



CITY OF
GRAND RAPIDS
IT'S IN MINNESOTA'S NATURE

Feasibility Report

For:

**Establishment of Franchise Fees to fund Capital
Improvement Program**

February 27th, 2023

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EXECUTIVE SUMMARY

The City of Grand Rapids needs to establish a consistent funding source to fund the street maintenance program. Currently the program is solely funded through bonding, which is paid through property taxes and municipal state aid funding. *Minnesota State Statute* allows for the implementation of franchise fees to utilities within city right of way, which can be used to fund infrastructure projects.

Within this report, a comparison of both funding models will be presented. Below is a pros/cons chart that summarizes each model.

Funding Option	Pros	Cons
Bonding	- Lower initial cost	- Significant interest charges - Issuance fees - Subject to variations in the open market - Does not include tax exempt properties - Bi-annual payments
Franchise Fees	- Consistent funding - No interest payments - All properties included - Monthly charges	- Higher up-front costs to property owners

Ultimately, it is my recommendation the city move forward with a franchise fee funding plan. This model is used statewide by many municipalities, as represented by the 95 different municipalities that Xcel Energy manages franchise fees for within the state (see appendix E).

Franchise fees are a feasible funding source and can provide considerable savings to the city in lieu of bonding.

Regards,



Matt Wegwerth, PE
Public Works Director / City Engineer

Cc: Tom Pagel, City Administrator
Barb Baird, Finance Director

PROJECT BACKGROUND AND SCOPE

The City of Grand Rapids has over 93 miles of public roadways, 13 miles of alleys, 49 miles of sidewalks and 21 miles of multi-use trails in our community. To maintain the city's infrastructure, it is necessary to complete maintenance and reconstruction projects on an annual basis. Typically, the city has bonded around 2 million dollars a year to fund these projects. In December of 2021, the Grand Rapids City Council approved amending the special assessment policy to eliminate assessments for reconstruction and overlay projects (see appendix A). With this change, the only option the city currently has for funding projects is through the general levy, Municipal State Aid on designated streets, and bonding. With the uncertainty of year-to-year budgets and ever-changing external funding sources, a more stable funding source is needed to help replace our aging infrastructure.

FUNDING OPTIONS

1. General Levy/Bonding – Raising the general levy to fund street reconstruction projects is an option. This would spread the burden to all properties within the City, except tax exempt properties. There are approximately 170 properties that classify as tax exempt, which would not be included in this option. In order to fund a 2 million dollar annual maintenance program, a 1.67% increase would be needed to the tax rate to pay the \$177,000 annual loan payment. The levy increase would be applied to property taxes, which means residents would pay twice a year, for 15 years.
2. Franchise Fees - *Minnesota Statute 216B.36* allows municipalities to charge franchise fees to utilities within public right-of-way. The City of Grand Rapids has three power providers, two natural gas providers and multiple communications providers. Natural gas providers only cover a portion of the City, so applying a franchise fee to these companies is not productive. Communication providers are spread out and do not service all homes equally. Additionally, with the increased popularity of streaming and wireless options, applying a fee to communication providers is not all inclusive. Power providers, including GRPU, MN Power, and Lake Country Power, are the best option for including all residents of Grand Rapids and making the fees fair and equitable.

Franchise fees may be expressed (i) as a specified charge per measurable unit of electricity being provided, transported, transmitted, sold, furnished, delivered, or received with the City, or (ii) as a percentage of the gross revenues received by the Company for its operations with the City, or (iii) a flat fee per customer based on service to retail customers within the City, or (iv) on some reasonable combination of these factors.

Below is a funding example which shows proposed flat fee rates (option iii) based on current Grand Rapids Public Utilities electric customers.

Franchise Fee Example

	Funding Option 1				
	Average	Rate	Months	Total	Yearly Fee
Residential	4,734	\$ 15.00	12	\$ 852,045.00	\$ 180.00
Commercial	1,113	\$ 70.00	12	\$ 934,920.00	\$ 840.00
Demand and Energy	99	\$200.00	12	\$ 236,400.00	\$2,400.00
				\$2,023,365.00	

* Demand and Energy are commercial customers who use over 40 kW/month for any 3 months in a 12 month period

FUNDING COMPARISON

Total Cost

	Amount	Term	Interest Rate	Total Interest Paid	Annual Payment	Total Cost of Loan
Bonding	\$2,000,000	15 years	4%	\$ 662,876.53	\$177,525.10	\$ 2,662,877
Franchise Fee	\$2,000,000	-	0%	\$ -	\$ -	\$ 2,000,000

Average Annual Cost

To compare the average annual cost to property owners, several assumptions need to be made to calculate the annual increase to a property owner taxes. The 1.67% increase to the tax rate and the interest rate on the bond are assumed to remain the same. Two examples are shown below for a \$200,000 residential property and a \$3 million commercial property estimating a tax increase versus a franchise fee. This also assumes that the City invests \$2 million per year in streets.

	\$200,000 Residential Home			\$3 Million Commercial Property		
	Annual Tax Increase	Cumulative Tax Increase	Cumulative Franchise Fee	Annual Tax Increase	Cumulative Increase	Cumulative Franchise Fee
Year 1	\$ 33.40	\$ -	\$ 180.00	\$ 1,002.00	\$ -	\$ 2,400.00
Year 2	\$ 66.80	\$ 100.20	\$ 360.00	\$ 2,004.00	\$ 3,006.00	\$ 4,800.00
Year 3	\$ 100.20	\$ 200.40	\$ 540.00	\$ 3,006.00	\$ 6,012.00	\$ 7,200.00
Year 4	\$ 133.60	\$ 334.00	\$ 720.00	\$ 4,008.00	\$ 10,020.00	\$ 9,600.00
Year 5	\$ 167.00	\$ 501.00	\$ 900.00	\$ 5,010.00	\$ 15,030.00	\$ 12,000.00
Year 6	\$ 200.40	\$ 701.40	\$ 1,080.00	\$ 6,012.00	\$ 21,042.00	\$ 14,400.00
Year 7	\$ 233.80	\$ 935.20	\$ 1,260.00	\$ 7,014.00	\$ 28,056.00	\$ 16,800.00
Year 8	\$ 267.20	\$ 1,202.40	\$ 1,440.00	\$ 8,016.00	\$ 36,072.00	\$ 19,200.00
Year 9	\$ 300.60	\$ 1,503.00	\$ 1,620.00	\$ 9,018.00	\$ 45,090.00	\$ 21,600.00
Year 10	\$ 334.00	\$ 1,837.00	\$ 1,800.00	\$ 10,020.00	\$ 55,110.00	\$ 24,000.00
Year 11	\$ 367.40	\$ 2,204.40	\$ 1,980.00	\$ 11,022.00	\$ 66,132.00	\$ 26,400.00

*Currently, a \$200,000 residential home is paying \$353/year for existing debt while a \$3,000,000 commercial property is paying \$10,593/year.

Long Term Cost

If bonding is used to fund street maintenance projects on an annual basis, the total amount paid in interest over 15 years is approximately \$6,785,000 with an annual interest payment of \$662,876 in year 15 (see appendix B).

Franchise fees have no interest payments or long term costs.

Properties Affected

Bonding is limited to taxable properties only while franchise fees will include all properties that have electric service. It is estimated that an additional 120 properties will help fund the program, including the school district, government entities, and churches. Additionally, all tenants within multi-family housing will be charged.

Pros / Cons

Funding Option	Pros	Cons
Bonding	- Lower initial cost to property owners	- Significant interest charges over the life of the loan - Issuance fees

		- Subject to variations in the open market - Does not include tax exempt properties - Payments made twice a year
Franchise Fees	- Consistent funding on an annual basis - No interest or issuance charges - All properties that have a service are included - Payments spread out throughout the year monthly	- Higher up-front costs to property owners

Existing Debt Service

If the City did not issue any more general obligation bonds, there will be a significant drop in annual debt service over the next ten years. This will also have a positive impact in reducing increases in property tax if a franchise fee was established. The following table summarizes the next ten years of existing annual debt service:

Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
PMT(millions)	1.92	1.61	1.54	1.51	1.43	1.33	1.17	1.17	1.02	0.85

PROJECT SCHEDULE

If franchise fees are selected, a tentative schedule is as follows:

Feasibility report to council (work session)	February 27, 2023
Council considers posting ordinance	March 13, 2023
Ordinance approved	March 27, 2023
Ordinance effective	July 1, 2023

RECOMMENDATION

It is the recommendation of city staff to move ahead with the franchise fee model. The considerable interest and issuance costs to bond and levy make this financially burdensome to the tax payers of the City. Franchise fees are a consistent funding mechanism and allow the city to do more while being fiscally responsible.

APPENDIX A -Special Assessments Memo to Council



CITY OF
GRAND RAPIDS
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ADMINISTRATION DEPARTMENT

420 NORTH POKEGAMA AVENUE, GRAND RAPIDS, MINNESOTA 55744-2662

MEMORANDUM

Date: October 4, 2021

To: City Council

From: Tom Pagel/City Administrator and Matt Wegwerth/Public Works Director

CC: Barb Baird, Finance Director

The City has been special assessing for street reconstruction and overlays for decades. By State Statute, when a city levies a special assessment, it needs to increase the value of the property by the value of the special assessment. State Statute also allows cities to issue general obligation bonds for street reconstruction and overlay projects without levying special assessments.

