

October 6, 2010

The Public Service Commission convened in the Commission Hearing Room, State Capitol, Bismarck, North Dakota, on October 6, 2010, 10:00 a.m. Present were Commissioners Cramer, Clark and Kalk.

Minutes

Mr. Clark: I move the minutes of September 22, 2010 be approved.

Mr. Cramer: I second the motion.

Roll Call: All voting "Aye."

Bills

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

Mark Knell	513.34
William T. Gunnerson	87.86
Bruce Johnson	15.00
Tim Oswald	106.17
Bruce Beechie	22.50
Brad Lavold	1,130.37
Guy Welch	30.00
Ray Kelsch	1,476.94
Alan Moch	355.24
Stephan A. Schroeder	22.50
JP Robbins	990.35
Leo Praus	499.32
Brian P. Kalk	601.40
Illona Jeffcoat-Sacco	20.00
Phyllis G. Richter	912.42
Wayne Grangaard	931.61
Bob A. Bachmeier	1,065.67
Timothy Erdmann	1,133.67
Michael McNamee	924.80
Susan Richter	20.00
B & C Concrete Pumping, Inc.	146,054.85
Mathai & Associates Regulatory Consultants	20,514.44
Rapid Fire Protection, Inc.	561.00
ND Newspaper Association	227.39
Dakota Sound Systems, Inc.	1,980.00
PERS	137.18
Attorney General's Office	365.09
OAH	2,186.51
JP Morgan Chase & Company	9,344.01

Mr. Cramer: I second the motion.

Roll Call: All voting "Aye."

Blaster Certification\Re-Certification Approval

Mr. Clark: I move the Commission approve blaster certification and re-certification for the following applicants:

No. Applicant	Affiliation	Certificate No.
Duewel, Stephen D	FREEDOM	85-08-028-R(9)
Filibeck, Janet L.	FREEDOM	01-10-255-R(3)
Kuntz, Eric	FREEDOM	10-09-330
Long, Rodney D.	FREEDOM	89-11-166-R(7)
Lund, Kerwin	FREEDOM	92-11-197-R(6)
Marshall, Michael J.	FREEDOM	10-09-329
Misslin, Daniel L.	FREEDOM	95-09-229-R(5)
Praus, Jerry E.	FREEDOM	09-04-311-R(1)
Roberson, Burton	FREEDOM	90-12-173-R(5)

Mr. Cramer: I second the motion.

Roll Call: All voting "Aye."

Case No. GE-10-592
Nevin Dahl
Roving Grain Buyer - Watford City, ND
License Application

Mr. Clark: I move the Commission approve the roving grain buyer license application in Case No. GE-10-592 for Nevin Dahl, Watford City, North Dakota.

Mr. Cramer: I second the motion.

Roll Call: All voting "Aye."

Case No. AU-10-594
Pat O'Brien
Auctioneer License
Cancellation

Mr. Clark: I move the Commission issue an order in Case No. AU-10-594 cancelling auctioneer license number 338 issued to Pat O'Brien, Belfield, North Dakota.

Mr. Cramer: I second the motion.

Roll Call: All voting "Aye."

Case No. PU-10-466
Montana-Dakota Utilities Co.,
a Division of MDU
Continental Resources McGregor
1-15H, Williams Cty
Public Convenience & Necessity

Mr. Clark: I move the Commission issue a Notice of Opportunity for Hearing in the application of Montana-Dakota Utilities CO. to extend electric service to Continental Resources at McGregor at a location in Williams County, North Dakota, Case No. PU-10-466.

Mr. Cramer: I second the motion.

Roll Call: All voting "Aye."

Case No. PU-10-467
Montana-Dakota Utilities Co.,
a Division of MDU
Troy Kupper, Williams County
Public Convenience & Necessity

Mr. Clark: I move the Commission issue a Notice of Opportunity for Hearing in the application of Montana-Dakota Utilities CO. to extend electric service to Troy Kupper at a location in Williams County, North Dakota, Case No. PU-10-467.

Mr. Cramer: I second the motion.

