

City of Green River

375 South Carbon Avenue, Price, Utah
City Council Minutes
Special Meeting
September 11, 2019

ATTENDING: Council Members Kathy Ryan, Penney Riches and Anna Evans, Conae Black, Mike McCandless, from Dominion Energy Brett Brown and Brad Simmons, from Southeastern Utah Association of Local Governments Jade Powell, Geri Gamber, Michael Bryant, from Satview Rodney Nugent, Emery Telcom Jared Anderson, State of Utah Representative Christine Watkins, Jonathan Johansen from Johansen & Tuttle Engineering, Emery County Commissioners Lynn Sitterud and Kent Wilson, Utah State Senator David Hinkins, Kelby Bosshardt and Trina Rivera from Better City LLC, D. Christensen from Dead Horse Oil, Terry R. Spencer and Tariq Ahmad from Pacific Energy, Dan Green from Entrada Enterprises, Stuart Clason from UAC, Eric Johnson from Seven County Coalition, Darin Fox from Sunrise Engineering

CONDUCTING: Southeastern Utah Association of Local Governments Director Geri Gamber, the meeting began at 1:00 p.m.

ORDER OF BUSINESS: Table top discussion on bringing natural gas into Green River.

Conae Black said that Green River City has been working for the last 10 + years to bring natural gas into our community not only to serve our citizens and businesses that are there but as a tool for economic development to bring better economy into our community. The City has been working alongside Mike McCandless who has been really good to get us through a lot of the difficult processes. So far the city has hired Sunrise Engineering to do a Feasibility Study. One phase of that study was to obtain a Record of Decision on a right-of-way from the Bureau of Land Management to bring a pipeline about 16 miles across public lands to a gateway station. Now we have many directions the city can take to construct and bring the natural gas into town and that is the purpose of this meeting is to discuss our options and choose a path.

Mike McCandless said we started back in 2005 because there was a logistics trucking company wanting to relocate in Green River from Grand Junction Colorado. The company executed contracts on some property and when it came down to it they could not afford to come to town because of the lack of natural gas. So that kicked this off and in 2005 we started working with Questar which is now Dominion Energy to extend the line into the region. In Emery County they had the experience to extend the natural gas line to Cleveland, Elmo and East Carbon. At that time formally known Questar had a couple of programs, depending on the community, that was a methodology to extend natural gas to unserved communities. Essentially what would happen is the customer would pay a fee on top of their basic gas and non-gas charges. For example the town of Cleveland that additional rate was about \$30 a month. So those natural gas customers in Cleveland would pay for the gas and pay that additional \$30 a month. The problem was 10 to 15 years later the growth in those communities did not meet what was expected so the debt service was not being adequately covered by the additional monthly rate. He got involved in 2004 and there was a rate case in 2007 and some subsequent rate cases. Ultimately what happened was the Public Service Commission ordered Questar to do away with that program to extend gas. It was good for those communities that had received it because those gas customers no longer had to pay that additional monthly rate. But when the Public Service Commission made that order they said to figure out a better strategy to get natural gas into the underserved communities. He thinks there are a total of 31 incorporated communities in Utah that are significant enough in size that still do not have natural gas which includes three communities in Emery County. Green River is sitting the most advantageously because of industry that is interested in coming into town. So when that final decision was issued by the Public Service Commission they started looking at alternative methodologies. How do you pay to get a gas pipeline into town and how do you pay to distribute the gas to the customers once the gas has been brought to town. Because the Public Service Commission had told Questar of their decision

