

AGENDA



Thursday, May 15, 2008

**Telecommunications & Regulatory Affairs
RECOMMENDATION FOR COUNCIL ACTION****Item No. 14**

Subject: Approve an ordinance on third reading granting a franchise agreement to ATMOS Energy Corporation to provide natural gas distribution services.

Amount and Source of Funding: Estimated annual franchise fee revenue in the amount of \$500,000 is anticipated under new franchise agreement.

For More Information: Rondella Hawkins, Manager, 512-974-2422

Boards and Commission Action: Second reading was recommended by the Council Committee for Emerging Technology and Telecommunications.

Prior Council Action: 1st Reading on August 9, 2007; 2nd Reading on August 30, 2007.

Atmos Energy Corporation (formerly TXU Gas Company) is a provider of natural gas service to approximately 5,300 customers in the City. The current franchise agreement granted by the City in 1987 expired on November 15, 2007. The third reading of the non-exclusive franchise agreement includes the following key terms:

- * Term: 10-year initial term with 10-year extension for total of 20 years;
- * Compensation: Franchise Fee of five percent of gross revenues paid to the City on quarterly basis;
- * Provides for a natural gas conservation program;
- * Reserves the City's right to regulate rates and charges for the services of the Company to its customers as provided by State law and the City Charter;
- * Requires adherence to the City's current street-cut regulations and right-of-way management policies;
- * City granted a right to audit; and
- * Indemnifies the City