

ORDINANCE NO. 24-__
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 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 shall be used exclusively to 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 October 28th, 2024 – City Ordinance No. 24-____, City Ordinance No. 24-____ and City Ordinance No. 24-____.
- 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 Company under its electric franchise after ninety (90) days' written notice from the City, with the amount and fee design set forth in the City's fee schedule.

3.2 Account Fee.

- a) 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 at a single premise, but only one account, only one fee shall be assessed to that account.
- b) If the Company combines the rate classifications into a single account, the franchise fee assessed to the account will be the largest franchise fee applicable to a single rate classification for electric delivered to that premise.
- c) For calculating the fee amount, all rates shall be applied to the total amount billed.
- d) The effective date of fee collections shall be January 1st, 2025 or as mutually agreed upon

3.3 Payment and Fee Modification.

- a) The franchise fee shall be payable quarterly and shall be based on the amount collected by Company during complete billing months during the period for which payment is to be made. The payment shall be due the last business day of the month following the period for which the payment is made. Such fee shall not exceed any amount that the Company may legally charge to its customers prior to payment to the City by imposing a surcharge equivalent to such fee in its rates for electric service.
- b) Company shall provide a billing report with each payment that summarizes how the amount collected was derived.
- c) The franchise fee may be increased or decreased from time to time, however any such change may not occur more often than annually and 90 days notice shall be provided by the City to the Company.
- d) No franchise fee shall be payable by Company if Company is unable to first collect an amount equal to the franchise fee from its customers in each applicable class of customers by imposing a surcharge in Company's applicable rates for electric service. Company may pay the City the fee based upon the surcharge billed subject to subsequent reductions to account for uncollectibles, refunds and correction of erroneous billings.
- e) Franchise fees are to be collected monthly by the Company in the amounts set forth in the City's fee schedule, and remitted 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.

3.4 Record Support for Payment. Company agrees to make its records available for inspection by the City at reasonable times provided that the City and its designated representative agree in writing not to disclose any information which would indicate the amount paid by any identifiable customer or customers or any other information regarding identified customers that is non-public by law.

3.5 Customer Classification. The company shall determine the customer classification per state law or approved company policies. When billing the electric franchise fee, the company shall use approved company policies and procedures to establish a new account and closing an account.

Section 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. The Company agrees that it is prohibited from adding an administrative fee of any kind on the franchise fee.

Section 5. That this Ordinance shall be published and take effect as provided by law.

Adopted this ____ day of _____, 2024 by the City Council of the City of Grand Rapids.

Tasha Connelly
Mayor

Kim Gibeau
City Clerk