back in 2015 Questar, who is now Dominion Energy, sent a letter to him stating they could no longer serve Green River. They had examined all of the alternatives but for right now they do not have a method where they can serve Green River. That is when he and Conae Black and the City Council started talking about other alternatives. Over the next couple of years they worked towards an EDA and CIB grant which Green River City was awarded in 2017 for the process that was just completed. That grant allowed the city to conduct a feasibility study and pay for a Record of Decision from the BLM to bring the pipeline to Green River. We knew where gas was sitting and we knew we needed to get it to the edge of town. Sunrise Engineering completed the feasibility study who determined that it is technically financially feasible to consider extending the line into town and that there would be adequate service connections to fund that and there was a reasonable expectation that Green River would receive that right-of-way. When that was presented the City Council then asked him and Sunrise Engineering to go ahead and pursue the right-of-way which was just issued. Since October 2017 we have been pursuing that right-of-way which has been the sole purpose during this whole time. The other activity that has gone on is there were some legislative changes made that changed the rules for Dominion Energy. Historically when utilities try to extend into underserved areas they can't use revenues from existing customers to fund that. That goes for any utility company such as the power company, gas company or water company. You can't take rate payers revenue and use that to extend the line. Senator Hinkins sponsored a bill that he believes says a utility company can take up to 1% of their revenues and apply it toward those extensions without having it harm their rate base and rate structure for their existing customers. Brad Simmons said the Public Service Commission needs to approve that. It is not guaranteed it just gets them up on the funding 2% over a period of time or 5% total. Mike McCandless said that occurred independently from the work we were doing for Green River. This bill was not just for Green River but for these other communities such as Kanab and others up in the Bear Lake area. Our focus has been getting this pipeline constructed. Conae Black and I feel that with the point that we are at now it is key to have the city provided with some options. Is Dominion Energy an alternative now, is self-serving like Nephi or Blanding an option, is there another alternative utility that wants to step up because we have communicated with other utilities from other States, there are a lot of options. He does want to inform everyone that Delta in Millard County went through a CIB application process in an attempt to do a gas line extension and was rejected by CIB. The reason for that was the beneficiary was going to be a regulated utility. So CIB made a decision that the only way they would fund a project as this is if the provider was a government entity. For that reason we have reached out to the Seven County Coalition because they could possibly be a potential funding source. We have opened up a whole bunch of doors and now we want to see who wants to play.

Mike McCandless said that Dan Green and Tariq Ahmad are key to this project because they have the gas line Green River wants to connect to. If they didn't have their existing pipeline the cost of running the pipeline all the way to the existing Northwest pipeline would cost a lot more money. That is a resource that was put in the early 2000's for some gas collection and they acquired it through other transactions so they have a really important role in this. For those of you that may have some questions this is one part of the stake that Dominion Energy does not have their own core pipeline network which is a challenge. So we would not be tying into a Dominion line. The feeder line in this case is an interstate core which is a Williams's pipeline. Dominion has a pipeline division and a regulated utility division within their company. The role they play is key because they have that responsibility and maybe they have made some overtures to have some other entity to potentially take over ownership of that pipeline if the circumstances are favorable for everyone. He feels that is really key to this discussion.

Tariq Ahmad said he has been working around Green River since 1982 and has been trying to bring natural gas into town since that time and has been hearing this for a very long time. They key was when Pacific Energy took over the Delta pipeline which was built in 2008. So it is fairly new and cost over \$45 million to build. He said you can only move gas one way. One of the concerns is what they are going to do with their gas if they drill more wells. He thinks the feasibility study says 300mcf a day during the summer and a maximum of 1,000,000 a day. He said he didn't care he will just shut the wells down until you get some more gas demand. It doesn't really matter to them. They really didn't want to operate because they have had enough of the Public Service Commission. He has been dealing with them for three years now and it is

