

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF PFLUGERVILLE, TEXAS, GRANTING TO UNIVERSAL NATURAL GAS, LLC (d/b/a UNIVERSAL NATURAL GAS, INC.) FOR A PERIOD OF TEN (10) YEARS FROM THE EFFECTIVE DATE OF THIS ORDINANCE, A FRANCHISE TO FURNISH AND SUPPLY GAS TO THE GENERAL PUBLIC IN THE CITY OF PFLUGERVILLE, TRAVIS COUNTY, TEXAS, AND TO TRANSPORT, DELIVER, SELL, AND DISTRIBUTE GAS IN AND OUT OF AND THROUGH SAID MUNICIPALITY FOR ALL PURPOSES; PROVIDING FOR THE PAYMENT OF A FEE OR CHARGE FOR THE USE OF THE PUBLIC WAYS.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PFLUGERVILLE, TEXAS:

SECTION 1. DEFINITIONS

As used in this Ordinance, the following words and phrases shall have the following meanings:

- A. "Affiliate" shall mean any person or entity that directly or indirectly owns or controls, that is directly or indirectly owned or controlled by, or that is under common ownership or control with Grantee.
- B. "City" shall mean the City of PFLUGERVILLE, in TRAVIS COUNTY, Texas, a municipal corporation, hereinafter also referred to as "Grantor".
- C. "City Council" shall mean the City Council of the City as the governing body of the City.
- D. "City Manager" shall mean the City Manager of the City, the City Administrator of the City, or such other chief administrative officer of the City designated to hear appeals from the decisions of other City officers.
- E. "City Secretary" shall mean the City Secretary of the City or other such officer of the City designated to serve as the filing officer for official documents and records of the City.
- F. "Customer" shall mean any individual person, corporation, company, partnership, firm, unincorporated association, trust, municipality, or public or private entity located within the municipal corporate limits of the City and serviced by the Grantee through any use of the Public Ways.
- G. "Franchise Fee" or "Franchise Fees" shall mean the sum of fees to be paid to the City by Grantee under Section 11 of this Ordinance.
- H. "Franchise Agreement" shall mean this Ordinance.
- I. "Gas Sales" shall mean the sale of natural gas to Grantee's Customers located within the corporate limits of the City by use of the System.

- J. "Gas Transportation" shall mean the transportation of Transport Gas for redelivery to Customers by use of Grantee's System located within the corporate limits of the City's Public Ways.
- K. "Grantee" shall mean UNIVERSAL NATURAL GAS, LLC, a Texas limited liability company, and its successors and assigns.
- L. "Gross Receipts" shall mean all revenues derived or received, directly or indirectly, by the Grantee from Gas Sales and the operation of the System within the corporate limits of the City. "Gross Receipts" shall also include:
- [1] Grantee's total receipts from its transportation of Transport Gas through Grantee's System within the City (excluding gas sold to another gas utility in the City for resale to its customers within the City);
 - [2] contributions in aid of construction (CIAC);
 - [3] revenues billed but not ultimately collected or received by Grantee; and
 - [4] the following miscellaneous charges: charges to connect, disconnect, or reconnect gas within the City, charges to handle returned checks from consumers within the City, and State gross receipts fees.
- "Gross Receipts" subject to the Franchise Fee shall specifically exclude, without limitation:
- [1] receipts from Gas Sales and Gas Transportation services to Customers located at delivery points outside the corporate limits of the City;
 - [2] the revenue of any Affiliate of Grantee, to the extent that such revenue is also included in Gross Receipts from Gas Sales of the Grantee;
 - [3] sales taxes;
 - [4] any interest income earned by the Grantee; and
 - [5] all monies received from the lease or sale of real or personal property, provided, however, that this exclusion does not apply to the lease of facilities within the City's Public Ways.
- M. "Person" shall mean an individual, corporation, general or limited partnership, limited liability company, trust, association, or other business or legal entity.
- N. "Public Ways" shall mean the present and future streets, avenues, boulevards, parkways, lanes, alleys, bridges, sidewalks, easements, highways, and public places within the municipal corporate limits of the City, whether dedicated or not.
- O. "System" shall mean Grantee's system of mains, pipelines, conduits, valves, feeders, regulator stations, laterals, service lines, measuring devices, and all other necessary plants,

attachments, land, structures, facilities and appurtenances for the purpose of selling, storing, supplying, conveying, transmitting, distributing, and/or transporting natural gas and any gas, including the equivalent substitutes, for all other lawful purposes in, through, upon, under, and along the present and future streets, avenues, alleys, bridges, sidewalks, easements, highways, and any other public place within the municipal corporate limits of the City.

