

# MICROFILM DIVIDER

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ROLL NUMBER

DESCRIPTION

1297

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La Costa Rickford  
Operator's Signature

10/2/03  
Date

2003 HOUSE POLITICAL SUBDIVISIONS

HB 1297

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*Sal Costa Rickford*

Date

*10/3/03*

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1297

House Political Subdivisions Committee

☐ Conference Committee

Hearing Date: January 23, 2003

Tape Number	Side A	Side B	Meter #
2	X		7.7-53.4
2		X	3.9-9.2
Committee Clerk Signature <i>Mickie Schmidt</i> 3-5-03			

Minutes:

**TAPE 2; SIDE A:**

**(7.7) CHAIRMAN GLEN FROSETH:** We will reopen the hearing on HB 1297.

**(9.6) REP. WESS BELTER:** (Testimony in support) The purpose of this Bill is to encourage you to use some lignite coal which we have an abundance of in North Dakota. (See attachment #1 & #2- an amendment)

**(13.1) EMIL BARANKO; OWNER OF COAL HANDLING COMPANY:** (Testimony in support) (See attachment #3 & #3a- a brochure.) **(16.8)** Explained the BTU's and the difference between lignite coal and sub-bituminuous coal. Wyoming has hard coal that burns with less ashes.

**(18.4) JOHN DWIRE; PRESIDENT OF LIGNITE COUNCIL:** We represent major producers of coal in ND. This bill does two things; one is to give them an opportunity to bid and with the amendments is if these conditions were met. One is to provide BTU, second thing is the

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House Political Subdivisions Committee

Bill/Resolution Number HB 1297

Hearing Date: January 23, 2003

bid price is not higher and the third thing is not to exceed it. There are three institutions that have their quality permit because of the kind of coal that they use. They are UND, NDSU, and Whapeton.

**(21.3) CHAIRMAN GLEN FROSETH:** How binding is legislation like this and how can you monitor political subdivisions?

**(21.5) JOHN DWIRE:** There's no penalty in this legislation.

There was discussion on penalties, bids, ash and other impurities.

**(25.9) BRENT WINKLEMAN; BUSINESS MANAGER OF MINE IN BEULAH:**

(Testimony in support) Every ton of coal that we're not selling from a North Dakota mine is tax revenue that we're not getting. So if you're buying from Wyoming coal, there are no royalties being paid, people not working, supplies not being purchased, and that's on the business side. We are one of the smaller mines in ND, only 3,000,000 tons per year. In taking a look at the cost structures, if we could just sell 1,000 tons of coal, it makes our employees more secure, supports more royalties in ND landowners, more tax revenues in the state and counties.

**(31.2) MIKE RANK; VICE PRESIDENT OF WAHPETON STATE COLLEGE:**

(Testimony in opposition) (See attachment #4)

**(32.5) CHAIRMAN GLEN FROSETH:** Are you aware of the amendments? The amendment addresses the mission.

**(32.9) REP. ANDREW MARAGOS:** What are the requirements for having to ship it 50 miles?

**(33.1) MIKE RANK:** We can dump it in farm landfill but the cost is more expensive. There is a cost to dump the ash.

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House Political Subdivisions Committee

Bill/Resolution Number HB 1297

Hearing Date: January 23, 2003

**(33.3) REP. ANDREW MARAGOS:** If the investment of the 1.2 million dollars would pay for itself over a longer period of time, would it be a good investment to make?

**(33.5) MIKE RANK:** I can't answer that.

**(33.9) REP. ANDREW MARAGOS:** In your plan, did you figure out how much coal you would be using tonnage wise?

**(34.1) MIKE RANK:** We use approximately 200,000 tons.

**(34.2) REP. ANDREW MARAGOS:** Have you locked in your bids or does it move with the market?

**(34.4) MIKE RANK:** I can't answer that. I'm guessing we have it locked it in.

**(34.6) REP. ANDREW MARAGOS:** Are you aware of the dollar per tonnage that you pay?

**(34.7) MIKE RANK:** Right now it's about \$6.00 a ton and that's not including the transport cost.

**(34.9) REP. ANDREW MARAGOS:** The only additional expense that I could see is that you might have twice as much ash to haul if you burnt lignite instead of sub bituminous? Would that be the only additional cost, outside of the ignition standard and upgrade, that you are aware of?

**(35.4) MIKE RANK:** Yes.

**(35.6) CHAIRMAN GLEN FROSETH:** On line 9: "on an aggregate basis," it compares on aggregate basis, that would take into consideration all factors like the cost of ash, or transportation of the coal, cost of converting a heating system.

**(36.3) MIKE RANK:** Our only concern is the emissions part.

**(36.9) BRUCE FRANTZ; DIRECTOR OF PHYSICAL PLANT NDSU:** (Testimony in opposition) (See attachment #5)

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House Political Subdivisions Committee

Bill/Resolution Number HB 1297

Hearing Date: January 23, 2003

**(45.6) REP. ANDREW MARAGOS:** Has your institution ever bothered to marry up with the EERC in Grand Forks and collaborate a way that you could use ND products?

**(46.8) BRUCE FRANTZ:** We've been talking to UND and others about how we can make this better. I look at the tax dollars and what we might be bringing in as tax revenue, which is an issue also. I'm concerned about operating costs, our limited budget and how we need to take the best advantage of that budget as you can. At this point, burning sub-bituminuous is the best advantage that we can get for those dollars that we have to spend. The next time we bid, we will then go through the process of choosing lignite or sub-bituminuous, but we will go through a similar analysis of what it is going to cost us.

**(49.2) KEN SCHULTZ; CHIEF FINANCIAL OFFICER OF ND STATE HOSPITAL:**

We do not support or oppose this bill. I'm here to provide information concerning the potential impact of the Bill in the 2003-05 budget of the State Hospital. (See attachment #6)

**(53.1) LARRY ZITZOW; DIRECTOR OF FISCAL PLANT AT UND:** (Testimony in opposition) (53.4)

**TAPE 2; SIDE B:**

**(3.9) LARRY ZITZOW:** Continued testimony. You can change a lot of things for lots of reasons because of that emission control. These boilers that we have replaced, are extremely old. They are not equipped to burn lignite and cannot produce it at a rate that you save with the formula of EPA standards. That's the biggest problem that we have. We're not against this, except the machinery cannot handle it. The equipment has to be updated.

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*John Costa Rickford*

Date

10/3/03

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House Political Subdivisions Committee

Bill/Resolution Number HB 1297

Hearing Date: January 23, 2003

**(4.7) REP. ANDREW MARAGOS:** Have you ever done an analysis based on if you did acquire the proper equipment and came into Title Five. Would it eventually pay for itself with the reduced cost of lignite coal?