nothing to do with the pipeline. It has to do with the manual. The Public Service Commission came to them and said they created the manual but it needs to be translated into Spanish. So they did that. Then the Public Service Commission came back and asked why they had translated the manual into Spanish. They answered that the Census stated that the Spanish speaking population is the highest ethnic group so the Public Service Commission told them they needed to put into the manual. They also asked them where they had advertised and he told them Moab Utah. They asked why they advertised in Moab Utah. He told them the pipeline was in Grand County. They asked why they advertised in that particular newspaper. He answered that is the only newspaper in Grand County. Then they were told that they needed to put that into the manual. They just won't quit. They really want somebody else to do it. They are into oil and gas production and not into pipelines and this pipeline was not regulated until 2013. They operated from 2008 until 2013 with no regulations. The Public Service Commission just showed up one day and said they wanted to look at the pipeline. They asked why and were told they just wanted to check it. The next thing they knew they were regulated. When they asked why, the Public Service Commission told them he had asked them to regulate them, but he told them that he did not and asked them when was the last time an oil company would ask to be regulated. They printed that story four months ago in the newspaper saying I called the Public Service Commission and asked to be regulated. So that is where they are, they are just fed up. They have been talking to Dominion and the City. One of the things he knows about Green River is they have the railroad tracks and very few cities have that. They looked at that also. He thinks there was a refinery that was looking at locating into Green River and they couldn't do it because there was not any natural gas. Mike McCandless said there were two oil refineries and they are still permitted. Tariq Ahmad said they talked to them and were signing contracts and the next thing they knew is there was not any gas. Green River is located in a very central area where there are highways and rail, high voltage power lines so you can build something there and he feels a lot of people will. Manufacturing companies will come if the entire infrastructure was in place. That is where they are coming from. They would like someone else to operate the pipeline. A lot of the gas going through is coming from Texas and it is really cheap and they are just flaring it. The price of natural gas isn't going anywhere. Back in 1982 they were selling natural gas for \$5.00 and right now it is \$2.00.

Mike McCandless wanted to make a statement that was fairly obvious. The challenge is what the cost of not having natural gas is to the residents. Even though we have had some pretty good refining opportunities propane typically runs between 40% to 80% more than natural gas and electric heat typically runs between 50% to 100% more than natural gas depending on the home. The impact on a population that is predominately low income is significant which trickles over to the business side because of the types of businesses that we have which are primarily hospitality businesses. Those businesses have real challenges when you have electric or propane powered washers, dryers and swimming pools and try to compete with other destinations in terms of their operating expenses. Tariq Ahmad said he operates out of Elko Nevada. They have a telecom business there. Elko Nevada has natural gas but the Public Service Commission is different there than it is in Utah.

Conae Black said there are two questions. One question is Green River City still going to connect onto Northwest pipeline and two is Dominion in or out? Mike McCandless felt that would be a helpful discussion. This has not been discussed since Questar is now under the new ownership of Dominion Energy. We haven't had any communication since then so it would be helpful to know where Dominion Energy is. Brett Brown said his new role with the company will be in growth which is exactly what we are talking about today. He thinks there is a very friendly environment with our current management for expansion. With House Bill 422 it opens the opportunity that will align very well with your project. Are there things that Dominion needs to work through, absolutely, but is he more optimistic today than he was two or three months ago which includes the attitude within the company, he would say yes. He can tell you with House Bill 422 he thinks it will make it a definite game changer. The challenging key to them will be how quickly they can respond based upon Green River City's demand. Honestly where he is right now is how quickly can Dominion get this ship to turn or how quickly they can get Green River the resources they need to move forward. Brad Simmons said Tariq Ahmad hit the nail on the head. Being a regulated utility there are a lot of things we can or cannot do. He said to Tariq Ahmad

