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South Dakota Public Utilities Commission Meeting
September 18, 2018, at 9:30 A.M. CDT
Room 413, Capitol Building
Pierre, South Dakota

NOTE: Docket participants who wish to join this meeting by conference call, should contact the Commission at 605-773-3201 by 5:00 p.m. CDT on Monday, September 17, 2018, to reserve a phone line. Lines are limited and assigned 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 docket discussion at 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 webcast 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 September 4, 2018 (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: Amanda Reiss)**

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 its test year ending September 30, 2014. On October 16, 2015, a Revised Settlement Stipulation, Joint Motion for Approval of Revised Settlement Stipulation, and staff Memorandum were filed. On November 4, 2015, the Commission issued an Order Granting Joint Motion for Approval of Revised Settlement Stipulation and Order Approving Interim Refund Plan. On September 10, 2018, an Amendment to Revised Settlement Stipulation and Joint Motion for Approval of Amendment to Revised Settlement Stipulation were filed.

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

2. **EL18-026 In the Matter of the Application by Prevailing Wind Park, LLC for a Permit of a Wind Energy Facility in Bon Homme County, Charles Mix County and Hutchinson County, South Dakota, for the Prevailing Wind Park Project (Staff Analysts: Darren Kearney, Jon Thurber; Staff Attorney: Kristen Edwards)**

On May 30, 2018, Prevailing Wind Park, LLC filed an application to construct the Prevailing Wind Park Project (Project), a wind energy facility located on approximately 50,364 acres of land in Bon

Homme, Charles Mix and Hutchinson counties, South Dakota, between the towns of Avon, Tripp, and Wagner, South Dakota. The total installed capacity of the Project would not exceed 219.6 MW nameplate capacity. The proposed Project includes up to 61 wind turbine generators, access roads to turbines and associated facilities, underground electrical power collector lines connecting the turbines to the collection substation, an operation and maintenance facility, and temporary construction areas, including crane paths, public road improvements, a laydown yard, and a concrete batch plant(s) (as needed), and four permanent meteorological towers. The Project would interconnect at Western Area Power Administration's existing Utica Junction Substation, located approximately 27 miles east of the Project. Applications for party status can be viewed in the docket at: <http://puc.sd.gov/Dockets/Electric/2018/EL18-026partystatus.aspx>. A public input meeting was held on July 12, 2018. On August 9, 2018, the Commission issued an order granting intervention to six individuals and one county government. On August 28, 2018, one individual filed a late application for party status.

TODAY, shall the Commission grant late intervention to any person that may have filed? OR, how shall the Commission proceed?

3. EL18-034 In the Matter of the Filing by NorthWestern Corporation dba NorthWestern Energy for Approval of Tariff Revisions to Its Small Qualifying Facility Rider (Rates 73 and 74) (Staff Analysts: Darren Kearney, Jon Thurber, Eric Paulson; Staff Attorney: Kristen Edwards)

On July 20, 2018, the Commission received an application by NorthWestern Corporation dba NorthWestern Energy (NorthWestern) for approval to revise its Rate No. 73 – Small Qualifying Facility Rider (Occasional delivery energy service) and Rate No. 74 – Small Qualifying Facility Rider (Time of delivery energy service) tariff rates to reflect prices based on projected 2018-2019 data. NorthWestern requests an effective date of September 1, 2018, for the proposed modifications to the rate schedules. At its August 22, 2018, Commission meeting, the Commission deferred this matter based on Commission staff's and NorthWestern's request. Staff and NorthWestern requested the docket be deferred so that customers taking service under Rates 73 and 74 could be provided notice of the proposed rate change. NorthWestern sent letters to the affected customers on August 21, 2018. One customer contacted NorthWestern regarding the rate change and no customers contacted Commission staff. As a result of the deferral, NorthWestern agreed to change the effective date to October 1, 2018.

TODAY, shall the Commission approve NorthWestern's tariff revisions with an effective date of October 1, 2018?

