

KINDRED CITY COUNCIL SPECIAL MEETING MINUTES
01-21-2021 at 11:00am - Kindred City Hall

Board Present: Mayor DuBord, CMs Spelhaug, Amerman, and Peraza. Absent: CM Stoddard.
Others present: MDU Representatives Larry Oswald & Jerry Fischer (and other MDU team members via conference call), Kindred Public School Superintendent Steve Hall, Developer/Business Owner Mark Ottis, MLGC Representatives Tyler Kilde & Eric Swenson, ND District 25 Representative Alisa Mitskog (via conference call), City Auditor Tabitha Arnaud.

Meeting called to order at 11:05am.

1. Meeting with MDU Representatives on Natural Gas Supply

Mayor DuBord opened the floor to Larry Oswald, Director Business Development & Energy Services for Montana-Dakota Utilities Co. and Great Plains Natural Gas Co. Mr. Oswald thanked the city and the school district for the letters of support and the opportunity to attend this meeting for discussion. He shared that for several years MDU has been looking at getting natural gas to the Wahpeton area. Great Plains Natural Gas Co currently serves the Wahpeton/Fergus Falls area with lines installed in the 1960s. A Mapleton service line (WBI) could be tapped and brought South along Cass County Highway 15, then southeast to the Wahpeton area. If enough customers from Wahpeton commit to natural gas service, WBI/MDU would commit to a new 8" Mapleton/Wahpeton service line. Large use customers line agriculture processing plants (corn, sugar beet, etc) would be most valuable for commitments. The service line could be upsized to 10" if commitments are greater and to supply potential future growth. Obtaining customer commitments from Wahpeton is the first priority to move the Mapleton/Wahpeton service line into action. The goal is to get these commitments by the end of March 2021. Paperwork and permits take the longest. Prediction for service availability would be November 2023.

A service line and distribution system could be constructed as part of the project for the City of Kindred. This would require a commitment of 40% of homes/businesses. An average cost to customers for service lines to be installed into their properties would be between \$1300-\$1700 per location. A down payment of \$350-\$450 would be required at the time of commitment and financing the remaining is an option. Conversion costs of appliances would be in addition to these connection fees. If propane is used for heat/water in a property, the average home savings of switching to natural gas is about \$600/year. If the community commitment is greater than 40%, the service line installation costs per property would be reduced.

Discussion of how our community could plan for service in 2023. New housing and potential new developments will only increase the number of properties that would likely want natural gas service. For new developments, can infrastructure be installed prior to the service being available? Yes! There is potential for a temporary service, or bridge, to be used. MLGC President Tyler Kilde shared that they will be running fiber infrastructure from Kindred to Mapleton this summer, and although the timing could be too soon for MDU to get things processed, MLGC is open to working together with other utility companies for a joint trench/install of infrastructure. Mr. Oswald agreed that sharing and saving installation costs with utility partners is a common and welcomed practice for them. They agreed to exchange contact information after the meeting.

Additional discussion on the outreach and marketing program MDU uses to lock in commitments. A similar arrangement was just completed in Milnor and Gwinner. MDU will work with the City to send out materials to each property owner and will hold public meetings to provide additional information. MDU will also work with HAVC contractors to get upgrade costs on conversions at each property. They will meet with each homeowner to discuss what appliances/services the home has and will review all costs/savings that are specific to them. Residents will then a tailored quote to make the best educated decision with. Local banks or credit unions could possibly offer low interest finance options for the conversion costs. In Milnor, the city offered to pay the down payment for commitment if residents would commit by a specific date.

Kindred School Superintendent Steve Hall shared that the elementary school would definitely have interest at converting the electric services to natural gas. The high school was constructed in 2010-2012 and installed geothermal heat source, but that capacity is maxed out with just the high school. If the expansion of a middle school building at the high school property moves forward, natural gas would be needed.

MDU shared the contract rate for connection fees are held on a 5-year contract. But early commitment ensures the best savings, in conversion cost savings alone. If the cost of the project comes in less than the project estimate, MDU issues a "true-up" credit back to the customer. New development could help reduce this initial investment for residences too. The more properties that connect to the system, the better the savings across all properties.

Using current city connections as an estimate, the year one minimum commitments of 40% would be about 135 residential and 27 commercial connections. Year two would be about an additional 10%, year three an additional 5%, and year four an additional 1%. The boundary of the project is generally city limits, but MDU would evaluate those surrounding properties (outside city project) and connections could still be made but the costs may be a little different. Length of service line is usually the item that drives the expense. A service line from a city street to a home is not necessarily as lengthy as a farmhouse that could be located a couple of miles from the service line. "Farm taps" are estimated between \$7K-\$10K.

Summarizing: If Wahpeton commitments are secured by end of 1st quarter 2021, the pipeline from Mapleton to Wahpeton is a go. Evaluating Kindred would be next: plans on outreach and marketing, working on securing Kindred commitments, running the numbers, and looking at bridge feasibility.

City Council: This is all very exciting and terrific information. Thanks to MDU and all others present for interest and involvement to bring this service to our community! Continue to reach out to the city for any aid or information!

No motions made. Meeting adjourned at 12:19pm.

Tabitha Arnaud, City Auditor

Jason DuBord, Mayor

Date approved