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South Dakota Public Utilities Commission Meeting

March 2, 2015, at 1:30 P.M. CST

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. CST on Friday, February 27, 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.

REVISED AGENDA OF COMMISSION MEETING

Please note the change in docket sequence.

Administration

1. Approval of the Minutes of the Commission Meeting Held on February 13, 2015 (Staff: Joy Lashley)

Consumer Reports

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

Hydrocarbon Pipeline

1. **HP14-002 In the Matter of the Application of Dakota Access, LLC for an Energy Facility Permit to Construct the Dakota Access Pipeline (Staff Analysts: Brian Rounds, Darren Kearney; Staff Attorney: Kristen Edwards)**

On December 15, 2014, Dakota Access, LLC (Company) filed a siting permit application pursuant to SDCL 49-41B-4 to construct the South Dakota portion of the proposed Dakota Access Pipeline (Pipeline). The Pipeline will begin in North Dakota and terminate in Patoka, Illinois, traversing 13 counties in South Dakota. The proposed 12- to 30-inch diameter pipeline will have an initial capacity of 450,000 barrels of oil per day with a total potential of up to 570,000 barrels per day. The proposed route will enter South Dakota in Campbell County at the North Dakota/South Dakota border and will extend in a southeasterly direction, exiting the state at the South Dakota/Iowa border in Lincoln County. The length of the Pipeline through South Dakota is approximately 272.3 miles. The Pipeline also includes one pump station in South Dakota, located in Spink County. On December 23, 2014, Dakota Access filed a revised Application and revised Exhibits A and C. A deadline for filing a request for party status was set for February 13, 2015. Party status was granted on February 13, 2015, to all parties that filed on or before February 12, 2015. The Commission received additional applications for party status on and after February 13, 2015.

001909

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

2. 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 February 17, 2015, the Sierra Club requested to withdraw as a party to this docket. On February 18, 2015, the South Dakota Wildlife Federation also requested to withdraw as a party.

TODAY, shall the Commission grant the requests for withdrawal of party status from any parties that may have filed?

Natural Gas

1. NG15-001 In the Matter of the Filing by Montana-Dakota Utilities Co. for Approval of its Revised Conservation Tracking Adjustment (Staff Analyst: Darren Kearney; Staff Attorney: Karen Cremer)

On January 30, 2015, the Commission received an application by Montana-Dakota Utilities Co. for approval of a revised Conservation Tracking Adjustment (CTA), pursuant to the terms of the Company's Conservation Program Tracking Mechanism Rate 90 tariff. The company proposed a CTA rate, applicable to service under Rates 60, 70, and 72, of \$0.028 per dk to be effective March 3, 2015. The proposed CTA rate is a decrease of \$0.010 per dk from the currently authorized CTA rate.

TODAY, shall the Commission grant Montana-Dakota Utilities Co.'s request for approval of the Revised Conservation Program Tracking Mechanism Rate 90 Tariff effective March 3, 2015?

Telecommunications

1. TC15-001 In the Matter of the Application of NetFortris Acquisition Co., Inc. for a Certificate of Authority to Provide Local Exchange Services in South Dakota (Staff Analyst: Joseph Rezac; Staff Attorney: Karen Cremer)

On January 12, 2015, the Commission received a filing from NetFortris Acquisition Co., Inc. (NetFortris) requesting a Certificate of Authority to provide local exchange services in South Dakota for the purpose of providing resold local exchange and resold Voice over Internet Protocol (VoIP) communications services. NetFortris requests authority throughout the territories and exchanges of CenturyLink. On February 6, 2015, NetFortris responded to staff's data request.

TODAY, shall the Commission grant NetFortris' request for a Certificate of Authority to Provide Local Exchange Services in South Dakota?

Electric

1. EL14-106 In the Matter of the Application of NorthWestern Corporation dba NorthWestern Energy for Authority to Increase Its Electric Rates (Staff Analysts: Brittany Mehlhaff, Patrick Steffensen, Eric Paulson, Joseph Rezac; Staff Attorney: Karen Cremer)

On December 19, 2014, the Commission received an application by NorthWestern Corporation dba NorthWestern Energy (NorthWestern) for approval to increase rates for electric service to customers in its South Dakota service territory by approximately \$26.5 million annually or approximately

20.24% based on NorthWestern's test year ending September 30, 2014. NorthWestern states a typical residential electric customer using 750 kWh per month would see an increase of \$16.76 per month. The proposed changes may potentially affect approximately 62,100 customers in NorthWestern's South Dakota service territory. NorthWestern proposes an effective date of March 1, 2015. On February 6, 2015, Toshiba American Business Solutions, Inc., Trail King industries, Inc., and Redfield Energy, LLC, collectively the "Industrial Intervenors", filed a Petition to Intervene. Wal-Mart Stores, Inc. also filed a Petition to Intervene on February 6, 2015.

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

2. EL15-001 In the Matter of the Filing by Otter Tail Power Company for Approval of Revised Customer Information Booklet (Staff Analysts: Deb Gregg, Joseph Rezac; Staff Attorney: Karen Cremer)

On January 7, 2015, the Commission received a request from Otter Tail Power Company (Otter Tail) for approval of its updated Customer Information Brochure, pursuant to ARSD 20:10:16:02. On February 5, 2015, Otter Tail responded to staff's data request.

TODAY, shall the Commission grant approval of Otter Tail Power Company's revised customer information booklet?

3. EL15-007 In the Matter of the Application of Black Hills Power, Inc. for Approval of 2015 Transmission Facility 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%.

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?

4. 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%.

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

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.

TODAY, shall the Commission grant the Joint Motion for Approval of the Amended Settlement Stipulation and approve the terms and conditions stipulated therein? AND shall the Commission approve the interim rate refund plan? OR, how shall the Commission proceed?

Items for Commission Discussion

Announcements

1. The PUC will have an exhibit booth at the Sioux Empire Home Show, March 6-8, 2015, at the Sioux Falls Convention Center & Arena, Sioux Falls, S.D.
2. The next regularly scheduled commission meeting will be Tuesday, March 17, 2015, at 9:30 a.m. CST in Room 413 at the State Capitol Building, Pierre, S.D.
3. Commission meetings are scheduled for March 31 and April 14, 2015.

/s/Cindy Kemnitz

Cindy Kemnitz

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February 24, 2015