500, subp.1(G) requires that the utility include a copy of each report filed under part 7826.0700 in the annual reliability report.

III. Minnesota Power

A. Reliability Goals

MP proposed the same reliability performance goals for 2004 as it had proposed in 2003. The performance goals for 2003 and 2004 were developed by MP using a six year average with a five percent add-on to the SAIDI index.⁷ MP stated that it used this calculation because of a concern that the Company’s current tracking method, which MP began in 2002 and which emphasizes identifying the cause and restoration time of the outage, may result in increased reliability indices.

MP’s 2003 approved and actual performance standards and MP’s and the DOC’s 2004 proposed standards are set forth in the table below.

Index	2003 Approved	2003 Actual	2004 Proposed (MP)	2004 Proposed (DOC)
SAIDI	142.00	94.31	142.00	137.54
SAIFI	1.20	1.04	1.20	1.09
CAIDI	118.00	90.68	118.00	125.72

⁶ Minn. Rules part 7826.0200, subp.7 defines A “major service interruption” as “... an interruption of service at the feeder level or above and affecting 500 or more customers for one or more hours.”

⁷ The SAIFI goal was the six-year average. The additional five percent was added only to the SAIDI index. The CAIDI goal was calculated from the SAIDI and SAIFI goals.

The DOC recommended the continued use of the weighted five percent add-on while the data from the Company's old tracking method was being phased out. However, the DOC recommended that the weighted value be decreased as the old data was phased out. Once the data collected by the old method was phased out, a simple five year average would be used.

For the 2004 standards, the DOC recommended that the add-on be applied to the SAIDI index in the same manner as for the standard for 2003, the SAIFI goal would be the five-year rolling average and CAIDI would be a calculated value. The DOC's recommended standards based on this approach are set forth in the table above.

At hearing, the Company concurred in the DOC recommendations.

B. Commission Action

The Commission will accept MP's annual Safety, Reliability and Service Quality report and will set reliability standards as proposed by the DOC and accepted by the Company. The Commission finds these goals reasonable and appropriate and will approve them. The standards are as follows:

SAIDI: 137.54 minutes
 SAIFI: 1.09 events
 CAIDI: 125.72 minutes

IV. Northwestern Wisconsin Electric Company

A. Reliability Goals

NWEC's goals for 2003 were set at the Company's actual performance levels. NWEC proposed that its goal for 2004 be set at actual performance levels over the 12 month period ending March 31, 2004.

NWEC's 2003 approved, actual, and 2004 proposed reliability performance standards, and the DOC's 2004 proposed standards are set forth in the table below:

Index	2003 Approved & Actual	NWEC 2004 Proposed	DOC 2004 Proposed
SAIDI	64.217	91.935	64.22
SAIFI	0.489	0.859	0.49
CAIDI	131.289	107.063	131.29

The DOC indicated that NWEC's goals actually reflect a 15-month average, not a 12-month average as indicated. In calculating its goals, the Company used its calendar year 2003 outage history and then added the two outages that occurred in 2004. Including the two outages in the goal calculation had a significant effect on NWEC's indices because the Company's customer base in Minnesota is so small. The DOC argued that if NWEC's goals were adopted it would allow the Company's performance to decline over time. The DOC recommended that NWEC's goals for 2004 remain essentially the same as the goals set for 2003.

B. Call Center Response Time

NWEC stated that its customers were always able to talk to a live person. For after-hour calls the Company used a call answering service. The Company requested a variance from Minnesota Rules with respect to setting up a call center for its 92 Minnesota customers. NWEC argued that setting up a call center for this number of customers would be burdensome.

The DOC argued that the rules do not require a call center but rather that 80 percent of the calls made to the utility's business office or calls regarding service interruptions be answered within 20 seconds. For this reason the rule variance as requested by the Company is not needed.

However, since the Company is unable to measure telephone call response times, it has not fulfilled the requirements of Minnesota Rule part 7826.1700, requiring detailed reporting on call center response times. The DOC recommended that the Company be granted a retroactive and permanent variance to Minn. Rules part 7826.1700 and be required to include in future annual service quality reports any customer complaints made regarding telephone response time.

C. Service Extension Requests

The annual service quality report requires that NWEC report service extension request response times.⁸ The Company's report contained the date a customer applied for service to a location not previously served and the date service was installed. However, the Company stated that it does not track the date the premises are actually ready for service, which is required in the rule.

