



STPAUL.GOV



CITY OF SAINT PAUL

Xcel Franchise Agreements



STPAUL.GOV



Liz Boyer - Climate Action Coordinator, Office of Financial Services

Joe Harney – Director, Office of Financial Services

Neal Youngmans - City Treasurer, Office of Financial Services

Kyle Citta - Assistant City Attorney, City Attorney's Office

Nick Stumo-Langer - Assistant Mayor for Housing, Economic Vibrancy, and Infrastructure

Jay Willms – Director of Operations, Office of the City Council



Franchise Agreements Background

City of Saint Paul

- City Charter requires us to charge a fee for any utility operating in the City of at least 5% of that utility's gross earnings
- In 2025, the city collected \$26,474,593 from Xcel gas and electric franchise fees. For 2026, budgeted for \$25,875,000 (actual revenue is variable)
- Current agreements are complex, negotiated 20+ years ago
- **Overall goals established early in the process:**
 - Simplify rate schedule
 - Maintain or increase revenues
 - Reduce burden on residential ratepayers, with special emphasis on energy-burdened households
 - Disincentivize natural gas use



Highlights of new agreements

City of Saint Paul

- Overall, decrease residential rates (which have been disproportionately high) and increase commercial/industrial rates (which have been disproportionately low)
- Implement consistent rates for every month of the year
- Slightly higher gas rates than electric rates to incentivize electrification
- Rebate 50% of franchise fee paid by households participating in Low Income Home Energy Assistance Program (LIHEAP) program
- Added the ability to modify the franchise fee annually within current agreement



LIHEAP Bill Credit

- LIHEAP is income-qualified assistance program serving those at or below 80% of area median income (FY2026 is \$105,200 for family of four).
- Program currently includes 9,821 residential households in Saint Paul.
- Households participating in LIHEAP would receive a bill credit equal to 50% of the previous month's franchise fee.
- Bill credit is 50% of previous month's franchise fees.
 - Ex: January franchise fees = \$5.00. February statement reflects a reduction of the January franchise fee and reduces it to \$2.50 (plus charges for February franchise fees). March shows reduced bill from February plus new franchise charges.



LIHEAP Bill Credit

Ward	LIHEAP Household count	Ward Population (estimate)	% of Ward Population participating in LIHEAP
1	1934	44600	4.34%
2	1430	44100	3.24%
3	545	44400	1.23%
4	780	44100	1.77%
5	1723	44300	3.89%
6	1690	44300	3.81%
7	1534	44200	3.47%



Memorandum of Understanding

City of Saint Paul

- Additional agreement that outlines:
 - Partnership on programs and initiatives that improve energy efficiency, reduce greenhouse gas emissions, and lower energy costs for City residents and businesses.
 - Ex: targeted outreach for existing weatherization and energy programs, joint events
 - Stated intention for collaboration on pilot projects and innovative approaches
 - Partners in Energy participation
 - Jointly stated emissions reduction goals
 - Commitment to improve billing and account management for City accounts
 - Consolidated invoicing and data format
 - Rate optimization

Electric



SAINT PAUL
FINANCIAL SERVICES

STPAUL.GOV



Electric Franchise Fees

Customer Type	Customer Class	Example	Equivalent Current Rate*	Proposed Rate
Residential	Residential	Resident	7.0%	5.5%
Non-Residential	Small C&I - Non-Demand	Small retail	2.5%	7.25%
Non-Residential	Small C&I - Demand	Restaurant	5.2%	7.26%
Non-Residential	Large C&I	Manufacturer	4.8%	7.75%
Non-Residential	Public Street Lighting	Government	4.9%	Exempt
Non-Residential	Municipal Pumping - Non-Demand	Government	2.7%	Exempt
Non-Residential	Municipal Pumping - Demand	Government	4.8%	Exempt

*Based on median customer class, June 2025. Residential includes the previous 12 months.



