

CITY OF COTTAGE GROVE, MINNESOTA
ORDINANCE NO. 1070

**AN ORDINANCE FOR THE CITY OF COTTAGE GROVE, MINNESOTA
ENACTING CITY CODE TITLE 1, CHAPTER 5, SECTION 11 REGARDING
ELECTRIC FRANCHISE FEE**

The City Council of the City of Cottage Grove, Washington County, Minnesota, does ordain as follows:

SECTION 1. ENACTMENT. The Code of the City of Cottage Grove, County of Washington, State of Minnesota, Title 1, Chapter 5, Section 11 shall be enacted as followed:

§1-5-11 ELECTRIC FRANCHISE FEE:

- A. Definitions: The following words, terms, and phrases when used in this Chapter have the meaning ascribed to them in this Section except where the context clearly indicates a different meaning:

ELECTRIC COMPANY: Every person, firm, company, joint stock association or corporation engaged in the business of selling electricity for light, heat, power, and other purposes for public or private use in the City.

GROSS REVENUES: All sums, excluding any surcharge or similar addition to the electric company's charges to customers for the purpose of reimbursing the electric company for the cost resulting from the franchise fee, received by the electric company from the sale of electric energy to its retail customers within the corporate limits of the City.

- B. Franchise Fee:

1. An electric franchise fee is hereby imposed on every electric company in the amount of 3.75% of gross revenues derived from the sale of electricity within the City. The payment of the franchise fee shall be prescribed in the Franchise Agreement between each electric company and the City.
2. The franchise fee excludes rate schedules for highway lighting, municipal street lighting, municipal water pumping, municipal fire sirens, municipal traffic signals, and municipal sewage disposal service. For all consumers, the 3.75% percent franchise fee is applicable to the first \$950,000 of calendar year gross operating revenues. The franchise fee is reduced to one half percent (0.5%) for the remaining amount of annual gross operating revenues exceeding \$950,000.

- C. Surcharge. The City recognizes that the Minnesota Public Utilities Commission may allow any electric company to add a surcharge to customer rates of City residents to reimburse the electric company for the cost of the fee.

- D. Accounting. For the purpose of ascertaining the gross revenues, each electric company must keep an accurate account of all sales within the City and must annually furnish the

City finance director with an accounting of the sales. A qualified person from the electric company must verify the accounting. The electric 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 2. SUMMARY PUBLICATION. Pursuant to Minnesota Statutes Section 412.191, in the case of a lengthy ordinance, a summary may be published. While a copy of the entire ordinance is available without cost at the office of the City Clerk, the following summary is approved by the City Council and shall be published in lieu of publishing the entire Official Zoning ordinance:

The ordinance establishes a 3.75% electric franchise fee on every electric company.

SECTION 3. EFFECTIVE DATE. This ordinance enactment shall be in full force and effective from and after adoption and publication according to law.

Passed this 2nd day of August, 2023.

Myron Bailey, Mayor

Attest:

Tamara Anderson, City Clerk