

NAAPDC and Washington Utilities and Transportation Commission



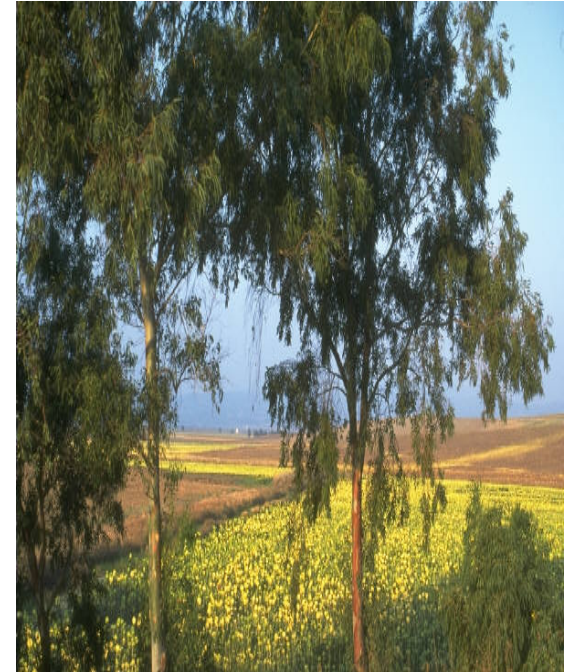
Service Territories and Franchises

Bernie Bottomly
Director, Community Relations

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Territory Allocation

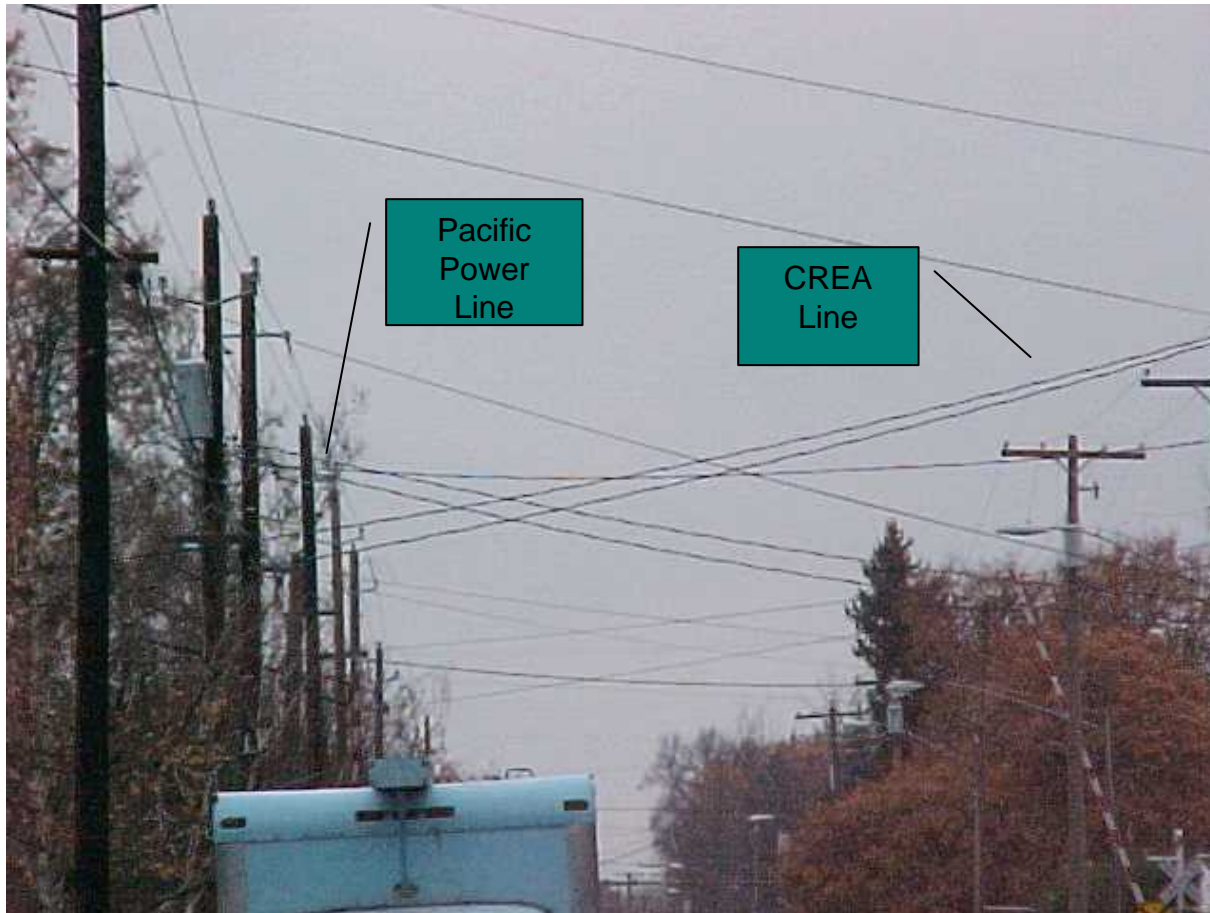
- All but handful of states have allocated service territory
 - ▶ Reduces conflict
 - ▶ Promotes planning
 - ▶ Eliminates duplication of services
 - ▶ Enhances safety
- Some areas still unallocated
 - ▶ If issue is between Investor Owned Utilities (IOU): Determine who is closest, least expensive to serve; seek commission approval
 - ▶ If issue is between IOU and public utility: Determine who's closest and seek mutual agreement



