



STAFF REPORT

DATE: March 4, 2025

REGULAR

TO: Mayor and Council
FROM: Clarissa Hadler, Finance Director
AGENDA ITEM: Utility Franchise Fees
REVIEWED BY: Nicole Miller, City Administrator

CORE STRATEGIES:

- | | |
|---|--|
| <input type="checkbox"/> Vibrant, inclusive, connected community | <input type="checkbox"/> Efficient, reliable, innovative services |
| <input type="checkbox"/> Responsive, transparent, adaptive governance | <input checked="" type="checkbox"/> Balanced Finances now and future |
| <input type="checkbox"/> Managed Growth | <input checked="" type="checkbox"/> Resilient Infrastructure |

BACKGROUND:

In 2024, the City Council discussed moving forward with the Utility Franchise Fees and directed staff to negotiate franchise agreements with the two gas & electric utility providers; Centerpoint and Xcel (Northern States Power).

Working with staff, Attorney Robert Vose, Kennedy & Graven, negotiated the terms of the attached franchise agreements. These agreements are very similar to other cities' franchise agreements in terms and Mr. Vose will be available to discuss and answer questions. The fees were discussed at the October Council meeting and set to generate a goal of approximately \$500,000 in revenue each year.

The packet also includes a resolution that sets where these funds will be allocated. Council had expressed interest in the fees going toward a specific type of project rather than the General Fund. At this time, staff recommends allocating it to Fund 409 – Infrastructure Reserve, to assist with paying for future street improvement projects. This allocation may be changed, or the funds may be transferred, at any time by resolution of the City Council.

RECOMMENDATION:

1. Motion to Adopt Ordinances 2025-03, 2025-04, and 2025-05 Granting Northern States Power and Centerpoint Energy Permission To Construct, Operate, Repair And Maintain In The City Of Lake Elmo, Minnesota, Electric and/or Gas Distribution Systems And Transmission Lines, Including Necessary Poles, Lines, Fixtures And Appurtenances, For The Furnishing Of Electric and/or Gas Energy To The City, Its Inhabitants, And Others, And To Use The Public Grounds And Public Ways Of The City For Such Purposes.
2. Motion to Adopt Ordinances 2025-06, 2025-07, and 2025-08 Implementing Franchise Fees On Northern States Power Company and Centerpoint Energy For Providing Electric and/or Gas Service Within The City Of Lake Elmo
3. Motion to Adopt Resolutions 2025 – 21 through 2025 - 26 Authorizing Publication of Franchise and Franchise Fee Ordinances by Title and Summary

4. Motion to Adopt Resolution 2025 - 27 Committing Franchise Fee Revenue to a Specific Purpose

ATTACHMENTS:

- | | | |
|------------|-----------|--|
| Ordinance | 2025 - 03 | An Ordinance Granting To Northern States Power Company, A Minnesota Corporation, Its Successors And Assigns, Permission To Construct, Operate, Repair And Maintain In The City Of Lake Elmo, Minnesota, An Electric Distribution System And Transmission Lines, Including Necessary Poles, Lines, Fixtures And Appurtenances, For The Furnishing Of Electric Energy To The City, Its Inhabitants, And Others, And To Use The Public Grounds And Public Ways Of The City For Such Purposes. |
| Ordinance | 2025 - 04 | An Ordinance Granting To Northern States Power Company, A Minnesota Corporation, Its Successors And Assigns, Permission To Construct, Operate, Repair And Maintain In The City Of Lake Elmo, Minnesota, Facilities And Equipment For The Transportation, Distribution, Manufacture And Sale Of Gas Energy, And To Use The Public Grounds And Public Ways Of The City For Such Purposes. |
| Ordinance | 2025 - 05 | An Ordinance Granting To Centerpoint Energy Resources Corp., A Minnesota Corporation, Its Successors And Assigns, Permission To Construct, Operate, Repair And Maintain In The City Of Lake Elmo, Minnesota, Facilities And Equipment For The Transportation, Distribution, Manufacture And Sale Of Gas Energy, And To Use The Public Grounds And Public Ways Of The City For Such Purposes. |
| Ordinance | 2025 - 06 | 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 Lake Elmo |
| Ordinance | 2025 - 07 | An Ordinance Implementing A Gas Service Franchise Fee On Northern States Power Company, A Minnesota Corporation, Its Successors And Assigns, For Providing Gas Service Within The City Of Lake Elmo |
| Ordinance | 2025 - 08 | An Ordinance Implementing A Gas Service Franchise Fee On Centerpoint Energy Resources Corp., A Minnesota Corporation, Its Successors And Assigns, For Providing Gas Service Within The City Of Lake Elmo |
| Resolution | 2025 - 21 | A Resolution Authorizing Publication of the Northern States Power Company Electric Franchise Ordinance by Title and Summary |
| Resolution | 2025 - 22 | A Resolution Authorizing Publication of the Northern States Power Company Electric Franchise Fee Ordinance by Title and Summary |
| Resolution | 2025 - 23 | A Resolution Authorizing Publication of the Northern States Power Company Gas Franchise Ordinance by Title and Summary |
| Resolution | 2025 - 24 | A Resolution Authorizing Publication of the Northern States Power Company Gas Franchise Fee Ordinance by Title and Summary |
| Resolution | 2025 - 25 | A Resolution Authorizing Publication of the Centerpoint Energy Franchise Ordinance by Title and Summary |
| Resolution | 2025 - 26 | A Resolution Authorizing Publication of the Centerpoint Franchise Fee Ordinance by Title and Summary |
| Resolution | 2025 - 27 | A Resolution Committing Franchise Fee Revenue to a Specific Purpose |

**XCEL ENERGY
ELECTRIC FRANCHISE ORDINANCE**

ORDINANCE NO. 2025-03

CITY OF LAKE ELMO, MINNESOTA

AN ORDINANCE GRANTING TO NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION, ITS SUCCESSORS AND ASSIGNS, PERMISSION TO CONSTRUCT, OPERATE, REPAIR AND MAINTAIN IN THE CITY OF LAKE ELMO, MINNESOTA, AN ELECTRIC DISTRIBUTION SYSTEM AND TRANSMISSION LINES, INCLUDING NECESSARY POLES, LINES, FIXTURES AND APPURTENANCES, FOR THE FURNISHING OF ELECTRIC ENERGY TO THE CITY, ITS INHABITANTS, AND OTHERS, AND TO USE THE PUBLIC GROUNDS AND PUBLIC WAYS OF THE CITY FOR SUCH PURPOSES.

THE CITY COUNCIL OF THE CITY OF LAKE ELMO, MINNESOTA, ORDAINS:

SECTION 1. DEFINITIONS.

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

- 1.1 **City.** The City of Lake Elmo, County of Washington, State of Minnesota.
- 1.2 **City Utility System.** Facilities used for providing non-energy related public utility service owned or operated by City or agency thereof, including sewer and water service, but excluding facilities for providing heating, lighting or other forms of energy.
- 1.3 **Commission.** The Minnesota Public Utilities Commission, or any successor agency or agencies, including an agency of the federal government, which preempts all, or part of the authority to regulate electric retail rates now vested in the Minnesota Public Utilities Commission.
- 1.4 **Company.** Northern States Power Company, a Minnesota corporation, its successors and assigns.
- 1.5 **Electric Facilities.** Electric transmission and distribution towers, poles, lines, guys, anchors, conduits, fixtures, and necessary appurtenances owned or operated by Company for the purpose of providing electric energy for public use.
- 1.6 **Notice.** A written notice served by one party on the other party referencing one or more provisions of this Ordinance. Notice to Company shall be mailed to the General Counsel, 401 Nicollet Mall, 8th Floor, Minneapolis, MN 55401. Notice to the City shall be mailed to the City Administrator, 3880 Laverne Ave. N., Lake Elmo, MN 55042. Either party may change its respective address for the purpose of this Ordinance by written notice to the other party.

1.7 **Public Ground.** Land owned or otherwise controlled by the City for park, open space or similar purpose, which is held for use in common by the public.

1.8 **Public Way.** Any street, alley, walkway or other public right-of-way within the City.