D. Commission Action

The Commission will accept NWEC's annual Safety, Reliability and Service Quality report and will set reliability standards as proposed by the DOC. The Commission concurs with the DOC that the 2004 standards should remain at the level set for 2003. This would maintain the practice of averaging annual (calendar year) reliability statistics in setting the SAIDI, SAIFI AND CAIDI goals. The Commission finds the goals proposed by the DOC reasonable and appropriate and will approve them. The standards are as follows:

SAIDI: 64.22 minutes
SAIFI: 0.49 events
CAIDI: 131.29 minutes

The Commission will grant NWEC a retroactive and permanent variance to Minnesota Rule 7826.1700, which requires that the Company report response times to customer calls.

Under Minn. Rules 7829.3200 the Commission may grant a variance to any of its rules upon making the following findings:

⁸ Minn. Rules part 7826.1600(A) requires that the annual service quality report include "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."

- A. enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule;
- B. granting the variance would not adversely affect the public interest; and
- C. granting the variance would not conflict with standards imposed by law.

NWEC does not have the technical ability to measure telephone call response times. NWEC has only 92 customers, representing less than 1 percent of its total customers, in its Minnesota service area. To require NWEC to make a significant change to the technology it uses solely for the purpose of complying with a rule that affects only 92 customers places an excessive burden on the Company.

The cost/benefit ratio to the 92 Minnesota customers who would bear the costs that would be incurred to bring the Company into compliance does not justify the expense, especially considering that the Company reported that it received no complaints regarding telephone response time in 2003. Minnesota Statutes § 216B.81, subp.1(c) requires that standards must treat similarly situated distribution systems similarly but allows for the recognition of differing characteristics of system design and hardware. NWEC is distinct from other distribution utilities because the Company has only 92 Minnesota customers. A variance to the rule requiring a report of call center response times recognizes NWEC's unique burden and is not in conflict with standards imposed by law.

For these reasons the Commission will vary Minn. Rules part 7826.1700.

Finally, the Commission will require the Company to begin tracking the date upon which service becomes ready for hook-up at a premise which has not been previously served, as required under the rules. The Company indicated that it did not track this information but has not shown that tracking this required information will be burdensome. Therefore, the Commission will require the Company to comply with the rules.

V. Xcel

A. Reliability Goals

Xcel modified the methodology it used to calculate its proposed standards for 2004. The 2004 SAIDI and SAIFI calculations were based on the average of 2.5 years of historical customer bill-based data rather than on a premise-level customer count (i.e., the number of addresses served). The calculation included the historical performance for a portion of 2001 and for the full years of 2002 and 2003, the only years for which customer bill-based data was available. Further, the 2004 calculation included feeders located in Minnesota that were internally classified in Xcel's North Dakota and South Dakota service areas and had not been included previously.

Xcel's approved and actual reliability standards for 2003 and Xcel's proposed amended reliability performance standards for 2004 are set forth below:

Work Center	Index	2003 Approved	2003 Actual	2004 Proposed Amended
Metro East	SAIDI	200.20	131.11	142.70
	SAIFI	1.31	1.30	1.33
	CAIDI	152.44	100.51	107.39
Metro West	SAIDI	173.02	170.48	172.02
	SAIFI	1.26	1.29	1.44
	CAIDI	138.67	131.94	119.82
Northwest	SAIDI	144.68	144.55	104.46
	SAIFI	1.16	1.32	1.11
	CAIDI	125.59	109.29	94.03
Southeast	SAIDI	135.85	119.86	97.82
	SAIFI	0.96	1.01	0.94
	CAIDI	135.98	119.02	103.98

* The Bold numbers in the table above indicate a failure to achieve the 2003 standard.

At hearing the DOC indicated it would accept Xcel's amended proposed reliability standards.

The DOC also argued that it was reasonable to view outages in terms of whole numbers (e.g., 1 outage rather than 1.26 outages) and, on this basis, concluded that Xcel essentially met its SAIFI goals.

B. Reporting Service Interruptions

Xcel addressed Minn. Rules part 7826.0700, subp.2, requiring the reporting of major service interruptions, by reporting that there were no major service interruptions occurring during 2003 that were large enough to involve 10 percent of its Minnesota customers for 24 hours or more.

