

ORDINANCE NO. 1017

AN ORDINANCE IMPLEMENTING A GAS SERVICE FRANCHISE FEE ON NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION, D/B/A XCEL ENERGY, ITS SUCCESSORS AND ASSIGNS, FOR PROVIDING GAS SERVICE WITHIN THE CITY OF NORTHFIELD.

THE CITY COUNCIL OF THE CITY OF NORTHFIELD DOES ORDAIN THAT:

SECTION 1. The City of Northfield Municipal Code is hereby amended to include reference to the following Special Ordinance.

Subd. 1. Purpose. The Northfield City Council has determined that it is in the best interest of the City of Northfield (the “City”) to impose a franchise fee on those public utility companies that provide natural gas services within the City.

- (a) Pursuant to City Ordinance No. 940, a Franchise Agreement (the “Franchise Agreement”) between the City and Northern States Power Company, a Minnesota corporation, D/B/A Xcel Energy, its successors and assigns, (the “Company”), the City has the right to impose a franchise fee on the Company, in an amount and fee design as set forth in Northfield City Code, Section 82-509 of the above-referenced Franchise Agreement and in the fee schedule attached hereto as Schedule A.
- (b) The City shall use all franchise fee revenue collected pursuant to this Ordinance only for public streets, trails, and climate action projects. No more than eight percent (8.0%) of the annual revenues collected up to a cumulative annual \$100,000 collected, pursuant to Ordinance 1017 and 1018, may be used for climate action projects.

Subd. 2. Franchise Fee Statement. A franchise fee is hereby imposed on the Company under its gas franchise in accordance with the schedule attached hereto and made a part of this Ordinance as Schedule A, commencing with the Company’s March 1, 2021 billing month.

This fee is an account-based fee on each premise and not a meter-based fee. In the event that an entity covered by this Ordinance has more than one meter at a single premise, but only one account, only one fee shall be assessed to that account. If a premise has two or more meters being billed at different rates, the Company may have an account for each rate classification or subclassification, which will result in more than one franchise fee assessment for gas service to that premise. If the Company combines the rate classifications or subclassifications into a single account, the franchise fee assessed to the account will be the largest franchise fee applicable to a single rate classification or subclassification for energy delivered to that premise. In the event any entities covered by this Ordinance have more than one premise, each premise (address) shall be subject to the appropriate fee. In the event a question arises as to the proper fee amount for any premise, the Company’s manner of billing for energy used at all similar premises in the City will control.

Subd. 3. Payment. The said franchise fee shall be payable to the City in accordance with the terms set forth in Northfield City Code, Section 82-509 of the Franchise Agreement. The Company shall make each payment when due. If required by the City, the Company shall provide at the time of each

payment a statement summarizing how the franchise fee payment was determined, including information showing any adjustments to the total surcharge billed in the period for which the payment is being made to account for any uncollectibles, refunds or error corrections.

Subd. 4. Surcharge. The City recognizes that the Minnesota Public Utilities Commission may allow the Company to add a surcharge to customer rates of City residents to reimburse the Company for the cost of the fee.

Subd. 5. Enforcement. Any dispute, including enforcement of a default regarding this Ordinance will be resolved in accordance with Northfield City Code, Section 82-502, subsection 2.5, of the Franchise Agreement.

Subd. 6. Effective Date of Franchise Fee. The effective date of this Ordinance shall be thirty (30) days after its publication and ninety (90) days after the sending of written notice enclosing a copy of this adopted Ordinance to the Company by certified mail. Collection of the fee pursuant to this Ordinance shall commence as provided above. This Ordinance supersedes in its entirety any prior gas service franchise fee ordinance between the parties.

Passed by the City Council of the City of Northfield, Minnesota, this 1st day of December 2020.

ATTEST:

City Clerk

Mayor

First Reading: 11-17-2020

Second Reading: 12-01-2020

Published: _____

VOTE: ___ POWNELL ___ DELONG ___ GRABAU ___ NAKASIAN

 ___ NESS ___ PETERSON WHITE ___ ZWEIFEL

SCHEDULE A

Franchise Fee Rates:

Gas Utility

The franchise fee shall be in an amount determined by applying the following fee schedule per customer premise/per month based on metered service to retail customers within the City:

<u>Class</u>	<u>Amount per month</u>
Residential	\$2.25
Commercial Firm: Non-Demand	\$12.50
Commercial Firm: Demand	\$485.00
Small Interruptible	\$99.50
Medium & Large Interruptible	\$1,880.00
Firm Transportation	\$0.00
Interruptible Transportation	\$0.00

Franchise fees are to be collected by the Company at the rate listed above and are submitted to the City on a quarterly basis as follows:

- January – March collections due by April 30.
- April – June collections due by July 31.
- July – September collections due by October 31.
- October – December collections due by January 31.