

## **Sand Springs PSO Franchise FAQ**

### **What is a franchise?**

A franchise is the ordinance agreement between PSO and the City of Sand Springs. Oklahoma state law requires an election by the voters to approve the ordinance passed by the Sand Springs City Council earlier this year. The franchise provides revenue to the City of Sand Springs and grants PSO permission to access the public right of ways, alleys, and streets in order to operate the electric grid. In return, PSO will collect a 2% franchise fee and a new 1% community enhancement fee that will be sent to the city each month in full, for the length of the franchise (25 years). This extra 1% community enhancement fee can be used by the city for parks and recreation and other community development opportunities.

### **Why do we have to have a franchise election every 25 years?**

Article 18, Section 5A of the Oklahoma Constitution states that utility providers must have a franchise with the cities and towns it serves, via a vote of the citizens of those cities and towns. The 1999 Oklahoma Supreme Court Case of Oklahoma Electric Cooperative Inc. v. Oklahoma Gas and Electric Company says that if an electric utility is going to serve a city, it must have a franchise agreement to do so. This franchise agreement must be voted on and approved by the citizens of that city, to document the agreement between the utility company and the city. There are no "exclusive" franchises allowed within the State.

### **When will the franchise election take place?**

The election will take place on Tuesday, August 27, 2024 from 7 a.m. to 7 p.m. The election will be held at the county election board precincts located within the city of Sand Springs. The voter registration deadline for the election is Friday, August 2, 2024. If you are not currently registered, you can sign up or view your voter status here: [OVP \(oklahoma.gov\)](https://oklahoma.gov) .

### **What are the key benefits of renewing the franchise?**

- Allows PSO to respond efficiently to the needs of Sand Springs citizens and prevents delays in power restoration.
- Strengthens coordination between PSO and the city in weather emergencies to restore power as safely and quickly as possible.
- Funds essential services such as police, fire and parks with franchise fees.
- Ensures seamless economic development cooperation between the city and PSO when attracting, retaining and expanding Sand Springs businesses.
- Facilitates building new homes, new businesses and overall economic growth as well as improving the electric grid.
- Enhances lives by providing charitable support to education, food security, and overall community well-being.
- Provides municipal street lighting for 1/3 the cost compared to non-franchise cities.

### **What revenue will the franchise generate for the City of Sand Springs?**

PSO estimates the franchise will generate over \$850,000 annually for the City of Sand Springs. Franchise revenue is paid directly to the City of Sand Springs, in addition to PSO's sales tax and ad valorem tax payments.

<b>2% Franchise Fee</b>	<b>1% Community Enhancement Fee</b>
<i>Supports City of Sand Springs General Fund</i>	<i>Supports City of Sand Springs Parks</i>
\$574,543.10	\$287,271.55

\*Estimates based on 2023 revenue generation

**What happens if the franchise is not approved?**

It could mean PSO would need to get work permits for each and every routine restoration or expansion work involving city streets, alleys or rights of way. This would significantly impact PSO’s ability to serve those customers quickly and efficiently by lengthening wait times. It would mean that the City of Sand Springs would lose an important and significant source of public funding. The City of Sand Springs would also lose reliable electricity. The current agreement expires in November of this year.

**How do PSO’s prices compare to state, regional and national averages?**

PSO’s prices are consistently at or below state, regional and national averages. PSO’s prices are regulated by the Oklahoma Corporation Commission and are not affected by the franchise election.

See more at <https://www.psoklahoma.com/company/about/franchise/>