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South Dakota Public Utilities Commission Meeting
May 26, 2015, 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 Friday, May 22, 2015. 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 Meetings Held on March 31, April 9, April 14, April 27, April 30, and May 12, 2015 (Staff: Joy Lashley)

Consumer Reports

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

Natural Gas

1. **NG15-002 In the Matter of the Filing by NorthWestern Corporation dba NorthWestern Energy for Approval of Its 2015 Economic Development Proposed Budget and 2014 Economic Development Expenses (Staff Analyst: Darren Kearney; Staff Attorney: Karen Cremer)**

On March 31, 2015, the Commission received an application from NorthWestern Corporation dba NorthWestern Energy (NorthWestern) requesting approval of its 2015 Economic Development Proposed Budget and 2014 Economic Development Expenses. On April 30, 2015, NorthWestern responded to staff's data request.

TODAY, shall the Commission approve NorthWestern's 2014 Economic Development Expenses and 2015 Economic Development Budget?

Electric

1. **EL14-090 In the Matter of the Petition of Otter Tail Power Company for Approval of its 2015 Transmission Cost Recovery Eligibility and Rate Adjustment (Staff Analyst: Patrick Steffensen; Staff Attorney: Karen Cremer)**

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On October 31, 2014, Otter Tail Power Company (OTP) filed a petition for approval of its 2015 Transmission Cost Recovery (TCR) Rider. The update includes the tracker balance estimated for the end of the current recovery period so that no over-or under-recovery of TCR costs occurs. The update also includes the costs of two new transmission projects that are not currently in base rates and have not previously been approved for inclusion in the TCR Rider. OTP's petition proposed a March 1, 2015, effective date. On February 2, 2015, OTP filed a Supplemental Filing with revised Attachments 1 through 20. On February 24, 2015, the Commission issued Order Denying North American Electric Reliability Corporation Compliance Project Costs and Order Approving 2015 Transmission Cost Recovery Eligibility and Rate Adjustment. On May 15, 2015, OTP filed a request for a 30-day extension beyond June 1, 2015, to file its annual compliance report on the reasonableness of overall earnings from regulated rates.

TODAY, shall the Commission grant OTP's request for a 30-day extension beyond June 1, 2015, to file their annual compliance report?

2. EL15-005 In the Matter of the Request for Approval of an Electric Service Territory Boundary Agreement between Otter Tail Power Company and Codington-Clark Electric Cooperative, Inc. (Staff Analyst: Brian Rounds; Staff Attorney: Kristen Edwards)

On January 14, 2015, Commission Staff filed an Electric Service Territory Boundary Agreement between Otter Tail Power Company and Codington-Clark 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?

3. EL12-062 In the Matter of the Application of Black Hills Power, Inc. for the Phase in of Rates Regarding Construction Financing Costs of Cheyenne Prairie Generating Station (Staff Analysts: Brittany Mehlhaff, Patrick Steffensen; Staff Attorneys : Karen Cremer, Kristen Edwards)

On December 17, 2012, the Commission received an application by Black Hills Power, Inc. (BHP) pursuant to SDCL 49-34A-73 for authority to implement a phase in rate increase for its South Dakota customers relating to the construction financing costs of Cheyenne Prairie Generating Station (CPGS). On September 6, 2013, BHP filed BHP's and Black Hill Industrial Intervenors' Joint Motion for Approval of Settlement Agreement and Confidential Settlement Agreement between Black Hills Power, Inc. and Black Hills Industrial Intervenors. On September 6, 2013, Staff filed BHP's and Staff's Joint Motion for Approval of Settlement Stipulation, Settlement Stipulation, and Staff Memorandum Supporting Settlement Stipulation. On September 19, 2013, the Commission issued a Decision and Order Granting Joint Motions for Approval of Settlement Agreement and Settlement Stipulation. BHP filed quarterly compliance filings for rates effective through September 30, 2014. The Company's investment in CPGS was included in base rates in Docket EL14-026, with interim rates effective October 1, 2014. On April 10, 2015, BHP made a filing requesting Commission approval of its phase in plan rate balancing account and refund mechanism. The Company requests the Commission accept this filing as a final reconciliation of the Phase in Plan Rate.

