



BOARD/COMMISSION RECOMMENDATION

Electric Utility Commission

Recommendation No. 20130819-020

Resolution on Austin Energy Franchise Fee Collection

WHEREAS, almost all public and private utilities in Texas pay franchise fees to governments of cities that they serve; and

WHEREAS, Austin Energy pays a franchise fee of 3% of gross revenues to six small cities in its service area (Bee Cave, The Hills, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills); and

WHEREAS, the revenue lost to Austin Energy from this practice amounted to about \$1.2 million in fiscal year 2012; and

WHEREAS, franchise fees charged by most other utilities serving customers in the city limits of Austin, including Texas Gas Service, Pedernales Electric Coop, Bluebonnet Electric Coop, and AT&T, are charged to the specific customers served and not paid for out of these utilities' general revenue;

THEREFORE, BE IT RESOLVED that the Austin City Council direct Austin Energy to charge this 3% franchise fee directly to the bills of customers in all affected cities and thereby recoup as much of the fees as possible from the customers in the cities to whom Austin Energy pays lump sum franchise fees, and that this policy be implemented on October 1, 2013.

Date of Approval: August 19, 2013

Record of the vote: Approved by the Electric Utility Commission on a vote of 4-0-1, with Chair Bernfeld, Vice Chair Hadden, and Commissioners Fath and Shaw voting for the resolution, and Commissioner Rai abstaining.

Attest:

Toye Goodson, Staff Liaison