

December 21, 2016

Northwestern Energy  
600 Market St. W.  
Huron, SD 57350

Northwestern Energy  
3010 W 69<sup>th</sup> St.  
Sioux Falls, SD 57108

Chris Nelson, Chairman  
SD Public Utilities Commission  
Capitol Building, 1<sup>st</sup> Floor  
500 E. Capitol Ave  
Pierre, SD 57501-5070

**RECEIVED**  
**DEC 27 2016**  
**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

Leslie Heineman  
[REDACTED]  
[REDACTED]

Matt Wollmann  
[REDACTED]  
[REDACTED]

Jordan Youngberg  
[REDACTED]  
[REDACTED]

Isaac Latterell  
[REDACTED]  
[REDACTED]

Herman Otten  
[REDACTED]  
[REDACTED]

Ernie Otten  
[REDACTED]  
[REDACTED]

Greetings,

I'm sending this in reference to the attached letter from Northern Natural Gas dated November 23<sup>rd</sup> where North Western Energy notified us that they will no longer be providing natural gas to the farm tap at John & O. JoAnn Sherman residence at [REDACTED].

This has been in service at this location approximately 50 years. Why do they suddenly feel it is necessary to discontinue this service? I'll venture they're response will be that it's cost prohibitive. Please see the attached picture of the farm tap and the notice how much infrastructure they own.

The cost to switch the entire farm to an alternative fuel would be a financial hardship for our parents at this time in their lives.

At the December 15, 2016 meeting with Northern Natural Gas we were notified the PUC will be ruling on this possibly as soon as January 3, 2017. This leaves very little time to prepare a proper argument against this decision.

We have been told there are 200 customers being serviced by North Western Energy right now and 195 were notified they would lose service effective December 2017. Why are 5 customers able to keep service? Why would the PUC allow discontinuance of any utility service?

I am sending this to the legislators in District 8, the physical address of the pre-mentioned farm tap and I am also including District 6, which is where I reside, as this personally affects me as a trustee of this property.

Any and all support you can offer in an effort to continue service to the farm tap(s) would be greatly appreciated. I appreciate your prompt attention with the responses I have requested.

Thank you.

Sincerely,

Roger W. Sherman  
[REDACTED]  
[REDACTED]

Trustee of John & O. JoAnn Sherman Legacy Land Trust

MISCELLANEOUS RECORD No. 117  
MINER COUNTY, SOUTH DAKOTA

EASEMENT GRANT

32

KNOW ALL MEN BY THESE PRESENTS:

That [redacted] of the County of Miner and State of South Dakota, for and in consideration of the sum of One Dollar (\$1.00) per lineal rod, receipt of One Dollar (\$1.00), of which consideration is hereby acknowledged and balance of which is to be paid when and as the location of pipe lines over and through the lands hereinafter described shall be established, surveyed and measured, and the further consideration of the performance of the covenants and agreements by the grantees, as hereinafter set out and expressed, do hereby GRANT, REMISE and RELINQUISH unto NORTHERN NATURAL GAS COMPANY, a Delaware corporation, its successors or assigns, the RIGHT, PRIVILEGE and EASEMENT to construct, maintain and operate pipe lines, and appurtenances thereto, over and through the following described lands and appurtenances therunto belonging, including riparian rights, situated in the County of Miner and State of South Dakota, to-wit:

TO HAVE AND TO HOLD unto said NORTHERN NATURAL GAS COMPANY, its successors and assigns, so long as such pipe lines, and appurtenances thereto, shall be maintained, together with the right of ingress to and egress from said premises, for the purpose of constructing, inspecting, repairing, maintaining and replacing the property of the grantee located thereon, or the removal thereof, in whole or in part, at the will of the grantee; it being the intention of the parties hereto that grantors are hereby granting the uses herein specified without divesting grantors of the rights to use and enjoy said above described premises, subject only to the right of the grantee to use the same for the purposes herein expressed.

