

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (the “Agreement”) is entered into by and between the City of Saint Paul (the “City”) and Northern States Power Company, a Minnesota Corporation, its successors and assigns (the “Company”) (collectively, the “Parties”).

RECITALS

WHEREAS, the City and the Company desire to set forth additional commitments between the Parties that are in addition to the electric and gas franchises to be adopted by Ordinance and accepted by the Company (hereinafter collectively, “the Franchise”). These items have been negotiated and agreed to in good faith and specifically relate to unique community needs that exist in the City.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises and covenants set forth in this Agreement, the receipt and sufficiency of which is hereby expressly acknowledged, the Parties agree as follows:

TERMS

1. Effective Date and Termination. This Agreement will become effective when it has been executed by all Parties (the “Effective Date”). The Agreement shall terminate upon the termination or expiration date of the Company’s electric franchise dated _____, 2026 and/or gas franchise dated _____, 2026, whichever date is last. This Agreement may be terminated by mutual agreement.

2. Energy Savings Collaboration and Partnership. The Company agrees to collaborate and partner with City on jointly determined programs and initiatives that improve energy efficiency, reduce greenhouse gas emissions, and lower energy costs for City residents and businesses. This shall include, but not be limited to, the following:

- a. Support for Underserved Communities and Equity
 - i. Implement or support targeted weatherization and energy-efficiency outreach in identified energy burdened and other areas of the City to increase participation in Xcel Energy’s energy, conservation, and optimization weatherization and related offerings.
 - ii. Prioritize outreach efforts and available program resources for low-to-moderate-income residential customers (including those not able or willing to participate in the Weatherization Assistance Program) consistent with Commission-approved low-income program frameworks.
 - iii. Collaborate on communications and enrollment support for income-qualified customers to maximize access to available conservation, bill-assistance, and efficiency programs.

b. Activities to Accelerate Decarbonization and Efficiency

- i. Explore opportunities to pilot innovative technologies or approaches that lower energy consumption and reduce greenhouse gas emissions associated with natural-gas end uses at selected City-owned facilities, subject to technical feasibility, cost-effectiveness, and regulatory approval.
- ii. Collaborate to identify and advance pilot projects under Minnesota's Natural Gas Innovation Act or similar statewide frameworks, recognizing that such programs are administered on a statewide basis and that no preference is guaranteed to any single municipality.
- iii. Jointly staff or support up to two as needed City or neighborhood sponsored events annually to encourage participation in energy conservation and efficiency programs.
- iv. Support local industries and the development of local expertise in growing fields such as renewable natural gas, hydrogen, district energy, and strategic electrification and to provide support to industrial customers to be more competitive with sustainability-focused customers by achieving their own greenhouse gas reduction goals.
- v. Advocating at the PUC and in other venues in support of efforts to assist energy-burdened customers.
- vi. Supporting the diversification of the Xcel Energy workforce to increase the BIPOC City of Saint Paul residents working for Xcel Energy.
- vii. The Parties shall continue their collaboration through active participation in the Partners in Energy program, as outlined in a separate agreement with Partners in Energy. Collaboration and services provided through this program will be governed by the funding and parameters approved through the regulatory processes governing its delivery.

c. Operational Coordination

- i. Share subject-matter-expert contact information and designated points of contact to facilitate timely responses to inquiries.
- ii. Coordinate as appropriate on infrastructure planning, mapping of facilities, and right-of-way matters consistent with the gas franchise ordinance and Minnesota Rules Chapter 7819.

d. Reach Goals

- i. Xcel Energy recognizes the goals of the City's Climate Action & Resilience Plan, as it may be amended, of carbon neutrality in municipal operations by 2030 and citywide by 2050 and will provide assistance and guidance, pursuant to City funding and commitment, toward more aggressive interim natural-gas emissions-reduction targets that the City may establish as aspirational goals.
- ii. As a demonstration of its commitment, Xcel Energy hereby establishes a goal which seeks to provide 80% carbon-free electricity in the City of St. Paul by 2030, 90% by 2035 and 100% by 2040. The Parties shall work together in good faith to facilitate opportunities to achieve this goal.
- iii. The City and Xcel Energy will work collaboratively toward energy, conservation and optimization energy-savings levels in the City that exceed the minimum KPI thresholds in Section 7, consistent with available funding, Commission-approved plans, and cost-effectiveness requirements.
- iv. Xcel Energy hereby confirms its commitment to sustainability stated in its annual Sustainability Report and its clean energy goals outlined in its 2024-2040 Upper Midwest Integrated Resource Plan filed with the Minnesota Public Utilities Commission on February 1, 2024, and successor Integrated Resource Plans as approved by the Minnesota Public Utilities Commission.

e. Reliability. The System Average Interruption Duration Index (SAIDI) and other reliability metrics (such as ASAI, SAIFI, CEMI, CELI, and CAIDI) applied to the City of Saint Paul shall perform in accordance with Company's MPUC-required targets which are applied to Company's Minnesota territory as a whole.

f. Grid Modernization.

