

**2023 SENATE ENERGY AND NATURAL RESOURCES**

**SB 2366**

# 2023 SENATE STANDING COMMITTEE MINUTES

## Energy and Natural Resources Committee Peace Garden Room, State Capitol

SB 2366  
2/2/2023

A BILL for an Act to provide for a legislative management study of accessibility of natural gas in small communities
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10:30 AM Chairman Patten opened the meeting.

Present are Chairman Patten and Senators Kessel, Beard, and Kannianen.

### **Discussion Topics:**

- Underserved communities
- Providing services
- Heating demands
- Winter energy surges

10:30 AM Senator Kannianen introduced the bill.

10:34 AM Jay Standish, Mayor of New Town, spoke in favor of the bill and provided written testimony #18742.

10:36 AM Don Larson, Montana Dakota Utilities, Resources Group, testified in favor of the bill.

10:38 AM Dana Hager Economic Development Association, testified in favor of the bill and provided written testimony #18817.

10:39 AM Matt Gardner North Dakota League of Cities spoke in favor of the bill.

10:40 AM Blair Thorson, Dakota Natural Gas, spoke in favor of the bill.

10:41 AM Jered Schatz, Tri-N Propane, spoke opposed to the bill.

10:45 AM Mike Rud, Executive Director, North Dakota Propane Gas Association, spoke opposed to the bill.

10:47 AM Joel Foy, Farmers Union Oil, Beulah, ND, spoke opposed to the bill.

10:49 AM Kristine Anderson, Dakota Natural Gas, Legal Counsel, testified in support of the bill and provided written testimony #18654.

10:56 AM Chairman Patten closed the public hearing.

**Additional written testimony:**

Justin Dever provided written testimony #18684.

Kyle Christianson provided written testimony #18743.

10:56 AM Chairman Patten closed the meeting.

*Rick Schuchard, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Energy and Natural Resources Committee Peace Garden Room, State Capitol

SB 2366  
2/9/2023

A BILL for an Act to provide for a legislative management study of accessibility of natural gas in small communities
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10:24 AM Chairman Patten opened the meeting.

Chairman Patten and Senators Kessel, Kannianen, Boehm, Beard and Magrum are present.

### Discussion Topics:

- Committee action

10:24 AM Senators have discussion on the bill.

10:27 AM Senator Kannianen moves to Do Pass the bill. The motion is seconded by Senator Beard.

10:27 AM Roll call vote is taken.

Senators	Vote
Senator Dale Patten	Y
Senator Jeffery J. Magrum	Y
Senator Todd Beard	Y
Senator Keith Boehm	Y
Senator Jordan L. Kannianen	Y
Senator Greg Kessel	Y

Motion passes 6-0-0.

Senator Kannianen will carry the bill.

This bill does not affect workforce development.

10:28 AM Chairman Patten closed the meeting.

*Rick Schuchard, Committee Clerk*

**REPORT OF STANDING COMMITTEE**

**SB 2366: Energy and Natural Resources Committee (Sen. Patten, Chairman)** recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2366 was placed on the Eleventh order on the calendar. This bill does not affect workforce development.

**2023 HOUSE ENERGY AND NATURAL RESOURCES**

**SB 2366**

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Energy and Natural Resources Committee Coteau AB Room, State Capitol

SB 2366  
3/9/2023

A BILL for an Act to provide for a legislative management study of accessibility of natural gas in small communities.
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3:05 PM

Chairman Porter opened the hearing. Members present: Chairman Porter, Vice Chairman D. Anderson, Representatives Bosch, Conmy, Dockter, Hagert, Heinert, Ista, Kasper, Marschall, Novak, Olson, and Roers Jones. Absent: Representative Ruby.

### **Discussion Topics:**

- Study
- Transmission
- MDU expansion

Sen Kannianen, District 4, introduced SB 2366, oral testimony

Spencer Marchand, Harvey Council Member, Harvey ND, oral testimony

Justin Dever, Senior Public Affairs Specialist, MDU Resources Group, Testimony 23343

Kristine Anderson, Testimony 23229

Dana Hager, Executive Director, Economic Development Association of ND, Testimony 23328

### **Additional written testimony:**

Carlee McLeod, President of Utility Shareholders of ND, Testimony 23389

3:19 PM Chairman Porter closed the hearing.

