



**PUBLIC UTILITIES COMMISSION**  
[www.puc.sd.gov](http://www.puc.sd.gov)

2009 Leadership: Dusty Johnson, Chairman; Steve Kolbeck, Vice Chairman; Gary Hanson, Commissioner

## **2009 Highlights**

### **BROADBAND**

- Participated on a committee that determined South Dakota's broadband priorities and made recommendations to the federal government on the awarding of stimulus funds. SDN Communications was awarded \$20 million in federal funds to provide improved connectivity to rural hospitals, schools, libraries and public safety agencies in South Dakota.

### **TELECOMMUNICATIONS**

- Resolved slamming complaints against Reduced Rates Long Distance with refunds and damage payments being made to 14 consumers who contacted the PUC.
- Approved an amended certificate of authority for McCook Cooperative Telephone Company, which merged with other telecommunications companies. The action enables all customers served by McCook to have cooperative status.
- Commissioner Steve Kolbeck participated in discussions and decisions as part of the FCC's Interstate Telecommunications Relay Services Fund Advisory Council and the Federal-State Joint Board on Jurisdictional Separations where he is the state chairman.

### **NEW LEGISLATION**

- With partners and supporters of the South Dakota Energy Smart initiative, wrote separate energy efficiency bills to allow energy efficiency to count toward the state renewable and recycled energy objective and for information regarding the energy efficiency of newly-constructed residential buildings to be disclosed to buyers.
- Developed a suite of legislation to strengthen the commission's oversight of the grain buying and storage industry.
- Drafted a bill requiring the commission receive informational notice in advance of construction of wind turbine projects of over 5 MW. Such notice is beneficial for transmission planning purposes.

### **WIRELESS**

- Continued the advancement of the PUC Wireless Initiative by coordinating with wireless telecommunications providers and community leaders for the construction of 15 new wireless sites in and around Aberdeen, Avon, Boulder Canyon, Custer State Park, Deadwood, Hart Ranch, Hayti, Iroquois, Jefferson, New Underwood, Pine Ridge, Rapid City, Rimrock Highway and Silver City.
- Monitored the ongoing transaction among Verizon Wireless, Alltel and AT&T. Intervened by filing comments with the FCC regarding the Alltel to AT&T transaction. Specific concerns addressed included AT&T's intentions regarding the Universal Service Fund; the buildout to unserved and underserved areas in the state; the transition of Alltel subscribers to the GSM network; the availability of roaming; and the prohibition of wireless handset exclusivity arrangements.