Residential Electric - Monthly

Month	Year	Total	Current Franchise Fee	Proposed Franchise Fee
July	2024	59.19	7.28	3.26
August	2024	86.76	8.89	4.77
September	2024	77.34	8.33	4.25
October	2024	59.19	7.28	3.26
November	2024	49.65	2.36	2.73
December	2024	59.55	-	3.28
January	2025	67.18	-	3.69
February	2025	66.97	-	3.68
March	2025	60.86	-	3.35
April	2025	48.97	3.13	2.69
May	2025	47.43	6.93	2.61
June	2025	60.54	7.63	3.33
Grand Total		743.63	51.83	40.90

Note: July 2024 – June 2025



Electric Franchise Fees with Proposed Rates

Customer Class	Examples	Median Annual Franchise Fee	New Fee	Change (\$)
Residential	Resident	\$52	\$41	-\$11
Small C&I - Non-Demand	Small retail	\$65	\$43	-\$22
Small C&I - Demand	Restaurant	\$450	\$579	\$128
Large C&I	Manufacturer	\$2,644	\$4,251	\$1,606

Gas



SAINT PAUL
FINANCIAL SERVICES

STPAUL.GOV



Gas Franchise Fees

Customer Type	Customer Class	Example	Equivalent Current Rate	Proposed Rate
Residential	Residential	Resident	5.5%	6.70%
Non-Residential	Commercial Firm – Non-Demand	Retailer/small business	9.3%	8.25%
Non-Residential	Commercial Firm – Demand	Large retailer/school	5.1%	9.5%
Non-Residential	Small Interruptible	Manufacturer/Hospital	5.5%	9.5%
Non-Residential	Medium & Large Interruptible	Manufacturer/Hospital	2.4%	9.5%
Non-Residential	Firm Transportation	Manufacturer/Hospital	53.3%	9.5%
Non-Residential	Interruptible Transportation	Manufacturer/Hospital	24.8%	9.5%

*Based on median usage for customer class



Residential Gas - Monthly

Month	Year	Total	Current Franchise Fee	Proposed Fee
July	2024	18.32	5.81	1.23
August	2024	17.69	5.67	1.19
September	2024	18.06	5.81	1.21
October	2024	22.08	6.48	1.48
November	2024	46.89	2.50	3.14
December	2024	122.5	-	8.21
January	2025	171.07	-	11.46
February	2025	181.42	-	12.16
March	2025	128.45	-	8.61
April	2025	74.52	4.92	4.99
May	2025	35.77	8.83	2.40
June	2025	24.76	7.01	1.66
Grand Total		861.53	47.03	57.72

Note: July 2024 – June 2025



Gas Franchise Fees with Proposed Rates

Customer Class	Examples	Median Annual Bill	Median Annual Franchise Fee	New Fee	Change (\$)
Residential	Resident	\$862	\$47	\$58	\$11
Commercial Firm – Non-Demand	Retailer/small business	\$353	\$33	\$29	-\$4
Commercial Firm – Demand	Large retailer/school	\$12,301	\$632	\$1,169	\$537
Small Interruptible	Manufacturer/Hospital	\$7,272	\$398	\$691	\$292
Medium & Large Interruptible	Manufacturer/Hospital	\$26,096	\$631	\$2,479	\$1,848
Firm Transportation	Manufacturer/Hospital	\$1,127	\$600	\$107	-\$493



Residential Impacts

Franchise	Median Annual Bill	Median Annual Franchise Fee	New Fee	Change (\$)
Electric	\$743	\$52	\$41	-\$11
Gas	\$862	\$47	\$58	\$11
Total	\$1,605	\$99	\$99	\$0



Total Proposed

Franchise	2026 Budget	Projected (\$)	LIHEAP Reduction	Projected (\$)
Electric	16,500,000	19,924,935	339,785	19,585,150
Gas	9,375,000	9,765,483	273,007	9,613,425
Grand Total	\$25,875,000	\$29,811,367	\$601,092	\$29,089,326

Questions?



SAINT PAUL
FINANCIAL SERVICES

STPAUL.GOV