- P. “Transport Gas” shall mean gas owned or controlled by a user or its designee (i.e., gas that is purchased or otherwise acquired by a user from someone other than Grantee) and delivered by such user or its designee to Grantee at a point on Grantee’s System, such point of delivery to be defined by Grantee, and carried, delivered or transported through Grantee’s System at a point of redelivery within the municipal corporate limits of the City by Grantee to the user for a fee.

SECTION 2. GRANT OF FRANCHISE

- A. Subject to the terms and conditions of this Ordinance, the Grantor hereby grants to Grantee, its successors and assigns and Affiliates, for the term of ten (10) years from the Effective Date of this Ordinance, the right to enter upon the Public Ways to install, operate and maintain a System along, across, over and under the Public Ways for the privilege of transporting, distributing and/or selling gas to Customers and the public generally within the municipal corporate limits of the City, and including any territory that the City may hereafter annex, acquire, purchase; and to distribute, sell, store, supply, transport, carry and/or convey natural gas and any gas through Grantee’s System in the City to other cities, towns, communities and areas outside the City and to inhabitants thereof, for the full term of this Ordinance.
- B. The Ordinance shall have the effect of and shall be a contract between Grantor and Grantee and shall be the measure of the rights and liabilities of Grantor as well as Grantee.
- C. The Franchise granted by this Ordinance shall in no way affect or impair the present or future rights, obligations, or remedies of the City or Grantee under the Texas Gas Utility Regulatory Act, as amended. This is a non-exclusive franchise.

SECTION 3. FRANCHISE ASSIGNMENT, SALE OR LEASE

Grantee is expressly given the power and privilege to sell, transfer or assign the franchise granted hereby, or any part of this franchise, to any person, entity or corporation, but Grantee and such buyer, transferee or assignee shall first notify Grantor of: the name of the buyer, transferee or assignee; the type of service(s) intended to be provided through the facilities of such buyer, transferee or assignee; and the name, mailing address, and telephone number of a contact person associated with such buyer, transferee or assignee. Notice shall be sent to the City at least ninety (90) days prior to execution of the transfer, sale, or assignment by registered or certified mail, return receipt requested, postage prepaid, and addressed to the City at the address and in the manner herein provided.

SECTION 4. USE AND REPAIR OF THE PUBLIC WAYS

- A. Grantee's operations within the Public Ways are at all times subject to City's Right-of-Way Management Ordinance (Chapter 96 of the City's Code of Ordinances), as amended. When required by City's Right-of-Way Management Ordinance, as amended, Grantee must obtain a permit prior to commencing work in the Public Ways.
- B. Grantee's System shall be erected, placed, extended, repaired, laid or otherwise installed, operated and maintained in such a manner as will, consistent with reasonable necessity, cause the least interference with other existing public uses of the Public Ways, including but not limited to existing sewer, water, pipes, electricity, telephone or communication facilities, public or private drains, and any other facilities within the City and also including those utilities granted by franchise or permit by the City. If Grantee's construction plans involve System infrastructure crossing or otherwise interfering with existing public uses of the Public Ways, Grantee must notify Grantor of the planned interference and obtain direction from Grantor on locating the infrastructure. After any excavation or disturbance, Grantee shall, with due diligence and dispatch, place the Public Ways in a condition in compliance with the Grantor's reasonable standards and specifications.
- C. Grantee's restoration of the Public Ways is subject to Section 96.51 of the City's Code of Ordinances, as amended. Grantee's restoration of all disturbed areas must be completed within the dates specified in the applicable permit. If such restoration cannot be completed within the timeframe required under the applicable permit, Grantee must immediately notify Grantor of such delay and request an extension from Grantor.