Special assessments levied on street reconstruction and overlay projects make up a small portion of the funding of these projects. The following table identifies recent projects and the percent of funding special assessment contribute:

Year	Project	Total Construction Cost	Residential Reconstruction Amount Assessed	% assessed	Residential Overlay Amount Assessed	% assessed	Commercial Reconstruction Amount Assessed	% assessed
2022	21st Street Southwest	\$1,920,595	\$18,791	0.98%				
2021	5th Street Southwest	\$277,800	\$19,696	7.08%				
2020	2019 Street Improvements	\$2,440,796	\$94,935	3.89%				
2018	2018 NE Improvements	\$2,149,000	\$120,561	5.61%	\$19,436	0.90%	\$185,763	8.64%
2017	2017 Infrastructure Improvement	\$2,219,424	\$184,767	8.33%				
2016	5th Street / 8th Avenue NE	\$3,179,000		0.00%	\$37,156	1.17%	\$95,570	3.01%
2016	Crystal Lake Blvd	\$1,946,085	\$153,212	7.87%	\$20,317	1.04%		
2015	7th Avenue NW	\$485,722	\$37,554	7.73%				

We are recommending that the City eliminate any future special assessments related to street reconstruction and overlay projects for the following reasons:

1. It is difficult to justify the increase in property values for street reconstruction/overlay projects.
2. It eliminates the need for the Finance Department to track special assessments for fifteen years.
3. The funding portion of special assessments is extremely small.
4. Everyone utilizes the existing streets.
5. It eliminates the need to conduct special assessment hearings for street reconstruction and overlay projects.

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

APPENDIX B – Bond Interest Table

		Construction Schedule							
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Loan Term	Year 1	\$78,192.02							
	Year 2	\$74,145.04	\$78,192.02						
	Year 3	\$69,933.18	\$74,145.04	\$78,192.02					
	Year 4	\$65,549.72	\$69,933.18	\$74,145.04	\$78,192.02				
	Year 5	\$60,987.67	\$65,549.72	\$69,933.18	\$74,145.04	\$78,192.02			
	Year 6	\$56,239.75	\$60,987.67	\$65,549.72	\$69,933.18	\$74,145.04	\$78,192.02		
	Year 7	\$51,298.40	\$56,239.75	\$60,987.67	\$65,549.72	\$69,933.18	\$74,145.04	\$78,192.02	
	Year 8	\$46,155.73	\$51,298.40	\$56,239.75	\$60,987.67	\$65,549.72	\$69,933.18	\$74,145.04	\$78,192.02
	Year 9	\$40,803.54	\$46,155.73	\$51,298.40	\$56,239.75	\$60,987.67	\$65,549.72	\$69,933.18	\$74,145.04
	Year 10	\$35,233.29	\$40,803.54	\$46,155.73	\$51,298.40	\$56,239.75	\$60,987.67	\$65,549.72	\$69,933.18
	Year 11	\$29,436.10	\$35,233.29	\$40,803.54	\$46,155.73	\$51,298.40	\$56,239.75	\$60,987.67	\$65,549.72
	Year 12	\$23,402.73	\$29,436.10	\$35,233.29	\$40,803.54	\$46,155.73	\$51,298.40	\$56,239.75	\$60,987.67
	Year 13	\$17,123.54	\$23,402.73	\$29,436.10	\$35,233.29	\$40,803.54	\$46,155.73	\$51,298.40	\$56,239.75
	Year 14	\$10,588.54	\$17,123.54	\$23,402.73	\$29,436.10	\$35,233.29	\$40,803.54	\$46,155.73	\$51,298.40
	Year 15	\$ 3,787.28	\$10,588.54	\$17,123.54	\$23,402.73	\$29,436.10	\$35,233.29	\$40,803.54	\$46,155.73

		Construction Schedule							
		Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Total Interest
Loan Term	Year 1								\$ 78,192.02
	Year 2								\$ 152,337.06
	Year 3								\$ 222,270.24
	Year 4								\$ 287,819.96
	Year 5								\$ 348,807.63
	Year 6								\$ 405,047.38
	Year 7								\$ 456,345.78
	Year 8								\$ 502,501.51
	Year 9	\$78,192.02							\$ 543,305.05
	Year 10	\$74,145.04	\$78,192.02						\$ 578,538.34
	Year 11	\$69,933.18	\$74,145.04	\$78,192.02					\$ 607,974.44
	Year 12	\$65,549.72	\$69,933.18	\$74,145.04	\$78,192.02				\$ 631,377.17
	Year 13	\$60,987.67	\$65,549.72	\$69,933.18	\$74,145.04	\$78,192.02			\$ 648,500.71
	Year 14	\$56,239.75	\$60,987.67	\$65,549.72	\$69,933.18	\$74,145.04	\$78,192.02		\$ 659,089.25
	Year 15	\$51,298.40	\$56,239.75	\$60,987.67	\$65,549.72	\$69,933.18	\$74,145.04	\$78,192.02	\$ 662,876.53
									\$ 6,784,983.07

APPENDIX C -Sample Franchise Ordinance

ORDINANCE NO. 23-__
CITY OF GRAND RAPIDS, MINNESOTA

AN ORDINANCE OF THE CITY OF GRAND RAPIDS GRANTING TO THE GRAND RAPIDS PUBLIC UTILITIES, A MINNESOTA MUNICIPAL UTILITY, ITS SUCCESSORS AND ASSIGNS, A NONEXCLUSIVE FRANCHISE TO CONSTRUCT, OPERATE, REPAIR AND MAINTAIN IN THE CITY OF GRAND RAPIDS, MINNESOTA, AN ELECTRIC DISTRIBUTION SYSTEM AND TRANSMISSION LINES, INCLUDING NECESSARY POLES, LINES, FIXTURES AND APPURTENANCES, FOR THE FURNISHING OF ELECTRIC ENERGY TO A PORTION OF THE CITY, ITS INHABITANTS, AND OTHERS, AND TO USE THE PUBLIC WAYS AND PUBLIC GROUNDS OF THE CITY FOR SUCH PURPOSES; AND PRESCRIBING CERTAIN TERMS AND CONDITIONS THEREOF.

THE CITY COUNCIL OF THE CITY OF GRAND RAPIDS, MINNESOTA, DOES FIND AND ORDAIN, AND THE CITY CODE OF ORDINANCES IS HEREBY REVISED TO INCLUDE, THE FOLLOWING:

SECTION 1. DEFINITIONS. For purposes of this Ordinance, the following capitalized terms listed in alphabetical order shall have the following meanings:

City. The City of Grand Rapids, County of Itasca, State of Minnesota and the corporate limits thereof on the Effective Date and as they may be adjusted from time to time hereafter.

City Utility System. Facilities used for providing public utility service owned or operated by the City or agency thereof, including sewer, storm sewer, water service, street lighting and traffic signals.

Company. Grand Rapids Public Utilities (GRPU), a Minnesota Municipal Utility, its successors and assigns including all successors or assignees that own or operate any part or parts of the Electric Facilities subject to this Franchise.

Company Service Area. Those areas within the City to which the Company has been assigned the right to provide electric service, as in effect on the Effective Date or as may be hereafter revised.

Council. The City Council of the City of Grand Rapids as from time to time constituted.

Effective Date. The effective date of this Ordinance.

Electric Facilities. Electric transmission and distribution substations, towers, poles, lines, guys, anchors, conduits, fixtures, and necessary appurtenances owned or operated by the Company for the purpose of providing electric energy for public or private use.

Franchise. The grant of rights made by the City to the Company in this Ordinance, subject to its terms and conditions.

Notice. A writing served by any party or parties on any other party or parties at the following addresses:

If to the City: City Administrator
 City of Grand Rapids
 420 North Pokegama Avenue
 Grand Rapids, MN 55744

If to the Company: General Manager
 Grand Rapids Public Utilities
 500 4th Street SE
 Grand Rapids, MN 55744

Any party may change its respective address for the purpose of this Ordinance by written notice to the other parties.

Person. A natural person or any partnership, joint venture, corporation, cooperative, limited liability company or any public corporation, political subdivision or agency of the State or any other legal entity that may be created by law.

Public Ground. All real property owned by or dedicated to the City with respect to which the City holds the legal right or title to grant or withhold easement, leasehold or occupancy rights or servitudes.

Public Way. Any street, alley and other public rights-of-way within the City.

Utility. Transmitting, furnishing, transporting, distributing, delivering, selling, receiving, importing, manufacturing, or causing to be produced, transmitted, furnished, transported, delivered, sold, received, imported, or manufactured, electric energy, natural gas, mixed gas, heat, light, power, and services provided through a cable communication system.

Utility Service Provider. Any Person who performs any one or more of the activities of a Utility to or for the public or to or for any one or more persons within the corporate limits of the City.

SECTION 2. THE FRANCHISE.

2.1. **Grant of Franchise.** The City hereby grants the Company, for a term of twenty (20) years from the effective date of this Ordinance, the right to transmit and furnish electric energy for any public or private use within and through the Company Service Area. For these purposes, the Company may construct, operate, repair and maintain Electric Facilities in, on, over, under and across the Public Ways and Public Grounds within the Company Service Area, subject to the provisions of this Ordinance. The Company may do all reasonable things necessary or customary to

accomplish these purposes, subject however, to all applicable design and safety codes, the provisions of this Ordinance, zoning ordinances, other applicable ordinances, permit procedures and the customary and necessary practices of the City.

