



North Dakota Propane Gas Association

1025 North 3rd Street • PO Box 1956
 Bismarck, ND 58502 • www.ndpropane.org
 701-223-3370 Fax 701-223-5004

The North Dakota Propane Association is made up of over 130 members, employing well over one thousand people in ND. Some of these locally owned and operated businesses likely serve your communities in some capacity.

NDPGA is pro-natural gas. Nearly all – if not all – propane delivered to member customers across North Dakota comes directly from natural gas production. The ongoing production of natural gas means an increased production of propane nationwide. These are terrific moves for North Dakota and our nation when it comes to energy security.

North Dakota currently has about 350,000 homes in the state. Propane marketers provide service to just over 40,000 of these residences. That's less than 15% of the homes in ND.

This study resolution refers to unserved areas of the state. How do you determine unserved energy area? Propane has been a reliable energy source in rural ND for many years. Millions of private business dollars have been spent by propane marketers to meet the needs of rural residents and small communities making sure homeowners and businesses have an efficient, safe and affordable source of energy.

To my knowledge the state's propane industry has never asked for legislation to expand *propane's* customer base. It is disappointing that the major utilities--that already have 80% of all energy customers-- think they should receive special treatment so they can obtain more customers at the expense of ND small businesses. If one of my members wants to grow or expand operations, two options exist: dipping into cash reserves or going to the bank to borrow the money. We ask for a level playing field—not special treatment.

If you look at the map (See attachment) for natural gas expansion it's apparent the natural gas companies have already studied where they want to expand. Natural gas utilities in our state already have the ability to expand to rural areas. In fact, the natural gas utilities have been expanding to areas where there are propane customers and the utilities have been doing so for quite some time. Like any business, if it is cost effective for them to expand, they will do so. Clearly, expanding natural gas lines to all parts of ND cannot be done effectively without subsidies for natural gas companies. Again, many taxpayers/ratepayers will receive **no benefits** from the addition of new customers, yet will be forced to pay for the subsidized expansions.

I would argue these companies and corporations are hardly candidates for corporate welfare. Instead, these are large and powerful businesses. Successful operations more than capable of tackling the financial burden of expansion on their own and yet it seems now they are just searching for someone else to pay for it. Let the natural gas companies expand on their own dime.

I've also heard the argument rural ND is losing out on economic development opportunities because of a lack of natural gas distribution systems.

Having built and owned rural businesses and having served on a rural economic development board, I can say with full confidence the energy source for a business is only one piece of the puzzle when it comes to expansion or relocation of businesses to a rural community. IT IS NOT A SILVER BULLET!

Any government entity involved in picking winners and losers in the private energy business sector is setting a dangerous precedent. Wouldn't every North Dakota business like a similar option available to them when looking to build or expand their footprint in a market.

NDPGA members are by no means afraid of competition as long as all competitors are on equal footing. Free enterprise needs to prevail in this matter.