“welcome to the world of regulation.” Tariq Ahmad said they are regulated in Nevada and there is a difference. He can call up the Governor’s office and they will get it done but in Utah it is super regulated and he is not used to it. Brad Simmons said he was fortunate enough to speak with Conae Black and he is pretty much aware of where Green River sits and the potential it has and they have a strong desire to see what they can do to make it work. When House Bill 422 came into play they looked at the traditional way that Mike McCandless mentioned of connecting to existing systems. If Dominion were to connect to their system and expand into Green River an estimated cost to do that would be about \$63,000,000. According to House Bill 422 in any three year period of time they cannot spend any more than \$50,000,000 that is approved by the Public Service Commission. Over a five year period of time that expenditure cannot exceed over \$125,000,000 in revenue. They have filed a general rate case which is anticipated to be effect soon but they don’t know what the Public Service Commission will decide so he guesses that the \$50,000,000 and \$125,000,000 could go up a little bit. House Bill 422 allows for the planning, construction and development of natural gas facilities but does not allow for the purchase of an existing pipeline. If that purchase were to occur it would open the door for additional regulation from the Federal Energy Regulatory Commission (FERC) which they want to avoid. They are used to State regulations and are very comfortable with it. If they purchased the pipeline from Tariq Ahmad they could accept gas from the gathering system but gas could not flow beyond that point. It could not flow onto Northwest pipeline. That would then fall under FERC jurisdiction. If the supplies from the wells were not sufficient to meet the needs of Green River they would be able to flow from Northwest to them. This has been talked about internally. Would it be the utility that purchases PEMC possibly? Mike McCandless said Green River has approached the Seven County Coalition about owning that pipeline. He said an advantage that municipalities have is they are not managed by the Public Service Commission. They have some oversight but how the State law reads is if a municipal entity runs a utility service essentially the voters are the managers of that system. So there is more leeway but that doesn’t mean there couldn’t be complaints filed or other kinds of processes. One of the reasons we had a series of meetings with the Seven County Coalition as a potential owner is we had a third party running the pipeline portion and then either the City or Dominion simply run the in-town distribution network. That is a concept that we have been talking about. Brad Simmons said they believe that House Bill 422 allows them to spend and because we are allowed that we still have to go back to the mother ship for that funding. As Brett Brown mentioned the appetite seems to be more favorable under the new ownership. He thinks that the PEMC line is key and makes it much more doable. Even though a municipal system has a little more leeway maintenance on the line and everything else under DOT standards still has to be met and that is what they do for a living. Conae Black addressed Mike McCandless and said one question that Brad Simmons asked her if the City’s ROW was transferrable. Mike McCandless said he will have to look and see if there are any prohibitions but in his experience with these types of utilities that are typically not even an approval by the BLM it is just a recreational bat. Brad Simmons agreed. Mike McCandless said in his experience they are more worried about if that line ever goes away who is going to clean it up. If there is a transition they just want to make sure that the bonding associated with the transition remains in place. Brett Brown said they are very familiar with that. Brad Simmons said they believe that if Dominion were to adapt the pipeline that is in place they would bring a high pressure line up to the city and establish a regulator station there and then do the execution system. Mike McCandless asked Brad Simmons if they would envision that the pipeline portion would be done by your regulated company or by doing the pipeline. Brad Simmons said by regulated. Brett Brown said the only section that would be an option for the unregulated would probably be the transportation line. Mike McCandless said most of the people in this room are served by portions of the pipeline division and then handed back off to the regulated side. Brett Brown said they have a lot of interaction with Kearn River so don’t think there is any specific tie to our pipeline. They have to be really careful of that relationship. To be perfectly honest he could care less whether they came off of what pipeline so there is no allegiance there other than access. Brad Simmons said Dominion Energy serves Moab and Monticello off of Northwest pipeline.

Brad Simmons said House Bill 422 does not allow them to run service lines to the residents or commercial property. Brett Brown said the main lines are what runs through the

