

August 27, 2008

The Public Service Commission convened in the Commission Hearing Room, State Capitol, Bismarck, North Dakota, on August 27, 2008, 10:00 a.m. Present were Commissioners Wefald, Cramer and Clark.

Minutes

Mr. Cramer: I move the minutes of August 13, 2008, be approved.

Mrs. Wefald: I second the motion.

Roll Call: All voting "Aye."

Bills

Mr. Cramer: I move the following bills, as reviewed by the Commission, be approved and paid:

Fireside Office Products, Inc.	138.00
Alltel	448.62
Burke Soil Conservation District	15,606.70
Snavely King Majoros O'Connor & Bedell, Inc.	1,300.22
Gratech Company, Ltd.	35,654.59
Leo Praus 9/08 advance	522.00
Rick Fillbrandt	594.95
Attorney General's Office	3,455.65
DOT	18,062.22

Mrs. Wefald: I second the motion.

Roll Call: All voting "Aye."

Case No. PU-05-47
PPM Energy, Inc.
Rugby Wind Farm - Pierce County
Siting Application

Mr. Cramer: I move the Commission reissue Certificate of Site Compatibility Number 5 from PPM Energy, Inc. to Iberdrola Renewables, Inc., due to name change, Case No. PU-05-47.

Mrs. Wefald: I second the motion.

Roll Call: All voting "Aye."

Case No. PU-05-305
PPM Energy, Inc.
230 kV Transmission Line
Siting Application

Mr. Cramer: I move the Commission reissue Certificate of Corridor Compatibility Number 89, and Route Permit Number 99, from PPM Energy, Inc. to Iberdrola Renewables, Inc., due to name change, Case No. PU-05-305.

Mrs. Wefald: I second the motion.

Roll Call: All voting "Aye."

Case No. GE-08-704
Whitebox Commodities Holdings
Corporation
Roving Grain Buyer - Minneapolis, MN
License Application

Mr. Cramer: I move the Commission approve the roving grain license application in Case No. GE-08-704 for Whitebox Commodities Holdings Corporation of Minneapolis, Minnesota.

Mrs. Wefald: I second the motion.

Roll Call: All voting "Aye."

Case No. PU-06-481
Otter Tail Corporation
Advance Determination of Prudence
Application

Case No. PU-06-482
Montana-Dakota Utilities Co.,
a Division of MDU
Advance Determination of Prudence
Application

Commissioner Clark's
Concurring Opinion
And Dissenting In Part

Mrs. Wefald: I move the Commission adopt the Findings of Fact, Conclusions of Law and Order granting the applications of Otter Tail Corporation and Montana-Dakota Utilities Co. for advance determination of prudence for the proposed Big Stone II generating facility and associated transmission facilities, Case Nos. PU-06-481 and PU-06-482.

Mr. Clark: I second the motion.

Roll Call: All voting "Aye."

While I am in concurrence with my fellow Commissioners with regard to the bulk of this order, I respectfully dissent from finding number 67. This finding relates to the Commission's granting prudence to the applicants' proposal to construct the Big Stone to Granite Falls line with 345 kV capacity, as opposed to 230 kV capacity. The incremental cost to this change is estimated at \$25 million to \$30 million.

My rationale for dissent is not that I can affirmatively find the extra expenditure to be imprudent. Rather, I cannot find that the applicant has met its burden of proof to establish that the expenditure is prudent.

In advocating that the Commission grant prudence for the 345 kV line, applicants state that the additional capacity will serve greater system-wide benefits. Specifically, applicants state such additional capacity will facilitate future undetermined generation projects. I am uncomfortable granting a prudence determination when applicants are unable to specifically inform the Commission of what those projects might be.

Applicants stated that a Big Stone to Granite Falls line constructed to 230 kV capacity would be perfectly well suited to enable this project with no concerns at all for reliability. The incremental cost is solely related to benefits outside the Big Stone II project that is the subject of this proceeding.

If the applicants feel that a 345 kV line is truly in the long term best interests of consumers for reasons unrelated to Big Stone II, then, by all means, they should feel free to construct it as such. However, they should then return to the Commission and seek rate recovery for the incremental cost through traditional regulatory mechanisms.

Case No. PU-07-54
Just Wind - Wind Farm Development
Wind Farm - Logan County
Siting Application

WITHDRAWN

Case No. PU-08-130
Otter Tail Corporation Fuel
Cost Adjustment
Review

Mrs. Wefald: I move the Commission close its investigation of the Big Stone plant outage, Case No. PU-08-130.

Mr. Clark: I second the motion.

Roll Call: All voting "Aye."

