



To: MAYOR AND CITY COUNCIL

Agenda Item #: VIII. D.

From: Scott H. Neal, City Manager

Action

Discussion

Date: April 2, 2013

Information

Subject: Letter of Support For Utility Franchise Bill HF1450/SF1490

Action Requested:

Authorize the City Manager to compose and distribute a letter of support for proposed legislation HF 1450/SF1490.

Information / Background:

I have been in discussion with representatives from the City of Minneapolis concerning proposed legislation they are backing that would enable city governments to require energy efficiency goals for Public Utilities Commission-regulated utilities in municipal franchise agreements. The City of Minneapolis has worked with its legislative delegation to produce two bills which are currently under consideration at the Legislature: House File 1450 and companion bill Senate File 1490. A summary of the proposal is as follows:

Bill Summary for HF 1450 Dehn, Hornstein, Allen, Bly

(Companion bill is SF 1490 Dziedzic, Champion and Marty)

HF 1450 modifies the conditions under which a municipality and a utility may enter into a franchise agreement. The following elements must be included in franchise agreement unless the municipality agrees to not include them.

1. The utility must commit to energy efficiency measures that will be taken in the municipality. These may include transmission and delivery system efficiency improvements. Neither increased rates nor special tariffs may be used to offset losses due to reduced use caused by efficiency measures.
2. The utility must describe the procedures and policies related to connecting alternative energy sources and these procedures must be as simple, timely and cost effective as possible.
3. The utility must annually submit an infrastructure maintenance plan that is sufficient to ensure system reliability.
4. The utility must describe how its activities in the municipality relate to its compliance with state energy goals.

5. The utility must provide quarterly reports on system reliability and identify the least reliable circuits.
6. The bill also provides for financial recourse for a municipality if a franchise agreement cannot be reached.

If the City Council is supportive of this legislation, I will compose a letter of support on your behalf and distribute it to our legislative delegation and the City of Minneapolis.