



**Testimony of Keith Lund, Past President
Economic Development Association of North Dakota
May 24, 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 focus of EDND's natural gas initiative is to create a set of tools North Dakota communities can access to assist the expansion of natural gas to support industry growth and opportunities that cannot be supported by other fuel sources. Our initiative is not intended to replace propane or other fuel sources for individual homeowners.

Today, we have state, industry, and community representatives here to discuss challenges and opportunities related to bringing natural gas to unserved and underserved communities. Earlier, Kelvin Hullet, Bank of North Dakota, spoke on how existing programs could possibly be used to support the expansion of Natural Gas. Justin Dever, North Dakota Department of Commerce, will discuss the importance of expanding natural gas in terms of competitiveness and diversification. Julie Fedorchak, Public Service Commission, will speak regarding current state regulation related to natural gas. Kyle Rogers, American Gas Association, will cover initiatives in other states to extend natural gas service that may work in North Dakota. Jane Priebe, Wahpeton Economic Development, will provide information on the need for addressing the financing gap in natural gas projects. And, Mark Nisbet, Xcel Energy, will share examples on how the challenge of filling the financing gap might be met.

Closing Remarks

The challenge of providing natural gas to unserved or underserved communities lies in financing the gap between the existing pipelines and the community. There is a lot that needs to be done in order to fill this gap, and this committee has helped to raise the

awareness of this issue. We appreciate the time the committee has spent studying the issue and looking at potential solutions.

The economics for bringing natural gas services to communities will vary and we know it will take more than one tool to meet the needs of these communities. This committee has helped us to see that there are currently tools available that could help to meet some of these needs, including programs already in place at the Bank of North Dakota.

Although it is not the right time to ask for tax incentives, given the current budget environment, incentives do stimulate growth. In the future, we may need additional tools to meet the gap that some communities face, so we may propose additional tax incentives at a later date. These may include property and/or sales and use tax exemptions. In addition, other financing possibilities include providing funding and financing support options through an entity such as the Pipeline Authority or possibly looking at the Legacy Fund to help support critical infrastructure.

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. We appreciate anything we can do to provide attractive financing to communities looking to bring in natural gas services and we appreciate the PSCs willingness to engage in this conversation as well. We feel we have some great tools already in place and we will continue to explore how we can best work with the BND and PSC.

Thank you again 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.