- i. Xcel Energy hereby confirms its commitment to Grid Modernization. Advanced Metering Infrastructure (AMI) and the field area network (FAN) are critical foundational elements of Xcel Energy's grid modernization strategy. These technologies will work together to address system and customer needs, enhance service to customers, and open up new opportunities for future products and services that will help customers share in Xcel Energy's strategic priority to lead the clean energy transition. A more automated, insightful, and transparent grid supports greater customer empowerment and safety as well as continuing quality system average interruption duration index (SAIDI) and system average interruption frequency index (SAIFI) measurements, along with improved ability to measure momentary average interruption frequency index (MAIFI). Also, AMI is important to Xcel Energy keeping up with greater customer demand for distributed energy resources.

- ii. Xcel Energy hereby confirms its commitment to make best efforts to complete approved integrated distribution plan projects, or revise project plans until completion, located within the City of Saint Paul. Should Xcel Energy determine that a particular project is not feasible, Xcel Energy agrees to make its best efforts to replace said non-feasible project with another Saint Paul-based project that would have similar benefits to customers (such as lowering costs, reducing greenhouse gas emissions, strengthening resiliency) upon completion.
- b. City Facility Support. Company shall provide assistance to help the City identify cost-effective energy-saving opportunities in municipal facilities, including assistance in identifying rebates or other utility-administered funding programs.

3. Authority; Cooperation. The Parties acknowledge and agree that each Party has the requisite power and authority to execute and carry out the terms and provisions of this Agreement. To the Parties' knowledge, except for the City Council of the City of Saint Paul, and, if necessary, the Minnesota Public Utilities Commission and the Minnesota Department of Commerce, no consent, authorization or approval by any governmental or public body or authority is required in connection with the execution and performance by each of the Parties of this Agreement. The Parties recognize that future action taken by Xcel Energy to support the City's energy goals may be subject to state regulatory utility requirements in Minn. Stat. Chapters 216B, 216C and other applicable laws and regulations. If the Parties agree on certain actions in support of the City's energy goals that require state regulatory approval, they agree to cooperatively work together to seek necessary approvals or regulatory changes to facilitate such regulatory approvals.

4. Ordinances. Nothing in this Agreement constitutes a waiver of the City ordinances or the City's regulatory jurisdiction or the State's utility regulatory jurisdiction.

5. Entire Agreement. This Agreement constitutes the entire agreement between the Parties and supersedes all prior oral or written agreements, understandings, representations, and warranties relating to the subject matter of this Agreement. All exhibits, attachments, and recitals referred to in this Agreement are incorporated and deemed to be part of this Agreement. Any changes or waivers of provisions of this Agreement shall only be valid when they have been reduced to writing and signed by the Parties as an amendment to this Agreement. Headings are provided for convenience and are not a part of this Agreement.

6. No Presumption Against Drafter. This Agreement has been negotiated at arm's length and between Parties sophisticated and knowledgeable in the matters dealt with herein. In addition, each Party has been represented by experienced and knowledgeable legal counsel. Accordingly, this Agreement shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against a Party responsible for drafting any part of this Agreement.

7. No Joint Venture or Partnership. It is agreed that nothing in this Agreement shall be deemed or construed as creating a joint venture, trust, partnership, or any similar legal relationship among the Parties. Each Party shall be responsible for its own obligations under this Agreement.

8. For the Benefit of Parties Only. This Agreement is for the benefit of the signing Parties only. There are no third-party rights created by this Agreement and there are no third-party beneficiaries entitled to the benefits of this Agreement.