2.2 **Not Exclusive.** This Franchise is not exclusive.

2.3. **Effective Date.** This Franchise shall be in force and effect from and after the adoption of this Ordinance and publication as required by law and upon the Company's duly authorized acceptance as provided in Section 12 below.

SECTION 3. LOCATIONS; CONSTRUCTION; OTHER REGULATIONS.

3.1. **General.** Electric Facilities shall be located, constructed and maintained by the Company: (i) in as safe and secure a condition or manner as reasonably possible, (ii) so as not to interfere with the safety and convenience of ordinary travel along and over Public Ways, and (iii) so as not to disrupt or interfere with the normal use or operation of any Public Ways, Public Ground or the City Utility System. Electric Facilities may only be located on Public Ground as determined by the City in its sole discretion. The Company's construction, reconstruction, operation, repair, maintenance, location and relocation of Electric Facilities shall be subject to the terms of this Ordinance and such other regulations of the City consistent with authority granted the City to manage its Public Ways and Public Grounds under state law, to the extent not inconsistent with a specific term of this Ordinance.

3.2. **Construction; Maintenance; Repairs.** Whenever the Company desires to open or disturb any Public Way or Public Ground for the purpose of constructing, maintaining, or repairing Electric Facilities, it shall give the City reasonable advance Notice, but not less than ten (10) business days, by filing a written Notice with the City Engineer. In any case, the Company shall not commence such work before obtaining a permit pursuant to Article 58 of the Grand Rapids City Code, for which the City may impose a reasonable fee. The Company shall not, during the progress of the work, endanger or unnecessarily obstruct the passage of traffic or the normal and customary use of the Public Ways and Public Ground. During the progress of such work, the Company shall keep the affected Public Ways or Public Ground guarded in order to avoid accidents to persons or property. All work performed by the Company shall comply with all applicable federal, state, and local laws, rules, and regulations.

3.3 **Emergencies.** The requirements for obtaining permits from the City pursuant to Section 5.2 shall not apply if (i) an emergency exists requiring the immediate repair of Electric Facilities and (ii) the Company gives telephone notice to the City before, if reasonably possible, commencement of the emergency repair. Within two (2) business days after commencing the repair, the Company shall apply for any required permits and pay any required fees.

3.4. **Restoration.** Following the completion of any work, the Company shall promptly and diligently restore the affected Public Ways and/or Public Ground to as good a condition as before the work commenced. If the Company fails to promptly restore such Public Ways and/or Public Ground within ten (10) days of Notice by the City, the City may engage an independent contractor at the expense of the Company to perform the restoration of the Public Ways and/or

Public Ground as required under this Section. The Company shall pay to the City upon demand the cost to the City of affecting such restoration including the City's administrative expenses and overhead.

3.5. Avoidance of Damage. The Company must take reasonable measures to prevent the Electric Facilities from causing damage to persons or property. The Company must take reasonable measures to protect the Electric Facilities from damage that could be inflicted on the Electric Facilities by persons, property, or the elements. The Company must take protective measures when the City performs work near the Electric Facilities, if given reasonable Notice by the City of such work prior to its commencement.

3.6. Field Locations. The Company shall provide field locations for all its underground Electric Facilities within the city consistent with the requirements of *Minnesota Statutes, chapter 216D* (commonly known as of the Effective Date as the "Gopher State One Call" system).

3.7. Shared Use of Poles; Street Lights. The Company shall make space available on its poles or towers for City fire, water utility, police or other City facilities whenever such use will not interfere with the use of such poles or towers by the Company or the existing facilities, if any, of another Utility Service Provider. Street name signs, "no parking" signs and other traffic control signs, as requested and provided by the City, may be installed on the electric and street light poles within the Company Service Area. No rental fee or other charge shall be payable by the City for this use; provided, however, that the City will reimburse the Company its actual and reasonable costs incurred by the Company in accommodating such use. The installation and placement of any of the foregoing shall comply with the National Electric Safety Code.

3.8. Tree Trimming. Subject to such procedures, regulation and supervision as the Council may establish, the Company may, at its cost, trim all trees and shrubs in the Public Ways located within the Company Service Area to the extent the Company finds it necessary to avoid interference with the proper construction, operation, repair and maintenance of any of the Company's Electric Facilities installed or maintained hereunder.

3.9. Notice of City Improvements. The City will give the Company reasonable advance Notice of plans for improvements to Public Ways and Public Ground in the Company Service Area where the City has reason to believe that the Company's Electric Facilities may affect or be affected by such improvements. The Notice will contain: (i) the nature and character of the improvements, (ii) the Public Ways and/or Public Ground upon which the improvements are to be made, (iii) the extent of the improvements, (iv) the time when the City will start the work, and (v) if more than one Public Way or parcel of Public Ground is involved, the order in which the work is to proceed.

SECTION 4. ELECTRIC FACILITIES RELOCATION.

4.1. Relocation. In the event the City reasonably determines that it is necessary for the Company to move any part of its Electric Facilities because the City has determined to change, move or improve its Public Ways or that the Electric Facilities have become or will become a substantial impairment to the existing or imminent public use of Public Ground, upon reasonable

Notice by the City to the Company, then the Company will move its Electric Facilities at its sole cost. The City shall consider reasonable alternatives in designing its public works projects so as not to arbitrarily cause the Company unreasonable additional expense in exercising its authority under this Section 6.1. This Section 6.1 shall not constitute a taking by the City nor be construed as a waiver or modification of any easement or prescriptive rights acquired by the Company independent of and without reliance by the Company on this Franchise.

4.2. **No Release of Liability.** Nothing contained herein shall relieve any third party from liability arising out of their failure to exercise reasonable care to avoid injuring the Company's Electric Facilities while performing any work connected with grading, regarding or changing the line of any Public Way or with any construction on or adjacent to any Public Way; provided, however, this Section 6.2 shall not limit the City's rights to indemnification under Section 7.1 nor shall the City in any way be liable to the Company for claims arising from the negligence of any third party.

SECTION 5. INDEMNIFICATION.

5.1. **Indemnification.** If at any time any claim of any kind is made against the City for injury to persons or property arising from the acts or failure to act by the Company, its agents, servants, or employees in connection with the operations of the Company under and pursuant to this Franchise, the Company shall fully indemnify, defend and hold harmless the City, its agents, servants or employees from any and all such claims, including, but not limited to, reimbursement of any reasonable attorneys' fees and costs and expenses the City may incur in handling, denying, or defending such claims. The Company's obligation to indemnify the City shall not extend to any injury to persons or property caused by the negligent act or failure to act by the City or any actions taken by the Company pursuant to directions of the City if performed within the scope of the City's directions without negligence by the Company. The City shall determine who will defend any such claims arising under this Section 6.1 and the Company will thereafter have complete control of such litigation; provided, however, the Company may not settle any such claims without the prior approval of the City, which approval will not be unreasonably withheld. This Section is not, as to third parties, a waiver of any defense or immunity otherwise available to the City; and the Company, in defending any action shall be entitled to assert every defense or immunity that the City could itself assert in its own behalf. The Company's obligations under this Section shall survive the expiration, amendment, or termination of this Ordinance.

5.2. **Insurance.** Before the Effective Date, the Company shall furnish the City a summary of insurance, if any, carried by the Company, or of its self-insured status, in either case demonstrating adequate protection to the City from any and all obligations, liabilities, or claims of any nature whatsoever, growing out of the operation, construction, and maintenance of its Electric Facilities within the City. The Company shall maintain such insurance coverage at all times during this Franchise in an amount that, at a minimum, comports with *Minnesota Statute 466.04* as may be modified from time to time

5.3. **Compliance with Laws; Hazardous Substances.** In its operation under this Ordinance, the Company shall observe all federal, state and local laws, rules, regulations and orders with respect to the transmission, distribution, transformation or furnishing of electric energy and the

handling of materials, substances and wastes deemed toxic or hazardous to health, natural resources or the environment (collectively, “Hazardous Substances”). The Company shall remove or remediate any Hazardous Substances located on, in or surrounding its Electric Facilities or caused to be located on, in or surrounding the Public Ways and Public Grounds or elsewhere in the City in compliance with all applicable laws, regulations and lawful government orders, and pay or cause to be paid all costs associated therewith. The indemnification terms and conditions of Section 6.1 shall apply to all claims made against the City by any Person, including any governmental agency, who or which asserts any right to costs, damages or other relief based upon the terms and conditions imposed upon the Company under this Section 6.3 or which arise from or are related to the Company’s acts or failure to act in compliance with any law, rule, regulation or lawful order governing Hazardous Substances.

SECTION 6. VACATION OF PUBLIC WAYS. The City will consult with the Company at least four (4) weeks prior to its action on any proposed vacation of a Public Way. Except where ordered pursuant to Section 6.1, the vacation of any Public Way after the installation of Electric Facilities shall not operate to deprive the Company of its rights to operate and maintain such Electric Facilities until the reasonable cost of relocating the same and the loss and expense resulting from such relocation are first paid to the Company. However, in no case shall the City be liable to the Company for failure to specifically preserve a Public Way in the exercise of its authority under *Minnesota Statutes, Section 160.29*.

