

GAS FRANCHISE FEE ORDINANCE

ORDINANCE NO. 406

AN ORDINANCE IMPLEMENTING A GAS SERVICE FRANCHISE FEE ON CENTERPOINT ENERGY RESOURCES CORP. d/b/a CENTERPOINT ENERGY MINNESOTA GAS, A DELAWARE CORPORATION, ITS SUCCESSORS AND ASSIGNS, FOR PROVIDING GAS SERVICE WITHIN THE CITY OF VICTORIA.

THE CITY OF VICTORIA, CARVER COUNTY, MINNESOTA, DOES ORDAIN:

Section 1. Purpose. The Victoria 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 gas services within the City of Victoria. Pursuant to City Ordinance No. 405, a Franchise Agreement between the City of Victoria and CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas, a Delaware corporation, its successors and assigns, ("Company") the City has the right to impose a franchise fee on the Company.

Section 2. Terms. A franchise fee is hereby imposed on the Company under its gas franchise in accordance with the amount and fee design set forth in the fee schedule attached as Exhibit A to this Ordinance commencing with the Company's January 2017 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.

Section 3. Payment and Fee Modification. The franchise fee shall be payable quarterly and shall be based on the amount collected by Company during complete billing months during the period for which payment is to be made. The payment shall be due the last business day of the month following the period for which the payment is made. Such fee shall not exceed any amount that the Company may legally charge to its customers prior to payment to the City by imposing a surcharge equivalent to such fee in its rates for gas service. The franchise fee may be increased or decreased by ordinance from time to time, however any such change may not occur more often than annually. No franchise fee shall be payable by Company if Company is unable to first collect an amount equal to the franchise fee from its customers in each applicable class of customers by imposing a surcharge in Company's applicable rates for 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 that is non-public by law.

Section 4. Surcharge. The City recognizes that the Minnesota Public Utilities Commission may allow the Company to add a surcharge to customer rates of city residents to reimburse the Company for the cost of the fee. The Company agrees that it is prohibited from adding an administrative fee of any kind on to the franchise fee.

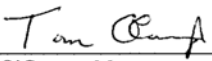
Section 5. Enforcement. Any dispute, including enforcement of a default regarding this ordinance will be resolved in accordance with Section 2.5 of the Franchise Agreement.

Section 6. Effective Date of Franchise Fee. The effective date of fee collection shall be January 1, 2017 or ninety (90) days after the City sends written notice enclosing a copy of this adopted Ordinance to the Company by certified mail, whichever date is later.

Effective Date. This ordinance becomes effective from and after its passage and publication.

Adopted in regular session of the City Council of the City of Victoria, Minnesota held this 10th day of October, 2016.

CITY OF VICTORIA



Tom O'Connor, Mayor

ATTEST:



Laurie Hokkanen, City Manager

ORDINANCE 406 - EXHIBIT A

CENTERPOINT ENERGY GAS FRANCHISE

FEE SCHEDULE

<u>Class</u>	<u>Monthly Fee per Customer</u>
Residential	\$ 3.00
Sm C & I – Non-Dem	\$10.00
Sm C & I – Demand	\$10.00
Large C & I	\$10.00

Franchise fees are to be collected monthly by the Company in the amounts set forth in the above schedule, and remitted to the City on a quarterly basis as follows:

- January – March collections due by April 30.
- April – June collections due by July 31.
- July – September collections due by October 31.
- October – December collections due by January 31.