

From: Demman, Laura [<mailto:Laura.Demman@nngco.com>]

Sent: Wednesday, November 23, 2016 11:38 AM

To: Nelson, Chris

Cc: Fiegen, Kristie; Hanson, Gary (PUC); Edwards, Kristen; Mehlhaff, Brittany; Steffensen, Patrick; Zanter, Mary; tim.olson@northwestern.com; brett@mayadam.net; Porter, Greg

Subject: Docket NG16-014 Farm Taps

Attached please find a sample letter that Northern Natural Gas sent to farm tap customers of NorthWestern Energy in South Dakota, filed today in Docket NG16-014.

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November 23, 2016

VIA CERTIFIED MAIL

RICKIE MORK
[REDACTED]

RE: NorthWestern Energy's Discontinuance of Gas Utility Service to Farm Taps

Dear Rickie Mork:

NorthWestern Energy has provided notice that it will cease providing natural gas utility service to your farm tap on December 31, 2017. NorthWestern Energy, and its predecessors, have provided utility service to your farm tap since Northern Natural Gas first constructed the tap. The utility distribution service NorthWestern Energy provides is regulated and overseen by the South Dakota Public Utilities Commission.

Now, after a long history of NorthWestern Energy, and its predecessors, serving natural gas to your farm tap, the South Dakota Public Utilities Commission is considering whether to allow regulated utility service to certain farm taps to be discontinued. Additionally, the Commission is evaluating whether it should discontinue regulation of farm tap service, after doing so for decades. What is being considered is unprecedented. Northern Natural Gas is not aware of another state utility commission that has allowed discontinuance of utility service to a large number of farm taps on such a sweeping basis. You are encouraged to familiarize yourself with the proceeding and to express your views and concerns to the South Dakota Public Utilities Commission. Please see the enclosed information guide from the South Dakota Public Utilities Commission.

Background

NorthWestern Energy is a local distribution company regulated by the South Dakota Public Utilities Commission. NorthWestern Energy provides your necessary farm tap utility distribution services, such as procurement of natural gas, arranging for and monitoring the transportation (shipment) of the gas to your farm tap, measurement and treatment (odorant) plus other utility services, such as billing, leak detection and emergency response. Northern Natural Gas is an interstate natural gas pipeline company regulated by the Federal Energy Regulatory Commission (Washington, D.C.). Northern Natural Gas owns and operates a large-diameter high-pressure interstate pipeline system used to transport gas, generally, from production areas to local towns and communities where a distribution utility, such as NorthWestern Energy, receives the gas and distributes it to end-use consumers. In contrast, Northern Natural Gas customers are large industrial and utility distribution companies. Unlike NorthWestern Energy and the other gas utilities regulated by the South Dakota Public Utilities Commission, Northern Natural Gas does not, and is not authorized to, provide distribution service to retail (small-use) natural gas customers.



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Pursuant to an easement on your property, Northern Natural Gas' obligation is to provide a tap, i.e., access to the interstate pipeline. Farm tap customers arrange for natural gas service, as they always have, through the local utility (e.g., NorthWestern Energy). If no natural gas utility service is provided, Northern Natural Gas will not be able to continue to transport natural gas to your farm tap. This will result in discontinued service to your farm tap.

Participation

Again, to maintain your current utility service, it is important your voice be heard in the proceeding described above. As a current customer, it seems you would, at a minimum, want answers to the following questions:

- Why would the South Dakota Public Utilities Commission allow discontinuance of my utility service?
- Does the South Dakota Public Utilities Commission believe the long-standing service to farm tap customers is outdated or somehow inappropriate?
- Why would I lose my farm tap service while some of NorthWestern Energy's farm tap customers continue to receive service?
- If NorthWestern Energy no longer serves my farm tap, who should I call to investigate possible leaks or respond to emergencies?
- Are the costs of serving my farm tap currently in NorthWestern Energy's rates?

Conclusion

Northern Natural Gas stands ready and willing to provide the same interstate natural gas transportation service that we have provided for decades. We remain committed to making interstate natural gas transportation service available for your natural gas deliveries consistent with our easement obligation; however, safety concerns demand that a local utility company or other service provider must provide the utility distribution service to your residence.

