

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

**Dakota Natural Gas, LLC**  
**Natural Gas Facilities – Traill County**  
**Public Convenience & Necessity**

**Case No. PU-20-244**

**ORDER**

**September 23, 2020**

**Preliminary Statement**

On June 1, 2020, Dakota Natural Gas, LLC (DNG) filed an Application for a Certificate of Public Convenience and Necessity to construct and operate a natural gas system to serve the towns of Mayville and Hillsboro, their environs, and American Crystal Sugar's Hillsboro location (service area) in Traill County, North Dakota.

On July 8, 2020, the North Dakota Public Service Commission (Commission) issued a Notice of Opportunity for Hearing providing until August 22, 2020, for receiving written comments or requests for hearing. No response or request for hearing was received. The notice identified the following issues to be considered:

1. Is there a need for the service?
2. Is DNG technically, financially and managerially fit and able to provide the service?
3. What is the effect on other public utilities providing similar service?
4. Is the proposed service adequate?

On September 3, 2020, the Commission discussed these matters with DNG and Commission staff during an informal hearing.

**Discussion**

During the September 3, 2020 informal hearing the following was offered and accepted into the official record.

DNG is a limited liability company organized under the laws of North Dakota. DNG is a wholly owned subsidiary of Greater Minnesota Transmission, LLC, a Minnesota limited liability company (GMT). GMT is a subsidiary of Greater Minnesota Synergy, Inc., a Minnesota corporation (GMS). GMS and its subsidiaries have provided similar natural

gas service in Minnesota since 1995. DNG will provide natural gas service to the Drayton, North Dakota community and its environs for the 2020-2021 heating season, which was DNG's first project in North Dakota.

DNG proposes to construct and operate a distribution system for the service area in Traill County, North Dakota including a large commercial customer in the Hillsboro, North Dakota area, namely American Crystal Sugar Company. The distribution system will begin at an interconnection with the Viking natural gas transmission line near Beltrami, Minnesota. The total cost of the distribution system is estimated to be approximately \$8.5 million. DNG proposes to supply the distribution system via a combination of 4" steel and 6", 4", and 2" plastic main line.

The residents in the subject service area currently rely on alternative heating sources such as propane, coal, electricity, and wood. DNG anticipates signing approximately 750 customers in the proposed service territory. The system will have additional capacity available after adding initial customers for future additions and expansions. At the informal hearing, a representative from American Crystal Sugar, Teresa Warne, stated that natural gas service would benefit its expansion and efficiency of operation. James Murphy, Executive Director of the Traill County Economic Development Commission, and Steven Benson, Mayor of the City of Mayville and Interim Vice President of Business Affairs for Mayville State University, stated that their respective organizations support the project and that the availability of natural gas would benefit businesses and residents in the area. DNG estimates that its service will save residential customers \$500 to \$1000 and businesses 20% to 40% per year. There are no other public utilities providing similar service in the respective Traill County areas.

DNG will have a dedicated service center located in Hillsboro, has a service center in Drayton, North Dakota, and is a member of the American Gas Association, which has a larger mutual aid agreement with other natural gas companies for emergency response. Neither GMS nor any of its subsidiaries have filed for bankruptcy, temporarily or permanently ceased operation, had difficulty remaining competitive with an alternative heating source, or been subject to a revocation proceeding. GMT and GMS are guarantors of DNG debt and DNG benefits from shared management, personnel, scalability, and overhead of GMS. DNG also stated that it has the financing available to add service to the area. The Company will have insurance dedicated to DNG sufficient to cover any emergent liability.

Based on the record and having received no objections, the Commission finds:

1. There is a need for the service.
2. DNG is technically, financially and managerially fit and able to provide natural gas service in North Dakota.
3. There is no effect on other public utilities providing similar service.
4. The proposed service is adequate.

5. It is in the public interest that the Certificate of Public Convenience and Necessity be issued to provide natural gas service to the service area in Traill County, North Dakota.

### Order

The Commission orders:

1. DNG's application for a Certificate of Public Convenience and Necessity to construct and operate a natural gas distribution system to serve the towns of Mayville and Hillsboro, their environs, and American Crystal Sugar's Hillsboro location in Traill County, North Dakota is granted.
2. Certificate of Public Convenience and Necessity No. 5951 is issued to DNG to construct and operate a natural gas distribution system to the towns of Mayville and Hillsboro, their environs, and American Crystal Sugar's Hillsboro location in Traill County, North Dakota.

### PUBLIC SERVICE COMMISSION

  
**Julie Fedorchak**  
Commissioner

  
**Brian Kroshus**  
Chairman

  
**Randy Christmann**  
Commissioner

**PUBLIC SERVICE COMMISSION**

**STATE OF NORTH DAKOTA**

**Certificate of Public Convenience and Necessity**

**Certificate Number 5951**

*This is to certify that public convenience and necessity require, and permission is granted for Dakota Natural Gas, LLC, to construct and operate a natural gas distribution system to serve the towns of Mayville and Hillsboro, their environs, and American Crystal Sugar's Hillsboro location in Traill County, North Dakota.*

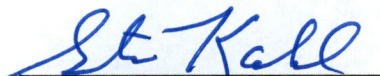
*This certificate is issued in accordance with the Order of this Commission dated September 23, 2020 in Case No. PU-20-244, and is subject to the conditions and limitations noted in the Order.*

*This certificate is conditioned upon Dakota Natural Gas, LLC securing the franchise or other authority of the proper municipal or other public authority for the exercise of these rights and privileges.*

*Bismarck, North Dakota, September 23, 2020.*

**ATTEST:**

**PUBLIC SERVICE COMMISSION**

  
**Executive Secretary**

  
**Commissioner**