

JOINT AND COOPERATIVE AGREEMENT
METRO RATE AUTHORITY

The parties to this agreement are governmental units of the State of Minnesota. This agreement is made pursuant to Minnesota Statutes, Section 471.59.

I. GENERAL PURPOSES

The general purpose of this agreement is to establish an organization to jointly and cooperatively administer the rate provisions of uniform franchises which the parties to this agreement have granted to Northern States Power Company. The name of the organization is the METRO RATE AUTHORITY.

II. DEFINITIONS

Section 1. For the purposes of this agreement, the terms defined in this article have the meanings given them.

Section 2. "Authority" means the electric rate regulatory authority created pursuant to this agreement and contemplated in the uniform franchises granted to the Northern States Power Company by the parties to this agreement.

Section 3. "Board" means the Board of Directors of the authority established by Article IV.

Section 4. "Executive Committee" means the committee appointed by the Board pursuant to Article VIII.

Section 5. "Council" means the governing body of a governmental unit, and in the case of a town, the term means the town board.

Section 6. "Company" means the Northern States Power

Company, a Minnesota Corporation.

Section 7. "Customer" means a customer account of Company.

Section 8. "Member" means a governmental unit which has entered into and become a party to this agreement.

Section 9. "Governmental Unit" means a city, borough, village, or town in the Metro Area authorized to grant a franchise to an electric utility company.

Section 10. "Rate Administrator" means a person appointed by the Authority pursuant to Article VI to administer the rate provisions of the uniform franchises.

Section 11. "Metro Area" means all areas served with electricity by the Company in the Counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington: where a governmental unit is partly within and partly outside said counties, the area outside the county is included in the Metro Area.

Section 12. "Uniform franchise" means the franchise ordinance adopted by parties to this agreement containing identical provisions relating to rate determination and administration: the ordinance may contain provisions enacted pursuant to the municipality's statutory or charter authority to otherwise regulate the use of its streets, alleys, public ways and places.

III. MEMBERSHIP

Section 1. Any governmental unit in the Metro Area

which has adopted the uniform electric franchise is eligible to be a member of the Authority.

Section 2. A governmental unit desiring to become a member shall execute a copy of this agreement and conform to the membership provisions of Article V.

Section 3. The initial members shall be those members who joined the Authority on or prior to March 1, 1974.

Section 4. Governmental units joining the Authority after March 1, 1974, shall be admitted only upon the favorable vote of two-thirds of the votes of the members of Board. The Board in its by-laws may impose conditions upon the admission of additional members.

Section 5. No change in governmental boundaries, structure, or organization affects the eligibility of any governmental unit to become a member of the Authority.

IV. BOARD OF DIRECTORS

Section 1. The governing body of the Authority is its Board of Directors. Each member is entitled to one director on the Board. Each director is entitled to one vote for each full 100 customers served by the Company in the governmental unit he represents, provided however that each member shall have at least one vote.

For purposes of this section, customers attributable to each governmental unit are those supplied to the Authority by the Company pursuant to the uniform franchise. Upon receipt of the Company's report, but not later than April 1

of each year, the Secretary-Treasurer shall compute the vote of each member in accordance with this section and shall certify the results to the chairman.

Section 2. A director shall be appointed by resolution of the governing body of a member for a term of one calendar year terminating on May 1, and he shall serve until his successor is selected and qualifies. Directors shall serve without compensation from the Authority, but this does not prevent a governmental unit from providing compensation to its director member for serving on the Board if such compensation is authorized by law.

Section 3. A majority of the votes of the members constitutes a quorum, but a smaller number may adjourn from time to time. Directors may not be represented by others at meetings of the Board and there shall be no proxy voting.

Section 4. Vacancies in the office of director will exist for any of the reasons specified in Minn. Stat. Section 351.02, or upon the revocation of a director's appointment by a member duly filed with the Authority. Vacancies on the Board shall be filled by the governing body of the member whose position on the Board is vacant.

V. MEETINGS - ELECTION OF OFFICERS

Section 1. A governmental unit may enter into this agreement by resolution of its governing body and the duly authorized execution of a copy of this agreement by its proper officers. Thereupon, the clerk or other appropriate

officer of the member shall file the copy of the agreement and a certified copy of the authorizing resolution with the city manager of the City of Columbia Heights. The resolution authorizing the execution of the agreement shall also designate the first director for the member on the Board.