However, the DOC noted that Xcel's filing did not address Minnesota Rules 7826.0700, subp.1, which requires Xcel to inform the Commission's Consumer Affairs office of any "major service interruption," defined as "an interruption of service at the feeder level or above and affecting 500 or more customers for one or more hours."⁹ The DOC recommended that Xcel file a supplemental filing providing a copy of each report filed with the Consumer Affairs office under Minn. Rules part 7826.0700, subp.1

In response, Xcel stated that it regularly sends the Commission's Consumer Affairs Office (CAO) notification of all sustained feeder-and-above level outages. This reporting includes notifying the CAO of outages that were not large enough or long enough to meet the definition of a "major service interruption." In 2003, Xcel reported approximately 600 outage alerts to the CAO. Xcel did not include a copy of these reports with its filing.

⁹ Minn. Rules part 7826.0200, subp. 7.

Xcel argued that it did not interpret the Reliability Reporting Requirements¹⁰ to require that the notifications that Xcel had previously sent to the CAO be attached to its current filing. Xcel indicated its willingness to supplement its filing with the over 600 notices previously sent to the CAO but requested that the Commission clarify whether it wanted all 600 or so notifications sent in 2003 or only those that meet the definition of a “major service interruption.” At hearing, Xcel indicated its willingness to provide the notices sent to the CAO in its annual reporting but requested that it be required to do so on a going forward basis.

C. Call Center Response Time

Xcel did not include in its call center service level calculations credit calls or calls from the Company’s large Commercial and Industrial (C&I) customers.

Xcel argued that because specially trained credit agents handle credit-related issues and these matters are not handled by regular customer service agents it was not necessary to include this category of calls in its call center service level reporting. Xcel argued that to the extent Xcel did not respond appropriately to credit calls, there would be an increase in customer complaints that would be reported under Minn. Rules part 7826.2000 (requiring the reporting of customer complaints).

Further, Xcel argued that its large C&I customer calls were not included in its call center service level calculations because these calls are not routed through the call center. Rather, each C&I customer has its own account representative who handles the C&I customer’s calls directly. Xcel argued that this provides these customers with a high level of service. Further, Xcel indicated that it had no mechanism to track the response time for these calls. Like the credit calls, Xcel argued that if these calls were not handled appropriately there would also be an increase in customer complaints.

The DOC argued that Minnesota Rules do not provide for the exclusion of calls from industrial customers, calls regarding credit issues, or any other subcategory of calls. The DOC recommended that the Commission require Xcel to submit a supplemental filing incorporating previously excluded calls into the calculation of its call center response time service level for 2003 and require that all customer calls made to Xcel’s business office be included in future service quality annual reports.

D. Commission Action

The Commission will accept Xcel’s annual Safety, Reliability and Service Quality report and will set reliability standards as proposed by Xcel in its August 20, 2004 filing and accepted by the DOC. The Commission finds these goals reasonable and appropriate and will approve them. The standards are as follows:

¹⁰ Minn. Rules 7826.0500 subp.1(G) requires that a utility annually file a report on its reliability performance, including “a copy of each report filed under part 7826.0700.” Minn. Rules part 7826.0700 sets forth the requirements for reporting major service interruptions.

Work Center	Index	2004 Amended Standards
Metro East	SAIDI	142.70
	SAIFI	1.33
	CAIDI	107.39
Metro West	SAIDI	172.02
	SAIFI	1.44
	CAIDI	119.82
Northwest	SAIDI	104.46
	SAIFI	1.11
	CAIDI	94.03
Southeast	SAIDI	97.82
	SAIFI	0.94
	CAIDI	103.98

The Commission agrees with the DOC that copies of reports filed with the CAO pursuant to Minn. Rules part 7826.0700, subp.1 should be filed with the annual Safety, Reliability and Service Quality Standards report. In order to maintain consistency in the filings required of the utilities, the Commission will require that Xcel file a copy of every notification of an outage sent to the CAO that meets the standard set forth in the rules, i.e., affecting 500 or more customers for one or more hours. However, the Commission will require Xcel to do so on a going forward basis, rather than requiring the company to recreate all its 2003 notices to the CAO.

Further, the Commission will require Xcel to include, on a going forward basis, all data regarding credit calls in its call center response times. The rules do not exempt this group and the Commission does not find any reason to do so. Rather, the rules were intended to provide ongoing information regarding a utility's service quality to all customers and to encourage the maintenance of a high level of service quality.

