



Understanding Your Electric Franchise

Signing an electric franchise with ITC Midwest is an important step in providing security and certainty for your community's electric service. This packet of information is intended to provide an overview of the benefits of and process for securing your electric franchise with ITC Midwest.

Process for completing an electric franchise with ITC Midwest:

- 1) City leaders to review Franchise documents, schedule and conduct a Public Hearing. Refer to "Public Hearing Notice" inside folder.
- 2) City leaders conduct the public hearing and required readings.
- 3) The franchise ordinance is considered and voted on for passage at three consecutive council meetings. The second and third readings can be suspended by a recorded vote of not less than three-fourths of all of the members of the council.
- 4) City Clerk publishes or posts, as appropriate, announcement of ordinance passage.
- 5) The City Clerk must sign, affix the city seal to and mail the Certificate of City Clerk to ITC Midwest. The Certificate of City Clerk will be mailed to the City Clerk with the Letter of Acceptance.
- 6) City Clerk signs, dates and seals the Letter of Acceptance and returns it to ITC Midwest. This date serves as the official start date of the franchise agreement.

Please mail all completed franchise documents to your ITC Midwest Area Manager.

Questions and Answers about Franchise Agreements:

What is a franchise agreement?

A franchise agreement is a legal contract between a community and a utility. Under a franchise agreement, the city allows the utility to construct, maintain and operate its electric transmission system within city streets, alleys, other rights-of-way and public places. The agreement further specifies the rights and responsibilities of both the city and the utility.

Iowa law provides the basis for community franchise agreements. A city approves a franchise agreement through the normal city ordinance process, which includes public notification, a public hearing and three city council meetings.

What is the length of a franchise agreement?

ITC Midwest's standard franchises are for a term of 25 years. This length of time provides certainty for both the city and the utility, and allows the company adequate time to plan its long-term investments in the community.

Benefits of an Electric Franchise

Can cities have a franchise with more than one utility?

Franchises are non-exclusive, meaning that cities can have franchises with multiple utilities, including multiple electric companies. In most cases, cities will have a franchise agreement with ITC Midwest as the electric transmission company as well as with the local electric distribution company that serves the community.

Does the franchise agreement spell out the costs for utility service?

The franchise does not spell out the costs for utility service. Utility costs are set through regulatory proceedings at federal and state agencies.

Establishing a franchise takes a small amount of effort, but the benefits to the community make it worthwhile. An electric franchise with ITC Midwest provides several benefits to your city.

Indemnification

ITC Midwest's franchise specifically addresses the risk to the city, holding the city harmless from all damages arising from the negligent acts or omissions of ITC Midwest in the erection and maintenance of the electric transmission system.

As stated in the franchise, ITC agrees it will place its facilities to not unnecessarily interfere with the travel on the streets, alleys and public places in the city. ITC Midwest will also take care not to inhibit the function of ordinary drainage, sewers, underground pipe and other property of the city.

Relocation of Services for Road Improvements

If the city is planning to widen or improve streets or alleyways, ITC Midwest generally relocates lines or equipment in the rights-of-way without charge in communities where we have a current franchise. There may be exceptions based on special situations, but a franchise gives ITC Midwest assurance that it has a long-term relationship with the community, and that relocation of ITC Midwest's assets is in everyone's best interests. When a city makes a request for relocation, we will work with city staff to address the need, finding a solution that meets the city's needs while ensuring continued safe and reliable operations of the electric system.

Investments in Reliability

A franchise assures a community that ITC Midwest is committed to making the necessary transmission investments to meet the community's electric needs. ITC Midwest appreciates the partnerships we have with cities and citizens throughout our service territory. A franchise is a formal commitment by which the community knows ITC Midwest is operating safely and in a way that recognizes the community's unique needs.