SECTION 2. ADOPTION OF FRANCHISE.

2.1 **Grant of Franchise.** City hereby grants Company, for a period of 20 years from the date passed and approved by the City, the right to transmit and furnish electric energy for light, heat, power and other purposes for public and private use within and through the limits of the City as its boundaries now exist or as they may be extended in the future (“Franchise”). For these purposes, Company may construct, operate, repair and maintain Electric Facilities in, on, over, under and across the Public Grounds and Public Ways of City, subject to the provisions of this Ordinance. Company may do all reasonable things necessary or customary to accomplish these purposes, subject, however, to such reasonable regulations as may be imposed by the City pursuant to ordinance and to the further provisions of this Franchise.

2.2 **Effective Date; Written Acceptance.** This Franchise shall be in force and effect from and after passage of this Ordinance, its acceptance by Company, and its publication as required by law. The City, by Council resolution, may revoke this Franchise if Company does not file a written acceptance with the City within 90 days after publication.

2.3 **Service and Rates.** The service to be provided and the rates to be charged by Company for electric service in City are subject to the jurisdiction of the Commission. The area within the City in which Company may provide electric service is subject to the provisions of Minnesota Statutes, Section 216B.40.

2.4 **Publication Expense.** The expense of publication of this Ordinance will be paid by City and reimbursed to City by Company.

2.5 **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 Notice 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 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 Franchise or for such other relief as may be permitted by law or equity.

2.6. Continuation of Franchise. If the City and Company are unable to agree on the terms of a new franchise by the time this Franchise expires, this Franchise will remain in effect until a new franchise is agreed upon, or until 90 days after the City or Company serves written Notice to the other party of its intention to allow the Franchise to expire. However, in no event shall this Franchise continue for more than one year after expiration of the 20-year term set for in Section 2.1.

SECTION 3. LOCATION, OTHER REGULATIONS.

3.1 Location of Facilities. Electric Facilities shall be located, constructed and maintained so as not to interfere with the safety and convenience of ordinary travel along and over Public Ways and so as not to disrupt normal operation of any City Utility System. Electric Facilities shall be located on Public Grounds as determined by the City. Company's construction, reconstruction, operation, repair, maintenance and location of Electric Facilities shall be subject to permits if required by separate ordinance and to other reasonable regulations of the City to the extent not inconsistent with the terms of this Franchise. Company may abandon underground Electric Facilities in place, provided that at the City's request Company will remove abandoned Electric Facilities that are uncovered or will be uncovered by excavation in conjunction with a City improvement project, or that City demonstrates will interfere with a City improvement project despite not being uncovered by such project.

3.2 Field Locations. Company shall provide field locations for its underground Electric Facilities within City consistent with the requirements of Minnesota Statutes, Chapter 216D.

3.3 Street Openings. Company shall not open or disturb any Public Ground or Public Way for any purpose without first having obtained a permit from the City, if required by a separate ordinance, for which the City may impose a reasonable fee subject to Section 9.1 of this Ordinance. Permit conditions imposed on Company shall not be more burdensome than those imposed on other utilities for similar facilities or work. Company may, however, open and disturb any Public Ground or Public Way without permission from the City where an emergency exists requiring the immediate repair of Electric Facilities. In such event Company shall notify the City by telephone to the office designated by the City as soon as practicable. Not later than the second working day thereafter, Company shall obtain any required permits and pay any required fees.

3.4 Restoration. After undertaking any work requiring the opening of any Public Ground or Public Way, Company shall restore the same, including paving and its foundation, in accordance with Minnesota Rules, part 7819.1100 and applicable City ordinances not inconsistent with state law and this Ordinance. Company shall restore any Public Ground to as good a condition as formerly existed, and shall maintain any paved surface in good condition for one year thereafter. The work shall be completed as promptly as weather permits, and if Company shall not promptly perform and complete the work, remove all dirt, rubbish, equipment and material, and put the Public Ground or Public Way in the said condition, the City shall have, after demand to Company to cure and the passage of a reasonable period of time following the demand, but not to exceed five days, the right to make the restoration at the expense of Company. Company shall pay to the City the cost of such work done for or performed by the City.

3.5 Avoid Damage to Electric Facilities. Nothing in this Ordinance relieves any person from liability arising out of the failure to exercise reasonable care to avoid damaging Electric Facilities while performing any activity.

3.6 Notice of Improvements. The City must give Company reasonable notice of plans for improvements to Public Grounds or Public Ways where the City has reason to believe that Electric Facilities may affect or be affected by the improvement. The notice must contain: (i) the nature of the improvements, (ii) the Public Grounds and Public Ways upon which the improvements are to be made, (iii) the time when the City will start the work, and (iv) if more than one Public Ground or Public Way is involved, the order in which the work is expected to proceed. The Notice must be given to Company a sufficient length of time in advance of the actual commencement of the work to permit Company to make any necessary additions, alterations or repairs to its Electric Facilities.

3.7 Shared Use of Poles. Company shall make space available on its poles or towers for City fire, water utility, police or other City facilities upon terms and conditions acceptable to Company whenever such use will not interfere with the use of such poles or towers by Company, by another electric utility, by a telephone utility, or by any cable television company or other form of communication company. In addition, the City shall pay for any added cost incurred by Company because of such use by City.

SECTION 4. RELOCATIONS.

4.1 Relocation of Electric Facilities in Public Ways. Company and City shall comply with the provisions of Minnesota Rules 7819.3100 and applicable law with respect to requests for the Company to relocate Electric Facilities located in Public Ways provided, however, that if a relocation is ordered within three (3) years of a prior relocation of the same Electric Facilities made at Company expense, the City shall reimburse the Company for non-betterment costs on a time and materials basis except for a relocation required to accommodate the extension of a City Utility System to serve an unserved area.

4.2 Relocation of Electric Facilities in Public Ground. City may require Company, at Company's expense, to relocate or remove its Electric Facilities from Public Ground upon a finding by City that the Electric Facilities have become or will become a substantial impairment to the existing or proposed public use of the Public Ground.

4.3 Projects with Federal Funding. City shall not order Company to remove or relocate its Electric Facilities when a Public Way is vacated, improved or realigned for a right-of-way project or any other project which is financially subsidized in whole or in part by the Federal Government or any agency thereof, unless the reasonable non-betterment costs of such relocation are first paid to Company. The City is obligated to pay Company only for those portions of its relocation costs for which City has received federal funding specifically allocated for relocation costs in the amount requested by the Company, which allocated funding the City shall specifically request. Relocation, removal or rearrangement of any Company Electric Facilities made necessary because of a federally-aided highway project shall be governed by the provisions of Minnesota Statutes, Section 161.46, as supplemented or amended. It is understood that the rights herein granted to Company are valuable rights.

4.4 No Waiver. This Franchise shall not be construed to waive or modify any rights obtained by Company for installations within a Company right-of-way acquired by easement or prescriptive right before the applicable Public Ground or Public Way was established, or Company's rights under state or county permit.

SECTION 5. TREE TRIMMING.

Company may trim all trees and shrubs in the Public Grounds and Public Ways of City to the extent Company finds necessary to avoid interference with the proper construction, operation, repair and maintenance of any Electric Facilities installed hereunder, provided that Company shall save the City harmless from any liability arising therefrom, and subject to permit or other reasonable regulation by the City.

SECTION 6. INDEMNIFICATION.

6.1 Indemnity of City. Company shall indemnify, keep and hold the City free and harmless from any and all liability on account of injury to persons or damage to property occasioned by the construction, maintenance, repair, inspection, the issuance of permits, or the operation of the Electric Facilities located in the Public Grounds and Public Ways. The City shall not be indemnified for losses or claims occasioned through its own negligence except for losses or claims arising out of or alleging the City's negligence as to the issuance of permits for, or inspection of, Company's plans or work, nor for injury or damage resulting from the Company's performance in a proper manner, of acts reasonably deemed hazardous by Company and such performance is nevertheless ordered or directed by City after at least three (3) days' prior Notice of Company's determination is provided to the City.

