



Dustin Johnson, Chair
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SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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February 7, 2007

Ms. Melissa J. Baruth
Department of Transportation Coordinator
NorthWestern Energy
600 Market St W
Huron, SD 57350-1500

RE: Request for Reclassification of AMP 4" Steel Pipeline in McCook, Turner, and Hutchinson County.

Dear Ms. Baruth:

It is my opinion that at the completion of the sale of AMPI Pipeline, Inc.'s facilities to NorthWestern Energy, the combined operation of AMPI's 4" pipeline and the Freeman Municipal Gas distribution system, the purchase of which was completed on February 1, 2007, will result in a combined pipeline system that may be classified as a distribution system. NorthWestern Energy operates several similar pipeline systems in South Dakota that are treated as distribution systems for reasons of pipeline safety.

Please inform this office when the sale of the AMPI Pipeline facilities is completed. Until such time that documentation is provided indicating completion of the sale, the facility is to be continued to be treated as an intrastate pipeline facility.

Please do not hesitate to contact me, if you have any questions concerning this letter.

Sincerely,

Martin C. Bettmann
Pipeline Safety Program Manager



Melissa J. Baruth
Department of Transportation Coordinator
605-353-7462
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January 4, 2007

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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Mr. Martin Bettmann
Pipeline Safety Program Manager
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Ave
Pierre, SD 57501-5070

RE: Reclassification of AMPI 4" Steel Pipeline in McCook, Turner, and Hutchinson County

Dear Mr. Bettmann:

NorthWestern has signed a purchased agreement with AMPI to purchase the 20 miles of 4" steel pipeline in McCook, Turner, and Hutchinson County. This pipeline currently feeds the town of Freeman. In addition to the purchase of 4" steel pipeline NorthWestern has also signed a purchase agreement with the City of Freeman for their natural gas facilities. The ownership change is tentatively set for the end of January or beginning of February. With the execution of AMPI and Freeman purchase agreements NorthWestern will gain ownership of the pipeline system from the Northern Natural tap up to the outlet of all residential and commercial meters served on the pipeline.

Currently the AMPI pipeline is classified as an Intrastate Transmission pipeline. Under the new ownership structure the pipeline will become part of one contiguous system with the measurement and transfer of gas custody at the connection of the interstate pipeline (NNG). The AMPI pipeline also operates at less than 20% SMYS and in a manner that could be defined as distribution. To simplify the operation of the entire system, NorthWestern requests the reclassification of the AMPI 4" steel pipeline located in McCook, Turner, and Hutchinson County from transmission to distribution. The reclassification of the pipeline from transmission to distribution is consistent with all the pipelines NorthWestern operates.

Sincerely,

Melissa J. Baruth
Department of Transportation Coordinator