*Kathleen Davis, Committee Clerk*

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Energy and Natural Resources Committee Coteau AB Room, State Capitol

SB 2366  
3/10/2023

A BILL for an Act to provide for a legislative management study of accessibility of natural gas in small communities.
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10:16 AM

Chairman Porter opened the meeting. Members present: Chairman Porter, Vice Chairman D. Anderson, Representatives Bosch, Conmy, Dockter, Hagert, Heinert, Ista, Kasper, Marschall, Novak, Olson, and Roers Jones. Absent: Representative Ruby.

### Discussion Topics:

- Committee action

Rep Dockter moved a Do Pass on SB 2366, seconded by Roers Jones.

Representatives	Vote
Representative Todd Porter	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Liz Conmy	Y
Representative Jason Dockter	Y
Representative Jared Hagert	Y
Representative Pat D. Heinert	Y
Representative Zachary Ista	Y
Representative Jim Kasper	Y
Representative Andrew Marschall	Y
Representative Anna S. Novak	AB
Representative Jeremy Olson	Y
Representative Shannon Roers Jones	Y
Representative Matthew Ruby	AB

**12-0-2 Motion carried.** Rep Conmy is carrier.

10:17 AM Meeting adjourned.

*Kathleen Davis, Committee Clerk*



**REPORT OF STANDING COMMITTEE**

**SB 2366: Energy and Natural Resources Committee (Rep. Porter, Chairman)**  
recommends **DO PASS** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SB  
2366 was placed on the Fourteenth order on the calendar.

**TESTIMONY**

**SB 2366**



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**Senate Bill No. 2366**  
**Testimony**  
**Kristine Anderson, Regulatory Affairs & Corporate Counsel**  
**Dakota Natural Gas, LLC**  
**Senate Energy and Natural Resources Committee**  
**February 2, 2023**

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Chairman Patten and members of the Committee, my name is Kristine Anderson. I am the in-house corporate attorney for Dakota Natural Gas, LLC, and I also handle regulatory affairs for the company. DNG supports Senate Bill No. 2366, as it is an excellent step forward in the quest to expand natural gas access throughout North Dakota.

As you may be aware, DNG was created specifically for the purpose of bringing natural gas solutions to unserved communities in North Dakota; hence, DNG is precisely the type of company that has to overcome the many existing barriers to actually get natural gas to small communities. In its first few years of operation, DNG successfully established gas distribution systems in four eastern North Dakota communities that had been trying to obtain natural gas for decades. Many more communities throughout the state have contacted DNG asking us to help them get natural gas service because it is such a vital resource for a community and so many are without it. In response, DNG has – and continues to – conduct economic viability studies in several parts of the state. Unfortunately, the result is often the same – building out a system to an unserved area is just too expensive and the hurdles are too great. Without additional programs and/or assistance to overcome those hurdles, there is no way to make such a project viable.

It comes as no surprise natural gas is again being discussed, because the state has prioritized the issue in recent years. Despite North Dakota's production of huge amounts of natural gas, the Interim Energy Development and Transmission Committee noted in its report that only about 20% of the state's communities have natural gas access. While it is true that the unserved areas only account for approximately 25% of the state's population, natural gas service should be much more pervasive – especially in a production state like North Dakota. Without legislative intervention of some kind, it seems highly unlikely that any of the remaining 25% of residents will ever obtain natural gas service.

As the state learned from the dearth of applicants for the very generous grant opportunity created for a trans-Dakota natural gas pipeline during the 2021 special legislative session, expense is not the only hurdle faced when building a pipeline. Similarly, finances are a major, but not the only, hurdle to be overcome when building natural gas distribution systems – especially to small communities. That is precisely why the study contemplated by Senate Bill No. 2366 is so critical. Only by understanding the barriers to natural gas accessibility that are unique to small communities can the Legislature take meaningful steps to address the problem. Such a study is an important measure in that process, signaling progress in the purposeful effort to bring natural gas to communities that will benefit exponentially from acquiring it – a very consequential endeavor, indeed!

Thank you for the opportunity to share DNG's support with you. A study such as that proposed by this Bill will make a real difference in identifying ways to expand natural gas access throughout the state. I respectfully request that you support it. Please give Senate Bill 2366 a do-pass recommendation.



