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South Dakota Public Utilities Commission Meeting

September 16, 2014, at 9:30 A.M. CDT

Room 413, Capitol Building

Pierre, South Dakota

NOTE: If you wish to join this meeting by conference call, please contact the Commission at 605-773-3201 by 5:00 p.m. CDT on Monday, September 15, 2014. Lines are limited and are given out on a first come, first served basis, subject to possible reassignment to accommodate persons who must appear in a proceeding. Ultimately, if you wish to participate in the Commission Meeting and a line is not available, you may have to appear in person.

NOTE: To listen to the Commission Meeting live please go to the PUC's website www.puc.sd.gov and click on the LIVE link on the home page. The Commission requests persons who will only be listening to proceedings and not actively appearing in a case listen via the web cast to free phone lines for those who have to appear. The Commission meetings are archived on the PUC's website under the Commission Actions tab, Click on "Commission Meeting Archives," to access the recordings.

NOTE: Notice is further given to persons with disabilities that this Commission meeting is being held in a physically accessible place. If you have special needs, please notify the Commission and we will make all necessary arrangements.

AGENDA OF COMMISSION MEETING

Administration

1. Approval of the Minutes of the Commission Meeting Held on September 2, 2014 (Staff: Joy Lashley)

Consumer Reports

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

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; Eric Paulson; Staff Attorney: Karen Cremer)**

On March 31, 2014, the Commission received an application by Black Hills Power, Inc. (BHP) for approval to increase rates for electric service to customers in its South Dakota service territory by approximately \$14.6 million annually or approximately 9.27% based on BHP's test year ending September 30, 2013. The Company states a typical residential electric customer using 650 kWh per month would see an increase of \$10.91 per month. The proposed changes may potentially affect approximately 65,500 customers in BHP's South Dakota service territory. The proposed increase would be effective no earlier than October 1, 2014. On June 26, 2014, the Commission granted intervention to GCC Dacotah, Inc., Pete Lien & Sons, Inc., Rushmore Forest Products, Inc., Spearfish Forest Products, Inc., Rapid City Regional Hospital, Inc., and Wharf Resources (U.S.A.), Inc. (collectively, Black Hills Industrial Intervenors or BHII). On June 26, 2014, the Commission granted intervention to Dakota Rural Action subject to their filing an affidavit which was filed on June 27, 2014. On September 3, 2014, BHP filed its Notice of Intent to Implement Interim Rates. On September 4, 2014, BHP filed its Motion for Approval of Settlement Agreement (SDSTA), Settlement Agreement between Black Hills Power, Inc. and South Dakota Science and Technology Authority

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and relevant exhibits.

TODAY, shall the Commission grant, in whole or in part, the Motion for Approval of Settlement Agreement (SDSTA)? AND shall the Commission grant intervention to any party that may have filed? OR, how shall the Commission proceed?

2. EL14-061 In the Matter of the Application of Black Hills Power, Inc. for a Permit to Construct a 230 kV Transmission Line from Northeastern Wyoming to the Rapid City Area in South Dakota (Staff Analysts: Brian Rounds, Darren Kearney; Staff Attorney: Karen Cremer)

On June 30, 2014, Black Hills Power, Inc. filed an application for a permit to construct the South Dakota portion of a 230 kV transmission line, which will run from northeastern Wyoming to the Rapid City area in South Dakota and associated modifications to the Lange Substation in Pennington County, South Dakota. The South Dakota portion includes approximately 45.4 miles of transmission line and will cross both private lands and federal lands managed by the Black Hills National Forest Service. Specifically, approximately 9.1 miles of the proposed Facility will cross private land and approximately 36.3 miles will cross National Forest Service lands. On August 25, 2014, the Commission held a public input hearing in Rapid City, S.D. On September 4, 2014, the Commission issued its Order Granting Party Status and Intention to Ruby B. Matejck, Victoria Leonard, GCC Dacotah, Inc., Michael Lewis, Stephen Vadney, Dave Riemenschneider, Barbara Anderson Lewis, and AW LLC. On September 5, 2014, Barton Banks filed an Application for Party Status. On September 8, 2014, James S. Hodgen filed an Application for Party Status.

TODAY, shall the Commission grant intervention to any party that may have filed?

