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South Dakota Public Utilities Commission Meeting

June 24, 2014, at 9:30 A.M. CDT

Room 413, Capitol Building

Pierre, South Dakota

MINUTES OF THE COMMISSION MEETING

Commissioner Gary Hanson called the meeting to order. Present were: Commissioners: Chris Nelson and Kristie Fiegen; Commission Counsel: John Smith and Rolayne Wiest; Commission Advisor: Greg Rislov; Staff Attorneys: Karen Cremer and Kristen Edwards; Staff Analysts: Eric Paulson, Robin Meyerink, Brian Rounds, Brittany Mehlhaff, David Henry, and Patrick Steffensen; Finance Manager, Cindy Kemnitz; Consumer Affairs Supervisor: Deb Gregg; and Staff: Katlyn Gustafson

Also present were:

Kara Semmler, May, Adam, Gerdes & Thompson, representing Montana-Dakota Utilities Co. and Blue Jay Wireless, LLC; Darla Rogers, Riter, Rogers, Wattier & Northrup, LLP, representing South Dakota Rural Electric Association and South Dakota Telecommunications Association; and Joan Inman, Tamie Aberle, Bob Morman, Kathy Baerlocher, Larry Oswald, and Darcy Neigum, Montana-Dakota Utilities Co.

Joining the meeting by telephone were:

Jeff Decker, NorthWestern Corporation dba NorthWestern Energy; Jason Topp, Qwest Corporation dba CenturyLink QC; Lee Magnuson, Lindquist & Vennum, LLP, representing Black Hills Power, Inc.; Amy Koenig, Black Hills Power, Inc.; Andrew Moratzka, Stoel Rives LLP, representing Black Hills Industrial Intervenors; Miles Schumacher, Lynn, Jackson, Shultz & Lebrun, P.C., representing Basin Electric Power Cooperative; Andrew Isar, Millar Isar Inc., representing TNCI Operating Company LLC; Sabrina King, Dakota Rural Action, Inc.; Caitlin Collier, Collier Law Office, representing Dakota Rural Action, Inc.; Patrick Crocker, Crocker & Crocker, P.C., representing BCN Telecom, Inc.; Richard Wehmhoefer, representing Prelude, L.L.C.; and Robert Lorge, Lorge & Lorge Law Firm, representing Prelude, L.L.C.

(NOTE: For the purpose of continuity, these minutes are not necessarily in chronological order.)

Administration

1. Approval of the Minutes of the Commission Meetings Held on **June 10, 2014** (Staff: Joy Lashley)

Commissioner Nelson moved to approve the minutes of the Commission meeting held on June 10, 2014. Motion carried 3-0.

Consumer Reports

1. Status Report on Consumer Utility Inquiries and Complaints Received by the Commission (Consumer Affairs: Deb Gregg)

The Commission received a total of 66 contacts since the last report was prepared for the June 10, 2014 Commission meeting.

17 of the contacts involved telecommunication services, 19 of the contacts involved electrical services, 3 of the contacts involved natural gas service, 4 contacts involved cell phone service, 13 contacts were related to the Do Not Call Registry, 2 contacts were related to the Keystone XL project, 1 contact was related to Wind Energy and 7 contacts were related to issues not regulated by the PUC.

892 of the 920 complaints received in 2014 have been resolved.

Electric

1. **EL14-026 In the Matter of the Application of Black Hills Power, Inc. for Authority to Increase its Electric Rates (Staff Analysts: Brittany Mehlhaff, Patrick Steffensen, Robin Meyerink, Eric Paulson; Staff Attorney: Karen Cremer)**

Mr. Andrew Moratzka, Stoel Rives LLP, representing Black Hills Industrial Intervenors, asked that the Commission grant its petition to intervene. Mr. Lee Magnuson, Lindquist & Vennum, LLP, representing Black Hills Power, Inc. (BHP), stated BHP had no objection to the request.

