

Tongue River Valley Joint Powers Board Meeting

Meeting Minutes

October 29, 2014

Present: Peter Clark, Randy Sundquist, Norm Anderson, Joey Sheeley, Karen Walters, Lynn Hartje, Jeff Barron, Jack Fritz, Andrew Newman, Larry Oswald, Linda Lofgren, Bob Wood, Eric Lofgren

Next meeting: October 29, 2014

I. Announcements

None.

II. Approval of Minutes from September 24, 2014 Meeting

III. Approval of Agenda

Additions: Details about cost of WBI connect.

Deletions: None

IV. Discussion

Old business:

- SLIB application update (Peter): Peter addressed deficiencies and sent the info back to SLIB on October 22. WAM director asked if she could help with the presentation to SLIB for the January award. Will likely happen sometime after the election, before the first of the year.
- On Monday, November 3, there is a conference call with the gas company committee. Peter and Bob will be on the call.
- Peter has requested a meeting with Governor Mead. No response yet.

New business:

- Peter thanked the board and volunteers for all of the time spent on this project on the first year anniversary of the creation of the TRV JPB.
- No new bills for approval/payment at this time. We have approximately \$33K in our account at this time.
- Discussion with MDU (please see attachments for information presented by MDU):
 - Peter: Where does MDU stand with this project? The original plan for the communities to offset the \$2.5-3 million request would mean a \$180/month surcharge for all customers; at that rate, there would be no conversion. The JPB is still willing to partner and we have the population and subscriber base to do it. Larry Oswald answered that they were willing to partner and provided handouts with a revised route and cost estimation.
 - MDU's revised cost is even higher than previous estimates and the route is approximately 3 miles shorter.
 - Larry suggested the JPB do the transmission line and MDU put in the distribution system. But this is not cost effective as the communities may not be able to apply for community block grants to pay for conversion costs for low/moderate income households if the distribution system is owned by a private company.

V. Public Communique

Covered during the discussion with MDU.

The meeting was adjourned.



MONTANA-DAKOTA
UTILITIES CO.

**Ranchester/Dayton
Gas Extension**

September 8, 2008

Montana-Dakota's Natural Gas System

- 258,000 Natural Gas Customers located in 165 Communities
- Purchase approximately 37 Bcf gas annually from 20 different suppliers (cost of gas & pipeline costs passed on to customers)
- Deliver to customers over 4,500 Miles of distribution pipe



Natural Gas Offers Convenience

- Clean & economical fuel
- Underground distribution
- No unsightly tanks
- Pay for it after you use it
- Delivered daily --- no hassles about calling for delivery when the tank is about empty.

Wide Range of Natural Gas-Fired Products Available

- Space Heating
- Water Heating
- Clothes Drying
- Cooking, Outdoor Grilling
- Fireplaces
- Deck Heating
- Outdoor Lighting

Conversion to Natural Gas

- Propane heat is easiest to convert
- Propane piping will need review
 - copper tubing does not meet code & must be replaced.
 - Plumbing and building codes must be followed
 - All equipment in mobile homes must be mobile home approved.
- Most propane water heaters in home need to be replaced.

Customer Conversion Costs - Ballpark examples

- Furnace Conversion :
 - Mobile home approved furnace \$90.00 labor
 - Residential home \$90.00 labor + \$80.00 to \$150.00 for equipment parts = \$170.00 to \$240.00
- Water Heater Conversion:
 - Residential propane only, need to replace water heater \$600.00 equipment + \$275.00 labor = \$875.00
 - All mobile home approved water heaters can be converted from propane to natural gas = \$50.00

Customer Conversion Costs - Ballpark examples

- **Range conversion:**
 - Range residential \$30.00 labor + \$50.00 parts
 - Mobile home range \$30.00 labor if only adjusting orifices
- **Inside piping:**
 - Estimated at \$200.00 - \$300.00 if required
- **Customer owned lines beyond meter**
 - Example - Gas line to detached garage...

