



City of Ketchum

March 6, 2023

Mayor Bradshaw and City Councilors
City of Ketchum
Ketchum, Idaho

Mayor Bradshaw and City Councilors:

Recommendation to Hold Second Reading of Ordinance #1246 – Idaho Power Franchise Agreement and Approval of Clean Energy Cooperation Statement

Recommendation and Summary

On February 7, 2022, the Council approved a one-year extension of the Idaho Power Franchise Agreement in order to allow staff proper time to negotiate a new ten-year agreement. Staff is recommending Council hold the second reading of the ordinance and approve the Clean Energy Cooperation Statement.

Motion #1 – “I move approval of second reading by title only of Ordinance #1246.”

Motion #2 – “I move approval of the Clean Energy Cooperation Statement.”

The reasons for the recommendation are as follows:

- The new franchise contains improvements for the following policy areas:
 - Public right-of-way coordination
 - Private development coordination/standards
- The Clean Energy Cooperation Statement aligns with Council’s established clean energy goals
- The long-term franchise agreement will enable the city to continue to collect the franchise fee to fund the Capital Improvement Plan

Introduction and History

Idaho state law (50-342) authorizes cities to either directly produce power and distribute to residents or to franchise that authority to another service provider. State law (50-328) further outlines the city’s ability to regulate the permitting and placement of utility transmission systems within public rights-of-ways and public spaces.

Key changes from previous franchise agreement (due to numerous changes in the document, tracked changes were difficult to follow):

1. **Section 4:** new language outlines the need for an MOU, which details expectations for activity within the public right of way. The goal would be to only require Idaho Power to complete an encroachment permit should they desire to deviate from the standards outlined in the MOU.
2. **Section 5:** new language reinforces that Idaho Power must comply with the approved conditions for utility work on private property approved via the city’s planning and zoning process.

3. **Section 7:** new language that references the creation and execution of a Clean Energy Cooperation Statement. Staff initially requested this language to be included in the franchise. Idaho Power stated it was not willing to do so as they felt it was not within the legal spirit of the franchise agreement.
4. **Section 8:** updated language to improve the coordination of street light management.
5. **Section 9:** new language to improve energy consumption data reports.
6. **Section 17:** updated language regarding arborist standards for vegetation management.
7. **Section 18:** new language regarding alternative forms of power generation by the city.

Sustainability Impact

Clean Energy Cooperation Statement focuses on partnership with Idaho Power to achieve the city's and county's clean energy goals.

Financial Impact

The city currently collects a three percent (3%) franchise fee. The ten-year extension will ensure those fees continue to be collected. The city has requested Idaho Power partner with the city and Idaho Transportation Department to develop a multi-year repayment agreement associated with undergrounding the power lines from Weyyakin to River Street in conjunction with the planned roadway improvements in 2025-26. Idaho Power has indicated it will entertain the request.

Attachments

1. New Franchise Agreement
2. Clean Energy Cooperation Statement
3. Previous Franchise Agreement

ORDINANCE NO. 1246

AN ORDINANCE OF THE CITY OF KETCHUM, BLAINE COUNTY, IDAHO, IN ACCORDANCE WITH IDAHO CODE 50-328, 50-329 AND 50-329A, GRANTING A FRANCHISE TO IDAHO POWER COMPANY, A CORPORATION, AND TO ITS SUCCESSORS AND ASSIGNS, TO CONSTRUCT, MAINTAIN AND OPERATE IN AND UPON THE PRESENT AND FUTURE STREETS, HIGHWAYS AND OTHER PUBLIC PLACES WITHIN THE CORPORATE LIMITS OF THE CITY OF KETCHUM, IDAHO, ELECTRIC UTILITY PROPERTY AND FACILITIES FOR SUPPLYING ELECTRICITY AND ELECTRIC SERVICE TO THE CITY, THE INHABITANTS THEREOF, AND OTHERS FOR A TERM OF TEN (10) YEARS, INCLUDING THE NONEXCLUSIVE RIGHT TO PHYSICALLY LOCATE AND MAINTAIN TELEPHONE, CABLE, FIBER OPTICS OR OTHER COMMUNICATIONS FACILITIES; SETTING FORTH AN AGREEMENT NOT TO COMPETE, RESERVING POWER OF EMINENT DOMAIN; PROVIDING FOR THE PAYMENT OF FRANCHISE FEES; AND SPECIFYING OTHER LIMITATIONS, TERMS AND CONDITIONS GOVERNING THE EXERCISE OF SAID FRANCHISE; AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF KETCHUM, IDAHO THAT:

SECTION 1. The City of Ketchum, Idaho (hereinafter called the "City") hereby grants to IDAHO POWER COMPANY, a corporation, and to its successors and assigns (hereinafter called the "Grantee") the right (subject to the rights of the City set forth in Section 18 hereof), privilege and franchise for a period of Ten (10) years from and after _____, however, with the right to amend by mutual agreement in accordance with Section 19, to construct, maintain and operate in and upon the present and future streets, alleys, highways and other public places within the corporate limits of the City, electric utility property and facilities for supplying electricity to the City, and the inhabitants thereof, and to persons and corporations beyond the limits of the City, including the nonexclusive right to physically locate and maintain telephone, cable, fiber optics or other communications facilities of the Grantee or other parties, (provided, that Grantee shall comply with the City's requirements for cable system franchises) all subject to the terms and conditions hereinafter specified. In the case of annexation of property to the corporate limit, such area will be considered under this agreement, upon effective date of the annexation, subject to Section 14 hereof. All such electric utility property and facilities now maintained by the Grantee within the streets, alleys, highways, and other public places within the corporate limits of the City shall be deemed covered by this ordinance as provided herein.

