

**South Dakota Public Utilities Commission
Report to the Joint Committee on Appropriations
February 2, 2010**

Top Priorities

The South Dakota Public Utilities Commission focuses on the state's ratepayers and utility producers, managing its responsibility with the long-term public interest in mind. Accordingly, the priorities listed on the following pages are those that the commission examines to evaluate the fulfillment of its responsibility.

South Dakota Public Utilities Commission

Top Priorities

ELECTRIC AND NATURAL GAS

The commission looks after the welfare of South Dakotans as related to electric and natural gas issues. Actions taken by the commission strive to ensure reliable service and reasonable rates from investor-owned utilities as well as fair service territory boundaries for all utilities. The commission follows guidelines prescribed by South Dakota law when siting energy conversion and transmission facilities and serves as an objective resource on renewable energy issues. The components of this priority affect South Dakotans in terms of reliability and cost of their electric and natural gas services.

The PUC uses a number of ways to measure the agency's effectiveness at handling these issues.

Rates

Reviewing electric and natural gas rates from around the state, region and nation offers perspective to evaluate the financial impact South Dakota ratepayers experience compared to residents of other states.

Measurement, Average Residential Electric Rate, per kWh, October 2009

- South Dakota: \$8.97
- West North Central Region (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota): \$9.20
- United States: \$11.76

Measurement, Average Residential Natural Gas Rate per thousand cubic feet, 2008

- South Dakota: \$11.32
- West North Central Region (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota): \$12.14
- United States: \$13.68

Completed Electric and Natural Gas Dockets

The number of electric and natural gas dockets completed each year reveals the agency's ability to manage its duties and workload. The measurement also alerts agency officials if the process by which dockets are assigned, analyzed and acted upon by staff and commissioners is appropriate. The commission seeks to attain an annual completion goal of 85 percent.

Measurement, 2009

- Completed dockets: 26
- Uncompleted dockets: 11*
- Percentage completed: 70%

*The uncompleted dockets for 2009 include several that typically require a longer, more intensive review such as rate cases (Xcel Energy, Black Hills Power), siting (Deer Creek Station combined-cycle natural gas plant), and energy efficiency plans (Otter Tail Power Company, NorthWestern Energy).

Overtured Electric and Natural Gas Dockets

Parties that file requests or applications with the Public Utilities Commission and intervenors to those dockets have the right to challenge the commission's decision in circuit court. The number of dockets that are overturned by judicial order is an assessment of the manner in which the commission perceives and uses its regulatory authority.

Measurement, 2009

Overtured dockets: None

Electric Reliability

The electric utility industry uses indices to track and benchmark reliability performance. Companies use this data to evaluate and improve upon their response to outages, handling of customer complaints, and system integrity. Though electric utilities in South Dakota are not required to report these scores to the PUC, the companies discuss the information with the commission and a comparison to national scores is ascertained.

Indices:

- **System Average Interruption Duration Index (SAIDI):** The average amount of time a customer's service is interrupted during the reporting period
- **System Average Interruption Frequency Index (SAIFI):** The average number of interruptions that a customer would experience
- **Customer Average Interruption Duration Index (CAIDI):** The average outage duration that any given customer would experience. CAIDI can also be viewed as the average restoration time.

Measurement, South Dakota 2009 scores compared to National 2008 average

Of the 18 scores provided to the PUC by South Dakota's six investor-owned utilities (three scores provided by each company), 17 ranked below the national average and only one score was slightly above the national average. (The lower the score, the better the ranking.) Analyzing the scores with relation to customer base and other factors reveals that the utilities have a high degree of electric reliability performance.

South Dakota Public Utilities Commission

Top Priorities

GRAIN WAREHOUSE

Monitoring the South Dakota grain industry is a significant responsibility of the Public Utilities Commission. The PUC Warehouse Division licenses and inspects:

- state-licensed grain storage warehouses.
- federally-licensed grain storage warehouses holding state grain-buyer licenses.
- grain buyers licensed as brokers, truckers and non-storage facilities.
- grain processors and other end users who purchase grain worth \$300,000 or more directly from producers.

The warehouse staff works to reduce producer risk by reviewing the grain buyer and grain warehouse financial statements each year and by performing regular on-site inspections.

The PUC uses three main categories to measure the effectiveness of its work in the grain industry.

Inspections

The PUC conducts inspections to ensure compliance with statutes and rules related to the licensing and bonding requirements for grain warehouses and grain buyers. The number of inspections conducted describes the penetration of the agency's review process. The commission aims to inspect each licensed facility annually.