4. EL18-036 In the Matter of the Petition of Northern States Power Company dba Xcel Energy for Approval of Its 2019 Transmission Cost Recovery Eligibility and Rate Adjustment (Staff Analyst: Patrick Steffensen; Staff Attorney: Kristen Edwards)

On August 31, 2018, the Commission received a petition from Northern States Power Company dba Xcel Energy (Xcel) for approval of its 2019 Transmission Cost Recovery (TCR) Rider, TCR rate factor, and tracker account report. For 2019, Xcel proposes recovery of the South Dakota jurisdictional portion of the revenue requirements related to 15 transmission projects located throughout its service territory. Xcel proposes to include one new project for 2019. Xcel proposes to recover \$6.5 million associated with these projects for the 2019 calendar year. Included in the \$6.5 million figure is the 2018 over-collection balance of \$876,711. The total of the transmission investment costs and the tracker balance results in an average bill impact of \$2.28 per month for a typical residential electric customer using 750 kWh per month. This is a decrease of \$0.07 per month from the current TCR Rider recovery. Xcel proposes to implement a rate of \$0.003037 per kWh applied to all energy billed to each customer class beginning January 1 through December 31, 2019. This represents a decrease of \$0.000094 from the existing rate of \$0.003131 per kWh.

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?

Gas and Electric

1. GE17-003 In the Matter of Staff's Request to Investigate the Effects of the Tax Cuts and Jobs Act on South Dakota Utilities (Staff Analysts: Brittany Mehlhaff, Patrick Steffensen; Staff Attorneys: Kristen Edwards, Amanda Reiss)

On December 21, 2017, the Commission received a filing from Commission staff (Staff) requesting a docket be opened to investigate the Tax Cuts and Jobs Act on South Dakota utilities. Staff also filed a Motion Requesting Order Requiring Comments and Securing Tax Effects for Customers as of January 1, 2018 (Motion). In the Motion, staff requested the Commission investigate the effect the Tax Cuts and Jobs Act (Act) will have on South Dakota utilities and requested the Commission issue an order requiring utilities to submit comments on the effect the Act will have on each utility. Additionally, staff requested the Commission issue an order that any adjustment to rates due to the Act will be effective on January 1, 2018. On December 29, 2017, the Commission issued an Order Requiring Comments; Order Requiring Rates in Effect January 1, 2018, are Subject to Refund; Order Granting Intervention. On January 29, 2018, NorthWestern Corporation dba NorthWestern Energy (NorthWestern) submitted initial comments and on April 3, 2018, NorthWestern filed additional comments and specific proposals. On August 31, 2018, staff and NorthWestern filed a Joint Motion for Approval of Settlement Stipulation and Settlement Stipulation, and staff filed its Memorandum.

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

Natural Gas

1. NG18-012 In the Matter of the Filing by NorthWestern Corporation dba NorthWestern Energy for Approval of a Contract with Deviations with Prairie AquaTech Manufacturing, LLC (Staff Analyst: Eric Paulson; Staff Attorney: Amanda Reiss)

On August 17, 2018, NorthWestern Corporation dba NorthWestern Energy (NorthWestern) filed for approval of a contract with deviations with Prairie AquaTech Manufacturing, LLC (AquaTech). AquaTech will be a new customer on NorthWestern's natural gas system. The purpose of this filing is to require a security for construction costs in order to protect legacy customers, utilization of minimum annual obligation and an annual look back period, and termination conditions as set forth in the agreement between NorthWestern and Aquatech. The customer will be served under Rate 87 in the tariff. NorthWestern proposes an October 1, 2018, effective date for the revised tariff sheet. On September 4, 2018, NorthWestern responded to staff's data request.

TODAY, shall the Commission approve NorthWestern Energy's contract with deviations with Prairie AquaTech Manufacturing, LLC and the associated tariff revisions?

2. NG18-013 In the Matter of the Filing by NorthWestern Corporation dba NorthWestern Energy for Approval of its Gas Transportation Tariff Revisions Regarding Fuel Retention Percentage (Staff Analyst: Patrick Steffensen; Staff Attorney: Amanda Reiss)

On August 27, 2018, the Commission received a filing from NorthWestern Corporation dba NorthWestern Energy (NorthWestern). This filing proposes to update Sheet No. 6.2 in Section No. 5 of NorthWestern's filed natural gas tariff. NorthWestern's tariff provides that the Fuel Retention Percentage is to be updated annually and be effective October 1 each year. NorthWestern also proposes to update the fuel rate for customers with an average daily therm usage greater than 30,000. NorthWestern states that customers who fit this high usage criterion are primarily direct connect customers whose gas system is not subject to the normal losses in a distribution system. NorthWestern seeks an effective date of October 1, 2018.

