
House Bill No. 1275
Testimony
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Dakota Natural Gas, LLC
House Energy and Natural Resources Committee
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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 House Bill 1275 because it is an excellent step forward to encourage expansion of natural gas access throughout North Dakota.

Reliable energy is a vital component of society, impacting everything from quality of life to human progress, and that will remain the case in perpetuity. Residents and businesses that have natural gas service generally take it for granted, but there are thousands of people living in areas around the state that do not have any access to natural gas. DNG is focused on providing gas to them, because the lack of access to this essential service affects the quality of life, standard of living, and economic development for those communities. Since finding creative solutions to bring natural gas to new areas is DNG's forte, this bill falls squarely within an area that DNG knows something about.

Expanding a natural gas distribution system to a sizeable area that is contiguous to or near existing service is expensive; and building a distribution system for an unserved area that is some distance away is even more expensive. In 2022, the Interim Energy Development and Transmission Committee identified the cost of building distribution systems as lying between \$750,000 and two million dollars – and that is just the beginning, depending on where the service will be. Unlike many industries, natural gas distribution companies are rate-regulated, so they cannot simply decide to set high rates to recoup their costs of construction quickly. In fact, it generally takes ten to fifteen years for the cost of building a new natural gas system to be earned back before a system becomes profitable.

HB 1275 is an excellent step forward, because it may help expand natural gas distribution to unserved communities, or parts of communities, that are near existing service areas. While a \$5,000,000 grant fund may not be enough to tackle expanding natural gas distribution to parts of the state that are not near existing service territories or interstate pipelines, it could be enough to make a real difference in the lives of some of the State's unserved residents.

DNG has stood before North Dakota's legislative committees multiple times in recent years in support of efforts to expand natural gas distribution, and it will continue to do so. Without intervention from the legislature, unserved areas are likely to continue to remain unserved because, if the economics don't make sense, the distribution facilities simply cannot be built. Funds like those contemplated in this bill should be dedicated to expanding gas to unserved areas where expansion is an otherwise uneconomic proposition rather than being offered for use in currently served areas. Only through financial support and creative approaches can natural gas access be expanded to bring an essential service to those that currently lack access to it. I encourage you to take this step in the right direction.

Thank you for the opportunity to share DNG's support with you. A grant fund such as that proposed here is another step forward in the endeavor to expand natural gas access within North Dakota. I respectfully request that you support it. Please give House Bill 1275 a do-pass recommendation.