SECTION 5. REGULATION OF SERVICE

The System of Grantee shall at all times be installed, operated and maintained in accordance with accepted good practice, and in accordance with all State, Federal and City regulations, including the City's Right-of-Way Management Ordinance, as amended, and in such condition as will enable the Grantee to furnish adequate and continuous service as required by the orders, rules and regulations of the Railroad Commission of Texas or other regulatory authority having jurisdiction. The requirements set forth in this Section shall not relieve Grantee of any other obligations set forth herein.

SECTION 6. DEPTH OF PIPELINES

After the Effective Date of this franchise, Grantee's main or lateral lines installed or replaced in Public Ways shall be installed or replaced at depths which comply with all applicable state and federal rules, regulations and company policies establishing minimum safety standards for the design, construction, maintenance and operation of pipelines. Depth shall be measured from the lower of existing grade or proposed future grade as set forth on plans or other specifications existing at the time such lines are installed or replaced.

SECTION 7. DUTY TO MOVE OR ALTER LINES

- A. Grantor reserves the right to lay or permit to be laid cables, electric conduits, water, sewer, gas or other pipelines and to do or permit to be done any underground work deemed

necessary and proper by the Grantor, along, across, over or under the Public Ways. In permitting such work to be done, the Grantor shall be liable to the Grantee for any damage to Grantee's pipelines and facilities caused by Grantor or its agents' or contractors' negligence.

- B. When Grantee is required by Grantor to remove or relocate its mains, laterals, and other facilities to accommodate construction of streets and alleys by the Grantor, and Grantee is eligible under federal, state, county, local or other programs for reimbursement of costs and expenses incurred by Grantee as a result of such removal or relocation, and such reimbursement is required to be handled through Grantor, then Grantee's costs and expenses shall be included in any application by Grantor for reimbursement, if Grantee provides the Grantor its appropriate cost and expense documentation prior to the filing of the application. Grantor shall provide reasonable notice to Grantee of the deadline for Grantee to submit documentation of the costs and expenses of such relocation to Grantor.
- C. When Grantee is required to remove or relocate its mains, laterals or other facilities to accommodate construction of streets or alleys by the Grantor without reimbursement, Grantee shall have the right to seek a surcharge to recover relocation costs pursuant to Section 104.112 of the Texas Utilities Code or any other applicable law or regulations.
- D. If Grantor shall require the Grantee to adapt or conform its System or in any way to alter, relocate or change its property to enable any other person, firm, corporation or entity (whether public or private), other than the Grantor, to use the Public Ways, the Grantee shall be reimbursed by the person, firm corporation or entity desiring or occasioning such change for any and all loss, cost or expense occasioned thereby.

SECTION 8. INDEMNIFICATION

Grantee and its successors and assigns shall indemnify, save, defend, protect and hold City and its agents, successors, assigns, legal representatives, employees, contractors, elected and non-elected officials and officers harmless from and against any and all claims, damages, losses, liabilities, demands, costs, causes of action, settlements, awards, penalties, fees assessments, fines, charges, demands, liens, punitive damages, attorney fees and judgments of every kind or character, known or unknown, fixed or contingent (collectively "Claims") arising out of the acts or omissions of the Grantee, its servants, agents, employees, contractors, subcontractors, licensees, or any other person or entity in connection with the Grantee and the operation of this franchise, including without limitation any Claims arising from tort, personal injury, death, property damage or nuisance, provided however, that in the event of such Claims or Claims being prosecuted against the City, Grantee shall have the right to defend against the same, and to settle or discharge same in such manner as it may see fit, and the City shall give prompt written notice to Grantee of the presentation or prosecution of such Claims. The indemnity provided for in this paragraph shall not apply to any Claims or liability resulting from the acts, omissions, or negligence of the City, its agents, legal representatives, employees, contractors, elected and non-elected officials and officers or any other person or entity in connection with the City.