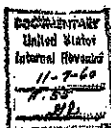
As a further consideration for this grant, the grantee herein agrees as follows:

- (1) That it will bury all line pipe laid upon said land to a sufficient depth so as not to interfere with the cultivation of the soil.
- (2) That it will pay to grantors any damages which may arise to growing crops, trees, shrubbery, fences or buildings from the construction, maintenance or operation of said pipe lines, said damages, if not mutually agreed upon, to be ascertained and determined by three disinterested persons, one of whom shall be appointed by the grantors, one by the grantee, and the third to be selected by the two appointed as aforesaid, and the written award of such three persons shall be final and conclusive and binding upon the parties hereto.
- (3) That grantee, upon written application by the grantors, will make, or cause to be made, a tap in any gas pipe line constructed by grantee upon the above described premises for the purpose of supplying gas to grantors, for domestic purposes only and not for re-sale, and for use upon the above described premises only. All connections required, shall be furnished and paid for by grantee with the exception of the meter, which is to be furnished and owned by the grantee. Said tap will be provided by grantee from a convenient point on its main line or some lateral as the grantee may determine, and gas to be taken under this provision shall be measured and furnished to the grantors at the rates and upon the terms as may be established by grantee, or by any vendor of grantee, from time to time.
- (4) That grantee will replace or rebuild to the satisfaction of grantors or their representative any and all damaged parts of all drainage systems, the damage to which shall be occasioned by the construction of said pipe lines under and through the above described premises.

This instrument, and the covenants and agreements herein contained, shall inure to the benefit of and be binding and obligatory upon the heirs, executors, administrators, successors and assigns of the respective parties.

IN WITNESS WHEREOF we have hereunto set our hands this 19th day of November, 1960.

George Bruner  
George Bruner - Right of Way Agent



STATE OF SOUTH DAKOTA, }  
Miner County, } SS.

On this 19th day of November, in the year 1960, before me Wesley M. Beardsley a Notary Public in and for said County and State, personally appeared [redacted] known to be to be the persons who are described in and who executed the within and foregoing instrument, and acknowledged to me that they executed the same.

(SEAL)  
My Commission Expires  
July 27, 1965

Wesley M. Beardsley  
Wesley H. Beardsley - Notary Public

Fee \$2.60

STATE OF SOUTH DAKOTA  
COUNTY OF MINER }  
Office of Registrar of Deeds }  
I hereby certify that the within instrument was filed  
for record on the 22nd day of November, 1960.  
A. B. [redacted]  
[redacted]



1111 South 103rd Street  
Omaha NE 68124  
Phone: 402-398-7278  
Fax: 402-398-7006  
Laura.Demman@nngco.com

November 23, 2016

VIA CERTIFIED MAIL

JOHN G. SHERMAN  
[REDACTED]

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

Dear John G. Sherman:

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.



1111 South 103rd Street  
Omaha NE 68124  
Phone: 402-398-7278  
Fax: 402-398-7006  
Laura.Demman@nngco.com

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](http://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](mailto: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.