TODAY, shall the Commission approve BHP's Phase in Plan Rate rider balance and method to refund the balancing account amounts? OR how shall the Commission proceed?

4. EL14-013 In the Matter of the Application of Black Hills Power, Inc. for Approval of Transmission Facilities Adjustment (Staff Analysts: Brittany Mehlhaff, Patrick Steffensen; Staff Attorney: Karen Cremer)

On February 14, 2014, Black Hills Power, Inc. (BHP) filed an Application for a Transmission Facilities Adjustment (TFA). On May 7, 2014, a Joint Motion for Approval of Settlement Stipulation, Settlement Stipulation, and Staff Memorandum Supporting Settlement Stipulation were filed with the Commission. On May 16, 2014, the Commission issued an Order Granting Joint Motion for Approval of Settlement Stipulation. On May 6, 2015, BHP and Staff filed a Joint Motion for Approval of Amendment to Settlement Stipulation and Amendment to Settlement Stipulation. BHP and Staff amended the Settlement Stipulation to change the Annual Report of South Dakota Jurisdictional Financial Condition submission deadline from April 15 to February 15 of each year.

TODAY, shall the Commission grant the Joint Motion for Approval of Amendment to Settlement Stipulation and approve the terms and conditions stipulated therein?

5. 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 18, 2014, the Commission conditionally authorized and approved implementation of Contract with Deviations rates on an interim basis for South Dakota Science and Technology Authority. On December 9, 2014, the Commission received a Joint Motion for Approval of Settlement Stipulation from BHP and Staff. On December 12, 2014, the Commission issued a Scheduling Order setting this matter for hearing on January 27-29, 2015. The hearing was held as scheduled on January 27-28, 2015. At the conclusion of the hearing, the Commission deferred taking action on the outstanding issues until its regular meeting on March 2, 2015. On January 29, 2015, the Commission issued a Post-Hearing Procedural Order. On February 10, 2015, an Amended Settlement Stipulation between BHP and Staff and Staff's Memorandum Supporting Amended Settlement Stipulation was filed. On February 17, 2015, the following documents were filed: Post-Hearing Brief of the Black Hills Industrial Intervenors; Black Hills Power, Inc.'s Post-Hearing Brief; Staff's Letter regarding Post-Hearing Brief; and, Brief of Intervenor Dakota Rural Action. On February 23, 2015, a Joint Motion for Approval of Amended Settlement Stipulation was filed. The Commission issued its Final Decision and Order; Notice of Entry on April 17, 2015 (Decision). On April 1, 2015, BHII filed Black Hills Industrial Intervenors' Petition for Rehearing and Reconsideration (Petition). On April 17, 2015, BHP filed Black Hills Power, Inc.'s Answer to BHII's Petition for Rehearing and Reconsideration (BHP's Answer). On May 11, 2015, BHII filed its Amended Petition for Rehearing and Reconsideration. BHP is expected to file its supplement to its Answer to the Petition on or before May 22, 2015.

TODAY, shall the Commission reconsider its Final Decision and Order issued on April 17, 2015, as to the issues set forth in the Order for and Notice of Hearing on Petition for Reconsideration issued by the Commission on May 11, 2015? AND, if so, how shall the Commission rule on each of such issues on reconsideration?

6. EL15-007 In the Matter of the Application of Black Hills Power, Inc. for Approval of its Transmission Facilities Adjustment (Staff Analysts: Patrick Steffensen, Eric Paulson, Joseph Rezac; Staff Attorney: Karen Cremer)

On February 12, 2015, Black Hills Power, Inc. (BHP) filed an Application for Approval of its 2015 Transmission Facilities Adjustment (TFA). BHP seeks approval of the annual true-up of the actual

amounts collected in the first year of the TFA, as approved in Docket EL14-013, and the forecasted recovery of revenue requirements associated with the second year of the TFA. BHP proposes TFA rates effective June 1, 2015, through May 31, 2016. Approximately 66,000 South Dakota customers will be affected by the TFA rate change. The bill decrease for a typical residential customer averaging 650 kWh per month will be approximately \$0.07 or 0.07%. BHP plans to file revised exhibits by May 21, 2015.