Roll Call: All voting "Aye."

Case No. PU-10-586
Otter Tail Power Company
Michelle or Reggie Bladow,
Richland County
Public Convenience & Necessity

Mr. Clark: I move the Commission issue a Notice of Opportunity for Hearing in the application of Otter Tail Power Company for a certificate of public convenience and necessity to extend electric service to Michelle or Reggie Bladow at a location in Richland County, North Dakota, Case No. PU-10-586.

Mr. Cramer: I second the motion.

Roll Call: All voting "Aye."

Case No. GS-10-591
2011 Federal/State
Gas Pipeline Safety
Grant Application

Mr. Clark: I move the Commission acknowledge the September 27, 2010 electronic submittal of the 2011 Federal/State Gas Pipeline Safety Grant Application in the amount of \$136,120 to the U.S. Department of Transportation, Pipeline and Hazardous Materials Safety Administration, Washington, D.C. for the operation and management of the 2011 North Dakota intrastate gas pipeline safety program.

Mr. Cramer: I second the motion.

Roll Call: All voting "Aye."

Coal Mining Regulatory Program
2010 OSM Evaluation Report

Mr. Cramer: I move the Commission accept the federal Office of Surface Mining's 2010 Evaluation Report for the Coal Regulatory Program.

Mr. Kalk: I second the motion.

Roll Call: All voting "Aye."

Abandoned Mine Land Program
2010 OSM Evaluation Report

Mr. Cramer: I move the Commission accept the federal Office of Surface Mining's 2010 Evaluation Report for the Abandoned Mine Land Program.

Mr. Clark: I second the motion.

Roll Call: All voting "Aye."

Case No. GE-10-590
Thompsons USA Limited
Grain Warehouse - Grand Forks, ND
License Application

Mr. Clark: I move the Commission issue an order in Case No. GE-10-590 granting the request of Thompsons USA Limited, East Grand Forks, Minnesota, to operate a 318,000-bushel grain warehouse at Grand Forks, North Dakota.

I further move the Commission grant the request of Thompsons USA Limited to operate the grain warehouse at Grand Forks, North Dakota, on an as-needed basis.

Mr. Cramer: I second the motion.

Roll Call: All voting "Aye."

Case No. PU-09-676
Otter Tail Power Company
Advance Determination of Prudence-
CapX2020 Group 1
Application

Mr. Clark: I move the Commission adopt the Order Adopting Settlement in Otter Tail Power Company's and Northern States Power Company's applications for advance determination of prudence for CapX2020 Group 1 projects, Case Nos. PU-09-676 and PU-09-678 respectively.

Case No. PU-09-678
Northern States Power Company
Advance Determination of Prudence-
CapX2020 Group 1
Application

Mr. Cramer: I second the motion.
Roll Call: All voting "Aye."

Fraud Prevention Policy

Mr. Cramer: I move the Commission adopt Policy 1-27-10 on fraud prevention.

PUBLIC SERVICE COMMISSION
FRAUD PREVENTION
Policy 1-27-10 (0) October 6, 2010
A. PURPOSE

The North Dakota Public Service Commission has a zero tolerance for fraud and establishes this policy to facilitate the development of controls that will aid in the detection and prevention of fraud against the Commission. It is the intent of the Commission to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

B. POLICY
Applicability and Definitions

This policy applies to any fraudulent, or suspected fraudulent act, involving employees as well as stakeholders, consultants, vendors, contractors, outside agencies doing business with employees of such agencies, and/or any other parties with a business relationship with the Commission.

Fraud is defined as the intentional workplace deception: lying, cheating, and stealing or the use of one's position for personal enrichment through the deliberate misuse or misapplication of the State's resources or assets. Fraud is a criminal offense, and a civil law violation.

If there is any question as to whether an action constitutes fraud, contact the General Counsel.

Internal control plays an important role in the prevention and detection of fraud.