SECTION 2. All of the Grantee's electric property and facilities in and upon the present and future streets, alleys, highways and public places within the corporate limits of the City shall be constructed and at all times maintained in good order and condition and in accordance with standard engineering practices and all applicable safety codes and lawful governmental regulations, including all applicable state and federal regulations and all construction standards presently in effect by the Idaho Public Utilities Commission or adopted by that Commission during the term of this franchise agreement. Grantee's electric property and facilities will comply with all

present and future ordinances, regulations and policies of the City providing for construction of facilities, buildings and structures utilizing green or sustainable building and construction standards, provided such ordinances, regulations and policies are not in conflict with applicable regulations and standards of the Idaho Public Utilities Commission and Idaho Power Company construction standards.

SECTION 3. Upon request of the City, the Grantee shall relocate its facilities as necessary within the present and future streets, alleys, highways and other public places owned by the City. Relocation costs shall be as follows:

- A. Except as specified in Section 3C, all overhead to overhead or underground to underground relocations shall be the responsibility of the Grantee and shall be relocated at no cost to the City.
- B. Except as specified in Section 3C, all overhead to underground relocation and improvements shall be the responsibility of the City, and the Grantee shall only charge for the actual costs as recorded on the Grantee's accounts ("Actual Costs"). In determining Actual Costs, the City shall receive credit for salvage and for road widening projects, for Grantee's cost of relocating the facilities as if they had been relocated overhead to overhead. Actual Costs shall be exclusive of profit allowances of Grantee. Grantee shall not be required to place facilities underground under this Agreement if such action is not feasible from an engineering, operation or maintenance standpoint.
- C. If either the City or a third party requests Grantee's facilities be relocated for the benefit of the third party, then the third party shall pay for all costs of the relocation. For all private development where the City requires the private developer to provide for upgrades, new services, or undergrounding of Grantee's facilities, the costs shall be borne by the private development, except that the City may require the Grantee to relocate Grantee's facilities located in the City right-of-way at the Grantee's cost where the primary driver of the relocation is to benefit public pedestrian and vehicle travel over the City right-of-way, even though the relocation may also benefit a third-party development. In the event federal, state or other funds are available in whole or in part for utility relocating purposes, the City shall apply for such funds and the Grantee will be reimbursed to the extent any such funds are actually obtained.

SECTION 4. Grantee shall be authorized to make all needful or convenient excavations and/or installations in any of the present and future public streets, alleys, highways and other public places within the corporate limits of the City for the purpose of erecting and maintaining the posts, poles, towers, or other supports for its wires or for the purpose of laying, maintaining and operating

conduits, vaults, transformers and wires and other conductors underground for the purpose aforesaid, or to repair and improve such electric power and light system and to extend the same. Grantor and Grantee will enter into a Memorandum of Understanding (“MOU”) setting forth the process the parties will follow for Grantee to install new facilities within the City rights-of-way under this Agreement. The MOU will reflect Grantee’s right to install facilities within the City’s rights-of-way under this Agreement, while also recognizing the City’s right to assure that the installations comply with the standards set forth in Section 2 above. Until such time as the MOU is adopted by both the City and Grantee, Grantee agrees to comply with the provisions of the Ketchum Municipal Code for its encroachments and use of the City’s public right of way and public property, provided that such compliance will not waive any of Grantee’s rights under this Agreement.

When the Grantee, or any persons or corporation under the authority of this franchise, shall disturb any of said streets, alleys, highways or other public places for the purposes of excavation or installation of equipment, he, it, or they, shall restore the same to good order and condition as soon as practicable and without unnecessary delay. Failing to do so after five days’ notice from the City or its duly authorized officer or officers, the City may place said street, alley, highway, or public place in such a condition at the cost and expense of the Grantee, and said Grantee will forthwith pay the full cost and expense thereof upon demand of the City. All facilities constructed under this ordinance shall be placed and maintained at such places and positions in or upon such public ways and public places as shall not interfere with the passage of traffic and shall conform to all application laws, rules and regulations. Grantee shall secure a permit for any opening it shall make in the streets, alleys, and public places in the city and shall be subject to all applicable ordinances except in cases of emergency.

- A. In consideration of Ketchum allowing Grantee to maintain the Grantee’s facilities in the public right-of-way, Grantee agrees to indemnify and hold harmless Ketchum from and against any and all claims of liability for any injury or damage to any person or property arising from Grantee’s facilities constructed, installed and maintained in the public right-of-way, except to the extent such claims result from the negligence of the City. Grantee shall further indemnify and hold Ketchum harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Grantee’s part to be performed under this Agreement, or arising from any negligence of Grantee or Grantee’s agents, contractors or employees and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such action or proceeding brought thereon. In the event any action or proceeding is brought against Ketchum by reason of such claim, Grantee, upon notice from Ketchum, shall defend Ketchum at Grantee’s expense. As a material part of the consideration to the City, Grantee hereby waives all claims against the City for damages to Grantee’s facilities located within the City’s public right-of-way or property under this Agreement, except to the extent such claims result from the negligence of the City.

- B. Grantee understands and agrees that by maintaining Grantee's facilities in the public right-of-way pursuant to this Agreement, Grantee obtains no claim or interest in said public right-of-way which is adverse to that of Ketchum and that Grantee obtains no exclusive right to said public right-of-way nor any other right to use the public right-of-way not specifically described herein.

In those areas where other utilities are locating facilities underground, or where underground facilities are required, the Grantee agrees to utilize the same trenches, where feasible, as other utility companies, such as City utilities, telephone, or electric utilities and to allow others to utilize the Grantee's trenches, where feasible, and on a prorated basis. Grantee agrees not to charge the City for its use of said trenches.

