

An Interview with
GREG RISLOV

Conducted by Marta Monti
On
June 23, 2015
South Dakota Public Utilities Commission, Pierre, Hughes County, South Dakota

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University of Minnesota, Minneapolis

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Marta: Today is June 23, 2015, and I am speaking with Greg Rislov at the South Dakota Public Utilities Commission (PUC). Why don't we start by you telling me about what you do here at the PUC. I know you have many hats.

Greg: I started in 1976. I've testified in railroad cases, I've testified on grain storage warehouse cases, and for the most part it's electric, natural gas, and telephone. We have a small staff, so we do all of it. I've testified on about every issue there is. I don't get into detail on some of them, but considering how few in numbers we had of staff...very broad.

I was a staff analyst for 8 years, then I was director of the Fixed Utilities Division, fixed meaning poles, wires that don't move--that would be electric, natural gas, and telephone...telecom now, it was telephone back then.

And then in 1997 the Commissioner decided they wanted me to be their full-time advisor, so I advise all three Commissioners on...well, I'm an analyst, I'm not an attorney, but it's hard to separate the legal from the analytical from this business, as you've probably found out. So, I advise them. I don't know how many cases I testified on, but I've been here, and it will be 39 years on July 6th.

We took over jurisdiction the same time Minnesota--July 1, 1975. So I've been here since a year after we took over jurisdiction, and considering how many cases were being appealed, I got in on way too many that were filed that first year. So I've worked on almost every case...major electric or natural gas case ever filed before this Commission.

Marta: So you've seen it all come through.

Greg: That's why I look so old. That's why I am so old.

Marta: To think, you're only 30! [jokingly]

Greg: Oh for Pete's sake...trying to curry favor with me, it ain't gonna work. I know better. I have mirrors in here, you know.

Marta: What I'm specifically interested in today is the CapX2020 project and Brookings line, and interstate transmission planning, as well as your work with the Midcontinent Independent System Operator (MISO).

Greg: Sure. Plus the rate-cases where the CapX project specifically developed in Minnesota as they applied to us. Rate-base. OMS (Organization of MISO States), all of that.

Marta: Well, let's start with MISO and work our way through some of this. Tell me about your work as the South Dakota representative to MISO.

Greg: Each state has one Commissioner that takes the lead in MISO. Gary Hanson did, and I was a staff member that assisted him. Some states have all kinds of numbers, but we don't. So, I have pretty much been exclusively the MISO OMS rep.

Now, we've got another guy who's been here a couple of years, and for about the past year I've tried to get him involved so I don't have to sit in on all the phone calls or worry about all the committee work. We have way too much work here to be as involved as states that have, say, 15 people just devoted to FERC (Federal Energy Regulatory Commission) matters. We don't have that.

So, in South Dakota I am the person who has been involved in interstate transmission issues since the RTOs (Regional Transmission Organizations) began operating. Since Xcel was forced to join an RTO when they bought Public Service Company of Colorado, which had a different name at that time. FERC, in order to approve that merger, they forced them to join an RTO.

And because of the RTOs pronouncements at the time that you either join now or you're going to pay heavy fees later on...we saw Otter Tail and MDU (Montana-Dakota Utilities) join. Subsequently, Mid-America said we can go on our own, but they subsequently joined after 5 or 6 years. So, all of those 4 utilities are in MISO.

Our other two utilities, we regulate a lot of electric utilities, Northwestern is not, nor is Black Hills Power. They are in the western interconnection, so they wouldn't be in MISO anyway. And Northwestern is so inexplicably tied to Basin, who chose not to join MISO, that they really aren't in position, to be fair, to really join MISO. They are better off going to Basin, who are now going to be members of the Southwest Power Pool (SPP) as of October 1.

Marta: So, you're in the middle of all this, you work with multiple ISOs. How do you find navigating between different ISO (Independent System Operator)? Have you encountered any of that yet?

Greg: Well, we really haven't done it yet because our jurisdictional utilities, and even our non-jurisdictional such as Basin really haven't joined yet. So I've only been to one or two meetings so far, really haven't been involved so far.

