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South Dakota Public Utilities Commission Meeting

November 22, 2016, at 9:30 A.M. CST

Room 414, 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 Monday, November 21, 2016. 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 November 8, 2016 (Staff: Joy Lashley)

Consumer Reports

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

Electric

1. **EL16-018 In the Matter of the Petition of Northern States Power Company dba Xcel Energy for Approval of Its 2015 Demand Side Management Report and 2017 Proposed Demand Side Management Plan (Staff Analyst: Darren Kearney; Staff Attorney: Amanda Reiss)**

On April 29, 2016, the Commission received a Petition from Northern States Power Company dba Xcel Energy (Xcel) requesting approval of the 2015 Demand Side Management (DSM) Status Report and 2017 DSM Plan. Specifically, Xcel requests approval of the Company's 2015 DSM Tracker account, the incentive earned for 2015 program performance, the proposed 2017 DSM Cost Adjustment Factor of \$0.000492 per kWh, and the proposed DSM Plan for 2017. Xcel requests an effective date of January 1, 2017, for the DSM Cost Adjustment Factor.

TODAY, shall the Commission approve the Company's 2015 DSM Status Report and tracker account, the performance incentive earned for 2015, the proposed 2017 DSM Plan, and the DSM Cost Adjustment Factor of \$0.000492 per kWh with a January 1, 2017, effective date?

2. **EL16-020 In the Matter of the Filing by Otter Tail Power Company Regarding its Proposed South Dakota Energy Efficiency Plan for 2017-2019 (Staff Analyst: Darren Kearney; Staff Attorney: Amanda Reiss)**

On April 29, 2016, the Commission received a filing from Otter Tail Power Company (Otter Tail) requesting approval of its proposed South Dakota Energy Efficiency Plan for 2017–2019 (2017–19 SD EEP). In the 2017–19 SD EEP, Otter Tail plans to continue, with modifications, its current portfolio of cost-effective energy efficiency projects in South Dakota. Otter Tail is not proposing to

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include new projects in the 2017-19 SD EEP; however, proposed modifications to the plan incorporate new technologies. Finally, Otter Tail proposes to increase the 2017-19 EEP budget to \$449,000 and continue the fixed percentage incentive at 30 percent of actual expenses with a cap set at 30 percent of the approved budget.

TODAY, shall the Commission approve Otter Tail Power Company's 2017-2019 Energy Efficiency Plan?

3. EL16-034 In the Matter of the Application of Black Hills Power, Inc. dba Black Hills Energy for Approval of a Revision to the Energy Efficiency Solutions Adjustment (EESA) Rates (Staff Analysts: Brittany Mehlhaff, Joseph Rezac; Staff Attorney: Amanda Reiss)

On October 17, 2016, Black Hills Power, Inc. dba Black Hills Energy (BHP) filed for approval of a revision to its Energy Efficiency Solutions Adjustment (EESA) Rates. BHP requests approval to increase its EESA rates effective December 1, 2016. BHP proposes to raise the residential service EESA rate of \$0.0004/kWh to \$0.0008/kWh and the commercial and industrial services EESA rate of \$0.0009/kWh to \$0.0013/kWh. BHP also filed its Energy Efficiency Plan Status Report for Program Year 2015 and Balancing Account for Program Year 2015.

TODAY, shall the Commission approve the Energy Efficiency Solutions Program Status Report for Program Year 2015? AND, shall the Commission approve the balancing account for Program Year 2015, including the performance incentive recovery? AND, shall the Commission approve the Energy Efficiency Solutions Adjustment rates of \$0.0008/kWh for residential service and \$0.0013/kWh for commercial and industrial services, effective December 1, 2016, and associated tariff sheets? OR, how shall the Commission proceed?

4. EL16-035 In the Matter of the Petition of Otter Tail Power Company for Approval of the Transmission Cost Recovery Rider Rate (Staff Analysts: Patrick Steffensen, Lorena Reichert; Staff Attorney: Amanda Reiss)

On November 1, 2016, Otter Tail Power Company (Otter Tail) filed a petition for approval of its 2017 Transmission Cost Recovery (TCR) Rider. Otter Tail's TCR rate has been adjusted to reflect the TCR revenue requirements for the next recovery period (March 2017 – February 2018). 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 addition of one new transmission project that is not currently in base rates and has not previously been approved for inclusion in the Rider.

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?

Natural Gas

1. NG16-010 In the Matter of the Filing by NorthWestern Corporation dba NorthWestern Energy for Approval of its Refund Plan regarding its Recovery of Manufactured Gas Plant Site Remediation Costs (Staff Analysts: Brittany Mehlhaff, Eric Paulson; Staff Attorney: Kristen Edwards)

On September 1, 2016, NorthWestern Corporation dba NorthWestern Energy (NorthWestern) filed for approval of a refund plan regarding its recovery of manufactured gas plant (MGP) site remediation costs. The purpose of this filing is to provide a mechanism for NorthWestern to credit customers an over-collection related to MGP remediation allowed in docket NG11-003. NorthWestern states that actual costs for the years 2011 through 2015 were significantly less than what was anticipated at the time of approval of docket NG11-003, resulting in a refund due to customers. NorthWestern proposes to administer the refund via bill credits, which will be applicable from November 1, 2016, through October 31, 2017. On November 14, 2016, NorthWestern filed a letter requesting approval of its refund plan on an interim basis effective December 1, 2016, subject to a later resolution of an unresolved issue between NorthWestern and Commission Staff.

TODAY, shall the Commission approve the refund plan rates on an interim basis effective December 1, 2016? OR, how shall the Commission proceed?

