

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

IN THE MATTER OF THE FILING OF  
THE INVESTIGATION OF THE NATURAL  
GAS INCIDENT OF FEBRUARY 20, 2008,  
ON MONTANA-DAKOTA UTILITIES CO.'S  
SYSTEM IN PIERRE, SOUTH DAKOTA

DOCKET NO. PSO8-001

SDIP'S RESPONSE TO  
STAFF'S PIPELINE SAFETY  
REPORT

South Dakota Intrastate Pipeline Company (SDIP) responds to the PUC Staff's Pipeline Safety Report as follows:

Once a pig has been inserted into a natural gas pipeline the operator has limited control of the progress a pig will make through the pipeline. If there is insufficient gas flow in the pipeline to propel the pig to its destination, eventually the battery which powers the electronics in the pig and indicates the location of the pig in the pipeline dies and it becomes impossible to locate the pig or to predict its progress. A possible alternative would be to insert a second pig in the line with a locator and fresh battery and tracking it to the stuck pig. However, it should be emphasized that once the pig is inserted in the pipeline, unless there is sufficient gas flow the second pig may also become lost.

Once the battery dies in a given pig there is no way to locate the pig unless it is blocking the flow of gas.

SDIP has always cooperated with MDU in coordinating pigging operations and advising MDU representatives of the status of its pigging operations, to the extent that that is known by SDIP. In the future, if a controlled gas release is utilized to move a pig along, it may be necessary to open the blow-off valves along the line. SDIP will

coordinate any such activities with MDU, furthermore there would have to be an agreement as to who would pay for the gas utilized in the controlled release.

SDIP respectfully does not believe that installing a station upstream of the Pierre delivery point will materially change the situation regarding SDIP's pigging operation. Also, the question of where to locate the upstream station would necessarily be arbitrary.

In December of 2004 SDIP installed filtering equipment to eliminate any dust in the line measuring in excess of one micron or larger. SDIP never experienced any pressure transient in the pipeline before or after the pig was inserted in the line and certainly not immediately prior to the February 20<sup>th</sup> incident. The pressure in the line is controlled by equipment installed in the pipeline at the Mina delivery point from Northern Borders, and the flow is controlled by demand from MDU. The greater the demand, the lower the gas pressure at the end of the pipeline.

SDIP has in the past and continues to look for the latest technology available to locate lost or immobile pigs. No other option has been discovered to date although SDIP continues to seek information from industry leaders in pigging technology. SDIP has in the past and continues to keep MDU informed as to the status of its pigging operation and has tried to coordinate pig arrivals. SDIP has always delivered gas to MDU at any point along its line and has done everything possible to monitor its pipeline for any possible pig movement and will continue to do so.

With regard to dust handling, SDIP has a filtering system that removes the dust from the pipeline prior to the gas being delivered to MDU at Pierre, South Dakota. SDIP has and continues to seek to discover any systems on the market that may be improvements to the current system. MDU's filtering system in Pierre is the same type as

is utilized by SDIP. At no time has the gas in SDIP's pipeline been higher than the maximum allowable operating pressure (MAOP) or the agreed delivery pressure in the contract with MDU.

In an attempt to preclude any further controversy regarding SDIP's pigging operation, SDIP will not, in the near future, insert any further pigs into the pipeline, unless directed to do so by an appropriate authority.

SDIP supports the Staff's conclusions regarding the causes of the incident on February 20, 2008, including the report of Dr. Allen Selz of Pressure Sciences, Inc. The facts described in MDU's response to the Staff's Safety Report appear to be based upon speculation and conjecture without any solid evidence to support the assertions. At no time did SDIP experience any abnormal dust in its filtering system upstream of the MDU delivery point prior to the incident. SDIP vigorously denies any violation of industry standards and safety practices as well as any violation of its own tariffs presently in place.

Dated this 29<sup>th</sup> day of July, 2008.

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