Fraud Prevention Policy (Continued)

Examples of internal controls are:

- Segregation of duties – separating authorization, custody, and record keeping roles to limit risk of fraud or error by one person.
- Authorization of transactions – review of particular transactions by an appropriate person.
- Retention of records – maintaining documentation to substantiate transactions.
- Supervision or monitoring of operations – observation or review of ongoing operational activity.
- Physical safeguards – usage of items such as locks and physical barriers to protect property and may include the use of cameras for monitoring.
- Analysis of results – periodic and regular operational reviews, inventories, metrics, and other key performance indicators.
- IT Security – usage of items such as passwords and access logs to ensure access restricted to authorized personnel.

Everyone in an organization has responsibility for internal control to some extent. Virtually all employees produce information used in the internal control system or take other actions needed to effect control.

Reporting of Fraudulent Acts

An employee with a reasonable basis for believing that a fraudulent act has occurred in the workplace has a responsibility to report the suspected act in a timely manner.

Reports should be made to the employee's immediate supervisor, unless the employee suspects that the supervisor has participated in or condoned the act. In that case, the employee should report the matter to the next highest level of supervision or management.

This policy does not prohibit prompt notification to appropriate authorities when an immediate threat to personal safety exists or other circumstances justify such notice. Upon discovering evidence of a possible fraudulent act, employees should not confront individuals suspected of wrongdoing or initiate a fraud investigation because such actions may compromise any ensuing investigation.

Fraud Prevention Policy (Continued)

Employees should not make statements or disclosures knowing they are false or in reckless disregard of the truth.

The Commission will perform a fraud risk assessment for its functions and divisions.

Investigation Responsibilities

The Commission has the responsibility to investigate all suspected fraudulent acts. If the investigation substantiates that fraudulent activities have occurred, the Commission shall take appropriate action. Final decision on disposition of the case will be determined by the Commission.

If a Commissioner is suspected of fraud, the suspected fraud shall be reported to the Director of the Office of Management and Budget and the Attorney General.

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

Administration

The Executive Secretary and the General Counsel are responsible for the administration of this policy.

Mr. Clark: I second the motion.

Roll Call: All voting "Aye."

Case No. PU-10-124
Montana-Dakota Utilities Co.,
a Division of MDU Re
Electric Rate Increase
Application

Mr. Kalk: Having received and reviewed the memorandum dated August 17, 2010, from Felhaber Larson Fenlon and Vogt, Attorneys at Law, explaining current and potential conflicts and perceived conflicts related to legal representation by Richard J. Savelkoul, and indicating the firm's intention to continue representation of the identified parties in the future, and having received copies of informed, written consent from each of the parties identified in the memorandum,

I move the Commission waive the current and potential conflicts and perceived conflicts identified in the memorandum and consent to Richard J. Savelkoul representing the Commission and to the firm's continued representation of the identified parties in the future to the extent of and in the capacity described in the memorandum.

I further move the Commission retain Richard J. Savelkoul of Felhaber Larson Fenlon and Vogt, to provide legal services to the Commission as advocacy staff counsel in Case No. PU-10-124, Montana-Dakota Utilities Co., Electric Rate Increase Application.

Mr. Clark: I second the motion.

Roll Call: All voting "Aye."

Case No. GE-09-104
VeraSun Hankinson, LLC
Grain Warehouse
Insolvency

Mr. Clark: I move the Commission request legal assistance from the Office of the Attorney General in VeraSun Hankinson, LLC, Grain Warehouse, Hankinson, North Dakota, Insolvency, Case No. GE-09-104.

Mr. Cramer: I second the motion.

Roll Call: All voting "Aye."

Case No. GE-10-456
Grabanski Grain, LLC
License Renewal Year 2010
Annual Activity

Mr. Clark: I move the Commission request legal assistance from the Office of the Attorney General in Grabanski Grain, LLC, Grain Warehouse, Grafton, North Dakota, Insolvency, Case No. GE-10-456.

Mr. Cramer: I second the motion.

Roll Call: All voting "Aye."

ATTEST

THE COMMISSION ADJOURNED AT 11:21 A.M.

Executive Secretary

KEVIN CRAMER, CHAIRMAN