**(5.2) LARRY ZITZOW:** This is something that we have worked with the ERC on. We've been working with them for the last 15 to 20 years trying to figure out the methodology in order to make this happen. We were burning lignite up until 1993. The problem goes back to the machinery. Our problem is getting the material off of the rail cars and getting it into the machinery itself. We've been waiting for some new methodology to come through to handle that type of cost. There are new methods now. But that kind of fell by the wayside and there's newer technology now. The technology is changing. I think it will be economical at some point. It hasn't changed quick enough in order for us to get into a new reconnection to do that comparison.

**(6.1) REP. ANDREW MARAGOS:** As I recollect, the power house is right next to track. And now you just bring in the bituminous tank. How do you off load it now, is there an auger system? Do you drive it in?

**(6.2) LARRY ZITZOW:** Yes, the problem with the lignite is it has more water content in it. You have to go in there and literally beat it up because the machine doesn't beat it out of the RR cars, and what doesn't come out, we have to take out with our hands and break it up into small enough pieces so we can handle it.

**(7.1) REP. ANDREW MARAGOS:** It seems like we've had some information that doesn't add up. Would John Dwire like to respond to some of the comments made about the inability to meet these standards and to make a price comparison.

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House Political Subdivisions Committee

Bill/Resolution Number HB 1297

Hearing Date: January 23, 2003

**(7.4) JOHN DWIRE:** I would like to comment on issues on Title Five. The amendment takes care of Title Five. This Bill only applies to sub-bituminous competitors, it does not apply to the \$6.00 sub-bituminous or the \$11.00 lignite coal. We have received \$11 million dollar to look at new technology in the coal industry.

**(8.7) CHAIRMAN GLEN FROSETH:** The committee will discuss this before we take action.

Any other testimony? Hearing none, we will close the hearing. (9.2)



2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1297

House Political Subdivisions Committee

☐ Conference Committee

Hearing Date: January 23, 2003

Tape Number	Side A	Side B	Meter #
1	X		5.6-13.0
Committee Clerk Signature <i>Mickie Schmidt</i> 1-29-03			

Minutes:

**(5.6) TAPE 2; SIDE A:**

**(5.6) REP. GLEN FROSETH:** We will now open the hearing on HB 1297.

**(6.2) REP. NANCY JOHNSON:** (handed out amendment) On line 10, the and would be replaced with a comma; in line 11, after the second delivered, "insert" and state air pollution permits to operate and not limit the use of North Dakota coal due to emissions limits. In evaluating the comparable price of North Dakota coal versus other coal, the state and its institutions, political subdivisions, and public schools may include any ash handling costs that may be associated with the use of North Dakota coal.

**(7.2) REP. MARY EKSTROM:** The thing I have noticed is the testimony from all of the universities who have said that the boilers and equipment that they are presently using are very old. One other cost associated with using the lignite was the problem of equipment. I don't know if we're doing anything.

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*La Costa Rickford*  
Operator's Signature

10/3/03  
Date

Page 2

House Political Subdivisions Committee

Bill/Resolution Number HB 1297

Hearing Date: January 23, 2003

**(7.6) REP. GLEN FROSETH:** In regard to, if the coal fired facilities don't meet all the standards, I think the first phrase of this amendment, (See 1st phrase of amendment; attachment #2), I think those emissions limits would have to take care of the portion that lignite coal emits over and above the sub-bituminous coal.

**(8.1) REP. MARY EKSTROM:** In order to get the scrubbers and things like that to burn this it would be a casual amount of money.

**(8.5) REP. RON IVERSON:** When they replace equipment they should buy equipment that would burn lignite coal. We're giving our state dollars away to Wyoming and Montana when we could be keeping it here.

**(9.0) REP. GLEN FROSETH:** I believe that the facilities equipment needs to be replaced. The new equipment would break through the new emission standards.

**(9.2) MARLO JOHNSON; LIGNITE/ENERGY COUNCIL:** Testified in support of HB 1297. Yes, that's correct. They would have to install scrubbers also, it would be very expensive.

**(9.8) REP. MARY EKSTROM:** Has the technology gotten to the point where there's a reduction in sulfur.

**(10.1) MARLO JOHNSON:** I do believe that that Bill will help as the moisture content goes down.

**(10.8) DISCUSSION BY COMMITTEE:**

**(11.9) REP. GLEN FROSETH:** We have an amendment before us, what does the committee wish to do?

**(11.9) REP. ANDREW MARAGOS:** I WOULD MOVE THE AMENDMENT.

**(12.0) REP. ALON WIELAND:** I SECOND IT.

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House Political Subdivisions Committee

Bill/Resolution Number HB 1297

Hearing Date: January 23, 2003

**(12.0) REP. GLEN FROSETH:** Any further discussion on the amendment? Hearing none, we'll take a voice vote on the amendment: 14- yes, 0- no, 0- absent

**(12.2) REP. ANDREW MARAGOS:** I WOULD MOVE A DO PASS AS AMENDED.

**(12.3) REP. RON IVERSON:** I SECOND IT.

**(12.3) REP. GLEN FROSETH:** Any further discussion? Hearing none, I'll have the clerk call the Roll Call Vote: 14- yes; 0- no; 0 absent; Carrier: Rep. Maragos.

38286.0102  
Title.0200

Prepared by the Legislative Council staff for  
Representative N. Johnson  
January 23, 2003

VK  
1/24/03

HOUSE AMENDMENTS TO HOUSE BILL NO. 1297 POL. SUB. 1-27-03

Page 1, line 10, replace "and" with a comma

Page 1, line 11, after the second "delivered" insert ", and if state air pollution permits to operate would not limit the use of North Dakota coal due to emissions limits. In evaluating the comparable price of North Dakota coal versus other coal, the state and its institutions, political subdivisions, and public schools may include any ash handling costs that may be associated with the use of North Dakota coal"

Renumber accordingly

Page No. 1

38286.0102

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10/3/03  
Date

Date: 1-23-03

Roll Call Vote #: 4

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1297

House "POLITICAL SUBDIVISION" Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 38286.0102

Action Taken DO PASS AS AMENDED

Motion Made By Rep. Maragos Seconded By Rep. Iverson

Representatives	Yes	No	Representatives	Yes	No
Chairman Glen Froseth	✓				
Vice-Chairman Nancy Johnson	✓				
Mike Grosz	✓				
Gil Herbel	✓				
Ron Iverson	✓				
William E. Kretschmar	✓				
Andrew Maragos	✓				
Dale Severson	✓				
Alon Wieland	✓				
Bruce Eckre	✓				
Mary Ekstrom	✓				
Carol A. Niemeler	✓				
Sally M. Sandvig	✓				
Vonnie Pletsch	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Maragos

If the vote is on an amendment, briefly indicate intent:

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La Costa Rickford

Date

10/2/03

**REPORT OF STANDING COMMITTEE (410)**  
January 27, 2003 9:59 a.m.

Module No: HR-15-1101  
Carrier: Maragos  
Insert LC: 38286.0102 Title: .0200

**REPORT OF STANDING COMMITTEE**

**HB 1297: Political Subdivisions Committee (Rep. Froseth, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1297 was placed on the Sixth order on the calendar.**

Page 1, line 10, replace "and" with a comma

Page 1, line 11, after the second "delivered" Insert ", and if state air pollution permits to operate would not limit the use of North Dakota coal due to emissions limits. In evaluating the comparable price of North Dakota coal versus other coal, the state and its institutions, political subdivisions, and public schools may include any ash handling costs that may be associated with the use of North Dakota coal"

Renumber accordingly

2003 SENATE NATURAL RESOURCES

HB 1297

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10/3/03  
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1297

Senate Natural Resources Committee

☐ Conference Committee

Hearing Date 3-6-03

Tape Number	Side A	Side B	Meter #
1		X	0.0 - 16.8
Committee Clerk Signature <i>Janet James</i>			

Minutes:

**Senator Thomas Elscher**, Chairman of the Senate Natural Resources Committee opened the hearing on HB 1297 relating to the purchasing of coal for heating purposes by the state and political subdivisions.

All members of the committee were present.

**Representative Wes Belter** of District 22 cosponsor of HB 1297 presented the bill stating it simply encourages institutions and businesses to use North Dakota lignite coal. It provides that the political subdivisions may not exclude North Dakota lignite coal from consideration. The bill also provides a preference for North Dakota lignite coal if the lignite coal is comparable in BTU on an aggregate basis as sub bituminous coal mined elsewhere and the North Dakota lignite coal must not be priced higher than sub bituminous coal from out of state. An amendment from the house includes provisions on emission limits and that ash handling cost can be included.



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Senate Natural Resources Committee

Bill/Resolution Number HB 1297

Hearing Date 3-6-03

**Senator Randel Christmann** of District 33 testified in support of HB 1297 stating he wanted to add how the President of the Valley City State University testified before the Appropriation Committee about the replacement of the coal boiler system and how it uses lignite coal from Oliver County.

**Emil Baranko** representing the Center Coal Company testified in support of HB 1297. He introduced his two sons Glen and Greg Baranko. (See attached testimony and Company flyer).

**Senator Fischer** asked about present of usage of North Dakota lignite coal by institutions and political subdivisions.

**Emil Baranko** answered that NDUS and UND use Wyoming and Montana coal that is railed in.

**Glen Baranko** stated that they supply about 25 schools with North Dakota lignite coal and that about 12 - 20 schools use out of state sub bituminous coal that he knows about.

**John Dwyer**, President of the Lignite Energy Council testified in support of HB 1297 stating the bill is simple and straight forward. The bill will give the domestic coal suppliers the opportunity to bid on contracts with four conditions

1. The aggregate BTUs must be similar
2. Coal must not be higher priced
3. Ash handling costs may be included
4. Emissions limits must not be violated

He also added that the NDUS, UND and SSS are using out of state coal and do have Clean Air Permits. They are using out of state coal because it is easier to handle because it is less in volume than the lignite coal. Larger institutions will have to install scrubbers in order to use lignite coal and they do not want that cost.

Page 3  
Senate Natural Resources Committee  
Bill/Resolution Number HB 1297  
Hearing Date 3-6-03

Senator John Traynor asked if North Dakota natural gas is used in the institutions.

John Dwyer responded that most especially in the eastern part of the state receives the natural gas through the Canadian pipe line.

There was no neutral or opposing testimony on HB 1297.

Senator Fischer closed the hearing on HB 1297.

Senator Layton Freborg made a motion for a Do Pass of HB 1297.

Senator Traynor second the motion.

Roll call vote was taken indicating 7 YEAS, 0 NAYS 0 ABSENT OR NOT VOTING.

Senator Freborg will carry HB 1297.

La Costa Rickford  
Operator's Signature

10/3/03  
Date

Date: 3-6-03  
Roll Call Vote #: 1

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1297

Senate Senate Natural Resources Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken DO Pass

Motion Made By Lyson Seconded By Traynor

Senators	Yes	No	Senators	Yes	No
Senator Thomas Fischer	✓		Senator Michael A. Every	✓	
Senator Ben Tollefson	✓		Senator Joel C. Heitkamp	✓	
Senator Layton Freborg	✓				
Senator Stanley W. Lyson	✓				
Senator John T. Traynor	✓				

Total (Yes) 7 No 2

Absent 0

Floor Assignment Freborg

If the vote is on an amendment, briefly indicate intent:

In Costa Rickford  
Operator's Signature

10/3/03  
Date

**REPORT OF STANDING COMMITTEE (410)**  
March 6, 2003 1:45 p.m.

Module No: SR-40-4122  
Carrier: Freborg  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**  
HB 1297, as engrossed: Natural Resources Committee (Sen. Fischer, Chairman)  
recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).  
Engrossed HB 1297 was placed on the Fourteenth order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-40-4122

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*10/3/03*  
Date

2003 TESTIMONY

HB 1297

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10/3/03  
Date

#1

1-23-03

**Remarks of Representative Wes Belter  
in support of HB 1297  
January 23, 2003**

Mr. Chairman and Committee Members:

It is my pleasure to appear before you in support of HB 1297. HB 1297 is a simple bill that basically does the following:

- 1) First, it provides that political subdivisions in the state when purchasing coal for heating purposes, may not exclude North Dakota coal from consideration. In other words, those that sell North Dakota coal for domestic heating purposes should have an opportunity to bid;
- 2) Second, the bill provides a preference for North Dakota lignite if, and only if, the following two conditions are met:
  - a. The coal on an aggregate basis must be equivalent in total Btus to coal that may be provided from coal mined elsewhere (Montana or Wyoming); and
  - b. The second condition is that coal mined in North Dakota must not be higher in price than the total bid price of coal that may be mined elsewhere (Montana or Wyoming);

I am also proposing a third condition by amendment which basically makes it clear that if the emission limits of state air pollution permits a state entity has received would be exceeded, that the entity is free to consider other types of coal.

Again, this is a rather straightforward bill that provides for an opportunity to bid and a preference if certain conditions are met. I believe that political subdivisions and North Dakota institutions should support North Dakota businesses. I also believe that we should support North Dakota products when they are competitive.

Mr. Chairman and Committee members, if there are any questions I would be more than happy to try to answer them. I also have an amendment that I would like to pass out for the Committee's consideration.