6.2 Defense of City. In the event a suit is brought against the City under circumstances where this agreement to indemnify applies, Company at its sole cost and expense shall defend the City in such suit if written notice thereof is promptly given to Company within a period wherein Company is not prejudiced by lack of such notice. If Company is required to indemnify and defend, it will thereafter have control of such litigation, but Company may not settle such litigation without the consent of the City, which consent shall 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 Company, in defending any action on behalf of the City, shall be entitled to assert in any action every defense or immunity that the City could assert in its own behalf. This Franchise shall not constitute a waiver by the City of any of its defenses of immunity or limitations on liability under Minnesota Statutes, Chapter 466.

SECTION 7. VACATION OF PUBLIC WAYS.

The City shall give Company at least two weeks prior written notice of a proposed vacation of a Public Way. Except where required for a City improvement project, the vacation of any Public Way, after the installation of Electric Facilities, shall not operate to deprive 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 Company. In no case, however,

shall City be liable to Company for failure to specifically preserve a right-of-way under Minnesota Statutes, Section 160.29.

SECTION 8. CHANGE IN FORM OF GOVERNMENT.

Any change in the form of government of the City shall not affect the validity of this Ordinance. Any governmental unit succeeding the City shall, without the consent of Company, succeed to all of the rights and obligations of the City provided in this Ordinance.

SECTION 9. FRANCHISE FEE.

9.1 **Fee Schedule.** During the term of the Franchise hereby granted, the City may impose on Company, in lieu of any right-of-way permit fee, a franchise fee as indicated in a Fee Schedule set forth in a separate ordinance, as may be amended or superseded from time to time. Such fee shall not exceed any amount that the Company may legally charge to its customers and shall be imposed consistent with any applicable Commission order or tariff establishing franchise fee filing requirements.

9.2 **Separate Ordinance.** The franchise fee shall be imposed by a separate ordinance duly adopted by the City Council, which ordinance shall not be adopted until at least 30 days after Notice enclosing such proposed ordinance has been provided to the Company. The fee shall not become effective until the beginning of a Company billing month at least 90 days after Notice enclosing such adopted ordinance has been provided to Company. Section 2.5 shall constitute the sole remedy for solving disputes between Company and the City in regard to the interpretation of, or enforcement of, the separate ordinance.

9.3 **Collection of the Fee.** The franchise fee shall be payable as provided in the separate fee ordinance. 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 by imposing a surcharge equal to the designated franchise fee for the applicable customer classification in all customer billings for electric service in each class. The payment shall be due the last business day of the month following the period for which the payment is made. The franchise fee may be changed by ordinance from time to time; however, each change shall meet the same notice requirements and not occur more often than annually. The time and manner of collecting the franchise fee is subject to the approval of the Commission. No franchise fee shall be payable by Company if Company is legally unable to 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. 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.

9.4 **Equivalent Fee.** The separate ordinance imposing the fee shall not be effective against Company unless City lawfully imposes an equivalent franchise fee on the sales of energy by any other franchised energy supplier operating in the City.

SECTION 10. PROVISIONS OF ORDINANCE.

10.1 Severability. Every section, provision, or part of this Ordinance is declared separate from every other section, provision, or part and if any section, provision, or part shall be held invalid, it shall not affect any other section, provision, or part. Where a provision of any other City ordinance conflicts with the provisions of this Ordinance, the provisions of this Ordinance shall prevail.

10.2 Limitation on Applicability. This Ordinance constitutes a Franchise between the City and 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.

SECTION 11. AMENDMENT PROCEDURE.

Either party to this Franchise may at any time propose that the agreement be amended. If an amendment is agreed upon, this Ordinance may be amended at any time by the City passing a subsequent ordinance declaring the provisions of the amendment, which amendatory ordinance shall become effective upon the filing of Company's written consent thereto with the City Clerk within 90 days after the date of final passage by the City of the amendatory ordinance.

SECTION 12. PREVIOUS FRANCHISES SUPERSEDED.

This franchise supersedes any previous electric franchise granted to Company or its predecessor.

Passed and approved: _____, 2025.

Charles Cadenhead, Mayor

Attest:

Julie Johnson, City Clerk

ACCEPTED: This Franchise is accepted and the undersigned agrees to be bound by its terms.

Dated: _____, 2025.

NORTHERN STATES POWER COMPANY D/B/A XCEL ENERGY

By: _____

Its: _____

Date Published: _____

**XCEL ENERGY
GAS FRANCHISE ORDINANCE**

ORDINANCE NO. 2025-04

CITY OF LAKE ELMO, MINNESOTA

AN ORDINANCE GRANTING TO NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION, ITS SUCCESSORS AND ASSIGNS, PERMISSION TO CONSTRUCT, OPERATE, REPAIR AND MAINTAIN IN THE CITY OF LAKE ELMO, MINNESOTA, FACILITIES AND EQUIPMENT FOR THE TRANSPORTATION, DISTRIBUTION, MANUFACTURE AND SALE OF GAS ENERGY, AND TO USE THE PUBLIC GROUNDS AND PUBLIC WAYS OF THE CITY FOR SUCH PURPOSES.

THE CITY COUNCIL OF THE CITY OF LAKE ELMO, MINNESOTA, ORDAINS:

SECTION 1. DEFINITIONS.

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

- 1.1 **City.** The City of Lake Elmo, County of Washington, State of Minnesota.
- 1.2 **City Utility System.** Facilities used for providing non-energy related public utility service owned or operated by City or agency thereof, including sewer and water service, but excluding facilities for providing heating, lighting or other forms of energy.
- 1.3 **Commission.** The Minnesota Public Utilities Commission, or any successor agency or agencies, including an agency of the federal government, which preempts all, or part of the authority to regulate gas retail rates now vested in the Minnesota Public Utilities Commission.
- 1.4 **Company.** Northern States Power Company, a Minnesota corporation, its successors and assigns.
- 1.5 **Gas Energy.** Gas Energy includes both retail and wholesale natural, manufactured or mixed gas.
- 1.6 **Gas Facilities.** Gas transmission and distribution pipes, lines, mains, ducts, regulators, fixtures and all necessary equipment and appurtenances owned or operated by the Company for the purpose of providing Gas Energy for retail or wholesale use.
- 1.7 **Notice.** A written notice served by one party on the other party referencing one or more provisions of this Ordinance. Notice to Company shall be mailed to the General Counsel, 401 Nicollet Mall, 8th Floor, Minneapolis, MN 55401. Notice to the City shall be mailed to the City Administrator, 3880 Laverne Ave. N., Lake Elmo, MN 55042. Either party may change its respective address for the purpose of this Ordinance by written notice to the other party.

1.8 **Public Ground.** Land owned or otherwise controlled by the City for park, open space or similar purpose, which is held for use in common by the public.

1.9 **Public Way.** Any street, alley, walkway or other public right-of-way within the City.

SECTION 2. ADOPTION OF FRANCHISE.

2.1 **Grant of Franchise.** City hereby grants Company, for a period of 20 years from the date passed and approved by the City, the right to the right to import, manufacture, distribute and sell Gas Energy for public and private use within and through the limits of the City as its boundaries now exist or as they may be extended in the future and also the right to transport Gas Energy through the limits of the City for use outside of the City limits ("Franchise"). For these purposes, Company may construct, operate, repair and maintain Gas Facilities in, on, over, under and across the Public Grounds and Public Ways of City, subject to the provisions of this Ordinance. Company may do all reasonable things necessary or customary to accomplish these purposes, subject, however, to such reasonable regulations as may be imposed by the City pursuant to ordinance and to the further provisions of this Franchise.

2.2 **Effective Date; Written Acceptance.** This Franchise shall be in force and effect from and after passage of this Ordinance, its acceptance by Company, and its publication as required by law. The City, by Council resolution, may revoke this Franchise if Company does not file a written acceptance with the City within 90 days after publication.

2.3 **Service and Rates.** The service to be provided and the rates to be charged by Company for gas service in City are subject to the jurisdiction of the Commission.

2.4 **Publication Expense.** The expense of publication of this Ordinance will be paid by City and reimbursed to City by Company.

2.5 **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 Notice 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 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 Franchise or for such other relief as may be permitted by law or equity.