However, the Commission will allow Xcel to exclude its C&I customers in its calculation of call center response times. Xcel serves its C&I customers by assigning a service representative to directly handle the customer service matters of this group. These calls do not go into the call center and the Company does not have the ability to monitor the response times in this situation. To require Xcel to include this group in its call center response time reporting would require Xcel to change the nature of the service provided to these customers. The Commission recognizes that there is a qualitative difference in the needs of different customer groups and that different groups require different customer service. Therefore, in this case, the Commission will allow Xcel to exclude the C&I customers from this calculation.

VI. Interstate Power and Light Company

A. Reliability Goals

Interstate proposed that its reliability goals for 2004 be based on five years of historical storm-normalized data. Further, Interstate indicated that each of its specific proposed goals was the lower of: a) the most recent five year average with a 10 percent buffer, or b) the second highest value in the previous five years.

Interstate's 2003 approved, actual and 2004 proposed reliability performance standards and the DOC's proposed standards are set forth in the table below:

Work Center	Index	2003 Goals	2003 Actual	IPL Proposed 2004 Goals	DOC Proposed 2004 Goals
Winnebago	SAIDI	73.72	100.9	60.11	57.13
	SAIFI	0.91	1.68	1.11	1.01
	CAIDI	81.13	60.0	60.51	56.57
Albert Lea	SAIDI	134.90	93.6	52.34	47.58
	SAIFI	1.74	1.37	0.83	0.76
	CAIDI	72.74	68.1	60.45	62.28

* Indices in bold type indicate a failure to achieve the 2003 performance standard.

Interstate reported that transmission outages accounted for 62 percent of the Winnebago work center SAIFI and 47 percent of the Winnebago work center SAIDI figures in 2003. Interstate stated that it has taken action to improve reliability in the Winnebago work center, including replacing reclosers and working with a networked utility to install dampers on a section of transmission line.

The DOC agreed that Interstate's efforts to remedy its failure to meet the SAIDI and SAIFI goals in the Winnebago work center appear to be sufficient and appropriate at this time.

The DOC did not agree with Interstate's basis for setting its reliability goals for 2004 and proposed the reliability goals set forth in the table above, based on the average of the Company's five-year historical performance. The DOC argued that setting goals based on the second worst five-year historical performance or incorporating a 10 percent buffer on a five year average does not meet the legislative intent to maintain, if not improve, electric service reliability.

B. Call Center Response Time

Interstate reported that an average of only 56.4 percent of calls to its office were answered within 20 seconds. For calls regarding outages, an average of 57.2 percent of calls on its "live line" and 100 percent of calls to its "automated line" were answered within 20 seconds.¹¹

The DOC recommended that Interstate be required to submit a compliance plan to its annual service quality report that will detail an action plan the Company will follow that will lead to shorter response times to calls to its office and outage calls not handled by an automated system.

¹¹ Minn. Rule 7826.1200 requires that 80 percent of the calls made to the business office during regular working hours and 80 percent of the calls to the number for reporting service interruptions shall be answered within 20 seconds.

C. Reporting Service Interruptions

Interstate did not include in its report a copy of the one outage notification that it sent to the Commission's Consumer Affairs Office (CAO) in May of 2003 pursuant to Minn. Rules part 7826.0700, subp.1 That outage did not trigger the requirement to file a written report under Minn. Rules part 7826.0700, subp. 2. Interstate argued that it believed it was only required to submit written reports that were required under Minn. Rules part 7826.0700, subp.2 and that Minn. Rules part 7826.0700, subp.1 was a notification requirement only.

Interstate reported that it had no major service interruptions in 2003 that would require reporting under Minn. Rules 7826.0700, subp.2.

Interstate argued that the DOC's interpretation of Minn. Rules part 7826.0500, subp. 1(G), requiring the filing of copies of any notifications under Minn. Rules part 7826.0700, is too strict an interpretation and that the information will not aid the DOC or the Commission in measuring a utility's performance.

The DOC argued that utilities must address Minn. Rules part 7826.0700, subp.1 in some way in the annual reliability report and recommended that Interstate be required to file a supplemental report and provide copies of its filings with the CAO under Minn. Rules part 7826.0700, subp. 1.

D. Requirements for Service Quality Reporting

Minn. Rules part 7826.1400-7826.1600 require reporting on meter reading performance, involuntary disconnection of service, and service extension request response times by customer class and calendar month. Interstate indicated that it had not been tracking these items by customer class and would be unable to provide that information for the current report. At hearing, Interstate stated that it will be able to break the information down by customer class beginning with the 2006 annual report. Interstate requested a variance to the rules regarding this matter until the 2006 report.