Measurement, 2009

Grain warehouse and grain buyer inspections: 329 inspections of 260 licensed locations (127%)

Licenses

The PUC issues two types of licenses for grain buyers/grain warehouses doing business in the state. Each licensed entity is required to annually apply for renewal. As part of the licensing and renewal process, the commission analyzes the grain buyers' financial ability to pay grain producers and suppliers. The number of licenses handled by the PUC depicts the wide scope of the commission's monitoring of the industry.

Measurement, 2009

- Class A Licenses (entities that use voluntary credit sale contracts or exceed \$10,000,000 in annual purchases): 126 entities with 246 locations
- Class B Licenses (entities that do not use voluntary credit sale contracts and do not exceed \$10,000,000 in annual purchases): 56 entities with 58 locations

Failures

When a licensed grain warehouse fails to perform its duties or carry out its obligations to its producers, the PUC follows prescribed laws and administrative rules to investigate, audit or take other necessary action to limit damage to the public. The number of failures, excluding circumstances beyond the commission's authority, can be an indicator of the commission's level of diligence in overseeing the industry.

Measurement, 2009

Failures: None

South Dakota Public Utilities Commission

Top Priorities

PIPELINE SAFETY

The PUC has responsibility to regulate hazardous gas intrastate pipelines which includes ensuring the public is provided safe and dependable gas service. As part of its duties, commission staff inspects and investigates natural gas pipeline operators, master meter operators and propane systems for compliance with statutes and administrative rules.

The commission uses the following measurement tools to establish that it is appropriately handling its role with regard to pipeline safety.

Inspections

PUC pipeline safety engineers regularly inspect hazardous gas pipeline operators to determine compliance with state and federal regulations. Inspections occur in the areas of records, field, construction, drug and alcohol, public awareness, incident investigation, operator qualification and integrity management. The number of inspection hours logged by the safety engineers is an indicator of the agency's thoroughness in this area. Based on the PUC's certification agreement to administer this program for the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA), a minimum of 85 inspection days are required.

Measurement, 2009

Inspections: 116.5 days (85 days required)

Federal Audit

South Dakota's pipeline safety program is field audited annually by the PHMSA's Office of Pipeline Safety (Central Region). The agency reviews the inspections conducted and citations issued by the PUC and evaluates the commission's adherence to its pipeline procedures plan. The result of the federal review indicates the PUC's ability to correctly carry out its obligations related to pipeline safety. PHMSA also reviews and scores South Dakota's annual certification document submittals. The total score for calendar year 2009 is a 50/50 weighted average of the percentage score for the 2007 field audit and the 2009 certification document submittal. The highest possible score is 100 and the lowest score for any state reported in 2009 was 87. This audit score affects the funding South Dakota will receive for calendar year 2009.

Measurement, reported in 2009

Audit score: 98.5 out of a possible 100

Federal Certification

PUC staff involved in pipeline safety inspection are required to complete six training courses to become a certified pipeline safety instructor. The courses are taught by the federal Pipeline Safety Office of Training and Qualifications and are designed to educate Federal and State pipeline safety inspectors in the application of compliance requirements, inspection techniques and enforcement procedures.

Measurement, training/certification to-date

- Program Manager: Six of six required courses plus seven elective courses completed.
- Inspector: Six of six required courses completed.
- Staff Attorney: One elective course completed.

South Dakota Public Utilities Commission

Top Priorities

SOUTH DAKOTA ONE CALL BOARD

The PUC assists the South Dakota One Call Board with administering the South Dakota One Call program, commonly referred to as “Call Before You Dig.” This program operates a one-call notification center that informs underground facility operators – such as electric, gas, cable television, water and sewer – of any excavation activities. An individual preparing to conduct excavating activities may have underground facilities located by calling 811 to reach the One Call notification center. The center will contact the appropriate facility operators who are responsible to accurately mark the underground facilities affected. Parties failing to comply with the statutes and administrative rules that govern the South Dakota One Call program are subject to complaint action which may result in a penalty.

The correct application of all elements in the process provides many benefits. Excavators preserve their safety and decrease their liability by knowing the location of underground facilities in advance of their activities. Facility operators have greater assurance their assets are guarded against damage, dislocation and disturbance by clearly marking their facilities. The public receives protection from injury, damage and loss of service when the One Call process is followed.

The commission monitors the success of the program by focusing on three key measures.

Time in Queue

The prompt handling of locate requests is a top priority of the South Dakota One Call program. Each request of the system is handled in the order by which is it received. Queue times indicate the capability of the system’s representatives to understand and appropriately react to the locate requests, affecting the timeline by which the excavator may proceed with their activity.

