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South Dakota

PUBLIC UTILITIES COMMISSION

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July 9, 2012

Patricia Van Gerpen
SD PUC, Executive Director
500 E. Capitol Ave
Pierre, SD 57501

Re: Pipeline Penalty Worksheet

Dear Ms. Van Gerpen,

On May 8, 2012, the Commission discussed proper pipeline penalties in light of legislation that modified SDCL 49-34B-12. Specifically the legislation implements a federally requested penalty increase. The Commission's May 8 discussion led to staff modification of the previous pipeline penalty worksheet. Staff then held a webinar with all interested pipeline operators. Staff incorporated all operator comments into the attached worksheet.

Operators and staff believe the attached worksheet incorporates Commissioner comments, the statutory requirements and meets federal expectations. The worksheet adds an "egregious" violation category which then causes an adjustment of percentages to maintain consistency with recently assessed penalties.

Staff respectfully requests Commission approval of the attached worksheet. Staff plans to place this item on the July 31, 2012 Commission meeting and will be available at that time to answer questions.

Sincerely,

Kara Semmler

Kara Semmler

attachment