3. EL14-070 In the Matter of Otter Tail Power Company's Request for Approval to Revise Its Fuel Adjustment Clause Rider to Include Emissions Controls Costs (Staff Analyst: Brittany Mehlhaff; Staff Attorney: Karen Cremer)

On August 1, 2014, the Commission received a filing by Otter Tail Power Company (Otter Tail) for approval to revise its Fuel Adjustment Clause Rider to include expenses associated with the purchase of certain emission allowances and reagent expenses that may be necessary to comply with the Cross State Air Pollution Rule and Mercury and Air Toxics Standards rules promulgated by the Federal Environmental Protection Agency. Otter Tail states the potential monthly impact for an average residential customer using 1,000 kWh per month will be \$0.98 per month and the impact on all other customers using an average of 8,000 kWh per month will be \$7.84 based on current estimates. Otter Tail proposes an October 1, 2014, effective date.

TODAY, shall the Commission approve the tariff revisions?

4. EL14-073 In the Matter of the Request for Approval of an Electric Service Territory Boundary Agreement between Dakota Energy Cooperative, Inc. and Northern Electric Cooperative, Inc. (Staff Analyst: David Henry; Staff Attorney: Kristen Edwards)

On August 12, 2014, Commission Staff filed an Electric Service Territory Boundary Agreement between Dakota Energy Cooperative, Inc. and Northern Electric Cooperative, Inc. This filing is made pursuant to current efforts of the PUC to verify electric territory mapping data for conversion to electronic format and use in a Geographic Information System (GIS) database. With the assistance of the above-referenced utilities, Commission Staff has confirmed the service territory boundary shared by these utilities and has prepared updated mapping information. Commission Staff asks for approval of the agreement to update official mapping data to properly reflect the service territory boundaries shared by the utilities in this docket.

TODAY, shall the Commission approve the proposed electric service territory boundary agreement?

5. EL14-074 In the Matter of the Request for Approval of an Electric Service Territory Boundary Agreement between Big Stone City Municipal Electric and Whetstone Valley

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Electric Cooperative, Inc. (Staff Analyst: David Henry; Staff Attorney: Kristen Edwards)

On August 14, 2014, Commission Staff filed an Electric Service Territory Boundary Agreement between Big Stone City Municipal Electric and Whetstone Valley Electric Cooperative, Inc. This filing is made pursuant to current efforts of the PUC to verify electric territory mapping data for conversion to electronic format and use in a Geographic Information System (GIS) database. With the assistance of the above-referenced utilities, Commission Staff has confirmed the service territory boundary shared by these utilities and has prepared updated mapping information. Commission Staff asks for approval of the agreement to update official mapping data to properly reflect the service territory boundaries shared by the utilities in this docket.

TODAY, shall the Commission approve the proposed electric service territory boundary agreement?

6. EL14-075 In the Matter of the Request for Approval of an Electric Service Territory Boundary Agreement between Rosebud Electric Cooperative, Inc. and Burke Municipal Electric (Staff Analyst: David Henry; Staff Attorney: Kristen Edwards)

On August 14, 2014, Commission Staff filed an Electric Service Territory Boundary Agreement between Rosebud Electric Cooperative, Inc. and Burke Municipal Electric. This filing is made pursuant to current efforts of the PUC to verify electric territory mapping data for conversion to electronic format and use in a Geographic Information System (GIS) database. With the assistance of the above-referenced utilities, Commission Staff has confirmed the service territory boundary shared by these utilities and has prepared updated mapping information. Commission Staff asks for approval of the agreement to update official mapping data to properly reflect the service territory boundaries shared by the utilities in this docket.

TODAY, shall the Commission approve the proposed electric service territory boundary agreement?

7. EL14-076 In the Matter of the Request for Approval of an Electric Service Territory Boundary Agreement between Colman Municipal Electric and Sioux Valley Energy (Staff Analyst: David Henry; Staff Attorney: Kristen Edwards)

On August 14, 2014, Commission Staff filed an Electric Service Territory Boundary Agreement between Colman Municipal Electric and Sioux Valley Energy. This filing is made pursuant to current efforts of the PUC to verify electric territory mapping data for conversion to electronic format and use in a Geographic Information System (GIS) database. With the assistance of the above-referenced utilities, Commission Staff has confirmed the service territory boundary shared by these utilities and has prepared updated mapping information. Commission Staff asks for approval of the agreement to update official mapping data to properly reflect the service territory boundaries shared by the utilities in this docket.