9. Current Regulatory Framework. Program costs and customer incentives offered by Xcel Energy to its customers in Saint Paul which extend beyond the scope of programs offered to all Xcel Energy customers as approved by the MPUC and/or DOC, shall be the responsibility of Saint Paul. The Parties recognize that the programs and incentives approved by the MPUC and/or DOC may include pilot programs offered to customers in Saint Paul and the costs of these pilot programs will not be charged separately to Saint Paul customers unless directed by the MPUC and/or DOC.

10. Consolidated Invoicing and Usage for Discount Eligibility.

- a. Unified Invoicing. Going forward, the Company shall provide the City with consolidated invoices, as the Company's then-current billing system is capable of providing, for all electric and gas services provided to City-owned facilities and operations. The invoices shall include itemized charges for each service location but shall be delivered in comprehensive monthly billing statements, consolidated as is reasonably possible, to streamline accounting, auditing, and payment processes.
- b. Rate Optimization. The Company shall use commercially reasonable efforts to apply any applicable discounts, rates, or programs based on the aggregated usage and shall work with the City to ensure it receives cost-effective rate structures as available and applicable for government or large institutional customers.
- c. Account Management Support. The Company shall assign a dedicated account manager to be the first point of contact for City on issues related to managing City's energy usage, reviewing the consolidated invoices, identifying cost savings opportunities, and resolving billing issues.
- d. Data Format. The Company shall endeavor to modernize its billing system so as to provide consolidated billing data in a machine-readable digital format (e.g., CSV or Excel) suitable for the City's internal reporting or sustainability tracking systems.

11. Tree Trimming Agreement. The City and the Company agree the term of the Tree Trimming Agreement, dated June 23, 2011, between the City and the Company (Contract No. 02-16125-C) shall be extended to expire simultaneously with the Company's Electric Franchise, dated

_____, 2026, unless terminated earlier pursuant to the terms of the Tree Trimming Agreement.

12. Cooperation. The Parties recognize that future action taken by the Company to support the City's energy goals may be subject to state regulatory utility requirements in Minn. Stat. Chapters 216B, 216C and other applicable laws and regulations. If the Parties agree on certain actions in support of the City's energy goals that require state regulatory approval, they agree to cooperatively work together to seek necessary approvals or regulatory changes to facilitate such regulatory approvals.

13. Binding Agreement. The terms and conditions of this Agreement are binding upon the City and Company and their successors and assigns.

14. Signatures. This Agreement may be signed in multiple counterparts, and facsimile or imaged signature pages shall have the same binding legal effect as original signature pages.

15. Force Majeure. Neither party shall be liable for any failure of performance (including any delay in restoration of service) hereunder due to causes beyond its reasonable control including, but not limited to, acts of God, fire, explosion, vandalism, storm, or other similar catastrophes; any law, order, regulation, direction, decision, action or request of the United States government or the State of Minnesota; insurrection; riots or other civil disturbances; or wars.

16. Governing Law. This Agreement will be governed by the laws of the State of Minnesota without regard to conflict of law principles.

17. Savings Clause. This Agreement shall be construed to complement, and not to conflict with, Minn. Stat. § 216B.36 and any Minnesota PUC approved tariff. To the extent of any direct conflict between this Agreement and a Minnesota PUC approved tariff, the tariff shall control for matters within the Minnesota PUC's jurisdiction (including service continuity, liability standards tied to service interruptions, and exclusion of lost profits or consequential damages); all remaining provisions shall continue in full force and effect.

18. Notice. Unless otherwise agreed to by the parties, any notice provided for under this Agreement shall be sufficient if in writing and delivered personally to the following addressee, deposited in the United States mail, postage prepaid, certified mail, return receipt requested, or sent by overnight mail addressed as follows, or to such other address as the receiving party specifies in writing:

(a) Notices to the Company shall be mailed to:

Xcel Energy
General Counsel
401 Nicollet Mall, 8th Floor
Minneapolis, MN 55401

with a copy to:

Community Relations
401 Nicollet Mall, 7th Floor
Minneapolis, MN 55401

(b) Notices to the City shall be mailed to:

Office of the City Clerk
City of Saint Paul
15 West Kellogg Blvd.
Saint Paul, MN 55102

with a copy to:

Office of the City Attorney
City of Saint Paul
15 West Kellogg Blvd.
Saint Paul, MN 55102

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date set forth below.

CITY OF SAINT PAUL

By: _____

Dated: _____

Printed Name: _____

Title: _____

**NORTHERN STATES POWER COMPANY
D/B/A XCEL ENERGY**

By: _____

Dated: _____

Printed Name: _____

Title: _____