#2 1-23-03

38286.0101  
Title.

Prepared by the Legislative Council staff for  
Representative Belter  
January 21, 2003

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1297

Page 1, line 10, replace "and" with a comma

Page 1, line 11, after the second "delivered" insert ", and if state air pollution permits to operate  
would not limit the use of North Dakota coal due to emissions limits"

Renumber accordingly

Page No. 1

38286.0101

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10/3/03  
Date

#3 - 1-23-03  
**COAL CO. OFFICE**  
701-794-3400  
Fax 701-794-3408



**A DIVISION OF GENERAL INDUSTRIES INC.**

**CORPORATE OFFICE**  
PO Box 0820  
Dickinson, ND 58602-0820  
701-483-5868  
Fax 701-483-5960

January 20, 2003

Political Subdivision Committee

Mr. Chairman and members,

My name is Emil Baranko and I am speaking in support of House Bill #1297; which addresses the use of lignite coal in North Dakota by entities funded with your and my tax dollars.

Myself and my two sons own a small coal handling business located at Center, North Dakota. The company employs several local people and buys its supplies and equipment from North Dakota businesses. We also pay local and state taxes on these goods and services.

The company processes lignite coal into stoker or lump coal; which is hauled by local truckers to various users. Some of which are: The State Penitentiary, Minot University, the National Guard Camp at Devils Lake, various Hutterite colonies located in North Dakota and Canada, and many North Dakota schools. What we are finding is that some public entities advertise for their heating needs by using language that states only Wyoming Coal as noted in your handouts. It is not our intent to mandate, but to educate entities to use a North Dakota product and establish a preference if, and only if the product is competitive. If we all support this bill, everyone becomes a winner.

We feel that our product is not only competitive, but will save the local entities monies that can be used for other programs in light of the current budgeting situation. As noted on our brochure, the BTU value backs this statement up. Incidentally, we commissioned Minnesota Valley Laboratories to do the independent study.

I respectfully ask for your support of House Bill #1297

If you have any questions, I will try to answer them.

Sincerely,

Emil W. Baranko

**SUPPLIERS OF STOKER AND LUMP COAL**

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Date

10/3/03



#3A

1-23-03

HB 1297

NOTICE FOR BIDS - WYOMING HARD COAL

Rugby Public School District #5, will accept sealed bids for furnishing 200 tons, more or less, of Wyoming hard coal to be used at Ely Elementary School for the 2002/2003 school year. (October 1, 2002 -September 30, 2003).

Bid sheet to be used may be obtained at the school business office.

Bids to be filed in the Business Managers Office, Rugby Public School District #5, 1123 South Main, Rugby, ND 58368, on or before 12:00 noon on September 10, 2002. Bids will be opened at the September 10, 2002, School Board meeting, which will be held in the Rugby High School library at 8:00 PM.

Bids must be sealed and marked "WYOMING HARD COAL BID" on the outside of the envelope. The Board will not accept bids that have been faxed.

The Board reserves the right to reject any and all bids.

Dated at Rugby, ND this 27th day of August, 2002.

RUGBY PUBLIC SCHOOL DISTRICT #5  
Charlotte Burkhartsmeier  
Business Manager

(Legal Notice - Run 2 Weeks)

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Operator's Signature

*Lu Costa Rickford*

Date

10/3/03

#4 - 1-23-03-  
Fifty-eight  
Legislature Assembly  
Of North Dakota

Reference HOUSE BILL NO. 1297

For the Record

I am Mike Renk, Vice President for Administration at North Dakota State College of Science

I am here representing myself and one of my departments (Physical Plant).

Facts that should be known:

We currently have no unloading facilities.  
Coal is purchased from Minn-Dak primarily due to their unloading facility.  
We are governed by Title V Admissions Standards due to the size of the equipment.  
Our coal boiler is the same size as the ones used at North Dakota State University and the University of North Dakota.

We have some concerns of where this bill may take us in the future. We currently burn Sub-bituminous coal and are meeting the EPA the Title V admissions standards.

If we were to burn Lignite? I am told by our Heating Plant personnel that our Bag House (filter system) would not meet the current Title V admissions standards.

It would cost us approximately \$1.2 Million dollars to up-grade our current filter system to meet Title V admissions standards and an additional \$500,000 to build unloading facilities in Wahpeton.

Please keep that in mind when you discuss this bill. Thank you for your time on this matter.

#5 1-23-03

House Bill No. 1297

1/23/03 Committee Hearing

- Lignite coal BTU output is 23% less than sub-bituminous coal at the same weight
- The additional tonnage to generate the same BTU output will dramatically increase the labor to handle the additional coal and ash; with the additional volume of ash the landfill (\$70,000 in 2002) and transportation costs to dispose of the ash will significantly increase
- The higher sulfur content of lignite coal will create air quality issues and we would not be in full compliance of our EPA Title V emission limit (1.3%); capital funding would need to be identified to add more efficient "scrubbers" and monitoring to assure compliance with our permit
- With a 23% BTU reduction for lignite, our ability to produce steam on cold days will be limited; on January 21, 2003, NDSU was notified by our natural gas supplier that we would be shut-off to natural gas because of regional demand; we relied on the coal boilers to meet the campus needs; if lignite was being burnt, we would not have been able to meet the campus demand for steam because of the lower BTU output
- With the age of the coal-fired boilers (installed in 1962 and 1978), the additional operating requirements of lignite would shorten the already short life expectancy of the boilers
- When previously using lignite, there were on-going delivery problems at the most inopportune time and we have not experienced similar problems with our current sub-bituminous supplier
- Valley City currently burns lignite coal, however, they do not have the same Title V requirements as NDSU because of their total campus emissions

Submittals Included: Alternative Heating Sources Study, March 1, 2002  
Coal Analysis, BTU calculations

Bruce Frantz  
Director of Physical Plant  
North Dakota State University

La Costa Rickford  
Operator's Signature

10/3/03  
Date

#5A 1-23-03 HB 1297

NORTH DAKOTA STATE UNIVERSITY

Coal Analysis

	<u>ND Lignite</u>	<u>MT Sub-Bituminous</u>	
Coal Price per Ton	\$11.76	\$30.30	
Rail Price per Ton	\$11.32	<u>Incl</u>	
Total Price	\$23.08	\$30.30	
BTU's per Pound	8,891	9,321	
Ash %	7.81	4.33	
Sulfur %	1.03	0.45	
Moisture	36.63	25.49	
Sodium	6.78	5.46	
	$1,000,000 / 8891 \times$ $\$23.08 / 2000 = \$1.74$	$1,000,000 / 9321 \times$ $\$30.30 / 2000 = \$1.61$	
\$ per MMBTU	\$1.74	\$1.61	
Lbs of Ash per Ton	156.2	86.6	
95 Tons per RRCar	14,839 lbs	8,227 lbs	44.6% -
BTU's per Pound	8,891	9,321	
95 Tons per RRCar	1,309,290,000 BTU's	1,770,990,000 BTU's	26.1% +
250,000 MMBTU's	\$435,000.00	\$402,500.00	7.5% -

