



FINANCE DEPARTMENT

To: Mayor and Town Council

From: Bob Scott, Interim Town Manager

Re: Atmos Franchise Agreement Renewal

Town Council Meeting – January 24, 2023

Agenda Item:

Consider and act upon an ordinance granting a non-exclusive gas franchise to Atmos Energy Corporation.

Description of Agenda Item:

The ordinance grants Atmos Energy Corporation (Atmos Energy) continued use of the Town's public rights-of-ways for the construction, maintenance and operation of pipelines and equipment for the transportation, delivery, sale, and distribution of gas in, out of, and through the Town of Prosper. The ordinance extends the term of the franchise to December 31, 2043, and requires Atmos Energy pay a franchise fee of five percent (5%) on gross revenues as outlined in the ordinance. In addition, if Atmos Energy should agree to a new municipal franchise ordinance, or renew an existing municipal franchise ordinance, with another municipality in Atmos Energy's Mid-Tex Division, that results in a franchise fee greater than the amount due to the Town under this ordinance, then the franchise fee to be paid by Atmos Energy to the Town, at the election of the Town, may be increased to the amount of the other municipal franchise ordinance.

Budget Impact:

The Town has budgeted \$255,000 for the current fiscal year for gas franchise fees.

Legal Obligations and Review:

Town Attorney, Terrence Welch of Brown & Hofmeister, L.L.P., has reviewed the ordinance as to form and legality.

Attached Documents:

1. Ordinance

Town Staff Recommendation:

Town staff recommends that the Town Council approve an ordinance granting a non-exclusive gas franchise to Atmos Energy Corporation.

Proposed Motion:

I move to approve an ordinance granting a non-exclusive gas franchise to Atmos Energy Corporation.