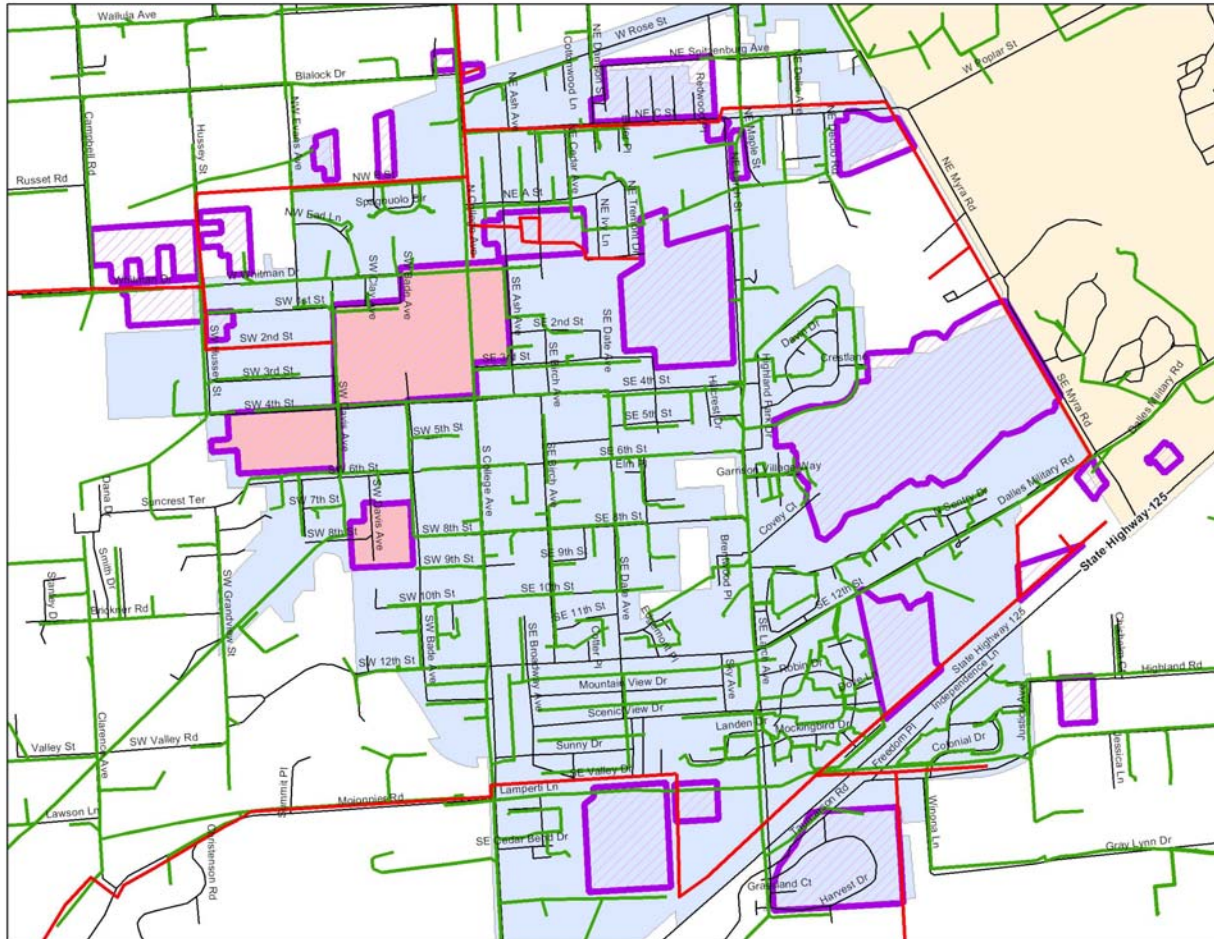
Territory Allocation

- State of Washington has no allocation
 - ▶ Promotes “competition” – but at a cost
 - ▶ Promotes duplication of service