SECTION 5. Where the City has planning and zoning rules that require property owners to obtain City approval for the location and screening of Grantee's transformers and other above-ground equipment on private property within the City, Grantee and City shall confer and mutually agree upon the location of the equipment. Such equipment shall be screened from public view in a manner mutually agreeable to the City and Grantee.

SECTION 6. Grantee and City acknowledge they are currently operating under a Master Plan approved and adopted by the City pursuant to Ordinance No. 890, adopted by the City on January 7, 2002, which provides a framework for providing new services and upgrades, including working towards eliminating all overhead facilities and relocating such facilities underground and at grade. In connection with the Master Plan, in the month of April of each calendar year during the term of this agreement, the Grantee and the City of Ketchum will hold a "Pre-Construction/Review" meeting to review upcoming Idaho Power or City generated projects.

SECTION 7. The Grantee shall work in good faith to cooperate and collaborate with the City as the City works toward its clean energy and climate goals. Therefore, the City and Grantee have entered into a Joint Clean Energy and Climate Protection Cooperation Agreement.

SECTION 8. The City and Grantee shall work together to develop a management plan of existing Grantee-owned streetlights within the City of Ketchum, including but not limited to mapped locations of Grantee-owned streetlights; documentation of lumen level and dark sky compliance; citizens may petition for a light removal, shielding options, and/or light distribution patterns. Upon the City's request, Idaho Power and the City will update the streetlight management plan on an annual basis. All fees associated with Grantee's streetlight work under the master plan shall reflect the Idaho Public Utilities Commission's Schedule 41, Street Light Service, as amended.

SECTION 9. On an annual basis, the Grantee shall provide to the City a quarterly energy use summary of the residential, commercial and irrigation power consumption within the city limits; provided however, that the Grantee shall have sole discretion to aggregate the data as Grantee deems necessary to protect the confidential and proprietary nature of the information. In addition, on an annual basis, the Grantee shall provide monthly power data to the City for its owned-and-occupied facilities, and by special request as needed for analysis for City projects; provided that the data is available to Grantee in its systems in the format requested.

SECTION 10. The City shall have the right and privilege to string and maintain wires for its internal communications for its fire, police, airport and other services upon the poles and other facilities erected and maintained by the Grantee hereunder, subject to the Rules and Regulations of the Idaho Public Utilities Commission. The City shall string, maintain and operate such wires at its own expense, risk and responsibility, and in accordance with all legal requirements and good engineering practices, and in such manner as not to impose any additional expense upon Grantee of its said overhead or underground facilities. Any such wires of the City shall be subject to interference by the Grantee only when necessary in the maintenance, operation or repair of the Grantee's own fixtures, wires, facilities and appurtenances.

SECTION 11. The Grantee shall at all times indemnify and hold the City, its officers, employees and agents harmless from any and all expenses or liability arising from and against, or by reason of any negligent act or omission of the Grantee, its representatives or employees, in the construction, operation or maintenance of any of the Grantee's electric utility property or facilities. Grantee shall maintain its electric utility property and/or facilities free of noxious weeds and in an orderly condition as required by the Ordinances of the City. Grantee shall abate any such noxious weeds immediately upon receipt of written notice from the City.

SECTION 12. Upon acceptance of this franchise by Grantee and before Grantee shall have any rights hereunder, Grantee shall file with the City Clerk a Certificate of Insurance evidencing General Liability Insurance which covers claims for Bodily Injury, Property Damage and Personal Injury. Such insurance shall have minimum limits of \$1,000,000 per occurrence. The City of Ketchum shall be named as an "Additional Named Insured" under Grantee's insurance policy. Should the minimum limits of insurance as set forth herein be increased above \$1,000,000, pursuant to the Idaho Tort Claims Act (Idaho Code §6-901 *et. seq.*) or any similar legislation, the Grantee shall be required to provide the City with a new Certificate of Insurance evidencing the higher limits upon the City's request.

SECTION 13. The electric service to be furnished to the public hereunder, and all rates and charges therefore, and all regulation of the Grantee hereunder, shall at all times be subject to all rules, regulations and orders that may be lawfully prescribed by the Idaho Public Utilities Commission or by any other governmental authority now or hereafter having jurisdiction over such matters. During the term of this franchise, Grantee shall at all times assure that customers within the City have access to customer service from the Grantee as required by the Idaho Public Utilities Commission.

SECTION 14. As compensation for the right, privilege and franchise hereby granted, Grantee agrees to pay to the City on or before the 30th day of January, April, July and October, an amount equivalent to Three Percent (3%) of Grantee's "gross revenues" for the preceding calendar quarter. For purposes of this Section, "gross revenues" shall mean the amount of money billed by the Grantee for the electricity it sells within the corporate limits of the City to customers, less uncollectibles. The City shall provide appropriate information to the Grantee to allow the Grantee to identify which of its customers are located within the corporate limits of the City for purposes of paying franchise fees. Grantee shall not be responsible for any failure to pay franchise fees which results from deficiencies in such information provided by the City. In the event the City annexes a new area into its corporate limits, the terms of this Section 9 regarding franchise fees shall not apply to the annexed area until sixty (60) days after the City has supplied the Grantee with appropriate information for the identification of the Grantee's customers within the annexed area.

The Grantee's franchise fee payment obligations hereunder shall commence with the start of the Grantee's first full billing cycle following the effective date of this ordinance; provided that the Grantee must first receive approval from the Idaho Public Utilities Commission for the collection of the franchise fee in the rates charged by Grantee.