2.6 **Continuation of Franchise.** If the City and Company are unable to agree on the terms of a new franchise by the time this Franchise expires, this Franchise will remain in effect until a new franchise is agreed upon, or until 90 days after the City or Company serves written Notice to the other party of its intention to allow the Franchise to expire. However, in no event shall this Franchise continue for more than one year after expiration of the 20-year term set for in Section 2.1.

SECTION 3. LOCATION, OTHER REGULATIONS.

3.1 Location of Facilities. Gas Facilities shall be located, constructed and maintained so as not to interfere with the safety and convenience of ordinary travel along and over Public Ways and so as not to disrupt normal operation of any City Utility System. Gas Facilities shall be located on Public Grounds as determined by the City. Company's construction, reconstruction, operation, repair, maintenance and location of Gas Facilities shall be subject to permits if required by separate ordinance and to other reasonable regulations of the City to the extent not inconsistent with the terms of this Franchise. Company may abandon underground Gas Facilities in place, provided that at the City's request Company will remove abandoned Gas Facilities that are uncovered or will be uncovered by excavation in conjunction with a City improvement project, or that City demonstrates will interfere with a City improvement project despite not being uncovered by such project.

3.2 Field Locations. Company shall provide field locations for its underground Gas Facilities within City consistent with the requirements of Minnesota Statutes, Chapter 216D.

3.3 Street Openings. Company shall not open or disturb any Public Ground or Public Way for any purpose without first having obtained a permit from the City, if required by a separate ordinance, for which the City may impose a reasonable fee subject to Section 9.1 of this Ordinance. Permit conditions imposed on Company shall not be more burdensome than those imposed on other utilities for similar facilities or work. Company may, however, open and disturb any Public Ground or Public Way without permission from the City where an emergency exists requiring the immediate repair of Gas Facilities. In such event Company shall notify the City by telephone to the office designated by the City as soon as practicable. Not later than the second working day thereafter, Company shall obtain any required permits and pay any required fees.

3.4 Restoration. After undertaking any work requiring the opening of any Public Ground or Public Way, Company shall restore the same, including paving and its foundation, in accordance with Minnesota Rules, part 7819.1100 and applicable City ordinances not inconsistent with state law and this Ordinance. Company shall restore any Public Ground to as good a condition as formerly existed, and shall maintain any paved surface in good condition for one year thereafter. The work shall be completed as promptly as weather permits, and if Company shall not promptly perform and complete the work, remove all dirt, rubbish, equipment and material, and put the Public Ground or Public Way in the said condition, the City shall have, after demand to Company to cure and the passage of a reasonable period of time following the demand, but not to exceed five days, the right to make the restoration at the expense of Company. Company shall pay to the City the cost of such work done for or performed by the City.

3.5 Avoid Damage to Gas Facilities. The Company must take reasonable measures to prevent the Gas Facilities from causing damage to persons or property. The Company must take reasonable measures to protect the Gas Facilities from damage that could be inflicted on the Gas Facilities by persons, property or the elements. Per Minnesota Statute § 216D.05, the City must take protective measures when it performs work near the Gas Facilities.

3.6 Notice of Improvements. The City must give Company reasonable notice of plans for improvements to Public Grounds or Public Ways where the City has reason to believe that Gas

Facilities may affect or be affected by the improvement. The notice must contain: (i) the nature of the improvements, (ii) the Public Grounds and Public Ways upon which the improvements are to be made, (iii) the time when the City will start the work, and (iv) if more than one Public Ground or Public Way is involved, the order in which the work is expected to proceed. The Notice must be given to Company a sufficient length of time in advance of the actual commencement of the work to permit Company to make any necessary additions, alterations or repairs to its Gas Facilities.

3.7 Mapping Information. The Company shall provide mapping information for any of its Gas Facilities in accordance with the requirements of Minnesota Rules Parts 7819.4000 and 7819.4100.

SECTION 4. RELOCATIONS.

4.1 Relocation of Gas Facilities in Public Ways. Company and City shall comply with the provisions of Minnesota Rules 7819.3100 with respect to requests for the Company to relocate Gas Facilities located in Public Ways provided, however, that if a relocation is ordered within three (3) years of a prior relocation of the same Gas Facilities made at Company expense, the City shall reimburse the Company for non-betterment costs on a time and materials basis except for a relocation required to accommodate the extension of a City Utility System to serve an unserved area.

4.2 Relocation of Gas Facilities in Public Ground. City may require Company, at Company's expense, to relocate or remove its Gas Facilities from Public Ground upon a finding by City that the Gas Facilities have become or will become a substantial impairment to the existing or proposed public use of the Public Ground.

4.3 Projects with Federal Funding. City shall not order Company to remove or relocate its Gas Facilities when a Public Way is vacated, improved or realigned for a right-of-way project or any other project which is financially subsidized in whole or in part by the Federal Government or any agency thereof, unless the reasonable non-betterment costs of such relocation are first paid to Company. The City is obligated to pay Company only for those portions of its relocation costs for which City has received federal funding specifically allocated for relocation costs in the amount requested by the Company, which allocated funding the City shall specifically request. Relocation, removal or rearrangement of any Company Gas Facilities made necessary because of a federally-aided highway project shall be governed by the provisions of Minnesota Statutes, Section 161.46, as supplemented or amended. It is understood that the rights herein granted to Company are valuable rights.

4.4 No Waiver. This Franchise shall not be construed to waive or modify any rights obtained by Company for installations within a Company right-of-way acquired by easement or prescriptive right before the applicable Public Ground or Public Way was established, or Company's rights under state or county permit.

SECTION 5. [INTENTIONALLY OMITTED]

SECTION 6. INDEMNIFICATION.

6.1 Indemnity of City. Company shall indemnify, keep and hold the City free and harmless from any and all liability on account of injury to persons or damage to property occasioned by the construction, maintenance, repair, inspection, the issuance of permits, or the operation of the Gas Facilities located in the Public Grounds and Public Ways. The City shall not be indemnified for losses or claims occasioned through its own negligence except for losses or claims arising out of or alleging the City's negligence as to the issuance of permits for, or inspection of, Company's plans or work, nor for injury or damage resulting from the Company's performance in a proper manner, of acts reasonably deemed hazardous by Company and such performance is nevertheless ordered or directed by City after at least three (3) days' prior Notice of Company's determination is provided to the City.

6.2 Defense of City. In the event a suit is brought against the City under circumstances where this agreement to indemnify applies, Company at its sole cost and expense shall defend the City in such suit if written notice thereof is promptly given to Company within a period wherein Company is not prejudiced by lack of such notice. If Company is required to indemnify and defend, it will thereafter have control of such litigation, but Company may not settle such litigation without the consent of the City, which consent shall 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 Company, in defending any action on behalf of the City, shall be entitled to assert in any action every defense or immunity that the City could assert in its own behalf. This Franchise shall not constitute a waiver by the City of any of its defenses of immunity or limitations on liability under Minnesota Statutes, Chapter 466.

SECTION 7. VACATION OF PUBLIC WAYS.

The City shall give Company at least two weeks prior written notice of a proposed vacation of a Public Way. Except where required for a City improvement project, the vacation of any Public Way, after the installation of Gas Facilities, shall not operate to deprive Company of its rights to operate and maintain such Gas Facilities, until the reasonable cost of relocating the same and the loss and expense resulting from such relocation are first paid to Company. In no case, however, shall City be liable to Company for failure to specifically preserve a right-of-way under Minnesota Statutes, Section 160.29.

SECTION 8. CHANGE IN FORM OF GOVERNMENT.

Any change in the form of government of the City shall not affect the validity of this Ordinance. Any governmental unit succeeding the City shall, without the consent of Company, succeed to all of the rights and obligations of the City provided in this Ordinance.

SECTION 9. FRANCHISE FEE.

9.1 Fee Schedule. During the term of the Franchise hereby granted, the City may impose on Company, in lieu of any right-of-way permit fee, a franchise fee as indicated in a Fee Schedule set forth in a separate ordinance, as may be amended or superseded from time to time. Such fee shall not exceed any amount that the Company may legally charge to its customers and

shall be imposed consistent with any applicable Commission order or tariff establishing franchise fee filing requirements.

