



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: City Manager's Office

CM/DCM/ACM: Sara Hensley, City Manager

DATE: December 5, 2023

SUBJECT

Consider the second reading of an ordinance granting to Oncor Electric Delivery Company LLC, a non-exclusive electric power franchise for the purpose of constructing, maintaining, and using an electric delivery utility system in the City of Denton; prescribing the relationship and relative rights between grantee and others with respect to construction in the city and location of facilities; providing for enforcement of the franchise; prescribing the duties, responsibilities, and rulemaking authority of the City Manager and the City with respect to administration of this franchise; reserving to the governing body of the City the right to set charges and rates of grantee; regulating the construction work done by the grantee in the City; addressing the joint use of poles, trenches, and ducts in certain instances; addressing relocation of facilities; providing for compensation to the City from the grantee for the franchise privilege; requiring certain records and reports and providing for inspections and preservation thereof; providing for enforcement of the franchise; providing for assignment of the franchise; providing for indemnity and insurance; providing for term, renewal, effective date, and acceptance of this franchise; addressing conformity with applicable laws, City charter and City code; providing for good faith effort; providing for the repeal of the existing franchise ordinance no. 2012-359 to Oncor Electric Delivery Company LLC, its predecessors and assigns, and finding that the meeting at which this ordinance is passed is open to the public; and providing an effective date.

BACKGROUND

In accordance with state law and the City of Denton charter, a non-exclusive franchise is required to be granted by the City of Denton before Oncor Electric Delivery Company LLC may occupy the Public right-of-way to provide electric service in the City of Denton.

The City of Denton's previous franchise agreement with Oncor was adopted on December 18, 2012, and expired on December 18, 2022. While considerable time has passed since the expiration of the previous franchise agreement, the agreement provided that the provisions would continue as the City and Oncor negotiated a new franchise agreement. During the time since the expiration of the previous agreement, Oncor has continued to pay its franchise fees to the City and abide by all applicable ordinances. To date, no disputes have arisen between the City and Oncor which would have been covered under a franchise agreement.

Over the last year, staff and Oncor representatives have been actively negotiating a number of provisions that would be acceptable to both parties. Staff is glad to inform the City Council that all issues surrounding the franchise agreement have been resolved and both the company and staff are jointly recommending approval of the franchise agreement. The term of the new agreement is for twenty (20) years and will expire on Sept. 30, 2043.

The agreement provides for regulations by which the company may place facilities in the public right of way, the maintenance and relocation of Oncor infrastructure in the public right of way, records to be kept by Oncor and provided to the City, and other relevant provisions.

For the privilege of using the public right of way, Oncor shall pay the City a factor of \$0.003002 multiplied by each kilowatt hour of electricity delivered by the Company to customers within the City limits. In addition to the kilowatt-based franchise fees paid to the City, Oncor also pays an annual franchise fee of 4% on miscellaneous charges (known as “Discretionary Service Charges”).

The City of Denton Charter requires the franchise agreement to be approved three (3) times before it becomes effective. Staff anticipates that the franchise agreement will be presented again to the City Council for a second reading in December and a third and final reading in February 2024. If approved on all three readings, the new franchise agreement will be effective immediately after its passage, publication, and accepted by Oncor.

RECOMMENDATION

Staff recommends approval of the second reading of the ordinance.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

n/a

FISCAL INFORMATION

From January to December 2022, \$65,353 was paid to the City of Denton under the provisions of the franchise agreement. A total of \$44,074 has been paid to the City of Denton since January 2023.

EXHIBITS

1. Agenda Information Sheet
2. Presentation
3. Ordinance

Respectfully submitted:
Ryan Adams
Chief of Staff