

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Northern States Power Company
Electric Reliability Performance Plan
Rates**

Case No. PU-18-112

ORDER

February 26, 2019

Preliminary Statement

On December 12, 2012, the Commission adopted an Order on Settlement that included a Reliability Performance Plan (RPP) for Northern States Power Company (NSP) for reducing electric outages in three rates cases, Case Nos. PU-10-657 PU-11-55, and PU-11-557. The RPP provided a financial award of \$250,000 to \$1,500,000 for achieving an electric service reliability threshold.

On March 7, 2018, in the instant case, NSP filed a petition requesting the Commission approve a financial award to NSP of \$1,500,000 for achieving the reliability threshold in 2017.

On April 11, 2018, the Commission issued a Notice of Opportunity for Hearing, which provided until May 25, 2018 for receiving written comments and hearing requests. No response was received.

The Notice identified the issue to be determined is whether the requested financial award is just and reasonable.

On May 25, 2018, NSP filed an Update to 2017 Reliability Performance Plan Award reporting excess earnings for 2017 and requesting a decreased financial award of \$250,000 in accordance with the RRP settlement.

On June 7, 2018, NSP filed a petition for approval to issue a multi-faceted customer refund in several cases, including the instant case. NSP proposed off-setting the proposed \$250,000 reliability award against three separate customer refunds/credits that were then pending before the Commission and have since been decided.

On June 12, 2018, NSP filed a Supplement to its June 7, 2018 petition detailing proposed customer class allocations for its proposed multi-faceted refund.

On June 13, 2018 the Commission discussed this matter with NSP and Commission Advocacy Staff during an Informal Hearing.

Discussion

The RPP Settlement provided, among other things, a financial incentive award between \$250,000 and \$1.5 million, depending on earnings, for NSP meeting a System Average Interruption Duration Index (SAIDI) threshold of 57 minutes. SAIDI was to be calculated in accordance with the Institute of Electrical and Electronic Engineers (IEEE) Standard 1366 normalization methodology, which allows utilities to exclude outages from unusual events such as storms when calculating SAIDI.

NSP reported a normalized 2017 North Dakota SAIDI score of 43.7 minutes. NSP's normalization calculations excluded a significant outage from a pole fire that would have increased the SAIDI results above the 57 minutes threshold. NSP contends that December 17, 2017 was an abnormal Major Event Day (MED) that should be excluded from the 2017 SAIFI calculation under IEEE 1366. On that day thick fog and wet winter conditions in a high traffic area caused road spray of ice-melt chemicals to combine with dust on a distribution pole and contribute to a pole fire. There were two feeder circuits on the pole resulting in a large outage with loss of about 1.4 million customer service minutes, which NSP reports was approximately 1.8 times its MED threshold for exclusion from SAIFI calculations.

Having considered this matter the Commission does not agree that the outages from the pole fire should be excluded from the 2017 SAIFI calculations when determining an award under the RPP Settlement. The purpose of the RPP incentive is to improve distribution maintenance to avoid incidents such as the pole fire. That particular pole, with two feeder circuits and wooden cross arms in a high traffic area, should have been identified and measures should have been taken to address the pole fire risk. It is not appropriate that an outage from a pole fire should be excluded from the SAIFI calculation when determining an award under the RPP Settlement. No award is merited.

Order

The Commission orders NSP's request for a \$250,000 award under the RPP settlement DENIED.

PUBLIC SERVICE COMMISSION

		
Julie Fedorchak Commissioner	Brian Kroshus Chairman	Randy Christmann Commissioner