## ELECTRIC

- Hosted a public forum, “Carbon Cap and Trade: National Policy, Local Impact,” featuring speakers representing electric utilities, the National Association of Regulatory Utility Commissioners and the Environmental Law and Policy Center. Researched and issued a report describing the potential 48 percent increase proposed federal carbon cap and trade legislation could have on South Dakotans’ electric bills.
- Commissioner Dusty Johnson testified before the U.S. Senate Committee on Environment and Public Works about the Clean Energy Jobs and American Power Act, also known as the Kerry-Boxer bill. His comments focused on the impact proposed carbon legislation will have on residents of South Dakota and other Midwestern states.
- Approved an application by Xcel Energy for the construction of 6.5 miles of 115 kV transmission lines in Brookings County to carry wind energy from the Buffalo Ridge area.
- Analyzed, negotiated and approved an electric rate case brought by Otter Tail Power Co. Agreed to allow the company an approximate 11.7 percent electric rate increase, collectively saving rate payers \$1 million per year compared to the company’s original request to raise rates by approximately 15.3 percent. Otter Tail Power Co.’s last rate increase request was 21 years ago.
- Held a public input hearing in White for Basin Electric Power Cooperative’s proposed Deer Creek Station project, a combined-cycle natural gas energy conversation facility.
- Received an application from Black Hills Power requesting a 26.6 percent rate increase. Staff engaged in docket analysis and review. Hosted a public input meeting in Rapid City to hear from company officials and affected ratepayers. Commission decision on rate increase expected near end of first quarter of 2010.
- Received an application from Xcel Energy requesting a 10.7 percent rate increase, the company’s first rate request before the commission in 17 years. Staff engaged in docket analysis and negotiation with company. *(2010 update: In January, the Commission approved a 5.5 percent increase over current rates along with additional conditions.)*
- Commissioners and staff actively participated in several transmission cost allocation planning groups including:
  - Eastern Interconnect States’ Planning Council to develop a consensus process for identifying renewable resources and other policy options.
  - Organization of MISO States’ Cost Allocation and Regional Planning workgroup to review such principles with the intent of impacting existing and potential state and federal renewable standards and carbon reduction legislation.
  - Upper Midwest Transmission Development Initiative to develop regional (South Dakota, North Dakota, Iowa, Minnesota and Wisconsin) generation output plans to meet renewable portfolio standards and cost allocation for those plans.
- Intervened and submitted comments in the Federal Energy Regulatory Commission’s docket related to the Green Power Express proposed transmission project, addressing the areas of renewable energy policy, cost recovery, cooperation among states, utilities and regional transmission organizations and allocation rationales.
- Participated in negotiations of MISO’s Regional Expansion Criteria and Benefits task force to prevent Otter Tail Power Co. and Montana-Dakota Utilities Co. from withdrawing from MISO due to unfair cost allocation related to wind power transmission. FERC instituted a short-term fix acknowledging the companies’ concerns. The review and negotiating process continues with another decision expected in July 2010.
- Filed comments with the Western Area Power Administration urging stimulus funding be used for transmission investments related to wind energy development in the area and on tribal lands, in particular.

## **RENEWABLE ENERGY**

- Approved a siting permit for Buffalo Ridge II wind farm in Brookings and Deuel counties. The wind farm has an expected near-term capacity of 210 MW, which would make it the state's largest installation. Developer Iberdrola Renewables expects the wind farm to be in operation in December 2010.
- Instituted new rules that make it easier for small electricity generators such as wind turbines and solar panels to connect to the electric grid, streamlining the interconnection process for these small generators by providing consistent engineering requirements as well as predictable and reasonable fees and timelines among the state's six investor-owned utilities. The statewide rules simplify the process and remove barriers to encourage energy development, particularly renewable energy. Interconnection forms can be downloaded from the PUC's Web site.
- Developed and accepted public comments on the PUC Small Renewable Energy Initiative, a five-part approach to encourage common sense development of distributed generation. The initiative includes components related to taxes, pricing for distributed generators, interconnection and siting. The taxing and pricing components involve proposed legislation; the interconnection element reviews new rules; and the siting portion includes a model ordinance developed for local governments.
- Conducted public education and outreach on alternative energy with emphasis on wind through visits to schools in Alexandria and Brookings; presentations to Black Hills State University students and DakotaFest attendees; discussions with county agents; and meetings with community leaders and residents in Selby, Redfield and Winner.
- Compiled the annual South Dakota Renewable, Recycled and Conserved Energy Objective report and submitted it to the state legislature. Companies reporting for 2008 collectively owned 470 MW of renewable generation capacity in South Dakota; retired 2,034 MWh of renewable energy credits; and reported 1,337 MWh in conserved energy and 89 MW of conserved capacity, all in South Dakota.
- Hosted Wind Energy Briefings for legislators in Rapid City, Sioux Falls and Aberdeen. The forums featured an update about wind energy development in South Dakota, discussion about energy policy issues and the opportunity for legislators to ask pre-session questions.
- Commissioner Gary Hanson worked with his fellow members of the steering committee of the National Wind Coordinating Collaborative and on the Wind Alliance to resolve national and regional wind energy development issues.

