



Gary Hanson, Chair  
Chris Nelson, Vice Chair  
Kristie Fiegen, Commissioner

## SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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December 19, 2011

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

RE: Commission Approval of Penalty

Dear Ms. Van Gerpen:

The South Dakota Pipeline Safety Staff (Staff) released a pipeline safety report to NorthWestern Energy regarding the results of a construction inspection conducted on October 31, 2011 and November 1, 2011. The construction inspection covered the natural gas pipeline under construction to feed the electricity generating facility and beef processing plant in Aberdeen. The construction inspection revealed a repeat welding procedure violation. Specifically, a NorthWestern contractor made a repeat error in a timing requirement in violation of 49 CFR §192.225 (a). The attached Summary of Deficiencies form provides more detail. Staff respectfully requests Commission approval of a \$2,000 penalty.

Staff recommends the \$2,000 penalty based on the considerations listed in SDCL 49-34B-12. Specifically Staff considered:

- The maximum potential penalty of ten thousand dollars for each violation
- The operator's failure to remedy the violation after a previous noted deficiency
- Staff believes welding violations are severe, but does not believe the violation was willful or committed in bad faith.

In conclusion, the penalty is intended as an incentive for NorthWestern Energy to develop better quality control methods for contract welders. Staff appreciates your attention to this matter and will be available at an upcoming Commission meeting for questions.

Sincerely,

Kara Semmler  
Staff Attorney

Attachment