9.2 **Separate Ordinance.** The franchise fee shall be imposed by a separate ordinance duly adopted by the City Council, which ordinance shall not be adopted until at least 30 days after Notice enclosing such proposed ordinance has been provided to the Company. The fee shall not become effective until the beginning of a Company billing month at least 90 days after Notice enclosing such adopted ordinance has been provided to Company. Section 2.5 shall constitute the sole remedy for solving disputes between Company and the City in regard to the interpretation of, or enforcement of, the separate ordinance.

9.3 **Collection of the Fee.** The franchise fee shall be payable as provided in the separate fee ordinance. 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 by imposing a surcharge equal to the designated franchise fee for the applicable customer classification in all customer billings for gas service in each class. The payment shall be due the last business day of the month following the period for which the payment is made. The franchise fee may be changed by ordinance from time to time; however, each change shall meet the same notice requirements and not occur more often than annually. The time and manner of collecting the franchise fee is subject to the approval of the Commission. No franchise fee shall be payable by Company if Company is legally unable to 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 gas 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. 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.

9.4 **Equivalent Fee.** The separate ordinance imposing the fee shall not be effective against Company unless City lawfully imposes an equivalent franchise fee on the sales of energy by any other franchised energy supplier operating in the City.

SECTION 10. PROVISIONS OF ORDINANCE.

10.1 **Severability.** Every section, provision, or part of this Ordinance is declared separate from every other section, provision, or part and if any section, provision, or part shall be held invalid, it shall not affect any other section, provision, or part. Where a provision of any other City ordinance conflicts with the provisions of this Ordinance, the provisions of this Ordinance shall prevail.

10.2 **Limitation on Applicability.** This Ordinance constitutes a Franchise between the City and 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.

SECTION 11. AMENDMENT PROCEDURE.

Either party to this Franchise may at any time propose that the agreement be amended. If an amendment is agreed upon, this Ordinance may be amended at any time by the City passing a subsequent ordinance declaring the provisions of the amendment, which amendatory ordinance shall become effective upon the filing of Company's written consent thereto with the City Clerk within 90 days after the date of final passage by the City of the amendatory ordinance.

SECTION 12. PREVIOUS FRANCHISES SUPERSEDED.

This franchise supersedes any previous gas franchise granted to Company or its predecessor.

Passed and approved: _____, 2025.

Mayor

Attest:

City Clerk

ACCEPTED: This Franchise is accepted and the undersigned agrees to be bound by its terms.

Dated: _____, 2025.

NORTHERN STATES POWER COMPANY D/B/A XCEL ENERGY

By: _____

Its: _____

Date Published: _____

**CENTERPOINT
GAS FRANCHISE ORDINANCE**

ORDINANCE NO. 2025-05

CITY OF LAKE ELMO, MINNESOTA

AN ORDINANCE GRANTING TO CENTERPOINT ENERGY RESOURCES CORP., A MINNESOTA CORPORATION, ITS SUCCESSORS AND ASSIGNS, PERMISSION TO CONSTRUCT, OPERATE, REPAIR AND MAINTAIN IN THE CITY OF LAKE ELMO, MINNESOTA, FACILITIES AND EQUIPMENT FOR THE TRANSPORTATION, DISTRIBUTION, MANUFACTURE AND SALE OF GAS ENERGY, AND TO USE THE PUBLIC GROUNDS AND PUBLIC WAYS OF THE CITY FOR SUCH PURPOSES.

THE CITY COUNCIL OF THE CITY OF LAKE ELMO, MINNESOTA, ORDAINS:

SECTION 1. DEFINITIONS.

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

- 1.1 **City.** The City of Lake Elmo, County of Washington, State of Minnesota.
- 1.2 **City Utility System.** Facilities used for providing non-energy related public utility service owned or operated by City or agency thereof, including sewer and water service, but excluding facilities for providing heating, lighting or other forms of energy.
- 1.3 **Commission.** The Minnesota Public Utilities Commission, or any successor agency or agencies, including an agency of the federal government, which preempts all, or part of the authority to regulate electric retail rates now vested in the Minnesota Public Utilities Commission.
- 1.4 **Company.** CenterPoint Energy Resources Corp its successors and assigns including all successors or assigns that own or operate any part or parts of the Gas Facilities subject to this Franchise.
- 1.5 **Gas Energy.** Gas Energy includes both retail and wholesale natural, manufactured or mixed gas.
- 1.6 **Gas Facilities.** Gas transmission and distribution pipes, lines, mains, ducts, regulators, fixtures and all necessary equipment and appurtenances owned or operated by the Company for the purpose of providing Gas Energy for retail or wholesale use.
- 1.7 **Notice.** A written notice served by one party on the other party referencing one or more provisions of this Ordinance. Notice to Company shall be mailed to CenterPoint Energy, Minnesota Division Vice President, 505 Nicollet Mall, Minneapolis, Minnesota, 55402. Notice to the City shall be mailed to the City Administrator, 3880 Laverne Ave. N., Lake Elmo, MN

55042. Either party may change its respective address for the purpose of this Ordinance by written notice to the other party.

1.8 **Public Ground.** Land owned or otherwise controlled by the City for park, open space or similar purpose, which is held for use in common by the public.

1.9 **Public Way.** Any street, alley, walkway or other public right-of-way within the City.

SECTION 2. ADOPTION OF FRANCHISE.

2.1 Grant of Franchise. City hereby grants Company, for a period of 20 years from the date passed and approved by the City, the right to the right to import, manufacture, distribute and sell Gas Energy for public and private use within and through the limits of the City as its boundaries now exist or as they may be extended in the future and also the right to transport Gas Energy through the limits of the City for use outside of the City limits ("Franchise"). For these purposes, Company may construct, operate, repair and maintain Gas Facilities in, on, over, under and across the Public Grounds and Public Ways of City, subject to the provisions of this Ordinance. Company may do all reasonable things necessary or customary to accomplish these purposes, subject, however, to such reasonable regulations as may be imposed by the City pursuant to ordinance and to the further provisions of this Franchise.

2.2 Effective Date; Written Acceptance. This Franchise shall be in force and effect from and after passage of this Ordinance, its acceptance by Company, and its publication as required by law. The City, by Council resolution, may revoke this Franchise if Company does not file a written acceptance with the City within 90 days after publication.

2.3 Service and Rates. The service to be provided and the rates to be charged by Company for gas service in City are subject to the jurisdiction of the Commission.

2.4 Publication Expense. The Company will pay the publication expense for a summary publication pursuant to Minn. Stat. 331A.01 (subd. 10).

2.5 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 Notice 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 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 Franchise or for such other relief as may be permitted by law or equity.

2.6. Continuation of Franchise. If the City and Company are unable to agree on the terms of a new franchise by the time this Franchise expires, this Franchise will remain in effect until a new franchise is agreed upon, or until 90 days after the City or Company serves written Notice to the other party of its intention to allow the Franchise to expire.

SECTION 3. LOCATION, OTHER REGULATIONS.

3.1 Location of Facilities. Gas Facilities shall be located, constructed and maintained so as not to interfere with the safety and convenience of ordinary travel along and over Public Ways and so as not to disrupt normal operation of any City Utility System. Gas Facilities shall be located on Public Grounds as determined by the City. Company's construction, reconstruction, operation, repair, maintenance and location of Gas Facilities shall be subject to permits if required by separate ordinance and to other reasonable regulations of the City to the extent not inconsistent with the terms of this Franchise.

3.2 Field Locations. Company shall provide field locations for its underground Gas Facilities within City consistent with the requirements of Minnesota Statutes, Chapter 216D.

3.3 Street Openings. Company shall not open or disturb any Public Ground or Public Way for any purpose without first having obtained a permit from the City, if required by a separate ordinance, for which the City may impose a reasonable fee subject to Section 9.1 of this Ordinance. Permit conditions imposed on Company shall not be more burdensome than those imposed on other utilities for similar facilities or work. Company may, however, open and disturb any Public Ground or Public Way without permission from the City where an emergency exists requiring the immediate repair of Gas Facilities. In such event Company shall notify the City by telephone to the office designated by the City as soon as practicable. Not later than the second working day thereafter, Company shall obtain any required permits and pay any required fees.

