



**AGENDA MEMORANDUM**

First Reading Ordinance for the City Council Meeting September 24, 2019  
Second Reading Ordinance for the City Council Meeting October 1, 2019

**DATE:** September 5, 2019  
**TO:** Peter Zaroni, City Manager  
**FROM:** Miles Risley, City Attorney  
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826-3360

Approval of the AEP request to modify the recently approved AEP Franchise Amendment

**CAPTION:**

Ordinance of the City of Corpus Christi to adopt modified franchise ordinance with AEP Texas, Inc. to fix administrative errors in ordinance adopted on August 13, 2019.

**SUMMARY:**

AEP requests to modify the previously approved Franchise Amendment to clarify that the increased franchise fee rate is subject to ability of AEP to recover the increase from its customers within the city limits.

**BACKGROUND AND FINDINGS:**

On August 13, 2019, City Council approved Ordinance 031828 to amend the AEP electric franchise to increase the franchise fee rate by 5%, with the new rate to be effective in January 2020. The new approved rate is \$0.0025378 per kilowatt hour as reflected in the franchise amendment, which requires acceptance by AEP Texas, Inc. AEP has requested a modification to Section 4 to clarify that the change in the franchise fee rate is conditioned upon AEP's ability to recover from its customers within the corporate limits of Corpus Christi the additional franchise fees paid to the City. In addition, Section 3 of the Franchise Amendment is corrected to reflect correct city name.

**ALTERNATIVES:**

An alternative to the requested action to achieve similar results would be to pursue legislative action to amend the Texas laws to provide for statutory electric franchise fee increases. However, the proposed AEP franchise amendment is allowable under the current Texas laws.

**FINANCIAL IMPACT:**

Amending the previously approved electric franchise fee rate by increasing it by 5% will generate approximately \$375,000.00 in additional revenue in FY2020.

**Funding Detail:**

Fund: 1020

Organization/Activity: 11020  
Mission Element: 888  
Project # (CIP Only): N/A  
Account: 300900

**RECOMMENDATION:**

Approval of the Ordinance of the City of Corpus Christi amending the franchise with AEP Texas, Inc. to change compensation or consideration to be paid for use of the public rights-of-way; providing an effective date; providing for acceptance by AEP Texas, Inc.; finding and determining that the meetings at which this ordinance was considered were open to the public and in accordance with Texas law

**LIST OF SUPPORTING DOCUMENTS:**

Revised AEP Franchise Amendment.