

Ordinance No. Appendix K-1

An ordinance establishing a Franchise Fee on Energy Providers/Companies operating in the City of Hayfield, Dodge County, Minnesota.

Be it ordained by the City of Hayfield, Dodge County, Minnesota as follows:

The City of Hayfield, Dodge County, Minnesota, (hereinafter referred to as "City of Hayfield") hereby establishes a Franchise Fee on every electricity/natural gas provider, and every other person, firm or corporation, their successors and assigns, owning, operating, controlling, leasing or managing any electricity/natural gas plant or system, generating, manufacturing, selling, distributing or transporting electricity/natural gas, (hereinafter referred to as "Energy Providers"). Energy Providers shall collect from their customers, but not from the City of Hayfield of, located within the corporate limits of the City of Hayfield, and pay to the City of Hayfield an amount based on the following fee schedule, after adjustment for the net write-off of uncollectible accounts and corrections of bills theretofore rendered:

CUSTOMER CLASS	FEE
Residential	\$ <u>2.00</u> /Month/Customer
Commercial Firm	\$ <u>2.00</u> /Month/Customer
Commercial Interruptible	\$ <u>2.00</u> /Month/Customer
Industrial Firm	\$ <u>2.00</u> /Month/Customer
Industrial Interruptible	\$ <u>2.00</u> /Month/Customer
Transportation	\$ <u>2.00</u> /Month/Customer

The amount paid by Energy Providers shall be in lieu of, and Energy Providers shall be exempt from, all other occupation, license, excise or right-of-way permit fees or taxes which the City of Hayfield may impose for the rights and privileges herein granted or for the privilege of doing business within the City of Hayfield, and in the event any such fee, charge, license, tax or assessment shall be imposed by the City of Hayfield, the payment to be made in accordance with the provisions of this section shall be reduced in an amount equal to the annual burden of such fee, charge, license, tax or assessment imposed upon the Energy Providers. Ad valorem property taxes imposed generally upon all real and personal property within the City of Hayfield shall not be deemed to affect the obligation of the Energy Providers under this section.

Any consideration hereunder shall be reported and paid to the City of Hayfield by Energy Providers on a **monthly** basis. Such payment shall be made not more than thirty (30) days following the close of the period for which payment is due. Initial and final payments shall be prorated for the portion of the period at the beginning and end of the term of this Ordinance.

Energy Providers shall list the local Franchise Fee collected from customers as a separate item on bills for utility service issued to customers. If at any time the State of Minnesota, or other

authority having proper jurisdiction, prohibits such recovery, then Energy Providers will no longer be obligated to collect and pay the Franchise Fee herein contemplated. In addition, an Energy Provider may discount or reduce the Franchise Fee payable for electricity/natural gas delivered to a specific customer of an Energy Provider when it is required to reduce the Franchise Fee to retain the business of that customer. Modification or reduction of the Franchise Fee should occur if the Franchise Fee would cause the customer to cease purchase or transportation deliveries of electricity/natural gas from the Energy Provider by installing equipment to access electricity/natural gas supply not subject to the City's Franchise Fee.

The City of Hayfield shall provide copies of annexation ordinances to Energy Providers on a timely basis to ensure appropriate Franchise Fee collection from customers within the corporate limits of the City of Hayfield.

The City of Hayfield shall have access to and the right to examine during normal business hours, those of Energy Providers' books, receipts, files, records and documents that are necessary to verify the correctness of payments due hereunder. If it is determined that a mistake was made in the payment of any Franchise Fee required hereunder, such mistake shall be corrected promptly upon discovery, such that any under-payment by Energy Providers shall be paid within 30 days of the recalculation and any over-payment by Energy Providers shall be discounted from the next payment(s) due.

Passed and approved by the City Council of the City of Hayfield, Dodge County, Minnesota on this ____ day of _____, _____.

Greg Demmer, Mayor

ATTEST:

Lori Kindschy, City Clerk-Treasurer