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June 15, 2009

Patricia Van Gerpen, Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol  
Pierre, SD 57501-5070

Re: RM09-001 - In the Matter of the Adoption of Rules Regarding Pipeline Safety

Dear Ms. Van Gerpen:

NorthWestern Corporation d/b/a NorthWestern Energy ("NorthWestern") reviewed Staff's comments dated May 7, 2009, in response to informal comments filed by pipeline operators regarding the modification of pipeline safety inspection program rules proposed in Docket RM09-001.

NorthWestern reviewed correspondence between MidAmerican and Staff during its review of the rule changes proposed by Staff. NorthWestern supports the changes reached by MidAmerican and Staff during their discussions related to this docket.

NorthWestern also had the opportunity to discuss our concerns with Staff on two occasions. NorthWestern appreciates the verbal dialogue extended by Staff, as it helped to clarify our understanding of Staff's goal in amending existing pipeline safety inspection program administrative rules. Based on our discussions with Staff and the documents filed in this docket, NorthWestern's outstanding concerns are limited.

NorthWestern appreciates Staff's suggested language changes to Item 2 of the May 7, 2009, document, noted as Post-Incident Investigation Operator/Inspector Meeting. NorthWestern suggests a slight addition to Staff's proposed amendment that would require Staff to notify the operator it has completed its investigation. Our suggested change is noted below:

*Upon the conclusion of the inspector's investigation and all laboratory or other tests and discovery and before the inspector's filing of a formal incident report, staff will notify the operator it has completed its investigation.  
Either the operator and/or the inspector may request a meeting to discuss investigation findings and incident report contents prior to filing of a formal incident report.*

NorthWestern's other concerns dissolved during our verbal discussions with Staff. For example, Staff indicated in the May 7, 2009, document, "Staff does not intend to conduct an independent analysis regarding cause or fault but is required to analyze the operator's process." NorthWestern is very pleased with this change in process from our recent interactions during the Mitchell investigation and appreciates Staff willingness to consistently evaluate the incident investigation process. Regarding a different item during the June 9, 2009, discussions, Staff clarified that it would not request company records be sent outside of company properties for inspection purposes unless it was a docketed case. While this process still makes the operator nervous, NorthWestern understands the reason based on the case being docketed

As this process moves forward NorthWestern reserves the right to provide additional comments as this is a dynamic process as different issues are put into play.

NorthWestern appreciates the opportunity to comment in this docket proceeding. We also appreciate the time and effort expended by Staff in working to address the collective and individual concerns of natural gas pipeline operators in South Dakota.

Sincerely,

  
SARA DANNEN   
Corporate Counsel

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