SECTION 7. ABANDONED FACILITIES. The Company shall comply with City ordinances and *Minnesota Statutes, Section 216D.01 et seq.*, as they may be amended from time to time. The Company shall maintain records describing the exact location of all abandoned and retired Facilities within the City, produce such records at the City’s request and comply with the location requirements of Section 216D.04 with respect to all Electric Facilities, including abandoned and retired Electric Facilities.

SECTION 8. FRANCHISE FEE.

8.1. **Authority.** The City reserves all rights under Minnesota Statutes, Sections 216B.36 and 301B.01 or other law to require a franchise fee at any time during the term of, and in consideration for, this Franchise. The franchise fee may be expressed (i) as a specified charge per measurable unit of electricity being provided, transported, transmitted, sold, furnished, delivered, or received within the City, or (ii) as a percentage of the gross revenues received by the Company for its operations within the City, or (iii) a flat fee per customer based on service to retail customers within the City or on some other similar basis, or (iv) in such other manner or fashion as the City may determine. The method of imposing the franchise fee may differ by customer class, by type of Utility, by particular circumstances of a Utility Service Provider, or by other relevant factor, and may combine the methods described in (i) through (iv) above.

8.2. **Separate Ordinance.** A franchise fee shall be imposed by a separate ordinance duly adopted by the Council after 60 days’ notice to company of the proposed fee.

SECTION 9. DEFAULTS. If the Company shall be in default in the performance of any of the material terms and conditions of this Ordinance, and shall continue in default for more than thirty

(30) days (or fails to initiate the cure of the default within said period and diligently pursue said cure, if the cure of the default cannot reasonably be accomplished within said 30 days) after receiving Notice from the City of such default, the City may elect to cure such default and charge the Company for the costs thereof.

SECTION 10. AMENDMENT PROCEDURE. The Company's rights hereunder are subject to the police power of the City to adopt and enforce ordinances necessary to the health, safety, and welfare of the public, and this Franchise may be amended or repealed by the City as deemed necessary or appropriate in the exercise of such power.

SECTION 11. GENERAL PROVISIONS OF ORDINANCE.

11.1. **Governing Law.** This Franchise is granted and is intended to be performed in the State of Minnesota and shall be construed and enforced in accordance with the laws of the State of Minnesota. The Company shall be subject to personal jurisdiction in the State of Minnesota. All actions related to this Ordinance, or its enforcement shall be venued in the Ninth Judicial District in Itasca County.

11.2. **Limitation on Applicability.** This Ordinance constitutes a franchise between the City and the Company as the only parties and no provision of this Franchise shall in any way inure to the benefit of any third person (including the public at large) so as to constitute any such person as a third party beneficiary of the agreement or of any one or more of the terms hereof, or otherwise give rise to any cause of action in any person not a party hereto.

11.3. **Assignment.** The Company may assign this Franchise without the prior approval of, but upon not less than thirty (30) days' prior Notice to, the City. Such Notice shall include the identity of and contact information for, the assignee and the statement of the assignee's plans and intentions for the operation of the Electric Facilities under this Franchise.

SECTION 12. ACCEPTANCE BY THE COMPANY.

12.1. **Acceptance by the Company.** The Company shall, within thirty (30) days after adoption of this Ordinance or any amendment thereto, file with the City Clerk in writing its acceptance or rejection as provided in Section 12.2. If such acceptance is not filed or if a rejection is filed within said period, the Company, by its continuing operations, shall be deemed to have accepted the terms and conditions of this Franchise or any amendment hereto, except with respect to such particulars as it may successfully challenge under the procedures specified in Section 12.2.

12.2. **Rejection Procedures.** A rejection of this Franchise or any amendment hereto may be made by the Company only upon the grounds that the terms and conditions hereof or of such amendment exceed the lawful authority of the City under the Constitutions or Laws of the United States or the State of Minnesota or are otherwise unlawful. Any rejection shall be submitted in writing to the City, stating with particularity the points and authorities of law upon which the Company relies. If the City fails to amend this Franchise or otherwise satisfy the Company's objections as stated within thirty (30) days of its receipt of the Company's rejection, the Company shall have the right thereafter to seek appropriate judicial or administrative relief based solely upon

those provisions it has alleged are unlawful in its rejection notice. If the Company fails to initiate such legal action within thirty (30) days from the expiration of the aforementioned thirty (30) day period provided for the City's amendment or cure, the Company shall be deemed to have waived its objections and to have accepted the terms of this Franchise or any amendment hereto.

Adopted by the City Council of the City of Grand Rapids this _____ day of _____ 2023.

Dale Christy, Mayor

ATTEST:

Kim Gibeau, City Clerk

Published on the _____ day of _____, 2023, in the Grand Rapids Herald, a paper of general circulation within the City of Grand Rapids, Minnesota.

The provisions of the foregoing Ordinance are hereby accepted:

DATED _____, 2023.

By: _____
Its _____

By: _____
Its _____

APPENDIX D -Sample Franchise Fee Ordinance

ORDINANCE NO. 23-__
CITY OF GRAND RAPIDS, MINNESOTA

**AN ORDINANCE OF THE CITY OF GRAND RAPIDS IMPLEMENTING AN
ELECTRIC SERVICE FRANCHISE FEE FOR PROVIDING ELECTRIC
SERVICE WITHIN THE CITY OF GRAND RAPIDS, ITASCA COUNTY,
MINNESOTA**

**THE CITY COUNCIL OF THE CITY OF GRAND RAPIDS, MINNESOTA, DOES
FIND AND ORDAIN, AND THE CITY CODE OF ORDINANCES IS HEREBY
REVISED TO INCLUDE, THE FOLLOWING:**

Section 1. Purpose. The Grand Rapids City Council has determined that it is in the best interest of the City to impose franchise fees on those utility companies that provide natural gas and electric services within the City. Pursuant to *Minnesota Statutes, Section 216B.36* and the Franchise Ordinances, the City has the authority and right to impose franchise fees on the Companies. The purpose of this ordinance is to establish such franchise fees to be paid to the City by the Companies. The franchise fees will be used to partially fund the Cities cost to maintain the city street system.

Section 2. Definitions.

For the purposes of this Ordinance, the following capitalized terms shall have the following meanings:

- 2.1 **City.** The City of Grand Rapids, County of Itasca, State of Minnesota.
- 2.2 **Companies.** Lake Country Power, a Minnesota Cooperative Corporation, its successors and assigns; and Minnesota Power, a Minnesota Utility Corporation, its successors and assigns; and Grand Rapids Public Utilities, a Minnesota Municipal Utility, its successors and assigns.
- 2.3 **Franchise Ordinances.** The franchise ordinances adopted by the City on Month XX, 2023 – City Ordinance No. 23-__ and City Ordinance No. 23-__.
- 2.4 **Notice.** “Notice” means a writing served by any party or parties on any other party or parties. Notice to Companies shall be mailed to: General Manager, Lake Country Power, 26039 Bear Ridge Drive, Cohasset, MN 55721 and; Chief Executive Officer, Minnesota Power, 30 W Superior Street, Duluth, MN 55802 and;
General Manager, Grand Rapids Public Utilities, 500 4th Street SE, Grand Rapids, MN 55744.
Notice to City shall be mailed to the City Administrator, City of Grand Rapids, 420 North Pokegama Avenue, Grand Rapids, MN 55744

Section 3. Electric Franchise Fee.

3.1 Franchise Fee Statement and Schedule. A franchise fee is hereby imposed on the Companies after sixty (60) days' written notice from the City, and in accordance with the following fee schedule:

<u>Customer Classification</u>	<u>Amount per Account per Month (\$)</u>
Residential	\$x.00
Commercial/Industrial (Non Demand)	\$xx.00
General Commercial/Industrial (Demand)	\$xx.00
Large Commercial/Industrial (> 1 MW Demand)	\$xxx.00
Outdoor Advertising (Billboards), Non-Metered CableTV/Phone	\$xx.00
Irrigation services, Lift Station services, Siren services	\$0.00

3.2 Account Fee.

- a) This fee is an account based fee and not a meter based fee. An account includes all electric meters located on a single property or premises that have the same address and property owner.
- b) Properties with a single address and owner shall pay the largest fee that applies to any one of their meters.
- d) Separately metered space rented to tenants other than the owner shall pay a fee for each tenant meter.
- e) The City Administrator, or his designee, is authorized to determine the appropriate implementation of this Section 3.2. Appeals from decisions of the staff may be taken to the City Council.

3.3 Payment. After the initial notice period as provided in Section 3.1, franchise fees are to be collected by the Companies and submitted to the City in accordance with the following schedule:

- 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.

3.4 Record Support for Payment. The Companies 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

Companies shall permit the City, and its representatives, access to the Company records for the purpose of verifying such statements.

3.5 Payment Adjustments. Payment to the City will be adjusted where the Companies are unable to collect the franchise fee. This includes non-collectible accounts.

3.6 Relation to Franchise Ordinances. This ordinance is enacted in compliance with the Franchise Ordinances and shall be interpreted as such.

3.7 Periodic Review. The City Council shall review this ordinance every two years in whatever manner the City Administrator then determines to be appropriate. Failure to review this ordinance shall not in any way invalidate or limit it. The franchise fee imposed by this ordinance shall remain in effect unless and until amended or revoked by adoption of an amendment of this ordinance.

