

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

**Dakota Natural Gas, LLC**  
**Natural Gas Service – Traill County**  
**Tariff**

**Case No. PU-20-246**

**ORDER**

**September 23, 2020**

**Preliminary Statement**

On June 1, 2020, Dakota Natural Gas, LLC (DNG) filed a request to update its Tariff to add new service area in Traill County.

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. Are the proposed changes reasonable?
2. Is there other relevant information the Commission should consider?

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.(GMS), a Minnesota corporation. 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 the towns of Mayville and Hillsboro, their environs, and a large commercial customer near Hillsboro, North Dakota, namely American Crystal Sugar Company in Traill County, North Dakota (service area). 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.

DNG's anticipated customer count is based on DNG's review of the relevant Traill County communities. The expenses and usages are estimates based on similarly sized communities in Minnesota currently served by DNG's family of companies and on DNG's first project in Drayton, North Dakota and its environs. DNG proposed to add the Traill County service area to its tariff but it did not propose any other changes to its currently approved tariff or rates; and, its existing terms and conditions will apply to the Traill County service area.

The estimated value of DNG's property for the Traill County project, to be used and useful for the service and convenience of the public in North Dakota, is \$8,490,440. DNG requested a 10% rate of return. As a small natural gas utility that recently commenced operations, DNG's request is a just and reasonable rate of return for the estimated value of DNG's property, to be used and useful, for the service and convenience of the public in North Dakota, subject to continued monitoring by the Commission and possible future adjustment once operations are established.

Based on the record and having received no objections, the commission finds DNG's proposed addition of the Traill County service area to its existing tariff is reasonable and prudent.

### Order

The Commission orders:

1. DNG's proposed change to its tariff to add the Traill County service area is approved.
2. DNG shall make a compliance filing with its updated tariff sheet within ten (10) days of issuance of this Order.
3. DNG shall annually file a report with the Commission providing detailed financials and supporting information.

### PUBLIC SERVICE COMMISSION

		
<b>Julie Fedorchak</b> Commissioner	<b>Brian Kroshus</b> Chairman	<b>Randy Christmann</b> Commissioner