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#66 1-23-03 HB 1297

## ALTERNATIVE HEATING SOURCES STUDY

Submitted to:

**North Dakota University System**

Submitted By:

**NDAPPA**

**North Dakota Association of Facilities Managers**

Date:

**March 1, 2002**

Prepared by:

**Darin M. Scherr, P.E., CEM**

**Vice President, NDAPPA**



**NDAPPA**

**NORTH DAKOTA ASSOCIATION OF FACILITIES MANAGERS**

**PRESIDENT**  
MARK DAHL, North Dakota State University

**SECRETARY**  
BOB KUNTZ, Bismarck State College

**1ST VICE PRESIDENT-MEMBERSHIP**  
DARIN SCHERR, ND Department of Commerce

**2ND VICE PRESIDENT-PROGRAMING**  
DENNIS SCHULTZ, Mayville State University

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*10/3/03*  
Date

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#50 1-23-03

## EXECUTIVE SUMMARY

The North Dakota Association of Facilities Managers (NDAPPA) was requested by the North Dakota University System to prepare a report on alternative heating sources. The following report outlines the current infrastructure of the campuses, the possibility of using alternative fuels and the rationale on current fuels utilized. The usage of alternative fuels is limited to the type of heating system that is available on the campuses. Institutions that do not have central heating plants and do not operate coal boiler(s) are basically limited to natural gas, fuel oil or propane. For those with central plants and coal boilers, the use of alternative fuels is a realistic option.

Items such as biomass (agricultural waste, wood waste, etc..) have a potential to be utilized on some of the campuses. The Energy and Environmental Research Center conducted studies at two major facilities in North Dakota regarding co-firing of coal and biomass. One of the facilities was the University of North Dakota in which they analyzed the potential of utilizing sunflower hulls in conjunction with coal in their boilers. This has an excellent chance of functioning for the University of North Dakota. Six of the eleven campuses would have the potential to co-fire biomass with coal.

Section 16 of Senate Bill 2003 (57<sup>th</sup> Legislative Assembly) specifically included a section about the use of North Dakota coal. Of the eleven institutions, six have the potential to burn coal. Two of the six campuses strictly burn ND lignite. The remaining four campuses also have the ability to burn ND lignite. Three of the campuses burn sub-bituminous coal and one uses natural gas at their facility. Their decisions on fuel type appear to be calculated and justified. These campuses revisit their fuel options regularly.

All of the campuses in the North Dakota University System are continuously seeking ways to reduce utility expenditures. Currently five campuses are involved in some type of energy conservation measures. Many others are at least exploring options to lower their utility bills.

Economics plays a key role in operating any business. The physical plant personnel do a good job making limited dollars stretch to meet all their needs. The decisions that the facilities made to utilize their current fuel appears to be justified. They all want to do what is best for their institution.

*Lu Costa Rickford*  
Operator's Signature

*10/3/03*  
Date

## CURRENT INFRASTRUCTURES AND OPPORTUNITIES

Section 16 of Senate Bill 2003 (57<sup>th</sup> Legislative Assembly) intends for the North Dakota University System to explore the possible use of alternative heating sources (including North Dakota coal). The North Dakota University System has requested the aid of the North Dakota Association of Facility Managers (NDAPPA) in preparing findings for the legislature.

NDAPPA has gathered information on utility infrastructure and on the availability for alternative heating fuels to be used on North Dakota campuses. The following details the findings and rationale for utilizing current fuel sources.

There are eleven institutions under the control of the North Dakota University System. Three of these campuses do not have centralized plants and are limited to fuel sources such as natural gas, propane and fuel oil. The cost to convert these facilities to other fuel types would be prohibitive. The remaining eight campuses have centralized plants and are listed in Table 1.

Table 1 - Campuses with Centralized Heating Plants

<u>Campus</u>	<u>Coal Boiler</u>	<u>Primary Fuel</u>
Dickinson State University	No	Natural Gas
Mayville State University	No	#2 Fuel Oil
Minot State University	Yes	Lignite Coal
Minot State University - Bottineau	Yes	Lignite & Sub Bituminous
ND State College of Science	Yes	Natural Gas
North Dakota State University	Yes	Sub Bituminous Coal
University of North Dakota	Yes	Sub Bituminous Coal
Valley City State University	Yes	Lignite Coal

Campuses that have centralized plants have the best chance to utilize alternative fuels. However, the options available to campuses that do not have a coal boiler are pretty much nonexistent. Therefore campuses that have coal boiler(s) offer the best chance for the use of alternative fuels. Narrowing down Table 1 to centralized plants with coal boilers yields Table 2.



#5d 1-2307 HB 1281

Table 2 - Campuses with Centralized Heating Plants and Coal Boilers

<u>Campus</u>	<u>Coal Boiler</u>	<u>Primary Fuel</u>
Minot State University	Yes	Lignite Coal
Minot State University - Bottineau	Yes	Lignite & Sub Bituminous
ND State College of Science	Yes	Natural Gas
North Dakota State University	Yes	Sub Bituminous Coal
University of North Dakota	Yes	Sub Bituminous Coal
Valley City State University	Yes	Lignite Coal

The six campuses listed in Table 2 have the greatest opportunity to utilize alternative fuels. Alternative fuels are limited to the different types of coal and biomass. (See Table 3 for listing of possible fuel sources)

Table 3 - Possible Fuel Sources

Lignite Coal  
Sub Bituminous Coal  
Biomass - Wood waste mixed with coal  
Biomass - Agricultural waste mixed with coal (i.e. sunflower hulls)

Traditionally coal has been the feed stock for the campuses. However, the Energy and Environmental Research Center (EERC) has completed a study that would allow the University of North Dakota to burn a biomass mixture consisting of coal and sunflower hulls. The results of the EERC study could be applied to other campuses.

The legislature specifically stated in SB 2003 that one alternative fuel source it would like results on is North Dakota Lignite. Currently two campuses exclusively burn North Dakota Lignite, shown in Table 4.

Table 4 - Campuses that currently burn ND Lignite

<u>Campus</u>	<u>Coal Boiler</u>	<u>Primary Fuel</u>
Minot State University	Yes	Lignite Coal
Valley City State University	Yes	Lignite Coal

The remaining four campuses do have the capability to burn ND Lignite coal and are listed in Table 5.