## **ENERGY EFFICIENCY**

- South Dakota was named to the most improved category by the American Council for an Energy Efficient Economy for efforts by the PUC and the state's utilities that include the advancement of the South Dakota Energy Smart initiative. The study considered utility efficiency programs, building codes, and appliance and transportation standards in recognizing the state's move from the 47th to the 36th rank.
- Motivated 2,200 South Dakotans to pledge to become more energy efficient by using compact fluorescent lights, weatherizing their homes and performing regular maintenance on heating and cooling systems. In total, the pledgers' efforts will save \$707,000, 6 million kWh and more than 5 billion BTUs.
- Approved a plan by MidAmerican Energy Co. to offer energy efficiency programs to its electric and natural gas customers. The plan is expected to save 564,000 therms of natural gas and more than 1.7 million kilowatt-hours of electricity by 2011.
- Approved a request by Montana-Dakota Utilities Co. to expand and make permanent its energy conservation programs for customers. The programs offer rebates and cash incentives for customers who install energy saving devices. MDU expects the conservation portfolio to collectively save participants approximately \$93,000 the first year while producing an annual energy savings of about 2,200 dekatherms.
- Met with homebuilders to discuss new energy efficient building codes.

## **PIPELINE SITING, SAFETY AND INSPECTION**

- Monitored the construction of the Keystone Pipeline in eastern South Dakota, including regular contacts with landowners, local government officials and company representatives to address concerns as well as compliance with the commission's construction order.
- Held approximately 11 hours of public input hearings in Winner, Philip, Buffalo and Pierre on the proposed TransCanada Keystone XL Pipeline project. Held a three-day formal hearing in Pierre to hear evidence on the application filed with the commission in March 2009.
- Hosted the South Dakota/North Dakota Pipeline Safety Seminar for 70 operators and inspectors. Attendees participated in discussions about regulations, damage prevention, pipe protection and investigations.
- Staff inspector successfully completed training courses to earn required certification by the federal Pipeline Safety Office of Training and Qualifications.
- Pipeline Safety Program manager was named to the PHMSA Distribution Integrity Management Program task group. This association of state pipeline inspectors is developing with PHMSA implementation tools for the new DIMP rule such as an inspection checklist, frequently asked questions Web site and pilot inspections.
- Developed and approved new pipeline safety administrative rules with input from pipeline operators. Rules became effective in October.
- Added a new section to the PUC Web site related to pipeline safety that includes information about pipeline operators, inspections and federal advisories.

## **PUBLIC OUTREACH AND CONSUMER ASSISTANCE**

- Hosted *Crisis or Renaissance? The State of America's Energy*, a comprehensive conference where respected experts shared facts about the state of America's energy covering nearly two dozen renewable and traditional resources including subjects such as environmental issues and climate change. More than 250 attendees heard presentations on wind energy, fossil fuels and global outlooks for energy development. Speakers included Federal Energy Regulatory Commissioner Marc Spitzer, Adrian Heymer of the Nuclear Energy Institute, Clair Moeller of the Midwest Independent System Operator and John Felmy of the American Petroleum Institute.
- Assisted consumers on more than 2,530 occasions with issues and complaints related to electric, natural gas, telecommunications, energy efficiency and other utility-related topics.
- Conducted personal consumer outreach at home shows in Sioux Falls and Rapid City; and fairs in Aberdeen, Sioux Falls and Huron and an Earth Day event at Citibank in Sioux Falls. Commissioners and staff answered questions about utility issues and promoted energy efficiency, Lifeline and Link-Up telephone assistance programs and the Do Not Call Registry. With respect to the Do Not Call program, the PUC's efforts affected a 13 percent increase in the amount of South Dakota telephone numbers on registry to 536,622.
- Participated in a national effort by state regulatory agencies to increase the use of Lifeline and Link-Up telephone assistance programs. Coordinated a statewide television campaign that resulted in nearly 500 South Dakotans contacting the PUC for information about the programs.

## **WAREHOUSE**

- Issued 304 warehouse licenses and performed 329 grain warehouse inspections.