TODAY, shall the Commission approve the TFA revenue requirement and rates with an effective date of June 1, 2015?

7. EL15-008 In the Matter of the Application of Black Hills Power, Inc. for Approval of its 2015 Environmental Improvement Adjustment (Staff Analysts: Brittany Mehlhaff, Patrick Steffensen, Eric Paulson; Staff Attorney: Karen Cremer)

On February 13, 2015, Black Hills Power, Inc. (BHP) filed an Application for Approval of its 2015 Environmental Improvement Adjustment (EIA). BHP is proposing to include costs related to the Wyodak Mercury Control Project and the Wygen III CO and O2 Grid Installation. The Company proposes a June 1, 2015, effective date. Approximately 66,000 South Dakota retail customers are affected by the EIA rate change. The annual net increase in the cost of service as proposed by BHP is approximately \$161,000. The average bill impact for a typical residential electric customer using 650 kWh is approximately an increase of \$0.08 per month or 0.08%. BHP plans to file revised exhibits by May 21, 2015. BHP and Staff plan to file the Joint Motion for Approval of Settlement Stipulation and Settlement Stipulation by May 21, 2015.

TODAY, shall the Commission grant the Joint Motion for Approval of the Settlement Stipulation and approve the rates, terms and conditions stipulated therein? OR how shall the Commission proceed?

8. EL15-012 In the Matter of the Filing of Black Hills Power, Inc. for Approval of its 2015 Economic Development Plan (Staff Analyst: Darren Kearney; Staff Attorney: Karen Cremer)

On April 1, 2015, the Commission received an application from Black Hills Power, Inc. (BHP) requesting approval of its 2015 Economic Development Plan and Budget. On May 8, 2015, BHP responded to staff's data request.

TODAY, shall the Commission approve BHP's 2015 Economic Development Plan and Budget?

Telecommunications

1. 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)

On May 23, 2014, the Commission received a Petition for Designation as an Eligible Telecommunications Carrier from Blue Jay Wireless, LLC for the purpose of offering Lifeline services on a wireless basis throughout a majority of South Dakota, in both rural and non-rural areas pursuant to Section 214(e)(2) of the Federal Communications Act of 1937, as amended, Section 54.201 et seq. of the Rules of the Federal Communications Commission, and South Dakota Administrative Rule 20:10:32:42. On June 26, 2014, the South Dakota Telecommunications Association (SDTA) was granted intervention. On January 16, 2015, Blue Jay Wireless, LLC filed a Motion to Bifurcate, which was granted by the Commission on February 4, 2015. Bifurcation allowed the parties to proceed on the rural and non-rural areas separately.

TODAY, shall the Commission grant any waivers that were requested and grant Blue Jay's Petition for Designation as an Eligible Telecommunications Carrier for purposes of receiving federal Lifeline universal service support with respect to non-rural areas?

2. TC14-081 In the Matter of the Application of Crown Castle NG Central LLC for a

Certificate of Authority to Provide Telecommunications Services in South Dakota (Staff Analyst: Joe Rezac; Staff Attorney: Karen Cremer)

On September 25, 2014, the Commission received a filing from Crown Castle NG Central LLC (Crown Castle) requesting a Certificate of Authority to Provide Non-Switched Local Transport Services. On October 17, 2014, South Dakota Telecommunications Association (SDTA) filed a Petition to Intervene which was granted by the Commission on October 31, 2014. On October 29, 2014, Crown Castle responded to staff's data request. On May 5, 2015, SDTA and Crown Castle filed a Joint Stipulation.

TODAY, shall the Commission grant Crown Castle's request for a Certificate of Authority to provide telecommunications services in South Dakota? AND, shall the Commission grant SDTA and Crown Castle's request to include the terms and conditions as set forth in the Joint Stipulation?