TODAY, shall the Commission approve the proposed electric service territory boundary agreement?

8. EL14-080 In the Matter of the Petition of Northern States Power Company dba Xcel Energy for Approval of its 2015 Transmission Cost Recovery Eligibility and Rate Rider Adjustment (Staff Analysts: Patrick Steffensen, Eric Paulson; Staff Attorney: Kristen Edwards)

On August 29, 2014, the Commission received a petition from Northern States Power Company dba Xcel Energy (Xcel) for approval of its 2015 Transmission Cost Recovery (TCR) Rider, TCR rate factor, and tracker account report. For 2015, Xcel proposes recovery of the South Dakota jurisdictional portion of the revenue requirements related to 15 transmission projects located throughout its service territory. No new projects are being added at this time. Xcel proposes to recover \$4.97 million associated with these projects for the 2015 calendar year. Included in the \$4.97 million figure is the 2014 over-collection balance of \$256,483. The total of the transmission

investment costs and the tracker balance results in an average bill impact of \$1.82 per month for a typical residential electric customer using 750 kWh per month. This is a decrease of \$0.33 per month from the current TCR Rider recovery. The Company proposes to implement a rate of \$0.002425 per kWh applied to all energy billed to each customer class beginning January 1, 2015, through December 31, 2015. This represents a decrease of \$0.000443 from the existing rate of \$0.002868 per kWh.

TODAY, shall the Commission assess a filing fee in the amount of up to \$50,000 to account for actual expenses incurred in review of this filing commencing from the filing date?

9. EL14-082 In the Matter of the Petition of Otter Tail Power Company to Establish an Environmental Quality Cost Recovery Tariff (Staff Analyst: Brittany Mehlhaff; Staff Attorney: Karen Cremer)

On August 29, 2014, Otter Tail Power Company (Otter Tail) filed for Commission approval of an Environmental Quality Cost Recovery Tariff. The purpose of filing this request is to begin the recovery of Otter Tail's share of the costs of the required environmental retrofits to the Big Stone Plant, Big Stone, South Dakota and the Hoot Lake Plant, located near Fergus Falls, MN. Otter Tail anticipates the rate impact of this request (for both projects) will be approximately 7.1 percent on average in the first year of the rider. Once the construction of the Big Stone Plant environmental retrofit is complete in 2015, Otter Tail estimates the rate impact will be slightly less than 12 percent. Otter Tail proposes a November 1, 2014, effective date.

TODAY, shall the Commission assess a filing fee in the amount of \$50,000 to account for actual expenses incurred in review of this filing commencing from the filing date? AND, shall the Commission give the Executive Director authority to enter necessary consulting contracts?

Telecommunications

1. In the Matter of Request for Certification Regarding the Use of Federal Universal Service Support in Dockets TC14-032, TC14-059, TC14-062, TC14-066, TC14-068 and TC14-071

TC14-032 In the Matter of the Request of Knology Community Telephone, Inc. for Certification Regarding its Use of Federal Universal Service Support (Staff Analyst: Eric Paulson; Staff Attorney: Kristen Edwards)

On June 23, 2014, the Commission received an application from Knology Community Telephone, Inc. requesting the Commission to issue a certification to the FCC and USAC indicating it is in compliance with 47 U.S.C. Section 254(e) and should receive all federal universal service support determined for distribution to the Company. On July 21 and August 13, 2014, the Company responded to Staff's data requests. The map for the response to data request 2-5 was placed in the docket on August 14, 2014. This docket was originally before the Commission on September 2, 2014, and was deferred at that time.

TC14-059 In the Matter of the Request of Farmers Mutual Telephone Company for Certification Regarding its Use of Federal Universal Service Support (Staff Analyst: Joseph Rezac; Staff Attorney: Kristen Edwards)

On June 30, 2014, the Commission received an application from Farmers Mutual Telephone Company requesting the Commission to issue a certification to the FCC and USAC indicating it is in compliance with 47 U.S.C. Section 254(e) and should receive all federal universal service support determined for distribution to the Company. On August 12, 2014, the Company responded to Staff's data request.