SECTION 9. GRANTEE'S RATES, RULES AND REGULATIONS

- A. The Grantee shall have the right to make and enforce such reasonable rules and regulations as it may deem necessary for the extension of its facilities, the sale of its gas and the conduct of its business, provided that such rules and regulations shall neither be in conflict with the laws of the State of Texas, with the orders, rules or regulations of the Railroad Commission of Texas or other regulatory authority having jurisdiction, nor with the ordinances and regulations of the Grantor insofar as they are consistent with the jurisdiction of the Railroad Commission of Texas or such other regulatory authority.
- B. Grantee shall supply natural gas and provide regulated services at the rates and under the terms and conditions specified by such rules, any tariffs filed with Railroad Commission of Texas, available on the Railroad Commission of Texas's website, and attached to this Franchise Agreement as Exhibit A. Grantee shall maintain on file with City copies of its current tariffs, schedules, rates and charges, customer service provisions, and line extension policies (collectively its "Rates") for the duration of this Ordinance.

SECTION 10. INSPECTION OF RECORDS

Grantee shall permit Grantor or its agents to inspect, examine and audit, during regular business hours, the books, papers and records kept by Grantee in the ordinary course of business and pertaining to the natural gas business carried on by it in the City, such as plats, maps and atlases identifying Grantee's pipelines in the City, and the books and records necessary to verify the Franchise Fee payment provided for in Section 11 hereof. Notwithstanding the obligation herein, Grantee shall have the right to the reasonable protection of proprietary information and to provide redacted documents or require Grantor or its agents to enter into such agreements pertaining to confidentiality as may reasonably protect the proprietary information of Grantee but which do not unreasonably frustrate the purposes of this Section.

SECTION 11. CONSIDERATION FOR FRANCHISE: FRANCHISE FEE

- A. As full consideration for the rights and privileges conferred by this Ordinance, Grantee agrees to pay Grantor as follows:
 - [1] Grantee shall collect the Franchise Fee from its Customers and shall pay Grantor a Franchise Fee the sum of which is equal to Five Percent (5%) of Gross Receipts as defined in Section 1 of this Ordinance. All sums due from Grantee shall be in lieu of all other Franchise Fees, licenses, or occupational taxes, which may be levied or attempted to be levied on Grantee by the City.
 - [2] Grantee shall pay such Franchise Fee collected from its Customers to the Grantor under the terms of this Ordinance, based upon meters read on or after the Effective Date of this Ordinance. During the term of this Ordinance, Grantee shall collect from its Customers and pay the City on January 31st (for the last six months of the prior calendar year) and July 31st (for the first six months of the calendar year). Grantee shall include with the Franchise Fee payment a statement showing its collections of Gross Receipts, including the calculation of the Franchise Fee for the subject time period. Collection and payment of Franchise Fee shall be final as to

both parties unless questioned by written notice provided by one party to the other within one year after payment thereof has been made.

- [3] The franchise fee amounts based on CIAC shall be calculated on an annual calendar year basis, i.e., from January 1 through December 31 of each calendar year. The franchise fee amounts that are due based on CIAC shall be paid at least once annually on or before April 30 each year based on the total CIAC recorded during the preceding calendar year.
- [4] Any payments that are received after 5:00 P.M. on the due date constitute late payments. Late payments shall accrue interest from such due date until payment is received by the Grantor. Interest shall be calculated in accordance with the interest rate for customer deposits established in accordance with Texas Utilities Code Section 183.003 for the time period involved.
- [5] It is expressly agreed that the Franchise Fee payments shall be in lieu of any payments for the right to use the Public Ways or other public rights-of-way of the City, including expressly the charge permitted to be levied by the Texas Tax Code Sections 182.021-182.026 and 182.081-182.082, or any successor statute permitting such a charge, however designated. The Franchise Fee shall be in lieu of and accepted as payment of all of Grantee's obligations to pay all other franchise fees, licenses, easement or occupation taxes, levies, exactions, rentals, street-cut fees, inspection fees, right of way inspection fees, permit fees, Franchise Fees, easement taxes, or charges of any kind whatsoever which may be levied or attempted to be levied in general by the City for the use of City's Public Ways and other rights-of-way, with the sole exception of sales taxes, ad valorem taxes and special assessments which are made without reference to or dependence upon Grantee's franchise or occupancy of the streets and public right of way, e.g., special assessment paving liens.

- B. The rights, privileges, and franchises granted by this Ordinance are not to be considered exclusive, and City hereby expressly reserves the right to grant, at any time as it may see fit, like privileges, rights, and franchises to any other person or corporation for the purpose of furnishing gas in the City.

