

City of Scottsbluff, Nebraska

Monday, February 7, 2022

Regular Meeting

Item Resolut.3

Council to consider the first reading of the Ordinance establishing a franchise fee on all energy providers operating within the corporate limits of the City.

Staff Contact: Dustin Rief, City Manager

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF SCOTTSBLUFF, NEBRASKA, ESTABLISHING A FRANCHISE FEE ON ALL ENERGY PROVIDERS OPERATING WITHIN THE CORPORATE LIMITS OF THE CITY, AMENDING THE MUNICIPAL CODE BY ADDING SECTION 11-4-11 SETTING FORTH THE ESTABLISHMENT OF A FRANCHISE FEE FOR ENERGY PROVIDERS, PROVIDING FOR AN EFFECTIVE DATE AND PROVIDING FOR PUBLICATION IN PAMPHLET FORM.

BE IT ORDAINED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF SCOTTSBLUFF, NEBRASKA:

Section 1. The City of Scottsbluff, Nebraska, (hereinafter referred to as the "Municipality") establishes a franchise fee on every natural gas company and every other person, firm or corporation, their successors and assigns, owning, operating, controlling, leasing or managing a natural gas plant or system and/or generating, manufacturing, selling, distributing or transporting natural gas (hereinafter referred to, collectively, as "Energy Providers," each, individually, an "Energy Provider"). Energy Providers shall collect from their customers located within the corporate limits of the Municipality as depicted on the Map (as defined below) and pay to the Municipality an amount equal to \$0.0300 per therm for natural gas delivered to customers by the Energy Providers within the present or future limits of the Municipality.

Section 2. The amount paid by Energy Providers shall be in lieu of, and Energy Providers shall be exempt from, all other fees, charges, taxes or assessments which the Municipality may impose for the privilege of doing business within the Municipality, including, without limitation, excise taxes, occupation taxes, licensing fees, or right-of-way permit fees, and in the event the Municipality imposes any such fee, charge, tax or assessment, the payment to be made by Energy Providers in accordance with this Ordinance shall be reduced in an amount equal to any such fee, charge, tax or assessment imposed upon the Energy Providers. Ad valorem property taxes imposed generally upon all real estate and personal property within the Municipality shall not be deemed to affect Energy Providers' obligations under this Ordinance.

Section 3. Energy Providers shall report and pay any amount payable under this Ordinance on a calendar basis. Such payment shall be made no more than thirty (30) days following the close of the period for which payment is due. Initial and final payments shall be prorated for the portions of the periods at the beginning and end of any franchise granted by the Municipality, to an Energy Provider.

Section 4. Energy Providers shall list the franchise fee collected from customers as a separate item on bills for utility service issued to their customers. If at any time the Public Service Commission or other authority having proper jurisdiction prohibits such recovery, Energy Providers will no longer be obligated to collect and pay the franchise fee until an alternate lawful franchise fee can be negotiated and implemented. In addition, with prior approval of the Municipality, Energy Providers may reduce the franchise fee payable for natural gas delivered to a specific customer when such reduction is required to attract or retain the business of that customer.

Section 5. Within ten (10) days of the date of this Ordinance, the Municipality shall provide the Energy Providers with a map of its corporate limits (the "Map"). The Map along with the Municipality's Geographic Information System ("GIS") mapping information shall be of sufficient detail to assist Energy Providers in determining whether their customers reside within the Municipality's corporate limits. The Map shall serve as the sole basis for determining Energy Provider's obligations hereunder to collect and pay the franchise fee from customers; provided, however, that if the Municipality's corporate limits are changed by annexation or otherwise, it shall be the Municipality's sole responsibility to (a) update the Map so that such changes are included therein, and (b) provide the updated Map to the Energy Providers. An Energy Provider's obligation to collect and pay the

franchise fee from customers within an annexed area shall not commence until the later of: (a) sixty (60) days after such Energy Provider's receipt from the Municipality of an updated Map including such annexed area, or (b) such time after such Energy Provider's receipt from the Municipality of an updated Map including such annexed area as is reasonably necessary for such Energy Provider to identify the customers in the annexed area obligated to pay the franchise fee.

