

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Montana-Dakota Utilities Co.
Natural Gas Distribution Facilities – Burke County
Public Convenience & Necessity**

Case No. PU-23-175

ORDER

June 28, 2023

Preliminary Statement

On May 3, 2023, Montana-Dakota Utilities Co. (MDU) filed an Application for a Certificate of Public Convenience and Necessity (Application) to construct and operate a natural gas facility (System) to serve the City of Portal, ND (City).

On May 22, 2023, the Commission issued a Notice of Opportunity for Hearing providing until June 26, 2023, 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 MDU fit and able to provide service?
3. What is the effect on other public utilities providing similar service?
4. Is the proposed service adequate?
5. Is MDU technically, financially and managerially fit and able to provide the service?

On June 7, 2023, the Commission discussed these matters with MDU and Commission Staff during an informal hearing.

Discussion

During the June 7, 2023, informal hearing the following was offered and accepted into the official record.

MDU is a Division of MDU Resources Group, Inc., a Delaware corporation, authorized to provide public utility service in North Dakota under the regulatory jurisdiction of the Commission.

The City currently has a Pipeline Service Agreement with Sask Energy to provide natural gas supply to approximately seventy customers within city limits. The City owns the assets of the current system. In 2022, Sask Energy informed the City they would require additional insurance in order to renew that agreement. The City determined the cost of this additional insurance was not affordable and would require them to discontinue this agreement with Sask Energy at the end of the contract term in April 2023.

The City and MDU proceeded to enter into a new agreement dated June 28, 2022, to construct a new system and the City issued a natural gas Franchise Agreement to MDU on February 7, 2023. This new system is comprised of 8,200 feet of four-inch polyethylene (PE) main from a tap on the WBI Energy (WBI) transmission system to the Portal city limits and a distribution system within the city limits comprised of four- and two-inch PE mains plus services lines.

These facilities will be owned by MDU, and all costs will be offset by Contribution in Aid of Construction (CIAC) by the City plus a calculation of the Maximum Allowable Investment based upon the MDU Gas Extension Rates 120 (Residential Customers) and Rates 70 (Firm General) and 74 (Firm Contracted) Rates. Any cost overruns will be funded by the City. The proposed rates represent an estimated reduction in natural gas costs for all customers as compared to the previous City rates.

The proposed in-service date is late 2023. However, it was acknowledged in the informal hearing that that date could be moved back depending upon final approval of a grant to the City to fund the CIAC, obtaining right of way for the 8,200 feet of PE mains from the WBI system to the City limits and the weather conditions.

As per the City Mayor Lisa Smith, Sask Energy has signed an extension to continue service until new services can be constructed as outlined in the MDU agreement.

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

1. There is a need for the service.
2. MDU is technically, financially and managerially fit and able to provide the service.
3. There is no effect on other public utilities providing similar services.
4. The proposed service is adequate.
5. It is in the public interest that a Certificate of Public Convenience and Necessity be issued to MDU for the purpose of providing natural gas service to the City of Portal, North Dakota as identified in MDU's application.

Order

The Commission orders:

1. MDU's application for a Certificate of Public Convenience and Necessity to construct and operate a natural gas distribution system to serve the City of Portal as described and depicted in its May 3, 2023, filing, is granted.
2. Certificate of Public Convenience and Necessity No. 5977 is issued to MDU to construct and operate a natural gas distribution system to serve the City of Portal as described and depicted in its May 3, 2023, filing, is granted.

PUBLIC SERVICE COMMISSION

		
Sheri Haugen-Hoffart Commissioner	Randy Christmann Chair	Julie Fedorchak Commissioner

**PUBLIC SERVICE COMMISSION
STATE OF NORTH DAKOTA**

Certificate of Public Convenience and Necessity

Certificate Number 5977

This is to certify that public convenience and necessity require, and permission is granted for Montana-Dakota Utilities Co. to construct and operate a natural gas distribution system to serve the City of Portal, North Dakota.

This permit is issued in accordance with the Order of this Commission dated June 28, 2023, in Case No. PU-23-175, and is subject to the conditions and limitations noted in the Order.

This certificate is conditioned upon Montana-Dakota Utilities Co. 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, June 28, 2023.

ATTEST:

PUBLIC SERVICE COMMISSION



Executive Secretary



Commissioner