streets and function as the backbone of the distribution system the service lines run from the main into the private property. Brad Simmons said the avenue that they vision happening there would be asking the Public Service Commission to reinstate the GSS rate and/or if the city wanted to cover those costs and do an assessment that would be up to them. Mike McCandless said he is glad they mentioned that because that is another concept about an assessment and he wants to talk to the Emery County Commissioners because they too have been working on this independently. Just to make this clear somebody has to pay for the pipeline. Because of the GSS and the AC one of the funding mechanisms we have looked at is a Special Assessment or a Special Assessment Area or a Special Assessment Area Bond whereby because of the savings that would occur from going off from propane or electricity there would be some dollars that those customers would have saved that could be assessed on their property taxes each year. So there would be an assessment each year for a defined period of time that would go towards the construction of the system. That was factored into the feasibility study that we completed which was the local funding portion. We did not want to burden the existing tax base or bond capability of the city so we needed to have an independent mechanism and in this case it was a Special Assessment. It is a very common practice to use Special Assessments for expansion and development of various services such as paving roads, curb, gutters, sidewalks or sewer so we were using in concept a tool that has been used a lot. That is a resource that has been contemplated as a way to help the city's contribution. Brett Brown said he is a fan of the GSS rate application. He is from St. George and in 1989, what was then Questar, they were a part of expanding their system in the Washington County area. What they did to help fund that was the GSS rate. He witnessed firsthand the opportunities for growth of commercial and industrial businesses. The GSS rate helped to pay off the debt incurred with the expansion. The GSS rate is directly tied to the dekatherm of gas. It was the most prudent way to do it. Instead of the EAC which is the \$30 base service fee per month he prefers the GSS because it is directly relative to what your usage is and will pay the debt off sooner. It paid off the debt in St. George more than 10 years sooner. Mike McCandless said it doesn't tend to work as well in low populated areas and an example of that is what happened at Brian Head and it gave the whole State a black eye. Brett Brown said that was a great example because they are limited in growth but it is unfortunate because of the opportunity Green River has for rural and industrial growth which is completely different from Brian Head and is a totally different model. Commissioner Kent Wilson asked if the county would need to bond for the Special Assessment. Mike McCandless said no the tax payers are the ones who are obligated. There is a process where the community agrees to have that tax assessed. It is only applicable to the people who live within the geographic area or project area that is being assessed. There are seven different pathways to go through that assessment. The tax payers are providing that guarantee. A project area is defined and a budget is created and then you go through an assessment process. Geri Gamber asked if it is over a time period. Mike McCandless said yes. Commissioner Wilson asked if Green River City has gone through the assessment process. Mike McCandless said only conceptually but there has been about three or four public meetings held discussing this. Commissioner Wilson asked Council Members Riches, Evans and Ryan how they would vote on the assessment. Council Member Ryan said she didn't think there would ever be a 100% vote but she felt it would be high. Mike McCandless said in his experience even with Dominion when they would expend with an EAC or GSS they did a door to door survey and they would typically get a 70% response from that survey. Brad Simmons confirmed that. Mike McCandless said even if there was not any cost to connect onto the natural gas line ¼ of the people would still say no. Brad Simmons gave Commissioner Wilson an example. He said if propane were \$1.80 a gallon on a BTU equivalent natural gas it would have to be roughly \$16 or \$17 a dekatherm. Our highest price for what we call our general service customer is about \$8.00 a dekatherm. He believes the feasibility study referenced \$11.35. Mike McCandless said yes to cover finance costs and other expenses. Commissioner Wilson said if he understands this correctly there is a way to do an assessment based upon usage that would be added to the monthly bill. Mike McCandless said typically it would be a flat rate per year tied to the value of your house which is the most common but there are seven different structures that you can go by. Stuart Clason said it is based upon the cost of the project if you back in whatever route you take you are putting that onto the tax payers to get. For example if it is a \$60,000,000 project the terms are dictated by the costs of the project. Commissioner Wilson asked if one of

those pathways would be adding it to their bill rather than property taxes. Mike McCandless said it can be but it is more complicated. Brad Simmons said they would have to have approval from the Public Service Commission. He estimated the cost of this project for the service lines would be about \$3,000,000. Mike McCandless said based upon the feasibility the cost for the distribution system will be \$2,700,000 to \$3,000,000.

Brett Brown said the whole attitude for growth in rural Utah is at a high right now. He would love to hear from our Legislatures. He thinks that the consensus that the motivation to try and work this out is higher than it has been. Now with the new leadership that Dominion has and the mandate that he is getting is much more amenable to figure that out. He would like to ask our State Senator and Senate House Representatives to look at amending our current legislation to allow them to purchase the pipeline. Senator Hinkins said Green River is trying to develop a spot for an Inland Port and it is really an eye catcher for the State and maybe we can have some extra money thrown that way to cover the water. Brett Brown said with a little bit of direction he didn't think that would be a monumental task to put through. He thinks it would be very favorable in the legislature. He said they have some insight to what Public Service Commissions like. What really dictates the Public Service Commission is their legislature. With the direction from the legislation really limits them wanting to interfere. He does see Dominion pulling resources to try and accommodate that. Brad Simmons said as everyone here has referenced it isn't standing still. It has just expanded into Price Utah. He has been serving on the Mega Sites committee with EDC Utah which the legislature has funded and there are six sites they are looking at. Senator Hinkins said now is a good time to do it. Representative Watkins said we are right on that radar screen. Brett Brown said internally the stars are aligning within their organization as well. Representative Watkins said that sounds good.