Section 4. That this Ordinance shall be published and take effect as provided by law.

Adopted this ____ day of _____, 2023 by the City Council of the City of Grand Rapids.

Dale Christy
Mayor

Kim Gibeau
City Clerk

APPENDIX E -Franchise Fees: Xcel Energy

SURCHARGE RIDER

Section No. 5
8th Revised Sheet No. 93

A surcharge will be included in the monthly customer bills in Minnesota communities in an amount equal to any franchise gross earnings or other fee, permit or usage fee, excise, city sales or other charge or tax now or hereafter imposed upon Company by a community, whether by ordinance, franchise or otherwise, applicable to electric service supplied by Company to a customer.

The Company remits 100% of these fees collected from ratepayers to the local government unit.*

The Company will notify the Minnesota Public Utilities Commission of any new, renewed, expired, or changed fee, authorized by Minn. Stat. § 216B.36 to raise revenue, at least 60 days prior to its implementation. If the Company receives less than 60 days' notice of a repealed or reduced fee from a city, the Company will notify the Minnesota Public Utilities Commission within 10 business days of receiving notice. Notification to the Minnesota Public Utilities Commission will include a copy of the relevant franchise fee ordinance, or other operative document authorizing imposition of, or change in, the fee.

Affected customers will be notified on the first bill on which a new or modified fee is listed via the standard bill message below:

[The municipality] imposes a [X% of gross revenues/\$X per meter/\$X per kWh/\$X per therm] fee on Xcel Energy collectable through a fee on Xcel Energy [electric/gas] accounts effective [effective date]. The line item appears on your bill as "City Fees." Xcel Energy remits 100% of this fee to [the municipality].

*The amount collected for Baker is applied to the community's street lighting bill.

Date Filed:	11-02-15	By: Christopher B. Clark	Effective Date:	10-01-17
		President, Northern States Power Company, a Minnesota corporation		
Docket No.	E002/GR-15-826		Order Date:	06-12-17

MINNESOTA ELECTRIC RATE BOOK – MPUC NO. 2

FRANCHISE AND OTHER CITY FEES

Section No. 5
 28th Revised Sheet No. 93.1

Franchise and other city fees, as designated below will be included in the customers' monthly bills computed under the indicated rate classes and effective in the following Minnesota communities:

The Company remits 100% of these fees collected from ratepayers to the local government unit.

— Indicates fee is not applied

Franchise Fees									
City	Residential	Small C&I Non-demand	Small C&I Demand	Large C&I	Public Street Lighting	Municipal Pumping Non-demand	Municipal Pumping Demand	Effective Date	Expiration Date
Afton	\$2.00	\$2.00	\$5.00	\$5.00	\$1.00	\$1.00	\$1.00	01/2005	08/16/2024
Albertville	\$2.50	\$5.00	\$10.00	\$50.00	\$2.00	—	—	03/2011	09/07/2029
Bayport	\$1.50	\$3.00	\$25.00	\$50.00	\$3.00	\$3.00	\$25.00	01/2014	05/04/2028
Big Lake	\$4.00	\$8.00	\$8.00	\$8.00	—	—	—	10/2014	07/04/2034
Bloomington	\$4.60	\$9.20	\$49.00	\$141.00	—	—	—	01/2022	12/20/2035
Brooklyn Center	\$1.65	\$4.25	\$22.75	\$103.00	\$13.50	\$13.50	\$13.50	01/2020	12/08/2023
Brooklyn Park	\$7.00	\$7.50	\$45.00	\$160.00	—	—	—	03/2016	12/31/2028
Burnsville	\$4.00	\$12.00	\$40.00	\$180.00	—	—	—	09/2020	02/15/2036
Centerville	\$4.00	\$8.00	\$8.00	\$8.00	—	—	—	05/2016	01/26/2036
Champlin	\$3.62	\$9.80	\$41.21	\$144.24	\$17.51	\$17.51	\$17.51	01/2020	11/23/2028
Chanhassen	\$5.00	\$14.00	\$40.00	\$290.00	—	—	—	02/2020	10/27/2039
Chisago City	\$1.30	\$5.00	\$15.00	\$55.00	\$5.00	\$5.00	\$15.00	06/2009	02/28/2029
Circle Pines	\$2.75	\$3.00	\$35.00	—	\$3.00	—	—	10/2009	08/24/2029
Clara City	\$2.00	\$2.00	\$15.00	\$68.00	\$2.00	\$2.00	\$15.00	01/2014	10/07/2033
Clements	\$1.00	\$1.00	\$1.00	\$1.00	—	—	—	07/2012	06/09/2024
Coon Rapids. ¹	4.0%	4.0%	4.0%	4.0%	—	—	—	04/2018	01/13/2032
Cottage Grove	\$1.65	\$1.65	\$8.25	\$33.00	\$3.30	\$0.75	\$8.25	03/2016	11/04/2023

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¹ Coon Rapids: The franchise fee excludes rate schedules for highway lighting, municipal street lighting, municipal water pumping, municipal fire sirens, and municipal sewage disposal service. For all consumers, the four percent franchise fee is applicable to the first \$950,000 of calendar year gross operating revenues. The franchise fee is reduced to one half percent (0.5%) for the remaining amount of annual gross operating revenues exceeding \$950,000.

(Continued on Sheet No. 5-93.1a)

MINNESOTA ELECTRIC RATE BOOK – MPUC NO. 2

FRANCHISE AND OTHER CITY FEES

Section No. 5
 12th Revised Sheet No. 93.1a

Franchise and other city fees, as designated below will be included in the customers' monthly bills computed under the indicated rate classes and effective in the following Minnesota communities:

The Company remits 100% of these fees collected from ratepayers to the local government unit.

— Indicates fee is not applied

Franchise Fees									
City	Residential	Small C&I Non-demand	Small C&I Demand	Large C&I	Public Street Lighting	Municipal Pumping Non-demand	Municipal Pumping Demand	Effective Date	Expiration Date
Dayton	\$4.00	\$12.00	\$45.00	\$200.00	\$16.00	\$16.00	\$16.00	01/2020	09/09/2039
Deephaven	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	04/2002	11/02/2030
Dilworth	\$2.60	\$6.00	\$21.00	\$136.50	—	\$6.00	\$21.00	05/2018	02/25/2038
Eagle Lake	\$0.50	\$0.50	\$0.50	\$0.50	—	—	—	10/2012	05/06/2032
Eden Prairie	\$4.00	\$5.00	\$12.50	\$55.00	—	—	—	04/2018	06/18/2032
Edina	\$2.90	\$4.90	\$13.68	\$58.32	—	—	—	07/2019	11/03/2035
Excelsior	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	11/2012	08/02/2032
Falcon Heights	\$2.25	\$3.50	\$22.00	\$200.00	\$2.00	—	—	10/2018	06/12/2038
Faribault ¹	\$6.63	\$21.94	\$58.72	\$438.80	—	—	—	04/2022	11/08/2024
Forest Lake	\$4.00	\$2.50	\$18.50	\$75.00	\$7.50	\$2.50	\$18.50	05/2013	01/27/2033
Glyndon	\$1.25	\$1.00	\$8.00	\$35.00	\$5.00	\$0.50	\$1.75	05/2020	01/21/2040
Golden Valley	\$6.00	\$6.00	\$30.00	\$258.00	—	—	—	04/2018	12/17/2027

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(Continued on Sheet No. 5-93.2)

MINNESOTA ELECTRIC RATE BOOK – MPUC NO. 2

FRANCHISE AND OTHER CITY FEES (Continued)

Section No. 5
 20th Revised Sheet No. 93.2

Franchise and other city fees, as designated below will be included in the customers' monthly bills computed under the indicated rate classes and effective in the following Minnesota communities:

The Company remits 100% of these fees collected from ratepayers to the local government unit.

— Indicates fee is not applied

Franchise Fees									
City	Residential	Small C&I Non-demand	Small C&I Demand	Large C&I	Public Street Lighting	Municipal Pumping Non-demand	Municipal Pumping Demand	Effective Date	Expiration Date
Goodview	\$2.75	\$3.00	\$25.00	\$110.00	\$25.00	\$2.50	\$10.00	07/2006	04/30/2026
Grant	\$2.35	\$2.00	\$14.00	\$75.00	\$2.00	\$2.00	\$2.00	01/2015	12/01/2023
Hayfield	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	01/2015	04/17/2031
Henderson	\$3.00	\$3.00	\$3.00	\$3.00	—	—	—	04/2012	08/16/2031
Hopkins	\$3.50	\$6.15	\$24.70	\$170.50	—	—	—	01/2019	12/31/2023
Inver Grove Heights	\$2.75	\$3.00	\$25.00	\$95.00	—	—	—	01/2018	06/30/2029
Landfall Village	\$2.25	\$4.75	\$14.00	\$65.00	\$15.50	—	—	04/2014	12/10/2033
Lexington	\$4.00	\$6.50	\$40.00	\$170.00	—	—	—	03/2017	10/05/2031
Lindstrom	\$2.50	\$5.00	\$24.00	\$70.00	\$7.00	\$7.00	\$7.00	04/2016	12/17/2028
Little Canada	\$2.75	\$5.25	\$40.00	\$230.00	\$15.50	\$2.00	\$3.00	07/2010	08/26/2023
Madison Lake	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	05/2013	02/03/2033
Mahtomedi	\$1.30	\$1.38	\$14.40	\$110.28	\$12.71	\$0.63	\$14.84	01/2005	10/18/2024
Mankato	\$1.00	\$1.55	\$16.50	\$223.00	\$1.00	\$0.25	\$1.00	02/2015	09/21/2034
Mantorville	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	11/2012	08/12/2032
Maplewood	\$3.00	\$4.75	\$30.00	\$180.00	\$4.00	\$4.00	\$4.00	11/2018	09/26/2024

