

## **Executive Summary of Proposed Franchise Terms**

City staff has drafted a proposed franchise agreement with terms designed to initiate unprecedented information sharing and operational coordination between Cape Coral and Lee County Electric Cooperative with the goal of insuring long term efficient and cost effective electric service to the City and its residents and businesses.

City staff believes that all of the terms can be implemented by the City and LCEC without any increase in LCEC rates. This franchise will require that the unique circumstances surrounding Cape Coral as LCEC's largest member/owner base will be reflected in a distinct, cost based service class and corresponding rates and charges for service rendered by LCEC within the City's municipal boundaries.

The terms of the franchise are summarized as follows:

Section 1: 20 year term with possibility of renegotiation in 10 years

Section 2: Equity capital disclosure and representation on board of trustees

Sections 3-5: City right to purchase

Section 6: LCEC right to use City streets, etc.; Relocation and relocation cost responsibilities; Pole relocation issues, plan and reporting; Storm hardening plans and reporting; Cooperation during emergency events; Indemnification

Section 7: Consideration and coordination of efforts concerning new technology; Street Lighting Modernization plan, coordination and reporting

Section 8: Contributions in aid of construction reporting and consumer guide

Section 9: Customer service office in City and customer complaint reporting

Section 10: Reasonable rates charged within City boundaries based upon cost causation principles

Section 11: Franchise fee

Section 12: Maintenance of books and records and reporting; Right to inspect books/ franchise fees and public service tax payments; Financial reporting

Section 13: Right to examine records using Geographical Information System (GIS) software and annual meeting amongst GIS staff

Section 14: Service reliability reporting

Section 15: Open records, including cost of service information

Section 16: Semi-annual meetings of City and LCEC representatives

Sections 17-19: No City electric service competition, special terms relating to renewable energy sources

Section 20: Notice to City of rate and service territory changes

Section 21: No sale of assets without City consent, right of first refusal, buyer obligated by franchise

Section 22: Capital Improvement Plan information sharing and coordination; capital reserve fund

Section 23: Undergrounding

Section 24: Smart meters

Section 25: Forfeiture for breach

Section 26: Franchise a contract and legislative act

Sections 27-29: standard provisions

Section 30: Franchise ordinance effective upon LCEC acceptance which shall be no later than 45 days after City Council passes franchise ordinance.