

# Attachment A

Talcott, Jim

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**From:** Talcott, Jim  
**Sent:** Wednesday, August 17, 2016 1:50 PM  
**To:** Mary.Zanter@state.sd.us  
**Cc:** Talcott, Jim  
**Subject:** RE: Response to SDPUC April 26, 2016 Email  
**Attachments:** 2011 South Dakota Farm Tap Abandonments.pdf

Mary-

To avoid any confusion, the "farm tap" assets that Northern Natural Gas owns and operates pursuant to exclusive FERC and PHMSA jurisdiction are the tap, riser, valves, regulator and meter that are part of Northern's interstate natural gas transmission facilities. At these delivery points, Northern delivers natural gas to a local distribution company at a custody transfer point immediately downstream of Northern's meter. In my communications with you concerning Northern's assets at these "farm tap" settings, I have not been referring to any facilities beyond, or downstream, of the custody transfer point to the local distribution company, which downstream facilities Northern does not own or operate, and for which Northern has no responsibility. Unfortunately, over time "farm tap" has been used to describe 1) Interstate facilities, 2) facilities downstream of the custody transfer point and 3) both Interstate facilities and facilities downstream of the custody transfer point, depending on the circumstances being addressed. Although the various uses of the term "farm tap" may have caused confusion, there is no confusion over the jurisdiction of the facilities owned and operated by Northern.

In your last email below you requested certificate or other evidence Northern's farm tap assets in South Dakota are subject to FERC jurisdiction. The answer to FERC's jurisdiction is found in the Natural Gas Act: Northern's facilities at farm tap settings (tap, riser, valves, regulator and meter) are subject to exclusive FERC jurisdiction because they are used in the transportation of natural gas in interstate commerce. (15 U.S.C. § 717(b)). Because Northern is a "natural gas company" as that term is defined in the Natural Gas Act, and Northern's "farm tap" assets (tap, valves, regulator and meter) are used in the transportation of natural gas in interstate commerce, they are subject to exclusive FERC jurisdiction. We cited several cases on this point in our May 6, 2016 letter to you and in our follow-up email, below.

Northern's farm tap assets in the state of South Dakota are no exception. As I mentioned in my May 6, 2016 email, many activities related to Northern's farm tap facilities are conducted under Northern's blanket authority in FERC Docket No. CP82-401. For "certificate documentation" the Northern "farm tap" facilities (tap, riser, valves, regulator and meter) in South Dakota are FERC-jurisdictional, I am enclosing a copy of the cover page, index, page 46, and page 55 of Northern's Annual Report For Blanket Certificate Activities 2011, Docket No. CP12-251-000, in which Northern reported the abandonment of three of its South Dakota farm tap settings. This filing reported the abandonment of FERC-jurisdictional assets, i.e. the meter and regulator as well as the riser to the first below-grade valve on the riser at three farm taps in South Dakota. The natural gas facilities downstream of the custody transfer point are not mentioned in the filing, because they are not owned or operated by Northern, and are not facilities subject to FERC jurisdiction.

It thus follows, these Northern owned and operated "farm tap" assets (tap, valves, regulator and meter) are also subject to the jurisdiction of PHMSA under the Pipeline Safety Act: "interstate gas pipeline facility" means a gas pipeline facility (A) used to transport gas; and (B) subject to the jurisdiction of the Commission under the Natural Gas Act (15 U.S.C. 717 et seq.) (49 U.S.C. §60101 (a)(6)). PHMSA's jurisdiction over Northern's facilities is exclusive. ("... A state authority may not adopt or continue in force safety standards for interstate pipeline facilities or interstate pipeline transportation...") (49 U.S.C. §60104(c)).

We hope this information is helpful to you in understanding the Northern owned and operated tap, valves, regulator and meter facilities up to the custody transfer point at "farm tap" settings in the state of South Dakota are subject to the exclusive jurisdiction of FERC and PHMSA.

Please let us know if you have any further questions.

Jim

James R. Talcott  
Assistant General Counsel  
Northern Natural Gas Company  
1111 South 103rd Street  
Omaha, NE 68124  
(402) 398-7003 (office)  
(402) 398-7426 (fax)  
(402) 740-7793 (cell)  
[jim.talcott@nngco.com](mailto:jim.talcott@nngco.com)

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**From:** Zanter, Mary [mailto:Mary.Zanter@state.sd.us]  
**Sent:** Friday, August 12, 2016 3:44 PM  
**To:** Talcott, Jim  
**Cc:** Edwards, Kristen  
**Subject:** [INTERNET] RE: Response to SDPUC April 26, 2016 Email

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Jim,

I've been looking on the FERC web site. I have looked at a number of things but seem to be at a loss. I have not found anything that lists the farm taps that are in South Dakota as being under FERC jurisdiction. I'm really looking for a certificate or another type of document that says "hey – this is what FERC has jurisdiction over with NNG". There must be something somewhere that has a list of farm taps and transmission lines that they have jurisdiction over. I need that document to clear up the confusion. Can you help me out?

Without that document we really don't have any proof and everyone I talk to has something different to say about it. Any help would be appreciated!

