



## City of Ketchum

March 21, 2022

Mayor Bradshaw and City Councilors  
City of Ketchum  
Ketchum, Idaho

Mayor Bradshaw and City Councilors:

### **Recommendation to Hold Third Reading of Ordinance #1233 – Extension of Franchise Agreement with Idaho Power**

#### Recommendation and Summary

The city's ten-year franchise agreement with Idaho Power (attached) is set to expire on April 7, 2022. Staff has met with Idaho Power to develop a negotiation schedule for the development of a new ten-year franchise agreement. Staff is recommending a short-term (one year) extension to allow for a realistic negotiation schedule.

***"I move to hold the third reading of Ordinance #1233 by title only."***

Staff recommendation is based on the following:

- The existing ten-year agreement expires on April 7, 2022 and the city desires to have a proper period to negotiate the following policy items as part of a new long-term agreement:
  - Clean Energy goals
  - Public right-of-way coordination
  - Private development coordination/standards
  - Undergrounding coordination
- Idaho Power has agreed to short-term extensions with other Idaho cities
- Extension will preserve the city's ability to continue to collect the municipal franchise fee

#### 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-way and public spaces.

The City of Hailey recently completed a similar negotiation with Idaho Power. Hailey shares similar "clean energy" goals as Ketchum. They attempted to incorporate coordination elements within their

franchise agreement, but Idaho Power insisted those be contained in a non-binding memorandum of understanding (MOU) versus the franchise agreement.

#### Sustainability Impact

A significant portion of the negotiation process will be focused on how the city can coordinate with Idaho Power to achieve city clean energy goals.

#### Financial Impact

The city currently collects a three percent (3%) franchise fee. The short-term extension agreement will ensure those fees continue to be collected until the long-term agreement is in place. City staff will also explore any alternate funding arrangements with Idaho Power for significant undergrounding projects (e.g., Hwy 75 - Serenade to River).

#### Attachments

1. Current Ketchum Franchise Agreement
2. Ordinance #1233 – One Year Franchise Extension Agreement

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.

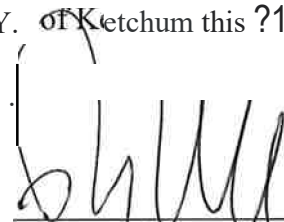
SECTION 20. The existing franchise agreement between the City and Grantee set forth in Ordinance 890, dated January 7, 2002, shall terminate upon the adoption and acceptance of this ordinance.


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 05/21/2012.

PASSED AND ADOPTED by the Council of the City of Ketchum this 21st day of May, 2012.

APPROVED by the Mayor this 21st 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 1 day of July, 2012.

By: DanB. Minor  
Executive Vice President -Operations

ATTEST:

Patricia A. Harrington  
Secretary

(Seal)

**ORDINANCE NO. 1233**

**AN ORDINANCE OF THE CITY OF KETCHUM, BLAINE COUNTY, IDAHO, AMENDING AND EXTENDING THE GRANT OF FRANCHISE TO IDAHO POWER COMPANY UNDER CITY OF KETCHUM ORDINANCE 1092 ; PROVIDING A REPEALER CLAUSE, A SAVINGS AND SEVERABILITY CLAUSE, AND A PUBLICATION PROCESS; PROVIDING FOR GRANTEE ACCEPTANCE; AND PROVIDING AN EFFECTIVE DATE.**

- A. The City of Ketchum has granted a franchise to Idaho Power Company, pursuant to the City's authority under Idaho Code §§ 50-328, 50-329, and 50-329A, via Ordinance No. 1092, for a period of ten years from April 7, 2012 until April 7, 2022.
- B. The City and Idaho Power are currently in discussion regarding a new electric utility franchise ordinance, and it is in the best interests of the parties to extend the existing franchise for an additional period to allow time for negotiations and refinement on elements of a new franchise.

**NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF KETCHUM:**

**SECTION 1:** That Ketchum Ordinance No. 1092 is amended to extend one additional year through April 7, 2023.

**SECTION 2: REPEALER.** All previous ordinances, resolutions, orders, or parts thereof, that are in conflict herewith are hereby repealed.

**SECTION 3: SAVINGS AND SEVERABILITY.** It is hereby declared to be the legislative intent that the provisions and parts of this ordinance shall be severable. If any paragraph, part, section, subsection, sentence, clause or phrase of this ordinance is for any reason held to be invalid for any reason by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance.

**SECTION 4: PUBLICATION.** This ordinance has been and/or shall be published and/or posted in accordance with the requirements of Idaho Code §50-329 and other applicable law.

**SECTION 5: GRANTEE ACCEPTANCE.** The Grantee shall assume the cost of publication of this franchise extension as such publication is required by law. The Grantee shall, within thirty (30) days after final passage of this ordinance, file with the City Clerk its acceptance of this franchise extension.

**SECTION 6: EFFECTIVE DATE.** This ordinance shall be in full force and effect after its passage, approval and publication, according to law.

PASSED BY THE CITY COUNCIL of Ketchum, Idaho this \_\_\_\_ day of \_\_\_\_\_ 2022.

APPROVED BY THE MAYOR of Ketchum, Idaho this \_\_\_\_ day of \_\_\_\_\_ 2022.

\_\_\_\_\_  
Neil Bradshaw, Mayor

**ATTEST:**

\_\_\_\_\_  
Tara Fenwick, City Clerk