SECTION 15. The Grantee shall keep accurate books of account for the collection of the franchise fees for a period not to exceed three years hereunder and the City shall have the right to inspect the same at all times during business hours, and from time to time audit the same for the purpose of determining gross revenues under Section 14 above.

SECTION 16. The franchise fees paid by the Grantee hereunder will be in lieu of and as payment for any tax or fee imposed by the City on the Grantee by virtue of its status as a public utility, including but not limited to, taxes, fees or charges related to easements, franchises, rights-of-way, utility lines and equipment installation, maintenance and removal during the term of this franchise agreement.

SECTION 17. The Grantee shall have the right and privilege, insofar as the City is able to grant the same, in accordance with American National Standards Institute (ANSI) A300, Standard Practices for Trees, Shrubs, and Other Woody Plant Maintenance, of the pruning of all trees which overhang the present and future streets, alleys, highways and other public places within the corporate limits of the City, in such a manner and to such extent as will prevent the branches or limbs or other parts of such trees from touching or interfering with its wires, poles and other fixtures and equipment. Pruning shall be conducted under the supervision of an International Society of Arboriculture (ISA) certified arborist or by an ISA certified tree worker on a regular basis; provided that in some instances, the Grantee's certified arborist may not be present at the pruning site, but in all instances the pruning shall be conducted by individuals with expertise in utility vegetation management. However, except in an emergency, no pruning shall be undertaken without giving the occupant of the adjacent property written or oral notice that such pruning will be performed. Grantee agrees to meet and consult with the City's Forester, from time to time, on matters related to tree preservation goals and vegetation management.

SECTION 18. Nothing herein shall prohibit the City from producing renewable electric energy using any technology recognized as renewable under §67-8903, Idaho Statutes for internal use by the City. In addition, the City and Grantee agree to work cooperatively to explore and possibly develop geothermal or other renewable energy resources within the City for providing power to customers within the City.

In consideration of Grantee's undertaking hereunder as evidenced by its acceptance hereof, the City agrees not to engage in the business of providing electric service during the life of this franchise or any extension thereof in competition with the Grantee, its successors and assigns, but nothing herein contained shall be construed or deemed to prevent the City from exercising at any time any power of eminent domain granted to it under the laws of the State of Idaho. The City shall not grant a franchise to another electric service provider during the term of this franchise agreement unless the electric service provider has received approval to provide electrical service within the City from the Idaho Public Utilities Commission, and the City has imposed the same franchise fee on the electric service provider as paid by the Grantee.

SECTION 19. In the event of an amendment to the laws, rules or regulations of the City of Ketchum, the State of Idaho or the Public Utilities Commission of Idaho, applicable to this franchise or for periodic review of any section of this agreement, the terms of this franchise and the rights and privileges hereby conferred may be changed, altered, amended or modified upon mutual agreement between the City and the Grantee. In all cases, sixty (60) days' written notice shall be required on the part of City or Grantee to reopen the agreement pursuant to this section.

SECTION 20. Any violation by the Grantee of the provisions of this ordinance, franchise and grant, or any material portions thereof or the failure promptly to perform any of the provisions thereof, shall be cause for the forfeiture of this franchise and grant and all rights hereunder by the City after sixty (60) days' written notice to the Grantee and the continuance of such violation, failure or default. However, this provision shall not prevent the Grantee from submitting such question of violation or forfeiture to the appropriate forum (which may include the district court having jurisdiction or the Idaho Public Utilities Commission) for determination.

SECTION 21. Sale, assignment or lease of this franchise is prohibited without written notification to the City.

SECTION 22. The Grantee shall assume the cost of publication of this franchise as such publication is required by law.

SECTION 23 The Grantee shall, within thirty (30) days after final passage of this ordinance, file with the City Clerk its acceptance of this franchise in writing signed by its proper officers and attested by its corporate seal.

SECTION 24. The existing franchise agreement between the City and Grantee set forth in Ordinance 890, dated January 7, 2002, shall terminate upon the adoption and acceptance of this ordinance.

SECTION 25. Inasmuch as the Grantee has constructed and now is maintaining and operating the electric utility property and facilities in and upon the streets, alleys, highways, and public places in the City, it is hereby adjudged and declared that this ordinance is necessary for the preservation of the public peace, health and safety, and therefore this ordinance shall take effect on _____, 2023.

PASSED AND ADOPTED by the Council of the City of Ketchum on _____, 2023.

APPROVED by the Mayor on _____, 2023

ATTEST:

Mayor

Trent Donat
City Clerk

(Seal)

ACCEPTANCE

IDAHO POWER COMPANY, as the franchisee, accepts the franchise set forth in the above Ordinance and agrees to abide by the terms and conditions thereof.

DATED this ____ day of _____, 2023.

By: _____
Adam Richins
SVP & Chief Operating Officer

ATTEST:

Secretary

(Seal)

**CITY OF KETCHUM AND
IDAHO POWER COMPANY
JOINT CLEAN ENERGY COOPERATION STATEMENT**

City of Ketchum ("City"), an Idaho municipal corporation, and Idaho Power Company, an Idaho corporation ("Company" or "Idaho Power") jointly state their intention to cooperate in order to further the objectives of a clean energy future.

I. OVERVIEW

The City is responsible for protecting the public health and safety of its residents, which includes facilitating access to clean air, dependable and affordable energy, clean water and a livable environment.

The Company is a public electric utility regulated by the Idaho Public Utilities Commission ("IPUC") in accordance with Title 61 of the Idaho Code with an exclusive right to, and responsibility for, providing safe and reliable electrical service to its customers in a nondiscriminatory manner and at rates that are fair, just and reasonable as determined by the IPUC.

