

Estimation of Franchise Compensation				
Key	Input			
	Output			
<b>Valuation of Land Adjacent to the ROW in the Franchise Area</b>				
	Total Assessed Land Value			1
	Total Square Feet			2
	Per Square Foot Value of Land Adjacent to the ROW			3
<b>Valuation of Franchise Use Area</b>				
<b>Franchise Use</b>				
	Width	6		
	Length	7	Franchise Use Area	8
	Reduction Factor for Facility Location	9	Value of Franchise Use Area	10
<b>Estimated Franchise Compensation Calculation</b>				
	Rate of Return			Estimate of Annual Compensation
		11		12
<b>Financial Impact Limiting Factor</b>				
			Estimated Monthly Franchise Compensation	13
	Total Residential Customers	14		
	Total Other Customers	15		
	Estimated Monthly Cost per Customer	16	Financial Impact Limiting Factor	17
	Revised Estimate of Monthly Franchise Compensation	18		
	Revised Estimate of Annual Franchise Compensation	19		

1. The total Assessed Land Value of parcels adjacent to the ROW in the Franchise Area, using parcels that are not exempt from property tax. Data is provided by the King County GIS Center.

2. The total square feet of the parcels used to establish the Assessed Land Value for Box 1. Data is provided by the King County GIS Center.

3. The per-square-foot value of the land adjacent to the ROW is established by dividing the total Assessed Land Value of parcels (Box 1) by the total square feet of such parcels (Box 2).

6. Input is established by FMD as the typical width of a utility easement that provides for reasonable clearances from other utilities, modest and varied appurtenant uses in the ROW, and reasonable access for construction, maintenance, and repair.

7. The approximate number of linear feet of ROW in the Franchise Area, provided by the King County GIS Center, or the number of linear feet occupied by the Utility when the Utility provides verifiable information

8. The Franchise Use Area is established by multiplying the Width (Box 6) by Length (Box 7). The product is used to calculate the Value of the Franchise Use Area in Box 10 below.

9. Input is established by FMD as a factor that reduces the Franchise Use Area based on facility location (aerial or underground).

10. The value of the Franchise Use Area is established by multiplying the Franchise Use Area (Box 8) by the reduction factor for facility location (Box 9) and by the per square foot value of land adjacent to ROW (Box 3).

11. Input is established by FMD as reflective of the current rate of return on real estate typically charged by municipalities and private parties.

12. The estimate of annual Franchise Compensation is established by multiplying the value of the Franchise Use Area (Box 10) by the rate of return (Box 11).

13. The estimated monthly Franchise Compensation amount is established by dividing the estimated annual Franchise Compensation amount (Box 12) by 12 (months).

14. The utility will provide the number of residential customers it serves in its franchise area in unincorporated King County.

15. The utility will provide the number of non-residential customers it serves in its franchise area in unincorporated King County.

16. The estimated monthly cost per customer is established by dividing the estimated monthly Franchise Compensation amount (Box 13) by the total of customers (sum of Box 14 + Box 15).

17. Input is established by FMD for the purpose of evaluating the reasonableness of the estimate of annual Franchise Compensation..

18. If the estimated monthly cost per customer (Box 16) exceeds the monthly financial impact limiting factor, FMD will add the product of the number of residential customers (Box 14) multiplied by the monthly financial impact limiting factor (Box 17) to the product of the number of non-residential customers (Box 15) multiplied by the estimated monthly Franchise Compensation amount.

19. The revised estimate of annual Franchise Compensation is established by multiplying the estimated monthly Franchise Compensation amount (Box 18) by 12 (months).