

TOWN COUNCIL

STAFF REPORT FINANCE Department



MEETING DATE:	7/13/2021
PROJECT:	Renewal of Franchise Agreements – First Reading
PROJECT MANAGER:	Chris Forster, Director of Finance & Administration, MPA, CPFO, CGFM

RECOMMENDATION: Staff recommends execution of renewed Franchise Agreements between the Town, and its electric service providers, Palmetto Electric Cooperative, Inc. and Dominion Energy South Carolina, Inc.

BACKGROUND/DISCUSSION: The Town executed simultaneous franchise agreements with Palmetto Electric Cooperative, Inc. and South Carolina Electric & Gas Company, predecessor in interest to Dominion Energy South Carolina, Inc., on August 28, 2001. These agreements outlined the rights and responsibilities of the parties including payment of a quarterly franchise fee of a percentage of gross sales revenue from the preceding calendar quarter. The period of performance of these initial agreements was for twenty (20) years with expiration dates of August 27, 2021. To avoid the territory disputes which had occurred over the years, the service providers negotiated an Electric Service Rights Agreement, which appeared as a formal agenda item immediately prior to this item. That agreement is incorporated by reference into the franchise agreement renewals for each service provider.

SUMMARY: The respective franchise agreement renewals maintain the main terms and conditions of the prior franchise agreements: each is for a duration of twenty (20) years although is no longer automatically renewable; each allots for a license fee equal to five percent (5%) of the total gross sales payable to the Town quarterly; each incorporates the Electric Service Rights Agreement and territory map.

NEXT STEPS: After two readings, approve the signing of the attached franchise agreements with Palmetto Electric Cooperative, Inc. and Dominion Energy South Carolina, Inc.

ATTACHMENTS:

1. Franchise Agreement for Palmetto Electric Cooperative, Inc.
2. Franchise Agreement for Dominion Energy South Carolina, Inc.