2. NG16-014 In the Matter of Commission Staff's Petition for Declaratory Ruling Regarding Farm Tap Customers (Staff Analysts: Brittany Mehlhaff, Mary Zanter, Patrick Steffensen; Staff Attorney: Kristen Edwards)

On November 9, 2016, Commission Staff filed a petition for a declaratory ruling to resolve the following issues: 1) Does the Commission have jurisdiction over the utility providing natural gas to farm tap customers taking natural gas from the transmission line owned and operated by Northern Natural Gas Company? 2) If so, which entity, NorthWestern Corporation dba NorthWestern Energy or Northern Natural Gas Company, if either, is a public utility as defined by SDCL Chapter 49 with respect to these farm tap customers? 3) Finally, are the farm taps in whole or in part subject to state jurisdiction for the purpose of pipeline safety pursuant to SDCL Chapter 49-34B?

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

Telecommunications

1. TC12-133 In the Matter of the Petition of Midstate Telecom for Approval of its Cost Based Switched Access Rates and for a Phase-In (Staff Analyst: Patrick Steffensen; Staff Attorney: Karen Cremer)

On September 10, 2012, Midstate Telecom, Inc. (Midstate) filed a petition for approval of its new intrastate switched access rates. Per ARSD 20:10:27:02.02, Midstate requested the Commission approve a higher rate than allowed under ARSD 20:10:27:02.01 and filed a cost study in support of the higher rate. Midstate also requested a phase-in period in which their current rate would be approved until March 10, 2013, after which the requested rate would go into effect. At its regularly scheduled meeting of December 4, 2012, the Commission granted Midstate's waiver of the six-month requirement in ARSD 20:10:27:14 and also voted to suspend the operation of Midstate's proposed tariff for an initial period of one hundred twenty days from December 15, 2012. On November 3, 2016, Midstate filed a Motion to Withdraw Petition.

TODAY, shall the commission grant the Motion to Withdraw Petition and dismiss and close the docket?

2. TC16-059 In the Matter of the Petition of the Cheyenne River Sioux Tribe Telephone Authority for an Amended Certificate of Authority (Staff Analyst: Eric Paulson; Staff Attorney: Kristen Edwards)

On October 7, 2016, the Commission received a petition from Cheyenne River Sioux Tribe Telephone Authority (CRSTTA) for an Amended Certificate of Authority for local exchange service pursuant to SDCL 49-31-69. CRSTTA requests to amend its service territory to include an additional three customers that currently reside in CenturyLink territory. CenturyLink does not object to CRSTTA's request. CRSTTA also requests the Commission waive ARSD 20:10:32:03 (1-8); (10-22); and (24). On October 26, 2016, CRSTTA responded to Staff's Data request and also filed a Certificate of Service. On November 9, 2016, CRSTTA filed revised exhibits A-1 and A-2.

TODAY, shall the Commission approve the request for waiver? AND shall the Commission approve the request for an Amended Certificate of Authority?

3. TC16-060 In the Matter of the Approval of a Carrier Partner for Interconnected VoIP Provider Amendment to the Interconnection Agreement between Qwest Corporation dba CenturyLink QC and Level 3 Communications, LLC (Staff Analyst: Lorena Reichert; Staff Attorney: Amanda Reiss)

On October 28, 2016, the Commission received a filing pursuant to 47 U.S.C. § 252 for approval of an Interconnected VoIP Provider Amendment to the Interconnection Agreement between Qwest Corporation dba CenturyLink QC and Level 3 Communications, LLC. Level 3 Communications wishes to act as a Carrier Partner for an Interconnected VoIP Provider by providing a switch and combining Level 3 Communications' traffic with the Interconnected VoIP Provider's VoIP-PSTN Traffic. Level 3 Communications then wishes to exchange such traffic with CenturyLink according to the terms of this Amendment.

TODAY, shall the Commission Approve the Amendment to the Interconnection Agreement?

4. TC16-061 In the Matter of the Approval of a Wireless Interconnection Agreement between Qwest Corporation dba CenturyLink QC and Onvoy Spectrum, LLC (Staff Analyst: Patrick Steffensen; Staff Attorney: Amanda Reiss)

On November 1, 2016, the Commission received a filing pursuant to 47 USC § 252 for approval of a wireless interconnection agreement between Qwest Corporation dba CenturyLink QC and Onvoy Spectrum, LLC for the State of South Dakota. On November 14, 2016, CenturyLink responded to Staff's data request.

TODAY, shall the Commission approve the interconnection agreement?

Items for Commission Discussion

Announcements

1. The PUC offices will be closed Thursday, November 24, and Friday, November 25, 2016, in observance of the Thanksgiving holiday.
2. Commissioners and staff will meet with representatives of NorthWestern Energy on Monday, December 5, 2016, at 1:30 p.m. CST in Room 413 at the State Capitol, Pierre, S.D. The agenda is to discuss an update of NorthWestern Energy's operations, finance and customer service activities.
3. The next regularly scheduled commission meeting will be Tuesday, December 6, 2016, at 9:30 a.m. CST in Room 413 at the State Capitol, Pierre, S.D.
4. Commissioners and staff will attend the South Dakota Telecommunications Association/Public Utilities Commission Biannual Forum December 8-9, 2016, at the Hilton Garden Inn Sioux Falls Downtown, Sioux Falls, S.D.
5. Commissioners and staff will meet with representatives of the South Dakota Electric Utility Companies on Monday, December 12, 2016, at noon CST at the Associated General Contractors conference room, 300 E. Capitol Ave., Pierre, S.D. The agenda is to discuss company updates.
6. Commission meetings are scheduled for December 20, 2016, and January 3, 2017.

/s/Cindy Kemnitz _____.

Cindy Kemnitz

Finance Manager

[PUC Email](#)

November 15, 2016