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(Continued on Sheet No. 5-93.3)

Date Filed: 10-31-18 By: Christopher B. Clark Effective Date: 01-01-19
 President, Northern States Power Company, a Minnesota corporation
 Docket No. E,G999/CI-09-970 Order Date: 03-23-11

FRANCHISE AND OTHER CITY FEES (Continued)

Section No. 5
 22nd Revised Sheet No. 93.3

Franchise and other city fees, as designated below will be included in the customers' monthly bills computed under the indicated rate classes and effective in the following Minnesota communities:

The Company remits 100% of these fees collected from ratepayers to the local government unit.
 — Indicates fee is not applied

Franchise Fees									
City	Residential	Small C&I Non-demand	Small C&I Demand	Large C&I	Public Street Lighting	Municipal Pumping Non-demand	Municipal Pumping Demand	Effective Date	Expiration Date
Minneapolis	5.0%	5.5% <100 kW	5.5% <100 kW	3.5% ≥100 kW at primary or higher voltage 5.5% ≥100 kW at secondary voltage	5.5%	5.5%	5.5%	03/2018	10/16/2024
Minnetonka	\$4.50	\$4.50	\$13.50	\$45.00	—	\$4.50	\$4.50	01/2019	05/14/2038
Monticello	\$1.95	\$5.50	\$31.00	\$190.00	\$12.00	\$12.00	\$31.00	06/2007	05/31/2027
Montrose	\$4.00	\$8.00	\$8.00	\$8.00	—	—	—	01/2020	09/09/2032
Mound	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	01/2017	08/11/2023
Mounds View	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	01/2022	12/31/2026
New Brighton	\$0.0047 per kWh	\$0.0043 per kWh	\$0.0033 per kWh	\$0.0017 per kWh	\$0.0054 per kWh	\$0.0046 per kWh	\$0.0033 per kWh	03/2016	11/24/2023
New Hope	\$3.00	\$6.00	\$26.00	\$115.00	—	—	—	01/2017	06/26/2031
New Richland	\$1.00	\$1.00	\$1.00	\$1.00	—	—	—	02/2013	07/11/2024
Newport	\$1.00	\$1.50	\$14.00	\$70.00	\$5.00	\$1.00	\$10.00	01/2011	10/18/2026
North Branch	\$3.50	\$3.50	\$8.75	\$17.50	—	—	—	08/2018	04/09/2038

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(Continued on Sheet No. 5-93.4)

Date Filed: 09-20-22 By: Christopher B. Clark Effective Date: 11-26-22
 President, Northern States Power Company, a Minnesota corporation
 Docket No. E,G999/CI-09-970 Order Date: 03-23-11

MINNESOTA ELECTRIC RATE BOOK – MPUC NO. 2

FRANCHISE AND OTHER CITY FEES (Continued)

Section No. 5
 30th Revised Sheet No. 93.4

Franchise and other city fees, as designated below will be included in the customers' monthly bills computed under the indicated rate classes and effective in the following Minnesota communities:

The Company remits 100% of these fees collected from ratepayers to the local government unit.

— Indicates fee is not applied

Franchise Fees									
City	Residential	Small C&I Non-demand	Small C&I Demand	Large C&I	Public Street Lighting	Municipal Pumping Non-demand	Municipal Pumping Demand	Effective Date	Expiration Date
North Mankato	\$1.00	\$1.55	\$16.50	\$223.00	\$17.62	\$1.46	\$12.30	04/2015	10/05/2034
Northfield	\$3.25	\$4.00	\$32.50	\$990.00	—	—	—	03/2021	12/03/2032
Oakdale	\$1.50	\$3.00	\$10.00	\$8.00	\$6.00	\$2.00	\$8.00	11/2013	10/27/2023
Osseo	\$1.28	\$2.07	\$17.57	\$102.65	\$6.20	\$0.45	\$2.55	03/2012	10/26/2023
Otsego	\$4.00	\$5.00	\$40.00	\$95.00	—	—	—	10/2022	10/24/2041
Owatonna	\$0.0016 per kWh Customer peak demand less than 100 kW in calendar year \$0.0014 per kWh Customer peak demand greater than 100 kW in calendar year							01/2003	12/31/2022
Plymouth	\$2.40	\$3.61	\$12.05	\$48.20	—	—	—	04/2022	07/09/2027
Prior Lake	\$5.00	\$15.00	\$30.00	\$150.00	—	—	—	01/2022	03/19/2026
Richmond	\$1.00	\$1.00	\$1.00	\$1.00	—	—	—	05/2013	05/03/2031
Richfield	\$4.10	\$12.50	\$30.00	\$185.00	—	—	—	04/2014	03/12/2027
Robbinsdale	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	06/2021	07/01/2023
Rogers	\$5.00	\$7.00	\$45.00	\$210.00	\$17.00	\$12.00	\$65.00	01/2016	11/22/2024
Sartell	\$4.00	\$6.75	\$15.00	\$109.00	—	—	—	01/2017	09/11/2036
Sauk Rapids	4.0% 1.5%	Customers who purchase \$50,000 or less in calendar year That part which exceeds \$50,000 in calendar year						02/2016	06/15/2023
Shakopee ¹	3.0%	3.0%	3.0%	3.0%	—	—	—	01/2022	08/03/2041
Shoreview	\$3.75	\$5.00	\$36.00	\$340.00	—	—	—	01/2021	07/17/2031

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¹ Shakopee: The fee collected shall total three percent (3%) of the Company's gross revenues from its operations within the City collected from each customer of each class. For customers in the Large C&I class, the three percent franchise fee is applicable to the first \$950,000 of calendar year gross revenues. The franchise fee is reduced to one-half percent (0.5%) for the remaining amount of annual gross revenues exceeding \$950,000.

(Continued on Sheet No. 5-93.5)

MINNESOTA ELECTRIC RATE BOOK – MPUC NO. 2

FRANCHISE AND OTHER CITY FEES (Continued)

Section No. 5
 19th Revised Sheet No. 93.5

Franchise and other city fees, as designated below will be included in the customers' monthly bills computed under the indicated rate classes and effective in the following Minnesota communities:

The Company remits 100% of these fees collected from ratepayers to the local government unit.

— Indicates fee is not applied

Franchise Fees									
City	Residential	Small C&I Non-demand	Small C&I Demand	Large C&I	Public Street Lighting	Municipal Pumping Non-demand	Municipal Pumping Demand	Effective Date	Expiration Date
Shorewood	\$4.00	\$8.00	\$10.00	\$25.00	—	—	—	10/2018	06/24/2038
South St. Paul ¹	5.0%	5.0%	5.0%	5.0%	—	—	—	04/2018	04/05/2030
Spicer	\$1.00	\$1.00	\$8.00	\$8.00	—	—	—	02/2013	10/01/2032
Spring Lake Park	\$0.80	\$1.20	\$8.50	\$50.00	—	—	—	04/2015	01/04/2035
St. Cloud ²	4.0%	4.0%	4.0%	4.0%	—	—	—	12/2017	12/31/2024
St. Joseph	\$1.00	\$1.75	\$10.00	2% purchase ≤\$100,000 in calendar year 1.5% that part >\$100,000 in calendar year	\$8.00	\$1.00	\$10.00	02/2004	11/19/2023
St. Louis Park	\$6.75	\$12.00	\$48.50	\$148.50	—	\$12.00	\$48.50	06/2021	09/18/2036
St. Michael	\$3.50	\$2.50	\$2.50	\$10.00	\$10.00	\$2.50	\$10.00	05/2011	11/24/2023
St. Paul ³	See fee schedule in the Notes section on the following sheets.							11/2006	08/31/2026
St. Paul Park	\$1.50	\$2.00	\$25.00	\$335.00	\$10.00	\$1.00	\$5.00	08/2005	05/15/2025
Stillwater	\$2.00	\$2.50	\$18.00	\$125.00	\$4.00	\$2.00	\$18.00	06/2015	02/16/2035

¹ South St. Paul: The franchise fee excludes rate schedules for highway lighting, municipal street lighting, municipal water pumping, municipal traffic signals, municipal fire sirens, and municipal sewage disposal service.

² St. Cloud: The franchise fee for residential heating customers will be 1.5% during the months of November – April.

³ St. Paul: The monthly franchise fee will be as stated on the following sheets. The residential service franchise fee will be as stated except during the months of November - April when there will be no fee. The fee shall not exceed \$620,000 during any calendar year from any large commercial and industrial customer qualifying for service on the Competitive Market Rider. The schedule on the following sheets show the meter, energy, and demand factor for each year of the St. Paul franchise and for each of the customer classifications.

