



## AGENDA ITEM COMMENTARY

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**MEETING NAME:** City Council  
**MEETING DATE:** January 5, 2026  
**ITEM TITLE:** Consider and take appropriate action on report and recommendations pertaining to franchise fees.  
**STAFF INITIATOR:** Randy Criswell, City Manager

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### BACKGROUND:

During one of our budget work sessions last summer, we discussed Franchise agreements and the associated revenues, and that we needed to continue the discussion at some point in the future. Currently we have four major private utilities that have or should have Franchise Agreements with Wolfforth. They are Xcel Energy, SPEC, Atmos Energy, and West Texas Gas. Currently, the SPEC and Atmos franchises are expired, and we've provided them with updated versions for review. The Xcel Energy agreement is good until 2032, and West Texas Gas is good until 2029.

Texas state law allows for a maximum franchise fee of 5%, but Wolfforth only has one current franchise remitting the 5% fee – SPS (Xcel Energy). The others are collecting and remitting less, as shown below.

<u>Franchise Agreements</u>	<u>Effective date</u>	<u>Term</u>	<u>Expires</u>	<u>Fee</u>	<u>Notes</u>
Atmos	3/19/2012	10 years	3/18/2022	4%	Currently expired. New agreement under Atmos review
West Texas Gas	5/20/2019	10 years	5/19/2029	4%	Only began paying this fiscal year due to internal error.
SPS (Xcel Energy)	7/16/2012	20 years	7/15/2032	5%	2% embedded, 3% surcharged per the agreement
SPEC	2/2/2004	10 years	2/1/2014	3%	Currently expired. New agreement under SPEC review.

If all agreements were at 5%, we would see an annual increase in revenue of at least \$100,000, based on only the FY 2025 numbers, which don't reflect projected increases due to added connections.

I'd like to ask for the following direction:

- Notify West Texas Gas of our desire to increase franchise fee to 5%
- Finalize new Atmos and SPEC agreements with 5% franchise fee
- Expedite the negotiation and adoption of new Atmos and SPEC agreements

### EXHIBITS:

### COUNCIL ACTION/STAFF RECOMMENDATION:

Authorize staff to proceed with efforts to increase all franchise fees to 5% and bring forth at a future meeting new agreements for Atmos and SPEC.