



**Testimony of Keith Lund, Past President  
Economic Development Association of North Dakota  
April 26, 2016**

Chairwoman Triplett and members of the interim Economic Impact Committee, I'm Keith Lund, vice president of the Grand Forks Region Economic Development Corporation and past president of the Economic Development Association of North Dakota (EDND).

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to support the creation of new wealth and the diversification of North Dakota's economy. Providing natural gas to unserved and underserved communities is one of our legislative priorities, and we have formed a Natural Gas Committee to promote the enhancement of natural gas service.

This initiative for EDND came out of EDND's small communities subcommittee, which listed it as a top priority so small communities can continue to grow and diversify. Our effort to bring natural gas to unserved and underserved communities is at the request of these communities in order to support economic development and diversification.

The expansion of natural gas into a community is usually dedicated for an economic development project and does not typically displace residential propane use. For example, natural gas was brought into the town of Hankinson to support the Hankinson Renewable Energy ethanol plant, which opened in 2008. This important economic development project could not be supported by propane and brought 51 jobs to the community. In addition, the ethanol plants in North Dakota contribute an average annual payroll of \$3.3 million to their communities. However, the town's residential areas were not converted to natural gas as a result, and there is no certainty if natural gas is brought into a community, it will displace the use of propane. The employees working at this plant, supported by natural gas, are still residential propane users.

The challenge of providing natural gas to unserved or underserved communities lies in financing the gap between the existing pipelines and the community. In Hankinson, the plant was built adjacent to the community, with an accessible pipeline nearby. This is not the case in all communities. The lack of natural gas in certain communities is based on economics, because it is costly to provide. There needs to be a low-cost debt option available for these communities.

In the past, some of the potential solutions that have been discussed include property, income and sales tax exemptions relative to extending natural gas to underserved communities; creating a bonding program; and leveraging Bank of North Dakota programs. As an example, the Revolving Infrastructure Loan Program, created during the 2015 Legislative Session, could be a viable tool for under and unserved communities to use in developing natural gas infrastructure. We are here today to suggest that BND programs, like the Revolving Infrastructure Loan Program, should be explored.

Today, we have state, industry, and community representatives here in support of bringing natural gas to unserved and underserved communities. Next, you will hear from Jane Priebe and representatives from Wahpeton about the importance of natural gas to their community. You will hear from Bobcat of Gwinner, a company unable to expand its Gwinner location without natural gas service, about the need and financial challenges of bringing this necessary service to economic development expansion projects in its community. We have asked Mark Nisbet of Xcel Energy to speak today to provide information on this economic development need and the financing gap present in providing natural gas to communities.

Melissa Beach from Traill County Economic Development is also in the audience. A representative from Hillsboro previously testified at the committee's Sept. 17 meeting about the challenges that area is facing due to natural gas, and Melissa can answer any questions you may have regarding these challenges. Also in the audience is a representative from the Bank of North Dakota. It is important we work together to create the necessary tools and have them in place so communities willing to meet utility companies half way can be ready when opportunities arise. EDND has been in contact with the American Gas Association; one of their representatives is willing to attend the next committee meeting to share information on initiatives in other states to extend natural gas service to unserved and underserved communities that may work in North Dakota.

Please note the names and contact information of the EDND Natural Gas Committee, including our newest member from Rugby, should you have additional questions or would like more information. Each of these committee members represent a community or a number of communities impacted by the need for additional natural gas services or infrastructure.

Thank you for allowing EDND to be a resource to the Economic Impact Committee and for taking the time to examine the natural gas needs of our state and to look for potential solutions.

#### **EDND Natural Gas Committee**

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