



Lee County Electric Cooperative (LCEC)

Presentation Addressing the City's Electric Franchise Issue

Summary of LCEC Presentations



- The following slides combine the summary of the presentations by Ken Weiss, Vice President, NWNA, Inc. and Frank Cain, LCEC Director Of Legal and Regulatory Affairs, assisted by Karen Ryan, Public Relations Manager and Trish Lassiter, Key Account Executive.
 - Summary comments by Ken Weiss will be shown in 'white'
 - Summary comments by Frank Cain will be shown in 'yellow'

LCEC and You



Your Electric Bill: and Comparison of a Rural Electric Cooperative vs Municipal Electric Utility

- **Electric Charges on a sliding scale based on KWh used, AND;**
- **Presently, you pay the City of Cape Coral 7% “Public Service Tax” (PST), and a City of Cape Coral 3% “Franchise Fee”, along with a State “Gross Receipts Tax”.**
- **LCEC is a Not for Profit Rural Electric Cooperative, owned by its members/customers**
- **Margins are put back into the infrastructure and allocated to its members**
- **On the other hand, a Municipal Electric Utility would be owned and governed by the Municipality (i.e., Cape Coral City)**
- **The Citizens would fund this municipality.**

EXPIRATION OF THE CURRENT LCEC FRANCHISE: (WHAT IS ON THE TABLE)



- Option 1 – Renew Franchise Agreement with LCEC
- Option 2 – Form a Municipal Electric Utility

Additional Notes:

- Rates for power and service territory boundaries are governed by the Florida Public Service Commission under Service Territory agreements
- Franchise Agreements are not required. The 3% Franchise Fee is collected by LCEC and paid to the City (Monthly) for the right or privilege to utilize the public property of the city for the purpose of supplying electric service.
- The current 30 year term expires October 1, 2016

EXPIRATION OF THE CURRENT LCEC FRANCHISE: (WHAT IS ON THE TABLE)

OFFICIALLY:

“The City is looking at it’s options and doing its due diligence” in deciding how to address the expiration of the current LCEC franchise.

CITY NEGOTIATIONS WITH LCEC CONTINUE

Other Items on the Agenda – CITY Looking for NEW REVENUE ?

“There is no free lunch” – An increase in the “franchise fee” (eyed by city officials) will be passed on to YOU and added to your electric bill. (Basically a disguised tax increase.) Same with other proposals such as a City directed “Capital Improvement Fund” for solar, green energy, or hugely expensive underground electric transmission lines.



USE

“MUNICIPALIZATION”

A Municipal Electric Utility run by the
City of Cape Coral

****Feasibility****

The City would purchase the infrastructure, makes capital and runs as the new electric provider. Will have to deal with many issues including establishing cost, finance, reintegration, etc.

This is a HUGE undertaking which could cost millions of new debt.



Potential Moral Hazard: (Ask yourself)



1. Is this a disguised tax increase that public officials do not have to vote on; (eg., Increase to franchise fee)
2. Potential Taking of Private LCEC assets by the City – The equity and assets of a ratepayer owned utility. (I.e. “buying” what ratepayers already own?)
3. Pursuing public policies contractually at taxpayer expense? (Promoting “wants” that LCEC can’t justify as a business decision to keep electric rates low, without actually voting to enact them)
4. Discouraging investment in your electric utility infrastructure by not renewing the LCEC franchise or shortening the term of the franchise. (Does the city adequately maintain the infrastructure such as roadways, water, and sewer, that it presently has responsibility for in a cost efficient fashion?)



LISTEN CAREFULLY !

**This will affect you for years to
come.**