

ORDINANCE NO. 1643

AN ORDINANCE IMPLEMENTING AN ELECTRIC SERVICE FRANCHISE FEE ON NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION, ITS SUCCESSORS AND ASSIGNS, FOR PROVIDING ELECTRIC SERVICE WITHIN THE CITY OF OWATONNA.

THE CITY COUNCIL OF THE CITY OF OWATONNA DOES ORDAIN:

**SECTION 1.** The City of Owatonna Municipal Code is hereby amended to include reference to the following Special Ordinance.

**Subd. 1. Purpose.** The Owatonna 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 electric services within the City of Owatonna.

- (a) Pursuant to City Ordinance 1642, a Franchise Agreement between the City of Owatonna and Northern States Power Company, a Minnesota corporation, its successors and assigns, the City has the right to impose a franchise fee on Northern States Power Company, a Minnesota corporation, its successors and assigns, in an amount and fee design as set forth in Section 9 of the Northern States Power Company Franchise and in the fee schedule attached hereto as Schedule A.

**Subd. 2. Franchise Fee Statement.** A franchise fee is hereby imposed on Northern States Power Company, a Minnesota Corporation, its successors and assigns, under its electric franchise in accordance with the schedule attached here to and made a part of this Ordinance, commencing with the NSPM May 1, 2023 billing month.

This fee is an account-based fee on each premise 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. If a premise has two or more meters being billed at different rates, the Company may have an account for each rate classification, which will result in more than one franchise fee assessment for electric service to that premise. 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 energy delivered to that premise. In the event any entities covered by this ordinance have more than one premise, each premise (address) shall be subject to the appropriate fee. In the event a question arises as to the proper fee amount for any premise, the Company's manner of billing for energy used at all similar premises in the city will control.

**Subd. 3. Payment.** The said franchise fee shall be payable to the City in accordance with the terms set forth in Section 9 of the Franchise.

**Subd. 4. Surcharge.** The City recognizes that the Minnesota Public Utilities Commission may allow Company to add a surcharge to customer rates of city residents to reimburse Company for the cost of the fee.

**Subd. 5. Enforcement.** Any dispute, including enforcement of a default regarding this ordinance will be resolved in accordance with Section 2.5 of the Franchise Agreement.

**Subd. 6. Effective Date of Franchise Fee.** The effective date of this Ordinance shall be after its publication and ninety (90) days after the sending of written notice enclosing a copy of this adopted Ordinance to NSPM by certified mail. Collection of the fee shall commence as provided above.

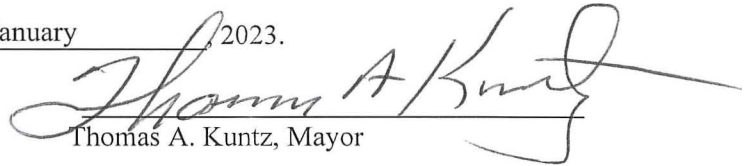
Passed and adopted this 17th day of January, 2023, with the following roll call vote:

AYE: Raney, Svenby, Voss, Dotson, Burbank, Boeke & Schultz

NAY: None

ABSENT: None

Approved and signed this 17th day of January, 2023.

  
Thomas A. Kuntz, Mayor

ATTEST:

  
Kris M. Busse, City Administrator/City Clerk

SCHEDULE A

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**Franchise Fee Rates:**

Electric Utility

A franchise fee is hereby imposed on NSPM under its electric Franchise Agreement in the amount of three and a half percent (3.5%) of NSPM's Gross Revenues, as defined in Section 9 of the Franchise, commencing with NSPM's May 1 2023 billing month.

Franchise fees are submitted 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.