(Continued on Sheet No. 5-93.6)

MINNESOTA ELECTRIC RATE BOOK – MPUC NO. 2

FRANCHISE AND OTHER CITY FEES (Continued)

Section No. 5
 4th Revised Sheet No. 93.6

Notes:

³ St. Paul (continued)

Customer Class	Meter Factor - Monthly Charge per Account					
Start Date End Date	1-Nov-2006 31-Oct-2008	1-Nov-2008 31-Oct-2010	1-Nov-2010 31-Oct-2012	1-Nov-2012 31-Oct-2014	1-Nov-2014 31-Oct-2016	
Residential (May - October)	\$2.63	\$2.70	\$2.77	\$2.84	\$2.91	
Small Commercial & Industrial						
Non-Demand	\$2.96	\$3.09	\$3.22	\$3.35	\$3.48	
Firm Secondary	\$2.96	\$3.09	\$3.22	\$3.35	\$3.48	
Firm Primary	\$2.96	\$3.09	\$3.22	\$3.35	\$3.48	
Interruptible Secondary	\$2.96	\$3.09	\$3.22	\$3.35	\$3.48	
Interruptible Primary	\$2.96	\$3.09	\$3.22	\$3.35	\$3.48	
Large Commercial & Industrial						
Special	\$5.04	\$5.11	\$5.18	\$5.25	\$5.32	
Firm Secondary	\$5.04	\$5.11	\$5.18	\$5.25	\$5.32	
Firm Primary	\$5.04	\$5.11	\$5.18	\$5.25	\$5.32	
Firm Trans. Transf.	\$5.04	\$5.11	\$5.18	\$5.25	\$5.32	
Interruptible Secondary	\$5.04	\$5.11	\$5.18	\$5.25	\$5.32	
Interruptible Primary	\$5.04	\$5.11	\$5.18	\$5.25	\$5.32	
Interruptible TT	\$5.04	\$5.11	\$5.18	\$5.25	\$5.32	
Standby Service	None	None	None	None	None	
Public Street & Highway Lighting	\$6.74	\$6.81	\$6.88	\$6.95	\$7.02	
Small Municipal Pumping						
Non-Demand	\$2.96	\$3.09	\$3.22	\$3.35	\$3.48	
Demand Secondary	\$2.96	\$3.09	\$3.22	\$3.35	\$3.48	
Demand Primary	\$2.96	\$3.09	\$3.22	\$3.35	\$3.48	
Large Municipal Pumping						
Demand Primary (Sec cust)	\$2.96	\$3.09	\$3.22	\$3.35	\$3.48	
Fire and Civil Defense Siren Service	\$2.96	\$3.09	\$3.22	\$3.35	\$3.48	

(Continued on Sheet No. 5-93.7)

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MINNESOTA ELECTRIC RATE BOOK – MPUC NO. 2

FRANCHISE AND OTHER CITY FEES (Continued)

Section No. 5
 4th Revised Sheet No. 93.7

Notes:

³ St. Paul (continued)

Customer Class	Meter Factor - Monthly Charge per Account					
Start Date	1-Nov-2016	1-Nov-2018	1-Nov-2020	1-Nov-2022	1-Nov-2024	
End Date	31-Oct-2018	31-Oct-2020	31-Oct-2022	31-Oct-2024	31-Aug-2026	
Residential (May - October)	\$3.03	\$3.15	\$3.27	\$3.40	\$3.54	
Small Commercial & Industrial						
Non-Demand	\$3.62	\$3.76	\$3.91	\$4.07	\$4.23	
Firm Secondary	\$3.62	\$3.76	\$3.91	\$4.07	\$4.23	
Firm Primary	\$3.62	\$3.76	\$3.91	\$4.07	\$4.23	
Interruptible Secondary	\$3.62	\$3.76	\$3.91	\$4.07	\$4.23	
Interruptible Primary	\$3.62	\$3.76	\$3.91	\$4.07	\$4.23	
Large Commercial & Industrial						
Special	\$5.53	\$5.75	\$5.98	\$6.22	\$6.47	
Firm Secondary	\$5.53	\$5.75	\$5.98	\$6.22	\$6.47	
Firm Primary	\$5.53	\$5.75	\$5.98	\$6.22	\$6.47	
Firm Trans. Transf.	\$5.53	\$5.75	\$5.98	\$6.22	\$6.47	
Interruptible Secondary	\$5.53	\$5.75	\$5.98	\$6.22	\$6.47	
Interruptible Primary	\$5.53	\$5.75	\$5.98	\$6.22	\$6.47	
Interruptible TT	\$5.53	\$5.75	\$5.98	\$6.22	\$6.47	
Standby Service	None	None	None	None	None	
Public Street & Highway Lighting	\$7.30	\$7.59	\$7.90	\$8.21	\$8.54	
Small Municipal Pumping						
Non-Demand	\$3.62	\$3.76	\$3.91	\$4.07	\$4.23	
Demand Secondary	\$3.62	\$3.76	\$3.91	\$4.07	\$4.23	
Demand Primary	\$3.62	\$3.76	\$3.91	\$4.07	\$4.23	
Large Municipal Pumping						
Demand Primary (Sec cust)	\$3.62	\$3.76	\$3.91	\$4.07	\$4.23	
Fire and Civil Defense Siren Service	\$3.62	\$3.76	\$3.91	\$4.07	\$4.23	

(Continued on Sheet No. 5-93.8)

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MINNESOTA ELECTRIC RATE BOOK – MPUC NO. 2

FRANCHISE AND OTHER CITY FEES (Continued)

Section No. 5
 4th Revised Sheet No. 93.8

Notes:

³ St. Paul (continued)

Customer Class	Energy Factor - Monthly Charge per kWh					
Start Date End Date	1-Nov-2006 31-Oct-2008	1-Nov-2008 31-Oct-2010	1-Nov-2010 31-Oct-2012	1-Nov-2012 31-Oct-2014	1-Nov-2014 31-Oct-2016	
Residential (May - October)	\$0.0094	\$0.0095	\$0.0096	\$0.0097	\$0.0098	
Small Commercial & Industrial						
Non-Demand	\$0.0040	\$0.0040	\$0.0040	\$0.0040	\$0.0040	
Firm Secondary	\$0.0018	\$0.0018	\$0.0018	\$0.0018	\$0.0018	
Firm Primary	\$0.0018	\$0.0018	\$0.0018	\$0.0018	\$0.0018	
Interruptible Secondary	\$0.0018	\$0.0018	\$0.0018	\$0.0018	\$0.0018	
Interruptible Primary	\$0.0018	\$0.0018	\$0.0018	\$0.0018	\$0.0018	
Large Commercial & Industrial						
Special	\$0.0028	\$0.0028	\$0.0028	\$0.0028	\$0.0028	
Firm Secondary	\$0.0013	\$0.0013	\$0.0013	\$0.0013	\$0.0013	
Firm Primary	\$0.0013	\$0.0013	\$0.0013	\$0.0013	\$0.0013	
Firm Trans. Transf.	\$0.0013	\$0.0013	\$0.0013	\$0.0013	\$0.0013	
Interruptible Secondary	\$0.0013	\$0.0013	\$0.0013	\$0.0013	\$0.0013	
Interruptible Primary	\$0.0013	\$0.0013	\$0.0013	\$0.0013	\$0.0013	
Interruptible TT	\$0.0013	\$0.0013	\$0.0013	\$0.0013	\$0.0013	
Standby Service	None	None	None	None	None	
Public Street & Highway Lighting	\$0.0040	\$0.0040	\$0.0040	\$0.0040	\$0.0040	
Small Municipal Pumping						
Non-Demand	\$0.0040	\$0.0040	\$0.0040	\$0.0040	\$0.0040	
Demand Secondary	\$0.0018	\$0.0018	\$0.0018	\$0.0018	\$0.0018	
Demand Primary	\$0.0018	\$0.0018	\$0.0018	\$0.0018	\$0.0018	
Large Municipal Pumping						
Demand Primary (Sec cust)	\$0.0018	\$0.0018	\$0.0018	\$0.0018	\$0.0018	
Fire and Civil Defense Siren Service	\$0.0018	\$0.0018	\$0.0018	\$0.0018	\$0.0018	

(Continued on Sheet No. 5-93.9)

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FRANCHISE AND OTHER CITY FEES (Continued)

Section No. 5
 4th Revised Sheet No. 93.9

Notes:
³ St. Paul (continued)

