

## UTILITIES

### 412.321 MUNICIPAL UTILITIES.

#### Subdivision 1. Authority to own and operate.

Any statutory city may own and operate any waterworks, district heating system, or gas, light, power, or heat plant for supplying its own needs for utility service or for supplying utility service to private consumers or both. It may construct and install all facilities reasonably needed for that purpose and may lease or purchase any existing utility properties so needed. It may, in lieu of providing for the local production of gas, electricity, water, hot water, steam, or heat, purchase the same wholesale and resell it to local consumers. After any such utility has been acquired, the council, except as its powers have been limited through establishment of a public utilities commission in the city, shall make all necessary rules and regulations for the protection, maintenance, operation, extension, and improvement thereof and for the sale of its utility products.

#### Subd. 2. Vote on establishment.

No gas, light, power, or heat utility shall be constructed, purchased, or leased until the proposal to do so has been submitted to the voters at a regular or special election and been approved by five-eighths of those voting on the proposition. Such proposal shall state whether the public utility is to be constructed, purchased, or leased and the estimated cost or the maximum amount to be expended for that purpose. This proposal and a proposal to issue bonds to raise money therefor may be submitted either separately or as a single question. The proposal for the acquisition of the public utility may include authority for distribution only or for generation or production and distribution of a particular utility service or group of services. Approval of the voters shall be obtained under this section before a city purchasing gas or electricity wholesale and distributing it to consumers acquires facilities for the manufacture of gas or generation of electricity unless the voters have, within the two previous years, approved a proposal for both generation or production and distribution.

#### Subd. 3. Extension beyond limitations.

Any city may, except as otherwise restricted by this section, extend any such public utility outside its limits and furnish service to consumers in such area at such rates and upon such terms as the council or utility commission, if there is one, shall determine; but no such extension shall be made into any incorporated municipality without its consent. The sale of electricity, other than surplus, outside the limits of the city shall be subject to the restriction of section [455.29](#).

#### Subd. 4. Lease, sale, or abandonment.

Any such utility may be leased, sold, or its operation discontinued wholly or in part, by ordinance or resolution of the council, approved by two-thirds of the electors voting on the ordinance or resolution at a general or special election. If the utility is under the jurisdiction of a public utilities commission, the ordinance or resolution shall be concurred in by the public utilities commission. Such action may be taken with respect to any specific part of the utility, which part shall be named in the ordinance or resolution; but it shall not be necessary to submit the ordinance or resolution to the voters in such case if the action proposed will not result in depriving any customer inside the corporate limits of any type of municipal utility service available before the sale, lease or discontinuance of operation.

History:

[1949 c 119 s 39-42](#); [1955 c 266 s 1](#); [1961 c 275 s 1](#); [1973 c 123 art 2 s 1](#) subd 2; [1981 c 334 s 2](#); 1986 c 444

**412.33** [Repealed, [1949 c 119 s 110](#)]

412.331 ESTABLISHMENT OF PUBLIC UTILITIES COMMISSION.

Any statutory city may by ordinance expressly accepting the provisions of sections [412.331](#) to [412.391](#) establish a public utilities commission with the powers and duties set out in those sections. Any water, light, power and building commission now in existence in any statutory city shall hereafter operate as a public utilities commission under sections [412.321](#) to [412.391](#).

History:

[1949 c 119 s 43](#); [1973 c 123 art 2 s 1](#) subd 2

**412.34** [Repealed, [1949 c 119 s 110](#)]

412.341 COMMISSION; MEMBERSHIP, ORGANIZATION.

Subdivision 1.Membership.

The commission shall consist of three members appointed by the council. No more than one member may be chosen from the council membership. Each member shall serve for a term of three years and until a successor is appointed and qualified except that of the members initially appointed in any city, one shall serve for a term of one year, one for a term of two years, and one for a term of three years. Residence shall not be a qualification for membership on the commission unless the council so provides. A vacancy shall be filled by the council for the unexpired term.

Subd. 2.Rules; officers, salary.

The commission shall adopt rules for its own proceedings which shall provide among other things for at least one regular meeting by the commission each month. It shall annually choose a president from among its own members. It shall also appoint a secretary for an indefinite term. The secretary need not be a member of the commission and may be the city clerk. No member of the commission shall receive a salary except as fixed by the council. The secretary shall receive a salary fixed by the commission.

History:

[1949 c 119 s 44](#); [1951 c 378 s 12](#); [1973 c 123 art 2 s 1](#) subd 2; 1986 c 444

**412.35** [Repealed, [1949 c 119 s 110](#)]

412.351 COMMISSION, JURISDICTION.

The council shall, in the ordinance establishing the commission, decide which of the following public utilities shall be within the commission's jurisdiction: (1) the city water system; (2) light and power system, including any system then in use or later acquired for the production and distribution of steam heat; (3) gas system; (4) sanitary or storm sewer system or both, including the city sewage disposal plant; (5) public buildings owned or leased by the city; (6) district heating system. As used subsequently

in sections [412.351](#) to [412.391](#), the term "public utility" means any water, light and power, gas or sewer system, or public buildings thus placed by ordinance under the jurisdiction of the public utilities commission. Any public utility not placed under the jurisdiction of the public utilities commission by the ordinance establishing the commission may be placed under the jurisdiction of the commission by an amendment to the original ordinance.