Table 5 - Campuses with opportunities to burn ND Lignite Coal

<u>Campus</u>	<u>Coal Boiler</u>	<u>Primary Fuel</u>
Minot State University - Bottineau	Yes	Lignite & Sub Bituminous
ND State College of Science*	Yes	Natural Gas
North Dakota State University	Yes	Sub Bituminous Coal
University of North Dakota	Yes	Sub Bituminous Coal

\* - NDSCS's coal boiler is capable of burning lignite coal, however rail unloading and ash disposal facilities limits them to sub-bituminous coal.

The rational of why these campuses burn the fuel listed is explained in the following section of this report.

#5E 1-23-03 HB 1297

## RATIONAL ON CURRENT FUELS UTILIZED

This section explains the rational of why the campuses (listed in Table 5) utilize fuels other than North Dakota Lignite.

### Minot State University - Bottineau Campus

Primary Fuel: Wyoming Sub-Bituminous Coal

Minot State University - Bottineau (MiSU-B) currently burns Wyoming sub-bituminous coal in their coal boiler. They switched from ND lignite in February of 2001. After continuous maintenance problems from lignite, the staff at MiSU-B decided to try sub-bituminous coal.

Historical maintenance problems consisted of the following:

Pulling of ash required the plant staff to "cool" down the boiler to break up clinkers caused by the lignite. During this "cool" down period they would have to rely on their oil boilers to maintain the heating load required by the campus. Historically this required as much as 30,000 gallons of fuel oil.

Excessive clinkers caused considerable wear on the ash augers. Most recently the campus spent \$5,000 to repair an ash auger.

Other issues that substantiate the use of sub-bituminous are listed below:

Higher heating value, thus they burn less coal, have less ash

Less sulfur, more environmentally friendly

With the burning of sub-bituminous coal, they have been able to eliminate the maintenance and clinker problems. MiSU-B will analyze their fuel after they have a years worth of data. MiSU-B wants to do what is the most economical for the campus.

### ND State College of Science

Primary Fuel: Natural Gas

The North Dakota State College of Science (NDSCS) currently does not utilize their coal boiler. NDSCS made a decision to discontinue use of the coal boiler in 1988. Analysis at that time showed that they would be better off economically

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*La Costa Rickford*  
Operator's Signature

10/3/03  
Date

utilizing their natural gas boilers. At the time of this decision they were able to eliminate five positions and natural gas prices were consistently low. Since the decision to discontinue use of the coal boiler there have been a few years where it would of been more economical to utilize the coal boiler. However, this occurred in isolated years and on the norm it made financial sense not to utilize the coal boiler.

NDSCS contracted with an independent engineering firm to analyze the possibility of using the coal boiler again. . The report shows that there would considerable time and money to bring the boiler on line again. The analysis shows that it would be economical to burn coal when gas prices are higher than \$3.71/MCF. However, the process of burning coal again is not as easy as flipping a switch. NDSCS would have to train additional staff and the boiler along with all the ancillary equipment would need a considerable amount of maintenance. Also, due to recent energy conservation projects on the campus, the steam load on the campus has been significantly reduced. This makes use of the oversized coal boiler hard to operate, especially in mild temperatures (like the ones we have encountered this year).

If NDSCS would make the decision to bring the coal boiler online, they would be limited to sub-bituminous coal. This is due to the fact that they share rail unloading equipment and an ash disposal system (in which they have an investment in) with a local agricultural manufacturing plant, which utilizes sub-bituminous coal.

---

#### North Dakota State University

Primary Fuel: Montana Sub-Bituminous Coal

North Dakota State University (NDSU) currently fires its two coal boilers on ~~Wyoming~~ *Montana* sub-bituminous coal. NDSU switched to sub-bituminous coal in 1998. Prior to 1998, NDSU burned ND lignite coal from the Knife River coal mine located in Beulah, ND. NDSU switched to sub-bituminous coal because of economics, environmental considerations and reliability. The following lists details NDSU's rational for utilizing sub-bituminous coal:

#### Economics

Fuel price (based on dollars per million Btu (\$/MMBtu))

1998 bids yielded:

\$1.62/MMBtu for sub-bituminous and

\$1.70/MMBtu for lignite

#### Landfill charges

Lignite produces ~ 23% more ash than sub-bituminous

\$25/ton ash tipping fees (plus the cost of transportation)

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#### Environmental

Lignite has a higher sulfur content than sub-bituminous. Although not required to burn the lower sulfur coal, lignite was approaching permitted limits by the ND Health Department, Division of Air Quality.

#### Reliability

Reliability of receiving the coal from the Knife River coal mine in a timely manner was beginning to become an issue.

The following is a example of the increased cost of burning lignite using 2001 heating season numbers:

25,517 tons of coal  
\$1.62/MMBtu sub-bituminous (~8500 Btu/lb)  
\$1.70/MMBtu lignite (~6900 Btu/lb)  
\$68,000 for ash disposal

Required MMBtu = 433,789 MMBtu  
Additional fuel cost only = \$34,700  
Additional ash tipping fees only = \$15,600

Therefore burning lignite would cost NDSU an additional \$50,000 dollars. This would actually be higher than \$50k due to additional costs for maintenance, transportation costs to the landfill and labor not shown above.

---

#### University of North Dakota

Primary Fuel: Montana Sub-Bituminous Coal

The University of North Dakota (UND) currently burns Montana sub-bituminous coal in their coal boilers. UND switched to sub-bituminous coal as one of its solutions to fix an air quality problem that occurred in 1990. UND acquired an 1-hour SO<sub>2</sub> violation on the campus. To alleviate the problem they raised their coal boiler stack and decided to switch to a lower sulfur coal. It is important to note that they are not restricted from burning lignite coal by the ND Department of Health - Division of Air Quality.

UND requests bids for their coal and the low bid was for lignite coal from a Canadian company. However, after problems getting the coal shipped to the campus they decided to go with the next lowest bid, which was sub-bituminous coal from Montana.

The Energy and Environmental Research Center recently conducted a study at UND in which they analyzed the potential of utilizing sunflower hulls in conjunction with coal in their boilers. This has an excellent chance of functioning for the University of North Dakota.