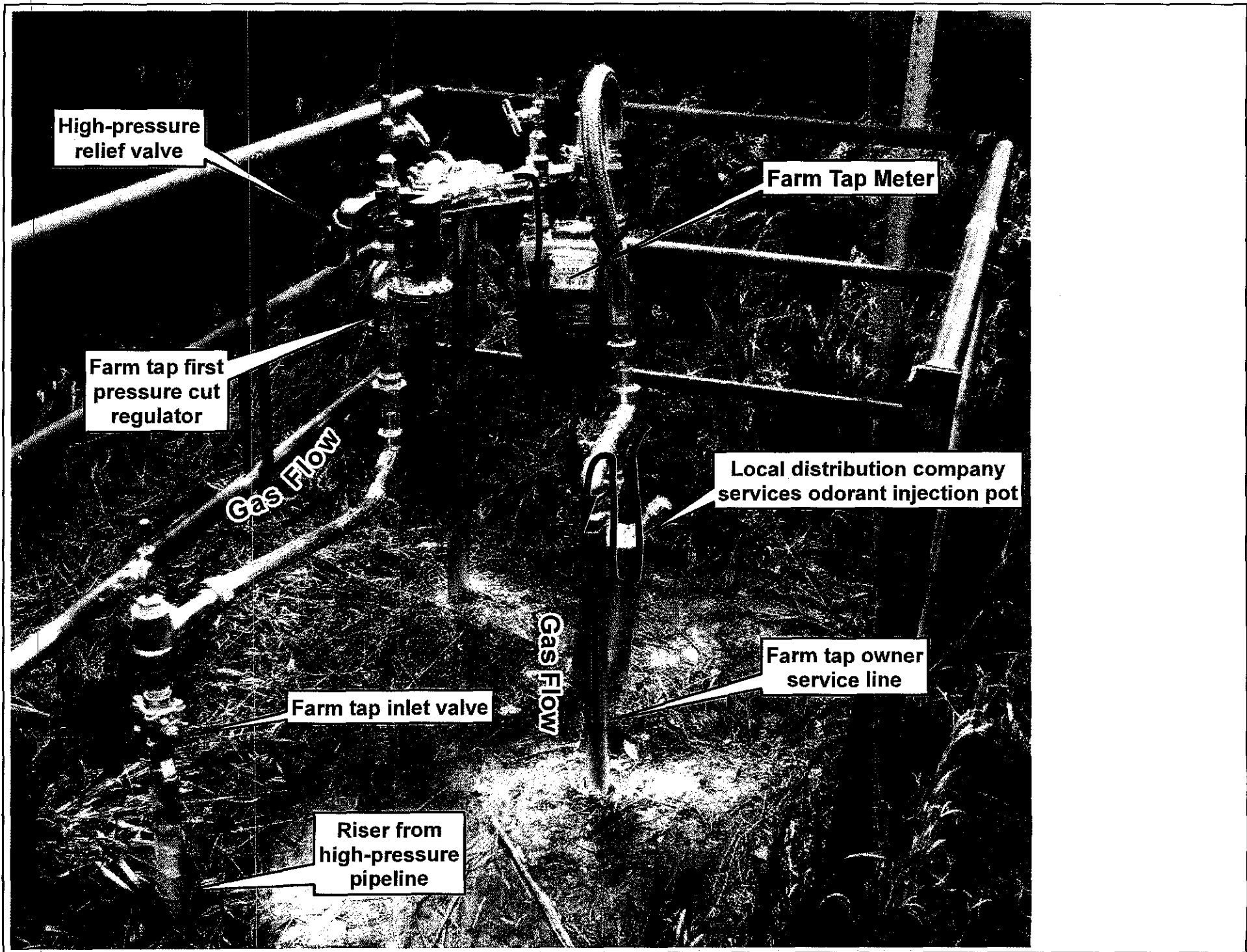
Please follow these guidelines when submitting written comments to the PUC:

- 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 confidential information without accompanying notice of the commenter's right to redact such information from the material being submitted is prohibited.

- 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 matter should take place in an open forum, such as a public meeting, with notice given to all parties.