 - ▶ Reduces predictability and planning
 - ▶ Can be overcome by reaching mutual agreements

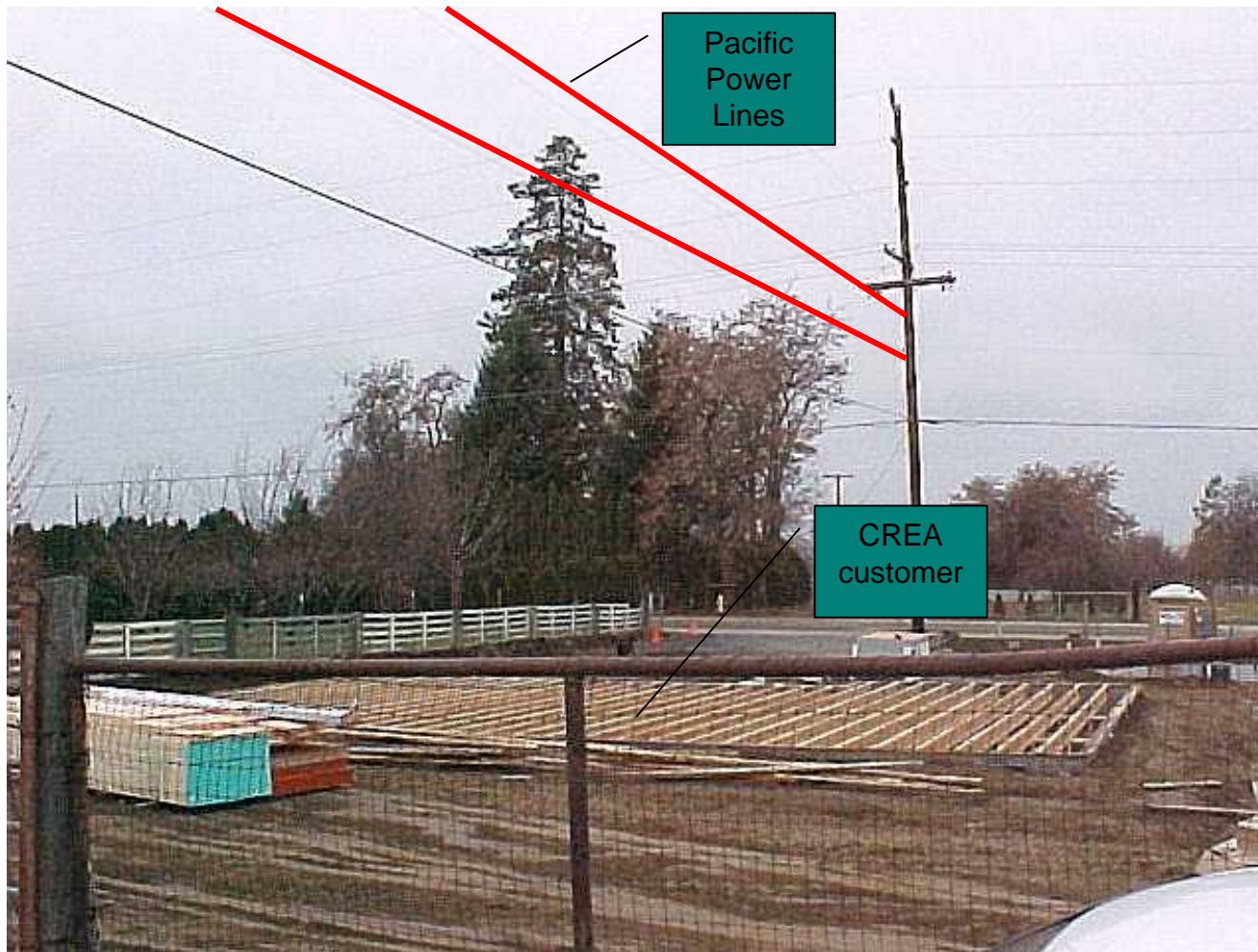
What can happen when there's no allocation and no agreement



