

South Dakota Public Utilities Commission Meeting**March 31, 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 Monday, March 30, 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 Meeting Held on March 17, 2015 (Staff: Joy Lashley)**

Consumer Reports

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

Electric

1. **EL14-106 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 January 8, 2015, the Commission issued an Order Assessing Filing Fee and Suspending Operation of Proposed Rates. On March 20, 2015, the Commission received a petition from twenty-seven (27) customers requesting to suspend the proposed rate increase requested by NorthWestern and to hold a public hearing to determine if such a rate should be allowed or decreased.

TODAY, how shall the Commission proceed?

2. **EL15-009 In the Matter of NorthWestern Corporation dba NorthWestern Energy's**

Request for Approval to Revise Its Fuel Adjustment Clause Rider to Include Reagent and Treated Water Costs (Staff Analyst: Joseph Rezac; Staff Attorney: Karen Cremer)

On March 3, 2015, the Commission received a filing by NorthWestern Corporation dba NorthWestern Energy (NorthWestern) for approval to modify the Fuel Adjustment Clause to allow the inclusion of reagent and treated water expenses that are necessary to comply with the Federal Environmental Protection Agency's Mercury and Air Toxics Standards rules. NorthWestern states an average residential customer using 750 kwh will see an increase of about \$0.76 per month and an average commercial customer using 6,600 kwh will see an increase of about \$6.67 per month.

TODAY, shall the Commission approve the tariff revisions?

Gas & Electric

1. GE15-001 In the Matter of the Filing by MidAmerican Energy Company for the Approval of Its Reconciliation for 2014 and its Proposed Energy Efficiency Plan for 2015 (Staff Analyst: Darren Kearney; Staff Attorney: Karen Cremer)

On February 20, 2015, the Commission received a filing from MidAmerican Energy Company (MidAmerican) that included the company's 2014 Energy Efficiency Annual Report, the reconciliation of the company's 2014 Energy Efficiency cost recoveries for the 2014 calendar year, and the company's 2015-17 Energy Efficiency plan updates. Specifically, MidAmerican requested approval of its 2015 Energy Efficiency Cost Recovery Factors that account for the 2014 reconciliation amounts, the 2014 performance incentive and the proposed 2015 budget. MidAmerican also requested approval of modifications to its Energy Efficiency Plan for years 2015-2017, which encompass the following: 1) the inclusion of furnaces and ground source heat pumps in the residential programs and their associated budget increases, 2) an increase in nonresidential equipment program budgets for furnaces and lighting, and 3) the use of 2015 residential gas equipment funds to pay outstanding furnace rebate applications received after December 31, 2014.

TODAY, shall the Commission approve the 2014 reconciliation amounts and the 2014 performance incentive? AND, shall the Commission approve the requested modifications to the 2015-2017 Energy Efficiency Plan? AND, shall the Commission approve the resulting changes to the Energy Efficiency Cost Recovery Factors and tariff sheets?

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 December 17, 2014, the Commission issued an Order establishing a procedural schedule. An evidentiary hearing was set for May 5-8, 2015. On March 17, 2015, Staff filed a Motion to Amend Procedural Schedule to include a deadline for parties to file witness lists and exhibit lists. On that same date, the Commission issued an Order for and Notice of Motion Hearing, setting a hearing date on Staff's Motion for the regular Commission meeting on March 31, 2015.

TODAY, shall the Commission grant Staff's Motion to Amend Procedural Schedule to include a deadline for parties to file witness lists and exhibit lists?

Telecommunications

1. TC13-027 In the Matter of the Consideration of Eligible Telecommunications Carrier Certification Requirements (Staff Analyst: Brian Rounds; Staff Attorney: Karen Cremer)

