



GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

AGENDA DATE: April 18, 2024

AGENDA ITEM: Local Utility Preservation Resolution

PREPARED BY: Julie Kennedy, General Manager

BACKGROUND:

At the October 10, 2023 joint meeting of the City Council and GRPUC, GRPU General Manager introduced the concept of adopting a resolution pertaining to Mn Stat. 412.321 Municipal Utilities creation and/or abandonment. Both Council and Commission agreed it was worth investigating and asked staff to bring the topic back for discussion at the next joint meeting.

As background, the follows is an article from MMUA in the Jan 2023 Resources:

*...MMUA filed comments in the proceeding to inform the MN Public Utilities Commission (MN PUC) that North Branch had not held a referendum as state law requires before a municipal utility can cease operation. Unfortunately, the MN PUC approved the utilities' petition despite MMUA's efforts. Given two minutes to speak on the filing she submitted on the Association's behalf, MMUA General Counsel Kaela Brennan explained to the Commissioners that MMUA's intention was not to interfere with local decision making. Rather, the decision belonged to the people of North Branch, and the map should not be changed until they had their opportunity to make that decision with their votes. The filing also noted that in 2016 the city put a measure on the ballot to disband the utility commission, and it failed. The PUC, however, agreed with one commissioner's reading of Minnesota Statutes Section 412.321, subdivision 4, that a municipal electric utility can be leased, sold, or discontinued by passage of an ordinance or resolution by the city council, **or** by approval of two-thirds of electors voting at a general or special election. MMUA argued that the statute requires that such ordinance or resolution must be passed by a city council **and** must also be approved by two-thirds of electors at an election...*

Attached is the MN Statute that shows a voter referendum is required to establish a municipal utility and that we believe a referendum of the voters should be required to abandon or sell a municipal utility. In light of the MN PUC's recent decision-making, Minnesota municipal

utilities and their cities are considering adopting a resolution at the local level committing to a referendum of the voters. Attached is a draft resolution for consideration.

RECOMMENDATION:

Review and discussion of the draft resolution to be considered at a future City Council meeting. No action to be taken at this meeting.