Patchwork Creates Inefficiency



Miscommunication

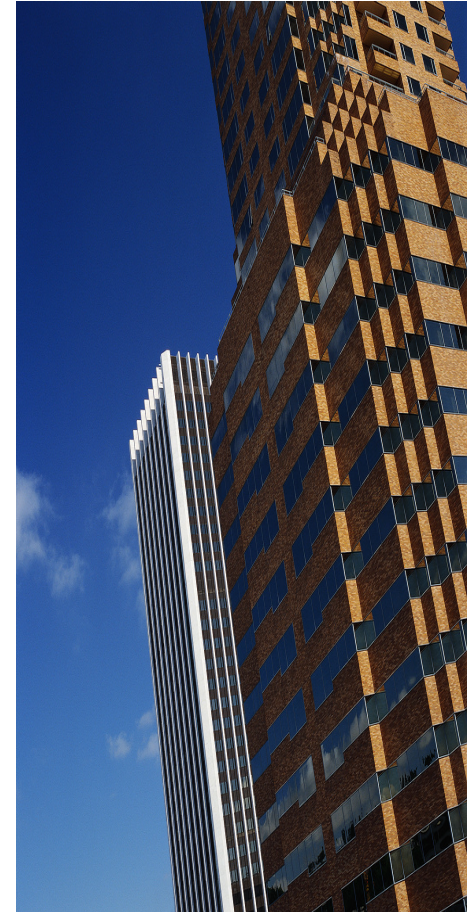


Mutual Agreements

- Both sides recognize the value of rationalizing capital investments
- Elements of an agreement
 - ▶ Preserve existing customers
 - ▶ Whoever is closest gets the customer
 - ▶ Dispute resolution process
- Not perfect, but better than free-for-all

Franchise Agreements

- Contract with cities for use of their rights of way
- Typical elements
 - ▶ Non-exclusive
 - ▶ Sets franchise fee level
 - 3-3.5% of revenue incorporated into base rates (not a separate line item)
 - Additional fee over 3-3.5% displayed as a separate line item: “city tax”
 - Most on “gross revenue”
 - ▶ Terms and conditions of use
 - Notification of street openings
 - Restoration of streets
 - City use of utility facilities for lights, signals, signs
 - Relocate at city’s request
 - ▶ Limits liability of city, spells out rules for use of road rights of way
 - ▶ 20 year term
 - ▶ Does NOT set rates or tariffs



Closing

- Questions
- Closing Comments

