

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

IN THE MATTER OF THE FILING BY)	AMENDED ORDER
MONTANA-DAKOTA UTILITIES CO., A)	APPROVING PARTIAL
DIVISION OF MDU RESOURCES GROUP, INC.)	WAIVER
FOR APPROVAL OF A WAIVER)	PS07-001

On January 18, 2007, the Public Utilities Commission (Commission) received a filing from Montana-Dakota Utilities Company (MDU) for approval of a waiver of a portion of 49 C.F.R. Part 192.479 and 192.481(a). MDU requests a specific waiver of Part 192.481(a) to allow atmospheric corrosion inspection frequency at least once every four calendar years, but with intervals not to exceed 51 months. Section 192.481 subsection (a) requires inspection of onshore pipe exposed to atmosphere for evidence of corrosion at least once every three calendar years, but with intervals not exceeding 39 months. This waiver would apply to exposed natural gas pipelines according to Part 192.479.

At its regularly scheduled meeting on November 12, 2008, the Commission considered this matter. Commission Staff recommended approving a partial waiver of SDCL 49-34B-3, adopting 49 CFR 192.481(a), regarding the frequency of atmospheric corrosion inspection, conditioned on PHMSA's review and consent. Commission Staff also recommended that the following conditions be imposed: (1) that the four year interval be applied outside of business districts while a one year interval apply inside business districts; (2) that regulator stations and emergency valves be monitored for atmospheric corrosion when maintained or patrolled; and (3) that the operator notify the Commission of hot spots where there are greater corrosion rates requiring monitoring more frequently than once every three years.

The Commission voted unanimously to approve a partial waiver of SDCL 49-34B-3, adopting 49 CFR 192.481(a), regarding the frequency of atmospheric corrosion inspection, is hereby approved to allow atmospheric corrosion inspection frequency of at least once every four calendar years, but with intervals not to exceed 51 months, conditioned upon PHMSA's review and consent. This waiver is further conditioned upon the following: (1) that the four year interval be applied outside of business districts while a one year interval apply inside business districts; (2) that regulator stations and emergency valves be monitored for atmospheric corrosion when maintained or patrolled; and (3) that the operator notify the Commission of hot spots where there are greater corrosion rates requiring monitoring more frequently than once every three years.

On March 13, 2009, the Commission received a letter from PHMSA requesting that the Order Approving Partial Waiver issued by the Commission on November 25, 2008, be amended. On March 17, 2009, the Commission received a Motion to Amend the Commission Order from Commission Staff to include the condition that MDU shall incorporate additional training relative to atmospheric corrosion evaluation for leak survey technicians responsible for functions of its requested waiver.

At its regularly scheduled meeting of March 24, 2009, the Commission considered the Motion to Amend the Commission Order. Commission Staff recommended approval. The Commission voted unanimously to grant the Motion to Amend the Commission Order and to add another condition to the Order Approving Partial Waiver issued by the Commission on November 25, 2008, to include the condition that MDU shall incorporate additional training relative to atmospheric corrosion evaluation for leak survey technicians responsible for functions of its requested waiver.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL 49-34B. The Commission further finds that the filing is just and reasonable and shall be approved. As the Commission's final decision in this matter, it is therefore

ORDERED that the Motion to Amend the Commission Order is hereby granted and that the Order Approving Partial Waiver issued by the Commission on November 25, 2008, shall be amended by adding the following condition: (4) that MDU shall incorporate additional training relative to atmospheric corrosion evaluation for leak survey technicians responsible for functions of its requested waiver.

Dated at Pierre, South Dakota, this 31st day of March, 2009.

CERTIFICATE OF SERVICE
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, electronically.
By: <u><i>Melaine Kalbo</i></u>
Date: <u>4/1/09</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Dustin M. Johnson
DUSTIN M. JOHNSON, Chairman

Steve Kolbeck
STEVE KOLBECK, Commissioner

Gary Hanson
GARY HANSON, Commissioner