3.4 Restoration. After undertaking any work requiring the opening of any Public Ground or Public Way, Company shall restore the same, including paving and its foundation, in accordance with Minnesota Rules, part 7819.1100 and applicable City ordinances to as good a condition as formerly existed, and shall maintain any paved surface in good condition for one year thereafter. The work shall be completed as promptly as weather permits, and if Company shall not promptly perform and complete the work, remove all dirt, rubbish, equipment and material, and put the Public Ground or Public Way in the said condition, the City shall have, after demand to Company to cure and the passage of a reasonable period of time following the demand, but not to exceed five days, the right to make the restoration at the expense of Company. Company shall pay to the City the cost of such work done for or performed by the City.

3.5 Avoid Damage to Gas Facilities. The Company must take reasonable measures to prevent the Gas Facilities from causing damage to persons or property. The Company must take reasonable measures to protect the Gas Facilities from damage that could be inflicted on the Gas Facilities by persons, property or the elements. Per Minnesota Statute § 216D.05, the City must take protective measures when it performs work near the Gas Facilities.

3.6 Notice of Improvements. The City must give Company reasonable notice of plans for improvements to Public Grounds or Public Ways where the City has reason to believe that Gas Facilities may affect or be affected by the improvement. The notice must contain: (i) the nature of the improvements, (ii) the Public Grounds and Public Ways upon which the improvements are to be made, (iii) the time when the City will start the work, and (iv) if more than one Public Ground or Public Way is involved, the order in which the work is expected to proceed. The Notice must be

given to Company a sufficient length of time in advance of the actual commencement of the work to permit Company to make any necessary additions, alterations or repairs to its Gas Facilities.

3.7 Mapping Information. The Company shall provide mapping information for any of its Gas Facilities in accordance with the requirements of Minnesota Rules Parts 7819.4000 and 7819.4100.

SECTION 4. RELOCATIONS.

4.1 Relocation of Gas Facilities in Public Ways. Company and City shall comply with the provisions of Minnesota Rules 7819.3100 with respect to requests for the Company to relocate Gas Facilities located in Public Ways.

4.2 Relocation of Gas Facilities in Public Ground. City may require Company, at Company's expense, to relocate or remove its Gas Facilities from Public Ground upon a finding by City that the Gas Facilities have become or will become a substantial impairment to the existing or proposed public use of the Public Ground.

4.3 Projects with Federal Funding. City shall not order Company to remove or relocate its Gas Facilities when a Public Way is vacated, improved or realigned for a right-of-way project or any other project which is financially subsidized in whole or in part by the Federal Government or any agency thereof, unless the reasonable non-betterment costs of such relocation are first paid to Company. The City is obligated to pay Company only for those portions of its relocation costs for which City has received federal funding specifically allocated for relocation costs in the amount requested by the Company, which allocated funding the City shall specifically request. Relocation, removal or rearrangement of any Company Gas Facilities made necessary because of a federally-aided highway project shall be governed by the provisions of Minnesota Statutes, Section 161.46, as supplemented or amended. It is understood that the rights herein granted to Company are valuable rights.

SECTION 5. [INTENTIONALLY OMITTED]

SECTION 6. INDEMNIFICATION.

6.1 Indemnity of City. Company shall indemnify, keep and hold the City free and harmless from any and all liability on account of injury to persons or damage to property occasioned by the construction, maintenance, repair, inspection, the issuance of permits, or the operation of the Gas Facilities located in the Public Grounds and Public Ways. The City shall not be indemnified for losses or claims occasioned through its own negligence except for losses or claims arising out of or alleging the City's negligence as to the issuance of permits for, or inspection of, Company's plans or work, nor for injury or damage resulting from the Company's performance in a proper manner, of acts reasonably deemed hazardous by Company and such performance is nevertheless ordered or directed by City after at least three (3) days' prior Notice of Company's determination is provided to the City.

6.2 Defense of City. In the event a suit is brought against the City under circumstances where this agreement to indemnify applies, Company at its sole cost and expense shall defend the

City in such suit if written notice thereof is promptly given to Company within a period wherein Company is not prejudiced by lack of such notice. If Company is required to indemnify and defend, it will thereafter have control of such litigation, but Company may not settle such litigation without the consent of the City, which consent shall 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 Company, in defending any action on behalf of the City, shall be entitled to assert in any action every defense or immunity that the City could assert in its own behalf. This Franchise shall not constitute a waiver by the City of any of its defenses of immunity or limitations on liability under Minnesota Statutes, Chapter 466.

SECTION 7. VACATION OF PUBLIC WAYS.

The City shall give Company at least two weeks prior written notice of a proposed vacation of a Public Way. Except where required for a City improvement project, the vacation of any Public Way, after the installation of Gas Facilities, shall not operate to deprive Company of its rights to operate and maintain such Gas Facilities, until the reasonable cost of relocating the same and the loss and expense resulting from such relocation are first paid to Company. In no case, however, shall City be liable to Company for failure to specifically preserve a right-of-way under Minnesota Statutes, Section 160.29.

SECTION 8. CHANGE IN FORM OF GOVERNMENT.

Any change in the form of government of the City shall not affect the validity of this Ordinance. Any governmental unit succeeding the City shall, without the consent of Company, succeed to all of the rights and obligations of the City provided in this Ordinance.

SECTION 9. FRANCHISE FEE.

9.1 Fee Schedule. During the term of the Franchise hereby granted, the City may impose on Company, in lieu of any right-of-way permit fee, a franchise fee as indicated in a Fee Schedule set forth in a separate ordinance, as may be amended or superseded from time to time. Such fee shall not exceed any amount that the Company may legally charge to its customers and shall be imposed consistent with any applicable Commission order or tariff establishing franchise fee filing requirements.

9.2 Separate Ordinance. The franchise fee shall be imposed by a separate ordinance duly adopted by the City Council, which ordinance shall not be adopted until at least 30 days after Notice enclosing such proposed ordinance has been provided to the Company. The fee shall not become effective until the beginning of a Company billing month at least 90 days after Notice enclosing such adopted ordinance has been provided to Company.

9.3 Collection of the Fee. The franchise fee shall be payable as provided in the separate fee ordinance 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.

SECTION 10. PROVISIONS OF ORDINANCE.

10.1 Severability. Every section, provision, or part of this Ordinance is declared separate from every other section, provision, or part and if any section, provision, or part shall be held invalid, it shall not affect any other section, provision, or part. Where a provision of any other City ordinance conflicts with the provisions of this Ordinance, the provisions of this Ordinance shall prevail.

10.2 Limitation on Applicability. This Ordinance constitutes a Franchise between the City and 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.

SECTION 11. AMENDMENT PROCEDURE.

Either party to this Franchise may at any time propose that the agreement be amended. If an amendment is agreed upon, this Ordinance may be amended at any time by the City passing a subsequent ordinance declaring the provisions of the amendment, which amendatory ordinance shall become effective upon the filing of Company's written consent thereto with the City Clerk within 90 days after the date of final passage by the City of the amendatory ordinance.

SECTION 12. PREVIOUS FRANCHISES SUPERSEDED.

This franchise supersedes any previous electric franchise granted to Company or its predecessor.

Passed and approved: _____, 2025.

Mayor

Attest:

City Clerk

ACCEPTED: This Franchise is accepted and the undersigned agrees to be bound by its terms.

Dated: _____, 2025.

CENTERPOINT ENERGY RESOURCES CORP.

By: _____

Its: _____

Date Published: _____

CITY OF LAKE ELMO
WASHINGTON COUNTY
STATE OF MINNESOTA

ORDINANCE NO. 2025-06

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 LAKE ELMO

THE CITY COUNCIL OF THE CITY OF LAKE ELMO DOES ORDAIN:

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

Subd. 1. Purpose. The Lake Elmo 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.

- (a) Pursuant to City Ordinance 2025-03, a Franchise Agreement between the City of Lake Elmo 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 set forth 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 June, 2025 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. This Ordinance shall be after its passage and publication. Collection of the fee shall commence as provided above.

Passed and approved: March _____, 2025.

