

**SUMMARY OF ORDINANCE V  
OF THE CITY OF RICE, MINNESOTA  
(AN ORDINANCE GRANTING THE MINNESOTA POWER,  
ITS SUCCESSORS AND ASSIGNS, A FRANCHISE TO CONSTRUCT  
AND MAINTAIN AN ELECTRIC DISTRIBUTION AND/OR TRANSMISSION  
SYSTEM WITHIN THE CITY OF RICE, MINNESOTA )**

SECTION 1. ADOPTION OF FRANCHISE

- 1.1 Grant of Franchise. Minnesota Power (the “Company”), its successors and assigns has been granted a Franchise to construct and maintain on public right-of-ways of the City of Rice the transmission system for a period of five years from and after passage of this Ordinance.
- 1.2 Exclusivity. This Ordinance does not grant Minnesota Power and exclusive privilege.

SECTION 2. OPERATIONS; REGULATIONS.

- 2.1 Provision of Service. In consideration of the Franchise Minnesota Power agrees to furnish twenty-four (24) hour continuous electric service to the consumers in the part of the Company’s service territory located within the City.
- 2.2 Regulation. The rates to be charged by the Company are subject to the laws of the State of Minnesota together with the rules and regulations established by federal laws and regulations and/or the Minnesota Public Utilities Commission.
- 2.3 Standard of Care. All poles etc. are to be constructed and maintained by the Company in a safe and secure manner as reasonably possible so as not to unnecessarily interfere with the public use of the streets etc.
- 2.4 Tree Trimming. The Company may trim or remove or apply herbicides to any trees, shrubs or other vegetation in the streets and public grounds of the City that interfere with the proper construction, operation and repair of the Company’s facilities.
- 2.5 Notice of Improvements. The City will give the Company reasonable notice regarding improvements in the City right-of-way which may affect the Company’s poles etc.
- 2.6 Vacation of Public Ways. The City must give the Company at least two (2) weeks notice, or such other notice as required by Minnesota law, of any proposed vacation of a public street.
- 2.7 Other Property Rights of Company. The provisions of this Ordinance do not waive or modify the rights that the Company has under any easement or prescriptive right or other property interest that the public may have in the right-of-way or in any public ground.

### SECTION 3. INDEMNIFICATION

- 3.1 Liability of the City. The City is not liable or responsible for any accident or damage that occurs in the construction or operation of the Company's lines.
- 3.2 Claims or Suits. The Company at its sole cost and expense will defend the City against any claim or suit involving the transmission lines being constructed under the terms of this Ordinance or within the public right-of-way.

### SECTION 4. FRANCHISE FEE

- 4.1 Separate Ordinance. The City may require the payment of a franchise fee which would not become effective until at least 30 days after the issuance of a written order from the Public Utilities Commission authorizing the Company to incorporate the fee within its rate schedule.
- 4.2 Calculation of Fee. The City may impose a franchise fee as a flat fee per customer per premise based upon metered service to retail customers within the City.
- 4.3 Collection of the Fee. Any franchise fee imposed by the City during the term of this agreement would be payable not less often than quarterly and will be separately identified on the Company's bills to its customers. The time and manner of collecting such a franchise fees are subject to the approval of the Public Utilities Commission for the State of Minnesota.
- 4.4 Change in Fee. The franchise fee formula may be changed by ordinance however such a change may not be made more than once every five (5) years.
- 4.5 Continuation and Discontinuation of Franchise Fee. If a franchise fee has been established by the City during the term of this Ordinance, at such time as this Ordinance expires, the franchise fee will continue until a new franchise agreement has been finalized and any franchise fee which the City may establish must be equally imposed upon all electric service provided within the City.

### SECTION 5. PREVIOUS FRANCHISES SUPERVISED

This franchise supersedes and cancels all previous franchise agreements granting franchise rights to Minnesota Power & Light Company and its predecessors.

### SECTION 6. MEDIATION

Any disagreement involving the terms of this franchise which the parties are unable to resolve shall be subject to mediation.

The above summary is intended to comply with the notification and publication requirements of Minnesota statutes. A complete copy of the Ordinance is on file and may be reviewed at the City's offices in the City of Rice during normal business hours. The terms of said Ordinance supersede the provisions of this summary.

Date Ordinance passed: December 3, 2007

/S/ Michael Fiedler  
Michael Fiedler, Mayor

/S/ Bonnie Scheel  
Bonnie Scheel, City Clerk