Average Estimated Conversion Per Home

- Average estimated conversion per home
\$1,500 - \$2,000

All homes different depending on appliances

Miscellaneous Items

- Customer needs to locate the following types of lines - Not part of “One Call”
 - Sprinkler
 - Sewer
 - Septic
 - Customer owned electric lines to out buildings
- Does City locate water/sewer lines?*

Natural Gas – Propane Price Comparison

Based on 5-Year Average Prices

5 Yr Residential Average Customer (100 dk)

Base Rate	\$	0.40	day	\$	146.00
Natural Gas	\$	7.77	dk	\$	777.00
Total Annual Cost				\$	923.00
5 Year Average Propane \$/Gal				\$	1.66
Natural Gas Equivalent \$/dk	\$				18.18
Propane Annual cost	\$				1,818.00
Average Annual Savings					\$895.00
% Savings					49%

Natural Gas – Propane Price Comparison

Based on Last 12-Month Average Prices

Last 12 Months Residential Average Customer (100 dk)

Base Rate	\$ 0.40 day	\$ 146.00
Natural Gas	\$8.170 dk	\$ 817.00

Total Annual Cost **\$ 963.00**

Last 12 Months Average Propane \$/Gal **\$ 2.05**

Natural Gas Equivalent \$/dk \$ 22.45

Propane Annual cost \$ 2,245.00

Average Annual Savings **\$1,282.00**

% Savings **57%**

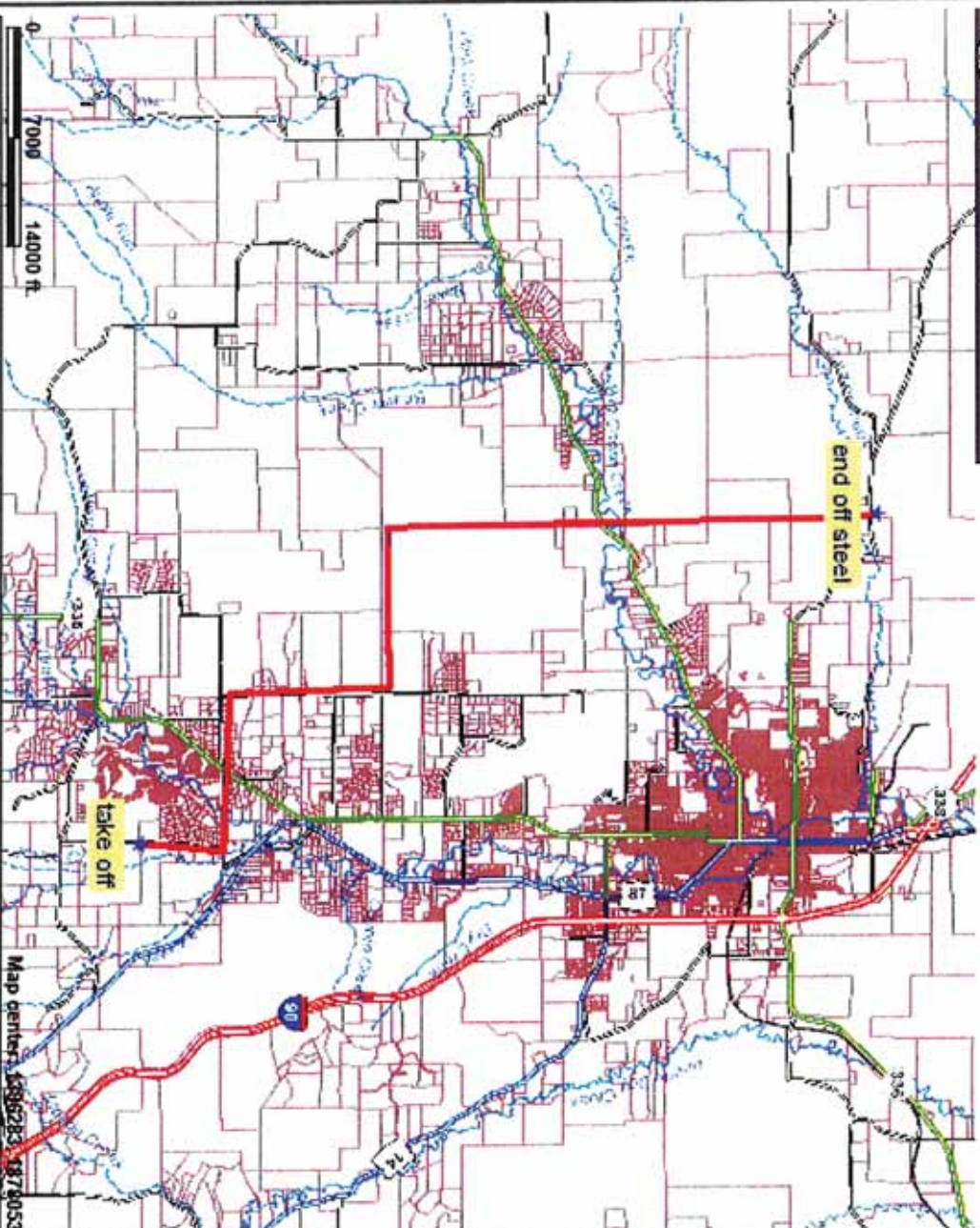
Construction Requirements

- 12.5 miles high pressure distribution line
- 31.5 miles medium pressure line including piping required in each town
- Service line from main to each connecting customer



Sheridan County
Internet Mapping Site

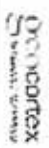
Steel line route



Legend

- FA ROAD CL
- IN STATE
- US HIGHWAY
- WYOMING STATE HIGH WAY
- SHERIDAN COUNTY ROAD
- Major Streams
- Stream Level
- 4-5
- 6+
- Parcels