I am familiar with them in a rough sense because there are integration issues between SPP and MISO. So in general, I've got some knowledge of SPP. More than a layman's knowledge, but

I'm not advertising it nor am I going out on the front page to say that I really know what's going on, because I don't.

Marta: Can you speak to it from the MISO side, working with other ISO's on working to develop inter-ISO planning that is called for in FERC Order 1000?

Greg: Yeah, are you familiar with the ARGOS study? That informed our MVP. I'm not sure I can answer that question.

Marta: Ok, let's move on and talk about MVP lines. The Brookings-Hampton line, it was interesting, I was looking at the timeline, and the permit was approved 2 days before MISO designated it an MVP line--

Greg: What really allowed this to happen, specifically with South Dakota... You had heard of the queue problem? There was like 350 years to clear all these applications IF they would have built primarily wind generation. So, we went down there, MISO knew it had a problem, and we sat and we got a cost-allocation which I believe was the only one that would have worked. It was a postage stamp. Pretty much the way we do with all the utilities in state.

In other words, we don't make a distinction based on mileage. You pay based on per-MW hour. Without that, it wouldn't have happened. But the MVPs, that was CARP that got the cost allocation that made the MVP's possible, but there was UMTDI (Upper Midwest Transmission Development Initiative). That had the Wisconsin, Iowa, Minnesota, South and North Dakota. And we got together, and using the ARGOS study to inform us and help with MISO, that's when we looked at the MVPs that we would need in those states.

We anticipated what was going to happen, and frankly as you know, except for a short MVP in the thumb of Michigan, we were the first on deck in those states.

I think that gets back to your question regarding the Brookings-Hampton line--which, by the way, would have been used to unload a lot of wind power from northwest Iowa, but with the MVP plans, I believe there are 3 MVPs in Iowa, that freed that up to move power from the south end to the north end of North Dakota rather than primarily Iowa and southwest Minnesota.

At the time, that was a big issue. We were going to see rate increases because of the utilities getting involved, but it really wasn't going to help South Dakota at all to moving wind power, which was a huge issue when the queue was so backed-up. And frankly, we were in a position, and this was discussed during CARP, that Otter Tail had roughly 10,000 MW of interconnection requests, and they are a 700 MW utility. The cost-allocation that was being used at the time....they would have been considered to have the lion's share of the benefit of those lines.

It's as if you're in a farm house in the middle of a section, and you have a driveway. That's generally good enough, but let's say you add one just in case. Well, ok, that's kinda helpful. But by the time you have 500 driveways, the incremental benefit is non-existent. Yet, in their case, they were still going to have to pay for it--even though, it would just be used as an outlet for other entities to head who-knows-where. So. Circuitous explanation there, right?

Marta: That's alright, most of them are these days when talking about these projects. So how did it work out? How does it look for the Brookings line?

Greg: Well, it's not the only MVP. We had the Brookings to Hampton, but then you drop one down from Big Stone power plant area to Brookings, and we sited the Ellendale to Big Stone line. So, you're looking at draining wind power....Ellendale being in southeast ND, plus it opens up that quarter of the northeast corner of South Dakota. Plus wind that was backed up, roughly between Middlebank and Brookings, but going further west toward Watertown and that area, it now gives them an outlet, depending on construction of feeder lines, getting them to a substation where they can interconnect.

It's made a big difference, but have we seen a lot of projects since then? Ahh, I'm not really an expert on project development--we have other people that look at that, but, no. I mean, there's not been a lot of online projects at this point. I expect they are in the works.

Marta: Well, it's probably not as long as transmission planning.

Greg: Well it's not at all. It's not at all as long as the landowners are in favor of it. I guess the price they pay for the lease of the towers is satisfactory, and the neighbors don't oppose or take it to court, yeah, it can happen pretty quickly.

If they are 99 MW or lower, we don't have any siting authority. So, whatever they have to do, getting other licenses, I'm not totally familiar. We only site those are that are 100 MW or larger, and remarkably, so many of these are coming in at 99 MW. It's almost odd to see one above 99 MW.

Marta: Interesting. Funny how they do that.

Greg: Yeah, funny.