Unless expressly set forth herein, or otherwise provided by law, by accepting this Ordinance, Grantee does not agree to be responsible for the payment of franchise fees other than as expressly set forth herein, or for the payment of franchise fees owed to the City by any other entity, corporation, or firm.

SECTION 12. CONDITIONS OF FRANCHISE

- A. This contract, franchise, grant and privilege is granted and accepted under and subject to all applicable laws and under and subject to all of the orders, rules, regulations, and ordinances of Grantor now or hereafter adopted by governmental bodies now or hereafter having jurisdiction.

- B. To the extent that all or any other existing ordinance shall conflict with any provision of this Ordinance, this Ordinance shall prevail upon passage, adoption and acceptance of this Ordinance.
- C. In addition to all other rights, powers and remedies retained by the Grantee and Grantor under this Franchise Agreement or otherwise, in the event a dispute arises regarding the obligations under this Franchise Agreement, the Grantor shall give written notice specifying the nature of the dispute to the Grantee. The Grantee shall have 45 days from receipt of such notice to remedy the dispute. If the cure cannot reasonably be completed within such 45-day period, commercially reasonable best efforts to complete such cure shall be used. In the event a remedy does not occur, the Grantor shall give 20 days' written notice of intent to pursue additional judicial and/or legal remedies to the Grantee, including but not limited to injunctions to prevent breaches of this Franchise Agreement and to enforce specifically the terms and provisions of this Franchise Agreement. Actions taken by Grantee in order to comply with then-current laws and regulations shall not be considered grounds for a dispute hereunder. Nothing herein shall be construed to limit Grantee's or Grantor's right to seek judicial determination of a breach of this Franchise Agreement.

SECTION 13. INVALIDITY OF ORDINANCE; SEVERABILITY

If any clause, sentence, or section of this Ordinance shall be held to be invalid, it shall not affect the remaining portions of this Ordinance, which shall remain valid and effective as if such invalid provision did not exist, although the parties shall be entitled to a judicial interpretation or construction of this Ordinance to address the validation of such provision by minimal amendment thereof. Further, should any governmental body now or hereafter having jurisdiction determine that Grantee shall not be permitted to collect in whole or in part the compensation due Grantor by others for Transport Gas as set forth in Section 1 of this Ordinance, Grantee shall thereafter have no obligation to make such payment to Grantor.

SECTION 14. EFFECTIVE DATE

This Ordinance shall take effect and be in full force immediately upon the date of its final passage ("Effective Date").

SECTION 15. ACCEPTANCE BY GRANTEE

Grantee has consented to and agrees with this Franchise Agreement herein contemplated in this Ordinance as evidenced by the notarized signature of an authorized representative of Grantee on page 12.

SECTION 16. REPEALER

In the event any other ordinance or part thereof is directly in conflict with any provision herein, this Ordinance shall govern and control.

SECTION 17. NO WAIVER OF POWER.

In granting this Franchise, the City does not waive its regulatory powers, nor any rights under the Constitution and laws, present and future, of the State of Texas, nor any of its rights under future ordinances which are not in conflict herewith. The enumeration of special duties required of the Grantee shall not be construed as a limitation of the powers and duties conferred upon the City by the Constitution or laws of the State of Texas, or any present or future ordinances; and the Grantee shall perform all duties required by it, by any valid ordinances not in conflict herewith adopted by the City, and by the laws of the State of Texas.

SECTION 18. CITY RESERVES POWER

The City retains exclusive control over its Public Ways, including (without enumerating all of its powers and without limiting its other powers) the power to lay out, establish, open, alter, widen, lower, elevate, extend, grade, abandon, discontinue, abolish, close, sell, pave, supervise, maintain and improve all of its streets and to construct, maintain and repair sewer pipes, water mains, drainage systems and other public works within its streets. In the exercise of such powers, the City may, whenever it deems it to be necessary, require the Grantee to alter, lower, elevate, relocate, or remove its pipelines in any such street, as and when required by the City. Such alterations to the Grantee's systems shall be made at Grantee's expense, subject to the Grantee's right to recover such costs from the ratepayers within the City pursuant to Section 104.112 of the Texas Utilities Code. Grantee is required to coordinate with Grantor on the timeline for a relocation and shall complete relocation and all work attendant to such relocation within the timeframe required by Grantor. If a relocation cannot be completed within the timeframe required by Grantor, Grantee must immediately notify Grantor of such delay and request an extension from Grantor.