TC14-062 In the Matter of the Request of RT Communications Inc. for Certification Regarding its Use of Federal Universal Service Support (Staff Analyst: Joseph Rezac; Staff Attorney: Kristen Edwards)

On June 30, 2014, the Commission received an application from RT Communications Inc. requesting the Commission to issue a certification to the FCC and USAC indicating it is in compliance with 47 U.S.C. Section 254(e) and should receive all federal universal service support determined for distribution to the Company. On July 28, 2014, the Company responded to Staff's data request.

TC14-066 In the Matter of the Request of Valley Telephone Company for Certification Regarding its Use of Federal Universal Service Support (Staff Analyst: Joseph Rezac; Staff Attorney: Kristen Edwards)

On July 1, 2014, the Commission received an application from Valley Telephone Company requesting the Commission to issue a certification to the FCC and USAC indicating it is in compliance with 47 U.S.C. Section 254(e) and should receive all federal universal service support determined for distribution to the Company. On July 17, 2014, the Company responded to Staff's data request.

TC14-068 In the Matter of the Request of Brookings Municipal Telephone dba Swiftel Communications for Certification Regarding its Use of Federal Universal Service Support (Staff Analyst: Joseph Rezac; Staff Attorney: Kristen Edwards)

On July 1, 2014, the Commission received an application from Brookings Municipal Telephone dba Swiftel Communications requesting the Commission to issue a certification to the FCC and USAC indicating it is in compliance with 47 U.S.C. Section 254(e) and should receive all federal universal service support determined for distribution to the Company. On July 31, 2014, the Company responded to Staff's data request.

TC14-071 In the Matter of the Request of CenturyLink QC for Certification Regarding its Use of Federal Universal Service Support (Staff Analyst: Joseph Rezac; Staff Attorney: Kristen Edwards)

On June 30, 2014, the Commission received an application from CenturyLink QC requesting the Commission to issue a certification to the FCC and USAC indicating it is in compliance with 47 U.S.C. Section 254(e) and should receive all federal universal service support determined for distribution to the Company. On August 1, and August 28, 2014, the Company responded to Staff's data requests.

TODAY, shall the Commission provide a certification to the Federal Communications Commission and to the Universal Service Administration Company regarding the use of Federal Universal Service Support in each of the above dockets?

2. TC14-073 In the Matter of the Joint Application of Kite Parent Corp. (a Subsidiary of WideOpenWest Finance, LLC) and Its Subsidiaries Knology of the Plains, Inc., Knology of the Black Hills, LLC, Knology Community Telephone, Inc., Knology of South Dakota, Inc., and Black Hills Fiber Systems, Inc. and Clarity Telecom, LLC Regarding the Sale of Telephone Exchanges to Clarity Telecom, LLC, Transfer of Certificates of Authority, Eligible Telecommunications Carrier Designation, and Relinquishment of Eligible Telecommunications Carrier Designations (Staff Analyst: Robin Meyerink; Staff Attorney: Karen Cremer)

On July 15, 2014, the Commission received a joint application to approve the sale of certain local telephone exchanges from Kite Parent Corp. (a subsidiary of WideOpenWest Finance, LLC, (WOW!)), on behalf of itself and its subsidiaries Knology of the Plains, Inc.; Knology of the Black Hills, LLC; Knology Community Telephone, Inc.; Knology of South Dakota, Inc.; and Black Hills Fiber Systems, Inc. (collectively referred to as WOW! South Dakota) and Clarity Telecom, LLC (Clarity). WOW! South Dakota proposes to sell its local telephone exchanges to Clarity. The proposed sale affects a number of local telephone exchanges and includes the following communities: Alsen, Belle Fourche, rural Beresford, Black Hawk, Box Elder, Canton, Centerville, Central City, Chancellor, Colman, Davis, Deadwood, Elk Point, Flandreau, Flyger, Gayville, Harrisburg, Hurley, Irene, Lead, Lennox, Madison, Monroe, North Sioux City, Parker, Piedmont, Rapid City, Sioux Falls, Spearfish,

