

WORKSHOP 2 – TELECONFERENCE – April 10, 2008, 9:00

<u>COMPANY</u>	<u>APPLICATION FEES</u>
OtterTail	Tier 1 = \$100 Tier 2 = \$50 plus \$1 per kW of rated generation output – Max \$1,000 Tier 3 = \$100 plus \$2 per kW of rated generation output – Max \$1,500 Tier 4 = \$100 plus \$2 per kW rated generation output – Max \$2,000
MDU	Tier 1 = \$100 Tier 2 = \$100 plus \$1 per kW of rated generation output – Max \$500 Tier 3 = \$500 plus \$2 per kW of rated generation output – Max \$1,000 Tier 4 = \$1,000
Black Hills Power	Tier 1 = \$100 Tier 2 = \$100 plus \$1 per kW of rated generation output – No Max Tier 3 = \$100 plus \$2 per kW of rated generation output – No Max Tier 4 = \$100 plus \$2 per kW of rated output – No Max
Xcel Energy	Tier 1 = \$100 Tier 2 = \$50 plus \$1 per kW of rated generation output – Max \$500 Tier 3 = \$100 plus \$2 per kW of rated generation output – Max \$1,000 Tier 4 = \$100 plus \$2 per kW rated generation output – Max \$1,000
NorthWestern Energy	Tier 1 = \$100 Tier 2 = \$50 plus \$1 per kW of rated generation output – Max \$500 Tier 3 = \$100 plus \$2 per kW of rated generation output – Max \$1,000 Tier 4 = \$200 plus \$2 per kW rated generation output – Max \$2,000
MidAmerican	Tier 1 = \$100 Tier 2 = \$50 plus \$1 per kW of rated generation output – Max \$500 Tier 3 = \$100 plus \$2 per kW of rated

	<p>generation output – Max \$1,000 Tier 4 = \$100 plus \$2 per kW rated generation output – Max \$1,000</p>
PUC STAFF SUGGESTION	<p>Tier 1 = \$50.00 Tier 2 = \$50 plus \$1 per kW of rated generation output – Max \$500 Tier 3 = \$100 plus \$2 per kW of rated generation output – Max \$1,000 Tier 4 = \$100 plus \$2 per kW rated generation output – Max \$1,000</p>
<u>COMPANY</u>	<u>INSURANCE AMOUNTS</u>
<i>Straw man</i>	<ul style="list-style-type: none"> • <i>General liability insurance is not required for 200kW or smaller</i> • <i>All other interconnection customers must obtain prudent amounts of general liability insurance...</i>
Otter Tail	<p>Tier 1 = \$500,000 Tier 2 = \$750,000 Tier 3 = \$1,000,000 Tier 4 = \$2,000,000</p>
MDU	<i>Didn't submit a rewrite of this section</i>
Black Hills Power	<p>Proof of general liability insurance required 10 kW or less = \$300,000 (min) 10kW – 200 kW = \$500,000 (min) Greater than 200kW = \$1,000,000 (min)</p>
Xcel	<p><u>Proposal 1</u> Less than 20kW = \$300,000 (min) 20kW – 250kW = \$1,000,0000 (min) Greater than 250kW = \$2,000,000 (min) <u>Proposal 2</u> 10kW or less = \$300,000 (min) 10 kW – 2 MW = \$2,000,000 (min) Greater than 2MW = case by case</p>
Northwestern Energy	<p>Used FERC small generation insurance.</p> <ul style="list-style-type: none"> • maintain general liability insurance

	<ul style="list-style-type: none"> • amount sufficient to insure against all reasonably foreseeable direct liabilities given size and nature ..etc...of the system • shall obtain additional insurance if necessary as a function of owning and operating the facility • Certification required.
MidAmerican Energy	Agree with Ottertail or Xcel

COMMISSION STAFF PROPOSAL -

Tier 1 = Similar to FERC Rule – proof of homeowners, general liability, or commercial liability sufficient to insure against all reasonable foreseeable direct liabilities given size, nature...etc...

