

ORDINANCE NO. 2010-7

**CITY OF RICHFIELD
COUNTY OF HENNEPIN
STATE OF MINNESOTA**

**AN ORDINANCE MODIFYING THE GAS FRANCHISE FEE ON
CENTERPOINT ENERGY FOR PROVIDING GAS SERVICE WITHIN THE CITY
OF RICHFIELD**

THE CITY OF RICHFIELD ORDAINS:

SECTION 1. The City of Richfield Municipal Code Appendix E is hereby amended as follows:

Subdivision 1. Purpose. The Richfield 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 and electric services within the City of Richfield.

(a) Pursuant to City Ordinance No. 2003-10, a Franchise Agreement between the City and CenterPoint Energy ("CenterPoint"), the City has the right to impose a franchise fee on CenterPoint in an agreed upon amount and fee design, as set forth in Section 6.1 of the CenterPoint Franchise.

(b) Pursuant to City Ordinance 2009-14, the City exercised its right to impose a franchise fee on CenterPoint. This includes the right to modify the fee amount with the consent of CenterPoint as to amount and notice period, to which CenterPoint has consented.

Subd. 2. Franchise Fee Statement. Pursuant to Ordinance 2009-14, the franchise fee imposed on CenterPoint under its Gas Franchise is hereby amended. The amended fee schedule is attached hereto as Exhibit A and made a part of this ordinance, commencing with the CenterPoint's August 2010 billing month. The franchise fee is in lieu of all permit fees otherwise paid by Minnegasco for its use of Public Ways and Public Ground in the City.

Subd. 3. Payment. The said franchise fee shall be payable to the City in accordance with the terms set forth as follows. The franchise fee shall be payable quarterly and shall be based on the complete billing months during the period for which payment is to be made. The payment shall be due the last business day of the month following the period for which the payment is made. The fee may be changed by ordinance from time to time, however each change shall meet the same notice requirements and may not occur more often than annually. Such fee shall not exceed any amount, which the Company may legally charge to its customers prior to payment to the City by imposing a surcharge equivalent to such fee in its rates for Gas service. The Company may pay the City the fee based upon the surcharge billed subject to subsequent reductions to account for uncollectibles or customer refunds. The time and manner of collecting the franchise fee is subject to approval of the Public Utilities Commission, which the Company agrees to use best efforts to obtain. The 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 that is not public data which would indicate the amount paid by any identifiable customer or any other information regarding specific customers.

Subd. 4. Surcharge. The City recognizes that the Minnesota Public Utilities Commission allows the utility company to add a surcharge to customer rates to reimburse such utility company for the cost of the fee and that CenterPoint will surcharge its customers in the City the amount of the fee.

Subd. 5. Record Support for Payment. CenterPoint shall make each payment when due and, if requested by the City, shall provide at the time of each payment a statement summarizing how the franchise fee payment was determined, including information showing any adjustments to the total surcharge billed in the period for which the payment is being made to account for any uncollectibles, refunds or error corrections.

Subd. 6. Enforcement. Any dispute, including enforcement of a default regarding this ordinance will be resolved in accordance with Section 2.5 the Franchise Agreement.

Subd. 7. Effective Date of Franchise Fee. Notwithstanding the effective date of this ordinance and notwithstanding any contrary provisions in the Franchise, the effective date of the fee collected under Subdivision 2 of this ordinance is the later of ten (10) days after the publication or after the sending of written notice enclosing a copy of this adopted ordinance upon CenterPoint by certified mail. It has been agreed to in advance by CenterPoint's representatives that CenterPoint will abide by the provisions of this Subdivision 7, provided fee collection will not commence before the later of the Company billing month set forth in subdivision 2 or the first billing month commencing 20 days after the foregoing effective date of the franchise fee.

Subd. 8. Fee Review. The City Council shall begin a review of this Ordinance by June 30, 2011 to determine whether to continue, terminate or modify the fee. If the Council deems it to be in the City's best interest to continue the fee in its current form, no Council action is necessary. If the Council deems it to be in the City's best interest to terminate or modify the fee, the Council shall give CenterPoint at least sixty (60) days written notice prior to the proposed change. Subject to the City's rights under Minnesota law, the City shall obtain the consent of CenterPoint to any proposed increase in the fee but may unilaterally decrease or terminate the fee.

SECTION 2. This ordinance takes effect as provided herein.

Read by the City Council of the City of Richfield this 27th day of April, 2010.

Read and passed by the City Council of the City of Richfield this 25th day of May, 2010.

Debbie Goettel, Mayor

Steven Devich, City Manager

APPROVED AS TO FORM:

Nancy Gibbs, City Clerk

EXHIBIT A

CENTERPOINT GAS FRANCHISE

FEE SCHEDULE

<u>Class</u>	<u>Fee Per Meter</u>	
Residential	1.88	2.05
Comm-A	1.88	2.05
Comm/Ind-B	5.81	6.33
Comm/Ind-C	12.92	14.08
SVDF-A	12.92	14.08
SVDF-B	12.92	14.08
LVDF	12.92	14.08

FRANCHISE FEES ARE TO BE COLLECTED BY THE UTILITY IN THE AMOUNTS SET FORTH IN THE ABOVE SCHEDULE, AND 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.