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June 1, 2017

VIA E-FILING

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
500 E. Capitol Avenue
Pierre, SD 57501

**Re: In the Matter of the Application of South Dakota Intrastate Pipeline Company for
Authority to Increase its Natural Gas Rates
Docket No. NG17-___**

Dear Ms. Van Gerpen:

Please open a docket on behalf of the South Dakota Intrastate Pipeline Company (the "Company"). I will be the local attorney representing the Company. Pro Hac Vice motions will be filed for attorneys Andrew P. Moratzka and Emma J. Fazio, both of whom practice at Stoel Rives LLP. The necessary schedules and documents to complete the filing will be forthcoming, no later than June 30, 2017 ("Rate Increase Filing").

Consistent with ARSD Section 20:10:13:39, the Company includes the following information in this letter of transmittal:

- 1) Except as noted below, the documents that will be included in the Rate Increase Filing will comply with SDCL Chapter 49-34A and will conform the Company's financial information to ARSD Sections 20:10:13:26 and 20:10:13:39 through 20:10:13:104 inclusive. This information will include testimony from the following Company witnesses: William Murphy (President); Lisa Murphy (Vice President and Chief Financial Officer); and Gordon Woods (Vice President and Chief Operating Officer).
- 2) Consistent with the transportation agreement between the Company and Montana-Dakota Utilities Co. ("MDU") dated September 1, 1993 (the "Transportation Agreement"), the Company will propose new rates to take effect September 1, 2018.

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- 3) The Company only has one customer, MDU. As set forth in the attached certificate of service, and in accordance with the Transportation Agreement, a copy of this letter has been served upon the designated MDU recipient.
- 4) The Company will be proposing a rate increase, which will be covered in detail in the Rate Increase Filing.
- 5) The Company's rates were last adjusted by the South Dakota Public Utilities Commission (the "Commission") on January 9, 2001. *See* Findings of Fact and Conclusions of Law; Notice of Entry of Order, Commission Docket No. NG00-001 (January 9, 2001). The resulting rate was and remains \$2.398/dk. The Company incurred a loss in the year ending December 31, 2016, because of low transportation volumes for MDU and increased operating costs for the Company. Therefore, the Company needs to increase its transportation rate.
- 6) The Company only has one customer, MDU. The amount of the increase will be set forth in the Rate Case Filing.

At this time, the Company believes the following information will be omitted from the Rate Case Filing, for the reasons set forth below:

- 20:10:13:56 - Schedule D-2 -- Plant addition and retirement for test period.
 - The Company has not made any plant additions or retirements in the test period.
- 20:10:13:59 - Schedule D-5 -- Working papers on capitalizing interest and other overheads during construction.
 - The Company has not completed any construction during the test period.
- 20:10:13:60 - Schedule D-6 -- Changes in intangible plant working papers.
 - The Company has no intangible plant.
- 20:10:13:61 - Schedule D-7 -- Working papers on plant in service not used and useful.
 - The Company has no plant in service not used and useful.
- 20:10:13:63 - Schedule D-9 -- Working papers for plant acquired for which regulatory approval has not been obtained.
 - The Company has not acquired plant for which regulatory approval has not been obtained.
- 20:10:13:82 - Schedule H-2 -- Cost of power and gas.
 - The Company does not purchase gas and merely transmits the gas that MDU has purchased.

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- 20:10:13:88 - Statement K -- Income taxes.
 - The Company is a S-Corporation and does not pay income tax.
- 20:10:13:97 - Statement N -- Allocated cost of service.
 - The Company's sole customer is MDU and there is thus no reason to allocate the cost of service among customers or classes of customers.
- 20:10:13:98 - Statement O -- Comparison of cost of service.
 - The Company's sole customer is MDU and there is thus no reason to allocate the cost of service among customers or classes of customers.
- 20:10:13:100 - Statement P -- Fuel cost adjustment factor.
 - The Company does not purchase fuel.
- 20:10:13:102 - Statement R -- Purchases from affiliated companies.
 - The Company has no affiliate companies.

We look forward to working with the Commission, Commission Staff, and MDU in continuing to develop, and ultimately submitting, the Rate Case Filing.

Very truly yours,



Paul E. Bachand