



DATE: July 28, 2017

TO: William A. Gaines, Director of Utilities/CEO

FROM: Chris Robinson, Power Superintendent *CR*

SUBJECT: Authorization to Accept Franchise Extension Granted by the City of Lakewood to Tacoma Power

RECOMMENDATION

Tacoma Power requested and Lakewood has granted a 20-year extension of our franchise to operate within its jurisdiction. Tacoma Power recommends that the Public Utility Board authorize acceptance of this franchise extension.

BACKGROUND

Tacoma Power's franchise with Lakewood is coming to the end of its 20-year term. The franchise has served us well and we believe it will continue to in the future, even with the modifications to the franchise made by Lakewood.

Favorable terms include:

- Strong utility coordination provisions
- No permit fees
- No processing fees
- No franchise fees

The franchise administrative fee will be updated with this extension to match the Gross Earnings Tax rate paid to the City of Tacoma while the Gross Earnings Tax exceeds 6%, which is the existing administrative fee rate.

We believe the extension is practical, efficient and reflective of a good working relationship with the City of Lakewood. This franchise extension will result in ongoing coordination and ability to serve our customers within Lakewood.

FUNDING

Funds for the franchise administrative fee are collected through power rates and are available in Tacoma Power's budget.

SUMMARY

It is necessary for Tacoma Power to obtain a franchise from the City of Lakewood in order to continue to operate within Lakewood boundaries. This franchise extension was passed by the City Council of the City of Lakewood on July 17, 2017, City of Lakewood Ordinance No. 672, and requires acceptance by Tacoma Power to become an agreement. Because of changes to the administrative fee, approval is required by the Tacoma Public Utilities Board and the City Council of the City of Tacoma.

Your approval is requested to submit this franchise to the Public Utility Board for consideration in authorizing acceptance.

APPROVED:

A handwritten signature in blue ink, appearing to read 'W. Gaines', is written over a horizontal line.

William A. Gaines
Director of Utilities/CEO