



Recommendation for Action

File #: 21-1210, **Agenda Item #:** 5.

3/4/2021

Posting Language

Authorize negotiation and execution of ten-year extensions to existing electric service franchise agreements for the use of rights-of-way in other municipalities within the Austin Energy service area, maintaining the payment amount of three percent of gross electric revenues from customers within each municipality.

Lead Department

Austin Energy

Fiscal Note

Funding in the amount of \$1,340,000 is available in the fiscal year 2020-21 Austin Energy Operating Budget.

Prior Council Action:

January 27, 2011- City Council authorized execution of the original franchise agreements.

For More Information:

Andy Perny, Division Chief, Law Department (512) 974-2447; Tammy Cooper, VP, Regulatory Affairs and Corporate Communications (512) 505-3901.

Council Committee, Boards and Commission Action:

February 8, 2021- Recommended by the Electric Utility Commission on a vote of 8-0, with Commissioners Ferchill, Funkhouser and Wray absent.

Additional Backup Information:

This action will authorize the City Manager to extend, for up to ten years, the terms of existing franchise agreements for the use of rights-of-way in other municipalities that fall within the electric service area of Austin Energy. Austin Energy is currently a party to franchise agreements with the cities of Bee Cave, The Hills, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills. These agreements are due to expire on February 28, 2021.

Each franchise provides compensation to the municipality in return for the right of Austin Energy to maintain its electric service facilities in the municipality's rights-of-way. The fee paid to the municipality is three percent of total gross electric revenues received by Austin Energy from customers within the municipality. Total FY20 gross electric revenues from customers in the municipalities listed above were \$44.67 million, which resulted in

a total franchise payment to all the municipalities of \$1.34 million for that year. Payment amounts for future years can only be estimated and will be contingent upon load growth and actual electric usage in the franchise areas.

Strategic Outcome(s):

Government That Works for All.