

August 21, 2012

Darrell Nitschke, Executive Secretary  
North Dakota Public Service Commission  
600 East Boulevard Avenue  
Bismarck, ND 58505-0480

Re: Staff Testimony Concerning Xcel Energy's Reliability Performance Plan  
Case Nos. PU-10-657, PU-11-55 and PU-11-557

Dear Mr. Nitschke:

In preparation for the formal hearing scheduled for September 25, 2012, advocacy staff submits its direct testimony.

Sincerely,



Mike Diller  
Director of Economic Regulation

Enclosure

C: Dave Sederquist

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**Pre-filed Advocacy Staff direct testimony**

Public Service Commission Staff

Mike Diller

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**Pre-filed Advocacy Staff direct testimony**

Public Service Commission Staff

Mike Diller

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**Pre-filed Advocacy Staff direct testimony**

Public Service Commission Staff

Mike Diller

Direct Testimony  
Mike Diller

Before the North Dakota Public Service Commission


Northern States Power Company  
Electric Operations

Case Nos. PU-10-657  
PU-11-55  
PU-11-557

Reliability Performance Plan

August 21, 2012

CONFIDENTIAL

**To:** Darrell Nitschke, Executive Secretary  
**From:** Mike Diller, Director of Economic Regulation   
**Date:** July 16, 2012  
**Re:** Staff Response to NSP's Proposed Reliability Performance Plan  
Case Nos. PU-10-657, PU-11-55, PU-11-557

NSP filed its Reliability Performance Plan (RPP) in compliance with the Commission's February 29, 2012 Order in the above referenced cases. While Mr. Sederquist did most of the heavy lifting culminating in this proposal, staff was intimately involved in framing and developing the targets. Even so, staff believes that the SAIDI benchmark is a little light and should be strengthened. We recommend that the Commission approve NSP's plan with the exception that the SAIDI requirement for achieving an award be strengthened by 2 minutes.

SAIDI

In this application, NSP argues for a System Average Interruption Duration Index (SAIDI) of 58.8 minutes (adjusted to exclude major events such as storms). If this had been in place during the last 5 years, NSP would have been entitled to a reward in 2007 when NSP reported a SAIDI of 57 minutes and would have barely missed a reward in 2009 when reporting 59.2 minutes. These low SAIDI reports occurred before the new IntelliTeam switches were installed, the addition of another tree trimming crew, a more aggressive replacement of bad underground cabling and the addition of an engineer to North Dakota's workforce for the purpose of improving reliability as ordered by the commission in these cases. The new products and services should result in lower results in the future arguing for a more strenuous benchmark.

Setting a benchmark is more of an art than a science. In this case, we don't have any history under the new reliability programs. NSP's proposed method averages the actual SAIDI results for the last 5 years and then makes an adjustment for the estimated impact of the IntelliTeam switches plus a 15% improvement goal to arrive at an Excellence Threshold of 58.8 minutes. Absent any major events, less than one hour of electric service interruptions per year is not bad! In the big scheme of things, NSP's proposal may be reasonable but staff recommends strengthening the threshold nonetheless.

**Qualifications**

Q: Provide your name and position at the Public Service Commission.

A: My name is Mike Diller and I am the Director of Economic Regulation.

Q: Provide a description of the services you provide to the North Dakota Public Service Commission?

A: I provide public utility analysis and regulatory services, assist in the development of the State's energy conversion and transmission infrastructure and manage a small staff.

Q: Provide a summary of your educational background and public utility regulatory experience.

A: I have more than 27 years of public utility regulatory experience including service for both the Oklahoma Corporation Commission and the North Dakota Public Service Commission. I received a Bachelor of Science Degree in Accounting from Oklahoma Christian College in Edmond, Oklahoma in 1981. I am a Certified Public Accountant and I am a member of the American Institute of Certified Public Accountants.

Q: Have you provided testimony in North Dakota before?

A: Yes. I have testified before the Commission on acquisition proposals, rate cases, settlement offers, advance determination of prudence cases and rules hearings.

Q: What is the purpose of your testimony?

A: To introduce into the record Staff's Response to Northern States Power Company's proposed Reliability Performance Plan as filed with the Commission on July 16, 2012 (Exhibit A).

Q: Does this conclude your testimony?

A: Yes, it does.