History:

[1949 c 119 s 45](#); [1951 c 378 s 13](#); [1973 c 123 art 2 s 1](#) subd 2; [1981 c 334 s 3](#)

**412.36** [Repealed, [1949 c 119 s 110](#)]

412.361 PUBLIC UTILITY; COMMISSION POWERS.

Subdivision 1. Contract; bid provisions apply.

The commission shall have power to extend and to modify or rebuild any public utility and to do anything it deems necessary for its proper and efficient operation; and it may enter into necessary contracts for these purposes. The provisions of section [412.311](#) relating to advertisement for bids shall apply to contracts of the public utilities commission.

Subd. 2. Hire, direct, fix pay for personnel.

The commission shall have power to employ all necessary help for the management and operation of the public utility, prescribe duties of officers and employees and fix their compensation.

Subd. 3. Buy fuel, supplies, wholesale energy.

The commission shall have power to buy all fuel and supplies, and it may purchase wholesale electric energy, steam heat, hot water energy, gas or water, as the case may be, for municipal distribution.

Subd. 4. Fix rates; adopt service rules.

The commission shall have power to fix rates and to adopt reasonable rules and regulations for utility service supplied by the municipally owned public utilities within its jurisdiction.

Subd. 5. Relations, finances with city.

The commission shall have power to enter into agreements with the council for payments by the city for utility service, compensation for the use by either the commission or the city of buildings, equipment, and personnel under the control of the other, payments to the city in lieu of taxes, transfers of surplus utility funds to the general fund, and also agreements on other subjects of relationships between the commission and the council.

History:

[1949 c 119 s 46](#); [1953 c 735 s 6](#); [1973 c 123 art 2 s 1](#) subd 2; [1981 c 334 s 4](#)

412.371 SEPARATE CITY FUND FOR EACH UTILITY.

Subdivision 1. For all utility money in and out.

A separate fund or a separate account shall be established in the city treasury for each utility. Into this fund or account shall be paid all the receipts from the utility and from it shall be paid all disbursements attributable to the utility.

Subd. 2. Must audit like city.

The commission shall, in the same manner as the council under section [412.271, subdivision 1](#), and to the same extent, audit claims to be paid from the public utilities fund. The secretary of the commission shall draw an order upon the treasurer for the proper amount allowed by the commission.

Subd. 3. Checks paid like city.

Upon counter signature by the president of the commission and presentation orders shall be paid by the treasurer.

History:

[1949 c 119 s 47](#); [1973 c 123 art 2 s 1](#) subd 2; 1986 c 444

#### 412.381 REPORTS.

The accounting officer of the commission shall make such monthly or annual statements of operation as the commission may require. A copy of each such report shall be filed in the office of the city clerk. An annual financial report shall be made and a copy filed with the clerk at the close of the calendar year and shall be included as part of the annual financial report or statement of the clerk in conformity with section [471.697](#) or [471.698](#). The cost of publication of any other official statement required by law to be published shall be paid from public utility funds.

History:

[1949 c 119 s 48](#); [1973 c 123 art 2 s 1](#) subd 2; [1987 c 384 art 2 s 90](#)

#### **412.391 ABOLITION OF COMMISSION OR UTILITY TRANSFER.**

***Subdivision 1. To council; procedure.***

***The public utilities commission of any statutory city may be abolished or its jurisdiction over any particular utility transferred to the council by following the procedure prescribed in this section.***

***Subd. 2. Ballot question if abolition.***

***The council may, and upon petition therefor signed by voters equal in number to at least 15 percent of the electors voting at the last previous city election shall submit to the voters at a regular or special election the question of abolition of the public utilities commission. The question on the ballot shall be stated substantially as follows: "Shall the public utilities commission be abolished?"***

***Subd. 3. Ballot question if transfer.***

***Upon like presentation of a petition for election on the question of transfer to the council of the jurisdiction of the commission over any one or more of the utilities previously placed under its jurisdiction, the council shall, in the same manner as under subdivision 2, submit the question to the***

**voters. The question on the ballot shall be stated substantially as follows: "Shall jurisdiction over (Name of public utility) be transferred from the public utilities commission to the council?"**

**Subd. 4. Time of effect.**

**If a majority of the votes cast on a proposition submitted to the voters under subdivision 2 or 3 is in the affirmative, the provisions of sections [412.331](#) to [412.381](#) shall cease to apply to the city, in the case of an election under subdivision 2, or to the particular utility mentioned in the proposition submitted to the voters, in the case of an election under subdivision 3. Such change shall take place 30 days after the election.**

**History:**

[1949 c 119 s 49](#); [1953 c 735 s 7](#); [1973 c 123 art 2 s 1](#) subd 2

**412.401** [Repealed, [1953 c 398 s 13](#)]

**412.411** [Repealed, [1953 c 398 s 13](#)]

**412.421** [Repealed, [1953 c 398 s 13](#)]

**412.431** [Repealed, [1953 c 398 s 13](#)]

**412.441** [Repealed, [1953 c 398 s 13](#)]

**412.451** [Repealed, [1953 c 398 s 13](#)]

**412.461** [Repealed, [1953 c 398 s 13](#)]

**412.471** [Repealed, [1953 c 398 s 13](#)]

**412.481** [Repealed, [1953 c 398 s 13](#)]