Section 6. The City shall provide copies of Annexation Ordinances to Energy Providers on a timely basis to ensure appropriate franchise fee collection from customers within the corporate limits of the Municipality as set forth in Section 4. above.

Section 7. To the extent permitted by the laws of Nebraska, the Municipality shall indemnify Energy Providers from claims of any nature, including attorney fees, arising out of or related to the imposition and collection of the franchise fee. In addition, Energy Providers shall not be liable for paying franchise fees from or to any customer originally or subsequently identified, or incorrectly identified, by the Municipality or by Energy Providers, as being subject to the franchise fee or being subject to a different level of franchise fees or being exempt from the imposition of franchise fees.

Section 8. The Municipality shall have access to and the right to examine, during normal business hours, Energy Provider's books, receipts, files, records and documents as is reasonably necessary to verify the accuracy of payments due hereunder; provided, that the Municipality shall not exercise such right more than twice per calendar year. If it is determined that a mistake was made in the payment of any franchise fee required hereunder, such mistake shall be corrected promptly upon discovery such that any under-payment by an Energy Provider shall be paid within thirty (30) days of recalculation of the amount due, and any over-payment by an Energy Provider shall be deducted from the next payment of such franchise fee due by such Energy Provider to the Municipality; provided, that neither party shall have the obligation to correct a mistake that is discovered more than one (1) year after the occurrence thereof.

Section 9. The Scottsbluff Municipal Code is now amended and a new Section 11-4-11 is adopted to read as follows:

"11-4-11. Franchise Fee on Energy Providers.

The City, may by Ordinance impose a Franchise Fee on all Energy Providers operating within the City. The Ordinance may be updated periodically and can be amended or revised without amending this Section."

Section 10. The previously existing Ordinance 3937 is amended to comply with this Ordinance. The Scottsbluff Municipal Code is now amended to add a new Section and all other Ordinances and parts of Ordinances in conflict herewith are repealed. Provided, however this Ordinance shall not be construed to affect any rights, liabilities, duties or causes of action, either criminal or civil, existing or actions pending at the time when this Ordinance becomes effective.

Section 11. This Ordinance shall become effective upon its passage, approval as provided by law, and publication shall be in pamphlet form.

PASSED and APPROVED on _____, 2022.

Mayor

Attest:

City Clerk (Seal)

Approved as to Form:

City Attorney

**ACCEPTANCE OF ORDINANCE NOS. _____
AND _____ OF THE CITY OF SCOTTSBLUFF, NEBRASKA**

Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy, A Delaware limited liability company, ("Grantee") for itself, its lessees, and successors accepts the terms of Ordinance No. _____ and Ordinance No. _____ passed by the City Council of the City of Scottsbluff on March ____, 2022 and entitled an Ordinance Amending Prior Ordinance No. 3937 and an Ordinance Establishing a Franchise Fee on Energy Providers, and all rights and obligations of Grantee described therein.

Black Hills Nebraska Gas, LLC
d/b/a Black Hills Energy, A Delaware limited liability company,

By: _____
Written Name
Title

Dated: _____

State of _____)
)ss.
County of _____)

The foregoing document was acknowledged before me on _____, 2022 by _____ the _____ of Black Hills Nebraska Gas, LLC d/b/a Black Hills Energy, A Delaware limited liability company for on behalf of the LLC.

SUBSCRIBED AND SWORN to before me this ____ day of March, 2022 by

Notary Public

(seal)

ACKNOWLEDGEMENT

The City Clerk of the City of Scottsbluff, Nebraska acknowledges receipt of the foregoing Acceptance on _____, 2022.

Kimberley Wright, City Clerk