Commissioner Nelson moved to grant intervention to the Black Hills Industrial Intervenors. Motion carried 3-0.

A lengthy discussion took place in docket **EL14-026** regarding Dakota Rural Action, Inc.'s Petition to Intervene. An audio of the discussion can be found on the PUC website under Commission Actions, Commission Meeting Archives, 2014, June 24, 2014, recording located at:

<http://puc.sd.gov/commission/media/2014/puc06242014.mp3>

Commissioner Nelson moved to grant intervention to Dakota Rural Action, Inc. subject to the conditions that DRA file an affidavit attesting to the DRA members who are customers of BHP and that the issues to be considered in the docket shall be subject to normal standards of relevancy and scope applicable to rate cases. Motion carried 3-0.

2. **EL14-042 In the Matter of the Complaint by Prelude, L.L.C. against Basin Electric Power Cooperative, Butte Electric Cooperative, Inc., Grand Electric Cooperative, Inc., Moreau-Grand Electric Cooperative, Inc., Rosebud Electric Cooperative, Inc., and Rushmore Electric Power Cooperative, Inc. for Refusing to Enter into Qualified Facilities Purchase Power Agreements (Staff Analysts: Brian Rounds, Darren Kearney; Staff Attorney: Kristen Edwards)**

Ms. Darla Rogers, Riter, Rogers, Wattier & Northrup, LLP, representing South Dakota Rural Electric Association (SDREA), asked that the Commission grant SDREA's petition to intervene. Mr. Miles Schumacher, Lynn, Jackson, Shultz & Lebrun, P.C., representing Basin Electric Power Cooperative, stated that the company has no objection. Mr. Robert Lorge, Lorge & Lorge Law Firm, representing Prelude, L.L.C. (Prelude), stated that Prelude had no objection. Ms. Kristen Edwards, staff attorney, recommended that the Commission grant intervention to SDREA.

Commissioner Fiegen moved to grant intervention to South Dakota Rural Electric Association. Motion carried 3-0.

3. **EL14-047 In the Matter of the Filing by NorthWestern Corporation dba NorthWestern Energy for Approval Tariff Revisions (Staff Analyst: Eric Paulson; Staff Attorney: Kristen Edwards)**

Mr. Jeff Decker, NorthWestern Corporation dba NorthWestern Energy (NorthWestern), asked that the Commission grant approval of its updated tariff revisions. Mr. Eric Paulson, staff analyst, recommended that the Commission grant approval to NorthWestern's request with an effective date of July 1, 2014.

Commissioner Nelson moved to approve NorthWestern's Tariff Revisions with an effective date of July 1, 2014. Motion carried 3-0.

Natural Gas

1. **NG14-004 In the Matter of the Filing by Montana-Dakota Utilities Co. for Approval of its Revised Conservation Tracking Adjustment (Staff Analyst: Patrick Steffensen; Staff**

Attorney: Kristen Edwards)

A lengthy discussion took place regarding docket **NG14-004**. An audio of the discussion can be found on the PUC website under Commission Actions, Commission Meeting Archives, 2014, June 24, 2014, recording located at: <http://puc.sd.gov/commission/media/2014/puc06242014.mp3>

Chairman Hanson moved to grant Montana-Dakota Utilities Co.'s (MDU) request for approval of its Conservation Tracking Adjustment for program year 2014 and associated revisions to its Conservation Program Tracking Mechanism Rate 90 tariff, subject to MDU's recovery in 2014 of its spending in program year 2013 in excess of its 125% budget overage allowance being limited to 50%, resulting in a disallowance amount of \$23,294.

Commissioner Nelson moved to amend Chairman Hanson's motion to reduce the overage and incentive allowance for program year 2014 from 125% to 110% of the approved budget amount. The Commission voted unanimously in favor of the motion to amend.

Commissioner Nelson moved to amend Chairman Hanson's motion to require MDU's proposed plan for 2014 to continue to offer programmable thermostats to individual residential customers themselves in addition to professional installers. The Commission voted unanimously in favor of the motion to amend.

