

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

IN REGARDS TO:

A request by NorthWestern Corporation d/b/a
NorthWestern Energy for a waiver from 49
C.F.R. § 192.481(a)

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Docket No. _____

Pursuant to SDCL § 49-34B-24, NorthWestern Corporation d/b/a NorthWestern Energy ("NorthWestern") respectfully requests a waiver from 49 C.F.R. § 192.481(a) federal code governing the inspection of natural gas pipelines for atmospheric corrosion. In support of its request, NorthWestern states as follows:

49 C.F.R. pt. 192 consist of federal safety standards for the transportation of natural gas by pipeline. These standards are adopted for SDCL ch. 49-34B in SDCL § 49-34B-3.

49 C.F.R. § 192.481(a) requires inspection of each portion of our pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion at least once every 3 calendar years, but with intervals not exceeding 39 months.

This request for a waiver of 49 CFR Part 192.481(a) is to decrease the frequency of such inspection to 4 calendar years, with intervals not exceeding 51 months. If such a waiver is granted, NorthWestern Energy would also increase its non-business district leak survey (as it pertains to Part 192.723 (b)(2)) from a 5 year cycle to a 4 year cycle allowing atmospheric corrosion inspection to be conducted concurrent with the leak survey cycle. In addition, atmospheric corrosion inspections inside business districts would be increased to annual to be conducted in conjunction with business district leak

survey pursuant to Part 192.723(b)(1). We affirm that doing so would not threaten the integrity of the pipeline or public safety.

Research has shown that corrosion rates in the Midwest are low in comparison to other parts of the country (see attached Illinois Commerce Commission Order, Docket 05-0113). Our own data concerning atmospheric corrosion leaks supports this conclusion. Over the past 8 years, atmospheric corrosion leaks only account for less than 1% of our total leaks. The average number of atmospheric corrosion leaks each year is less than four.

We maintain that any impact associated with the lessened frequency of the atmospheric corrosion inspection would be outweighed by the benefits associated with the increased frequency of the non-business district leakage survey from five years to four years.

NorthWestern Energy currently operates with an equivalent waiver in the state of Montana granted by the Montana Public Service Commission in 2009. We also plan to request the same waiver in the state of Nebraska for NorthWestern Energy natural gas pipeline. We are aware that Montana-Dakota Utilities operating in North Dakota, South Dakota, Montana and Wyoming have been granted a like waiver with conditions that we plan to match as described below. The conditions of this waiver as requested include:

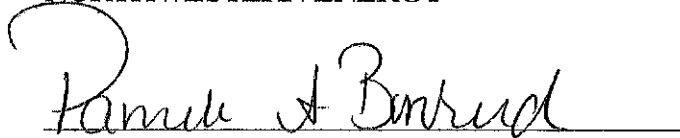
1. Outside of business districts, conducting leak surveying and atmospheric corrosion inspection concurrently at least every four calendar years at intervals not exceeding 51 months;

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
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 accelerate 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.

Thank you for your time and consideration.

Dated at Sioux Falls, South Dakota this 21 day of November, 2018.

NORTHWESTERN CORPORATION d/b/a
NORTHWESTERN ENERGY

A handwritten signature in cursive script, reading "Pamela A. Bonrud", is written over a horizontal line.

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