



Dustin Johnson, Chair
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SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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October 18, 2007

Ms. Patricia Van Gerpen
500 E. Capitol
Pierre, SD 57501

VIA ELECTRONIC FILING

Re: PS07-001

Dear Ms. Van Gerpen:

Enclosed for filing please find, "Staff Recommendation to the South Dakota Public Utilities Commission" regarding the above captioned docket.

Sincerely,

Kara Semmler

cc. Scott Besmer (via e-mail only)

STAFF RECOMMENDATION
TO
THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE FILING BY MONTANA-DAKOTA UTILITIES CO., A
DIVISION OF MDU RESOURCES GROUP, INC. FOR APPROVAL OF WAIVER

DOCKET PS07-001

On January 18, 2007, Montana-Dakota Utilities Co. (MDU) filed a request for waiver of a portion of 49 CFR, Part 192.479 and 192.481(a). The specific request is for a Waiver of 49 CFR Part 192.481 to allow atmospheric corrosion inspection frequency at least once every four calendar years, but not to exceed 51 months. Part 192.481 subsection (a) requires inspection of pipe exposed to atmosphere for evidence of corrosion at least once every three calendar years not to exceed 39 months. The waiver would allow the atmospheric corrosion survey to be conducted concurrent with MDU's 4-year leak survey interval.

Based on similar proceedings in the State of Illinois and Minnesota, it is my recommendation that the following conditions be imposed:

1. Atmospheric corrosion control monitoring will be conducted in conjunction with distribution system leakage surveys:
 - a. Outside of business districts, atmospheric corrosion control monitoring and leakage surveys must be conducted at least once every four calendar years at intervals not exceeding 51 months.
 - b. Inside of business districts, atmospheric corrosion control monitoring and leakage surveys must be conducted at least once every calendar year at intervals not exceeding 15 months.
2. Atmospheric corrosion control monitoring of regulator stations, essential and emergency valves, and other above ground piping that may be monitored pursuant to the 49 CFR, Part 192.721, will be conducted at the same time that those facilities are maintained or patrolled.
3. In addition, the operator must identify, inspect, and notify SDPUC of those areas requiring atmospheric corrosion control monitoring more frequently than once every three calendar years. These areas include "hot spots" where there are greater atmospheric corrosion rates such as areas subject to road salts and chemicals, industrial chemicals in the atmosphere, inside regulator/meter sets that are subject to corrosive environments; and other areas that show accelerated atmospheric corrosion.

It is my opinion that the proposed waiver request would not be inconsistent with pipeline safety, if MDU is ordered to comply with the afore-mentioned conditions.

Martin C. Bettmann
SDPUC
Pipeline Safety Program Manager