



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: City Manager's Office

DCM: Cassey Ogden

DATE: October 21, 2025

SUBJECT

Consider adoption of an Ordinance of the City of Denton by three separate votes, each being conducted on September 16, 2025, October 21, 2025, and December 2, 2025, granting a nonexclusive gas franchise to Universal Natural Gas, LLC, for use of public rights-of-way in a designated area in the City of Denton for the purpose of constructing, maintaining and operating a system of pipelines and other facilities for the provision, transportation, distribution and conveyance of gas to customers in such designated area; authorizing execution of a franchise agreement between the City of Denton and Universal Natural Gas, LLC, providing for compensation to the City for the use of the public right-of-ways, providing terms, conditions and requirements related to the use of public rights-of-way in the City of Denton and to the construction, maintenance and operation of pipelines and other facilities for the provision, distribution and transportation of gas to customers in the designated area of the City of Denton; providing for publication; and providing an effective date.

BACKGROUND/DISCUSSION

A natural gas franchise agreement is a legal contract that grants the utility provider the right to construct, operate, and maintain natural gas infrastructure within public rights-of-way in the City. The City of Denton was approached by Universal Natural Gas, LLC, about providing service in the City. City staff has worked with the company in negotiating a franchise agreement providing for terms, conditions, and requirements for the use of the City right-of-way and operation of gas infrastructure within the City. The proposed franchise agreement contains the following terms.

Term	Proposed	Notes
Agreement Term	10 years, with the option of one (1) additional 5-year term	
Use of the Right-of-Way	City grants access for use but maintains control of the ROW and permitting is required	ROW Management Ordinance
Mapping of Distribution System	Provide notice of planned ROW construction and maintain records of installation	Quarterly reports for an upcoming 2 year period
Relocation of Buried lines and assets	City can require the Company to relocate facilities or the City may impact facilities in the event of an emergency	Company is fully responsible for the cost of repairs or relocations
Franchise Payment	Amount Equal to 5% of Company's Gross Receipts	Paid Quarterly, excludes permit fees
Southwest Park	Connection to the Southwest Park at the Company's cost	

Overall, City Staff believe the proposed franchise agreement provides the parameters needed for Universal Natural Gas, LLC to operate and provide natural gas service in Denton and is substantially similar to other

gas franchises already operating in the City. The franchise agreement sets an initial rate, and the City has the ability to review the future rates by a separate rate review process (Rate Review mechanism) as prescribed by state law.

Per the City Charter, for the franchise agreement to take effect, the ordinance must be approved at three regular meetings of the City Council. The proposed dates for the approvals are September 16, 2025, October 21, 2025, and the final adoption on December 2, 2025. If adopted by City Council as scheduled, the franchise would take effect following execution by both parties. The franchise is scheduled to expire on December 31, 2035, with the ability to extend to December 31, 2040 with agreement by both parties.

RECOMMENDATION

Staff recommends the approval of the ordinance granting Universal Natural Gas, LLC, a natural gas franchise to operate in the City of Denton.

EXHIBITS

Exhibit 1- Agenda Information Sheet

Exhibit 2- Proposed Ordinance

Exhibit 3- Presentation

Respectfully submitted:
Cassey Ogden
Deputy City Manager