Section 2. This agreement is effective on the date when it has been authorized by governmental units in which 60 percent of Company's electric customers in the Metro Area are located and when executed agreements and necessary authorizing resolutions have been filed by the governmental units as provided herein.

Section 3. Within thirty days after the effective date of this agreement, the mayor of the City of Columbia Heights shall call the first organizational meeting of the Board of Directors, which shall be held not later than fifteen days after such call. At the first organizational meeting of the Board and at the annual meeting thereafter, the Board shall select from its membership a chairman, a vice chairman, a secretary-treasurer, and provide for the election of the Executive Committee.

Section 4. At the organizational meeting, or as soon thereafter as it may reasonably be done, the Board shall adopt by-laws governing its procedures, which shall include the time, place, and frequency of its regular meetings. The Board shall meet at least annually on the first Tuesday in April and on such other dates as may be provided in its

by-laws. The date of the annual meeting may be changed by a two-thirds majority of the votes of the members. The by-laws may be amended from time to time.

Section 5. Special meetings of the Board may be called by the chairman, or by the Executive Committee, and shall be called by the Executive Committee upon the written request of a majority of the votes of the Board of Directors. Five days written notice of special meeting shall be given to the Directors. The notice shall include the agenda for the special meeting.

Section 6. The specific date, time and location of regular and special meetings of the Board shall be determined by the Executive Committee. Regular and special meetings of the Board shall be held in the Metro Area.

Section 7. Notice of regular meetings of the Board shall be given to the Directors by the secretary-treasurer of the Board at least fifteen days in advance, and the agenda for such meetings shall accompany the notice. Business at regular meetings of the Board need not be limited to matters set forth in the agenda.

VI. POWERS AND DUTIES OF THE BOARD

Section 1. The powers and duties of the Board of Directors are set forth in this Article.

Section 2. The Board shall direct the Executive Committee to designate and employ a person to act as Rate Administrator on behalf of the Authority and its members.

The Rate Administrator is empowered to perform those duties with regard to the rates of the Company as provided in the uniform franchises granted to the Company by members. The Rate Administrator shall be a professional person experienced in public utility regulatory matters.

Section 3. The Board may make such contracts and enter into such agreements as it deems necessary to make effective any power granted to it by this agreement.

Section 4. It may provide for the prosecution, defense, or other participation in actions or proceedings at law in which it may have an interest, and may employ counsel for that purpose. The Board may employ such other persons as it deems necessary to accomplish its duties and powers. Employees may be on a full-time, part-time or consulting basis as the Board determines and it may make any required employer contributions which municipalities are authorized or required to make by law.

Section 5. It may conduct such research and investigation and take such action as it deems necessary, including appearance and participation in proceedings of state and federal regulatory and legislative agencies, on any matter related to or affecting electric costs, rates, supplies and electric franchises, and advise the members concerning such matters, with a view toward obtaining compliance with the franchises which have been granted by the members to the company and insuring reasonable electric rates for the

members and their residents.

Section 6. The Board may obtain from company and from any other source such information relating to electric rates and costs as any of its members is entitled to obtain.

Section 7. It may receive and hold moneys from the Company to finance the Authority in the manner and to the extent provided by the uniform franchise; and it may accept voluntary contributions from its members if the members determine that unusual circumstances warrant providing the Authority with additional financial support; but the Board shall not have any taxing power. It may accumulate reserve funds and may invest and reinvest its funds not needed for current operating expenses in the manner and subject to the limitations applicable by law to villages. The Board shall not at any time incur obligations in excess of funds then available to the Authority.

Section 8. It may contract for space, material, and supplies either with a member or with other parties.

Section 9. The Board shall provide for an annual independent audit of the books and accounts of the Authority and shall make a financial accounting and report to the members at least once each year. The books and records of the Authority shall be available for and open to examination by its members at all reasonable times.

Section 10. The Board may accept gifts, apply for and use grants of money or other property from members or other

governmental units or organizations, and may enter into agreements required in connection therewith and may hold, use, and dispose of such moneys or property in accordance with the terms of the gift, grant or agreement relating thereto.

Section 11. The Board shall establish the annual budget for the Authority as provided in Article IX.

Section 12. The Board may delegate authority to the Executive Committee, between Board meetings. Such delegation of authority shall be by resolution of the Board and may be conditioned in such manner as the Board may determine.