Commissioner Nelson moved to amend Chairman Hanson's motion to reduce MDU's 2014 budget from its requested amount of \$164,900 to its 2013 budget amount of \$97,150. The motion to amend failed, with Commissioners Hanson and Fiegen voting against the motion to amend.

Commissioner Fiegen moved to amend Chairman Hanson's motion to disallow recovery of the entirety of MDU's spending for program year 2013 in excess of the budget overage allowance of 125% for program year 2013 approved by the Commission in Docket NG12-007. The motion to amend failed, with Commissioners Hanson and Nelson voting against the motion to amend.

Chairman Hanson moved to amend his original motion to reduce the 2014 program budget amount from MDU's requested amount of \$164, 900 to an amount of \$135,000. The Commission voted unanimously in favor of Chairman Hanson's motion to amend.

A majority of the Commission then voted in favor of Chairman Hanson's original motion as amended, with Commissioner Fiegen dissenting.

Telecommunications**1. TC14-018 In the Matter of the Filing by Qwest Corporation dba CenturyLink QC for Approval of Revisions to its Access Service Tariff (Staff Analyst: Robin Meyerink; Staff Attorney: Karen Cremer)**

Mr. Jason Topp, Qwest Corporation dba CenturyLink QC (CenturyLink), asked that the Commission grant approval of CenturyLink's tariff revisions. Ms. Robin Meyerink, staff analyst, recommended that the Commission approve CenturyLink's request effective July 1, 2014.

Commissioner Hanson moved to approve the requested tariff changes. Motion carried 3-0.

2. TC14-019 In the Matter of the Petition of Blue Jay Wireless, LLC, for Designation as an Eligible Telecommunications Carrier (Staff Analyst: Eric Paulson; Staff Attorney: Kristen Edwards)

Ms. Darla Rogers, Riter, Rogers, Wattier & Northrup, LLP, representing South Dakota Telecommunications Association (SDTA), asked the Commission to grant SDTA's petition for intervention. Ms. Kara Semmler, May, Adam, Gerdes & Thompson, representing Blue Jay Wireless,

LLC (Blue Jay), stated that Blue Jay does not object to SDTA's request. Ms. Kristen Edwards, staff analyst, recommended that the Commission grant intervention to SDTA.

Commissioner Fiegen moved to grant intervention to SDTA. Motion carried 3-0.

3. TC14-020 In the Matter of the Filing by BCN Telecom, Inc. for Approval of its Access Service Tariff No. 3 (Staff Analyst: Robin Meyerink; Staff Attorney: Karen Cremer)

Mr. Patrick Crocker, Crocker & Crocker, P.C., representing BCN Telecom, Inc. (BCN), asked that the Commission approve BCN's initial competitive access provider services tariff. Ms. Robin Meyerink, staff analyst, recommended that the Commission grant approval to BCN's request effective June 30, 2014.

Commissioner Nelson moved to approve BCN's S.D.P.U.C. Tariff No. 3. Motion carried 3-0.

4. TC14-023 In the Matter of the Filing by TNCI Operating Company LLC for Approval of Revisions to its Access Services Tariff No. 1 (Staff Analyst: Robin Meyerink; Staff Attorney: Kristen Edwards)

Mr. Andrew Isar, Millar Isar Inc., representing TNCI Operating Company LLC's (TNCI OpCo) asked that the Commission grant approval of revisions to TNCI OpCo's tariff. Ms. Robin Meyerink, staff analyst, recommended that the Commission grant approval to TNCI OpCo's request effective July 1, 2014.

Commissioner Nelson moved to approve the requested tariff changes with an updated tariff filing sheet. Motion carried 3-0.

There being no further business, at the hour of 11:11 a.m. the South Dakota Public Utilities Commission meeting adjourned.

/S/Joy Lashley

Joy Lashley

Administrative Assistant

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June 24, 2014