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*South Dakota*

**PUBLIC UTILITIES COMMISSION**

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August 8, 2012

Patricia Van Gerpen

VIA ELECTRONIC FILING ONLY

SD PUC Executive Director

Re: PS12-002 Staff Recommendation

Dear Ms. Van Gerpen;

Inspections of jurisdictional pipeline operator's anti-drug and alcohol misuse programs are required under pipeline regulations. Included in those regulations is a requirement for random annual testing for employees that perform covered tasks. Most of Xcel Energy's employees are covered under the random testing pool, because their positions required CDL's. During an inspection, Joshua Williams discovered pipeline only employees (non CDL's) had never been included in the random testing pool. This affects 5 employees for Xcel Energy in South Dakota. As a result of the error in Xcel Energy's anti-drug and alcohol misuse program, Staff opened a docket on March 23, 2012.

On June 29, 2012 Xcel Energy sent a copy of its revised anti-drug and alcohol misuse prevention plan to commission staff pipeline inspectors Nathan Solem and Joshua Williams. The plan was revised because of issues Mr. Williams found. The staff inspectors reviewed the plan and find that it complies with federal regulations. Because, however, the regulation at issue is old and non-compliance can have serious consequences, Staff continues to recommend a \$750 penalty. Please see the penalty calculation spreadsheet also filed on March 23, 2012 for additional detail.

Staff respectfully requests Commission approval of its March 23, 2012 recommendation and will be available for any questions Commissioners may have.

Sincerely,

*Kara Semmler*

Kara Semmler

Staff Attorney