



Dustin Johnson, Chair
Steve Kolbeck, Vice Chair
Gary Hanson, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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January 20, 2009

SD Public Utilities Commission
Ms. Patricia VanGerpen
500 E. Capitol
Pierre, SD 57501

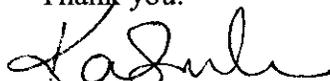
VIA ELECTRONIC FILING ONLY

Re: PS08-003

Dear Ms. Van Gerpen:

Enclosed for filing please find a Settlement Agreement in the above referenced docket.
Please contact me with any questions.

Thank you.


Kara Semmler

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE COMPLAINT OF COMMISSION PIPELINE SAFETY STAFF AGAINST NORTHWESTERN ENERGY REGARDING VIOLATIONS OF THE FEDERAL PIPELINE SAFETY ACT	SETTLEMENT AGREEMENT PS08 - 003
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In resolution of the above manner and in lieu of a formal hearing, the undersigned parties do hereby agree to the following:

This Settlement Agreement does not constitute any finding against or an admission by NorthWestern Energy (herein "NorthWestern") for any purpose of any fact or of a violation of any state or federal law, rule, or regulation, nor does this Agreement constitute evidence of any liability, fault, or wrongdoing;

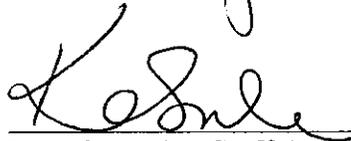
NorthWestern freely enters into this Agreement for settlement purposes to resolve all issues plead in the Complaint filed by Commission Pipeline Safety Staff (herein "Staff") against NorthWestern in the above captioned docket;

Without admitting any liability or wrongdoing, NorthWestern, in the interests of resolving this matter without further time, expense, and litigation, agrees to the following:

1. NorthWestern will include a gas migration determination in its emergency procedures as a requirement in an underground leak incident. A gas migration survey is a tool used to assess whether hazardous conditions exist underground that otherwise could be difficult to detect. The specific language shall be drafted by NorthWestern and is subject to Staff approval prior to inclusion in NorthWestern's Operations and Maintenance Manual;
2. The above items shall be complete on or before March 1, 2009.

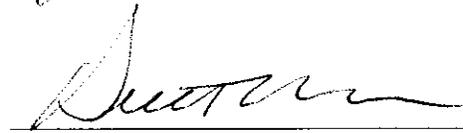
In return for NorthWestern agreeing to and complying with the provisions of this Settlement Agreement, the South Dakota Public Utilities Commission agrees not to proceed to administrative hearing and agrees that this Agreement will constitute the final disposition of Staff's Complaint filed against NorthWestern.

Signed and dated this 20 day of January, 2009



Kara Semmler, Staff Attorney
South Dakota Public Utilities Commission
500 E. Capitol Ave
Pierre, SD 57501
(605)773-3201

Signed and dated this 25th day of January, 2009



Anthony for NorthWestern Energy