Brett Brown said this is an incredibly important message to get across is that there has been a lot of history with Questar and he has not been privy to any of that. He can tell you that as far as the seat that he is sitting in today and perspective that he is getting from his management he would like to see what they can do. He thinks there are some great opportunities and he would like to reiterate. He is really concerned that we can figure timeline having said that does he think that it is possible, absolutely. There are some things that he is going to be kicking up against with the timeline and how quickly you want to see this happen compared to what he will need to go through on the bureaucratic perspective. Commissioner Wilson asked Brett Brown what his timeline is. Brett Brown said the one thing that is going to move things along is amending House Bill 422. One of his take a way's from this meeting is he can express to his upper management Green River's pathway and urgency for this. He is getting a better feel as to whom to talk to as they navigate these waters. He thinks he can commit to Green River Dominion's role going forward to this point is to improve communications. We feel like this is an opportunity for both of us. With that communication we can find some common ground and something that benefits both of us. Mike McCandless said he gets to play the devil's advocate right now. He said because Dominions timeline is what it is but it makes sense that we should be walking down a couple of parallel paths because we have a limitation with this right-of-way in terms of timeframe. It expires in 2022 and the time moves quickly. The other alternatives would be other providers, municipal providers or some hybrid of such. Brett Brown said he did not understand the 2022 timeline. What would need to be transacted during that time? Mike McCandless said the construction. BLM is essentially including that as the temporary easement which is the construction easement. That is challenging because we have time of year restrictions because of the wildlife. There are only certain windows within each year that we can perform construction. It is not a hard territory to build this pipeline extension. Brett Brown said he appreciated this insight and didn't think it was a deal breaker. Brad Simmons asked if the Temporary Use Permit (TUP) began in 2022. Mike McCandless said no it starts now and needs to be completed in 2022 then the permanent easement goes into place which only allows for the physical siting of the product and maintenance. BLM is considering this the temporary easement which is the completion of the pipeline. The construction easement is wider. Commissioner Wilson asked if there was a possibility of an extension. Mike McCandless said you can get an extension but there is a possibility of environmental groups to review again. The city was able to get through the environmental concerns but the problem with requesting extensions you give those people who may be opposed the opportunity to comeback. Commissioner Wilson said

maybe extensions may only be appropriate if construction has begun. He said to Brad Simmons and Brett Brown with Dominion that they have completed some assessment of different communities within the State of Utah and ranked them. He asked if they could share where Green River falls in that study. Brad Simmons said Green River falls very high in that study. The part that initially brought Green River down is the \$63,000,000 pipe. They are still looking for ways to overcome that. Mike McCandless said that cost is for Dominion to tie all the way back to the Northwest pipeline. Brad Simmons said that was correct. Brett Brown said this is a different game changer. Commissioner Wilson asked if they could throw out a number. Brad Simmons said as long as he is not held to this he would say the new cost would be around \$20,000,000. Commissioner Wilson said that ought to raise Green River on the priority list. He said he may have been reading between the lines but he got the impression that cost would be \$3,000,000 to \$4,000,000. Brad Simmons said this discussion today has been a game changer and that is why they are here. Kelby Bosshardt asked what the city can work on now. Are there certain things the city can continue to work on this parallel path that Mike McCandless mentioned that would assist Dominion Energy in the time that makes sense to engage. We don't want to waste resources on something that is going to get overwritten. Brad Simmons said he understood. Kelby Bosshardt asked what can the city should do or not do that would make sense. Brad Simmons said the biggest challenge is where they would tie into that pipeline. They want to make sure they have a good solid source of supply. Brett Brown said another thing that would be beneficial is securing who wants the gas services.