- Utility is given some discretion based on particular system
- Applicant is given opportunity to independently work with his or her insurance company for inclusion

Tier 2 = Tier 2 – minimum of \$500,000

Tier 3 and 4 = minimum \$1,000,000

With the option to seek higher coverage from the PUC if necessary

<u>COMPANY</u>	<u>OTHER INSURANCE REQUIREMENTS</u>
OtterTail	Policy endorsements: <ul style="list-style-type: none"> • include utility as an additional insured • contain a severability or interest clause or cross liability clause • utility shall not incur liability to the insurance carrier for payment of premium • provide for 30 days notice to the utility prior to cancellation, termination alteration or material change (endorsements not apply when facility

	<p>connected to an account receiving residential service from utility and generating capacity smaller or equal to 25kW)</p> <p>Self insurance requirements –</p> <ul style="list-style-type: none"> • provide evidence of sufficiency • immediately obtain other insurance if self-insurance no longer possible
MDU	None
Black Hills Power	None
Xcel	<p>Proposal 1 = Same as Ottertail</p> <p>Proposal 2 =</p> <p>Except for solar systems on residential premise with a capacity of 10 kW or less:</p> <ul style="list-style-type: none"> • utility named as an additional insured • 30 day written notice to utility of change or cancellation
NothWestern Energy	Parties agree to notify each other in the case of accident or incident resulting in injuries or damages within scope of coverage
MidAmerican	Agree with OtterTail or Xcel

COMMISSION STAFF PROPOSAL –

- notice required if decreasing or canceling policy
- notice of damage or accident
- allow for self-insurance under conditions provided by Otter Tail

TIME

<u>GENERAL SUGGESTION</u>	
Small company staffing challenges – Xcel suggestion.	<p>Utility that uses consultants may exceed each time deadline for review of tier 2 and tier 3 by a period not to exceed 20 business days provided a good faith effort is made to complete the review sooner</p> <p><i>STAFF QUESTION: do all utilities</i></p>

	<p><i>have someone in-house that can study applications? Is time (due to workload) the restriction?...or are qualified employees also a challenge? Will any utility NEED outside consulting help because they DO NOT have someone on staff that can handle the applications?</i></p>
Method of counting “days”	Generally, change all “calendar days” to “business days”

<u>COMPANY</u>	<u>TIER 1 TIME FRAMES</u>
Otter Tail	<ul style="list-style-type: none"> • 10 day “completeness” report to consumer • consumer supplement incomplete application within 10 days • utility has an addition 10 days to determine whether complete <p>WITNESS TEST = consumer has 15 days to resolve problem</p>
MDU	<ul style="list-style-type: none"> • 10 day “completeness” report to consumer • 10 days notice prior to commissioning
Black Hills Power	<ul style="list-style-type: none"> • 10 day “completeness” report to consumer • 20 days notice prior to commissioning
Xcel	<ul style="list-style-type: none"> • acknowledge receipt within 3 days • 10 day “completeness” report to consumer • 10 days notice prior to commissioning
NorthWestern	<ul style="list-style-type: none"> • 10 day “completeness” report to consumer • 20 days notice prior to commissioning

Mid American	<ul style="list-style-type: none"> • 10 day “completeness” report to consumer • 10 day notice prior to commissioning
--------------	--

Commission Staff Questions:

- 1) *How much help is available for the applicant in completing an application?*
- *This clearly takes utility staff time...answering phone calls, written info requests, etc....*
 - *On the other hand, if “reasonable” assistance is provided, easier to justify longer timeframe to the Commission. “The applicant had every opportunity and reasonable help in completing the application.” Also easier to justify Ottertail’s suggestion.*

COMMISSION STAFF PROPOSAL:

- NO required notice of receipt. The consumer could send the important paperwork certified, UPS, ETC...there are ways the consumer can receive notice of receipt. Not the company’s responsibility.
- 10 days notice of completeness.
- 10 day notice prior to commissioning