Charles Cadenhead, Mayor

Attest:

Julie Johnson, City Clerk

SEAL

SCHEDULE A

Franchise Fee Rates:

Electric Utility

The franchise fee shall be in an amount determined by applying the following schedule per customer premise/per month based on metered service to retail customers within the City:

<u>Class</u>	<u>Amount per month</u>
Residential	\$ 3.75
Small C & I – Non-Demand	\$ 2.50
Small C & I – Demand	\$ 23.00
Large C & I	\$ 175.00

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.

CITY OF LAKE ELMO
WASHINGTON COUNTY
STATE OF MINNESOTA

ORDINANCE NO. 2025-07

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

THE CITY COUNCIL OF THE CITY OF LAKE ELMO DOES ORDAIN:

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

Subd. 1. Purpose. The Lake Elmo 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 services within the City.

- (a) Pursuant to City Ordinance 2025-04, a Franchise Agreement between the City of Lake Elmo 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 as set forth 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 gas franchise in accordance with the schedule attached here to and made a part of this Ordinance, commencing with the NSPM June, 2025 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 gas 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. This Ordinance shall be after its passage and publication. Collection of the fee shall commence as provided in above.

Passed and approved: March __, 2025.

Charles Cadenhead, Mayor

Attest:

Julie Johnson, City Clerk

SEAL

SCHEDULE A

Franchise Fee Rates:

Gas Utility

The franchise fee shall be in an amount determined by applying the following schedule per customer premise/per month based on metered service to retail customers within the City:

<u>Class</u>	<u>Amount per month</u>
Residential	\$ 2.00
Commercial Firm Non-Demand	\$ 8.00
Commercial Firm Demand	\$ 18.00
Small Interruptible	\$ 80.00
Medium and Large Interruptible	\$ 175.00
Firm Transportation	\$ 175.00
Interruptible Transportation	\$ 175.00

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.

**CITY OF LAKE ELMO
WASHINGTON COUNTY
STATE OF MINNESOTA**

ORDINANCE NO. 2025-08

**AN ORDINANCE IMPLEMENTING A GAS SERVICE FRANCHISE FEE ON
CENTERPOINT ENERGY RESOURCES CORP., A MINNESOTA CORPORATION,
ITS SUCCESSORS AND ASSIGNS, FOR PROVIDING GAS SERVICE WITHIN
THE CITY OF LAKE ELMO**

THE CITY COUNCIL OF THE CITY OF LAKE ELMO DOES ORDAIN:

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

Subd. 1. Purpose. The Lake Elmo 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 services within the City.

- (a) Pursuant to City Ordinance 2025-05, a Franchise Agreement between the City of Lake Elmo and CenterPoint Energy Resources Corp. (“Company”), d/b/a CenterPoint Energy Minnesota Gas (“CenterPoint Energy”) its successors and assigns, the City has the right to impose a franchise fee on CenterPoint Energy Resources Corp, d/b/a CenterPoint Energy Minnesota Gas, its successors and assigns, in an amount and fee design as set forth in Section 9 of the CenterPoint Energy Resources Corp. Franchise and in the fee schedule attached hereto as Schedule A.

Subd. 2. Franchise Fee Statement. A franchise fee is hereby imposed on Company, a Minnesota Corporation, its successors and assigns, under its gas franchise in accordance with the schedule attached here to and made a part of this Ordinance, commencing with the June, 2025 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 gas 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. This Ordinance shall be after its passage and publication. Collection of the fee shall commence as provided above.

Passed and approved: _____, 2025.

Charles Cadenhead, Mayor

Attest:

Julie Johnson, City Clerk

SEAL

SCHEDULE A

Franchise Fee Rates:

Gas Utility

The franchise fee shall be in an amount determined by applying the following schedule per customer premise/per month based on metered service to retail customers within the City:

<u>Customer Classification</u>	<u>Amount per Account per Month (\$)</u>
Residential	\$ 2.00 per month
Firm A	\$ 2.00 per month
Firm B	\$ 18.00 per month
Firm C	\$ 18.00 per month
Small Volume Dual Fuel A ("SVDF A")	\$ 80.00 per month
Small Volume Dual Fuel B ("SVDF B")	\$ 175.00 per month
Large Volume Dual Fuel ("LVDF")	\$ 175.00 per month
Large Volume Firm ("LGS/LVF")	\$ 175.00 per 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.

**CITY OF LAKE ELMO
RESOLUTION 2025 - 21**

**AUTHORIZING PUBLICATION OF THE NORTHERN STATES POWER COMPANY
FRANCHISE ORDINANCE BY TITLE AND SUMMARY**

WHEREAS, on March 4, 2025, the City Council of the City of Lake Elmo adopted Ordinance No. ____ granting a franchise to provide electric energy within the City of Lake Elmo for Northern States Power Company; and

WHEREAS, Minnesota Statutes, Section 412.191, subd. 4 allows publication by title and summary in the case of lengthy ordinances; and

WHEREAS, the following summary will clearly inform the public of the intent and effect of the ordinance.

NOW, THEREFORE, BE IT RESOLVED by the City Council that the following ordinance be published in the official newspaper in lieu of the entire ordinance:

Public Notice

On March 4, 2025, the City Council of the City of Lake Elmo adopted Ordinance No. 2025-03, generally titled as follows:

AN ORDINANCE GRANTING TO NORTHERN STATES POWER COMPANY PERMISSION TO CONSTRUCT, OPERATE, AND MAINTAIN IN THE CITY AN ELECTRIC DISTRIBUTION SYSTEM AND TRANSMISSION LINES TO FURNISH ELECTRIC ENERGY, AND TO USE THE PUBLIC GROUNDS AND PUBLIC WAYS FOR SUCH PURPOSES.

Ordinance 2025-03 is summarized as follows:

The City of Lake Elmo City Council has adopted Ordinance 2025-03 granting to Northern States Power Company a franchise ordinance to construct, operate and maintain facilities in public grounds and public ways to furnish electric energy in the City for a period of twenty (20) years as set forth in the Ordinance.

BE IT FURTHER RESOLVED that the city administrator keep a copy of the ordinance in her office at city hall for public inspection and post a full copy in a public place in the City.

Adopted this ____ day of March, 2025.

Mayor

ATTEST:

City Administrator

**CITY OF LAKE ELMO
RESOLUTION 2025 - 22**

**AUTHORIZING PUBLICATION OF THE NORTHERN STATES POWER COMPANY
FRANCHISE FEE ORDINANCE BY TITLE AND SUMMARY**

WHEREAS, on March 4, 2025, the City Council of the City of Lake Elmo adopted Ordinance No. 2025-06 imposing a franchise fee on electric service within the City of Lake Elmo for Northern States Power Company; and

WHEREAS, Minnesota Statutes, Section 412.191, subd. 4 allows publication by title and summary in the case of lengthy ordinances; and

WHEREAS, the following summary will clearly inform the public of the intent and effect of the ordinance.

NOW, THEREFORE, BE IT RESOLVED by the City Council that the following ordinance be published in the official newspaper in lieu of the entire ordinance:

Public Notice

On March 4, 2025, the City Council of the City of Lake Elmo adopted Ordinance No. 2025-06, generally titled as follows:

**AN ORDINANCE IMPLEMENTING AN ELECTRIC FRANCHISE FEE
ON NORTHERN STATES POWER COMPANY FOR PROVIDING
ELECTRIC SERVICE WITHIN THE CITY**

Ordinance No. 2025-06 is summarized as follows:

The City of Lake Elmo City Council has adopted Ordinance No. 2025-06 imposing on Northern States Power Company a franchise fee on electric service in the amount and fee design payable to the City as set forth in the Ordinance. Northern States Power Company must submit each payment to the City when due pursuant to the Ordinance.

BE IT FURTHER RESOLVED that the city administrator keep a copy of the ordinance in her office at city hall for public inspection and post a full copy in a public place in the City.

Adopted this ____ day of March, 2025.

