

**BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

In the Matter of the Petition for a	)	
Declaratory Ruling of the South Dakota	)	Docket No. PS11-001
Public Utilities Commission regarding 49	)	
C.F.R. §192	)	

Comments of Montana-Dakota Utilities Co.

Montana-Dakota Utilities Co., a Division of MDU Resources Group, Inc. has intervened in the above captioned docket and hereby respectfully submits its comments for the use of the Commission and the other parties.

Generally speaking, Montana-Dakota urges the Commission to continue the current practice of classifying lines such as the referenced Aberdeen Line of NorthWestern Energy, as “distribution,” in accordance with federal pipeline safety rules, as adopted by the Pipeline Hazardous Materials Safety Administration (PHMSA) and found at 49 CFR Part 192. Montana-Dakota believes that this practice results in increased safety while providing a more cost effective means of serving customers.

Montana-Dakota’s understanding is that NorthWestern’s line is 6.25 miles of 6-inch steel line, leaving the NBP tap near Aberdeen, and ending south of Aberdeen. The line has three service points and is operated at 650 PSIG with a Maximum Allowable Operating Pressure (MAOP) of 878 PSIG, which equates to less than 20 percent specified minimum yield strength (SMYS).

The relevant definitions are found in 49 C.F.R. §192.3:

“Distribution line means a pipeline other than a gathering line or a transmission line.”

“Transmission Line means a pipeline, other than a gathering line, that: (1) transports gas from a gathering line or storage facility to a distribution center, storage facility, or large volume customer that is not downstream from a distribution center; (2) operates at a hoop stress of 20 percent or more of SMYS; or (3) transports gas within a storage field. “

“Gathering line means a pipeline that transports gas from a current production facility to a transmission line or main.”

Based on NorthWestern's description of the Aberdeen Line, the line is not a transmission line according to the Part 192 definition as the line does not transport gas from an upstream gathering line or storage field; the line is downstream from NorthWestern's distribution center at the NBPL tap serving the area; the pipeline operates at a hoop stress less than 20 percent of SMYS and the pipeline does not transport gas within a storage field. The default definition, for reasons in the safety code which are in the nature of safety reasons and not price regulation, is "distribution."

Montana-Dakota has several lines within the State of South Dakota with characteristics similar to NorthWestern's Aberdeen Line. The pipelines were designed with an MAOP of less than 20 percent SMYS to maximize safety, while lowering upfront costs and ongoing annual maintenance costs. Montana-Dakota sees no reason to change. Those lines have been classified and operated as distribution lines based on 49 C.F.R. §192.3 and the South Dakota Public Utilities Commission's proper determination based on 49 C.F.R. §192.3.

A change in this determination is contradictory to the Federal definition provided in Part 192 and contrary to the past practice in South Dakota described in the Petition for Declaratory Ruling, "Past Practice in South Dakota has been to classify all lines under 20 percent of [Specified Minimum Yield Strength (SMYS)], that originate at interstate transmission lines and end at a large volume customer, as distribution".

Montana-Dakota joined this docket regarding the classification of NorthWestern Energy's natural gas line starting at the Northern Border Pipeline (NBP) tap near Aberdeen, South Dakota (Aberdeen Line) after determining that redefining the NorthWestern line is a transmission line (and resulting reclassifications) would be detrimental to Montana-Dakota and its customers. Montana-Dakota supports NorthWestern Energy's determination that the Aberdeen Line is appropriately classified as a Distribution Line in accordance with 49 C.F.R. §192.3.

Dated this 5 day of January, 2012.

MAY, ADAM, GERDES & THOMPSON LLP

BY:



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CERTIFICATE OF SERVICE

5 Brett Koenecke of May, Adam, Gerdes & Thompson LLP, hereby certifies that on the day of January, 2012, he mailed by United States mail, first class postage thereon prepaid, a true and correct copy of the foregoing, in the above-captioned action to the following at his last known address, to-wit:

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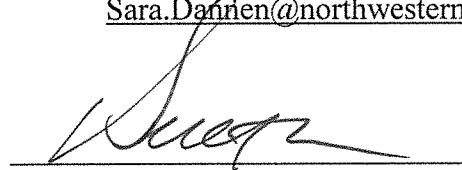
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