**Mary Zanter**  
Pipeline Safety Program Manager  
State of South Dakota Public Utilities Commission  
500 E Capitol Ave.  
Pierre, SD 57501  
605-295-3375  
[Mary.Zanter@state.sd.us](mailto:Mary.Zanter@state.sd.us)



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**From:** Talcott, Jim [<mailto:Jim.Talcott@nngco.com>]  
**Sent:** Wednesday, June 08, 2016 5:23 PM  
**To:** Zanter, Mary  
**Cc:** Talcott, Jim  
**Subject:** RE: Response to SDPUC April 26, 2016 Email

Mary, the filing is on FERC's website.

Go to [www.ferc.gov](http://www.ferc.gov), click on "Documents & Filings", then "elibrary", then "General Search", identify "All" as the date range, check "Natural Gas" under Library and insert Docket Number CP16-207. "Submit" your request and that will take you to the complete filing.

Should you have any problems with the link or additional questions, please feel free to call me.

Jim

James R. Talcott  
Assistant General Counsel  
Northern Natural Gas Company  
1111 South 103rd Street  
Omaha, NE 68124  
(402) 398-7003 (office)  
(402) 398-7426 (fax)  
(402) 740-7793 (cell)  
[jim.talcott@nngco.com](mailto:jim.talcott@nngco.com)

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**From:** Zanter, Mary [<mailto:Mary.Zanter@state.sd.us>]  
**Sent:** Wednesday, June 08, 2016 2:57 PM  
**To:** Talcott, Jim  
**Cc:** Edwards, Kristen  
**Subject:** [INTERNET] FW: Response to SDPUC April 26, 2016 Email

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Can you send me the other pages of this report?

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**From:** Talcott, Jim [<mailto:Jim.Talcott@nngco.com>]  
**Sent:** Friday, May 06, 2016 4:44 PM  
**To:** Zanter, Mary  
**Cc:** Talcott, Jim  
**Subject:** Response to SDPUC April 26, 2016 Email

Mary –

Northern's facilities at farm tap settings (described in our letter earlier today) are subject to FERC jurisdiction because they are used in the transportation of natural gas in interstate commerce. There are many more cases than the ones we

cited in our letter, including a case involving Northern's farm tap facilities, *Northern Natural Gas Company*, Docket No. CP99-75-000, 87 FERC ¶ 62,307 (June 17, 1999), in which FERC recognizes the facilities owned and operated by an interstate pipeline at farm tap settings are subject to FERC's jurisdiction under the Natural Gas Act. In this 1999 Northern order approving abandonment, Northern's sixty (60) farm tap facilities are plainly listed in the description of facilities addressed by FERC.

For documentation related to FERC's exercise of jurisdiction over Northern's farm tap facilities, we explained in our letter earlier today Northern's farm tap facilities are installed, operated, and removed under FERC certificate authority, and many activities related to farm tap facilities are conducted under Northern's blanket authority in FERC Docket No. CP82-401. I am attaching several pages from Northern's most recent Annual Blanket Certificate Report with FERC in Docket No. CP16-207-000 (the entire filing is not provided because of its volume). This is the annual blanket certificate report referred to in our letter (see, 18 CFR 157.207(b)). In this year's filing, for blanket certificate activities in 2015, you will see the construction of new farm tap facilities reported on pages 28, 45, 46 and 48 of Section IV, and farm tap abandonments reported on pages 53-57 of Section IX.

If you have further questions, please contact me.

Also, would you please provide the name of the individual you spoke with at FERC?

Thank you,

Jim

James R. Talcott  
Assistant General Counsel  
Northern Natural Gas Company  
1111 South 103rd Street  
Omaha, NE 68124  
(402) 398-7003 (office)  
(402) 398-7426 (fax)  
(402) 740-7793 (cell)  
[jim.talcott@nngco.com](mailto:jim.talcott@nngco.com)

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**From:** Zanter, Mary [<mailto:Mary.Zanter@state.sd.us>]  
**Sent:** Friday, May 06, 2016 2:51 PM  
**To:** Talcott, Jim  
**Cc:** Edwards, Kristen  
**Subject:** [INTERNET] RE: Response to April 26, 2016 Email

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Jim,

Would you please send me the FERC documentation that shows farm taps are included in their jurisdictions. As I had mentioned when I contacted FERC they had indicated that they were not in FERC jurisdiction and rather fell into state jurisdiction.



Thank you,  
Mary

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**From:** Talcott, Jim [<mailto:Jim.Talcott@nngco.com>]  
**Sent:** Friday, May 06, 2016 1:16 PM  
**To:** Zanter, Mary  
**Cc:** Talcott, Jim; Correll, Thomas; Gormley, John  
**Subject:** Response to April 26, 2016 Email

Mary, thank you for your time yesterday discussing the issues raised in your April 26, 2016 email correspondence to John Gormley. Attached you will find our response.

We look forward to discussing this with you further.

Regards,

Jim

James R. Talcott  
Assistant General Counsel  
Northern Natural Gas Company  
1111 South 103rd Street  
Omaha, NE 68124  
(402) 398-7003 (office)  
(402) 398-7426 (fax)  
(402) 740-7793 (cell)  
[jim.talcott@nngco.com](mailto:jim.talcott@nngco.com)

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