

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

IN THE MATTER OF THE FILING BY)
COMMISSION PIPELINE SAFETY STAFF FOR) PS 13-008
APPROVAL OF A PENALTY FOR A PIPELINE)
SAFETY VIOLATION BY MONTANA-) SETTLEMENT AGREEMENT
DAKOTA UTILITIES CO., EAST RIVER AREA)

This Settlement Agreement is entered into this 10 day of March, 2014 by and among Montana-Dakota Utilities Co. ("Montana-Dakota"), with a business address of 400 North 4th Street, Bismarck, ND 58501 and the Staff of the South Dakota Public Utilities Commission ("Staff") (collectively, the "Parties").

RECITALS:

A. Montana-Dakota is the owner and operator of natural gas distribution pipeline facilities over which the South Dakota Public Utilities Commission ("Commission") has jurisdiction pursuant to SDCL Chapter 49-34.

B. Staff has alleged a violation of 49 CFR 192.805(b) regarding technicians performing the covered task of operating valves without the proper operator qualification certification.

NOW THEREFORE, in order to facilitate prompt actions to attempt resolve this matter without further time, expense, and litigation, the Parties agree as follows:

1. The parties agree that the actions complained of constitute a 1E Minor Violation. The parties agree that they have differing views as to the potential for damage as a result of the violation.
2. The parties agree that they have differing views as to the justification for the amount, but believe it is reasonable in its end result.
3. The parties agree that a penalty of \$500 is appropriate and Montana-Dakota agrees to pay the same.
4. Montana-Dakota agrees that it will not seek to recover this penalty in any future rate case.

This stipulation has been prepared and executed by the parties for the sole purpose of resolving the docket captioned above. The parties acknowledge that they have differing views that justify the end result, which they deem to be just and reasonable in the exercise of their own judgment. In light of such differences the Parties agree that the resolution of this matter should not be viewed by anyone as precedent setting.

- 1) Upon execution by the Parties, the Parties shall file this stipulation along with a joint motion requesting that the Commission issue an order approving this stipulation in its entirety without modification or condition.
- 2) This stipulation contains all terms of settlement and is submitted with the condition that in the event the Commission imposes any material changes or conditions which are unacceptable to either party, this stipulation maybe withdrawn at the option of either

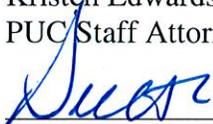
party and shall not thereafter constitute any part of the record in this proceeding or any other proceeding and shall not be used for any purpose.

- 3) This Stipulation shall become binding upon execution by the Parties, provided however, that if this Stipulation does not become effective in accordance with Paragraph 2 above, it shall be null, void and privileged. This Stipulation is intended to relate only to the specific matter referred to herein; neither Party waives any claim or right which it may otherwise have with respect to any matter not expressly provided for herein; neither Party shall be deemed to have approved, accepted, agreed or consented to any pipeline safety principle, or be prejudiced or bound thereby in any other current or future proceeding before the Commission. Neither Party nor a representative thereof shall directly or indirectly refer to this Stipulation or that part of any order of the Commission relating to this Stipulation as precedent in any other current or future proceeding before the Commission.
- 4) It is understood that the Commission Staff enters into this Stipulation for the benefit of all persons affected by this docket.

WHEREFORE, the Parties have indicated their agreement to the above settlement provisions by the signatures of their authorized representatives below as of the date set forth in the introductory paragraph of this Settlement Agreement.



Kristen Edwards
PUC Staff Attorney



Brett Koenecke
Counsel for Montana-Dakota