



PUBLIC UTILITIES COMMISSION
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2008 Leadership: Gary Hanson, Chairman; Steve Kolbeck, Vice Chairman; Dusty Johnson, Commissioner

2008 Highlights

ELECTRIC AND NATURAL GAS

- Received affirmation from the South Dakota 6th Circuit Court of the PUC's decision to allow for the construction of the Big Stone II power plant near Milbank.
- Hosted four workshops which resulted in a statewide best practices model for connecting small generating facilities to the electric grid. The model was submitted to the commission for consideration in a separate rulemaking docket. The workshops were part of the PUC's docket to implement the Public Utility Regulatory Policies Act provisions of the Energy Policy Act of 2005.
- Commissioner Dusty Johnson addressed the Minnesota Public Utilities Commission as it considered whether to approve proposed transmission facilities from the Big Stone II power plant near Milbank, S.D., into their state. Johnson's comments emphasized the region's need for additional baseload generation and the environmental advantage of the new plant's pollution controls. The construction of these transmission facilities would allow significant new wind-generated electricity to be transported as well.
- Commissioner Gary Hanson testified about electric transmission issues before the U.S. Senate Committee on Energy and Natural Resources. His comments focused on challenges and regional solutions to developing transmission for renewable electricity resources.
- Approved applications by East River Electric Power Cooperative for the construction of two separate 115 kV transmission lines. The first, a 13-mile line that will run through portions of Brown and Day counties, will provide service to a pumping station in Day County for the TransCanada Keystone Pipeline and be available for future electric loads. The second, a 9.5-mile line through portions of Lincoln and Turner counties, will provide service to the Poet Biorefining Ethanol Plant near Chancellor as well as handle future electric loads.
- Approved a request from the South Dakota Oilseed Processors for NorthWestern Energy to provide service for the large electric load required at the company's new soybean crush facility east of Miller.
- Approved an application by Xcel Energy to allow the company a transmission cost recovery tariff related to transmission facilities that will allow additional capacity for wind generation from the Buffalo Ridge area and for the company's load center in and around Sioux Falls. This is the first such tariff that has come before the commission in accordance with legislation passed in 2006.
- Approved an application by Xcel Energy for the company's environmental measures cost recovery tariff. The action allows the company to collect from ratepayers eligible costs associated with new pollution controls for its coal-fired generating plant in Stillwater, Minn. This is the first such tariff that has come before the commission following legislation passed in 2007.
- Began a process to develop electric service territory maps using Geospatial Information Systems (GIS) technology.

TELECOMMUNICATIONS

- Achieved a resolution of the multiyear local number portability (LNP) dispute between the rural local exchange carriers (LECs) and the wireless carriers enabling the expansion of intermodal LNP in South Dakota on terms mutually acceptable to the rural LECs and the wireless companies.

ENERGY EFFICIENCY

- Conducted public education and outreach on energy efficiency through visits to three elementary schools in Rapid City and Madison, meeting with more than 375 students in second, third and fourth grades.
- Delivered presentations and met with members of the agriculture industry about ways to make their operations more energy efficient at seminars in Freeman, Lemmon, Gettysburg, Mission, Hot Springs and Philip. Met with consumers at Energy Efficiency Awareness Day in Rapid City.
- Achieved goal of motivating 4,000 people to pledge to change bulbs in their homes to energy-saving models like compact fluorescent lights. In total, the pledgers agreed to change nearly 22,000 bulbs to save energy.
- Approved Otter Tail Power Company's energy efficiency programs that provide cash rebates and credits to commercial, industrial and residential customers that install energy-efficient equipment and devices to help them reduce their energy use.

PIPELINE SITING AND INSPECTION

- Approved a siting permit, with 57 conditions, for the TransCanada Keystone Pipeline project. The 220-mile crude oil pipeline is being constructed across the South Dakota counties of Marshall, Day, Clark, Beadle, Kingsbury, Miner, Hanson, McCook, Hutchinson and Yankton. The project also includes four pump stations to be located in Day, Beadle, Miner and Hutchinson counties.
- Opened an investigation into the occurrence of a fire at the town border station near Pierre on the Montana-Dakota Utilities Co. natural gas distribution system. Negotiated an agreement among staff and interveners Montana-Dakota Utilities Co. and South Dakota Interstate Pipeline for a process that successfully prevented incident reoccurrence during recovery of a pipeline inspection gauge (PIG).
- Completed an investigation into the natural gas explosion which occurred in a residential neighborhood in Mitchell in March 2007 on a distribution pipeline owned and operated by NorthWestern Energy. Investigation included arranging for the testing and examination of a portion of the pipe that leaked. A report was issued to analyze whether violations of pipeline regulations occurred in connection with the incident.