Scale: 1:119,216

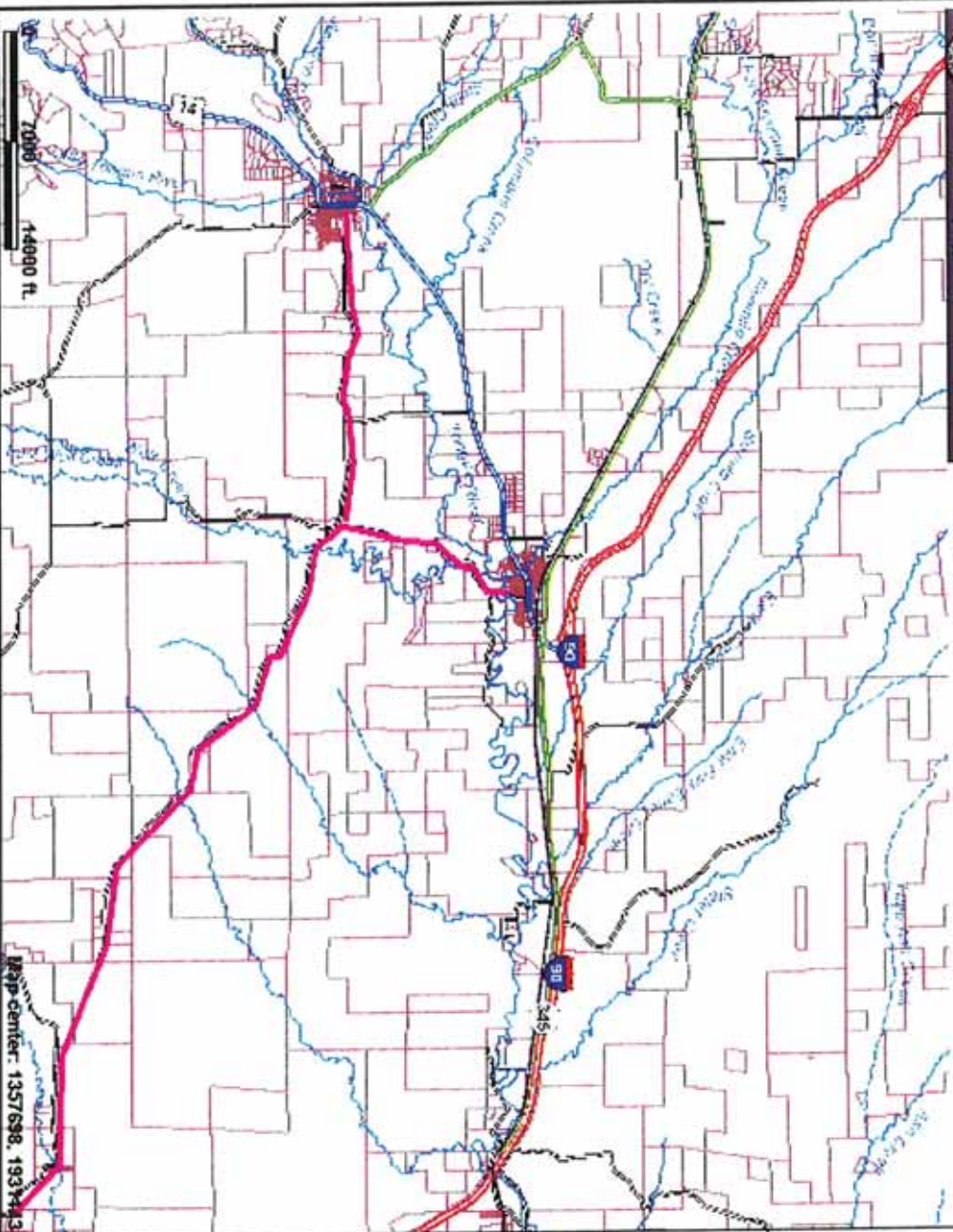


This map is a user generated static output from an internet mapping site and is for general reference only. Data errors that result from the data source may occur; current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.



Sheridan County
Internet Mapping Site

plastic route



This map is a user generated static output from an internet mapping site and is for general reference only. Data layers that appear on this map may not be accurate, current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.

14000 ft. 20000

Map Center: 1357698, 1937443



Legend

- RA Road CL
- IN Interstate
- US Highway
- WYOMING STATE HIGHWAY
- SHERIDAN COUNTY ROAD
- Near-Stream Stream
- Stream Level
- 4-5
- 6+
- Parcels

Scale: 1:119,216



Project Costs

Assuming 30% & 50% Conversion Rates

Customer Conversion	Total Cost	Cost Responsibility		Surcharge Per Month
		System	Customer	
30%	\$6,387,958	(\$1,439,450)	\$4,948,508	R \$185 C \$210
50%	\$6,547,924	(\$1,439,450)	\$5,108,474	R \$100 C \$125

No Savings to Customers @ Required Surcharge

30% - 257 estimated customer conversions

50% - 430 estimated customer conversions

Reduction in Costs or City Contribution/Funding Required

Customer Conversion	Costs Net of System	Cost Responsibility		Surcharge Per Month
		Additional Contribution	Customer	
