



# City of Grand Island

Tuesday, August 28, 2007

Council Session

## Item G12

**#2007-207 - Approving Interlocal Agreement Between the Cities of Grand Island, Kearney, North Platte and the Village of Alda Regarding Direct Negotiations of Rate Changes with Northwestern Energy**

Staff Contact: Dale Shotkoski

# **Council Agenda Memo**

**From:** Dale M. Shotkoski, City Attorney

**Meeting:** August 28, 2007

**Subject:** Interlocal Agreement Regarding Direct Negotiations of Rate Changes with Northwestern Energy

**Item #'s:** G-12

**Presenter(s):** Dale M. Shotkoski, City Attorney

## **Background**

On June 1, 2007, NorthWestern Corporation, doing business as NorthWestern Energy, filed an application for Natural Gas Rate Increase with the Nebraska Public Service Commission. This application not only affects the City of Grand Island, but also the cities of Kearney, North Platte and the Village of Alda. State statutes authorize jurisdictional utilities such as NorthWestern to negotiate directly with affected municipalities with respect to a proposed general rate change.

## **Discussion**

In order to collectively negotiate the pending rate case with NorthWestern, and to share the costs associated with said negotiations, it is necessary to enter into an interlocal agreement with the cities of Kearney, North Platte and the Village of Alda. Furthermore, an interlocal agreement will allow the cities to file an application for a loan from the Nebraska Municipal Rate Negotiations Revolving Loan Fund to provide for the payment of any costs or expenses which may be reimbursed from the Loan Fund as allowed by the Nebraska Public Service Commission.

## **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve the proposed Interlocal Agreement between the cities of Grand Island, Kearney, North Platte and the Village of Alda regarding negotiations of rate changes with NorthWestern Energy.
2. Postpone the issue to future date.

3. Take no action on the issue.

### **Recommendation**

City administration recommends that the City Council approve the proposed Interlocal Agreement between the cities of Grand Island, Kearney, North Platte and the Village of Alda regarding negotiations of rate changes with NorthWestern Energy.

### **Sample Motion**

Motion to approve the Interlocal Agreement as proposed between the cities of Grand Island, Kearney, North Platte and the Village of Alda and NorthWestern Energy.

**INTERLOCAL AGREEMENT BETWEEN THE CITIES OF**  
**GRAND ISLAND, KEARNEY, NORTH PLATTE AND THE VILLAGE OF ALDA**  
**REGARDING DIRECT NEGOTIATIONS OF RATE CHANGES WITH**  
**NORTHWESTERN ENERGY**

**THIS AGREEMENT** is made and entered into on this \_\_\_\_ day of \_\_\_\_\_, 2007, by and between the City of Grand Island, the City of Kearney, the City of North Platte and the Village of Alda.

**WHEREAS**, the parties hereto are governmental units and political subdivisions of the State of Nebraska, and are public agencies for the purposes of the Interlocal Cooperation Act, Neb. Rev. Stat. Section §13-801 et seq. as amended; and

**WHEREAS**, the Interlocal Cooperation Act permits two or more public agencies to enter into agreements with one another, for the mutual benefit of the parties, to provide services in a manner that will accord best with geographic, economic, population, and other factors influencing the needs of local communities;

**WHEREAS**, pursuant to Neb. Rev. Stat. §66-1838 the requisite number of municipalities have voted in favor of negotiating directly between the Cities and Northwestern Energy with reference to the proposed rate adjustment that has been filed by Northwestern;

**WHEREAS**, the parties anticipate engaging the services of a consultant to assist in this negotiation process and provide information for all of the effected communities;

**WHEREAS**, the parties wish to share costs and expenses incurred in the negotiating process and also desire to apply to the Municipal Rate Negotiations Revolving Loan Fund to provide for payment of any of those costs or expenses which

may be reimbursed from said Loan Fund as allowed by the Nebraska Public Service Commission;

**NOW, THEREFORE**, it is mutually agreed between the parties as follows:

1. TERM PERIOD. This agreement shall continue in full force and effect from the date of execution by the parties until negotiations between the parties and Northwestern Energy either result in a settlement which is thereafter approved by the Nebraska Public Service Commission or negotiations do not result in a settlement and the rate case is referred to the Public Advocate for further proceedings. The parties agree that the term of this agreement will continue until such time as fees and expenses have been paid for by the Revolving Loan Fund as contemplated herein.

2. GENERAL ORGANIZATION, COMPOSITION, AND NATURE OF ANY SEPARATE LEGAL OR ADMINISTRATIVE ENTITY CREATED. No separate legal or administrative entity is hereby created.

