

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA**

Randy Christmann
Julie Fedorchak
Brian Kroshus

Chair
Commissioner
Commissioner

Case No. _____

**In the Matter of the Application of
Dakota Natural Gas, LLC for a
Certificate of Public Convenience
and Necessity to Construct and
Operate a Natural Gas Distribution
Line to Serve the Drayton, North
Dakota Community**

**APPLICATION FOR
CERTIFICATE OF
PUBLIC CONVENIENCE
AND NECESSITY
PUBLIC DOCUMENT:
TRADE SECRET DATA REDACTED**

Dakota Natural Gas, LLC (DNG), respectfully requests that the North Dakota Public Service Commission (Commission) grant a Certificate of Public Convenience and Necessity pursuant to N.D.C.C. Ch. 49-03.1-01 for DNG to construct and operate the facilities described herein to provide natural gas service to parts of the Drayton, North Dakota community and to a large commercial customer located in the Drayton area.

OVERVIEW

A retail customer requested that DNG provide natural gas service to it at its facility near Drayton, North Dakota, located in northeastern North Dakota just west of the Minnesota border. DNG studied the feasibility of providing natural gas distribution to both the currently unserved community of Drayton, North Dakota and the large commercial customer. As a result of discussions with the City of Drayton and with the large commercial customer, DNG believes that it will be able to deliver the benefits of natural gas service to the area. DNG plans to market retail natural gas service to residential and commercial customers located in and around Drayton.

In order to provide the requested service, DNG will need to construct a distribution pipeline from a point at the North Dakota – Minnesota border to the customer’s designated service location. A map of the proposed distribution system is appended hereto as Attachment A. Without that line, natural gas distribution to the Drayton area will not be possible. Hence, DNG hereby respectfully requests that the Commission determine that public convenience and necessity requires or will require such construction and operation and issue a Certificate of Public Convenience and Necessity to DNG.

GENERAL FILING INFORMATION

N.D.C.C. Ch. 49-03.1-03 requires DNG to provide certain information in its Application. Each of the requisite areas is addressed below.

A. Name, Address and Telephone Number of the Applicant

Dakota Natural Gas, LLC
202 South Main Street
P.O. Box 68
Le Sueur, Minnesota 56058
Telephone: (888) 931-3411

B. Applicant Business Authorization

Applicant is a limited liability company organized under the laws of North Dakota. As a public utility, it is subject to the jurisdiction of and regulation by the Commission pursuant to Title 49 of the North Dakota Century Code. DNG's Articles of Organization and Certificate of Organization issued by the North Dakota Secretary of State are appended hereto as Attachment B.

C. Financial Statement

DNG is a newly-formed company and, as such, it does not have sufficient financial information to provide at this time. A financial statement for the parent of the family of companies to which DNG belongs is appended hereto as Attachment C. *NON-PUBLIC ATTACHMENT—CONTAINS TRADE SECRET DATA. Greater Minnesota Synergy, Inc.'s (GMS) complete, audited financial statements for 2017 are included in the document appended hereto prepared by Weber & Deegan, Ltd., Certified Public Accountants, entitled "Greater Minnesota Synergy, Inc. Le Sueur, Minnesota Financial Statements Years Ended December 31, 2017 and 2016." DNG respectfully requests that the content of the appended financial statements and notes be treated as protected data because the information was supplied by DNG; DNG and the entire GMS family of companies are privately held and their financial information is not publicly available; DNG and the entire family of GMS companies have taken reasonable efforts to maintain its secrecy by redacting it from public view and protecting private financial from non-organization individuals; and, DNG and the GMS family of companies derive independent economic value from its private financial information not being known by competitors, suppliers, and/or other members of the public who could obtain economic value from its use and whose use of the information could deleteriously impact DNG and the GMS family of companies.*

D. Service to be Offered

DNG seeks authorization to construct, operate, and maintain a natural gas distribution system for the purpose of providing the benefits of natural gas to the currently unserved area of Drayton, North Dakota and a large commercial customer near the Drayton community. DNG will submit its proposed tariff, including rates and service provisions, and any agreements requiring approval after it completes its market study which is currently underway. DNG will not provide any distribution services until the requisite approvals have been received from the Commission.