30%	\$4,948,508	(\$3,650,000)	\$1,298,508	R \$30 C \$50
50%	\$5,108,474	(\$2,950,000)	\$2,158,474	R \$25 C \$50
<p>Payback @ <u>\$1.66 Propane</u> Payback @ <u>\$2.05 Propane</u></p>				
	3.0 Yr		1.5 Yrs.	
	3.0 Yr		1.5 Yrs.	

Price Comparison (5-Year Average Prices) Including \$25.00/month Surcharge Based on 50% Conversion

5 Yr Residential Average Customer (100 dk)	
Base Rate	\$ 0.40 day \$ 146.00
Natural Gas	\$ 7.77 dk \$ 777.00
Total Annual Cost	\$ 923.00
5 Year Average Propane \$/Gal	\$ 1.66
Natural Gas Equivalent \$/dk	\$ 18.18
Propane Annual cost	\$ 1,818.00
Average Annual Savings	\$ 895.00
% Savings	49%
Annual Surcharge Requirements	\$ 300.00
Net Annual Savings	\$ 595.00

Price Comparison (12-Month Average Prices) Including \$25.00/month Surcharge Based on 50% Conversion

Last 12 Months Residential Average Customer (100 dk)	
Base Rate	\$ 0.40 day
Natural Gas	\$8.170 dk
Total Annual Cost	\$ 963.00
Last 12 Months Average Propane \$/Gal	\$ 2.05
Natural Gas Equivalent \$/dk	\$ 22.45
Propane Annual cost	\$ 2,245.00
Average Annual Savings	\$ 1,282.00
% Savings	57%
Annual Surcharge Requirements	\$ 300.00
Net Annual Savings	\$ 982.00

Next Steps

- Funding Availability
- If Feasible – Customer Meetings
 - Upfront Sign-up Cost of \$150.00
- Reevaluate feasibility based on customer sign ups

Questions?

Thank you