

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

**IN THE MATTER OF THE PETITION OF THE) SETTLEMENT STIPULATION
SOUTH DAKOTA INTRASTATE PIPELINE)
COMPANY FOR A WAIVER OF LOSS AND) NG19-011
UNACCOUNTED CALCULATION FOR 2020)**

This Settlement Stipulation reflects the resolution reached between South Dakota Intrastate Pipeline Company (SDIP), Montana-Dakota Utilities Co. (MDU), Ring-Neck Energy & Feed, LLC, dba Ring-Neck Energy, LLC (Ring-neck), and the Staff of the South Dakota Public Utilities Commission (Staff), together “Parties,” on the issue of SDIP’s request for a waiver of SDIP’s Loss and Unaccounted Adjustment Percentage (L&U) filing for 2020, or in the alternative, for the determination of the L&U.

I. BACKGROUND

On December 3, 2019, the South Dakota Public Utilities Commission (Commission) received a filing by SDIP requesting a waiver of SDIP’s Loss and Unaccounted Adjustment Percentage (L&U) filing for 2020, or in the alternative, for the determination of the L&U. On December 5, 2019, the Commission electronically transmitted notice of the filing on the Commission’s PUC Weekly Filings Electronic listserv. On December 9, 2019, MDU filed a Petition to Intervene and on December 12, 2019, Ring-neck filed a Petition to Intervene. At the December 20, 2019 Commission meeting, the Commission granted intervention.

This filing arose from a requirement in the Amended Settlement Stipulation in Docket NG17-009 and in the accompanying tariff, as approved by the Commission on October 30, 2019, which required SDIP establish a L&U Percent on an annual basis to be filed with and approved by the Commission and effective each January 1. The initial L&U percentage was established at 1.34%

in the initial Settlement Stipulation, as approved by the Commission in its July 6, 2018 Order. No filing was made for January 1, 2019.

The Parties met in an effort to arrive at a mutually acceptable resolution of this matter. As a result of the negotiations, the Parties enter into this Settlement Stipulation (Settlement), which, if approved by the Commission, would establish a L&U rate of .14%, effective January 8, 2020.

II. PURPOSE OF THE SETTLEMENT STIPULATION

This Settlement has been prepared and executed by the Parties for the sole purpose of resolving the request raised in SDIP's December 3, 2019 filing in the above captioned matter. The Parties acknowledge that they may have differing views that justify the end result, but each Party deems the end result to be just and reasonable. In light of such differences, the Parties agree that the resolution of any single issue, whether express or implied by the Settlement, should not be viewed as precedent setting. In consideration of the mutual promises hereinafter set forth, the Parties agree as follows:

1. Upon execution of this Settlement, the Parties shall immediately file this Settlement with the Commission together with a joint motion requesting that the Commission issue an order approving this Settlement in its entirety without further condition or modification.
2. This Settlement includes all terms of settlement and is submitted with the condition that in the event that the Commission imposes any material changes in or conditions to this Settlement which are unacceptable to any Party, this Settlement may, at the option of any Party, be withdrawn and shall not constitute any part of the record in this proceeding or any other proceeding nor be used for any other purpose in this case or in any other case.

3. This Settlement shall become binding upon execution by the Parties, provided however, if this Settlement is withdrawn in accordance with Paragraph 2 above, it shall be null, void, and privileged. This Settlement is intended to relate only to the specific matters referred to herein; no Party waives any right or claim which it may otherwise have with respect to any matter not expressly provided for herein; no Party shall be deemed to have approved, accepted, agreed, or consented to any ratemaking principle, or any method of cost of service determination, or any method of cost allocation underlying the provisions of this Settlement, or be advantaged or prejudiced or bound thereby in any other current or future proceeding before the Commission. No Party, nor representative thereof, shall directly or indirectly refer to this Settlement or that part of any order of the Commission relating to this Settlement as precedent in any other current or future proceeding before the Commission.
4. The Parties to this proceeding stipulate that documents filed in relation to SDIP's December 3, 2019 request be made a part of the record in this proceeding.
5. It is understood that Staff enters into this Settlement for the benefit of SDIP's South Dakota customers affected by this docket.

III. ELEMENTS OF THE SETTLEMENT

The Parties agree that the existing L&U percentage of 1.34% is too high and needs to be revised. The Parties also agree that at this time, absent a more complete metering and validation of MDU's gas receipts at the valves along the SDIP pipeline, a true L&U percentage cannot be calculated with certainty. Until Ring-neck became a customer, this was not a concern because MDU was the sole customer of SDIP. MDU is currently engaged in the installation and validation of its meters at most of its take-off points along the pipeline

with roughly 60% of MDU's usage validated at the meter. MDU anticipates the meter validation process will be completed in early 2020, in that MDU will achieve mainline validation measurements on at least 90% of the demand at interconnecting locations on the pipeline so that validated and historical information will be available by August of 2020. SDIP completed a leak survey on its pipeline in November 2018 and determined that there were no leaks on the pipeline at that time. Gas loss on a pipeline system may occur as a result of factors other than leaks. MDU calculated an estimated L&U of 0.14% based on information provided by MDU's measured receipts and measured deliveries.

The Parties agree that based on the information available at this time, 0.14% is the most accurate L&U calculation and should be established as SDIP's L&U Percentage, effective January 8, 2020. The Parties also agree that MDU will continue the meter installation and validation process. MDU will provide all necessary information to SDIP on or before September 15 in order for SDIP to calculate the L&U Percentage, and SDIP will make a filing by November 1st each year beginning in 2020 to establish a new L&U Percentage to be effective January 1st. The L&U percentage will be calculated based on the one-year period of time commencing September 1 and ending August 31. MDU and Ring-neck will cooperate with SDIP as necessary in order for SDIP to calculate the L&U.

If during the meter validation process, the parties determine that the current L&U percentage is materially inaccurate, the Parties agree that an updated L&U Percentage may be filed for Commission approval prior to the November 1st date.

CONCLUSION

For the reasons stated and based on the representations and agreements made herein, the parties do so agree.

This Settlement Stipulation is entered into effective this 3rd day of January 2020.

NG19-011 Settlement Stipulation Signature Page

South Dakota Intrastate Pipeline Company

By: Paulo Barchard

Its: Attorney

Montana-Dakota Utilities Co.

By: _____

Its: _____

South Dakota Public Utilities Commission Staff

By: _____

Its: _____

Ring-neck Energy & Feed, LLC dba Ring-neck Energy

By: _____

Its: _____

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South Dakota Intrastate Pipeline Company

By: _____

Its: _____

Montana-Dakota Utilities Co.

By: _____

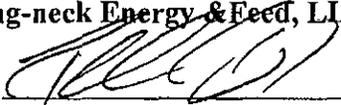
Its: _____

South Dakota Public Utilities Commission Staff

By: _____

Its: _____

Ring-neck Energy & Feed, LLC dba Ring-neck Energy

By:  _____

Its: attorney _____

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South Dakota Intrastate Pipeline Company

By: _____

Its: _____

Montana-Dakota Utilities Co.

By: /s/ Brett Koenecke

Its: Counsel of Record

South Dakota Public Utilities Commission Staff

By: *Amanda M. Reiss*

Its: *Staff Attorney*

Ring-neck Energy & Feed, LLC dba Ring-neck Energy

By: _____

Its: _____