3. TC15-006 In the Matter of the Application of ViaSat, Inc. for a Certificate of Authority to Provide Interexchange Long Distance Services in South Dakota (Staff Analyst: Joe Rezac; Staff Attorney: Karen Cremer)

On April 21, 2015, the Commission received a filing from ViaSat, Inc. (ViaSat) requesting a Certificate of Authority to provide interexchange services in South Dakota for the purpose of providing resold local exchange and resold Voice over Internet Protocol (VoIP) communications services. ViaSat requests authority throughout the State of South Dakota. On May 11, 2015, ViaSat responded to staff's data request.

TODAY, shall the Commission grant ViaSat's request for a Certificate of Authority to provide interexchange services in South Dakota?

Hydrocarbon Pipeline

1. HP14-001 In the Matter of the Petition of TransCanada Keystone Pipeline, LP for Order Accepting Certification of Permit Issued in Docket HP09-001 to Construct the Keystone XL Pipeline (Staff Analysts: Brian Rounds, Darren Kearney; Staff Attorney: Kristen Edwards)

On September 15, 2014, the Commission received a filing from TransCanada Keystone Pipeline, LP (Keystone) seeking an order accepting certification of the permit issued in HP09-001. The Commission issued an Amended Final Decision and Order granting a permit to Keystone on June 29, 2010. Because it has been at least four years since the permit was issued, Keystone now seeks an order accepting certification, per SDCL 49-41B-27. An intervention deadline of October 15, 2014, was set. The Commission granted intervention to several parties. On April 27, 2015, Standing Rock, Cheyenne River, Rosebud and Yankton Sioux Tribes, Dakota Rural Action, Indigenous Environmental Network, Intertribal Council on Utility Policy (COUP), and Bold Nebraska filed a Motion to Exclude Evidence and Testimony by TransCanada (Joint Motion). Keystone filed an objection to the Joint Motion on that same date. On May 1, 2015, Gary Dorr filed a Motion to Join the Joint Motion of Standing Rock, Cheyenne River, Rosebud and Yankton Sioux Tribes, Indigenous Environmental Network, COUP, and Bold Nebraska to Exclude Evidence and Testimony by TransCanada (Motion to Join). On April 27, 2015, COUP filed a Notice of Request for a Time Certain for an Expert Rebuttal Witness for the Intertribal Council on Utility Policy. On April 27, 2015, Keystone filed an Objection to COUP's Request for a Time Certain and Motion to Preclude Witnesses (Motion to Preclude). In its Motion to Preclude, TransCanada seeks to preclude COUP's proffered witness from testifying as a rebuttal witness.

TODAY, shall the Commission grant Gary Dorr's Motion to Join? AND, shall the Commission grant the Joint Motion? AND, shall the Commission grant the Motion to Preclude?

Items for Commission Discussion

Announcements

1. The PUC offices will be closed Monday, May 25, 2015, in observance of the Memorial Day holiday.
2. Commissioners will attend the annual meeting of Sioux Valley Energy on Tuesday, June 2, 2015, at 6:00 p.m. CDT at the McCrossan Boys Ranch, Sioux Falls, S.D.
3. Commissioners and Staff will attend the 2015 Mid-America Regulatory Conference Annual Meeting, June 7-10, 2015, at the Pfister Hotel, Milwaukee, Wis.
4. The next regularly scheduled commission meeting will be Thursday, June 11, 2015, at 9:30 a.m. CDT in Room 413 at the State Capitol Building, Pierre, S.D.
5. Commissioners and staff will meet with representatives of Montana-Dakota Utilities Co. on Monday, June 15, 2015, at 1:30 p.m. CDT in Room 413 at the State Capitol, Pierre, S.D. The agenda is to discuss a company informational update.
6. Commission meetings are scheduled for June 23 and July 7, 2015.

/s/Cindy Kemnitz

Cindy Kemnitz

Finance Manager

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May 19, 2015