SECTION 19. VENUE

This Franchise Agreement is performable in Travis County, Texas and in the event of a dispute between such parties hereto, by agreement of such parties, venue shall be established in Travis County, Texas.

SECTION 20. ANNEXATIONS

Grantor shall promptly notify Grantee in writing of areas newly annexed into or de-annexed from the corporate limits of Grantor, and Grantee shall update its records for the purpose of payment of franchise fees as soon as reasonably practicable after receiving such notice. Upon receipt of notice of annexation from the City, Grantee shall have one hundred eighty (180) days to begin collecting and paying the Franchise Fee for any revenues received from Grantee's customers residing in the newly annexed territories.

SECTION 21. NOTICES

Notices to the City shall be sent to the email address below and by registered or certified mail, return receipt requested, postage prepaid, and addressed to:

City of Pflugerville
Attn: City Manager

P.O. Box 589
Pflugerville, TX 78691
citysecretary@pflugervilletx.gov

Notices to Grantee shall be sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to:

Universal Natural Gas, LLC (d/b/a Universal Natural Gas, Inc.)
Attn: General Counsel
9950 Woodloch Forest Drive, 22nd Floor
The Woodlands, TX 77380

Any party may change the address to which notices, and other communications hereunder, are to be delivered by giving notice to the other party in the manner described herein.

SECTION 22. PROOF OF ABILITY TO PERFORM UNDER THIS FRANCHISE

At the City's request, the Grantee will provide a copy of its Annual Report to the City Manager each year as proof of its financial ability to perform the duties required by this Franchise Agreement.

SECTION 23. INSURANCE

In addition to any other insurance required under the City's Right-of-Way Management Ordinance, as amended, during the term hereof, the Grantee shall maintain one or more policies of general liability insurance having policy limits of not less than \$5,000,000.00 per occurrence. At the City's request, the Grantee will provide a certificate of insurance evidencing such coverage.

SECTION 24. IMPACT OF OTHER MUNICIPAL FRANCHISE AGREEMENTS

If Grantee should at any time after the effective date of this Ordinance agree to a new municipal franchise ordinance, or renew an existing municipal franchise ordinance, with another municipality, which municipal franchise ordinance determines the franchise fee owed to that municipality for the use of its public rights-of-way in a manner that, if applied to the City, would result in a franchise fee greater than the amount otherwise due to City under this Ordinance, then the franchise fee to be paid by Grantee to City pursuant to this Ordinance shall be increased so that the amount due and to be paid is equal to the amount that would be due and payable to City were the franchise fee provisions of that other franchise ordinance applied to City. The provisions of this section apply only to the amount of the franchise fee to be paid and do not apply to other franchise fee payment provisions, including without limitation, the timing of such payments.

First Reading held on the _____ Day of _____ 2025.

Second Reading held on the _____ Day of _____ 2025.

Third Reading held on the _____ Day of _____ 2025.

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF
PFLUGERVILLE, TEXAS, THIS _____ DAY OF _____, 20__.**

MAYOR

ATTEST:

City Secretary

APPROVED AS TO FORM:

City Attorney

The above and forgoing Ordinance and the grants, franchise, powers, rights and privileges thereto were accepted by Grantee this 24th day of July, 2025.

UNIVERSAL NATURAL GAS, LLC

By: [Signature]

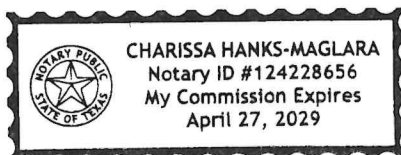
Name: Richard Bard

Title: SVP Engineering and Construction

STATE OF Texas §

COUNTY OF Montgomery §

This instrument was acknowledged before me on the 24 day of July, 2025 by Richard Bard, SVP Engineering of UNIVERSAL NATURAL GAS, LLC, and who represents he has been given authority to sign this Agreement by and on behalf of said entity.



Charissa Hanks-Maglara
Notary Signature

Charissa Hanks-Maglara
Notary Printed Name

Notary Public, State of Texas