

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

**IN THE MATTER OF THE PETITION FOR )  
DECLARATORY RULING OF THE SOUTH )  
DAKOTA PUBLIC UTILITIES COMMISSION )  
REGARDING 49 CFR 192.3 )**

**DECLARATORY RULING**

**PS11-001**

On November 18, 2011, the Pipeline Safety Manager of the Public Utilities Commission (Commission) and Commission Staff (Staff) filed a petition for a declaratory ruling from the Commission. Specifically, Staff questions whether a NorthWestern Energy (NWE) natural gas line should be classified as a transmission line or a distribution line.

On November 24, 2011, the Commission electronically transmitted notice of the filing and the intervention deadline of December 9, 2011, to interested individuals and entities. On November 23, 2011, NWE filed a Petition to Intervene. On December 6, 2011 its petition was granted. On December, 23, 2011, Montana-Dakota Utilities filed a Petition to Intervene. On January 3, 2012, its petition was granted. On January 13, 2012, NWE filed a Motion for an Extension of Time. The Motion was granted at the regularly scheduled January 17, 2012, Commission meeting. On January 25, 2012 NWE filed additional information, and on January 26, 2012, Staff replied.

The Commission has jurisdiction in this matter pursuant to SDCL Chapters 1-26 and 49-34B. At its regularly scheduled meeting of January 17, 2012, the Commission considered the Petition for Declaratory Ruling. Pipeline Safety Staff advocated, based on its understanding of a "distribution center," that the line is properly classified as a transmission line. Both interveners argued that the line is properly classified as a distribution line. The Commission did not specifically rule regarding the precise definition of a "distribution center." The Commission voted unanimously, however, to find (i) that the border station facility in this case, where custody and title to the gas passed to the retail distribution utility and which provided the pressure reduction, regulation, and odorization for all lines served by the facility for service to end-use retail customers and not for resale, was a distribution center, and (ii) that the line at issue is accordingly properly classified as distribution because the large volume customer served by the line is downstream from a distribution center. It is therefore

ORDERED, that the line at issue shall be classified as a distribution line.

Dated at Pierre, South Dakota, this 8<sup>th</sup> day of February, 2012.

<b>CERTIFICATE OF SERVICE</b>	
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>Joe Luning</i></u>
Date:	<u>2-8-12</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

*Chris Nelson*  
CHRIS NELSON, Chairman

*Kristie Fiegen*  
KRISTIE FIEGEN, Commissioner

*Gary Hanson*  
GARY HANSON, Commissioner