Idaho Power-funded energy efficiency programs are subject to the IPUC's jurisdiction and review. Available to all customers, Idaho Power's energy efficiency programs are developed and administered in consultation with stakeholders through Idaho Power's Energy Efficiency Advisory Group ("EEAG").

The City has determined that meaningful reductions in pollution and greenhouse gas emissions will benefit all City of Ketchum residents, visitors, businesses and Idaho as a whole, through improved public health, additional economic opportunities, long-term energy price stability and a stronger sense of community security.

Idaho Power seeks to further its goal of 100% clean energy by 2045 and support the City's pursuit of energy goals as identified herein.

II. THE CITY'S GOALS

The City is committed to reducing pollution and the carbon intensity of electricity used in the City of Ketchum. The City has set the following goals to transition to 100% clean energy use:

- One hundred percent (100%) municipality clean energy electricity use by 2030, including at least 75% clean energy by 2025
- One hundred percent (100%) clean energy for the community-wide electricity supply by

2035

- Transition City fleet vehicles and equipment to 100% electric power as technologically and economically feasible by 2035
- One hundred percent (100%) clean energy for all energy use by 2045

The City desires to accelerate adoption of energy efficiency in the community and for municipal operations because the cheapest, cleanest energy is energy that is not used. This, in turn, will reduce energy costs.

The City aspires to the goal that net-cost changes, if any, to energy users within City of Ketchum associated with achieving its stated clean energy goals are reasonable. The City envisions measures to mitigate any incremental costs associated with pursuing a clean energy future to all City of Ketchum energy users, with a high priority placed on preventing negative impacts to low-income residents.

The City acknowledges that net lifecycle financial impacts, including both costs and benefits associated with measures used to achieve its energy goals, will benefit and thus be the responsibility of the City and energy users within City of Ketchum limits. The City acknowledges that the Company cannot treat its customers located within the City differently than other customers or provide programs or rates that are not available to all its customers, in accordance with Title 61 of the Idaho Code. If new programs are created as part of this effort, they will require IPUC approval as to terms, costs, and rates relating to services provided by the Company.

The City is motivated, in part, by continuing reductions in renewable energy costs and the desire for stable long-term energy rates. Idaho Power will advise and collaborate with the City in its efforts to develop a more resilient local energy system and its goal to create a system that rewards smart customer behavior and investments, while simultaneously offering significant social, health and economic benefits.

III. RENEWABLE ENERGY, ENERGY EFFICIENCY AND ELECTRIC VEHICLE PROJECTS

Idaho Power currently offers 25 energy efficiency programs, three demand response programs, and a green power offering to customers, including those residing in the City of Ketchum. Idaho Power will work to educate, advise, and collaborate with the City in its efforts to develop additional energy efficiency and renewable resource options to benefit energy users in the City of Ketchum (residential, commercial, industrial, governmental and non-profit) to reduce carbon intensity and make significant progress towards the City's reduced emissions and reduced energy usage goals. Any energy efficiency programs

developed, funded, or administered by Idaho Power may necessitate consultation with Idaho Power's EEAG and approval by the IPUC in order to satisfy cost effectiveness standards as set by the IPUC. Any other programs would need to flow through Idaho Power's internal processes and receive approval by the IPUC, and the program or offering must continue to satisfy then-current regulatory requirements.

The City and the Company will continue to work together on existing Company assistance and incentive programs and discuss the possibility of educating and assisting building owners with energy efficiency efforts through energy efficiency incentives and rebates. In particular, the City and Company will discuss the existing utility-funded Weatherization Programs for low and near low-income residents via the South Central Community Action Partnership. Such conversations may include developing goals and actions, which if funded or administered by Idaho Power, may necessitate consultation with EEAG stakeholders and regulatory approval by the IPUC.

Idaho Power will collaborate with the City as Idaho Power evaluates programs that may include energy efficiency, demand response, energy storage and renewable energy projects, including programs designed to provide all Idaho Power customers with the ability to purchase the output of renewable energy facilities located within Idaho.

IPC will advise and collaborate with the City as it evaluates new technologies such as smart-grid and customer-side investments designed to allow efficient utilization of resources, reduced greenhouse gas emissions, and deployment of renewable energy and electric vehicle charging infrastructure beyond the point of delivery.

IPC will advise and collaborate with the City as it investigates options to deploy electric vehicle ("EV") infrastructure and innovative technologies to support EVs.

IV. MUNICIPAL RENEWABLE ENERGY PROJECTS

Idaho Power will advise and collaborate with the City as it identifies avenues for leveraging City assets (e.g., infrastructure and property) and City investments to build renewable energy projects to achieve the City's municipal energy goals.

V. IMPLEMENTATION STEPS AND TIMING

The City and the Company, along with other regional stakeholders including representatives from city government, the county, citizens, businesses, and local experts from the non-profit community, intend to work together as described in this Cooperation Statement.

The Company will collaborate with the City to develop a 10-year load forecast by providing aggregated data and modeling support setting a baseline from which work on the City's clean energy plan can be established.

The Company will provide aggregated data as it deems appropriate to support the City's publication of an annual report by April 30 of each year, beginning in 2022 and through 2027, to detail status and progress towards the City's renewable energy, energy efficiency, and carbon reduction goals.

In all cases subject to the rules of the IPUC, the City and the Company intend to cooperate to secure necessary authority or approvals from the IPUC for mutually agreeable projects and programs.