CONSUMER ASSISTANCE

- Conducted a statewide awareness campaign to encourage South Dakotans to prepare for the winter heating season by weatherizing their homes, making other energy-efficient home improvements and taking advantage of a balanced billing option offered by their utility. A series of news releases received extensive media coverage throughout the state.
- Assisted consumers on more than 2,500 occasions with issues and complaints related to electric, natural gas, telecommunications, energy efficiency and other utility-related topics.
- Conducted personal outreach at farm and home shows in Watertown, Sioux Falls and Rapid City; fairs in Aberdeen, Sioux Falls and Huron; and AARP financial management seminars in Sioux Falls and Rapid City. Commissioners and staff answered consumer questions about utility issues and promoted the Do Not Call Registry, Lifeline and Link-Up telephone assistance programs and energy efficiency.
- Coordinated a statewide awareness effort to increase the use of Lifeline and Link-Up telephone assistance programs among qualified South Dakotans. Created and distributed print materials, broadcast a television commercial and discussed the programs at outreach events. More than 200 consumers contacted the PUC to request applications for the program. Additional inquiries were received by the Department of Social Services and the participating telephone companies.
- Affected a 24 percent increase in the number of South Dakota telephone numbers on the Do Not Call Registry with a statewide promotional campaign that included a television commercial, print materials and outreach efforts. More than 440 enrollments were handled by commissioners and staff at outreach events such as home shows and fairs. At the end of 2008, there were 474,511 South Dakota telephone numbers on the Do Not Call Registry.

WIRELESS

- Continued the advancement of the PUC Wireless Initiative by coordinating with wireless telecommunications providers and community leaders for the construction of 48 new wireless sites in and around Aberdeen, Alexandria, Angostura Reservoir, Bath, Beresford, Billsburg, Burke, Caputa, Castle Rock, Chester, Dell Rapids, Draper, Florence, Fort Pierre, Fort Thompson, Freeman, Harrisburg, Henry, Herreid, Hot Springs, Humboldt, Kadoka, Keystone, Lower Brule, Midland, Milbank, Mission Hill, Mount Coolidge, Newell, Onida, Pierre, Rapid City, Rosholt, Seneca, Sioux Falls, Spearfish, Sturgis, Volga, Volin, Wall Lake and Wessington Springs.
- Encouraged wireless companies as they launched wireless broadband services with Evolution Data Optimized (EVDO) technology at more than three dozen existing sites in and around Akaska, Angostura Reservoir, Armour, Bowdle, Buffalo, Burke, Dakota Dunes, Edgemont, Eureka, Fairfax, Gettysburg, Henry, Herreid, Ipswich, Kadoka, Lake Andes, Lemmon, Midland, Mission Hill, Mobridge, Mud Butte, Onida, Parkston, Pickstown, Pierre, Platte, Rapid City, Roscoe, Scotland, Selby, Seneca, Sioux Falls, Wall Lake and other locations along Interstate 90 and portions of the Black Hills.
- Participated with Lower Brule Sioux Tribal officials and Alltel Wireless representatives in a ribbon cutting event to dedicate the company's new wireless tower in Lower Brule.
- Received petitions from residents of Hamill, Tuthill, Norris, Reva, Hoven and Hot Springs calling for improved wireless service in and around their communities. Petitions contained a collective 1,689 signatures. Petitions are forwarded to wireless companies and the requests are discussed with company officials.
- Directed the South Dakota Tower Work Group in the completion of model ordinances for the siting of wireless communication towers and wind energy systems. The documents were drafted to be easily adapted by local governments to meet their needs to encourage development without sacrificing responsibility and integrity. Model ordinances were distributed to more than 370 planning and zoning agencies throughout the state. As a result, the PUC has helped half dozen zoning administrators draft new ordinances with similar requests expected.

