

AGENDA



Recommendation for Council Action

Austin City Council		Item ID	38804	Agenda Number	19.
Meeting Date:	1/29/2015		Department:	Telecommunications and Reg Affairs	
Subject					
Approve the second reading of an ordinance granting a franchise agreement to CenterPoint Energy Resources Corporation to provide natural gas distribution services.					
Amount and Source of Funding					
Unanticipated franchise fee revenue of \$34,000 in FY15 General Fund Revenue.					
Fiscal Note					
No fiscal note is needed.					
Purchasing Language:					
Prior Council Action:	1st Reading passed on December 11, 2014.				
For More Information:	Rondella M. Hawkins; TARA Officer, (512) 974-2422				
Boards and Commission Action:					
MBE / WBE:					
Related Items:					

Additional Backup Information

Private use of public rights-of-way, (ROW), are regulated and monitored via franchise agreements to ensure fair use and compensation for this valuable public asset. Customer service standards for the services are set by the Federal Communication Commission (FCC) under Title VI of the Communications Act. The City monitors compliance with the State and Federal regulations and assists communications between subscribers and service providers. Periodically, audits are performed in order enforce the agreement.

CenterPoint Energy Resources Corporation provides natural gas service to approximately 454 customers (440 residential and 14 commercial) in an area that was full-purpose annexed by the City of Austin in 2008.

Key terms of this non-exclusive franchise agreement include the following:

- Term: 10-year initial term with a 10- year extension for total of 20 years
- Compensation: Franchise fee of five (5) percent of gross revenues paid to City on quarterly basis. In addition, CenterPoint will remit a payment in the amount of \$ 30,000 for retroactive franchise fees due City for period of January 1, 2008 through December 31, 2014
- Reserves City's right to regulate rates and the charges for the services of the Company to its customers as provided by State law and the City Charter
- Abide by City's current street-cut regulations and right-of-way management policies
- City right to Audit
- Indemnification of the City

City Charter requires three separate readings of this franchise agreement.

Third reading is scheduled for February 12, 2014.