St. Onge, Sturgis, Summerset, Tea, Vermillion, Viborg, Volin, Wakonda, Watertown, Whitewood, Worthing, and Yankton. The application states that the sale is in the public interest for the following reasons: 1) while under the previous two owners many operational functions were completed out of state, Clarity's focus will solely be the operation and expansion of the networks located in South Dakota, Minnesota, and Iowa; 2) Clarity plans to upgrade the network infrastructure; 3) there will be no change in rates for local telephone services offered in the telephone exchanges resulting from the purchase; 4) Clarity will continue to provide enhanced 911; 5) there will be no reduction in tax revenues to the state of South Dakota resulting solely from the purchase and sale of the telephone exchanges; 6) Clarity is committed to providing modern state-of-the-art telecommunications services; and 7) and there will be no discontinuance, reduction, or impairment of any of the services presently offered. On September 2, 2014, the Commission considered this matter. The Commission approved the sale of the local telephone exchanges to Clarity. The Commission also approved the transfer of the local exchange and interexchange certificates of authority currently held by WOW! South Dakota to Clarity, subject to the filing of a bond by Clarity. The Commission deferred action on Clarity's request for designation as an ETC and on Knology CT and Knology Black Hills' request for relinquishment of its ETC designation.

TODAY, shall the Commission grant Knology CT and Knology Black Hills' request to relinquish their ETC designation? AND, shall the Commission grant Clarity's request that it be designated as an ETC in the exchanges in which Knology CT and Knology Black Hills are currently designated? OR, how shall the Commission proceed?

3. TC14-077 In the Matter of the Filing by Level 3 Communications, LLC for Approval of Revisions to its Access Services Tariff No. 3 (Staff Analyst: Eric Paulson; Staff Attorney: Karen Cremer)

On July 28, 2014, the Commission received a filing from Level 3 Communications, LLC (Level 3) requesting approval of revisions to its Switched Access Services Tariff No. 3, Pages 1 and 57. This filing revises its intrastate terminating local switching rate to reference Level 3's FCC tariff. Level 3 requests an effective date of July 31, 2014. On August 26, 2014, Level 3 responded to Staff's data requests.

TODAY, shall the Commission approve Level 3 Communications, LLC's revisions to its Access Services Tariff No. 3 with an effective date of July 31, 2014?

4. TC14-079 In the Matter of the Filing by Bandwidth.com CLEC, LLC for Approval of Revisions to its Access Services Tariff No. 1 (Staff Analyst: Robin Meyerink; Staff Attorney: Kristen Edwards)

On July 31, 2014, the Commission received an application from Bandwidth.com CLEC, LLC (Company) requesting approval of revisions to its South Dakota Tariff No. 1. This filing, made in compliance with the Federal Communications Commission Report and Order in WC Docket No. 10-90, et. al., FCC No. 11-161, revises the Carrier Switched Access Service – VoIP-PSTN rates by substituting a reference to the Company's FCC access tariff for the stated rates, and also updates the Company's corporate address on the Title Sheet. The Company respectfully requests an effective date for this filing of August 1, 2014. On August 27, 2014, the Company submitted revised tariff pages.

TODAY, shall the Commission approve Bandwidth.com CLEC, LLC's revisions to its South Dakota Tariff No. 1?

5. TC14-080 In the Matter of the Filing by MCC Telephony of the Midwest, LLC for Approval of Revisions to its Access Services Tariff No. 1 (Staff Analyst: Joseph Rezac; Staff Attorney: Karen Cremer)

On August 19, 2014, the Commission received a filing from MCC Telephony of the Midwest, LLC (MCC Telephony) requesting approval of revisions to its Access Services Tariff No. 1. The purpose of this filing is to maintain MCC Telephony's switched access rates at applicable benchmark levels. MCC Telephony requests an effective date of September 18, 2014.

TODAY, shall the Commission approve MCC Telephony of the Midwest LLC's revisions to its Access Services Tariff No. 1 with an effective date of September 18, 2014?

Items for Commission Discussion

Announcements

1. Commissioners and staff will tour sites in the Bakken Formation area of North Dakota with Montana-Dakota Utilities Co. representatives September 22-24, 2014.
2. Commissioners and staff will attend Bakken Education Sessions at the North Dakota Petroleum Council Annual Meeting on Tuesday, September 23, 2014, at 3:30 p.m. MDT, at the Astoria Hotel & Event Center, Dickinson, N.D.
3. The next regularly scheduled commission meeting will be Tuesday, September 30, 2014, at 9:30 a.m. CDT in Room 413 at the State Capitol Building, Pierre, S.D.
4. Commission meetings are scheduled for October 14 and 28, 2014.

/s/Cindy Kemnitz
Cindy Kemnitz
Finance Manager
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September 10, 2014