

Special Meeting of the Holdingford City Council March 24, 2014

Mayor Ernie Schmit called the Special Meeting to order at 7:00 p.m. to discuss natural gas proposals from CenterPoint Energy and Greater Minnesota Gas Company partnering with Xcel Energy to pipe natural gas to the Holdingford area.

Council members present: Ernie Schmit, Sue Marstein, Mike Odden, Lewis Becker and Lloyd Rausch.

Others present: Greg Palmer of Greater Minnesota Gas Company, Chris Conrad and Scott Hults of Xcel Energy, Eric Williams of Holdingford Schools, Doris Ahrens, Patty Becker, Peter Becker, Robb Berscheid, Tim Berscheid, Gene Cipala, Joanne Fussy, Betty Gaida, Mary Kierzek, Bonnie and Rick Meier, Pat Meier, Marty O'Hara, Rich Majeski, Everett Olson, Gene Ostendorf, Gordy and Sharon Sjaenheim, Rick Solinger, Tony Stalberger, Louis Walz, Allan Warzecha, Ed Westrom, and Delroy Young.

Chris Conrad of Xcel Energy presented proposal for natural gas stating that America has an abundant supply of natural gas and prices are forecasted to remain stable compared to propane costs that are expected to increase.

Utility companies report annually to the Minnesota Public Utilities Commission and perform annual evaluations of the programs to examine the costs and service. Monthly costs for residential users will include a base rate of \$23.45 per month for pipe line distribution NAS (\$14.45) and residential gas service (\$9.00) in addition to usage charges. Comparable to an equivalent cost per gallon of propane = \$0.906/gallon. In 15 years or less the \$14.45 NAS monthly fee will be paid off making natural gas a more affordable alternative than propane.

The cost for large customer/commercial users would include a base rate of \$93.75 per month with distribution rates of \$68.75 and gas service of \$25.00. An equivalent cost per gallon of propane= \$0.889/gallon.

The proposed estimates are based on the assumption that most of the commercial businesses and residents will want natural gas.

Monthly surcharge could be reduced if more residents signed up or a business used more.

Propane costs are increasing and natural gas prices from Xcel Energy are competitive. Xcel Energy serves over 400,000 customers in Minnesota and provides natural gas service in four of the eight states where they are located.

Scott Hults answered questions regarding the timeline and logistics.

A mailing will go out to all area residents, a sign up night will be held at City Center, a representative will visit interested home owners and provide estimates for individuals, will have online tool for residents to make comparisons between natural gas and propane to determine savings and if its beneficial to home owner; goal would be get to get natural gas to households by this falls heating season.

A main would run through town then run to individual homes. There is no charge for the first 75 feet to the house, then \$3.50 per foot if more footage is needed.

Residents will receive a consolidated bill if already an Xcel Energy customer.

Odor is added to gas so leaks can be easily detected.

There is no penalty if resident does not convert to natural gas right away. Once meter is installed and the agreement is signed, the monthly charges of \$23.45 begin, but additional usage charges will not be charged until gas is used.

Most propane water heaters can be converted to natural gas fairly easily. Residents would need to check with plumbing and heating specialist to determine individual needs.

For piping south of Holdingford to the businesses, Xcel Energy will look at current use and potential for growth in the area to determine feasibility. If there is a shortfall of customer needs than it will cost more to get gas to that area. Xcel Energy has agreed to extend gas to Opole.

By partnering with Xcel Energy, Greater Minnesota Gas Company President Greg Palmer noted that they would be able to provide natural gas to Holdingford at a cheaper rate than without the partnership. Natural gas would be piped in from Randall through the Swanville and Upsala areas.

Mayor Schmit reported on the proposal provided by CenterPoint Energy for \$3.6 million for bringing natural gas to Holdingford from Avon and a comparable monthly distribution charge NAS of \$191 per residence for 12.5 years.

Sue Marstein made a motion to bring natural gas to the Holdingford area through Greater Minnesota Gas Company partnering with Xcel Energy. Mike Odden seconded the motion. AIF

Lewis Becker made a motion to adjourn. Sue Marstein seconded the motion. Meeting adjourned at 7:45pm.

Respectfully Submitted,

Sandra Meer
Holdingford City Clerk