



September 6, 2017

Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
500 E. Capitol Ave.
Pierre, SD 57501

RE: NG17-011 – In the Matter of the Filing by MidAmerican Energy Company for Approval of Tariff Revisions regarding Farm Tap Service

Dear Ms. Van Gerpen:

NorthWestern Corporation, dba NorthWestern Energy ("NorthWestern"), has proactively engaged with MidAmerican Energy Company ("MidAmerican") regarding the transfer of natural gas services from NorthWestern to MidAmerican for Northern Natural Gas ("NNG") easement holders or farm tap customers. NorthWestern believes clarification is needed from the South Dakota Public Utilities Commission ("SDPUC") to address an issue that has developed relating to how this transition occurs. The issue revolves around the timing of the transfer from NorthWestern to MidAmerican of natural gas services for NNG's farm tap customers while considering the possible outcomes of MidAmerican's upcoming pipeline safety inspections of customer-owned fuel lines.

First and foremost, NorthWestern is empathetic to the difficult position that NNG's farm tap easements holders have been placed. By raising these concerns, it is not our intent to make the transition of services between NorthWestern and MidAmerican difficult or more confusing for others involved. However, it is timely to address this issue about pipeline safety inspections (by MidAmerican) involving these customer-owned fuel lines because a contractual agreement is in effect (between NorthWestern and NNG) that defines who is responsible for providing existing farm tap services.

NorthWestern is asking the SDPUC to consider when is the proper time to transition services for NNG's easement holders in light of the pipeline safety inspection procedure presented by MidAmerican and accepted by the SDPUC in its order dated August 23, 2017 in this docket. A second issue we ask the SDPUC to consider is: Who is responsible for turning off the farm tap if MidAmerican identifies an unsafe situation using the conditions that MidAmerican developed to satisfy its requirements to provide natural gas services to NNG's farm tap customers? NorthWestern has its own requirements for continued service and its own obligations under its agreement with NNG, none of which include the responsibility to enforce MidAmerican's interpretations of its conditions for natural gas service.

NorthWestern is of the opinion that the SDPUC's consideration of the timeline for transitioning services to MidAmerican from NorthWestern is proper at this time rather than waiting until December 31, 2017. This is an important time of year for many of these customers who rely on their natural gas service to assist with drying their crops and the heating season is near. In order to make this process less confusing for the affected NNG easement holders, and work more smoothly, we propose that the transition of natural gas services from NorthWestern to MidAmerican should align with the date of MidAmerican's pipeline safety inspections. It is reasonable that MidAmerican becomes responsible for all natural gas services for NNG's easement holders with the initiation of pipeline safety inspections, which includes the final determination of whether services will be continued. Under this scenario, the



pipeline safety inspection process moves forward as submitted by MidAmerican and MidAmerican remains in control of how services to NNG's easement holders will be addressed if the customer-owned fuel lines do not meet MidAmerican's standards. Additionally, if MidAmerican identifies what it deems to be an emergency situation during its inspection, on-site MidAmerican personnel can handle the situation immediately within the confines of their agreement with NNG and their tariffs as approved by the SDPUC. This proposal removes NorthWestern from a process it did not develop and that is not defined in its agreement with NNG.

MidAmerican's recently approved tariff in this docket does not prohibit the transition of these natural gas services prior to December 31, 2017. In fact, the tariffs have an effective date of August 15, 2017. It is confusing to have two separate sets of utility tariffs in effect concurrently and governing the same set of farm tap customer services. It makes sense to transition these farm tap services to MidAmerican as soon as possible and allow NorthWestern to assist MidAmerican with that transition by providing necessary account information and purchasing natural gas on behalf of these customers through the transition date – functions that MidAmerican is already expecting to adopt.

NorthWestern is highly sensitive to MidAmerican's timeline for accomplishing the pipeline safety inspections for the continuation of natural gas services to NNG's easement holders. We are also mindful of the SDPUC's desire to see natural gas services continued for NNG's easement holders safely, prudently, and fairly for all parties. Therefore, it is important to have a discussion about these issues now with the SDPUC, MidAmerican and NorthWestern to allow all involved to successfully meet their goals. NorthWestern remains committed to transitioning natural gas services for NNG's farm tap customers to MidAmerican as quickly and smoothly as possible.

Thank you for your consideration.

Sincerely,

Pamela A. Bonrud

Director – Government and Regulatory Affairs

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Cc: SDPUC Docket NG17-011 Service List