Section 13. It may purchase public liability insurance and such other bonds or insurance as it may deem necessary.

Section 14. The Board may exercise any other power necessary and convenient to the implementation of the powers and duties which it or the Rate Administrator is given under the provisions of this agreement.

VII. OFFICERS

Section 1. The officers of the Board of Directors shall consist of a chairman, a vice chairman and a secretary-treasurer who shall be elected by the Board at the annual meeting held in even numbered years after the organizational meeting. New officers shall take office at the adjournment of the annual meeting of the Board at which they were elected.

Section 2. A vacancy in the office of chairman, vice chairman or secretary-treasurer shall occur for any of the

reasons for which a vacancy in the office of director shall occur. Vacancies shall be filled by the Executive Committee until the next meeting of the Board.

Section 3. The chairman shall preside at all meetings of the Board. The vice chairman shall act as chairman in the absence, disqualification or disability of the chairman.

Section 4. The secretary-treasurer is responsible for keeping a record of all the proceedings of the Board and the Executive Committee, for custody of all funds, for the keeping of all financial records of the organization and for such other matters as are delegated to him by the Board. Persons may be engaged to perform such services under his supervision and direction as authorized by the Board. The secretary-treasurer shall post a fidelity bond or other insurance against loss of organization funds in amount approved by the Board at the expense of the Authority. The secretary-treasurer may be compensated for his services in such amounts as may be established by the Executive Committee.

VIII. EXECUTIVE COMMITTEE

Section 1. The Board shall provide in its by-laws for the nomination of candidates for and the election of an Executive Committee consisting of no more than fourteen persons, plus the Chairman of the Authority who is ex officio Chairman of the Executive Committee with a vote.

Candidates for election need not be directors and a director may nominate more than one candidate. At the election each member of the Board may cast a number of votes equal to the number of offices to be filled multiplied by the number of votes to which the director is entitled under Article IV; and such votes may be cast for any number of candidates. In the case of tie votes among candidates their ranking in terms of number of votes received shall be decided by lot. This method of cumulative voting is authorized for the election of the Executive Committee and for no other purpose. At the first organizational meeting of the Authority, the Board shall establish procedures for the election of the initial members of the Executive Committee in accordance with this Article.

Section 2. Members of the Executive Committee shall serve for a term of two years and until their successors are appointed and qualify; except that of the members initially elected, the candidates receiving the first, third, fifth, seventh, ninth, eleventh and thirteenth highest total of votes, respectively, shall serve until the annual meeting of the Authority in 1976, and the other candidates elected shall serve until the annual meeting in 1975. Each member of the Executive Committee has one vote. A majority of the Committee constitutes a quorum, but a smaller number may adjourn from time to time. The Board in its by-laws may provide for compelling the attendance of members of the

Executive Committee at meetings thereof and for the disqualification of members of the committee for non-attendance.

Section 3. The Executive Committee shall meet at the call of its chairman or upon the call of any two other members of the Executive Committee. The date and place of the meeting shall be fixed by the person or persons calling the meeting. At least 48 hours advance written notice of such meeting shall be given to all members of the Executive Committee by the person or persons calling the meeting. Such notice, however, may be waived by any or all members who actually attend the meeting or who give written waiver of such notice for a specified meeting.

Section 4. The Executive Committee has the following powers and duties in addition to those granted by Section 7 of this Article:

(a) It shall exercise the powers and perform the duties delegated to it by the Board of Directors, subject to such conditions and limitations as may be imposed by the Board.

(b) It shall prepare a proposed annual budget each year which shall be submitted to the Board of Directors at least thirty days prior to the annual meeting.

(c) It shall present a full report of its activities at each regular meeting of the Board.

Section 5. Subject to the provisions of the approved budget the Executive Committee shall have the authority to appoint, fix the conditions of employment of, and remove any employees of the organization.

Section 6. The Executive Committee may adopt by-laws governing its own procedures in accordance with this agreement and subject to the supervision of the Board.

Section 7. The Executive Committee has those powers and duties assigned to it by the uniform franchise and such other powers and duties essential to the administration of the uniform franchises and convenient to the conduct of the Authority's affairs as are delegated to it by the Board.

IX. FINANCIAL MATTERS

Section 1. The fiscal year of the Authority is the calendar year.