At hearing, the DOC indicated that it did not object to a variance being granted until the 2006 report, which was when Interstate indicated it would be able to collect the required data by customer class.

E. Commission Action

The Commission will accept Interstate's Annual Safety, Reliability and Service Quality Report and will set reliability standards as proposed by the DOC. The Commission agrees with the DOC that setting goals at a utility's second worst five-year history or setting goals that include a ten percent buffer would not maintain or improve the Company's level of service reliability. The Commission finds the goals proposed by the DOC reasonable and appropriate and will approve them. The standards are as follows:

Work Center	Index	2004 Standards
Winnebago	SAIDI	57.13
	SAIFI	1.01
	CAIDI	56.57
Albert Lea	SAIDI	47.58
	SAIFI	0.76
	CAIDI	62.28

The Commission agrees with the DOC that there is cause for concern regarding Interstate's response times to calls reporting outages to its "live line" and calls to its office. For this reason the Commission will require Interstate to submit a compliance plan and progress report detailing the actions it has taken or will take to rectify this problem. The Commission will require this filing within four months from the date of this Order.

The Commission finds that the reliability reporting rules¹² require that a copy of each report filed under Minn. Rules part 7826.0700 be filed. The Commission agrees with the DOC that this rule requirement encompasses the notices and reports required under subp.1 and subp. 2 of this rule. The information required under each subpart of the rule is different and each piece of information is important to assessing reliability. Therefore, the Commission will require Interstate to provide a supplemental report to fulfill the requirements of the reporting rules.

Regarding the variance to Minn. Rules 7826.1300-1600 requested by Interstate, the Commission will grant a variance to this rule only until the Company's 2006 filing. The Commission is granting the variance based on the Company's assertions at hearing that it will be able to break down its meter reading performance, its reporting on involuntary disconnection and service extension request times by customer class by the 2006 annual filing. However, the Commission will require Interstate, and Interstate has agreed, to provide further explanation and support for its requested variance to these rules.

Under Minn. Rules 7829.3200 the Commission may grant a variance to any of its rules upon making the following findings:

- A. enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule;
- B. granting the variance would not adversely affect the public interest; and
- C. granting the variance would not conflict with standards imposed by law.

Interstate had stated that it was unable to comply with the requirement that it file information by customer class for three sections of the Annual Service Quality Report due to information technology constraints and the lack of resources required to collect and process the information manually without imposing an excessive burden on the company. However, Interstate has revised that and has agreed to file such information by 2006. Until that time, the information technology constraints and lack of resources will continue to impose an excessive burden on the company.

¹² Minn. Rules part 7826.0500, subp.1(G).

Interstate will be submitting the required data for each section as otherwise required. Therefore, the public interest will not be adversely affected nor will granting the variance conflict with standards imposed by law.

For these reasons the Commission will grant the variance until the 2006 annual safety, reliability and service quality filing.

VII. Otter Tail Power Company

A. Meeting 2003 Reliability Goals and Setting Standards for 2004

OTP Reliability Indices

Work Center	2003 Goals			Actual Performance		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
Bemidji	51.30	12.30	4.10	45.90	9.20	5.00
Crookston	76.70	19.10	4.00	57.20	12.50	4.60
Fergus Falls	87.90	16.80	5.10	67.10	16.00	4.20
Milbank	36.30	13.00	3.10	61.30	19.40	3.20
Morris	79.90	17.00	4.80	56.10	11.50	4.90
Wahpeton	58.30	26.50	2.30	63.90	19.30	3.30

* The indices in bold type under OTP's actual performance indicate a failure to achieve the goals established for 2003.

OTP recognized that it did not achieve its CAIDI goals for Bemidji, Crookston, Milbank, Morris and Wahpeton and indicated that it was caused by a combination of circumstances including outages and the manner in which OTP measures outages. OTP indicated that it was currently in the process of implementing a new system that will accurately separate out momentary (five minutes or less) outages from sustained interruptions in the calculation of its indices.

OTP also indicated that in 2003 the Company improved many of its asset management processes impacting reliability. For example, it improved its vegetation management by incorporating interruption, voltage, and customer data to prioritize work deployment. Through this new asset management process feeders in its Milbank and Wahpeton Service Centers were currently receiving tree trimming/removal services that should improve momentary interruption reliability.

