

South Dakota Public Utilities Commission
Frequently Asked Questions about Farm Taps

Aug. 28, 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. Docket [NG17-011](#) – In the Matter of the Filing by MidAmerican Energy Company for Approval of Tariff Revisions regarding Farm Tap Service is also addressed.

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

There are currently approximately 180 active 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 has been the commission process regarding this issue?

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. In order to facilitate negotiations going forward and because MidAmerican agreed to provide service, the PUC's Jan. 27, 2017, ruling was cancelled.

The PUC staff attempted 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.

Staff reached out to MidAmerican Energy to discuss the farm taps matter over the past several months and MidAmerican filed a letter with the commission on July 24, 2017, indicating the company's intention to update their tariff to allow service to these customers provided the commission approves of the terms and rates. This new docket, [NG17-011](#), opened July 24, 2017, was discussed by the commission at its Aug. 1, 2017, meeting. The commission took no action and discussed the docket again at its Aug. 15,

2017, meeting at which time it accepted a proposal from MidAmerican Energy to provide services to farm tap customers.

When will this issue be resolved?

The commission's Aug. 15, 2017, decision to accept MidAmerican Energy's proposal provides farm tap customers with the option to continue their farm tap services with MidAmerican Energy as their service provider.

MidAmerican Energy will begin a customer awareness campaign to inform farm tap customers of the company's next steps and customer responsibilities. MidAmerican Energy plans to implement service by Jan. 1, 2018.

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 South Dakota 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?

Farm tap customers now have the option to request service from MidAmerican Energy. It is recommended that farm tap customers monitor new filings added to PUC docket [NG17-011](#) and monitor communications from MidAmerican Energy regarding next steps.

It is recommended that farm tap customers who wish to pursue additional remediation seek advice from their personal attorney.