Page 10 of 15

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## APPENDIX A - UTILITY INFRASTRUCTURE

Campus: **Bismarck State College**  
Location: **Bismarck**

Central Heating Plant: ☒ No ☐ Yes  
Primary Fuel Source: **Natural Gas**  
Backup Fuel Source: **#2 Fuel Oil (2 buildings only)**  
Other Fuel Source: **None**

---

Campus: **Dickinson State University**  
Location: **Dickinson**

Central Heating Plant: ☐ No ☒ Yes  
Primary Fuel Source: **Natural Gas**  
Backup Fuel Source: **#6 Fuel Oil**  
Other Fuel Source: **None**

---

Campus: **Lake Region State College**  
Location: **Devils Lake**

Central Heating Plant: ☒ No ☐ Yes  
Primary Fuel Source: **Natural Gas**  
Backup Fuel Source: **#2 Fuel Oil**  
Other Fuel Source: **None**

Campus: **Mayville State University**  
Location: **Mayville**

Central Heating Plant: ☐ No ☒ Yes

Primary Fuel Source: **#2 Fuel Oil**

Backup Fuel Source: **None**

Other Fuel Source: **Propane**

---

Campus: **Minot State University**  
Location: **Minot**

Central Heating Plant: ☐ No ☒ Yes

Primary Fuel Source: **Lignite Coal**

Backup Fuel Source: **Natural Gas**

Other Fuel Source: **# 2 Fuel Oil**

---

Campus: **Minot State University - Bottineau Campus**  
Location: **Bottineau**

Central Heating Plant: ☐ No ☒ Yes

Primary Fuel Source: **Lignite Coal or Sub-Bituminous Coal**

Backup Fuel Source: **#2 Fuel Oil**

Other Fuel Source: **Propane**

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#5H 1-23-03 HB. 1297

Campus: **North Dakota State College of Science**  
Location: **Wahpeton**

Central Heating Plant: ☐ No ☒ Yes  
Primary Fuel Source: **Natural Gas**  
Backup Fuel Source: **#2 Fuel Oil**  
Other Fuel Source: **Sub-Bituminous Coal**

---

Campus: **North Dakota State University**  
Location: **Fargo**

Central Heating Plant: ☐ No ☒ Yes  
Primary Fuel Source: **Sub-Bituminous Coal**  
Backup Fuel Source: **Natural Gas**  
Other Fuel Source: **#2 Fuel Oil**

---

Campus: **University of North Dakota**  
Location: **Grand Forks**

Central Heating Plant: ☐ No ☒ Yes  
Primary Fuel Source: **Sub-Bituminous Coal**  
Backup Fuel Source: **Natural Gas**  
Other Fuel Source: **#2 Fuel Oil**

---

Campus: **Valley City State University**  
Location: **Valley City**

Central Heating Plant: ☐ No ☒ Yes

Primary Fuel Source: **Lignite Coal**

Backup Fuel Source: **Natural Gas**

Other Fuel Source: **#2 Fuel Oil**

Campus: **Williston State College**  
Location: **Williston**

Central Heating Plant: ☒ No ☐ Yes

Primary Fuel Source: **Natural Gas**

Backup Fuel Source: **None**

Other Fuel Source: **None**

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HB 1297

**APPENDIX B - SECTION 16 OF SB 2003 (57<sup>th</sup> LEGISLATIVE ASSEMBLY)**

Excerpt from Senate Bill 2003 of the 57<sup>th</sup> Legislative Assembly.

**"SECTION 16. LEGISLATIVE INTENT - ALTERNATIVE HEATING SOURCES.** It is the intent of the legislative assembly that institutions under the control of the state board of higher education explore the possible use of alternative heating sources, including the use of North Dakota coal."

Page 15 of 15

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#6 1-23-03

**House Bill 1297**  
**House Political Subdivisions Committee**  
**Representative Glen Froseth, Chairman**  
**January 23<sup>rd</sup>, 2003**

Mr. Chairman and members of the committee, for the record my name is Ken Schulz, the Chief Financial Officer of the North Dakota State Hospital and North Dakota Developmental Center. I am here today representing the State Hospital concerning House Bill 1297. The State Hospital does not support or oppose HB 1297. I am merely providing information concerning the potential impact of the bill on the 2003 – 2005 budget of the State Hospital.

Burning coal as opposed to natural gas or heating oil is very economical. While it is more labor intensive to burn coal, the savings more than outweigh the added costs. The State Hospital's Heating Plant Supervisor estimates the savings to be \$40,000 per month, after taking into account the additional labor costs. Since the State Hospital now uses coal as its primary fuel source for nine months per year, the estimated savings for the 2003 – 2005 biennium is \$720,000. The State Hospital utilities budget for 2003 – 2005 was calculated using these lower estimated costs for burning bituminous coal.

To burn lignite, the State Hospital would have to hire two additional staff, at an estimated cost of \$4,417 per month, including salaries and benefits. Also, with its present equipment, the State Hospital could only burn lignite three months per year. Therefore, during the 2003 – 2005 biennium, the State Hospital would spend an additional \$480,000 in fuel costs for the twelve months it could not burn coal and an additional \$26,500 in salary costs for the six months it burned lignite. Total additional costs for the biennium: \$506,500.

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Page Two: House Bill 1297

If the State Hospital would purchase a bag house to trap the added fly ash from lignite, it could burn lignite nine months per year rather than three months. The Plant Services Director at the State Hospital estimates the cost of a bag house to be \$250,000. Burning lignite for nine months per year would also cost the State Hospital an additional \$79,500 for the biennium, for the two additional staff. Total additional costs for the biennium: \$329,500.

Mr. Chairman and members of the committee, this concludes my testimony. I would be glad to answer any questions the committee may have.

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**COAL CO. OFFICE**

701-794-3400  
Fax 701-794-3408



**A DIVISION OF GENERAL INDUSTRIES INC.**

**CORPORATE OFFICE**

PO Box 0820  
Dickinson, ND 58602-0820  
701-483-5788  
Fax 701-483-5960

March 5, 2003

Senate Natural Resources Committee

Mr. Chairman and Members,

My name is Emil Baranko and I am speaking in support of House Bill #1297, which addresses the use of lignite coal in North Dakota by entities funded with your and my tax dollars.

Myself and my two sons own a small coal handling business located at Center, North Dakota. We employ several local people, and buy our supplies and equipment from North Dakota businesses. We also pay local and state taxes on these goods and services.

Our company processes lignite coal into stoker or lump coal, which is hauled by local truckers to various users. Some of which are: The State Penitentiary, Minot State University, the National Guard Camp at Devils Lake, various Hutterite Colonies located in North Dakota and Canada, and many North Dakota schools. What we are finding is that some public entities advertise for their heating needs by using language that states only Wyoming Coal, as noted in your handouts. It is not our intent to mandate, but to educate entities to use a North Dakota product and establish a preference, if and only if the product is competitive. If we all support this bill, everyone becomes a winner.

We feel that our product is not only competitive, but will save the local entities monies that can be used for other programs in light of the current budgeting situation. As noted on our brochure, the BTU value backs this statement up. Incidentally, we commissioned Minnesota Valley Laboratories to do the independent study to show that we can increase the BTU value of lignite coal.

The testimony and handouts that I have provided you are essentially the same as what I presented to the House Political Subdivision on January 20, 2003 except that since that day, our company has picked up an account with the Grafton Developmental Center at Grafton which has switched to lignite coal and is saving a considerable amount of money.

Thank you for your attention. I respectfully ask for your support of House Bill #1297. If you have any questions, I will try to answer them.

