

Cape Coral sends franchise agreement framework to LCEC



FRANK BUMB, FBUMB@NEWS-PRESS.COM 6:14 a.m. EST March 10, 2016



(Photo: Andrew West/News-Press)

The tense negotiations between Cape Coral and the Lee County Electric Cooperative added another chapter Wednesday afternoon.

LCEC announced in a release that the city had sent it a franchise agreement framework, almost a year after LCEC had provided a proposed framework franchise agreement to the city.

The release made explicit note of the time and LCEC CEO Dennie Hamilton also pointed to the time it took the city to send a franchise agreement framework.

“While we will not publicly discuss the details of the franchise agreement negotiations, we are pleased to see some movement in this area after so much time has passed,” Hamilton said. “Having just received this document, it will take some time to review, but it is my hope that we can now engage in the kind of substantive negotiation that was promised to City residents early last year.”



LCEC CEO Dennie Hamilton (Photo: Special to The News-Press)

City Manager John Szerlag said Wednesday night he had not seen LCEC’s release but laid the responsibility for the timeframe at LCEC’s feet.

“My recollection of what was proposed was they changed the date on the current franchise agreement and just moved it forward,” Szerlag said. “I would not be performing my due diligence if I didn’t request information for us to determine what is the best business model moving forward for the city’s rate payers.”

Szerlag also repeated the city’s assertions that LCEC had not provided needed information.

“I would be helpful if we had the information we asked for over a year ago so we could expedite for modifying the franchise

agreement to the benefit of the rate payers,” Szerlag said.



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[Cape Coral, LCEC spar over franchise agreement](#)

[\(http://www.news-press.com/story/news/local/cape-coral/2015/09/14/sparks-fly-cape-coral-and-lcec-spar-over-electricity/71903022/\)](http://www.news-press.com/story/news/local/cape-coral/2015/09/14/sparks-fly-cape-coral-and-lcec-spar-over-electricity/71903022/)

Karen Ryan, spokeswoman for LCEC, said the city’s requests for data often included what LCEC deemed proprietary information or information not readily available in the cooperative’s systems. LCEC’s Wednesday release also quoted Hamilton saying it was “discouraging” that the city is filing a challenge to LCEC’s rate structure with the Florida Public Service Commission.

“While some legal posturing is to be expected, I know our members would want, and expect, both parties to work together in good faith to secure a mutually beneficial agreement. It is difficult to engage in earnest negotiations while also defending against a legal challenge.”

But Szerlag said the filing with the Public Service Commission, which is yet to be finalized by the city or its lead utility negotiator Brian Armstrong, was necessary for a variety of reasons.

“We’re trying to get the cost of service information and we’re trying to take a look at a rate analysis that’ll help us make a decision on the best track to take for the rate payers,” Szerlag said. “After over a year, now, it’s unfortunate we’re still in the information gathering stage.”

The city's franchise agreement – which governs rights of way and utility provisions in the city – is set to expire Oct. 30. The city is pursuing what it calls a “dual-track,” by negotiating a renewal of the franchise agreement with LCEC while also exploring the possibility of purchasing LCEC's assets within the city. The latter could potentially lead to the city becoming its own municipal electric utility.



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Cape Coral Mayor, CEO of LCEC spar

(<http://www.news-press.com/story/news/local/cape-coral/2015/09/09/cape-coral-mayor-ceo-lcec-spar/71953762/>)

The negotiations between the city and LCEC have been tense. During one exchange at a Chamber of Commerce luncheon Mayor Marni Sawicki and Hamilton engaged in a terse exchange that eventually ended with Sawicki departing the luncheon early.

Cape Coral customers represent anywhere from 45 to 50 percent of LCEC's rate payers.

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