

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Northern States Power Company
Aggregators of Retail Customers
Investigation**

Case No. PU-10-59

**ORDER PROHIBITING ARC OPERATIONS
August 24, 2010**

On March 1, 2010, Northern States Power Company (NSP) filed comments and a request for action prohibiting the operation of Aggregators of Retail Customers (ARCs). ARCs would aggregate retail customer load reductions and sell the resulting energy in the Midwest Independent System Operator (Midwest ISO) wholesale energy market.

NSP states that a Midwest ISO federal tariff filed to comply with Federal Energy Regulatory Commission Order 719 would authorize ARCs to begin operating unless the Public Service Commission takes action to prohibit ARC operations. NSP contends that operation of ARCs may negatively impact customer rates, system reliability and existing demand response programs.

On May 12, 2010, the Commission issued a Notice of Opportunity for Hearing, which provided until June 22, 2010 for receiving written comments or requests for hearing. The notice identified the following issues to be determined:

1. Whether ARC operations constitute resale of electricity by retail customers prohibited under North Dakota Admin. Code section 69-09-02-15 unless the rate schedule under which the customer receives service specifically provides for resale.
2. Whether the Commission should prohibit or regulate the operation of ARCs and if operation should be regulated then how and to what extent.

No requests for hearing were received. Written comments were filed by NSP and by Montana-Dakota Utilities Co, a Division of MDU Resources Group, Inc. (MDU). NSP maintains its position that ARCs have potential to adversely impact retail customers and should be prohibited until issues raised by ARC operations can be fully considered. MDU supports NSP's request to prohibit ARC operations to protect the interest of customers.

Having considered this matter, the Commission finds ARC operations involve electric service furnished by a public utility under established rate schedules being resold by a customer. By aggregating the demand response of retail customers and bidding that into the market, ARCs essentially offer to resell the electricity associated with that demand response to other retail customers. Therefore, the Commission issues the following:

Order

The Commission Orders ARC operations prohibited under North Dakota Admin. Code section 69-09-02-15 unless the rate schedule under which the retail customer receives service specifically so provides.

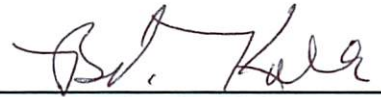
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