LEADERSHIP

- Commissioner Dusty Johnson was selected to serve on the board of directors of the National Association of Regulatory Utility Commissioners.
- Commissioner Steve Kolbeck was named to the Federal-State Joint Board on Jurisdictional Separations established by the Federal Communications Commission. The board determines how costs among inter- and intra-state telecommunications companies should be distributed.
- Commissioner Steve Kolbeck was appointed to NARUC's Ad Hoc Committee on National Wireless Consumer Protection Standards.
- Commissioner Steve Kolbeck began his one-year term as president of the Regional Oversight Committee, an organization of state regulatory commissions from 14 Midwest and Western states that monitors and shares information about the telecommunications industry.
- Commissioner Gary Hanson was appointed chairman of the South Dakota Underground Pipeline Task Force. The seven-member task force presented its findings to Gov. Mike Rounds in December. Among the recommendations are for South Dakota One Call to develop a database identifying high profile underground facilities and to require mandatory damage reporting. The task force further recommended the PUC look into acquiring the liquids program for intrastate pipelines from the U.S. Department of Transportation.
- Commissioner Gary Hanson was re-elected to PUC. He began serving his second six-year term in January 2009.

WIND ENERGY

- Announced the selection of eight schools to participate in the South Dakota Wind for Schools program. A 1.8-kilowatt wind turbine will be installed at Sanborn Central in Forestburg, Douglas in Box Elder, Memorial Middle School in Sioux Falls and schools in Faith, Selby, Aberdeen, Elkton and Stanley County. Together with specific wind energy science curriculum, the turbines will provide hands-on alternative energy education to students.
- In its role as state facilitator for the South Dakota Wind for Schools program, the PUC received commitments from local utilities to provide in-kind and financial support for the program. Utility partners include Central Electric Cooperative, Black Hills Power, Missouri River Energy Services/City of Faith Electric Department, Montana-Dakota Utilities Company, NorthWestern Energy, Otter Tail Power Company, West Central Electric Cooperative and Xcel Energy. In November, the state facilitator's duties were transitioned from the PUC to an individual from Pierre working at the direction of the National Renewable Energy Laboratory, the coordinating agency for the national Wind for Schools program.
- Secured financial support for the South Dakota Wind for Schools program from wind energy developers Babcock & Brown, Iberdrola Renewables and FPL Energy (now known as NextEra Energy Resources). Together, the developers contributed \$30,000 for construction costs of installing the educational turbines at the schools.
- Hosted three Wind Energy Briefing sessions for legislators. The well-attended forums in Rapid City, Sioux Falls and Pierre featured an overview of wind energy development in South Dakota, discussion about energy policy issues and the opportunity for legislators to ask pre-session questions.
- Discussed wind energy with middle and high school science classes in Faith, Brookings and Mitchell.
- Contributed to the development of the "South Dakota Landowner's Wind Power Development Handbook," a guide that describes the wind development process for those considering placing a wind energy system on their property. The publication was coordinated by the South Dakota Energy Infrastructure Authority. The South Dakota Attorney General's Office also contributed information for the booklet.

WAREHOUSE

- Issued 302 warehouse and grain dealer licenses and performed 378 grain warehouse and grain dealer inspections. The PUC also performed 69 check-off audits for various grain commissions and councils.
- Researched incidents and disseminated a warning via statewide media alerting grain buyers of a regional grain contracting scheme. The scheme involved a person entering into delivery contracts under a fictitious name with no intentions of producing or delivering grain to fulfill the obligations. The sellers in question are believed to not be legitimate and are not from South Dakota.
- Instituted a vigorous monitoring process upon the announcement of VeraSun Energy's reorganization. Maintained daily communications with company representatives and performed additional on-site facility inspections in VeraSun's trade areas with an emphasis on monitoring grain buyers' financial ability to pay grain producers and suppliers. Posted frequently asked questions and other updates about VeraSun on the PUC Web site.

LEGISLATION

- Developed and successfully supported legislation to protect customers served by electric and natural gas utilities from risks associated with the ownership and operation of affiliated companies. The intent of this ring-fencing legislation is to separate the public utility's operations from those of a nonutility affiliated company or subsidiary.
- Developed legislation to clarify procedures for suspending a rate or practice that has been proposed by a gas or electric provider and for refunding any proposed increase put into effect by a utility prior to a PUC decision regarding the rate increase.
- Shepherded the passage of legislation that eliminated the PUC's regulation of public storage warehouses.
- Developed, with industry representatives, a package of bills related to grain buyers and grain warehouses. The changes addressed the definition of a grain buyer, bonding of grain, and license fees for public grain warehouses.
- Requested and supported passage of legislation to revise requirements regarding the notification of landowners who live near a proposed energy facility. In part, the new law states the applicant must notify landowners within one-half mile of all proposed facilities that require a siting permit.