



Thursday, October 05, 2006

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**Telecommunications & Regulatory Affairs
RECOMMENDATION FOR COUNCIL ACTION**

ITEM No. 23

Subject: Approve third reading of an ordinance granting a franchise agreement to Texas Gas Service, a division of ONEOK, Inc. to provide natural gas distribution services.

Amount and Source of Funding: Funding in the amount of \$6,548,600 in Franchise Fee Revenue was included in the Fiscal Year 2006-2007 Approved Budget.

Additional Backup Material
(click to open)
No Attachments Available

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

Boards and Commission Action: Presented to Council Subcommittee for Emerging Technology and Telecommunications prior to first reading.

Prior Council Action: Second reading on 9/28/06; First reading on 08/31/06, Ordinance No. 20060831-26; Ordinance No. 860918-T.

Texas Gas Service, a division of ONEOK, Inc. ("TGS") is the primary provider of natural gas service in the City of Austin. The current franchise agreement will expire on November 17, 2006.

Key terms of this non-exclusive franchise agreement are as follows:

Term: 10-year initial term with 10-year extension for total of 20 years

Compensation: Franchise Fee of five (5) percent of gross revenues paid to City on quarterly basis

Continuation of natural gas conservation program

Reserves City's right to regulate rates and the charges for the services of the Company to its customers as provided by State law and the City Charter

Abide by City's current street-cut regulations and right-of-way management policies

City right to audit

Indemnification of the City