

NORTH DAKOTA · GAS UTILITIES · CAPITAL BRIEFING

North Dakota has more gas than almost anyone. Planning the pipe that delivers it is still done one main at a time.

North Dakota is one of the country's biggest gas producers, but its distribution utilities face a very different job: modernizing aging steel, extending main into a growing oil patch, and guaranteeing firm delivery through brutal winters — all recovered case by case, with no automatic surcharge. When growth, a rate case, or a cold-weather peak moves the plan, Invizion helps gas utilities re-sequence a capital portfolio in a click, and defend every decision.

~1.19 Tcf¹	184,761²	\$2.0B³	0 miles⁴
North Dakota's marketed natural gas production in 2024 — a supply-rich state where output dwarfs what the distribution system delivers.	Natural gas customers across North Dakota in 2024 — a compact distribution base growing with the oil patch.	Montana-Dakota Utilities' natural gas rate base across its eight-state system; North Dakota is about 12% of gas retail revenue.	Cast- and wrought-iron main left in North Dakota — the integrity job here is aging steel and growth, not legacy pipe.

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THE NORTH DAKOTA LANDSCAPE

Four forces are moving your gas capital plan at once

A supply-rich state is not a low-pressure one. Growth, cold, safety, and case-by-case recovery all pull on the same project list — and rarely in the same direction.

INTEGRITY — AGING STEEL, NOT IRON

The modern-system problem, not the legacy-pipe crisis

North Dakota is one of two dozen states that have eliminated every mile of cast- and wrought-iron gas main⁴ so the integrity job here isn't the legacy-pipe crisis facing the Northeast. It's aging coated and bare steel, older plastic vintages, and the distribution-integrity-management obligations that apply to every operator.

Montana-Dakota Utilities told regulators it had invested nearly \$53 million since 2018, much of it in system safety and reliability, when it last reset North Dakota gas rates⁵ Across its eight-state footprint MDU runs roughly 21,800 miles of gas distribution main and 540 miles of transmission on a \$2.0 billion gas rate base³ — every mile of which competes for the same replacement dollar.

DECARBONIZATION — THE PRESSURE RUNS THE OTHER WAY

No gas ban here — but throughput still shapes the book

There is no 'future of gas' proceeding or building-electrification mandate bearing down on North Dakota. If anything the pressure runs the other way: the state produced about 1.19 trillion cubic feet of marketed gas in 2024¹ and burns only about 27 billion cubic feet a year in its homes and businesses⁶

That makes stranded-asset and declining-throughput risk far milder here than on the coasts — but it does not make long-horizon planning optional. Associated Bakken gas, gas-capture rules, and any move into RNG or hydrogen blending all reshape where a gas utility should and shouldn't extend main over a 20-to-30-year book.

SUPPLY & PEAKING — AWASH IN GAS, STILL PLANNING FOR COLD

Abundance at the wellhead isn't design-day capacity

North Dakota is awash in gas — of the roughly 1.25 Tcf of gross withdrawals in 2024,⁷ only about 67,705 million cubic feet was vented or flared, a low-single-digit share.⁸ Yet abundance at the wellhead in the west does not solve winter delivery in Bismarck, Minot, or Williston.

Design-day planning in a state that routinely runs sub-zero still requires firm capacity, storage, and peaking. The residential price sat near \$8.99 per thousand cubic feet in 2024 even as the citygate price fell to about \$4.37⁹ — the delivery system, not the commodity, is where the cost and the capital live.

CAPITAL & RECOVERY — RATE CASES, NOT RIDERS

No automatic tracker — timing is everything

North Dakota does not run a standing infrastructure-replacement surcharge like the ISRS or DSIC trackers used in other states; gas utilities largely recover capital through general rate cases before the Public Service Commission, with fuel costs passed through separately.¹⁰

That makes case timing decisive. MDU's last North Dakota gas case sought about \$8.97 million in additional annual revenue and roughly a \$6.26 monthly residential increase.⁵ Xcel Energy has a North Dakota gas rate increase pending as well.¹⁰ Every deferred project is capital you carry until the next case lets you recover it.

WHO DELIVERS NORTH DAKOTA'S GAS

A few investor-owned LDCs, almost no municipal gas, and a giant midstream

North Dakota's gas distribution is overwhelmingly investor-owned and dominated by one utility. The public-facing gas story in this state is upstream — the Bakken gathering and processing that makes it a net exporter many times over.

Investor-owned gas LDCs

Rates & capital recovery regulated by the ND PSC

Montana-Dakota Utilities (MDU)	Dominant LDC · 100+ ND communities incl. Bismarck, Dickinson, Williston & Minot
Xcel Energy (Northern States Power)	Fargo & eastern North Dakota · gas rate increase pending (PU-26-52)
Great Plains Natural Gas Co.	MDU Resources gas LDC · western Minnesota, with eastern-ND (Wahpeton) customers folded into MDU

Across its footprint MDU serves about 1.07 million natural gas customers on a \$2.0 billion gas rate base.