The Company intends to advise and collaborate with the City in good faith as they develop and implement mutually agreeable projects and programs to help the City achieve its clean energy targets, in each case within Idaho Power's limitations as a regulated utility under Title 61 of the Idaho Code, which requires that the Company treat all customers in a non-discriminatory manner.

VI. COMMITMENT OF COOPERATION

As stated above, the City and the Company desire to work together to successfully achieve the City's stated goals. The City recognizes that any new Company-funded program or offering must be generally available to all of the Company's Idaho customers and subject to IPUC approval, and in all cases be non-discriminatory. However, the city and Idaho Power commit to explore additional City-funded opportunities that provide enhanced benefits to Ketchum residents. The City desires to work directly with the Company on its renewable energy supply. Because of the importance of these efforts, the City Mayor and the Chief Operating Officer (COO) of the Company wish to communicate as often as necessary and will strive to meet at least annually to discuss programs and other energy-related matters. If either the City or the Company has a dispute regarding progress toward objectives outlined in this Cooperation Statement, or the timeliness of related implementation, the Mayor and the COO desire to be directly involved and work together to attempt to resolve whatever issues may arise. This Cooperation Statement is intended solely as a joint statement of the City's and the Company's desire to work collaboratively toward identifying, providing education on, and advising on actions that may be in furtherance of the City's clean energy goals, but it does not create binding legal obligations on either the City or the Company, or the right to assert specific performance or obtain damages for a purported default of the City or the Company and can be terminated at any time upon written notice to the other signator.

This Joint Clean Energy Cooperation Statement shall become effective upon signing by both the City and Company and will inform cooperation through the initial ten-year term of the Franchise Agreement between City and Company. Progress towards objectives stated herein will be reviewed and the Cooperation Statement may be extended in the future, with or without amendments, through a commitment by both the City and the Company.

[Signature page follows]

IN WITNESS WHEREOF, the parties to this JOINT COOPERATIVE STATEMENT have affixed their signatures:

Mayor, Honorable Neil Bradshaw
City of Ketchum

Date

ATTEST

Trent Donat
City Clerk

Date

Lisa A. Grow
President and CEO, Idaho Power Company

Date

ORDINANCE NO. 1092

AN ORDINANCE OF THE CITY OF KETCHUM, BLAINE COUNTY, IDAHO, IN ACCORDANCE WITH IDAHO CODE 50-328, 50-329 AND 50-329A, GRANTING A FRANCHISE TO IDAHO POWER COMPANY, A CORPORATION, AND TO ITS SUCCESSORS AND ASSIGNS, TO CONSTRUCT, MAINTAIN AND OPERATE IN AND UPON THE PRESENT AND FUTURE STREETS, HIGHWAYS AND OTHER PUBLIC PLACES WITHIN THE CORPORATE LIMITS OF THE CITY OF KETCHUM, IDAHO, ELECTRIC UTILITY PROPERTY AND FACILITIES FOR SUPPLYING ELECTRICITY AND ELECTRIC SERVICE TO THE CITY, THE INHABITANTS THEREOF, AND OTHERS FOR A TERM OF TEN (10) YEARS, INCLUDING THE NONEXCLUSIVE RIGHT TO PHYSICALLY LOCATE AND MAINTAIN TELEPHONE, CABLE, FIBER OPTICS OR OTHER COMMUNICATIONS FACILITIES; SETTING FORTH AN AGREEMENT NOT TO COMPETE, RESERVING POWER OF EMINENT DOMAIN; PROVIDING FOR THE PAYMENT OF FRANCHISE FEES; AND SPECIFYING OTHER LIMITATIONS, TERMS AND CONDITIONS GOVERNING THE EXERCISE OF SAID FRANCHISE.; AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF KETCHUM, IDAHO THAT:

SECTION 1. The City of Ketchum, Idaho (hereinafter called the "City") hereby grants to IDAHO POWER COMPANY, a corporation, and to its successors and assigns (hereinafter called the "Grantee") the right (subject to the rights of the City set forth in Section 14 hereof), privilege and franchise for a period of Ten (10) years from and after April 7, 2012, however, with the right to amend by mutual agreement in accordance with Section 15, to construct, maintain and operate in and upon the present and future streets, alleys, highways and other public places within the corporate limits of the City, electric utility property and facilities for supplying electricity to the City, and the inhabitants thereof, and to persons and corporations beyond the limits of the City, including the nonexclusive right to physically locate and maintain telephone, cable, fiber optics or other communications facilities of the Grantee or other parties, (provided, that Grantee shall comply with the City's requirements for cable system franchises) all subject to the terms and conditions hereinafter specified. In the case of annexation of property to the corporate limit, such area will be considered under this agreement, upon effective date of the annexation, subject to Section 9 hereof. All such electric utility property and facilities now maintained by the Grantee within the streets, alleys, highways and other public places within the corporate limits of the City shall be deemed covered by this ordinance as provided herein.

SECTION 2. All of the Grantee's electric property and facilities in and upon the present and future streets, alleys, highways and public places within the corporate limits of the City shall be constructed and at all times maintained in good order and condition and in accordance with standard engineering practices and all applicable safety codes and lawful governmental regulations, including all applicable state and federal regulations and all construction standards

presently in effect by the Idaho Public Utilities Commission or adopted by that Commission during the term of this franchise agreement. Grantee's electric property and facilities will comply with all present and future ordinances, regulations and policies of the City providing for construction of facilities, buildings and structures utilizing green or sustainable building and construction standards, provided such ordinances, regulations and policies are not in conflict with applicable regulations and standards of the Idaho Public Utilities Commission and Idaho Power Company construction standards.