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TESTIMONY IN SUPPORT OF SENATE BILL 2366  
SENATE ENERGY AND NATURAL RESOURCES COMMITTEE  
FEBRUARY 2, 2023

**JUSTIN DEVER - SENIOR PUBLIC AFFAIRS SPECIALIST, MDU RESOURCES GROUP, INC.**

Good morning, Chairman Patten and members of the committee. My name is Justin Dever and I am testifying today in support of Senate Bill 2366 on behalf of MDU Resources Group and its subsidiary Montana-Dakota Utilities Co. Montana-Dakota serves 157 communities in North Dakota with electricity and natural gas.

We understand the importance of natural gas to families, businesses, and communities. It is an affordable way to heat our homes, cook our food, and power our businesses. Its availability it also a key consideration for many large economic development projects.

Montana-Dakota Utilities frequently meets with communities that are seeking to expand natural gas service to their cities. Unfortunately, many times the cost of extending pipelines to their communities proves to be uneconomic. We support an interim study that could look at ways the state could help address the challenges of getting natural gas to unserved communities. We stand ready to participate in such a study, as we have in previous studies.

I would also note that there are other efforts being considered this legislative session that could provide some assistance to extending natural gas to additional communities. This includes HB 1170 which provides a property tax exemption related to natural gas infrastructure being extended to unserved communities.

Mr. Chairman and members of the committee, thank you for allowing me to visit with you today.

**Senate Energy and Natural Resources**  
**Chairman Dale Patten**  
**February 2, 2023**

**Testimony**  
**Jay Standish**  
**Mayor, City of New Town**

**SB 2366**

Good morning Chairman Patten and members of the Committee. I would like to introduce myself to this committee: My name is Jay Standish and I am the duly elected Mayor of the City of New Town, North Dakota, as well as a lifetime resident and an enrolled member of the Three Affiliated Tribes. I am here this morning to ask that this committee give its approval to the legislative management study for accessibility of natural gas to small communities.

There appears to be little hope for the citizens of my community and other smaller communities across this state to get access to natural gas. The same natural gas we see being flared off in our backyards 24 hours each day. I wonder how many homes could be heated with the gas being flared in the few minutes I speak to you.

We must have a way to get the natural gas from the wells to our homes in rural North Dakota. The communities, in southern Mountrail County, of New Town, Parshall, and Plaza have joined ranks to seek a solution that is economically feasible. We have held joint meetings with our local legislators, our mayors, city council members, representatives from MDU, and Tribal Chairman Mark Fox and Tribal Representative Monica Mayer from Fort Berthold. We have also discussed funding options with the Bank of North Dakota and have heard advice from bond counsel.

Unfortunately, as it stands now, no feasible options exist, without more state involvement. The proposed management study would aid my community possibly solving our need for access to natural gas.

I understand that this body has helped store away \$150 million for natural gas transmission lines from recovery act funding. Maybe a re-direction and emphasis should be made to getting distribution lines to the city limits of small communities. Use our state's natural gas for our citizens, and not try and get it sent out of state to other customers.

Maybe that is not possible, but please support a study that looks into this and other accessibility options or obstacles. We need informed information, obtained in a professional manner. We believe this study is the best way forward.

Thank-you for my time to present here today. A thank you to Senator Jordon Kannianen, and the other legislators for proposing this Bill.

Testimony on SB 2366  
Natural Gas to rural communities Study  
City of Parshall  
February 2, 2023

Good Morning Chairperson and Legislative members. I would like to thank you for this opportunity to testify on the issue before this committee. I am Kyle Christianson, Mayor of the City of Parshall. We live in a small community on the Ft. Berthold Reservation. We are located in the Bakken area. We have constant flaring and waste of the natural gases in this part of ND. I would like to see funding be made available for all small cities to be able to utilize using this natural resource for heating our homes. The cost of this venture is astronomical and communities like our would need financial help. A feasibility study would be a benefit to determine what it would take to get this to all rural communities. Infrastructure is huge. I have been in the oil industry for 16 years and flaring is the top priority of being captured.

Refineries need to be built, transmission lines need to be in place in order for infrastructure to be a plan. We have heard that there is money available for transmission line from west to east but nothing that would go from north to south.

We have been in discussion to get a distribution line to our area including the communities of New Town, Parshall, and Plaza at an estimated cost of \$80,000,000. This does not put it into the city limits. Our residents then would have to pay for it to get on their properties. State funding would help for all to benefit.

We have to start somewhere and a study is a good place to start.

