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March 3, 2010

VIA EMAIL TO KARA.SEMMLER@STATE.SD.US

Ms. Kara Semmler
South Dakota Public Utilities Commission
Capitol Building, 1st Floor
500 East Capitol Avenue
Pierre, SD 57501-5070

Re: PO 09-005

In the Matter of the Petition of the Commission Pipeline Safety Program Manager for a Declaratory Ruling Regarding Whether the Crooks Municipal Utilities Gas Line Should be Classified as a Transmission of Distribution Line for Pipeline Safety Purposes

Dear Ms. Semmler:

On behalf of both my client, the City of Crooks, as well as Ms. Moore's client, the City of Garretson, I submit this correspondence in furtherance of the parties' earlier discussions to resolve the above docket without the need for further action.

As previously noted by Commission Staff in its Petition for Declaratory Ruling, there is an agreement between these two parties which was entered into for the purpose of constructing, owning and operating the natural gas pipeline used by both Cities. This Agreement was attached as Exhibit A to the Petition for Declaratory Ruling filed in the above referenced docket on October 9, 2009. Among other issues, Commission Staff deemed the inclusion of the phrase "transportation fee" in the Agreement as problematic. On behalf of our respective clients, we are authorized to state that the phrase "transportation fee" will be removed from the Agreement and an amended form of the Agreement executed. Specifically, the Cities will remove all references to the phrase "transportation fee" from the following sections:

1. Section 6, which begins on page 3 of the Agreement and continues through page 4 (13 references);
2. Section 9, which begins on page 4 and continues through page 5 (2 references);

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3. Section 14, which is found on page 7 (1 reference);
4. Section 16, which begins on page 7 and continues through page 8 (1 reference);
and
5. Exhibit A (2 references).

It is the intent of the parties to replace the phrase "transportation fee" with more generic language relating to the basic costs incurred, and the responsibility of payment for the same, in the operation and maintenance of the stretch of pipeline defined by the Agreement. It is my understanding that with these changes, Commission staff will consider this matter resolved and move to dismiss the pending docket.

Should you need any further information from the parties, please do not hesitate to contact or myself Ms. Moore.

Best regards.

Sincerely,

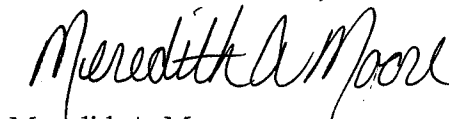
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-and-

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Meredith A. Moore

MAM/cmc

cc: Service List