COMPANY	TIER 2 TIME FRAMES
Otter Tail	<ul style="list-style-type: none"> • 10 day “completeness” notice • 30 days for initial review after receipt of complete application (or within a period of mutual agreement) • 10 day commissioning notice <p>WITNESS TEST = 15 days to correct deficiencies</p> <p><i>STAFF QUESTION = why decrease the time to correct deficiencies? How does this benefit the utility?</i></p>
MDU	<ul style="list-style-type: none"> • 10 day “completeness” notice • <i>left initial review at 20 days (from straw man)</i> • 10 day commissioning notice <p>WITNESS TEST = <i>left 30 days to correct deficiencies (from straw man)</i></p>
Black Hills Power	<ul style="list-style-type: none"> • 10 day “completeness” notice • 20 day notice of planned

	commissioning <i>witness test and initial review times unchanged</i>
Xcel	<ul style="list-style-type: none"> • acknowledge receipt within 3 days • 10 day “completeness” notice – NOTE: consultant concern! • If incomplete, applicant must supplement with additional info in 20 days. • Initial review time: 20 days...NOTE: consultant concern! • 20 day commissioning notice (Note: 10 days adequate up to about 500 kW...above it and 20 days necessary)
NorthWestern Energy	<ul style="list-style-type: none"> • 10 day “completeness notice” • 20 day notice before commissioning <i>others unchanged</i>
Mid American	<ul style="list-style-type: none"> • 10 day “completeness” notice • 10 day commissioning notice

COMMISSION STAFF QUESTIONS:

- 1) Should tier 2 commissioning notices be distinguished by kW (see Xcel suggestion)?
- This seem to add an additional layer of complexity

COMMISSION STAFF PROPOSAL:

- 10 day “completeness” notice
- 20 day initial review
- 20 day commissioning notice

<u>COMPANY</u>	<u>TIER 3 TIME FRAMES</u>
Otter Tail	<ul style="list-style-type: none"> • If a feasibility study is necessary, utility must complete it in 20 days • 10 day “completeness” notice • 30 days for initial review after receipt of complete application (or within a period of mutual agreement) • <i>commissioning notice left at 5 days</i>

	<p>Witness test = 20 days vs. 30 days for applicant to correct any deficiencies</p> <p><i>STAFF QUESTION = why decrease the time to correct deficiencies? How does this a benefit the utility?</i></p>
MDU	<ul style="list-style-type: none"> • 10 day “completeness” notice • left initial review at 20 days (from straw man) • 10 day commissioning notice
Black Hills Power	<ul style="list-style-type: none"> • 10 day “completeness” notice • 20 day notice of planned commissioning
Xcel	<p><i>Suggestion 1 – delete tier 3 and add language to tier 4 to allow waiver of studies or steps for simpler and smaller applications – reserve for general discussion at the end of the conference call</i></p> <p>Suggestion 2 -</p> <ul style="list-style-type: none"> • Feasibility Study – costs assigned to consumer if shown necessary...utility bears burden if unnecessary • Left 5 day “completeness” notice • 20 day commissioning notice
NorthWestern Energy	<ul style="list-style-type: none"> • 10 day “completeness notice” • 20 day notice before commissioning
Mid American	<ul style="list-style-type: none"> • 10 day “completeness” notice • 10 day commissioning notice

STAFF PROPOSAL –

- 10 day “completeness” notice
- feasibility study – consumer pay if necessary, utility pay if not (Xcel suggestion)

<u>COMPANY</u>	<u>TIER 4 TIME FRAMES</u>
Otter Tail	<ul style="list-style-type: none"> • 15 days for “completeness” notice • If a feasibility study need to be performed - 30 days to complete

	<p>(vs. 15)</p> <ul style="list-style-type: none"> • If the feasibility study identifies possible adverse impacts – 60 days to complete an interconnection system impact study agreement (vs. 15) • If the systems impact study shows interconnection facilities are necessary – 20 days (vs 15) to develop an interconnection facilities study agreement. • <i>Left 20 business days for planned commissioning</i> <p>Witness test = 15 days vs. 30 days for applicant to correct any deficiencies</p> <p><i>STAFF QUESTION = why decrease the time to correct deficiencies? How does this benefit the utility? Why is Tier 4 different than 3?</i></p>
MDU	<i>No changes made</i>
Black Hills Power	<ul style="list-style-type: none"> • Different approach to the Studies – if studies (all studies are subsequently defined...) are necessary utility provide applicant with study scope and estimate within 15 days • Applicant return executed copy of study agreement within 60 days • <i>10 day completeness review</i> • <i>10 day commissioning notice</i>
Xcel	<ul style="list-style-type: none"> • 20 day commissioning notice – may be done in stages
NorthWestern Energy	<ul style="list-style-type: none"> • increased time for system impact study
Mid American	