E. Area to be Served

A map of the proposed distribution system is appended hereto as Attachment A. DNG anticipates serving the Drayton community, the large commercial customer, and other interested customers located in and around Drayton.

F. Other Public Utilities Providing Similar Service in the Area

The Drayton, North Dakota area is not currently served by any other natural gas provider. No other natural gas public utility will be affected by the construction and operation of the proposed natural gas distribution system.

G. Franchise Authority

DNG and the City of Drayton are currently engaged in franchise discussions. A draft franchise ordinance is being circulated for consideration and editing. The Drayton City Council plans to consider a DNG franchise at its regularly scheduled July 9, 2018 meeting. Additionally, the City of Drayton has expressed support for DNG's request that the Federal Energy Regulatory Commission grant it a Hinshaw exemption, as evidenced by the City's letter appended hereto as Exhibit D.

DISCUSSION AND ANALYSIS

A utility must obtain a certificate of public convenience and necessity from the Commission prior to beginning construction or operation of a natural gas distribution system. N.D.C.C. § 49-03.1-01. Upon an application for such a certificate, the Commission considers the need for service; the fitness and ability of the applicant to provide service; the effect on other public utilities providing service; the adequacy of the proposed service; and, the technical, financial, and managerial ability of the applicant to provide service. N.D.C.C. § 49-03.1-04.

In the instant case, the need for service is indisputable. While many people living in urban areas or communities close to natural gas pipelines take the availability of natural gas service for granted, those communities that are unserved lack access to an essential service to their detriment. Currently, residents and business in the Drayton community are unable to avail

themselves of the benefits of natural gas service and are forced to rely on alternate heating sources such as propane, coal, electricity, and wood. Drayton and the surrounding area have agricultural operations, businesses, and local residents that will benefit from access to safe, reliable, and affordable natural gas. Bringing natural gas to the area will enhance the ability of Drayton and the surrounding area to compete in a new and changing economy. The presence of natural gas is a benefit to attracting, creating, and maintaining commercial and industrial anchors, bringing a competitive advantage to the area. Lower energy costs for all residents and commercial competitiveness will all serve to increase the area's prosperity. Consideration of a natural gas franchise for DNG by the City of Drayton and DNG's proposed agreement with its large customer both provide empirical evidence of community interest in and the need for natural gas service, thereby demonstrating that the public interest will be fostered by DNG's proposed project.

Since the Drayton area is currently unserved by natural gas, DNG's proposed distribution system will not have any effect on other public utilities. Further, because DNG plans to provide new service to the community and is willing to provide service to any interested party along the line pursuant to its service requirements and tariff, DNG's proposed service is adequate.

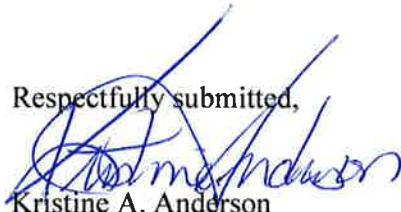
Although DNG is a new company, it is part of a family of companies with a well-developed history and reputation for expanding gas to rural, unserved areas. The companies have an excellent knowledge base that DNG will be able to leverage in order to provide the same exceptional operational and customer service that its Minnesota family of companies provides. With safety and operational excellence as the companies' top priorities, DNG is fit and able to provide responsive, exemplary service to the Drayton community. Since it will be led and operated by the same personnel as its Minnesota family of companies, DNG has the technical, financial, and managerial ability to provide service.

REQUEUST FOR COMMISSION ACTION

DNG is confident that the proposed project serves the public interest and is soundly planned. The proposed distribution system will deliver immeasurable benefits to the Drayton area that would otherwise not be available to it. Therefore, DNG respectfully requests that the Commission give notice of an opportunity to request a hearing to interested parties and, if no hearing is requested within twenty days, that it waive the hearing in accordance with N.D.C.C. § 49-03.1-05; and, that it enter an Order approving DNG's Application and issue a Certificate of Public Convenience and Necessity authorizing DNG to construct and operate natural gas distribution facilities necessary to serve the Drayton, North Dakota area and its large commercial customer, as well as other customers in and around the Drayton area.