At its March 26, 2013, meeting, the Commission considered whether it should consider revising or waiving any of its ETC requirements, including its June 1, 2013, deadline, in light of the Federal Communications Commission's (FCC's) new annual reporting requirements. At its April 23, 2013, meeting, the Commission voted to waive the June 1 deadline as set forth in ARSD 20:10:32:52 and allow ETCs to file their annual certification petitions on or before July 1. With respect to ARSD 20:10:32:54(1), the Commission found that if an ETC is filing a five-year plan with the FCC and the Commission, that ETC is not required to file a two-year plan pursuant to the Commission's rule. All other ETCs must continue to file their two-year plans. With respect to ARSD 20:10:32:54(2), the Commission found that all ETCs are still required to file progress reports on their previously filed service quality improvement plans; however, the minor differences in this provision as compared to the FCC's similar progress report provision are waived. With respect to ARSD 20:10:32:54(4) and (5), the Commission waived the portions of these subdivisions that are not consistent with the federal requirements. With respect to ARSD 20:10:32:54(8) and (9), the Commission waived these requirements in their entirety. On March 26, 2014, SDTA filed a letter seeking clarification to confirm that the previous Order remains in effect and will be deemed applicable to the 2014 state ETC certification process. At its April 16, 2014, meeting, the Commission clarified that the terms of its previous order are still in effect and are applicable to the 2014 ETC certification process. On December 18, 2014, the FCC issued an order that revised its public interest obligations for recipients of high-cost universal service, including the obligation to offer broadband service at a minimum speed. See *In the Matter of the Connect America Fund; ETC Annual Reports and Certifications; Petition of USTelecom for Forbearance Pursuant to 47 U.S.C. § 160(c) from Obsolete ILEC Regulatory Obligations that Inhibit Deployment of Next-Generation Networks*, WC Dockets Nos. 10-90, 14-58, and 14-192, Report and Order (rel. Dec. 18, 2014). The FCC increased the minimum speed standard from 4/1 Mbps to 10/1 Mbps. In its Report and Order, the FCC stated that "[r]ate-of-return carriers are expected to take into account the revised 10/1 Mbps speed standard when considering whether and where to upgrade existing plant in the ordinary course of business and will be required to report on progress toward this goal in annual updates to their five-year service quality plans." *Id.* at para 24. Chairman Nelson requests that the Commission consider whether to provide additional guidance regarding the type of information that must be included in the progress reports, and the maps required to be included in the progress reports. For example, this information could include the requirement that a carrier set forth the broadband speeds available to the carrier's end users. This specific information could include the ability of each carrier to offer the following broadband speeds: (1) at least 25/3 Mbps; (2) at least 10/1 Mbps but less than 25/3 Mbps; (3) at least 4/1 Mbps but less than 10/1 Mbps; (4) at least 1.5 Mbps downstream but less than 4/1 Mbps; (5) less than 1.5 Mbps downstream or none. Each of the categories could show the percentage of a carrier's end users that are able to subscribe to these broadband speeds, with the total of the percentages equal to 100%.

TODAY, does the Commission find that the terms of its previous order are still in effect and are applicable to the 2015 state ETC certification process? Shall the Commission provide additional guidance regarding the type of information that must be included in a carrier's progress reports and maps? OR, how shall the Commission proceed?

2. TC15-003 In the Matter of the Application of inContact, Inc. for a Certificate of Authority to Provide Interexchange Long Distance Services in South Dakota (Staff Analyst: Joseph Rezac; Staff Attorney: Karen Cremer)

On March 10, 2015, the Commission received a filing from inContact, Inc. seeking authority to provide intrastate telecommunications services within South Dakota as an interconnected Voice over Internet Protocol (VoIP) provider. inContact, Inc. maintains interexchange authority granted in docket TC02-163 and a Certificate of Authority to provide local exchange services granted in Docket TC05-051. On March 23, 2015, inContact, Inc. requested withdrawal of the application.

TODAY, shall the Commission grant inContact's request for withdrawal?

Announcements

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1. PUC commissioners and staff will meet with consumers at the Black Hills Home Builders Association Home Show, March 27-29, 2015, at the Rushmore Plaza Civic Center, Rapid City, S.D.
2. The next regularly scheduled commission meeting will be Tuesday, April 14, 2015, at 9:30 a.m. CDT in Room 413 at the State Capitol Building, Pierre, S.D.
3. The PUC will host the South Dakota/North Dakota Pipeline Safety Operators Training, April 15-16, 2015, at the Ramkota Hotel and Conference Center, Sioux Falls, S.D.
4. Commissioners will attend the Center for Public Utilities Advisory Council's Current Issues 2015 forum, April 19-22, 2015, at the Eldorado Hotel, Santa Fe, N.M.
5. Commission meetings are scheduled for April 30 and May 12, 2015.

/s/Cindy Kemnitz

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March 24, 2015