A huge part of this timeline is identifying who wants to be served. You are going to need to know that regardless and we could save six months by identifying those applications so that we can just come in and move when and if that opportunity becomes available. The obvious one to him is to tie down usage. Brad Simmons said they would not want to file with the Public Service Commission and say they want to extend service to Green River at approximately \$20,000,000 and we anticipate that 45% of the town would convert. They are probably not going to approve that. But if we go in and say we would like to do that and 75% would convert then our chances are better. Tariq Ahmad said Sunrise Engineering has already done that survey in their report. Mike McCandless said they made an analysis based upon other communities that they had studied. Darren Fox said they didn't do an actual door to door survey the numbers were just historical averages that they have seen from like communities. Brett Brown said Dominion would concur with what Sunrise Engineering came up with. Mike McCandless said another moving part is the EDA funding. EDA funded the Feasibility Study for Green River. EDA funds studies because they expect to get an application for construction. The City has checked off their two boxes with EDA and now has the opportunity to start engaging them to help fund the construction but there is a fixed timeline which is this October. Starting this October until next October the city needs to be going through that process if we want to tap into that funding to leverage the information we just gathered in the right-of-way then in the next 13 months the city needs to secure funding if possible for this project whatever it looks like. Brett Brown said he is not sure what that looks like. Mike McCandless said that is the challenge and this is why we wanted to hold this meeting because we have some timelines that need to be met. This offsets the amount of the assessments which was factored into the study and the more money we can secure from EDA will offset the amount from other entities that participate. Commissioner Wilson said in the solar powered companies they can make some improvements and pay for things up front and then Rocky Mountain Power will reimburse them at a later date. Is that something Dominion Energy can do for Green River City? Brett Brown said they could keep their doors open there but needed to look at specifically what it is and is familiar with similar agreements. Brad Simmons said they would need to coordinate of course because their specifications would need to match whatever work is being done. Commissioner Sitterud said with the work the county is doing on the Inland Port and it becomes the favorite as it is right now is that going to be a problem. Brad Simmons said an Inland Port doesn't sway him from Green River. Commissioner Sitterud asked Mr. Simmons if it would help if they got the Governor's office to push them. Brett Brown said absolutely. Brad Simmons said he knows that Senator Hinkins has Ray Butchers telephone number. Senator Hinkins said Ray Butchers was very instrumental in getting HB422 through. Brad Simmons said phone calls are made and they do listen and the Inland Port is very important to the State of Utah. Brett Brown said he also represents the transportation sector in regards to

