

ORDINANCE NO. 473

**AN ORDINANCE AMENDING THE CODE OF ORDINANCES
OF THE CITY OF EARLHAM, IOWA, BY AMENDING
THE NATURAL GAS FRANCHISE**

WHEREAS, the City of Earlham, Iowa, and MidAmerican Energy Company entered into a natural gas franchise agreement for Natural Gas Ordinance No. 449, adopted by the City Council on August 12, 2024, and

WHEREAS, the City of Earlham and MidAmerican Energy Company agree the franchise must be amended

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Earlham, Iowa, as follows:

1. That Section 14 of Ordinance No. 449 being:

Section 14. A franchise fee of zero (0) percent is imposed upon, and shall be collected from, the natural gas customers of the Company receiving service and located within the corporate limits of the City. The franchise fee shall be imposed upon the gross receipts, minus uncollectible accounts, generated from sales of natural gas and distribution service with the following conditions.

A. The franchise fee shall be remitted by the Company to the City on or before the last business day of the calendar quarter following the close of the calendar quarter in which the franchise fee is charged.

B. City agrees to modify the level of franchise fees imposed only once in any 24-month period.

C. The Company will use its best efforts to commence collection of franchise fees on or before the first Company billing cycle of the first calendar month following ninety (90) days of receipt of information required of the City to implement the franchise fee, including the City's documentation of customer classes subject to or exempted from City-imposed franchise fee.

D. City shall be solely responsible for identifying customer classes subject to or exempt from paying the City imposed franchise fee. The Company shall have no obligation to collect franchise fees from customers in annexed areas until and unless such ordinances have been provided to the Company by certified mail. The Company shall commence collecting franchise fees in the annexed areas no sooner than sixty (60) days after receiving annexation ordinances from the City.

E. Company shall not, under any circumstances be required to return or refund any franchise fees that have been collected from customers and remitted to the City. In the event the Company is required to provide data or information in defense of the City's imposition of franchise fees or the Company is required to assist the City in identifying customers or calculating any franchise fee refunds for groups of or individual customers the City shall reimburse the Company for the expenses incurred by the Company to provide such data or information.

G. With respect to the distribution or transportation by the Company of natural gas sold to the customer by a third-party supplier of the commodity, the percentage of gross receipts shall be applied to the customer's full cost of gas delivered within the City, including all costs of acquisition, ownership, and transportation whereof, wherever incurred. In determining the amount of the fee, the Company may presume that the customer's commodity cost of gas is the same as if the gas were sold by the Company, unless a different cost is provided.

is hereby struck and the following Section 14 is substituted therefore:

Section 14. A franchise fee of one and a half (1.5) percent is imposed upon, and shall be collected from, the natural gas customers of the Company receiving service and located within the corporate limits of the City. The franchise fee shall be imposed upon the gross receipts, minus uncollectible accounts, generated from sales of natural gas and distribution service with the following conditions.

A. The franchise fee shall be remitted by the Company to the City on or before the last business day of the calendar quarter following the close of the calendar quarter in which the franchise fee is charged.

B. City agrees to modify the level of franchise fees imposed only once in any 24-month period.

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G. With respect to the distribution or transportation by the Company of natural gas sold to the customer by a third-party supplier of the commodity, the percentage of gross receipts shall be applied to the customer's full cost of gas delivered within the City, including all costs of acquisition, ownership, and transportation whereof, wherever incurred. In determining the amount of the fee, the Company may presume that the customer's commodity cost of gas is the same as if the gas were sold by the Company, unless a different cost is provided.

Passed and approved by the City Council of Earlham, Iowa, this _____ day of _____, 2025.

Jeff Lillie, Mayor

ATTEST: _____
Shelley D. Kaster, City Clerk/Treasurer

Passed First Reading: _____

Passed Second Reading: _____

Passed Third Reading: _____

Member 1st Reading 2nd Reading 3rd Reading
Fredericksen
Miller
Mudge
Nelsen
Visser

I certify that the foregoing Ordinance was published as Ordinance No. 473 on the _____ day of _____, 2025

Shelley D. Kaster, City Clerk/Treasurer