

Senate Bill 2317

Submitted by: ND Public Service Commission

Before: Senate Energy and Natural Resources Committee
The Honorable Curt Kreun, Chairman

Date: February 11, 2021

TESTIMONY

The Public Service Commission (PSC) supports SB 2317. It has the potential to result in lower mining costs and lower retail costs for customers.

North Dakota's surface mining program requires that the mining companies provide adequate bond coverage to complete reclamation of lands disturbed by mining activities if the mining company is unable to complete the reclamation (i.e., bond forfeiture).

NDCC 38-14.1-16 establishes the general criteria for performance bonds used by mining companies. NDAC 69-05.2-12 provides further clarification on the bonding requirements for mining companies. There are three types of bonds that are accepted by the Commission: (1) surety bonds, (2) collateral bonds, (3) self-bonds. A combination of the three types of bonds is also acceptable. The regulations establish the criteria for each type of bond. A self-bond is described as: "legally binding corporate promises without separate surety or collateral, available to entities that meet certain financial tests."

Currently, the total bond amount held by the Commission for North Dakota mining companies is approximately \$351 million in the following types of bonds:

\$119 million in surety bonds; \$21 million in collateral bonds; and \$211 million in self-bonds.

North Dakota's surface mining laws and rules must be at least as stringent as the federal Surface Mining and Reclamation Act. Any changes to our surface mining laws or rules must be approved by the federal Office of Surface Mining.

Thank you for the opportunity to submit this information for the Committee's consideration. Please don't hesitate to contact the Commission if there are any questions.