SECTION 3. Upon request of the City, the Grantee shall relocate its facilities as necessary within the present and future streets, alleys, highways and other public places owned by the City. Relocation costs shall be as follows:

- A. Except as specified in Section 3C, all overhead to overhead or underground to underground relocations shall be the responsibility of the Grantee and shall be relocated at no cost to the City.
- B. Except as specified in Section 3C, all overhead to underground relocation and improvements shall be the responsibility of the City, and the Grantee shall only charge for the actual costs as recorded on the Grantee's accounts ("Actual Costs"). In determining Actual Costs, the City shall receive credit for salvage and, for road widening projects, for Grantee's cost of relocating the facilities as if they had been relocated overhead to overhead. Actual Costs shall be exclusive of profit allowances of Grantee. Grantee shall not be required to place facilities underground under this Agreement if such action is not feasible from an engineering, operation or maintenance standpoint.
- C. If either the City or Third Party requests Grantee's facilities be relocated for the benefit of the third party, then the third party shall pay for all costs of the relocation. All private development where the City requires the private developer to provide for upgrades, new services, or undergrounding of Grantee's facilities, the costs shall be borne by the private development. In the event federal, state or other funds are available in whole or in part for utility relocating purposes, the City shall apply for such funds and the Grantee will be reimbursed to the extent any such funds are actually obtained.

SECTION 4. It shall be lawful for the Grantee to make all needful or convenient excavations and/or installations in any of the present and future streets, alleys, highways and other public places within the corporate limits of the City for the purpose of erecting and maintaining the posts, poles, towers, or other supports for its wires or for the purpose of laying, maintaining and operating conduits, vaults and wires and other conductors underground for the purpose aforesaid, or to repair and improve such electric power and light system and to extend the same; provided that when the Grantee or any person or corporation under the authority of this franchise, shall disturb any of said streets, alleys, highways or other public places for the purposes aforesaid, he, it or they shall restore the same to good order and condition as soon as practicable and without unnecessary delay and failing to do so after five days' notice from the City, or its duly authorized officer or officers, then the City may place said street, alley, highway

or public place in such condition at the cost and expense of the Grantee, and said Grantee will forthwith pay the full cost and expense thereof upon demand of the City. All facilities constructed under this ordinance shall be placed and maintained at such places and positions in or upon such public ways and public places as shall not interfere with the passage of traffic and shall conform to all applicable laws, rules and regulations. Grantee shall secure a permit for any opening it shall make in the streets, alleys, and public places in the city and shall be subject to all applicable ordinances, except in cases of emergency.

In those areas where other utilities are locating facilities underground or where underground facilities are required, the Grantee agrees to utilize the same trenches where feasible, as other utility companies, such as City utilities, telephone, or electric utilities and to allow others to utilize the Grantee's trenches, where feasible, and on a prorated basis. Grantee agrees not to charge the City for its use of said trenches.

SECTION 5. Grantee and City acknowledge they are currently operating under a Master Plan approved and adopted by the City pursuant to Ordinance No. 890, adopted by the City on January 7, 2002, which provides a framework for providing new services and upgrades, including working towards eliminating all overhead facilities and relocating such facilities underground and at grade. In connection with the Master Plan, in the month of April of each calendar year during the term of this agreement, the Grantee and the City of Ketchum will hold a "Pre-Construction/Review" meeting to review upcoming Idaho Power or City generated projects.

SECTION 6. The City shall have the right and privilege to string and maintain wires for its internal communications for its fire, police, airport and other services upon the poles and other facilities erected and maintained by the Grantee hereunder, subject to the Rules and Regulations of the Idaho Public Utilities Commission. The City shall string, maintain and operate such wires at its own expense, risk and responsibility, and in accordance with all legal requirements and good engineering practices and in such manner as not to impose any additional expense upon Grantee of its said overhead or underground facilities. Any such wires of the City shall be subject to interference by the Grantee only when necessary in the maintenance, operation or repair of the Grantee's own fixtures, wires, facilities and appurtenances.

SECTION 7. The Grantee shall at all times indemnify and hold the City, its officers, employees and agents, harmless from any and all expenses or liability arising from, and against or by reason of any negligent act or omission of the Grantee, its representatives or employees, in the construction, operation or maintenance of any of the Grantee's electric utility property or facilities. Grantee shall maintain its electric utility property and/or facilities free of noxious weeds and in an orderly condition as required by the Ordinances of the City. Grantee shall abate any such noxious weeds immediately upon receipt of written notice from the City.

SECTION 8. Upon acceptance of this franchise by Grantee and before Grantee shall have any rights hereunder, Grantee shall file with the City Clerk a Certificate of Insurance evidencing General Liability Insurance which covers claims for Bodily Injury, Property Damage

and Personal Injury. Such insurance shall have minimum limits of \$1,000,000 per occurrence. The City of Ketchum shall be named as an "Additional Named Insured" under Grantee's insurance policy. Should the minimum limits of insurance as set forth herein be increased above \$1,000,000, pursuant to the Idaho Tort Claims Act (Idaho Code §6-901 *et. seq.*) or any similar legislation, the Grantee shall be required to provide the City with a new Certificate of Insurance evidencing the higher limits upon the City's request.

SECTION 9. The electric service to be furnished to the public hereunder, and all rates and charges therefore, and all regulation of the Grantee hereunder, shall at all times be subject to all rules, regulations and orders that may be lawfully prescribed by the Idaho Public Utilities Commission or by any other governmental authority now or hereafter having jurisdiction over such matters. During the term of this franchise, Grantee shall at all times assure that customers within the City have access to customer service from the Grantee as required by the Idaho Public Utilities Commission.

