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November 20, 2020

—Via Electronic Filing and U.S. Mail—

Steven M. Kahl, Executive Secretary
North Dakota Public Service Commission
State Capitol Building, Dept. 408
600 East Boulevard
Bismarck, ND 58505-0480

RE: ESTABLISHMENT OF NEW FRANCHISE FEE IN HORACE, NORTH DAKOTA
CASE NO. PU-20-____

Dear Mr. Kahl:

Northern States Power Company, doing business as Xcel Energy, submits to the North Dakota Public Service Commission this notification of a new natural gas franchise fee approved by the City of Horace. Included with this letter is a revised tariff sheet reflecting the new fee.

Ordinance

On October 19, 2020, the City of Horace adopted an ordinance which implements a new natural gas franchise fee effective March 1, 2021. The fee will be 2% of gross revenues from the sale of natural gas within the City of Horace. We provide franchise fee Ordinance No. 2020-21 as Attachment A to this filing.

Tariff Sheet

Attachment B to this filing is a revised tariff sheet in both legislative and non-legislative format.

North Dakota Gas Rate Book – NDPSC No. 2

Sheet No. 5-21, revision 2

Customer Notification

Natural gas customers in Horace will be alerted to this new franchise fee via the following bill message:

The City of Horace imposes a 2% of gross revenues fee on Xcel Energy collectible through a fee on Xcel Energy gas accounts effective March 1, 2021. The line item appears on your bill as "City Fees." Xcel Energy remits 100% of this fee to the City of Horace.

If you have any questions, please feel free to contact me at (701) 371-5256.

Sincerely,

A handwritten signature in blue ink that reads "David H. Sederquist". The signature is fluid and cursive, with the first name being the most prominent.

DAVID H. SEDERQUIST
SENIOR REGULATORY CONSULTANT

Enclosures

c: Brent Holper, City Administrator, City of Horace

ORDINANCE NO. 2020-21

AN ORDINANCE TO CREATE AND ENACT CHAPTER 14-03A OF THE REVISED ORDINANCES OF 2003 OF THE CITY OF HORACE, NORTH DAKOTA, RELATING TO A GAS SERVICE FRANCHISE FEE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HORACE, NORTH DAKOTA:

SECTION 1. Chapter 14-03A of Title XIV of the Revised Ordinances of 2003 of the City of Horace, North Dakota, is hereby created and enacted to read as follows:

CHAPTER 14-03A

GAS SERVICE FRANCHISE FEE

SECTIONS:

- 14-0301A. Purpose.
- 14-0302A. Franchise Fee Statement.
- 14-0303A. Payment.
- 14-0304A. Enforcement.
- 14-0305A. Effective Date of Franchise Fee.

14-0301A. **PURPOSE.** The Horace City Council has determined that it is in the best interest of the City of Horace (the "City") to impose a franchise fee on those public utility companies that provide natural gas services within the City.

1. Pursuant to City Ordinance Chapter 14-03, a Franchise Agreement between the City and Northern States Power Company, a Minnesota corporation (the "Company"), its successors and assigns, the City has the right to impose a franchise fee on the Company, its successors and assigns, in an amount and fee design as set forth in Section 14-0307 of the Northern States Power Company Franchise Agreement and in the fee schedule attached hereto as Schedule A.

14-0302A. **FRANCHISE FEE STATEMENT.** A franchise fee is hereby imposed on the Company, its successors and assigns, under the Franchise Agreement in accordance with the schedule attached here to and made a part of this Ordinance, commencing with the Company's March 1, 2021 billing month.

This franchise 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 (1) meter at a single premise,

but only one (1) account, only one (1) fee shall be assessed to that account. If a premise has two (2) 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 (1) 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 (1) premise, each premise (address) shall be subject to the appropriate franchise fee. In the event a question arises as to the proper franchise fee amount for any premise, the Company's manner of billing for energy used at all similar premises in the City will control.


14-0303A. **PAYMENT.** The franchise fee is payable to the City in accordance with the terms set forth in the Franchise Agreement.

14-0304A. **ENFORCEMENT.** Any dispute, including enforcement of a default regarding this Ordinance will be resolved in accordance with Section 14-0308(7) of the Franchise Agreement.

14-0305A. **EFFECTIVE DATE OF FRANCHISE FEE.** The effective date of this Ordinance shall be after its publication and ninety (90) days after the sending of written notice enclosing a copy of this Ordinance to the Company by certified mail. Collection of a franchise fee commences as provided above.

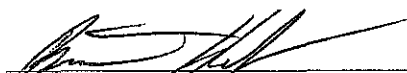
SECTION 2. Effective Date. This ordinance shall be in full force and effect from and after the date of its final passage and publication.

Approved.



Kory Peterson, Mayor

Attest:



Brenton Holper, City Auditor

Date of First Reading: September 21, 2020

Date of Second Reading: October 19, 2020

Date of Publication: November 18, 2020

SCHEDULE A

Franchise Fee Rates:

Gas Utility

The franchise fee is two percent (2%) of Company's Gross Revenues, as defined in City Ordinance Chapter 14-03, a Franchise Agreement between the City of Horace and Northern States Power Company, a Minnesota corporation, its successors and assigns.

Franchise fees are submitted to the City on a quarterly basis as follows:

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

Legislative

SURCHARGE RIDER

Section No. 5
~~1st~~2nd Revised Sheet No. 21

A surcharge as designated will be included in the monthly bills in the following North Dakota communities:

City of Casselton 2%

City of Fargo 2%

City of Grand Forks 0.75% Applicable to Large Volume gas customers so classified by Company
2% All other customers
0% Bills to the University of North Dakota

City of Horace 2%

City of West Fargo 2%

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Non-Legislative

SURCHARGE RIDER

Section No. 5
2nd Revised Sheet No. 21

A surcharge as designated will be included in the monthly bills in the following North Dakota communities:

City of Casselton	2%	
City of Fargo	2%	
City of Grand Forks	0.75%	Applicable to Large Volume gas customers so classified by Company
	2%	All other customers
	0%	Bills to the University of North Dakota
City of Horace	2%	
City of West Fargo	2%	

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