Kyle Christianson, Mayor, City of Parshall



**Testimony of Dana Hager  
Economic Development Association of North Dakota  
In Support of SB 2366  
Feb. 2, 2023**

Chairman Patten and members of the Senate Energy and Natural Resources Committee:

My name is Dana Hager, and I am the executive director of the Economic Development Association of North Dakota (EDND). EDND represents more than 80 state economic development organizations and businesses on the front line of economic development efforts throughout North Dakota. The organization's primary purpose is to promote the creation of new wealth throughout North Dakota, develop more vibrant communities and improve quality of life. I want to express our support for SB 2366.

EDND has been involved in conversations with utility companies, legislators, and the Public Service Commission for many years about the topic of natural gas. The availability of natural gas and the expansion of natural gas infrastructure play a vital role in the continued growth and vitality of many businesses, communities and the state. Because of its low-cost and abundance, natural gas offers the promise of an energy future that is affordable and accessible to all incomes and communities. Communities with access to natural gas have an advantage over communities without it.

The challenge of providing natural gas to unserved or underserved communities lies in financing the gap between the existing pipelines and the community. A lot needs to be done to fill this gap, and we support every effort, including an accessibility study to bring natural gas services to underserved communities throughout the state.

Thank you for the opportunity to express our support for SB 2366 and for your continued commitment to keeping North Dakota globally competitive and diversifying the state's economy.



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**Senate Bill No. 2366**  
**Testimony**  
**Kristine Anderson, Regulatory Affairs & Corporate Counsel**  
**Dakota Natural Gas, LLC**  
**House Energy and Natural Resources Committee**  
**March 9, 2023**

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Chairman Porter and members of the Committee, my name is Kristine Anderson. I am the in-house corporate attorney for Dakota Natural Gas, LLC, and I also handle regulatory affairs for the company. DNG supports Senate Bill No. 2366, as it is an excellent step forward in the quest to expand natural gas access throughout North Dakota.

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Thank you for the opportunity to share DNG's support with you. A study such as that proposed by this Bill will make a real difference in identifying ways to expand natural gas access throughout the state. I respectfully request that you support it. Please give Senate Bill 2366 a do-pass recommendation.





**Testimony of Dana Hager  
Economic Development Association of North Dakota  
In Support of SB 2366  
March 9, 2023**

Chairman Porter and members of the House Energy and Natural Resources Committee:

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TESTIMONY IN SUPPORT OF SENATE BILL 2366  
HOUSE ENERGY AND NATURAL RESOURCES COMMITTEE  
MARCH 9, 2023

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Good afternoon, Chairman Porter and members of the committee. My name is Justin Dever and I am testifying today in support of Senate Bill 2366 on behalf of MDU Resources Group and its subsidiary Montana-Dakota Utilities Co. Montana-Dakota serves 157 communities in North Dakota with electricity and natural gas.

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I would also note that there are other efforts being considered this legislative session that could provide some assistance to extending natural gas to additional communities. This includes HB 1170 which provides a property tax exemption related to natural gas infrastructure being extended to unserved communities. Another effort is to provide additional ability for the North Dakota Pipeline Authority to take capacity positions in a proposed pipeline [Engrossed HB 1014 sections 18-21].

Mr. Chairman and members of the committee, thank you for allowing me to visit with you today.



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### **Senate Bill 2366** Testimony in **Support**

House Energy and Natural Resources Committee, Representative Porter, Chair

March 9, 2023

Chairman Porter, members of the committee, I am Carlee McLeod, president of the Utility Shareholders of North Dakota, here on behalf of USND utility members, including ALLETE, Montana-Dakota Utilities, Otter Tail Power, and Xcel Energy. We ask you to support SB 2366.

Natural gas plays a central role in economic development, and there is a strong desire of unserved and underserved communities to gain natural gas service. Natural gas service is one of the biggest determinative factors in whether a community survives and grows. Industries look to the availability of natural gas when deciding where to locate new facilities. When a community does not have natural gas service, it loses new industry to communities that do have natural gas service. Thus, small communities without natural gas stagnate and shrink in population and commerce opportunities while communities with natural gas service grow. Over the past decade or more, your gas-serving investor-owned utilities have worked to bring natural gas to more small communities, but there are significant barriers resulting in slow and halted attempts at expansion. Passing and adopting this study for the 2023-2024 interim would help the legislature to better understand the issues specific to small communities, which is the best way to develop effective solutions.

We ask for your support of Senate Bill 2366.

Thank you.