STAFF PROPOSAL –

- Use BHP suggestion regarding studies
- 20 day commissioning notice

<u>COMPANY</u>	<u>STUDY COSTS - \$100 per HOUR ISSUE</u>
Otter Tail	Actual study costs paid by consumer
MDU	
Black Hills Power	Actual costs paid by consumer
Xcel	Two suggestions: 1) small utility rule – in addition to the \$100 allowed by the rule, allow small utilities to collect consulting costs. Small utility must provide a good faith estimate of the costs of such consultants within 10 days 2) allow all utilities to collect – the utility must justify why outside consultant required. Require applicant agree to extra money for consultants or extra time for in-house review.
NorthWestern Energy	
Mid American	

STAFF QUESTION: do all utilities have someone in-house that can study applications? Is time the restriction...or are qualified employees also a challenge? Will any utility NEED outside consulting help because they DO NOT have someone on staff that can handle the applications?

STAFF PROPOSAL –

- uncomfortable with a maximum amount in the rule
 - feel it is appropriate to include some consumer protection
- 1) Keep \$100 limit for in-house staff costs
 - 2) Allow actual cost recovery for outside consultant needs
 - a) notify consumer of need for outside help to meet time limits
 - b) provide consumer with estimate of cost
 - c) notify consumer of possible time extensions necessary if in-house staff used exclusively
 - d) allow consumer the option to choose....in-house and longer time frame vs. outside consultant and higher price.

<u>COMPANY</u>	<u>DEPOSIT – COST ESTIMATES</u>
Otter Tail	100% paid in advance
MDU	
Black Hills Power	50% of cost for studies paid in advance 25% of cost for facilities paid in advance
Xcel	<ul style="list-style-type: none"> • 50% of the cost estimate for studies - for interconnections for 500kW or less – deposit not exceed \$1,000 • 25% deposit of estimated costs for facilities necessary to complete an interconnection – 500kW or less not to exceed \$10,000.
NorthWestern Energy	50% of costs
Mid American	

STAFF PROPOSAL –

50% deposit for all study cost estimates not to exceed \$1,000 for 2 MW of less
25% deposit for all estimated costs not to exceed \$10,000 for 2 MW of less

<u>OTHERS</u>	<u>SUGGESTION OR DISCUSSION</u>
Reporting Requirements	<p>Staff suggestion – Staff does not desire regular filings. Rather, suggest records retention similar to BHP</p> <ul style="list-style-type: none"> - utility maintain application records for a period of time - maintain interconnection agreements for a period of time - records produced upon request
Generators over 10mW	<p>Staff suggestion – upper level of Tier 4 modified to 10mW (other tiers modified accordingly – discussion below)</p> <p>Account for the “over 10 MW projects” through the use of Xcel’s suggestion:</p> <ul style="list-style-type: none"> - those facilities rated over 10mW start with the tier 4 process and Technical standards

	<p>and modify as needed by mutual agreement</p> <ul style="list-style-type: none"> - provide “complaint process”...but don’t dictate project evaluation or application process beyond the starting point
<p>Tier definitions – level of generation</p>	<p>Current Straw man =</p> <ul style="list-style-type: none"> • Tier 1 = 25 kW or less • Tier 2 = 2 MW or less • Tier 3 = 10 MW or less • Tier 4 = 20 MW or less <p>Company suggestions:</p> <ul style="list-style-type: none"> • Tier 1 = 25kW, 10 kW (BHP) or less – <i>discussion from BHP</i> • Tier 2 = 2 MW or less • Tier 3 = 10 MW, 2 MW (Xcel) or less – <i>discussion from Xcel</i> • Tier 4 = 20 MW, 10 MW (Xcel) or less <p>Staff Suggestions:</p> <ul style="list-style-type: none"> • Tier 1 = 25 kW • Tier 2 = 2 MW or less • Tier 3 = 10 MW or less • Tier 4 = 10 MW or less
<p>Shift to elevated tier level</p>	<p>Is a new/separate application necessary in the case of non-approval? Staff proposes – NO.</p> <p>Xcel suggestion: By mutual agreement, the review process can move directly to the next tier without filing a separate formal application.</p>
<p>Clarifying and solidifying “Technical Standards”</p>	<p>Does explicit inclusion of a “Technical Standards” definition (to be IEEE 1547) in the rule eliminate concern regarding uncertainty?</p>