



Franchise Agreement Facts for Customers

- November 7, 2017 election gives the Town of Pinetop-Lakeside voters the opportunity to approve two 25-year franchise agreements.
- Franchise agreements permit NAVOPACHE ELECTRIC COOPERATIVE and ARIZONA WATER COMPANY to use the Town of Pinetop-Lakeside's right-of-way to maintain and operate their systems.
- NAVOPACHE ELECTRIC COOPERATIVE will pay the Town of Pinetop-Lakeside a 2% franchise fee and ARIZONA WATER COMPANY will pay the Town of Pinetop-Lakeside a 3% franchise fee that supports public safety and other vital Town services.

Frequently Asked Questions

What is a franchise agreement? A franchise agreement is a contract between the Town and a public utility. A franchise agreement gives them a non-exclusive right to use the Town of Pinetop-Lakeside's streets, alleys and other public rights-of-way to construct, maintain and operate their electric facilities and water distribution system safely and efficiently to serve their customers in the Town of Pinetop-Lakeside. A franchise agreement requires them to relocate their facilities without cost to the Town when the facilities conflict with the Town's street projects.

Do NAVOPACHE ELECTRIC COOPERATIVE and ARIZONA WATER COMPANY have franchise agreements with other cities? Yes. They have franchise agreements with many municipalities and counties in Arizona.

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

How long will the franchise agreements be in effect? Franchise agreements are established for a maximum term of 25-years by the Arizona Constitution. If approved, these agreements will be in effect until December 8, 2042.

Do the franchise agreements involve a payment to the Town of Pinetop-Lakeside? Yes. As with all NAVOPACHE ELECTRIC COOPERATIVE and ARIZONA WATER COMPANY municipal franchises, the franchise fee is a percentage of their revenue collected from their customers within the town limits – together these payments will bring approximately \$160,000 annually to the Town of Pinetop-Lakeside. The franchise fee fund is important to Town services such as public safety, street improvements, parks, facilities and economic development.

Why should voters approve the Town's franchise agreements with NAVOPACHE ELECTRIC COOPERATIVE AND ARIZONA WATER COMPANY? Franchise agreements are important because they provide stability and help the Town of Pinetop-Lakeside effectively and economically plan for the future in coordination with these two utilities. It also ensures they are using rights-of-way safely and efficiently and that they comply with regulations regarding the use of town streets for their facilities.

What happens if a majority of voters do not approve these franchise agreements? 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.

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