

Montgomery City Council
AGENDA REPORT

Meeting Date: June 28, 2022	Budgeted Amount: N/A
Department: Admin	Prepared By: Dave McCorquodale

Subject

Consideration and possible action on the following Ordinance: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MONTGOMERY, TEXAS GRANTING TO ENTERGY TEXAS, INC. THE RIGHT, PRIVILEGE AND FRANCHISE TO CONDUCT WITHIN THE CITY AN ELECTRICAL LIGHTING AND POWER BUSINESS; PROVIDING AN EFFECTIVE DATE UPON ACCEPTANCE IN WRITING BY ENTERGY TEXAS, INC.

Recommendation

Adopt the Ordinance as presented.

Discussion

Cities allow utility providers and various types of communications companies to use city-owned rights-of-way to install and maintain their equipment. The Franchise Agreement is the document that governs use of city property for their purposes and the sets the fees paid by the company for that use. The proposed agreement is for a twenty-five-year term, and the last Franchise Agreement with Entergy was for a 50-year term (approved in 1972). This agreement does not grant an exclusive franchise to Entergy and would not affect any future deregulation of the electricity market in our area. A summary of the Agreement is as follows:

Basis of Agreement:

- Electric providers depend on reasonable use of public rights-of-way to install transmission lines
- Cities are the custodian of these publicly owned rights-of-way and it is reasonable to collect a fee for the use of them per the Public Utilities Regulatory Act

Terms:

- City grants to Entergy the right, privilege, and franchise to conduct business and to build and maintain an electrical grid and equipment within publicly owned rights-of-way
- Provides for how Entergy's facilities can be relocated if necessary for road expansions
- Provides for maintenance practices such as tree trimming
- The Agreement is not exclusive (other electric companies could receive the same)
- Describes how the franchise fee is calculated (Base Franchise Fee Factor)
 - \$0.0021903 per kilowatt hour
 - Using my household as an example, we used 1710 kWh in May
 - \$3.74 of our May bill would be paid to the City as a franchise fee
- Base Franchise Fee for customers ONLY goes up if City adopts higher fee—it is not increased by Entergy during the 25-year agreement term

Approved By

Interim City Administrator	Dave McCorquodale	Date: 06/23/2022
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