Marta: Do you think the PUC, well, the state would ever change the jurisdiction of the PUC to regulate below 99 MW, as things in the policy realm shift to bringing on more renewables?

Greg: Who knows? Who knows what the legislature will do. I don't know. I assume if there was a public cry for more regulation, perhaps more resistance to wind tower siting, perhaps. But I don't know, I couldn't even speculate. Your guess is as good as mine, you know how legislatures work. It's predicting what would happen would be very difficult.

Marta: It can be a role of the dice sometimes with them. Let's talk about the rates for a little bit, and how these CapX lines impact rates. Could you tell me about that?

Greg: In conjunction with all this transmission line activity, as you well know, since about 1970, there hadn't been a lot of transmission line construction, and utilities operated within a zone. Are you familiar with MAPP?

Marta: Yes.

Greg: There was some construction maybe because of MAPP, but not a lot. The utilities just tied together what they had. Well, with the advent of MISO, but even before that Minnesota realized they were going to be transmission dependent, and there was a move toward more wind, and you need more transmission lines. The downfall of wind, you need a lot more transmission lines for a single-sited plant.

We had a law passed in the legislature that allowed a rider for transmission construction, and planned it to be put into rates without a rate-case. Now, you can argue good, bad, or indifferent...what it did do was allow the utilities to place those costs into rates much more quickly and cheaply than what it would have cost them to go through a rate-case. And so, has it affected rates? Absolutely it's affected the rates. Can I tell you exactly by what degree? No?

You have to take into account other factors, too. It could be that although the wind generation costs are pretty high....we've seen them for several years, they've dropped considerably. So when you measure the cost of transmission, I'm one of these people who don't just look at a single issue and come up with a number, you have to look at the whole scope. How does it cost affect the cost of service overall by incorporating all the variables.

So, to the extent, you may have cheapened your generation cost, you can't just look at transmission in a vacuum. Have I got a number I can throw at you? No. There's no question it started, and it expanded with Minnesota's mandates for wind, and we paid for them through our rates--transmission and generation. Not so competitive. Let's just be honest about that right up front.

It's way better now than what it was for two reasons. Machines are way better than they were 20 years ago, and the cost has come way down. Again, time value money...look what happened 20

years ago, Minnesota mandates when they wanted to build the above ground storage casts for nuc's, and the legislature mandated all that wind. And it had to be in Minnesota, which, by the way I would have challenged it legally had I been in position to do that. I don't think that meets legal muster. We didn't challenge it, but nonetheless it affected our rates. How significantly? Well, no one likes a 2% rate increase, or 10, or 20. I can't tell you exactly what it was, but it was material, from my point of view. Xcel has had a lot of rate activity, whether it be through riders or rate-cases in the last 10 years. Certainly our most active utility, and the one who is most affected by CapX2020 from my point of view of those we regulate. The only other one that would be would be Otter Tail, and most of their footprint is in North Dakota.

Another long, circuitous answer, but I don't think I can answer without giving you that background. I was an expert witness for many years, so I think you need to put everything in context before making a judgement on it. I have a question for you then. Is this fitting in with what everyone else is telling you?

Marta: Some of this is new. You are the first person I've spoken with in South Dakota, so you giving me this background and history really helps, because I haven't heard some of these things. From my work with a wind NGO, I've heard about some of the tensions you mentioned of how wind is counted and taxed, but your perspective is really helping.

Greg: I meant in other states. Is this the same story?

Marta: Well, yes, for the most part.

Greg: Are they windier than I am?

Marta: No?

Greg: Oh for Pete's sake, now you've hurt my feelings.

Marta: It's a compliment.

Greg: We'll skip that part going forward....

Marta: Let's move on to talking about route planning and siting for a bit. Tell me what the process is like at the SD PUC.

Greg: We have limited jurisdiction about identifying where the lines go. The utilities pick the route.

Marta: Right, but they still apply for permits with you, correct?

Greg: We're mostly concerned about social impacts. Frankly, I think our problems probably mirror what you have in every state. You generally don't hear from people unless they're against it. What's come to light more than I've ever seen before, because of the RTOs that are dispatching out of Carmel, Indiana....the last one they had in Ellendale, the complaint was "well, this power isn't going to do us any good."

