
From: Ben Kleinjan

Sent: Wednesday, 07 December 2016 13:35:45 (UTC-06:00) Central Time (US & Canada)

To: PUC

Cc: Knuteson, Dwight; Jessy Fraser

Subject: NG16-014

Dear sir or madam:

Please accept the attached informal comments regarding the subject file.

Thank you.

Benjamin L. Kleinjan

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000180

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****TRANSMITTED VIA EMAIL ONLY****

South Dakota Public Utilities Commission
(puc@state.sd.us)
500 East Capitol Avenue
Pierre, SD 57501

Dwight Knuteson
[REDACTED]
Brookings, SD 57006
[REDACTED]

RE: DOCKET #NG16-014, COMMENT OF DWIGHT KNUTESON
- DECLARATORY RULING REGARDING FARM TAP CUSTOMERS

Dear Commission:

These comments are submitted on behalf of Dwight Knuteson, who is client of this firm. Dwight is a resident of Brookings County who will be impacted by the Board's decision regarding farm taps.

This Board should initially consider that farm tap customers only became customers because they were promised gas service by Northern Natural Gas Company's predecessor in interest. That entity was unable or unwilling to purchase South Dakota property owners' easement rights outright. Instead, they offered a tap and perpetual service as an inducement to landowners to provide a perpetual easement. The landowner would be responsible for paying for the connection (including repairs), while the company would be responsible for the meter. The gas company captured a fantastic benefit because it was able to finance the acquisition of a number of easements across valuable farmland using the promise of future services, rather than present capital. The gas company occupies my client's property every single day and enjoys the benefit of a very valuable easement.

As recently as May of 2016, my client paid \$6,993.12 for new equipment in reliance upon his farm tap and the representations of his servicer. "Rebates" that were offered to sweeten the deal have yet to surface. Just a few years ago, Mr. Knuteson's lines were replaced, and he has provided my office with additional invoices totaling about \$7,000. Fourteen thousand dollars might not seem like a lot to Northern and Northwestern, but to my client it is a substantial amount. My client replaced his line, rather than switch to LP, because of assurances from Northwestern. A copy of the transition letters are enclosed.

000181

My client and I have reviewed the staff memorandum. On page 4, the staff points out that Northwestern's service line study projected a \$3 million total cost, which would result in expense to owners (or Northwestern) of about \$12,000 to \$30,000. My client is of the opinion that Northwestern already coaxed and persuaded a number of farm tap customers to pay the expense out of pocket to update their lines and keep gas service on. This is what my client did, and it would be unfair to punish him for his good lines by disconnecting his service.

The staff points out the jurisdictional questions. It is clear that both Northwestern and Northern purposefully availed themselves of PUC jurisdiction. If Northern may not service these accounts directly, Northern still has an obligation to engage some contractor to keep this service active.

Turning to the possible outcomes, my client is very opposed to the first scenario. Mr. Knuteson upgraded his lines already. It is fundamentally unfair for the servicer to urge him to pay to upgrade his lines and equipment, then ask the PUC to disconnect them. The second scenario is feasible, but there are obvious barriers of entry and up-front costs to forming a new company. The second scenario only makes sense if those costs are not passed down to the customer as a pre-text to scenario one. The third and fourth scenario are more or less interchangeable. Northern has the right to engage whatever service provider is appropriate, but whoever services the lines will also avail itself of PUC jurisdiction.

If the first scenario is elected, we ask that reimbursement to farm tap customers be required for all upkeep and maintenance investment through the end of the usable life of the current line and equipment, plus the expense to retrofit existent systems to run on alternate fuels, plus that landowners be justly compensated for all future use of their property by the underground lines. We recognize that the PUC has limited jurisdiction on contractual and property law issues, and we are still evaluating whether the first scenario would result in a material breach of Northern's covenants and terminate the easement.

Finally, we are troubled that timely notice of this action was not provided to farm tap consumers. Notice was not received by Mr. Knuteson until well after the deadline to intervene. We thank you for the opportunity to submit these comments.

Sincerely,

HELSPER, McCARTY & RASMUSSEN, P.C.