Section 2. Authority funds may be expended in accordance with the procedures established by law for the expenditure of funds by villages. Orders, checks and drafts shall be signed by the chairman or vice chairman and countersigned by the secretary-treasurer or such other person as shall be designated by the Board. Other legal instruments shall be executed on behalf of the Authority by the chairman and the secretary-treasurer. Contracts shall be let and purchases shall be made in accordance with the legal requirements applicable to villages.

Section 3. The activities of the Authority shall be

financed by contributions from the Company as provided in the uniform franchises.

Section 4. An annual budget shall be adopted by the Board at the annual meeting each year. Copies of the budget shall be mailed promptly to the chief administrative officer of each member. The budget is deemed approved by the members except one who, prior to April 1 of the year involved, gives notice in writing to the secretary-treasurer that it is withdrawing from the Authority.

X. DURATION AND DISSOLUTION

Section 1. This agreement shall be in effect during the term, including renewal terms, of the uniform franchises, and for such additional period not exceeding one year as is necessary for the Board to provide for final disposition of the affairs of the Authority.

Section 2. A member may withdraw by filing written notice thereof with the secretary of the Authority at least 90 days prior to the termination of its franchise, giving notice of withdrawal at the end of the calendar year; and membership shall continue until the date of its franchise termination. A notice of withdrawal may be rescinded by a member at any time. If a governmental unit withdraws before dissolution of the Authority, such governmental unit shall have no claim to the assets of the Authority.

Section 3. The Authority shall be dissolved whenever the withdrawal of a member reduces total membership in the

Authority to less than the number of members required for initial membership. In the event of dissolution, the Board shall determine the measures necessary to effect the dissolution and shall provide for the taking of such measures as promptly as circumstances permit subject to the provisions of this agreement. Upon dissolution of the Authority, all the remaining assets of the Authority, after payments of obligations, shall be distributed among the then existing members in proportion to the number of their votes and in accordance with procedures established by the Board.

IN WITNESS WHEREOF, the undersigned governmental unit has caused this agreement to be signed and delivered on its behalf.

In the presence of:

VILLAGE OF FALCON HEIGHTS

Bradford G. Lumsden

By Willis C. A. Warkenton
Mayor

Deborah J. Molitor

By Deborah B. Barnes
Clerk

Dated: June 15, 1973

Filed in the office of City Manager of Columbia Heights,
Minnesota, this _____ day of _____, 1973.

VILLAGE OF FALCON HEIGHTS, MINNESOTA
RESOLUTION AUTHORIZING PARTICIPATION IN THE
METRO RATE AUTHORITY; DIRECTING THE
EXECUTION AND DELIVERY OF A JOINT POWERS
AGREEMENT; AND DESIGNATING A REPRESENTATIVE OF
THE VILLAGE AS ITS MEMBER ON THE BOARD
OF THE METRO RATE AUTHORITY.

WHEREAS, the Village of Falcon Heights is authorized by Minnesota Statutes, Section 471.59 to enter into joint and cooperative agreements with other governmental units, and

WHEREAS, the Village council has determined that it is necessary and desirable that the Village cooperate with other municipalities in the regulation of electric utility service in the Metropolitan Area by participating in the Metro Rate Authority, and

WHEREAS, the Village has granted a uniform franchise to Northern States Power Company and is, therefore, eligible for membership in the Metro Rate Authority, an organization established to administer the rate provisions of such uniform franchises adopted by its members.

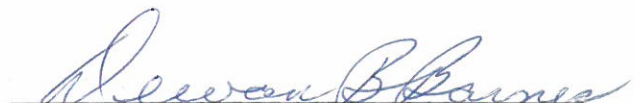
NOW, THEREFORE, BE IT RESOLVED By the Village Council of Falcon Heights, Minnesota, as follows:

1. The Mayor and Clerk are authorized and directed to execute the attached Joint and Cooperative Agreement providing for membership of the Village in the Metro Rate Authority.

2. In accordance with the provisions of the Joint and Cooperative Agreement, the council hereby designates Willis Warkentien as its first director on the Board of Directors of the Metro Rate Authority.

3. The Village clerk is directed to file a copy of the executed agreement together with a certified copy of this resolution with the city manager of the City of Columbia Heights.

I DO HEREBY CERTIFY that I am the Village Clerk of the Village of Falcon Heights, Ramsey County, Minnesota, and that I am the custodian of its records, that the above is a true and correct copy of the resolution adopted at a meeting of the Village Council held on May 24, 1973, 1973.


Clerk-Administrator

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by MSP*