



**BROWN
DAY
MARSHALL**

Rural Water System, Inc.

P.O. Box 49
703 7th Street
Britton, South Dakota 57430
Phone 605-448-5417



SD PUBLIC UTILITIES COMMISSION

500 E. Capitol Ave. Phone 605-773-3201
Pierre, SD 57501 (fax) 1866-757-6031

WEDNESDAY, OCTOBER 31, 2007

David C. Wade, General Manager
BDM Rural Water System, Inc.
P.O. Box 49 Phone 605-448-5417
Britton, SD 57430 (fax) 605-448-2124

BDM RURAL WATER SYSTEM, INC. is a member owned rural water system in NE SD that serves water to 2,000 members, 15 bulk users and several large animal units. The system is about 4,500 square miles in size and a population total of about 7,000 people drink the water on a daily basis.

1) Our main concern is the proposed crossing of the Middle James aquifer. This is our only source of drinking water and could easily become contaminated in the event of a crude oil or fuel spill. The Middle James is very close to the surface in the proposed crossing area. Most recharge to the James aquifer is by percolation of precipitation in ranges 58 and 59 W of T 128 N. This puts the proposed pipeline directly through the most important part of our drinking water source.

PROPOSAL: Our first proposal is to move the pipeline out of the aquifer. If this is not possible then we would like to see TransCanada line the pipeline with a special fabric that would protect the Middle James aquifer from any type of spill. If this is not possible, we would like to see TransCanada sleeve the line through the aquifer as to prevent any leakage into the aquifer. BDM also insists that the precaution of doubling the line thickness for the six miles through the Middle James aquifer must be implemented.

2) Our second concern is with the proposed pipeline crossings of BDM lines.

PROPOSAL: BDM will require a crossing permit of our existing 30 ft. or 60 ft. easements. We would also like TransCanada, in good faith, to pay BDM for the expense to install ductile iron pipe or lower pvc and case with steel pipe, in BDM's existing system for 250 feet on each side of each crossing (500 ft.) to reduce or prevent

contamination in the event of a spill close to the 12 proposed crossings. This is a way to be proactive in the prevention of contamination and destruction to BDM's pipeline system. Also, BDM would like TransCanada to be above each crossing as opposed to them digging under each crossing, since we would like 500' of ductile iron pipe or a steel casing to be installed at each crossing.

3) Our third concern is with future crossings

PROPOSAL: We propose that TransCanada and all of the Rural Water Systems in South Dakota come to an agreement (one agreement) on the crossing of each other and agree that all future crossings will be made with agreed upon specs. and at no charge to each other.

4) Our fourth concern is with cleanup of spills in the aquifer and by a crossing site.

PROPOSAL: We propose that TransCanada place a cash bond in the bank to take care of the cleanup that will occur in the event of a spill. TransCanada acknowledges that they will clean up any spill, but its much deeper than that. There would be much more expense to our water system, county property, township property, and state property than just the cleanup. BDM may need to find an alternate water source or perform different treatment on the finished water if there was a spill. This could cost millions of dollars. The total amount of the cash bond could be determined by a percentage of the total miles of pipe that cross our system based on the total cost of the 1,800 mile TransCanada pipeline. The account should contain enough funds to secure a new water source and should not be less than \$20 million dollars for the entire state.