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SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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September 30, 2011

Patricia Van Gerpen
SD PUC Executive Director
500 E. Capitol Ave
Pierre, SD 57501

Re: PS10-002 - In the Matter of the Filing by Commission Pipeline Safety Staff Regarding Damage
Prevention Programs

Dear Ms. Van Gerpen:

As Pipeline Safety Staff (Staff) explained in its June 15, 2011 letter, a survey company (Project Solutions, Inc.) helped us reach all stakeholders affected by damage prevention efforts in South Dakota. Through intervener help, Project Solutions drafted a survey to collect necessary information. The survey results and report are attached.

While Staff believes additional education and training for all stakeholder groups is beneficial, both funding and industry support are questionable. Furthermore, neither the PUC nor S.D. One Call possesses data regarding the extent of damages that occur throughout the state. While the survey results provide damage trends from the industry's perspective, it did not collect hard facts. To understand whether other changes (such as additional education and outreach) are necessary or should be made mandatory in the future, Staff argues data collection is the first step.

Staff recommends the Commission consider mandatory damage reporting for all utilities based on (i) support from surveyed stakeholders, and (ii) on the foundation it gives this Commission to implement other changes to the damage prevention program in the future. Fifteen states currently require damage reporting and it is considered a "best practice" by both North America's Common Grounds Alliance and the US Department of Transportation's Pipeline and Hazardous Materials Safety Administration. In fact, CGA offers a Damage Information Reporting Tool (DIRT) for all states to use free of charge. The program can be utilized directly through CGA or can be customized for the user. A South Dakota customized version of the damage reporting tool has a \$500 initial set up fee and a \$500 annual maintenance fee.

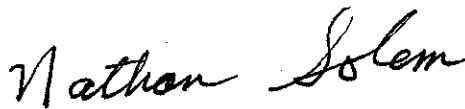
In summary, the South Dakota PUC and SD One Call work to both educate stakeholders and enforce regulations when necessary. It is in all of our best interests to facilitate appropriate new regulation, if

necessary, to keep South Dakota citizens and utilities healthy and safe. However, without the data to understand the type, nature and amount of facility damage throughout the state, it is difficult to proceed. Staff recommends mandatory damage reporting for all utilities be considered.

Sincerely,



Kara Semmler
Staff Attorney



Nathan Solem
Pipeline Safety Program Manager

cc. service list via e-mail