ORDINANCE NO. 2018-16

An Ordinance implementing a gas energy franchise fee on CenterPoint Energy Minnesota Gas for providing gas energy service within the City of Minnetonka

The City of Minnetonka Ordains:

Section 1. Definitions. For the purposes of this Ordinance, the following terms shall have the following meanings:

(1) City. The City of Minnetonka, County of Hennepin, State of Minnesota.


(3) Franchise Agreement. The franchise agreement between the City and Company's predecessor in interest, Reliant Energy Minnegasco, a division of Reliant Energy Resources Corporation, a Delaware corporation, pursuant to Ordinance No. 2002-01, adopted by the Minnetonka City Council.

(4) Notice. "Notice" means a writing served by any party or parties on any other party or parties. Notice to Company shall be mailed to CenterPoint Energy, Vice President Regional Operations, 505 Nicollet Mall, Minneapolis, MN 55402. Notice to City shall be mailed to City Clerk at City of Minnetonka, 14600 Minnetonka, MN 55435.

Section 2. Franchise Fee Authorized; Finding. The Minnetonka City Council has determined that it is in the best interest of the City to impose a franchise fee on those public utility companies that provide natural gas services within the City. Pursuant to the Franchise Agreement the City has the right to impose a franchise fee on Company.

Section 3. Franchise Fee Statement and Schedule. A franchise fee is hereby imposed on Company commencing with the January 2019 billing month, and in accordance with the following fee schedule:

The stricken language is deleted; the underlined language is inserted.
<table>
<thead>
<tr>
<th>Customer Classification</th>
<th>Amount per Account per Month ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$4.50 per month</td>
</tr>
<tr>
<td>Firm A</td>
<td>$4.50 per month</td>
</tr>
<tr>
<td>Firm B</td>
<td>$13.50 per month</td>
</tr>
<tr>
<td>Firm C</td>
<td>$45.00 per month</td>
</tr>
<tr>
<td>Small Volume, Dual Fuel A (&quot;SVDF A&quot;)</td>
<td>$45.00 per month</td>
</tr>
<tr>
<td>Small Volume, Dual Fuel B (&quot;SVDF B&quot;)</td>
<td>$45.00 per month</td>
</tr>
<tr>
<td>Large Volume, Dual Fuel (&quot;LVDF&quot;)</td>
<td>$45.00 per month</td>
</tr>
</tbody>
</table>

Section 4. **Account Fee.** This fee is an account based fee and not a meter-based fee. In the event that an entity covered by this ordinance has more than one meter, but only one account, only one fee shall be assessed to that account. In the event any entities covered by this ordinance have more than one account, each account shall be subject to the appropriate fee. In the event a question arises as to the proper fee amount for any account, the highest possible fee amount shall apply.

Section 5. **Payment.** Franchise fees are to be collected by the Company, consistent with the Minnesota Public Utility Commission’s March 23, 2011 Order establishing franchise fee filing requirements in Docket No. E,G999/CI-09-970, and submitted to the City 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.

Section 6. **Record Support for Payment.** The Company shall make each payment when due and, if requested by the City, shall provide a statement summarizing how the franchise fee payment was determined, including information showing any adjustments to the total made to account for any non-collectible accounts, refunds or error corrections. The Company shall permit the City, and its representatives, access to the Company’s records for the purpose of verifying such statements.

Section 7. **Payment Adjustments.** Payment to the City will be adjusted where the Company is unable to collect the franchise fee. This includes non-collectible accounts.

Section 8. **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, consistent with the Minnesota Public Utility Commission’s March 23, 2011 Order establishing franchise fee filing requirements in Docket No. E,G999/CI-09-970.

Section 9. **Effective Date of Franchise Fee.** The effective date of this Ordinance shall be Jan. 1, 2019 or sixty (60) days after the City sends written notice enclosing a copy of this adopted Ordinance to Company by certified mail. Collection of the fee shall commence as provided above.

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The stricken language is deleted; the underlined language is inserted.
Section 10. **Relation to Franchise Agreement.** This ordinance is enacted in compliance with the Franchise Agreement and shall be interpreted as such.

Section 11. **Permit Fees.** The Company will administer the collection and payment of franchise fees to the City in lieu of permit fees, or other fees that may otherwise be imposed on the Company in relation to its operations as a public utility in the City so long as the following requirements are met:

a) The Company applies for any and all permits, licenses and similar documentation as though this provision did not exist.

b) The Company requests the fee to be waived at the time of application.

This section only relates to waiver of fees and does not otherwise restrict or limit the City's rights under Minn. Stat. § 237.163 or other law.

Section 12. **Effective Date of Ordinance.** This ordinance becomes effective from and after its passage and publication, in accordance with Section 3.06 of the Minnetonka City Charter.

Adopted by the city council of the City of Minnetonka, Minnesota on Sept. 17, 2018.

Brad Wiersum, Mayor

Attest:

David E. Maeda, City Clerk

The stricken language is deleted; the underlined language is inserted.
Ordinance No. 2018-16

Action on this Ordinance:

Date of introduction: Aug. 27, 2018
Date of adoption: Sep. 17, 2018
Motion for adoption: Bergstedt
Seconded by: Schack
Voted in favor of: Acomb-Schack-Bergstedt-Ellingson-Wiersum
Voted against: Happe
Abstained: None
Absent: Calvert
Ordinance adopted.

Date of publication: Sept. 27, 2018

I certify that the foregoing is a true and correct copy of an ordinance adopted by the city council of the City of Minnetonka, Minnesota, at a meeting held on Sept. 17, 2018.

David E. Maeda, City Clerk