SECTION 10. As compensation for the right, privilege and franchise hereby granted, Grantee agrees to pay to the City on or before the 30th day of January, April, July and October, an amount equivalent to Three percent (3%) of Grantee's "gross revenues" for the preceding calendar quarter. For purposes of this Section, "gross revenues" shall mean the amount of money billed by the Grantee for the electricity it sells within the corporate limits of the City to customers, less uncollectibles. The City shall provide appropriate information to the Grantee to allow the Grantee to identify which of its customers are located within the corporate limits of the City for purposes of paying franchise fees. Grantee shall not be responsible for any failure to pay franchise fees which results from deficiencies in such information provided by the City. In the event the City annexes a new area into its corporate limits, the terms of this Section 9 regarding franchise fees shall not apply to the annexed area until sixty (60) days after the City has supplied the Grantee with appropriate information for the identification of the Grantee's customers within the annexed area.

The Grantee's franchise fee payment obligations hereunder shall commence with the start of the Grantee's first full billing cycle following the effective date of this ordinance; provided, that the Grantee must first receive approval from the Idaho Public Utilities Commission for the collection of the franchise fee in the rates charged by Grantee.

SECTION 11. The Grantee shall keep accurate books of account for the collection of the franchise fees for a period not to exceed three years hereunder and the City shall have the right to inspect the same at all times during business hours, and from time to time audit the same for the purpose of determining gross revenues under Section 9 above.

SECTION 12. The franchise fees paid by the Grantee hereunder will be in lieu of and as payment for any tax or fee imposed by the City on the Grantee by virtue of its status as a public utility including, but not limited to, taxes, fees or charges related to easements, franchises, rights-of-way, utility lines and equipment installation, maintenance and removal during the term of this franchise agreement.

SECTION 13. The Grantee shall have the right and privilege, insofar as the City is able to grant the same, in accordance with National Arborist Association standards, of the pruning of all trees which overhang the present and future streets, alleys, highways and other public places within the corporate limits of the City, in such a manner and to such extent as will prevent the branches or limbs or other parts of such trees from touching or interfering with its wires, poles and other fixtures and equipment. However, except in an emergency, no pruning shall be undertaken without giving the occupant of the adjacent property written or oral notice that such pruning will be performed.

SECTION 14. In consideration of Grantee's undertaking hereunder as evidenced by its acceptance hereof, the City agrees not to engage in the business of providing electric service during the life of this franchise or any extension thereof in competition with the Grantee, its successors and assigns; but nothing herein contained shall be construed or deemed to prevent the City from exercising at any time any power of eminent domain granted to it under the laws of the State of Idaho. The City shall not grant a franchise to another electric service provider during the term of this franchise agreement unless the electric service provider has received approval to provide electrical service within the City from the Idaho Public Utilities Commission, and the City has imposed the same franchise fee on the electric service provider as paid by the Grantee.

SECTION 15. In the event of an amendment to the laws, rules or regulations of the City of Ketchum the State of Idaho or the Public Utilities Commission of Idaho applicable to this franchise, or for periodic review of any section of this agreement, the terms of this franchise and the rights and privileges hereby conferred may be changed, altered, amended or modified upon mutual agreement between the City and the Grantee. In all cases, sixty (60) days' written notice shall be required on the part of City or Grantee to reopen the agreement pursuant to this section.

SECTION 16. Any violation by the Grantee of the provisions of this ordinance, franchise and grant or any material portions thereof or the failure promptly to perform any of the provisions thereof shall be cause for the forfeiture of this franchise and grant and all rights hereunder by the City after sixty (60) days' written notice to the Grantee and the continuance of such violation, failure or default; however, this provision shall not prevent the Grantee from submitting such question of violation or forfeiture to the appropriate forum (which may include the district court having jurisdiction or the Idaho Public Utilities Commission) for determination.

SECTION 17. Sale, assignment or lease of this franchise is prohibited without written notification to the City.

SECTION 18. The Grantee shall assume the cost of publication of this franchise as such publication is required by law.

SECTION 19. The Grantee shall within thirty (30) days after final passage of this ordinance, file with the City Clerk its acceptance of this franchise in writing signed by its proper officers and attested by its corporate seal.

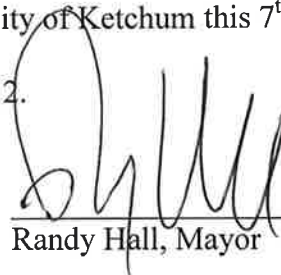
SECTION 20. The existing franchise agreement between the City and Grantee set forth in Ordinance 890, dated January 7, 2002, shall terminate upon the adoption and acceptance of this ordinance.

SECTION 21. Inasmuch as the Grantee has constructed and now is maintaining and operating the electric utility property and facilities in and upon the streets, alleys, highways, and public places in the City, it is hereby adjudged and declared that this ordinance is necessary for the preservation of the public peace, health and safety, and therefore this ordinance shall take effect on May 16, 2012.

PASSED AND ADOPTED by the Council of the City of Ketchum this 7th day of May, 2012.

APPROVED by the Mayor this 7th day of May, 2012.

ATTEST:



Randy Hall, Mayor



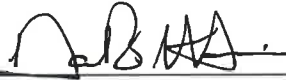
Sandra E. Cady, CMC
City Clerk/Treasurer



ACCEPTANCE

IDAHO POWER COMPANY, as the franchisee, accepts the franchise set forth in the above Ordinance and agrees to abide by the terms and conditions thereof.

DATED this 18th day of May, 2012.

By: 
Dan B. Minor
Executive Vice President -Operations

ATTEST:


Secretary

(Seal)