



## Franchise Facts for Members

- The November 7, 2017 election gives the Town of Pinetop-Lakeside voters the opportunity to approve a 25-year franchise agreement.
- A franchise agreement permits Navopache Electric Cooperative, Inc. (NEC) to use the Town of Pinetop-Lakeside rights-of-way to maintain and operate its electric system.
- NEC will pay the Town of Pinetop-Lakeside a 2% franchise fee which will support public safety and other vital Town services.

## Frequently Asked Questions

**What is a franchise?** A franchise is a contract between the Town of Pinetop-Lakeside and Navopache Electric Cooperative, Inc. The franchise gives NEC a non-exclusive right to use the Town of Pinetop-Lakeside streets, alleys and other public rights-of-way to construct, maintain and operate NEC electric facilities safely and efficiently to serve NEC members within the Town of Pinetop-Lakeside town limits. The franchise requires NEC to relocate NEC facilities without cost to the Town when the facilities conflict with the Town's street projects.

**Does NEC have franchise agreements with other cities?** Yes. At this time NEC has franchise agreements with one municipality and two counties within the service territory served in Arizona.

**Why do we need to vote on a franchise?** The Arizona Constitution requires that voters in the Town approve a municipal franchise.

**How long will the franchise be in effect?** Franchise agreements are established for a 25-year term by the Arizona Constitution. If approved, this agreement will be in effect until December 8, 2042.

**Will this increase my electric bill?** For NEC members located within the Town of Pinetop-Lakeside, approval of the franchise agreement will increase your total electric bill by increasing the tax on your monthly service charge and energy usage. However, it will not increase your electric rates or NEC's revenues. NEC is a non-profit electric distribution cooperative and the franchise fee will be paid by the NEC members within the Town of Pinetop-Lakeside.

**Does the franchise involve a payment to the Town of Pinetop-Lakeside?** Yes. As with all NEC municipal franchises, the franchise fee is 2% of the revenue from NEC members within the town limits which is estimated to be approximately \$130,000 annually for the Town of Pinetop-Lakeside. The franchise fee fund is important to support the Town services such as public safety, street improvements, parks, facilities and economic development.

**Why should voters approve the franchise between NEC and the Town of Pinetop-Lakeside?** The franchise is important because it provides stability and helps the Town of Pinetop-Lakeside effectively and economically plan for the future in coordination with NEC. It also ensures NEC uses the rights-of-way safely and efficiently and complies with the regulations regarding the use of Town streets for NEC electric facilities.

**What happens if a majority of voters do not approve the franchise?** Elections will be held until an agreement is approved by voters, as required by the Arizona Constitution. Each election would create additional costs for the Town and NEC. In the interim, NEC would continue to provide electric service to its members within the Town of Pinetop-Lakeside.

**Who can I contact with questions?** Please contact Barbara Bruce, Communications Specialist, Navopache Electric Cooperative, Inc. at (928) 368-5118 ext. 234 or via email at [bbruce@navopache.org](mailto:bbruce@navopache.org).