The DOC proposed the following standards for 2004.

**Reliability Indices
DOC Recommended Goals for 2004**

Work Center	SAIDI	SAIFI	CAIDI Calculated
Bemidji	52.50	11.82	4.44
Crookston	69.58	17.18	4.05
Fergus Falls	64.54	16.60	3.89
Milbank	45.94	13.66	3.36
Morris	59.84	14.50	4.13
Wahpeton	41.98	23.24	1.80

The Company's proposed goals were developed using a five year average of OTP's SAIDI, SAIFI, and CAIDA indices, with the exclusion of the Crookston data of 2001. The DOC stated that these goals were consistent with the development of the goals for 2003 but recommended that the SAIDI and SAIFI goals continue to be the five-year rolling average while the CAIDI goal be modified to be calculated from the SAIDI and SAIFI goal.

OTP agreed to the DOC's recommended 2004 goals.

B. Call Center Response Times

OTP stated it uses a virtual call center to answer customer calls. Incoming calls are answered by customer service representatives. If all the lines are busy at one of the company's offices, the call is routed to an available customer service representative in another location. Because of the way the calls are handled, OTP has no data regarding its call center response times. For this reason OTP requested a variance from the reporting requirements of Minn. Rules part 7826.1700, until such time as it may implement an automated menu call center system.

At hearing, OTP clarified that in 2003 it was unable to collect response times and therefore requires the above mentioned variance. However, OTP indicated that it has begun installation of a new system and will have partial data for 2004. It intends to be in full compliance in 2005. Because of these changes, OTP requested a variance to Minn. Rules part 7826.1700 for 2003 and 2004.

The DOC recommended that the Company be required to provide whatever data they have for 2004, even if it is incomplete.

C. Commission Action

The Commission will accept OTP's annual Safety, Reliability and Service Quality report and will set reliability standards as proposed by the DOC and agreed to by OTP. The Commission finds these goals reasonable and appropriate and will approve them. The standards are as follows:

Work Center	SAIDI	SAIFI	CAIDI Calculated
Bemidji	52.50	11.82	4.44
Crookston	69.58	17.18	4.05
Fergus Falls	64.54	16.60	3.89
Milbank	45.94	13.66	3.36
Morris	59.84	14.50	4.13
Wahpeton	41.98	23.24	1.80

The Commission will grant a variance to Minn. Rules part 7826.1700, regarding call center response times, for 2003 and 2004 data. However, this variance is granted with the understanding that the Company will provide any partial data that is available for that year.

Under Minn. Rules 7829.3200 the Commission may grant a variance to any of its rules upon making the following findings:

- A. enforcement of the rule would impose an excessive burden upon the applicant or others affected by the rule;
- B. granting the variance would not adversely affect the public interest; and
- C. granting the variance would not conflict with standards imposed by law.

Enforcement of the rule would impose an excessive burden on OTP for the 2003 data and a part of the 2004 data because of the way the Company has been handling customer calls. The Company's current system does not collect or supply data regarding call center response times. The requested variance does not adversely affect the public interest because OTP's current method of answering customer calls does not have delays. Finally, granting the waiver will not conflict with standards imposed by law. OTP's call center response time complies with the standards set forth in the rule but OTP is not technologically or administratively able to comply with the reporting standards required.

OTP has represented to the Commission that it has begun installing a new system that will supply the data required under the rule. The new system will allow data to be partially collected for 2004 and the Company has agreed to supply whatever data it has available under this rule in its 2005 annual report for 2004. The Commission will rely on this representation in granting the variance.

VIII. Dakota Electric Association

A. Reliability Goals

The Minnesota Rules part 7826.0100 through 7826.2000 do not apply to Cooperatives. Dakota voluntarily complies with the requirements and submits the annual reports under the rules.

Dakota achieved its SAIDI and CAIDI goals for 2003 but not its SAIFI goal. Outages were shorter than set in the goals but more frequent and the average customer spent less time without power than anticipated. Dakota had electric power available to its customers 99.99% of the time.