If you have any questions about the discontinuance of service by NorthWestern Energy, you are encouraged to contact NorthWestern Energy at 1-800-245-6977 or the South Dakota Public Utilities Commission at 1-800-332-1782. Also, you are also welcome to contact me at (402) 398-7278.

Sincerely,

Laura Demman

Vice President, Regulatory and Government Affairs

Enclosure

cc: NorthWestern Energy and South Dakota Public Utilities Commission

South Dakota Public Utilities Commission Information Guide

Regarding Farm Tap Customers Involvement

On Nov. 9, 2016, Commission Staff filed with the South Dakota Public Utilities Commission a Petition for Declaratory Ruling regarding farm tap customers. This guide is intended to provide information about how farm tap customers can be involved in the process, both formally and informally.

Review the electronic docket. A docket is the continually updated collection of documents filed with the commission for a particular case. The Petition for Declaratory Ruling docket can be accessed on the Commission's website at www.puc.sd.gov under Commission Actions, Commission Dockets, Natural Gas Dockets, 2016 Natural Gas Dockets, NG16-014.

Submit comments. Members of the public are encouraged to submit written comments to the PUC. These ***informal*** public comments are reviewed and considered by the PUC commissioners and staff. Comments should include the docket number (NG16-014) or docket title, commenter's full name, mailing address, email address and phone number. These comments should be emailed to puc@state.sd.us or mailed or hand-delivered to PUC, 500 E. Capitol Ave., Pierre, SD 57501. Comments are posted in the "Comments" section of the docket within a reasonable time after having been received. The commenter's name, city and state will be posted along with their comment. Comments received from businesses, organizations or other commercial entities (on letterhead, for example) will include the full contact information for such.

Please follow these guidelines when submitting written comments to the PUC:

- For comments sent by email, the maximum file size is 10 MB. If you have questions, please contact South Dakota PUC staff at 605-773-3201 (Monday – Friday, 8 a.m. – 5 p.m. Central Time).
- For comments sent by U.S. mail or hand delivered, no more than twenty (20) 8.5" x 11" pages, including attachments and support materials, should be submitted with a comment. Sheets with printing on both sides count as two pages.
- A reference document, article or other attachment not written by the person commenting should clearly identify the source of the content. The inclusion of any copyrighted material without accompanying proof of the commenter's explicit right to redistribute that material will result in the material being rejected.

- In instances where individual comments are deemed to be a duplicate or near duplicate copies of a mass message campaign, the PUC will post only a representative sample and list the name, city and state of the commenter.
- Comments containing threatening language or profanity will be rejected.
- Multimedia submissions such as audio and video files will not be accepted as written comments.
- Electronic links will not be accepted.

Become an intervenor. Individuals who wish to be ***formal*** parties in the docket may apply to the PUC for intervenor status by Nov. 21, 2016. Intervention is appropriate for people who intend to actively participate in the case through legal motions, discovery (requests for facts or documents), the written preparation and presentation of actual evidence, and in-person participation in a formal hearing. Intervenors are legally obligated to respond to discovery from other parties and to submit to cross-examination at a formal hearing. Individuals seeking only to follow the progress of a docket or to offer comments for the PUC's consideration need not become intervenors.

Communicate on record. Verbal communication between a commissioner and a person with an interest in a matter before the commission that does not occur in a public forum or as part of the official record should be avoided. Those who communicate in writing with a commissioner about an open or imminent docket matter should understand that their comments will become part of the official record and subject to review by all parties and the public. Likewise, comments made at a PUC public proceeding or submitted to the commission relative to a docket matter become part of the record, open to review by all parties and the public. Because commissioners have a decision-making role in docket matters, any discussion with a commissioner about an open or imminent docket must take place in an open forum, such as a public meeting, with notice given to all parties.

South Dakota Public Utilities Commission

500 E. Capitol Ave., Pierre, SD 57501

1-800-332-1782; 605-773-3201; www.puc.sd.gov; puc@state.sd.us

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