

ENROLLED ACT NO. 33, SENATE

SIXTIETH LEGISLATURE OF THE STATE OF WYOMING  
2009 GENERAL SESSION

AN ACT relating to water development; authorizing the Gillette Madison pipeline project as specified; providing conditions; providing appropriations and funding; providing for reversion of unexpended funds; and providing for an effective date.

*Be It Enacted by the Legislature of the State of Wyoming:*

**Section 1.** W.S. 99-3-1401 is created to read:

ARTICLE 14  
GILLETTE MADISON PIPELINE PROJECT

**99-3-1401. Gillette Madison pipeline project; definitions; description; purposes; authorization; finances; conditions.**

(a) As used in this section:

(i) "Commission" means the Wyoming water development commission;

(ii) "Sponsor" means the city of Gillette, Wyoming;

(iii) "Project" means the Gillette Madison pipeline project as described in subsection (b) of this section.

(b) Description: Design, groundwater exploration and drilling, permit procurement, project land procurement, construction engineering and construction of municipal wells, transmission pipelines, pump stations and appurtenances necessary to make the project function in the manner intended.

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(c) Purposes: The designated project purposes are municipal and rural domestic water supply.

(d) General authorization: The following shall apply:

(i) The commission shall contract with the sponsor for the design, groundwater exploration and drilling, permit procurement and project land procurement for the project in a manner consistent with this section and to administer the contract on behalf of the state of Wyoming;

(ii) Upon execution of the contract outlined in paragraph (i) of this subsection, the sponsor may complete design, groundwater exploration and drilling, permit procurement and project land procurement for the project in a manner consistent with the terms and conditions outlined in the contract.

(e) Project financing: The following shall apply:

(i) Project budget:

(A) Total project budget: Two hundred twenty-six million six hundred thousand dollars (\$226,600,000.00);

(B) Partial budget authorized by this section: Sixteen million seven hundred fifty thousand dollars (\$16,750,000.00).

(ii) Project grant: The state of Wyoming shall grant to the sponsor from the budget reserve account through the commission for the design, groundwater

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exploration and drilling, permit procurement and project land procurement for the project an amount not to exceed eleven million two hundred twenty-two thousand five hundred dollars (\$11,222,500.00) or sixty-seven percent (67%) of the actual costs, whichever is less;

(iii) Project loan: The state of Wyoming shall loan to the sponsor from the permanent Wyoming mineral trust fund through the commission for the design, groundwater exploration and drilling, permit procurement and project land procurement for the project an amount not to exceed five million five hundred twenty-seven thousand five hundred dollars (\$5,527,500.00) or thirty-three percent (33%) of the actual development costs, whichever is less, for a term of thirty (30) years from the date the commission determines project benefits accrue to the sponsor, at an annual rate of four percent (4%);

(iv) Appropriations and funding:

(A) There is appropriated from the budget reserve account to the commission eleven million two hundred twenty-two thousand five hundred dollars (\$11,222,500.00) or as much thereof as is necessary to carry out the purpose of this section. Unexpended funds appropriated under this subparagraph shall revert to budget reserve account on July 1, 2015;

(B) The state treasurer shall make available from the permanent Wyoming mineral trust fund to the commission five million five hundred twenty-seven thousand five hundred dollars (\$5,527,500.00) or as much thereof as is necessary to carry out the purpose of this section.

(f) General conditions: The following shall apply:

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(i) Except as otherwise specifically provided, the project identified in this section shall be subject to the following general conditions:

(A) The sponsor shall offer security for the project loan as deemed adequate and acceptable to the attorney general;

(B) The commission shall establish repayment schedules for project loans in accordance with the conditions prescribed in this section;

(C) The sponsor shall establish a sinking fund for repair and maintenance of the project as deemed appropriate by the commission;

(D) The sponsor shall supervise the design and construction of the project and submit all requests for payment to the commission for approval;

(E) The sponsor shall not make any construction funding commitment until after the commission has reviewed and approved the construction budgets and construction plans;

(F) The commission shall make payments directly to the sponsor;

(G) The sponsor shall be responsible for operation and maintenance of the project;

(H) The sponsor shall be responsible for all project expenditures in excess of the total project appropriation;

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(J) If the commission determines that the sponsor has, without good cause, abandoned completion of the project, the sponsor, in addition to being required to repay the loan, shall be obligated to immediately repay the full amount of all grant funds actually expended plus interest as established by the state auditor in an amount equal to the interest that would have accrued on the expended grant funds in the water development account I from the date of expenditure;

(K) Repayments of principal on the loan shall be deposited in the permanent Wyoming mineral trust fund and interest payments made in repayment of loans shall be deposited into the general fund;

(M) There shall be no lease, sale, assignment or transfer of ownership of water from the project for purposes other than the designated project purpose without prior written approval of the commission and the state engineer or board of control. If such a transaction is approved, the revenues generated by the lease, sale, assignment or transfer of ownership of water from the project shall be utilized to retire principal on the project loan. After that loan is paid in full, the sponsor shall receive a proportionate share of the revenues generated by the lease, sale, assignment or transfer of ownership of water from the project equal to the percentage of the project loan and the state of Wyoming shall receive a proportionate share of the revenues generated by the lease, sale, assignment or transfer of ownership of water from the project equal to the percentage of the project grant;

(N) There shall be no lease, sale, assignment or transfer of ownership of the project until the project loan is paid in full, and until prior written

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approval is obtained from the commission. If these conditions are met, the sponsor shall receive a proportionate share of the revenues generated by the lease, sale, assignment or transfer of ownership of the project equal to the percentage of the project loan and the state of Wyoming shall receive a proportionate share of the revenues generated by the lease, sale, assignment or transfer of ownership of the project equal to the percentage of the project grant. Before the sponsor may lease, sell, assign or transfer ownership of the project, the state of Wyoming shall be given a one (1) year first right of refusal option to purchase the sponsor's interest in the project for an amount equal to the principal, interest, maintenance and replacement costs incurred by the sponsor at the date the option is exercised;

(O) After the project loan is paid in full, the sponsor may purchase the position of the state of Wyoming, as described in subparagraphs (K) and (M) of this subsection, for the amount of the project grant plus the interest that would have accrued on the grant amount in the water development account from the date the project was substantially completed as defined by the commission. The interest that would have accrued on the grant amount shall be established by the state auditor;

(P) Any revenues generated by the state from the lease, sale, assignment or transfer of ownership of any project or project water shall be deposited in water development account I.

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**Section 2.** This act is effective immediately upon completion of all acts necessary for a bill to become law as provided by Article 4, Section 8 of the Wyoming Constitution.

(END)

\_\_\_\_\_  
Speaker of the House

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Governor

TIME APPROVED: \_\_\_\_\_  
DATE APPROVED: \_\_\_\_\_

I hereby certify that this act originated in the Senate.

\_\_\_\_\_  
Chief Clerk