

January 9, 2023

Representative Craig Headland, Chair
Finance & Taxation Committee
ND Capitol Building
Bismarck, ND 50504

RE: House Bill 1170

Dear Representative Headland and the Finance & Taxation Committee,

Thank you for taking a few minutes to read this letter of support for House Bill 1170. I appreciate your time and consideration regarding this matter.

I am the executive director for the Traill County Economic Development Commission. In that role I work with the cities in Traill County (Mayville, Portland, Hatton, Hillsboro, etc.) to help position our communities for success. These cities range in population from 400 to 1,600 residents and, collectively, comprise a countywide population of about 10,000 people.

The smaller populations and relatively small energy usage in counties such as Traill make it difficult for companies to invest in these underserved areas in a way that makes it economically viable to build the infrastructure necessary to introduce new – and oftentimes necessary – energy sources to our rural communities.

In August of 2021, Dakota Natural Gas became an energy supply option and partner in the Traill County cities of Hillsboro, Mayville and Portland.

How has this partnership been beneficial – and who has benefited? Heating cost savings to residents is one example. There is much anecdotal evidence to cite, but one situation that comes to mind is the savings of a retired couple – one spouse being disabled – that is on a fixed income. The household's heating expenses have been reduced by roughly 30 percent, meaning they have more disposable income to purchase groceries, medications and other goods locally, so our local businesses also reap the benefits and generate sales tax revenue for the city.

Another example is the cost savings that helps our existing businesses thrive and grow. The expansion of Degelman Industries, a primary sector manufacturer of agricultural equipment with its U.S. headquarters in Hillsboro, is a good example. The company was able to use natural gas for heat, which was more cost-effective than the geothermal heat system used prior to Dakota Natural Gas' buildout. The cost savings helped spur Degelman's expansion plans; the company currently is in the process of



doubling the square footage of its manufacturing area and, in turn, more than doubling its workforce from 50 to more 100 employees.

This sort of expansion is a big deal in a city the size of Hillsboro. This growth will bring more workers to the city; the workers who move to Hillsboro will rent or buy homes, do at least some of their shopping locally, have children enrolled in the local schools, etc. The city and school district have helped incentivize the expansion with various tax benefits because they know that, like the benefits spelled out in HB 1170, any incentives will be rewarded many times over in the long run. The benefits to the city of Hillsboro, in this case, Traill County and the state of North Dakota will be multiplied over generations – indeed, long-term benefits.

These examples deal with the advantages of the Dakota Natural Gas project to existing residents and businesses, but I would be remiss in neglecting to point out the potential for attracting new residents and businesses to our communities. Traill County had been working on obtaining natural gas service for roughly six decades before the Dakota Natural Gas project came to fruition and over the course of those 60 years, countless phone calls with potential business leads ended in a dial tone upon discovering Traill County did not have access to natural gas. It would be impossible to quantify six decades' worth of lost opportunities, but there are still many other areas of North Dakota in that same position.

Successful passage of HB 1170 will help companies take initiative to deliver more energy options to these underserved communities. This variety of options puts North Dakota's communities in a position to win, which ultimately puts the entire state of North Dakota in a position to win. When one extrapolates the long-term, generational benefits to communities like Hillsboro, Mayville and Portland, I hope you see the vision and impacts of this bill.

The state of North Dakota, by investing in these long-term energy infrastructure solutions, will ultimately have this investment returned countless times over the next generations; a great return on the investment, indeed.

As always, if you have questions or concerns you can contact me via email: (director@traillcountyedc.com), on my office phone at (701) 636-4746 or even on my cell at (701) 430-1644.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Murphy', with a stylized flourish at the end.

Jim Murphy
Traill County EDC
PO Box 856
102 1st St. SW
Hillsboro, ND 58045