Sincerely,

Emil W. Baranko

**SUPPLIERS OF STOKER AND LUMP COAL**

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*10/2/03*  
Date

NOTICE FOR BIDS - WYOMING HARD COAL

Rugby Public School District #5, will accept sealed bids for furnishing 200 tons, more or less, of Wyoming hard coal to be used at Ely Elementary School for the 2002/2003 school year. (October 1, 2002 -September 30, 2003).

Bid sheet to be used may be obtained at the school business office.

Bids to be filed in the Business Managers Office, Rugby Public School District #5, 1123 South Main, Rugby, ND 58368, on or before 12:00 noon on September 10, 2002. Bids will be opened at the September 10, 2002, School Board meeting, which will be held in the Rugby High School library at 8:00 PM.

Bids must be sealed and marked "WYOMING HARD COAL BID" on the outside of the envelope. The Board will not accept bids that have been faxed.

The Board reserves the right to reject any and all bids.

Dated at Rugby, ND this 27th day of August, 2002.

RUGBY PUBLIC SCHOOL DISTRICT #5  
Charlotte Burkhartsmeier  
Business Manager

(Legal Notice - Run 2 Weeks)

# FACTS and FIGURES

## The Lignite Industry is one North Dakota's Largest!

According to the NDSU Agricultural Department, the lignite industry is the state's fourth largest industry...

For more information, visit our site at  
center-coal-co.com  
and Quick Links to Lignite Energy  
Council site  
and Ag Commish News Release

**You may also read the Ag  
Communication, ND State Univ.  
News Release  
"Lignite Industry Significant  
Force in State Economy"**

"The lignite coal energy industry has become a significant force in North Dakota's economy since the energy crisis of the 1970s and now adds more than \$400 million per year in personal income, with total tax revenues of more than \$60 million per year, according to economists at North Dakota State University..."



## BUY A NORTH DAKOTA PRODUCT FROM A NORTH DAKOTA COMPANY

Center Coal Company is currently owned and operated by Gregg and Glenn Baranko. It was formerly Schulte Coal Company and was purchased by the Barankos in October, 2000.

Center Coal Company sells both p and stoker coal from BNI Mine in Center. The company supplies coal to a variety of commercial and residential customers in North Dakota, Minnesota, South Dakota and Canada.

A year ago, Center Coal Company also became a distributor for Coalman and Homestead outdoor furnaces, radiant floor heating systems and supplies.

If you would like more information, call Glenn or E-mail us.

## The Lignite Industry's Impact the Economy in North Dakota

Each year, the NDSU Agriculture Economics Department conducts an economic impact study on the lignite industry.

- The industry directly employs 2,925 people in North Dakota. Business providing goods and services to the lignite mines and conversion facilities employs about 19,500 people. For every direct job provided by the industry, another 5 jobs are needed to supply the industry with goods and services. For every \$1 million in expenditures, approximately 7 direct and 35 second employment opportunities are created in North Dakota.

- Lignite industry expenditures about \$515 million. For every \$1 spent by the industry, another \$2 is generated into the economy.

- The lignite industry generates over \$68 million in state tax revenue. \$20 million in sales, personal and corporate income tax and local property taxes. This helps pay for North Dakota local schools and roads

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Augusta Rickard

10/19/03  
Date



MINNESOTA VALLEY TESTING LABORATORIES, INC. TESTED OUR COAL SAMPLE # 02-C13  
ON 1-08-02 WITH THE FOLLOWING RESULTS:

**\*PROXIMATE\***

ANALYTE	AS RECEIVED	DRY BASIS
Total Moisture	35.82 wt. %	
Ash	5.71 wt. %	8.90 wt. %
Total Sulfur	0.53 wt. %	0.83 wt. %
Calorific Value BTU/lb	7279 BTU/lb	11342 BTU/lb
Volatile Matter	28.48 wt. %	44.38 wt. %
Fixed Carbon	29.99 wt. %	46.72 wt. %

**COST OF VARIOUS TYPES OF  
HEATING FUELS COMPARED TO  
NORTH DAKOTA LIGNITE BASED ON  
PER 1,000,000 BTU COST**

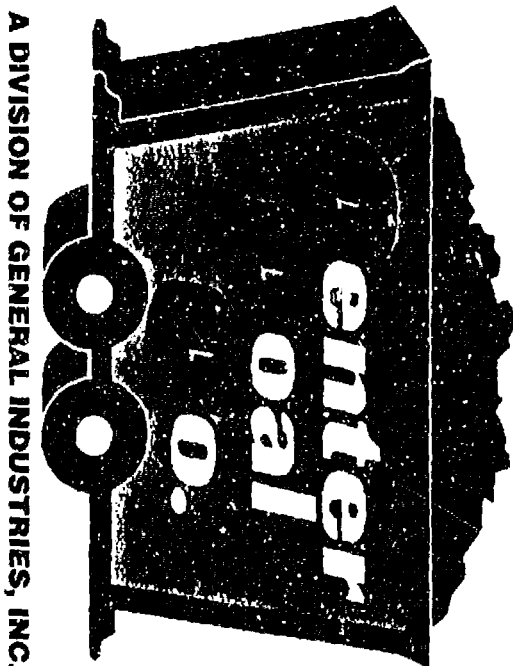
**COAL - NORTH DAKOTA LIGNITE  
(Delivered price)  
"YOUR BEST VALUE"  
\$25.00 / Ton = \$1.79 per million btu's**

**COAL - WYOMING SUB-BITUMIONUS  
(Delivered price)  
\$52.00 / Ton = \$2.60 per million btu's**

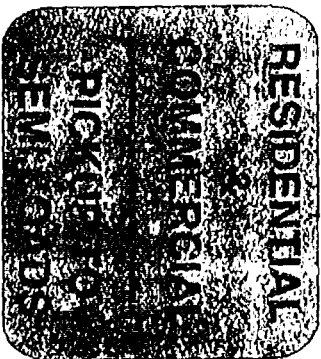
**ELECTRICITY @ \$0.03 KW =  
\$8.82 per million btu's**

**#2 HEATING OIL  
(Delivered price)  
\$1.00 / gallon = \$7.25 per million btu's**

**PROPANE (Delivered price)  
\$1.00 / gallon = \$11.00 per million btu's**



**BUY A NORTH DAKOTA PRODUCT  
FROM A NORTH DAKOTA COMPANY**



**Meeting Our Customer's Needs At  
"Center Coal Company"**

**Lump & Stoker Sales  
Center Coal Company  
Two miles East of Center, ND  
on Highway 25.  
Then Three Miles South**

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(701) 794-3400 - Center**

**center-coal-c 3m**

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*La Costa Rickard*  
Operator's Signature

*10/2/03*  
Date