

# City of Mesquite, Texas

## Legislation Details (With Text)

|                      |             |                      |              |              |  |
|----------------------|-------------|----------------------|--------------|--------------|--|
| <b>File #:</b>       | 19-4471     | <b>Version:</b>      | 1            | <b>Name:</b> | Electric Transmission and Distribution Franchise Ordinance - 2nd Reading |
| <b>Type:</b>         | Agenda Item | <b>Status:</b>       | Passed       |              |  |
| <b>File created:</b> | 10/22/2019  | <b>In control:</b>   | City Council |              |  |
| <b>On agenda:</b>    | 11/4/2019   | <b>Final action:</b> | 11/4/2019    |              |  |

**Title:** An ordinance, on second reading, granting to Oncor Electric Delivery Company, LLC, its successors and assigns, the nonexclusive right to use and occupy rights-of-way within the City of Mesquite, Dallas County, Texas, for the construction and operation of an electric transmission and distribution system, prescribing conditions governing the use of the public rights-of-way, providing for compensation therefore, providing for an effective date and a term of said franchise, providing for written acceptance of this franchise, finding that the meetings at which this ordinance is passed are open to the public, and providing for severability.

### Sponsors:

### Indexes:

### Code sections:

**Attachments:** 1. Ordinance - Oncor, 2. Current Franchise Ordinance

| Date      | Ver. | Action By    | Action   | Result |
|-----------|------|--------------|----------|--------|
| 11/4/2019 | 1    | City Council | Approved | Pass   |

An ordinance, on second reading, granting to Oncor Electric Delivery Company, LLC, its successors and assigns, the nonexclusive right to use and occupy rights-of-way within the City of Mesquite, Dallas County, Texas, for the construction and operation of an electric transmission and distribution system, prescribing conditions governing the use of the public rights-of-way, providing for compensation therefore, providing for an effective date and a term of said franchise, providing for written acceptance of this franchise, finding that the meetings at which this ordinance is passed are open to the public, and providing for severability.

Oncor and its predecessors, TXU Electric Company, Texas Utilities Electric Company and Texas Power & Light Company have operated under a franchise to distribute electricity within the City of Mesquite since 1960, and have used the public rights-of-way for that purpose. The streets, rights-of-way and public easements used by electric companies within the boundaries of the City are valuable public properties acquired and maintained by the City; therefore, in consideration for the privilege and license granted by the City to Oncor to occupy and use the City's rights-of-way, Oncor pays the City a franchise fee based on a unique franchise fee factor (0.003023) multiplied by the kilowatt hours of electricity delivered by Oncor to customers within Mesquite. This rate methodology was established by the State Legislature in 1999 and became effective January 1, 2002.

The current franchise with Oncor will expire on December 4, 2019, and during the past nine months, City staff has been working with outside counsel at Lloyd Gosselink Rochelle & Townsend, P.C., who specialize in utility matters and municipal law, and who have represented the City in electric rate proceedings at the Public Utility Commission of Texas, to develop a new franchise agreement. Oncor and the City have successfully renegotiated the terms and conditions of the franchise for a 20-year period effective on the date when Oncor's written acceptance of the franchise is filed with the City Secretary.

Since the existing franchise (attached) is 30 years old, this proposed franchise ordinance was restructured and

modified based on the most recent prevailing electric franchises that have been successfully negotiated with Oncor and contain the most favorable terms and conditions for area cities. Staff believes this franchise will continue to allow Oncor the ability to serve Mesquite residents and businesses with safe, reliable energy while the City maintains its ability to effectively manage its public rights-of-way.

**Recommended/Desired Action**

Staff recommends approval of the ordinance.

**Attachment(s)**

Proposed Franchise Ordinance

Current Franchise Ordinance

**Drafter**

Ted Chinn

**Head of Department**

Ted Chinn