



U.S. Department
of Transportation

**Pipeline and Hazardous
Materials Safety
Administration**

MAR 2 2019

1200 New Jersey Avenue, SE
Washington, D.C. 20590

Ms. Mary Zanter
Pipeline Safety Program Manager
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

PHMSA-2019-0052

Dear Ms. Zanter:

On March 13, 2019, pursuant to 49 U.S.C. 60118(d), the Pipeline and Hazardous Materials Safety Administration (PHMSA) received by email, your letter of January 19, 2019, notifying us that the South Dakota Public Utilities Commission (SDPUC), conditionally approved a waiver (PS18-002) requested by NorthWestern Energy (NorthWestern), for its intrastate natural gas pipeline system in South Dakota.

NorthWestern requested that the SDPUC allow them to perform modified atmospheric corrosion inspections on its intrastate natural gas pipelines subject to SDPUC regulation. This request would require waiver of 49 Code of Federal Regulations (CFR) 192.481(a) as adopted by South Dakota pursuant to section 49-34B-3 of South Dakota Codified Law. The waiver would allow NorthWestern to perform modified atmospheric corrosion inspection intervals on its intrastate natural gas pipelines subject to SDPUC regulation as described in the SDPUC waiver conditions (PS18-002).

NorthWestern's intrastate natural gas facilities are subject to SDPUC regulations and include approximately 49,000 distribution customers, 1,635 miles of distribution lines, and 55 miles of transmission lines in South Dakota. The SDPUC waiver (PS18-002) conditionally granted to NorthWestern imposes the following waiver conditions to ensure an equivalent level of pipeline safety:

- 1) Outside of business districts, conducting leak surveying and atmospheric corrosion inspection concurrently, at least every four calendar years at intervals not exceeding 51 months;
- 2) Inside of business districts, conducting leak surveying and atmospheric corrosion inspection concurrently at least every calendar year at intervals not exceeding 15 months;
- 3) Atmospheric corrosion control monitoring of regulator stations, critical and emergency valves, and any other above ground piping that may be monitored pursuant to 49 CFR 192.721, will continue to be conducted at the same time the above facilities are maintained; and

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(South Dakota Order PS18-002)

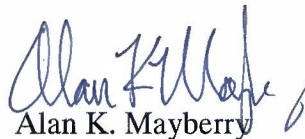
- 4) Identify, inspect, and notify SDPUC of those areas requiring atmospheric corrosion control monitoring more frequently than once every three calendar years. These areas include the following "hot spots" where there are greater atmospheric corrosion rates:
 - a) Above ground pipelines where there is a greater exposure to road salts and chemicals;
 - b) Areas where pipelines could have accelerated corrosion due to industrial chemicals in the atmosphere;
 - c) Pipelines that may experience sweating due to pressure drop, such as regulator stations, metering correctors, and large customers' regulator/meter sets;
 - d) Inside regulator/meter sets that are subject to corrosive environments; and
 - e) Other areas that show accelerated atmospheric corrosion.
- 5) Personnel performing the tasks of leak survey and inspection for atmospheric corrosion must have the required operator qualifications to perform the associated tasks.

PHMSA has "no objection" to SDPUC waiver (PS18-002) as described above and therefore the waiver may take effect upon SDPUC's receipt of this letter.

If you wish to discuss this or any other pipeline safety matter, my staff would be pleased to assist you. Please call John Gale, Director, Standards and Rulemaking Division at 202-366-0434, for regulatory matters, or Buddy Secor, Acting Director, Engineering and Research Division at 202-493-0452, for technical matters.

Thank you for your continued efforts in pipeline safety.

Sincerely,



Alan K. Mayberry
Associate Administrator for Pipeline Safety