

## **South Dakota Public Utilities Commission Frequently Asked Questions about Farm Taps**

May 3, 2017

This document primarily addresses the farm taps issue that has been before the South Dakota Public Utilities Commission beginning in the fall of 2016 as related to Docket [NG16-014](#) - In the Matter of Commission Staff's Petition for Declaratory Ruling Regarding Farm Tap Customers.

### **Why are farm taps an issue of interest before the commission?**

There are currently 197 farm taps in South Dakota owned and operated by Northern Natural Gas with billing and emergency services provided by NorthWestern Energy.

On Nov. 9, 2016, commission staff filed with the PUC a Petition for Declaratory Ruling regarding farm tap customers. The questions before the commission were:

- Does the commission have jurisdiction over the utility providing natural gas to farm tap customers taking natural gas from the transmission line owned and operated by Northern Natural Gas Co.?
- If so, which entity, NorthWestern Corp. dba NorthWestern Energy or Northern Natural Gas Co., if either, is a public utility as defined by SDCL Chapter 49 with respect to these farm tap customers?
- Finally, are the farm taps in whole or in part subject to state jurisdiction for the purpose of pipeline safety pursuant to SDCL Chapter 49-34B

### **What did the commission decide?**

The commission held a hearing on this matter on Dec. 14, 2016. PUC Staff, Northern Natural Gas, NorthWestern Energy and Montana-Dakota Utilities gave oral arguments at the hearing.

At its regular meeting on Jan. 27, 2017, the PUC ruled that it has jurisdiction over utilities providing natural gas to farm tap customers taking natural gas from the transmission line owned and operated by Northern Natural Gas; NorthWestern Energy is a public utility; and the Commission does not have pipeline safety jurisdiction over farm taps.

Northern Natural Gas filed a petition for rehearing and NorthWestern Energy filed a petition for reconsideration of the ruling. The PUC denied both petitions.

Northern Natural Gas and NorthWestern Energy each appealed to the South Dakota 6th Circuit Court. See the Northern Natural appeal at [CIV17-71](#) and the NorthWestern appeal at [CIV17-83](#). The Court consolidated the two appeals and is scheduled to hear oral arguments on Sept. 18, 2017.

### **What role does the commission have now with regard to farm taps?**

The PUC staff continues to facilitate discussions between Northern Natural Gas and NorthWestern Energy in an effort to ensure that service is maintained to affected farm tap customers without causing a detrimental impact to NorthWestern Energy's other customers.

### **When will this issue be resolved?**

Given the current status of the cases in the civil court system, a date for resolution is unknown.

**What relevance does a farm tap easement have on the PUC's process?**

None. The PUC does not interpret contractual rights arising out of easements. The Legislature has not given the PUC the authority to determine easement issues. Landowners with questions or concerns about their farm tap easement should consult their personal attorney.

**What steps should I, as a farm tap customer, take?**

It is recommended farm tap customers seek advice from their personal attorney.