

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

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| IN THE MATTER OF THE CONSIDERATION |) | SCHEDULING ORDER |
| OF THE NEW PURPA STANDARDS AS SET |) | |
| FORTH IN THE ENERGY POLICY ACT OF |) | EL06-018 |
| 2005 |) | |

On August 8, 2005, the Energy Policy Act of 2005 ("EPAAct 2005") was signed into law. Certain provisions in the EPAAct 2005 amend the Public Utility Regulatory Policies Act ("PURPA") of 1978. The EPAAct 2005 adds five new federal standards to PURPA. The five standards regard net metering, fuel diversity, fossil fuel generation efficiency, time-based metering, and interconnection for distributed resources. Under the EPAAct 2005, the Public Utilities Commission (Commission) has varying timelines within which to consider these standards and determine whether to adopt them.

At its May 23, 2006, meeting, the Commission considered how to proceed with the consideration of the new PURPA standards. The Commission sought comments from interested persons or entities on how to proceed and other issues. Written comments were due on or before June 20, 2006.

At its July 11, 2006, meeting, the Commission considered this matter. With respect to net metering, the Commission found that it will not consider the net metering standard. The Commission noted that the Legislature has already considered the implementation of net metering and has rejected any such implementation in past legislative sessions. Pursuant to section 112(d) (3) of PURPA, the obligation to consider the net metering standard does not apply if "the State legislature has voted on the implementation of such standard (or a comparable standard) for such utility."

The Commission further found that the affected utilities are the rate regulated investor owned utilities. The Commission also decided that this docket will encompass all of the affected utilities and will address all of the remaining standards. In addition, the Commission determined that it would decide what type of hearings to hold and whether to implement any standards through a rulemaking after the intervention deadline.

The Commission set an intervention deadline of August 15, 2006. On August 11, 2006, the Commission received a Petition to Intervene from MidAmerican Energy Company (MidAmerican). On August 14, 2006, the Commission received a Petition to Intervene from Itron, Inc. (Itron). On August 15, 2006, the Commission received Petitions to Intervene from NorthWestern Corporation d/b/a NorthWestern Energy (NWE), Northern States Power Company d/b/a Xcel Energy (Xcel) and Montana-Dakota Utilities Co., a division of MDU Resources Group, Inc. (MDU). On August 17, 2006, the Commission received a Petition to Intervene from Otter Tail Corporation d/b/a Otter Tail Power Company (OTP) and a Petition for Late Filed Intervention from Black Hills Power, Inc. (BHP). By order dated September 11, 2006, the Commission granted intervention to MidAmerican, Itron, NWE, Xcel, MDU, OTP and BHP.

At its November 14, 2006, meeting, the Commission considered how to proceed. The Commission decided to ask for written comments from the parties regarding the standards and then conduct workshops to further study whether to implement the standards. The Commission requested that the parties file the comments on or before January 9, 2007. On January 9, 2007, the Commission received comments from OTP, MidAmerican, and BHP.

The Commission held a workshop on May 1, 2007, to further discuss the standards. At its May 8, 2007, meeting, the Commission decided to hold a hearing regarding the interconnection for distributed generation and time-based metering standards. The hearing was held as scheduled on May 30, 2007. The transcript of the workshop shall be cited to as "Wrk. Tr.". The transcript of the hearing shall be cited to as "Tr."

At its July 11, 2007, meeting, the Commission considered the interconnection and time-based metering standards. With respect to the time-based metering standard, the Commission unanimously voted to not adopt the standard. With respect to the interconnection standard, the Commission unanimously voted to adopt the standard.

Specifically, the Commission ordered the utilities to first file their interconnection procedures. Next, the Commission Ordered Staff to work with utilities to develop model interconnection procedures. Following the workshop, Staff shall submit a report detailing the results and make a recommendation regarding how to proceed. Staff is currently involved in the workshop process to develop a model and recommendation.

The final two standards, fuel diversity and fossil fuel generation efficiency, must be considered by the Commission and a decision rendered by August 2008. At its April 22, 2008 meeting, the Commission considered how best to proceed. The Commission has jurisdiction over this matter pursuant to SDCL chapter 49-34A, specifically 49-34A-93, and the EAct 2005. The Commission decided to set an additional comment period regarding the final two standards. The Commission determined that when making its decision regarding the fuel diversity and fossil fuel generation efficiency standards, it will take into consideration the comments made at the workshop, any previously filed comments, and any additional comments. Parties may file additional comments on or before June 13, 2008.

It is therefore

ORDERED, that the parties may file comments regarding the fuel diversity and fossil fuel generation efficiency standards on or before June 13, 2008.

Dated at Pierre, South Dakota, this 13th day of May, 2008.

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| <p align="center">CERTIFICATE OF SERVICE</p> <p>The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.</p> <p>By: <u>Delaine Kolbo</u></p> <p>Date: <u>5/14/08</u></p> <p align="center">(OFFICIAL SEAL)</p> |
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BY ORDER OF THE COMMISSION:

Gary Hanson
GARY HANSON, Chairman

Steve Kolbeck
STEVE KOLBECK, Commissioner

Dustin M. Johnson
DUSTIN M. JOHNSON, Commissioner