Dakota proposed reliability performance goals for 2004 that were equal to or better than its rolling five-year average performance. The proposed goals are as follows:

SAIDI = 56.0 minutes
SAIFI = 0.75 events
CAIDI = 74.0 minutes

Dakota proposed a 10 percent performance band around the reliability goals. Under Dakota's proposal, no additional reporting requirements would be applied to a utility unless the actual performance was more than 10 percent lower than the approved performance goal. Dakota argued that this would establish a reasonable range of acceptable performance to accommodate year-to-year outage fluctuations. Further, at hearing, Dakota expressed concern that it could be very expensive to get to 100% reliability and argued that it may be reasonable not to have to pay the costs of reaching such reliability.

The DOC agreed with Dakota's proposed reliability goals but did not agree with Dakota's 10 percent performance band. The DOC stated that it did appreciate that there may be variation each year but argued that it was important to continue to gather data and explain why a standard was or was not met.

B. Commission Action

The Commission will accept Dakota's annual Safety, Reliability and Service Quality report and will set reliability standards as proposed by the DOC, that is, the standards proposed by Dakota without the 10 percent performance band. The Commission finds these goals reasonable and appropriate and will approve them.

The standards are as follows:

SAIDI = 56.0 minutes
SAIFI = 0.75 events
CAIDI = 74.0 minutes

However, the Commission clarifies that if Dakota needs relief from these standards, because they will impose costs that are not warranted in light of the high level of service that the Company is already providing, the Company should return to the Commission and ask for temporary relief from the standards.

ORDER

1. The annual Safety, Reliability and Service Quality reports of Minnesota Power Company, Northwestern Wisconsin Electric Company, Northern States Power Company d/b/a Xcel Energy, Interstate Power and Light Company, Otter Tail Power Company, and Dakota Electric Association are hereby accepted.
2. 2004 reliability standards are approved for these six companies as follows:

Utility	Work Center	SAIDI (minutes)	SAIFI (events)	CAIDI (minutes)
<i>Minnesota Power Company</i>	Entire Area	137.54	1.09	125.72
<i>Northwestern Wisconsin Electric Company</i>	Entire Area	64.22	0.49	131.29
<i>Xcel</i>	Metro East	142.70	1.33	107.39
	Metro West	172.02	1.44	119.82
	Northwest	104.46	1.11	94.03
	Southeast	97.82	0.94	103.98
<i>Interstate Power and Light</i>	Winnebago	57.13	1.01	56.57
	Albert Lea	47.58	0.76	62.28
<i>Otter Tail Power Company</i>	Bemidji	52.50	11.82	4.44
	Crookston	69.58	17.18	4.05
	Fergus Falls	64.54	16.60	3.89
	Milbank	45.94	13.66	3.36
	Morris	59.84	14.50	4.13
	Wahpeton	41.88	23.24	1.80
	Dakota Electric Association	Entire Area	56.00	0.75

3. Northwestern Wisconsin Electric Company shall begin tracking response times for service extension requests for locations not previously served by the Company.
4. The Commission hereby grants Northwestern Wisconsin Electric Company a retroactive and permanent variance to Minnesota Rules part 7826.1700.

5. Xcel shall file, on a going forward basis, a copy of every notification of an outage event sent to the Consumer Affairs Office which meets the standards set forth in Minn. Rules part 7826.0700, subp. 1, i.e. affecting 500 or more customers for one or more hours.
6. Xcel shall include, on a going forward basis, data regarding credit calls but not calls from C&I customers in its calculation of call center response times.
7. Interstate Power and Light Company shall provide a supplemental report to fulfill the requirements under Minn. Rules, part 7826.0500, subp. 1(G) and provide copies of Interstate's reporting to the Commission's Consumer Affairs Office under Minn. Rules 7826.0700, subp. 1.
8. The Commission hereby grants Interstate a variance to the customer class reporting requirements of Minn. Rule part 7826.1300 -7826.1600 until the Company's 2006 annual Safety, Reliability and Service Quality report. Interstate shall provide further explanation and support as discussed herein.
9. Interstate shall submit a compliance plan and progress report four months from the date of this Order detailing the actions it has or will take to achieve shorter response times to calls to its office and outage calls not handled by an automated system.
10. The Commission hereby grants Otter Tail Power Company a variance to Minn. Rules part 7826.1700 for 2004 data, provided that the Company shall report any data under this rule that it has for 2004.
11. Dakota Electric Association's request for the establishment of a 10 percent performance band is denied. However, if Dakota determines that the adoption of this standard may cause it to make investments that are not cost effective, Dakota may request the Commission look at the appropriateness of the standard at that time.
12. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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