Measurement, 2009

Average time in queue: 21.58 seconds

Call Tickets

The number of locate requests are tracked on a daily, monthly, annual and year-to-date basis. The number of call tickets is an indication of the amount of excavating activity within the state and is also a reflection of the user awareness of the system.

Measurement, 2009

Call tickets: 587,586

Complaints Filed

Complaints filed with the One Call Board are reviewed to determine if probable cause of a violation exists. If so, the board may recommend a penalty be assessed. The One Call program’s complaint process is an enforcement as well as an educational tool. Often, parties found in violation were not previously aware of their duties to follow One Call statutes or administrative rules. A goal of handling 12 complaints annually delivers a reasonable balance of enforcement and public awareness results.

Measurement, 2009

Complaints: 11

South Dakota Public Utilities Commission

Top Priorities

TELECOMMUNICATIONS

The commission has regulatory authority over some telecommunications providers and services in South Dakota. For example, the PUC issues certificates of authority to certain providers; approves switched access rates for local exchange carriers; designates providers as eligible telecommunication carriers and approves plans for investing Federal Universal Service Funds; and arbitrates disputes between providers. In addition, the commission serves as a resource on emerging telecommunications issues.

The commission continually assesses its performance in dealing with telecommunications issues, with specific attention paid to these measurements:

Completed Telecommunications Dockets

As with the electric and natural gas category, the number of telecommunications dockets completed each year reveals the agency's ability to manage its duties and workload. The measurement also alerts agency officials if the process by which dockets are assigned, analyzed and acted upon by staff and commissioners is appropriate. The number can also act as a meter of the amount of activity, within the commission's jurisdiction, by telecommunications providers in the state. The commission seeks to attain an annual completion goal of 85 percent.

Measurement, 2009

- Completed dockets: 102
- Uncompleted dockets: 14
- Percentage completed: 88%

Overtured Telecommunications Dockets

Parties that file requests or applications with the Public Utilities Commission and intervenors to those dockets have the right to challenge the commission's decision in circuit court. The number of dockets that are overturned by judicial order is an assessment of the manner in which the commission perceives and uses its regulatory authority.

Measurement, 2009

Overtured dockets: None

Line Counts per Population

Line count is a valuable measurement tool in the telecommunications industry. It depicts the pervasiveness of telecommunications service by company or within a specific area. The resulting data, when correlated to the state's population, gives a sense of the number of South Dakotans that have telecommunications service. The commission further analyzes specific company information to help determine if the provider is meeting its obligation to offer services to customers in its service territory.

Measurement, 2008

Line counts per population: 1.25

South Dakota Public Utilities Commission

Top Priorities

CONSUMER AFFAIRS

The PUC provides a number of services for consumers. The agency's consumer affairs staff is trained to help resolve disputes between consumers and their investor-owned electric, natural gas or telephone service providers. They provide educational information about energy efficiency, consumer protection and making wise utility choices. They also offer guidance and referrals for consumers who may have difficulty paying their utility bills. The commission also administers the South Dakota Do Not Call Registry, helping to enroll consumers on the registry and investigating violations against consumers who are on the registry.

The commission evaluates its performance related to consumer affairs by examining the following areas:

Complaints Completed within a Month

Consumer complaints are received by the commission via phone, e-mail and, occasionally, are delivered in-person by the complainant. The PUC strives to quickly and fully investigate each incident by analyzing both sides of the complaint and working with the affected parties to informally reach a resolution. The number of complaints completed within a month reveals the commission's effectiveness in responding to consumers. The goal is 90 percent completed within a month.

Measurement, 2009

Complaints completed within a month: 97%

Formal Consumer Complaints

When a consumer and utility cannot reach a resolution through the informal process, one of the parties may file a formal complaint. A formal complaint is entered into a docket and, unless settled, may result in a hearing before the commission. The commission endeavors to affect complaint resolutions informally and therefore strives for a low number of formal complaints. This measurement is also an assessment of the commission's negotiation and mediation skills.

Measurement, 2009

Formal consumer complaints: 4

Do Not Call Registry

The commission continually uses outreach efforts to educate South Dakotans about enrolling their personal telephone number on the Do Not Call Registry to reduce the number of telemarketing calls they receive. In addition to advocacy, the PUC takes an active role and, at the request of a consumer, will enroll their number on the registry. The PUC tracks the number of South Dakota telephone numbers on the registry, noting the amount of growth each year which is an indication of the success of education efforts.

Measurement, 2009

South Dakota telephone numbers on Do Not Call Registry: 536,622 (13% increase over 2008)