



## CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 4/21/2020

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Item Creation Date: 4/6/2020

ARA - SiEnergy, L.P. Franchise

Agenda Item#: 23.

### **Background:**

The Administration and Regulatory Affairs Department (ARA) recommends that City Council approve an ordinance granting SiEnergy, L.P. the right, privilege and franchise to construct, install, extend, retire, operate and maintain its facilities within the public rights-of-way of the City of Houston, Texas, for the transportation, delivery, sale and distribution of natural gas within the corporate limits of the City of Houston.

SiEnergy, L.P. is seeking a franchise agreement with the City of Houston to serve approximately 700 residential customers in the City Gate development located south of the intersection of Furman Road and the future East Orem Drive. At this time, SiEnergy, L.P. does not have proposed, planned, or likely expansions for the City of Houston other than the City Gate development.

The proposed ordinance grants the franchisee the non-exclusive right, privilege and franchise to use the City's public rights-of-way for the transportation, delivery, sale and distribution of natural gas within the corporate limits of the City of Houston, pursuant to Section 17 of Article II of the City of Houston Charter. In consideration for this grant, the franchisee agrees to pay to the City an annual franchise fee of 5% of Gross Revenues with a CPI adjustment annually. The franchise allows for the City to conduct compliance reviews to monitor and collect franchise fee payments, contains a late payment provision of 12% per annum, compounded daily, quality of service provisions, and provisions that require SiEnergy, L.P. to conduct its activities in the public rights-of-way in compliance with Chapter 40 of the City of Houston Code of Ordinances and other City requirements applicable to investor owned public utilities in Houston. The franchise agreement also contains the City's standard release and indemnification, default and termination, and force majeure provisions. The proposed franchise term is 30 years.

The notice of grant of franchise proposal to SiEnergy, L.P., including the name of the franchisee, description of the nature of the proposed franchise, and location where the ordinance can be found, will be published in the Houston Chronicle for three consecutive weeks as required by City Charter.

For FY 2021, the total SiEnergy, L.P. franchise revenue to the City is projected to be \$1,250.00.

### **Departmental Approval Authority:**

DocuSigned by:

*Tina Paetz*

**Tina Paetz, Director**

**Administration & Regulatory Affairs Department**

### **Contact Information:**

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