And actually, these people were quoting a lineman from one of the cooperatives who was saying that we weren't going to get any of this power--which, I'm guessing his point of view failed to take account of reliability concerns and overall system costs. As a matter of fact, I'm quite confident. I'm quite confident he really hadn't participated in any of the studies or even knew the results, but nonetheless, his message fit with what people wanted to hear at that point--at least some people.

The involvement of the landowners probably doesn't get as spirited as it does perhaps in Minnesota and Wisconsin

Marta: Why is that?

Greg: Because I can read.

Marta: But why are people more amenable to it here? I'm not sure I understand.

Greg: Well, Sioux Falls is the largest city in South Dakota, North Dakota, Montana, and Wyoming. I don't know if you knew that or not. We're mostly rural, and I think...well, people have different opinions, no questions. But we don't get the variance of opinion that you'd likely get being in a metropolitan area like the Twin Cities. You're just going to get different points of view, and you're gonna get funded points of view that South Dakota probably doesn't have.

We don't have the diversity in points of view which have the time and the capabilities to participate from beginning to end in those things. I just think that just makes sense when you look at a state like this.

And, maybe people just understand that if you want electricity, there are going to be things you may perceive as negative in order to get it. There's nothing more negative than not getting it when you need it, right? And that's what this is all about. And I think people get that for the most part. I think most people get it in South Dakota. I pat them on the back, they understand.

Marta: Do you think that because things are more spread out in South Dakota than Minnesota, and the population is lower, that it also plays a role?

Greg: I think that has something to do with it. But, I've never participated in what's going on in Minnesota, but there are some people that are very anti-....no matter what...and if you're in a metropolitan area where there are 4 million people, even if there's only a fraction of a percent that feel that way and show up, in South Dakota that fraction of a percent might be less than one person. In Minnesota it might be 150 people, and still it's the same percentage, right? So I think that has something to do with it, don't you?

Marta: Oh yes. So what concerns do you year, or what issues did you have to work through with the CapX proposed lines?

Greg: The primary one is people don't like the idea that eminent domain, anyone can intrude on their property. Realizing that, in order to have power you need lines, but why couldn't it be a couple miles over? And I understand that, especially if you're on a farm, and you really treasured what you have, and frankly, you've heard of the movie dances with wolves? It's kinda fun to go up to the northwest of Pierre, and look at just see vistas without anything like powerlines or anything like that....just natural vistas. That changes it.

I understand that. They put a power line north of my house here in town about a quarter mile north, and it changed the view. And now, after a month you just accept it, and I accepted the idea that it will improve the livelihood of the city of Pierre. But I work in the business, so I understand that. But still, did I like it better without? Oh yeah. There was only one positive I could see, other than the reliability effect, was that when the wind blows hard enough it sounds like wind chimes, which I love.

Marta: That's funny because most people don't enjoy the sounds that come off of large structures.

Greg: I love wind chimes. I give them as gifts, and so when they sound like wind chimes, yeah, I think its kidna cool. When I'm out walking my dog in November, and its 33 degrees, and its comfortable and not pouring with sweat or having mosquitos biting me, and the wind chimes are going....yeah, it's pretty cool. But it doesn't mean I love powerlines in the vista. But, you make you with what you have.

The other complaint as I told you, is that power is not helping us. That perception. They don't realize that electricity just isn't uni-directional. It goes both ways. What MISO has done with regard to the planning reserve requirements, and lowered them....the money people saved because of it, even with the powerlines, if they are not beneficial, they are not getting built,

right? The idea that it can enhance reliability, which in my experience, people's concerns about electricity is number one they want it on. That's primary. That's always number one. Number two is what they pay. But remember, one's number one, and the other is number two. And there's a reason for it.

There's nothing like an ice storm to put that into sharp focus. It's not a good thing, but it does focus that opinion. People want electricity. Some people want, and as we move on...computers, the rest of it, you want it even more than you would have 30 years ago.

Marta: Well we are at about the hour mark, is there something that I haven't asked you about that you think I should know?

Greg: No, I don't think so.

Marta: Well, thank you for your time today. This was a very informative conversation.

Greg: You're welcome.

