

9/8/2026 Public Comments of John Purdy under [Ord 26-40](#) and [26-43](#) Gas Franchise and Fees

Dear Saint Paul City Council, City Clerk, Mayor and Northern States President Bria Shea,

Please accept my comments below:

- In regard to ORD 26-40 Section 8.5 Franchise Fee Payment:

The monthly Franchise Fee Payment does not provide for a monthly report that would show gas consumption and revenues by classes of service as is presently required under Section 7 of the existing agreement.

Without this monthly report, the city cannot measure the source of its monthly fee payment, whether earned from Residential or Commercial accounts or if compliance with City Charter Chapter 16.06 (requiring a minimum of 5% of Xcel gross revenues from operations within the city) is being met.

Additionally, the amount of fee credits made under Section 8.3 and as further discussed below, will not be known because there is no reporting requirement for such credit issuances and the City's contribution to the EAP program cannot be measured without such a report.

- In regard to ORD 26-40 Section 8.3 Progressive Franchise Fee - Credit for Energy Burdened Customers:

This section provides a 50% franchise fee credit for low-income residential customers who qualify under the Minnesota Department of Commerce Energy Assistance Program.

This credit applies only to Xcel customers within St Paul and living in single private residences, duplex units, townhouse units, condominium units, apartment units, mobile homes, fraternity houses, sorority houses, and rooming houses per [MPUC No. 2, Sheet 4-2](#) Residential Customer definition.

It does not apply to customers and residents living in three or fourplex units, apartment hotels, multiple flats or apartments and consequently excludes any fee credit relief for residents living in these centrally heated, three-plex, fourplex, multiple flat apartment houses per the Commercial Customer definition of MPUC NO. 2.

There are hundreds of these legacy apartments within the city that are occupied by thousands of lower income residents. The attached listing names many of them. They are an integral part of the City's housing stock.

But they will be subject to the higher, 8.25% Commercial franchise fee, while those eligible for the Franchise Fee credit will be subject to the much lower fee of 3.35% if the ORD 26-40 and 26-43 are approved as written.

- In regard to ORD 26-43, in order to correct for this inequity, please consider the following changes to the Gas Franchise Fee:

Section 2.1. Initial Franchise Fee. The Company shall pay the City an initial franchise fee based upon the Company's Gross Revenues, as defined by the Franchise, under the indicated rate classes (See attached Exhibit #1):

For any other customer classes not included in this section or modified by the Company in its gas tariffs on file with the Minnesota Public Utilities Commission, the initial franchise fee shall be five percent (5%) of Gross Revenues- except for Commercial Service Customers providing rental housing within the City that meet the following conditions:

- 1) the rental housing property was constructed before 1970,
- 2) the rental housing property provides heat to its residents through a central heating system,
- 3) the heating system is connected to a single Company service line having a single meter (or tandem meter if or when a single meter is capacity limited),
- 4) the customer provides the City with certification that conditions 1-3 above have all been met;

In which cases, Six and seven-tenths percent (6.7%) of Gross Revenues.

Respectfully submitted,

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