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December 31, 2021

—VIA EMAIL & U.S. MAIL—

Mr. Steven M. Kahl, Executive
Director North Dakota Public Service
Commission State Capitol Building,
Dept. 408
600 East Boulevard
Bismarck, ND 58505-0480

RE: MDU Application for a Certificate of Public Convenience and Necessity to Construct and Operate Natural Gas Distribution Facilities in Cass and Richland Counties (CASE NO. PU-21-386)

Dear Mr. Kahl:

Northern States Power Company, a Minnesota Corporation, doing business in North Dakota as Xcel Energy, appreciates the opportunity to provide its comments on the Application by Montana-Dakota Utilities (MDU) for a Certificate of Public Convenience and Necessity (CPCN) to establish certain franchise rights within a broad corridor around the proposed expansion of the WBI pipeline (WBI Expansion). In its request MDU seeks authorization to establish natural gas distribution service within 135 square miles of Cass County and all of Richland County.

Xcel Energy recognizes that these comments are late filed but believes that they will help the Commission make a fully informed decision regarding the expansion of natural gas service in eastern North Dakota.

Xcel Energy is generally supportive of MDU's Application. MDU's proposal – piggybacking on an expansion of an interstate gas pipeline owned and operate by its affiliated corporate entity – will provide natural gas services to areas of the state that do not have access to such service, particularly in and near the city of Kindred, North Dakota. Additionally, adding resilience to natural gas service in the Wahpeton, North Dakota area using the WBI Expansion in addition to current service from the Viking pipeline through Minnesota will allow MDU to have

multiple options for service and expansion of service in that area well into the future. For these reasons, the concepts underlying MDU's Application are in the best interest of the current and future North Dakota gas customers.

Xcel Energy is concerned, however, that MDU's Application prematurely judges the most efficient expansion of natural gas service west and south of the Fargo/West Fargo/Horace metropolitan area. Of particular concern is that MDU appears to be seeking a CPCN for authority to serve an area approximately 6 miles wide around the WBI Expansion, stretching for 11 miles south of Interstate 94, and about 11.5 miles wide the remaining 6 miles south to the border of Cass County and Richland County (see Attachment A showing Xcel Energy's natural gas system overlaid onto MDU's requested CPCN areas). The northern border of this corridor is contiguous to Xcel Energy's Mapleton, North Dakota service area. The eastern border of the 6 mile wide corridor is less than a mile from the western edge of Xcel Energy's existing natural gas system in West Fargo, and about 1.5 miles to its existing system in Horace, North Dakota. The 11.5 mile wide portion of the corridor, which stretches east all the way to Interstate 29, is just a little over 2 miles south of the Xcel Energy's system in Horace.

Consequently, there is a high likelihood that there will be instances where it is more efficient – and timely - for Xcel Energy to bring natural gas to unserved customers by expanding its system further west or south than for MDU to be able to deliver natural gas from its yet to be built local distribution system off the WBI Expansion. Further, assuming growth in the Fargo/West Fargo/Horace area continues to the west and south, Xcel Energy will naturally expand its existing system farther to serve those neighborhoods and businesses. In fact, the Company has recently made significant investments to expand its natural gas capacity in the southwest quadrant of the Fargo/West Fargo area in anticipation of this growth.

MDU's service in the CPCN area is conditioned on the in-servicing of the WBI Expansion some years from now. There is no telling how much additional growth the Xcel Energy system will have achieved in this interim and how far west and how far south from the Fargo/West Fargo/Horace area that expansion will continue. In light of this, it is very possible that Xcel Energy could be serving (or will be closer to) customers in the area for which MDU seeks a CPCN by the time MDU is ready to begin service.

Pursuant to N.D.C.C. § 49-03.1-04, the Commission must take into account several factors prior to granting a CPCN. Relevant here are (a) the need for the service (N.D.C.C. § 49-03.1-04(1)); and (b) the effect on public utilities providing similar service (N.D.C.C. § 49-03.1-04(3)). Xcel Energy believes that the record is deficient in these respects. Xcel Energy supports the expansion of natural gas

service to all North Dakotans, and particularly those smaller, unserved communities which find themselves in relative proximity to a planned transmission pipe. However, Xcel Energy is unaware of, and MDU has not presented evidence supporting an immediate need for most of MDU's requested CPCN area – particularly the northern portion in Cass County. Consequently, the need in the area is speculative. Further, while Xcel Energy does not currently have a certificate to serve the areas identified by MDU, as noted above, should a request for service arise, it may be at a lower cost for consumers for Xcel Energy to expand its system westward or southward rather than have MDU create a new gas distribution system in the area.

Xcel Energy therefore respectfully requests that the Commission exercise its discretion pursuant to N.D.C.C. § 49-03.1-05(3) and (4) to issue a CPCN for only a portion of MDU's request and reserve a decision for MDU's requested CPCN for those areas which lack the loads or are too far away from the WBI Expansion to make gas distribution service economic at this time. The commission might consider reserving a decision for these areas at least until such time as the WBI Expansion is nearer to being placed in service.

Xcel Energy requests that this letter also be accepted as its petition to intervene in the above referenced Case pursuant to N.D.A.C. § 69-02-02-05. As discussed above, Xcel Energy has a legal interest in continuing to provide natural gas service in the areas just west of Fargo and expanding such service as it is economic for its customers and the company to do so. Xcel Energy is only providing comments now, after the recent informal hearing. Consequently, Xcel Energy believes that good cause has been shown to allow it to intervene late. An original and seven copies of this letter is being filed with the Commission and a copy of this letter will be served on each party to this proceeding.

Please contact me if you have any further questions about this petition. Thank you.

Sincerely,



DAVID H. SEDERQUIST
SR. CONSULTANT, REGULATION & FINANCE

cc: Jack Schuh
Vic Schock

NSP Natural Gas System shown in red and superimposed on MDU map of CPCN area.