Mayor

ATTEST:

City Administrator

CITY OF LAKE ELMO
RESOLUTION 2025 - 23

AUTHORIZING PUBLICATION OF THE NORTHERN STATES POWER COMPANY
FRANCHISE ORDINANCE BY TITLE AND SUMMARY

WHEREAS, on March 4, 2025, the City Council of the City of Lake Elmo adopted Ordinance No. 2025-04 granting a franchise to provide gas energy within the City of Lake Elmo for Northern States Power Company; and

WHEREAS, Minnesota Statutes, Section 412.191, subd. 4 allows publication by title and summary in the case of lengthy ordinances; and

WHEREAS, the following summary will clearly inform the public of the intent and effect of the ordinance.

NOW, THEREFORE, BE IT RESOLVED by the City Council that the following ordinance be published in the official newspaper in lieu of the entire ordinance:

Public Notice

On March 4, 2025, the City Council of the City of Lake Elmo adopted Ordinance No. 2025-04, generally titled as follows:

AN ORDINANCE GRANTING TO NORTHERN STATES POWER COMPANY PERMISSION TO CONSTRUCT, OPERATE, AND MAINTAIN IN THE CITY FACILITIES AND EQUIPMENT FOR THE TRANSPORTATION, DISTRIBUTION, MANUFACTURE AND SALE OF GAS ENERGY, AND TO USE THE PUBLIC GROUNDS AND PUBLIC WAYS FOR SUCH PURPOSES.

Ordinance No. 2025-04 is summarized as follows:

The City of Lake Elmo City Council has adopted Ordinance No. 2025-04 granting to Northern States Power Company a franchise ordinance to construct, operate and maintain facilities in public grounds and public ways to provide gas energy service in the City for a period of twenty (20) years as set forth in the Ordinance.

BE IT FURTHER RESOLVED that the city administrator keep a copy of the ordinance in her office at city hall for public inspection and post a full copy in a public place in the City.

Adopted this ____ day of March, 2025.

Mayor

ATTEST:

City Administrator

CITY OF LAKE ELMO
RESOLUTION 2025 - 24

AUTHORIZING PUBLICATION OF THE NORTHERN STATES POWER COMPANY
FRANCHISE FEE ORDINANCE BY TITLE AND SUMMARY

WHEREAS, on March 4, 2025, the City Council of the City of Lake Elmo adopted Ordinance No. 2025-07 setting a franchise fee on natural gas operations within the City of Lake Elmo for Northern States Power Company; and

WHEREAS, Minnesota Statutes, Section 412.191, subd. 4 allows publication by title and summary in the case of lengthy ordinances; and

WHEREAS, the following summary will clearly inform the public of the intent and effect of the ordinance.

NOW, THEREFORE, BE IT RESOLVED by the City Council that the following ordinance be published in the official newspaper in lieu of the entire ordinance:

Public Notice

On March 4, 2025, the City Council of the City of Lake Elmo adopted Ordinance No. 2025-07, generally titled as follows:

**AN ORDINANCE IMPLEMENTING A GAS FRANCHISE FEE ON
NORTHERN STATES POWER COMPANY FOR PROVIDING GAS
SERVICE WITHIN THE CITY**

Ordinance No. 2025-07 is summarized as follows:

The City of Lake Elmo City Council has adopted Ordinance No. 2025-07 imposing on Northern States Power Company a franchise fee in the amount and fee design payable to the City as set forth in the Ordinance. Northern States Power Company must submit each payment to the City when due pursuant to the Ordinance.

BE IT FURTHER RESOLVED that the city administrator keep a copy of the ordinance in her office at city hall for public inspection and post a full copy in a public place in the City.

Adopted this ____ day of March, 2025.

Mayor

ATTEST:

City Clerk

CITY OF LAKE ELMO
RESOLUTION 2025 - 25

AUTHORIZING PUBLICATION OF THE CENTERPOINT ENERGY
FRANCHISE ORDINANCE BY TITLE AND SUMMARY

WHEREAS, on March 4, 2025, the City Council of the City of Lake Elmo adopted Ordinance No. 2025-05 a franchise to provide gas energy within the City of Lake Elmo for CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas; and

WHEREAS, Minnesota Statutes, Section 412.191, subd. 4 allows publication by title and summary in the case of lengthy ordinances; and

WHEREAS, the following summary will clearly inform the public of the intent and effect of the ordinance.

NOW, THEREFORE, BE IT RESOLVED by the City Council that the following ordinance be published in the official newspaper in lieu of the entire ordinance:

Public Notice

On March 4, 2025, the City Council of the City of Lake Elmo adopted Ordinance No. 2025-05, generally titled as follows:

AN ORDINANCE GRANTING TO CENTERPOINT ENERGY RESOURCES CORP. PERMISSION TO CONSTRUCT, OPERATE, AND MAINTAIN IN THE CITY FACILITIES FOR THE TRANSPORTATION, DISTRIBUTION, MANUFACTURE AND SALE OF GAS ENERGY, AND TO USE THE PUBLIC GROUNDS AND PUBLIC WAYS FOR SUCH PURPOSES.

Ordinance No. 2025-05 is summarized as follows:

The City of Lake Elmo City Council has adopted Ordinance No. 2025-05 granting to CenterPoint Energy Minnesota Gas, a franchise ordinance to construct, operate and maintain facilities in public grounds and public ways to provide gas energy service in the City for a period of twenty (20) years as set forth in the Ordinance.

BE IT FURTHER RESOLVED that the city administrator keep a copy of the ordinance in her office at city hall for public inspection and post a full copy in a public place in the City.

Adopted this ____ day of March, 2025.

Mayor

ATTEST:

City Administrator

CITY OF LAKE ELMO
RESOLUTION 2025 - 26

AUTHORIZING PUBLICATION OF THE CENTERPOINT ENERGY
FRANCHISE FEE ORDINANCE BY TITLE AND SUMMARY

WHEREAS, on March 4, 2025, the City Council of the City of Lake Elmo adopted Ordinance No. 2025-08 imposing a franchise fee on natural gas operations within the City of Lake Elmo for CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Minnesota Gas; and

WHEREAS, Minnesota Statutes, Section 412.191, subd. 4 allows publication by title and summary in the case of lengthy ordinances; and

WHEREAS, the following summary will clearly inform the public of the intent and effect of the ordinance.

NOW, THEREFORE, BE IT RESOLVED by the City Council that the following ordinance be published in the official newspaper in lieu of the entire ordinance:

Public Notice

On March 4, 2025, the City Council of the City of Lake Elmo adopted Ordinance No. 2025-08, generally titled as follows:

**AN ORDINANCE IMPLEMENTING A GAS FRANCHISE FEE ON
CENTERPOINT ENERGY RESOURCES CORP. FOR PROVIDING GAS
SERVICE WITHIN THE CITY**

Ordinance No. 2025-08 is summarized as follows:

The City of Lake Elmo City Council has adopted Ordinance No. 2025-08 imposing on CenterPoint Energy Minnesota Gas, a franchise fee in the amount and fee design payable to the City as set forth in the Ordinance. CenterPoint Energy Minnesota Gas must submit each payment to the City when due pursuant to the Ordinance.

BE IT FURTHER RESOLVED that the city administrator keep a copy of the ordinance in her office at city hall for public inspection and post a full copy in a public place in the City.

Adopted this ____ day of March, 2025.

Mayor

ATTEST:

City Administrator

**CITY OF LAKE ELMO
WASHINGTON COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 2025 - 27

**A RESOLUTION COMMITTING FRANCHISE FEE REVENUE TO A SPECIFIC
PURPOSE**

WHEREAS, the Governmental Accounting Standards Board's Statement No. 54 defines committed fund balance as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Council, and

WHEREAS, those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those amounts, and

WHEREAS, at the March 4, 2025 meeting, the Council adopted Ordinances implementing Franchise Fees with Northern States Power dba Xcel Energy and Centerpoint Energy.

NOW, THEREFORE, BE IT HEREBY PROCLAIMED by the Lake Elmo City Council, that all revenues derived from gas and electric franchise fees be committed to Fund 409 - Infrastructure Reserve for use in future Street Reconstruction Projects.

ADOPTED this 4th day of March, 2025.

CITY OF LAKE ELMO

By: _____
Charles Cadenhead
Mayor

ATTEST:

Julie Johnson
City Clerk