Customer Class	Energy Factor - Monthly Charge per kWh					
Start Date	1-Nov-2016	1-Nov-2018	1-Nov-2020	1-Nov-2022	1-Nov-2024	
End Date	31-Oct-2018	31-Oct-2020	31-Oct-2022	31-Oct-2024	31-Aug-2026	
Residential (May - October)	\$0.0102	\$0.0106	\$0.0110	\$0.0115	\$0.0119	
Small Commercial & Industrial						
Non-Demand	\$0.0042	\$0.0043	\$0.0045	\$0.0047	\$0.0049	
Firm Secondary	\$0.0019	\$0.0019	\$0.0020	\$0.0021	\$0.0022	
Firm Primary	\$0.0019	\$0.0019	\$0.0020	\$0.0021	\$0.0022	
Interruptible Secondary	\$0.0019	\$0.0019	\$0.0020	\$0.0021	\$0.0022	
Interruptible Primary	\$0.0019	\$0.0019	\$0.0020	\$0.0021	\$0.0022	
Large Commercial & Industrial						
Special	\$0.0029	\$0.0030	\$0.0031	\$0.0033	\$0.0034	
Firm Secondary	\$0.0014	\$0.0014	\$0.0015	\$0.0015	\$0.0016	
Firm Primary	\$0.0014	\$0.0014	\$0.0015	\$0.0015	\$0.0016	
Firm Trans. Transf.	\$0.0014	\$0.0014	\$0.0015	\$0.0015	\$0.0016	
Interruptible Secondary	\$0.0014	\$0.0014	\$0.0015	\$0.0015	\$0.0016	
Interruptible Primary	\$0.0014	\$0.0014	\$0.0015	\$0.0015	\$0.0016	
Interruptible TT	\$0.0014	\$0.0014	\$0.0015	\$0.0015	\$0.0016	
Standby Service	None	None	None	None	None	
Public Street & Highway Lighting	\$0.0042	\$0.0043	\$0.0045	\$0.0047	\$0.0049	
Small Municipal Pumping						
Non-Demand	\$0.0042	\$0.0043	\$0.0045	\$0.0047	\$0.0049	
Demand Secondary	\$0.0019	\$0.0019	\$0.0020	\$0.0021	\$0.0022	
Demand Primary	\$0.0019	\$0.0019	\$0.0020	\$0.0021	\$0.0022	
Large Municipal Pumping						
Demand Primary (Sec cust)	\$0.0019	\$0.0019	\$0.0020	\$0.0021	\$0.0022	
Fire and Civil Defense Siren Service	\$0.0019	\$0.0019	\$0.0020	\$0.0021	\$0.0022	

(Continued on Sheet No. 5-93.10)

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MINNESOTA ELECTRIC RATE BOOK – MPUC NO. 2

FRANCHISE AND OTHER CITY FEES (Continued)

Section No. 5
 4th Revised Sheet No. 93.10

Notes:

³ St. Paul (continued)

Customer Class	Demand Factor - Monthly Charge per kW					
Start Date	1-Nov-2006	1-Nov-2008	1-Nov-2010	1-Nov-2012	1-Nov-2014	
End Date	31-Oct-2008	31-Oct-2010	31-Oct-2012	31-Oct-2014	31-Oct-2016	
Residential (May - October)	None	None	None	None	None	
Small Commercial & Industrial						
Non-Demand	None	None	None	None	None	
Firm Secondary	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	
Firm Primary	\$1.06	\$1.06	\$1.06	\$1.06	\$1.06	
Interruptible Secondary	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	
Interruptible Primary	\$1.06	\$1.06	\$1.06	\$1.06	\$1.06	
Large Commercial & Industrial						
Special	None	None	None	None	None	
Firm Secondary	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	
Firm Primary	\$1.06	\$1.06	\$1.06	\$1.06	\$1.06	
Firm Trans. Transf.	\$1.06	\$1.06	\$1.06	\$1.06	\$1.06	
Interruptible Secondary	\$0.81	\$0.81	\$0.81	\$0.81	\$0.81	
Interruptible Primary	\$0.71	\$0.71	\$0.71	\$0.71	\$0.71	
Interruptible TT	\$0.51	\$0.54	\$0.57	\$0.60	\$0.63	
Standby Service	\$0.30	\$0.33	\$0.36	\$0.39	\$0.42	
Public Street & Highway Lighting	None	None	None	None	None	
Small Municipal Pumping						
Non-Demand	None	None	None	None	None	
Demand Secondary	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	
Demand Primary	\$1.06	\$1.06	\$1.06	\$1.06	\$1.06	
Large Municipal Pumping						
Demand Primary (Sec cust)	\$1.06	\$1.06	\$1.06	\$1.06	\$1.06	
Fire and Civil Defense Siren Service	\$1.06	\$1.06	\$1.06	\$1.06	\$1.06	

(Continued on Sheet No. 5-93.11)

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MINNESOTA ELECTRIC RATE BOOK – MPUC NO. 2

FRANCHISE AND OTHER CITY FEES (Continued)

Section No. 5
 4th Revised Sheet No. 93.11

Notes:

³ St. Paul (continued)

Customer Class	Demand Factor - Monthly Charge per kW				
	Start Date End Date	1-Nov-2016 31-Oct-2018	1-Nov-2018 31-Oct-2020	1-Nov-2020 31-Oct-2022	1-Nov-2022 31-Oct-2024 1-Nov-2024 31-Aug-2026
Residential (May - October)		None	None	None	None
Small Commercial & Industrial					
Non-Demand		None	None	None	None
Firm Secondary		\$1.14	\$1.19	\$1.24	\$1.29
Firm Primary		\$1.10	\$1.15	\$1.19	\$1.24
Interruptible Secondary		\$1.14	\$1.19	\$1.24	\$1.29
Interruptible Primary		\$1.10	\$1.15	\$1.19	\$1.24
Large Commercial & Industrial					
Special		None	None	None	None
Firm Secondary		\$1.14	\$1.19	\$1.24	\$1.29
Firm Primary		\$1.10	\$1.15	\$1.19	\$1.24
Firm Trans. Transf.		\$1.10	\$1.15	\$1.19	\$1.24
Interruptible Secondary		\$0.84	\$0.88	\$0.91	\$0.95
Interruptible Primary		\$0.74	\$0.77	\$0.80	\$0.83
Interruptible TT		\$0.66	\$0.68	\$0.71	\$0.74
Standby Service		\$0.44	\$0.45	\$0.47	\$0.49
Public Street & Highway Lighting		None	None	None	None
Small Municipal Pumping					
Non-Demand		None	None	None	None
Demand Secondary		\$1.14	\$1.19	\$1.24	\$1.29
Demand Primary		\$1.10	\$1.15	\$1.19	\$1.24
Large Municipal Pumping					
Demand Primary (Sec cust)		\$1.10	\$1.15	\$1.19	\$1.24
Fire and Civil Defense Siren Service		\$1.10	\$1.15	\$1.19	\$1.24

(Continued on Sheet No. 5-93.12)

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MINNESOTA ELECTRIC RATE BOOK – MPUC NO. 2

FRANCHISE AND OTHER CITY FEES (Continued)

Section No. 5
 14th Revised Sheet No. 93.12

Franchise and other city fees, as designated below will be included in the customers' monthly bills computed under the indicated rate classes and effective in the following Minnesota communities:

The Company remits 100% of these fees collected from ratepayers to the local governmental unit.

— Indicates fee is not applied

Franchise Fees									
City	Residential	Small C&I Non-demand	Small C&I Demand	Large C&I	Public Street Lighting	Municipal Pumping Non-demand	Municipal Pumping Demand	Effective Date	Expiration Date
Tracy	\$2.64	\$2.64	\$5.28	\$5.28	—	—	—	01/2023	09/25/2042
Vadnais Heights	\$4.00	\$6.00	\$26.00	\$120.00	—	—	—	01/2021	01/01/2038
Victoria	\$3.00	\$10.00	\$10.00	\$10.00	—	—	—	02/2017	10/09/2036
Wabasha	\$2.00	\$4.00	\$10.00	\$10.00	—	—	—	05/2022	01/03/2042
Waite Park	\$4.00	\$6.75	\$15.00	\$109.00	—	—	—	01/2019	06/10/2032
Watertown	\$3.00	\$4.50	\$16.00	\$51.00	—	\$13.50	\$21.00	04/2010	04/10/2027
Wayzata	\$2.06	\$4.64	\$4.64	\$15.45	\$1.03	\$1.03	\$1.03	03/2011	11/30/2026
White Bear Lake	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	05/2018	01/08/2038
Winona	4.0% 1.5%	Customers who purchase \$100,000 or less in calendar year That part which exceeds \$100,000 in calendar year						06/2003	06/15/2023
Winsted	\$2.00	\$2.00	\$2.00	\$2.00	—	—	—	05/2012	12/19/2031
Woodbury	\$3.25	\$3.50	\$23.00	\$90.00	\$0.00	\$0.00	\$0.00	01/2022	08/10/2041
Wyoming	\$3.75	\$3.75	\$25.00	\$150.00	—	—	—	05/2022	02/01/2042

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(Continued on Sheet No. 5-93.13)

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Northern States Power Company, a Minnesota corporation
Minneapolis, Minnesota 55401

MINNESOTA ELECTRIC RATE BOOK – MPUC NO. 2

FRANCHISE AND OTHER CITY FEES

Section No. 5
5th Revised Sheet No. 93.13

Franchise and other city fees, as designated below will be included in the customers' monthly bills computed under the indicated rate classes and effective in the following Minnesota communities:

The Company remits 100% of these fees collected from ratepayers to the local government unit.*

(U) Indicates unincorporated community

Other City Fees			
City	Description	Effective Date	Expiration Date
West St. Paul	Pursuant to city code, the Company collects a 6.0% gross revenue tax derived from the sale of electricity within the City of West St. Paul. The amount collected is remitted to the City of West St. Paul.	07/2019	--
FEES NOT REMITTED DIRECTLY TO CITY			
Baker (U)	The Company collects a fee of \$3.25 per residential and small commercial and industrial customer in the community of Baker for energy usage and maintenance on community street lighting. The amount collected is applied to Baker's street lighting bill.	03/1994	--

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*Except Baker. See above.

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