Municipal, rural & the Bakken midstream

Very little public or cooperative gas distribution — the supply side is the story

WBI Energy (Montana-Dakota Pipeline)	Intrastate transmission feeding the LDCs · MDU Resources affiliate
ONEOK	Largest Bakken associated-gas gatherer & processor
Targa Resources	Bakken natural gas processing
Hess Midstream	Bakken gathering & processing

North Dakota has almost no municipal or cooperative gas utilities; where mains don't reach, rural customers rely on propane and other fuels. The midstream that gathers and processes Bakken associated gas — not a public LDC — is the state's defining gas infrastructure.

Capital recovered case by case, not by surcharge

North Dakota's elected Public Service Commission sets investor-owned gas rates — and the state leans on traditional rate cases rather than the automatic infrastructure trackers common elsewhere.

North Dakota Public Service Commission (PSC) — an elected three-member commission regulates rates and capital recovery for investor-owned gas utilities such as MDU and Xcel¹⁰

No standing infrastructure surcharge. Unlike ISRS/DSIC states, North Dakota gas utilities recover replacement capital mainly through general rate cases, with gas commodity costs passed through separately.¹⁰

MDU's last North Dakota gas case sought about \$8.97 million in added annual revenue, recovering roughly \$53 million invested since 2018 in system safety and reliability — about a \$6.26 monthly residential increase.⁵

Xcel Energy (NSP) has a North Dakota natural gas rate increase pending before the PSC (Case PU-26-52).¹⁰

The money follows the rate case

With no automatic replacement tracker, North Dakota gas utilities fund modernization and growth through rate base and general cases — which makes what you file, and when, the whole game.

Rate-base growth: MDU carries a \$2.0 billion natural gas rate base across eight states, with North Dakota about 12% of gas retail revenue — capital earns a return only once it's in an approved case³

MDU's ~\$53 million since 2018 in North Dakota gas system investment was folded into its last general rate case (about \$8.97 million in new annual revenue).⁵

Xcel's pending North Dakota gas case (PU-26-52) is the vehicle for its next round of system-investment recovery.¹⁰

Gas-cost pass-through: commodity costs move through a purchased-gas mechanism, so rate-case capital is judged on prudence and need, not fuel swings.¹⁰

NORTH DAKOTA'S GAS, IN BRIEF

Questions North Dakota gas utility leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

How many natural gas customers does North Dakota have?

About 184,761 natural gas customers as of 2024 — roughly 158,600 residential and the rest commercial and industrial — a compact base for such a large producing state²

Who is North Dakota's largest natural gas utility?

Montana-Dakota Utilities is the dominant gas LDC, serving 100-plus communities including Bismarck, Dickinson, Williston, and Minot; Xcel Energy serves the Fargo area and Great Plains Natural Gas the eastern edge¹⁰

Does North Dakota have a gas infrastructure surcharge like ISRS or DSIC?

No. North Dakota gas utilities recover replacement and growth capital mainly through general rate cases before the Public Service Commission, with gas commodity costs passed through separately¹⁰

North Dakota produces enormous amounts of gas — why do utilities still plan around supply?

Because the 1.19 Tcf produced in 2024 is mostly Bakken associated gas gathered in the west, while the LDC still has to guarantee firm winter delivery to homes that burn only about 27 Bcf a year statewide. Abundance at the wellhead is not the same as design-day capacity in a sub-zero January⁶

Is North Dakota trying to electrify buildings or restrict gas?

There's no active 'future of gas' proceeding or building-electrification mandate here, and the state produced about 1.19 Tcf of gas in 2024 — the policy environment is gas-friendly. The long-horizon question is throughput and where to extend main, not a looming phase-out¹

How does Invizion help North Dakota gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how oil-patch customer growth, a cold-weather peak, or a pending rate case reshuffles your whole project list, re-sequence the portfolio automatically against your constraints, and keep a defensible record of every decision for the Public Service Commission.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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3. MDU Resources Group FY2024 Form 10-K (SEC) — ~1,065,593 natural gas customers across eight states, ~21,800 miles distribution / 540 miles transmission, \$2.0B gas rate base, North Dakota ~12% of gas retail revenue. www.sec.gov
4. PHMSA — Cast and Wrought Iron Inventory: North Dakota is among states that have completely eliminated cast- and wrought-iron gas distribution pipe. www.phmsa.dot.gov
5. Montana-Dakota Utilities — North Dakota natural gas rate case: ~\$8.97M requested annual revenue increase, ~\$53M invested since 2018 in system safety/reliability, ~\$6.26 monthly residential impact. www.montana-dakota.com
6. U.S. Energy Information Administration — North Dakota natural gas delivered to residential + commercial consumers, ~26,981 MMcf (2024). www.eia.gov
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10. North Dakota Public Service Commission — regulator of investor-owned gas utilities; active cases include Xcel gas rate increase PU-26-52. psc.nd.gov
11. Montana-Dakota Utilities — About: serves 435,350+ customers in 273 communities across Montana, North Dakota, South Dakota and Wyoming, including 100+ ND communities (Bismarck, Dickinson, Williston, Minot). www.montana-dakota.com
12. MDU Resources — About Us: 1.2M+ regulated utility customers across eight states under Montana-Dakota Utilities, Great Plains Natural Gas, Cascade Natural Gas and Intermountain Gas. www.mdu.com

ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

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