

TESTIMONY REGARDING NATURAL GAS SERVICE**Economic Impact Committee****Meeting Scheduled at 9:30 AM 4/26/2016****Chairman Triplett & Economic Impact Committee Members:**

SB 2276 Legislative Management Study – Natural Gas Service in Underserved Communities. This is a timely discussion of a key development issue for North Dakota.

During the summer of 2015, the Wahpeton Community Development Corporation had an opportunity to promote the agricultural and industrial assets of southeastern ND as a potential site for a large soybean processor (soy oil and bio-diesel).

Months of preparation identified the turn-key development potential and infrastructure shortcomings of our area. By the fall of 2015 this company had identified four headwinds that would make or break their site selection decision between Wahpeton, ND and Aberdeen, SD; the headwinds were rail, water, waste water and natural gas. Each item had its own issues with either cost, availability or both. Potential solutions were identified for each, although the natural gas component was the most formidable challenge to overcome.

This plant would have been capable of crushing 40,000,000 bushels of soybeans annually. Assuming an average yield of 35 bushels/acre, this plant would have consumed the production of 1,150,000 acres of soybeans, equaling the production of Richland County, ND four fold. Arguably, we may have seen an improvement in basis (basically shipping expense) of 20 cents/bushel, generating \$8,000,000 additional revenue for area farmers annually. This would be in addition to all other revenue generated by rail, trucking, maintenance of plant, housing, employment opportunities (appr. 50 good paying jobs), etc.

The SE ND region is underserved by natural gas providers; lack of uninterruptable natural gas service for large manufacturers and ag processors in SE ND is a headwind that needs to be addressed for ND to be a realistic consideration for expansion of existing industries and development of new ones. There is a need beyond the above mentioned plant.

It is encouraging to see the Legislature is considering potential solutions to this problem – in our local discussions, we found the natural gas providers were more than willing to structure rates to include the financing of pipeline capacity. However, the estimated \$60,000,000 cost of pipeline capacity to the proposed SE ND site incorporated into the natural gas rates made the natural gas component a deal breaker. Limitations on how investor owned utilities can pay for system capacity improvements as part of their rate structure needs to be reviewed; ND can and should be more competitive. Dependable sustainable capacity benefits all utility customers.

Submitted with high regard;

**Brad Pauly, Treasurer/Board Member
Wahpeton Community Development Corporation**