natural gas for vehicle use. Natural gas trucks have come a very long ways and they would be very interested in helping the infrastructure for that transportation opportunity. So they would be very interested in partnering wherever that Inland Hub is. They want to be a part of that but that is not a driving factor for Green River it would just be frosting on the cake they are going after the base load and that is where they really want to be. Senator Hinkins said if they can get that bill changed and get that \$3,000,000 for the distribution within the city based upon the rate payers. Brad Simmons said another little tweak is what is called a tracker through the Public Service Commission so let's say we move ahead with Green River and Dominion invests \$20,000,000 they are not able to earn on that money until we ask the Public Service Commission on what they call a tracker so that once it is placed into service we can start to earn on it and they would like to avoid that. Mike McCandless said with his experience on rate cases and as weird as it sounds the Commission actually listens to City leaders or politicians way more than they would Dominion because they are sick of same faces. 99% of the rate cases are the exact same people saying the exact same thing. Brett Brown said never underestimate the influence that city leaders and politicians have on the Public Service Commission. He has witnessed it. He also feels that the stars are aligned within the Public Service Commission as well. Senator Hinkins said they were really supportive of House Bill 422. Brett Brown felt there was synergy with all of the players as well as the legislatures and Public Service Commission in being favorable of what we are trying to do. Representative Christine Watkins said they want to help out rural Utah. Brett Brown attended a Rural Utah Summit in Cedar City and he was amazed at how many companies are locating in rural Utah. Mike McCandless said he does echo what Commissioner Wilson concerns on the list that Dominion has developed. Because you have a fixed number how do we ensure that we don't go to a lot of work and then don't get paid. He has been burned too many times. Brett Brown said he understands. Mike McCandless said somewhere there has to be some transparency in that process. How much resource are you willing to put forth knowing that you may never get picked. That is a hard question because it costs time and money. Brad Simmons said he will be very open but another consideration with Green River is it adds O&M costs for staffing levels, for equipment and they would likely have some sort of a facility in Green River. Brett Brown said he would just be straight up by stating a bottom line business decision which is where can we extend as little amount of pipeline and serve as many customers as possible. He thinks Green River can see where they fit in with all of the other customers. Being able to hook into this other pipeline has brought another perspective that does bring legitimacy to this project. He wishes he had the ability to guarantee anything but he can't and wants to make that very clear but he can tell you all of the logics are there and the attitude within their organization is much better. Also the Public Service Commission and State Legislation are behind them. As much as you want that and as much as he wants to give it to us he can't. Brad Simmons said he wished they could give the city an answer but it is very favorable. Commissioner Wilson asked them what hurdles Green River has from their perspective. Brett Brown said it is the logistics of tying onto the Northwest pipeline. If the right players get around the table he is very optimistic that they can figure that out. Commissioner Wilson said the first thing that needs to be dealt with is figuring that out and he assumes that has to be worked out before they go before the Public Service Commission. Brad Simmons said their internal stance is once they have identified the project they would do a scope and come up with an estimated cost. Then internally it goes before their Investment Review Committee because spending anything over \$10,000,000 requires sign off then it needs company approval and then they would file with the Commission. The last thing he wants to do is file with the Commission and they say to go ahead and go to Green River then go back to the Commission and say we need another \$10,000,000 or \$20,000,000. Once we get that figured out then they can do their internal process. Brad Simmons said he could see them filing with the Public Service Commission in February or March of 2020 if everything worked out. Commissioner Wilson said from his perspective we need to identify who the key players are and lock them in this room and not let them out until you get it done. Mike McCandless said he is really wondering about this EDA component. He wonders if the City should at least initiate the process with EDA. They are going to be a lot less interested in funding the in-town infrastructure until we know there is a way to tie in the gas. He thinks EDA will have the most interest in acquiring the line. What if Green River were to go in with an application to EDA to acquire the line and put in the necessary engineering and components to get that while this other stuff is in

play. He doesn't want to miss this window with EDA because they have fixed timelines of when we can submit those applications and then if in the interim some other things occur that is fine. He has worked with EDA enough to know that you don't want to miss their dates. Geri Gamber said the earlier we file the more money they will have available. Brad Simmons said maybe this will answer a previous question, if all of the stars were aligned and the i's were dotted and t's were crossed today they would probably be looking at a 2022 service date. Mike McCandless said he is going to get more specific on his comment. How interested would Dominion be if someone else owned the pipeline all the way into town? We will get you in the room and do it to your specifications. What if that is the concept that makes the most sense from a financing perspective. We have Emery Telcom here that has resources and we might have resources. There might be other resources and a speedier timeline if that is the case. Brad Simmons said they would have to work out those details. Again HB422 does not allow Dominion to purchase that pipeline. They have purchased pipelines in the past. Mike McCandless said he doesn't want to be the victim of the do something disease but he also does not want to miss out on money if it's there. Commissioner Wilson asked if the City could go after money. Mike McCandless thought it was reasonable to hope for somewhere between \$1,500,000 and \$2,500,000. What is challenging there is EDA wants to tie this money to jobs creation. Kelby Bosshardt said under the scenario that Mike McCandless has described if another entity or third party owns the distribution line then would Dominion be interested. Mike McCandless said that is what is going on in Moab today. Dominion does not own any in town facilities in Moab. Senator Hinkins felt there could be an amendment to HB422. Mike McCandless said Pacific Energy wants to be out of the pipeline business as soon as possible and the City has some time limits on this funding. From those two perspectives are there some conversations that could be happening along with the legislature over this next session that could have some benchmarks that we are accomplishing over the next five or six months rather than waiting which scares him to death. Brad Simmons asked if we would allow him to take this back to their side and try to represent Green River's situation and timeline and everything else. Mike McCandless asked how long they needed. Brad Simmons said probably two weeks. Mike McCandless felt that if Green River had something back to EDA it would be very helpful.

Travis Bacon, Mayor

Conae Black, City Recorder

Approved: _____