

CenterPoint Energy

Gas Franchise Fee Ordinance

ORDINANCE NO. 16-06

AN ORDINANCE IMPLEMENTING A GAS ENERGY FRANCHISE FEE ON CENTERPOINT ENERGY MINNESOTA GAS ("CENTERPOINT ENERGY") FOR PROVIDING GAS ENERGY SERVICE WITHIN THE CITY OF LEXINGTON , MINNESOTA

THE CITY OF LEXINGTON DOES ORDAIN:

Gas Franchise Fee

(a) *Definitions.* For the purposes of this Ordinance, the following terms shall have the following meanings:

- (1) **City.** The City of Lexington, County of Anoka, State of Minnesota.
- (2) **Company.** CenterPoint Energy Minnesota Gas ("CenterPoint Energy"), its successors and assigns.
- (3) **Franchise Agreement.** The franchise agreement between the City and Company pursuant to an Ordinance adopted by the City on December 3, 2009.
- (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, Minnesota Division Vice President, 505 Nicollet mall, Minneapolis, MN 55402. Notice to City shall be mailed to the City Clerk at 1880 Main Street, Lexington, Minnesota 55038.

(b) *Purpose.* The Lexington 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 and electric services within the City. Pursuant to the Franchise Agreement the City has the right to impose a franchise fee on Company.

(c) *Franchise Fee Statement and Schedule.* A franchise fee is hereby imposed on Company commencing with the March 2017 billing month, and in accordance with the following fee schedule:

Customer Classification

Amount per Account per Month (\$)

| | |
|--------------------------------------|---------------------|
| Residential | \$ 4.00 per month |
| Firm A | \$ 6.50 per month |
| Firm B | \$ 40.00 per month |
| Firm C | \$ 170.00 per month |
| Small Volume, Dual Fuel A ("SVDF A") | \$ 0.00 per month |
| Small Volume, Dual Fuel B ("SVDF B") | \$ 0.00 per month |
| Large Volume, Dual Fuel ("LVDF") | \$ 0.00 per month |

(d) *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.

(e) *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.

(f) *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.

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

(h) *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.

(i) *Dispute Resolution.* If either party asserts that the other party is in default in the performance of any obligation hereunder, the complaining party shall notify the other party of the default and the desired remedy. The notification shall be written. Representatives of the parties must promptly meet and attempt in good faith to negotiate a resolution of the dispute. If the dispute is not resolved within 30 days of the written notice, the parties may jointly select a mediator to facilitate further discussion. The parties will equally share the fees and expenses of this mediator. If a mediator is not used or if the parties are unable to resolve the dispute within 30 days after first meeting with the selected mediator, either party may commence an action in District Court to interpret and enforce this ordinance or for such other relief permitted by law.

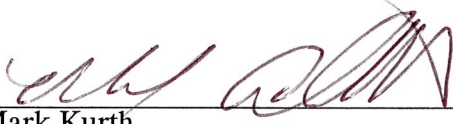
(j) *Effective Date of Franchise Fee.* The effective date of this Ordinance shall be after its publication and ninety (90) days or more after sending written notice enclosing a copy of this adopted Ordinance to Company by certified mail or personal service. Collection of the fee shall commence as provided above.

(k) *Relation to Franchise Agreement.* This ordinance is enacted in compliance with the Franchise Agreement and shall be interpreted as such.

(l) *Periodic Review.* The City Council shall review this ordinance annually in whatever manner the City then determines to be appropriate, including, but not limited to, review by the City Council in either a work session or a regular session. Failure to review this ordinance shall not in any way invalidate or limit it.

Section 2: Effective Date. This ordinance takes effect as provided herein.

PASSED AND ADOPTED BY THE CITY COUNCIL THIS 17 DAY OF Nov, 2016.



Mark Kurth
Mayor of the City of Lexington, Minnesota

Attest:



City Clerk, Lexington, Minnesota

(Published the 22nd day of November, 2016)