3. PURPOSE. The purpose of this Agreement is to allow the parties to collectively negotiate the pending rate case with Northwestern Energy and to share the costs associated with said negotiation process including costs and expenses of a consultant. The further purpose of this agreement is to allow the parties to make one application to the Revolving Loan Fund to seek reimbursement for expenses incurred in the negotiation process.

4. COSTS OF NEGOTIATION PROCESS. The parties agree that application will be made to the Municipal Rate Negotiation Revolving Loan Fund and that this will be initiated by City Staff from Grand Island. The parties agree that they will submit bills for costs and expenses incurred in the negotiation process, including bills

received from a consultant hired, to the City of Grand Island who will then submit said bills for payment to the Loan Fund. The parties agree that any and all costs which are not covered by the Loan Fund will be split by the parties proportionally based upon the population of each community. There will be no real or personal property utilized in this joint undertaking, therefore, there will be no disposition of any real or personal property at the termination of this agreement.

5. ADMINISTRATOR. The City Attorneys and Village Attorney for each of the communities will jointly administer this agreement.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2007.

CITY OF GRAND ISLAND, NEBRASKA

By: \_\_\_\_\_  
Margaret Hornady, Mayor

STATE OF NEBRASKA            )  
                                          ) SS.  
COUNTY OF HALL            )

Before me, a Notary Public qualified in said county, personally came Margaret Hornady, Mayor, for the City of Grand Island, Nebraska, known to me to be the identical person who signed the foregoing instrument, and acknowledged the execution hereof to by her voluntary act and deed of the corporation.

Witness my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 2007.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

Dated this \_\_\_\_ day of \_\_\_\_\_, 2007.

CITY OF KEARNEY, NEBRASKA

By: \_\_\_\_\_  
Stan Clouse, Mayor

STATE OF NEBRASKA       )  
                                      ) SS.  
COUNTY OF BUFFALO     )

Before me, a Notary Public qualified in said county, personally came Stan Clouse, Mayor, for the City of Kearney, Nebraska, known to me to be the identical person who signed the foregoing instrument, and acknowledged the execution hereof to by his voluntary act and deed of the corporation.

Witness my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 2007.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

Dated this \_\_\_\_ day of \_\_\_\_\_, 2007.

CITY OF NORTH PLATTE, NEBRASKA

By: \_\_\_\_\_  
G. Keith Richardson, Mayor

STATE OF NEBRASKA            )  
                                          ) SS.  
COUNTY OF LINCOLN        )

Before me, a Notary Public qualified in said county, personally came G. Keith Richardson, Mayor, for the City of North Platte, Nebraska, known to me to be the identical person who signed the foregoing instrument, and acknowledged the execution hereof to be his voluntary act and deed of the corporation.

Witness my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 2007.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_



Dated this \_\_\_\_ day of \_\_\_\_\_, 2007.

VILLAGE OF ALDA, NEBRASKA

By: \_\_\_\_\_  
David Harders, Chairman of the Board

STATE OF NEBRASKA            )  
                                          ) SS.  
COUNTY OF HALL            )

Before me, a Notary Public qualified in said county, personally came David Harders, Chairman of the Board, for the Village of Alda, Nebraska, known to me to be the identical person who signed the foregoing instrument, and acknowledged the execution hereof to be his voluntary act and deed of the corporation.

Witness my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 2007.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

RESOLUTION 2007-207

WHEREAS, on June 1, 2007, NorthWestern Corporation, doing business as NorthWestern Energy, filed an application for Natural Gas Rate Increase with the Nebraska Public Service Commission, affecting the cities of Grand Island, Kearney, North Platte, and the Village of Alda; and

WHEREAS, State Statutes authorize jurisdictional utilities such as NorthWestern to negotiate directly with affected municipalities; and

WHEREAS, on June 26, 2007, by Resolution No. 2007-155, City Council authorized the City of Grand Island to work cooperatively with other affected municipalities to commence joint negotiations with NorthWestern Energy; and

WHEREAS, in order to collectively negotiate the pending rate case with NorthWestern and to share the costs associated with said negotiations, it is in the best interest of the city to enter into an interlocal agreement with the cities of Kearney, North Platte and the Village of Alda.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the proposed Interlocal Agreement by and between the cities of Grand Island, Kearney, North Platte and the Village of Alda, is hereby approved according to the terms set out in the agreement.

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized and directed to execute such Interlocal Cooperative Agreement on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, August 28, 2007.

\_\_\_\_\_  
Margaret Hornady, Mayor

Attest:

\_\_\_\_\_  
RaNae Edwards, City Clerk

Approved as to Form	☐ _____
August 24, 2007	☐ City Attorney