High-pressure relief valve

Farm Tap Meter

Farm tap first pressure cut regulator

Gas Flow

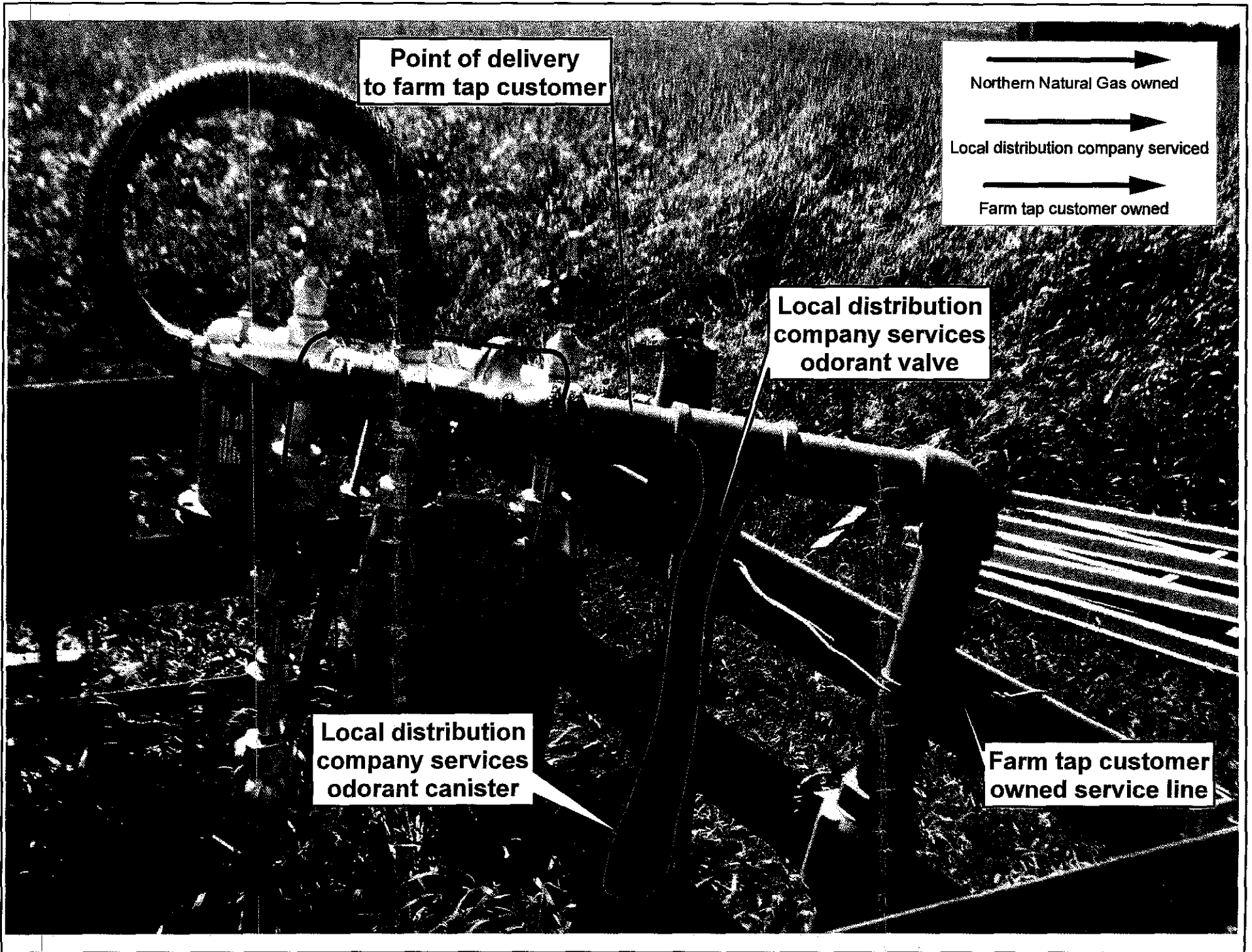
Local distribution company services odorant injection pot

Farm tap inlet valve

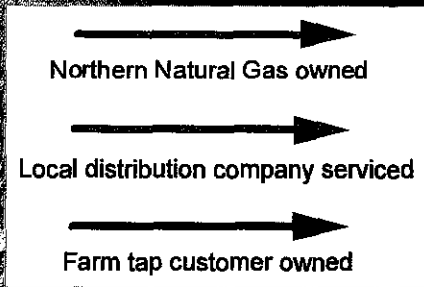
Gas Flow

Farm tap owner service line

Riser from high-pressure pipeline



**Point of delivery  
to farm tap customer**



**Local distribution  
company services  
odorant valve**

**Local distribution  
company services  
odorant canister**

**Farm tap customer  
owned service line**