TODAY, shall the Commission approve the proposed tariff revisions effective October 1, 2018?

Pipeline Safety

1. PS18-001 In the Matter of Staff's Request for Release to Liberty Mutual Insurance Company a Segment of Pipe Involved in a February 6, 2018, Incident (Pipeline Safety Program Manager: Mary Zanter, Pipeline Safety Inspector: Boice Hillmer; Staff Attorney: Kristen Edwards)

On September 7, 2018, Commission staff (Staff) filed a letter requesting a section of pipe involved in a February 6, 2018 incident in Aberdeen, South Dakota be released for destructive testing. SDCL 49-34B-26 provides that Commission approval must be obtained prior to the destruction of pipe involved in an incident. Liberty Mutual Insurance Company desires to have the section of pipe involved in the incident subjected to destructive testing by its expert. Staff has completed its incident investigation.

TODAY, shall the Commission grant approval to release the pipe for destructive testing?

Rulemaking

1. RM13-002 In the Matter of the Consideration of Standards to Govern Avoided Cost Determinations (Staff Analysts: Darren Kearney, Jon Thurber; Staff Attorney: Karen Cremer)

On September 25, 2013, Commission staff (Staff) requested the Commission open a rulemaking docket for the purpose of considering, on a statewide basis, the proper standards that should govern avoided cost determinations. After considering initial comments received from a number of stakeholders, staff filed draft rules on November 5, 2015, and requested the Commission establish a deadline for comments on the draft rules. Through its order dated November 30, 2015, the Commission set a deadline for initial comments on staff's proposed draft rules of February 1, 2016, with responsive comments due March 1, 2016. Black Hills Energy, Otter Tail Power Company, Xcel Energy, MidAmerican Energy, and NorthWestern Energy filed initial comments. Responsive comments were filed by Xcel Energy, MidAmerican Energy, and Juhl Energy, Inc. On September 11, 2018, staff filed a letter requesting that the docket be dismissed and closed.

TODAY, shall the Commission dismiss the rulemaking docket? OR, how shall the Commission proceed?

Public Comment

Individuals who wish to make public comments to the commission may do so in person during this time. All who offer public comment are requested to sign in at the commission meeting. Time limits for comments may be determined at the discretion of the chairperson.

Announcements

1. PUC commissioners and staff will meet with South Dakota CenturyLink customers from the Valentine telephone exchange (prefix 378) on Tuesday, September 18, 2018, at 5:30 p.m. CDT at the Littleburg Elementary School in rural Todd County. The agenda is to discuss potential future improvements to the CenturyLink telephone system and provision of broadband internet service in the area.
2. Commissioners will attend the 2018 South Dakota Technology Showcase beginning at 8:00 a.m. CDT on Tuesday, September 25, 2018, at the Hilton Garden Inn Downtown, Sioux Falls, South Dakota.
3. The next regular commission meeting will be Tuesday, October 2, 2018, at 9:30 a.m. CDT in Room 413 at the State Capitol Building, Pierre, South Dakota.
4. PUC commissioners and staff will meet with representatives of the Midcontinent Independent System Operator on Tuesday, October 2, 2018, at 2:00 p.m. CDT in Room 413 the State Capitol Building, Pierre, South Dakota. The agenda includes discussion about MISO's portfolio shift and its market efficiency project cost allocation proposal.
5. The PUC office will be closed Monday, October 8, 2018, in observance of the Native American Day holiday.
6. An evidentiary hearing for **Docket EL18-026** – In the Matter of the Application by Prevailing Wind Park, LLC for a Permit of a Wind Energy Facility in Bon Homme County, Charles Mix County and Hutchinson County, South Dakota, for the Prevailing Wind Park Project is scheduled for October 9-12, 2018, beginning at 9:00 a.m. CDT on Tuesday, October 9, in Room 413 at the State Capitol Building, Pierre, South Dakota.

/s/Cindy Kemnitz
Cindy Kemnitz
Finance Manager
[PUC Email](#)
September 11, 2018