Dated: June 28, 2018

Respectfully submitted,



Kristine A. Anderson
Dakota Natural Gas, LLC
202 S. Main Street
P.O. Box 68
Le Sueur, MN 56068

ATTACHMENT A
Map



Legend

- City of Drayton route
- large customer stubline

State of North Dakota

SECRETARY OF STATE



CERTIFICATE OF ORGANIZATION OF

DAKOTA NATURAL GAS, LLC
Secretary of State ID#: 45,372,300

The undersigned, as Secretary of State of the State of North Dakota, hereby certifies that Articles of Organization for

DAKOTA NATURAL GAS, LLC
duly signed and executed pursuant to the provisions governing a North Dakota LIMITED LIABILITY COMPANY, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Organization to

DAKOTA NATURAL GAS, LLC

Effective date of organization: June 25, 2018

Issued: June 25, 2018

A handwritten signature in cursive script, reading "Alvin A. Jaeger".

Alvin A. Jaeger
Secretary of State

45,372,30
1653002

**ARTICLES OF ORGANIZATION OF
DAKOTA NATURAL GAS, LLC**

Pursuant to North Dakota Century Code, Chapter 10-32.1, the Uniform Limited Liability Company Act (the "Act"), the undersigned organizer, being a natural person 18 years of age or older, hereby adopts the following Articles of Organization:

**ARTICLE I
Name and Principal Office**

The name of this Limited Liability Company is Dakota Natural Gas, LLC. The principal executive office of the Company is 202 South Main Street, P.O. Box 68, Le Sueur, Minnesota 56058.

**ARTICLE II
Registered Office**

45 0125118

The Company's commercial registered agent in North Dakota is MMRA LLC, ~~120 West Sweet Avenue, Suite 9, Bismarck, North Dakota 58504.~~

**ARTICLE III
Effective Date**

The Company shall be effective at the time that the Company's Certificate of Organization is issued by the Secretary of State.

**ARTICLE IV
Duration**

Unless dissolved earlier according to law, the existence of the Company shall be perpetual.

**ARTICLE V
Purpose**

The Company shall exist for any general lawful business purpose.

**ARTICLE VI
Organizer**

The name and address of the organizer of the Company is Kristine Anderson, 202 South Main Street, P.O. Box 68, Le Sueur, Minnesota 56058.

I, the above-named organizer, have read the foregoing Articles of Organization, know the contents thereof, and believe the statements made therein to be true. I further authorize the Secretary of State to correct Article 2 if not correctly reflected. I understand that if I make a false statement in this document, I may be subject to criminal penalties

11 May 30, 2018
Date

Kristine Anderson
Kristine A. Anderson
202 South Main Street
P.O. Box 68
Le Sueur, MN 56068
(507) 665-8657
kanderson@greatermngas.com

NORTH DAKOTA
Filed 0125 2018
Alvin D. ...
Secretary of State



ATTACHMENT C
Financial Statements

ENTIRE ATTACHMENT IS NON-PUBLIC – CONTAINS TRADE SECRET DATA.



City of Drayton

122 South Main Street
P.O. Box 280
Drayton, ND 58225

June 26, 2018

Ms. Kimberly Bose
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

Re: Dakota Natural Gas, LLC
Request for Hinshaw Pipeline Exemption

Dear Ms. Bose:

The City of Drayton, North Dakota is involved in discussions with representatives of Dakota Natural Gas, LLC (DNG) as we collectively consider the possibility of DNG providing natural gas service to the City. Since Drayton is currently unserved by natural gas, our residents and business citizens are denied the substantial benefits of this essential service.

The process of receiving public comment and finalizing a decision to grant a franchise to DNG will take approximately 90 days, however, the City respectfully requests that the Federal Energy Regulatory Commission proceed on DNG's request concurrently with the City's efforts so that the appropriate permits and approvals can be in place in time to construct facilities in 2019.

The City of Drayton respectfully requests that FERC approve DNG's request to operate as a Hinshaw Pipeline.

Sincerely,

City of Drayton North Dakota
Charles Olson, Mayor

City Council Members:
Charles Olson, Mayor
Jason Woinarowicz, Council
Jordan Grundstrom, Council
Randy Schuster, Council
Kerri Van Camp, Council
Michael Larson, Council
Chris Passa, Council