Benjamin L. Kleinjan

BLK:jmf

Enclosures

CC: Client (via email)



Minnesota Energy Resources Corporation
2665 145th Street West
Rosemount, MN 55068
www.minnesotaenergyresources.com

May 13, 2011

To Our South Dakota Farm Tap Natural Gas Customers:

Minnesota Energy Resources will be transferring our Farm Tap Customers in South Dakota to NorthWestern Energy in Sioux Falls, South Dakota as of May 31, 2011. Your service will remain the same but emergency response will shift to NorthWestern Energy at 800-245-6977 as of June 1, 2011.

Minnesota Energy Resources technicians will be reading your meter during the week of May 16th and 23rd for your final billing from Minnesota Energy Resources in order to make an orderly transition to the new company. Final Minnesota Energy Resources bills will be delivered at the end of May and beginning of June with a transition of billing to the new company in June 2011.

If you have questions about your service or billing needs after the transition, please contact NorthWestern Energy customer service at 800-245-6977 or visit their website at www.northwesternenergy.com:

- Their natural gas system serves 169 communities and surrounding rural areas in Montana, South Dakota and central Nebraska serving over 660,000 customers.
- NorthWestern Energy has approximately 1,385 full-time employees.
- Their corporate headquarters is in Sioux Falls, SD, with operational headquarters in Butte, MT, and Huron, SD.

This transition means that customer service and emergency response will be closer to you. We've appreciated the opportunity to serve you and thank you for being our customer.

Sincerely,

Dave Kult

Dave Kult
Minnesota Energy Resources



NorthWestern Corporation
d/b/a NorthWestern Energy
P.O. Box 1318
Huron, SD 57350-1318
Telephone: (800) 245-6977
Facsimile: (605) 353-7514
www.northwesternenergy.com

Dear Dwight,

Greetings from all of us at NorthWestern Energy, by now you should have received notification from Minnesota Energy Resources (MERC) that your account information, billing and emergency response services are being transferred to NorthWestern Energy as of June 1, 2011.

During the month of May, our natural gas service technicians worked closely with MERC technicians to become familiar with your natural gas service, meter locations and natural gas odorization procedures.

Our customer service team has also made every preparation to ensure a secure and smooth transition of your account from MERC services to NorthWestern Energy services.

Later this month, you will receive NorthWestern Energy meter reading mail back cards and instruction guiding you through the process of reading your own meter and relaying that information back to us.

The first natural gas meter read and billing cycle with NorthWestern Energy will be toward the end of June. If you have any questions regarding the transition of services, billing needs or payment options please contact our in-house customer contact center at (800) 245-6977.

Our services to you are similar to those that MERC provided; including emergency response and shut offs, billing, and a 24 hour/7 day a week in-house customer contact center. Please use the same (800) 245-6977 number for emergencies or for bill inquires and general questions.

You can learn more about us on our website at www.northwesternenergy.com. We look forward to working for you.

Regards,

A handwritten signature in cursive script that reads "Lori St. Aubin".

Lori St. Aubin

Manager of Revenue Cycle

From: PUC
Sent: Wednesday, December 07, 2016 4:10 PM
To: [REDACTED] 'benkleinjan@lawinsd.com'
Subject: NG16-014

Mr. Knuteson and Mr. Kleinjan:

Thank you for your letter and the details specific to Mr. Knuteson's situation regarding the farm taps matter, docket NG16-014. I understand Mr. Knuteson's concern about the possibility of losing his natural gas supply. I encourage you both to follow along as this docket is reviewed and information is gathered by the commission. Here is a link to the online, public docket: <http://www.puc.sd.gov/Dockets/NaturalGas/2016/ng16-014.aspx>.

Since this is an open docket before the commission, your letter and my response will be posted under Comments and Responses in the docket for my fellow commissioners, the PUC staff analysts and attorney working on this docket, and others to read.

If you haven't already read it, here is an Informational Guide prepared to assist farm tap customers in understanding the filing of this docket and the PUC's process, posted on the commission's home page:
<http://www.puc.sd.gov/commission/dockets/naturalgas/2016/ng16-014/informationguide.pdf>.

If you wish to communicate with a PUC staff member on this docket, please contact the commission with this request by calling 1-800-332-1782 or 605-773-3201 or emailing PUC@state.sd.us.

Chris Nelson, Chairman
South Dakota Public Utilities Commission
www.puc.sd.gov

000185