Case No. PU-08-292
Otter Tail Corporation
Holding Company Corporate Structure
Application

Mrs. Wefald: I move the Commission issue a Notice of Opportunity for Hearing in Otter Tail Corporation's Holding Company Corporate Structure Application, Case No. PU-08-292.

Mr. Cramer: I second the motion.

Roll Call: All voting "Aye."

Case No. PU-08-358
Montana-Dakota Utilities Co.,
a Division of MDU
Recovered Energy Generator Facility
Public Convenience & Necessity

Mrs. Wefald: I move the Commission adopt the Order and issue a certificate of public convenience and necessity authorizing Montana-Dakota Utilities Co. to construct, own, and operate a recovered energy generator and associated transmission facilities in Morton County, North Dakota, Case No. PU-08-358.

Mr. Clark: I second the motion.

Roll Call: All voting "Aye."

Case No. AM-08-577
AML Emergency
2008 Ruud - Parshall
Project

Mrs. Wefald: I move the Commission issue an intent to award a contract to Ulteig Engineers, Inc. to conduct a structural survey of the Richard Ruud residence that was damaged during an AML emergency project.

Mr. Cramer: I second the motion.

Roll Call: All voting "Aye."

Case No. PU-06-421
TransCanada Keystone Pipeline, LP
30-Inch Crude Oil Pipeline/
Cavalier to Sargent Cty
Siting Application

Mr. Cramer: I move the Commission adopt the Fifth Supplemental Order in TransCanada Keystone Pipeline, LP's application to construct and operate a 218-mile, 30-inch crude oil pipeline in Cavalier to Sargent Counties, North Dakota, granting TransCanada's request for additional temporary workspace at forested areas, Case No. PU-06-421.

Mrs. Wefald: I second the motion.

Roll Call: All voting "Aye."

Case No. RC-08-100
Coteau Properties Company
Revision 7 Permit # NACT-0401
Approval

Mr. Cramer: I move that the Commission approve Revision No. 7 to Surface Coal Mining Permit No. NACT-0401, held by the Coteau Properties Company for the Freedom Mine, to add 360.1519 acres to the permit and to update the legal and premine resource information and mining and reclamation plans for the added area. I also move that the Commission approve self and collateral bond riders to increase the bond area to include the areas being permitted with this revision.

Mr. Clark: I second the motion.

Roll Call: All voting "Aye."

Case No. PU-08-115
Request for Proposal for Siting
Services
Contract

Mr. Cramer: I move the Commission award a contract to Houston Engineering for siting services, Case No. PU-08-115.

Mr. Clark: I second the motion.

Roll Call: All voting "Aye."

Case No. RC-08-389
Dakota Westmoreland Corporation
Notice of Violation 0802
Violation

Mr. Cramer: I move the Commission adopt the order in Case No. RC-08-389, Notice of Violation No. 0802 issued to Dakota Westmoreland Corporation at the Beulah Mine, to affirm the violation and assess a civil penalty.

Mrs. Wefald: I second the motion.

Roll Call: All voting "Aye."

Case No. PU-08-490
Montana-Dakota Utilities Co.,
a Division of MDU
Acquisition of Intermountain
Gas Company
Application

Mr. Cramer: I move the Commission issue a Notice of Opportunity for Hearing in Montana-Dakota Utilities Co.'s Acquisition of Intermountain Gas Company Application, Case No. PU-08-490.

Mr. Clark: I second the motion.

Roll Call: All voting "Aye."

Director of Compliance and
Competitive Markets
Continue Interim Appointment

Mr. Cramer: I move the Commission continue the appointment of Patrick Fahn as Interim Director of Compliance and Competitive Markets and continue the temporary salary adjustment reflecting this appointment until November 1, 2008, or until filled permanently if earlier than November 1, 2008.

Mr. Clark: I second the motion.

Roll Call: All voting "Aye."

Director of Economic Regulation
Continue Interim Appointment

Mr. Cramer: I move the Commission continue the appointment of Mike Diller as Interim Director of Economic Regulation and continue the temporary salary adjustment reflecting this appointment until November 1, 2008, or until filled permanently if earlier than November 1, 2008.

Mr. Clark: I second the motion.

Roll Call: All voting "Aye."

Commission Hearing Room
Video Teleconference System

Mr. Cramer: I move the Commission approve the expenditure of \$36,486 to AVI Systems Inc. for a video teleconference system in the Commission Hearing Room.

Mr. Clark: I second the motion.

Roll Call: Voting "Aye." Cramer, Clark

Roll Call: Voting "Nay" Wefald

ATTEST

THE COMMISSION ADJOURNED AT 11:55 A.M.

Executive Secretary

SUSAN E. WEFALD, PRESIDENT