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MEMORANDUM

TO: Robyn Clarity-Miga, Development Engineering Director, City of Pflugerville;
Pflugerville City Council

FROM: Roslyn Warner, Lloyd Gosselink Rochelle & Townsend, P.C. *rw*

DATE: July 28, 2025

RE: SiEnergy Gas, LLC Franchise Agreement

INTRODUCTION

SiEnergy Gas, LLC (“Company” or “SiEnergy”) provides gas service within the City of Pflugerville (“City”). The purpose of implementing a franchise agreement with SiEnergy is to set parameters for the Company’s use of the Public Rights-of-Way in its provision of gas service within the City. In exchange for the use of the Public Rights-of-Way, the Company is required to pay the City a franchise fee. The City’s prior 10-year franchise agreement with SiEnergy expired in July 2025.

The City retained outside counsel with Lloyd Gosselink Rochelle & Townsend, P.C., to review the agreement, recommend changes, and negotiate with the Company. The franchise agreement presented here is the draft recommended for adoption. This memo provides an overview of the key terms in the recommended agreement.

SUMMARY OF KEY TERMS

Term/Effective Date: The recommended agreement provides for a 10-year term with no automatic renewal. The Company’s executed acceptance of the agreement as proposed to Council is included in the recommended agreement as Exhibit A. With that acceptance, the agreement becomes effective immediately upon final passage. *See Sections I.B., XXI.*

Franchise Fee: The prior agreement with SiEnergy provided for a 4% franchise fee. Under this recommended agreement, the Company will pay to the City Five Percent (5%) of “Gross Revenues” two times a year. This payment is in lieu of any other fees, such as those to obtain a permit. The Company will also pay the City an annual franchise fee based on Contributions in Aid of Construction, or CIAC. *See Section XI.*

Defining “Gross Revenues”: The term includes all revenues the Company receives from the sale of gas, the transportation of gas, and the Company’s operations within the corporate limits of the City. “Gross Revenues” also includes CIAC, revenues billed but not collected, and miscellaneous service charges the Company collects pursuant to its approved tariff. “Gross Revenues” excludes revenue of the Company’s affiliates, taxes or fees, interest income, money from the sale or lease

of real or personal property, amounts billed or collected for refundable fees and deposits, grants, credits, or reimbursements, revenues from gas for resale or to wholesale customers, reimbursements for damage to Company's system, and charitable contributions. *See Section II(F).*

Permitting/ROW Expectations: The recommended agreement explicitly requires compliance with the City's Right of Way Management Ordinance, as amended, including that the Company must obtain permits pursuant to the City's procedures. The Company is specifically required to notify the City if its planned infrastructure will cross or otherwise interfere with existing facilities and obtain location instructions from the City. The Company's restoration of disturbed areas must be completed within the timeframe set by permit. If restoration cannot be completed within the required timeframe, the Company must request an extension from the City. *See Section III.*

Relocation: When required to relocate its facilities, the Company must comply with the City's ordinances. If the City is the designated facilitator of any federal, state, county, or local reimbursement programs under which the Company's removal or relocation costs are eligible, the City should provide reasonable notice to the Company of any corresponding deadlines and include such costs in a reimbursement application, if applicable. If the City requires the Company to relocate or remove its facilities for a third party, the third party shall reimburse the Company for the costs of relocation or removal. *See Section III.*

Maintain Original Jurisdiction: The franchise agreement will have no impact on the City's exclusive original jurisdiction over the Company's rates, operations, and services.

Other Provisions of Note:

- Includes terms to address Company events of default and the City's right to termination and other remedies. *See Section XIV.*
- Insertion of a clause providing that if SiEnergy enters into a subsequent franchise agreement with another city that grants a greater franchise fee percentage, then the City may elect to increase its franchise fee percentage accordingly. *See Section XIII.*
- Includes a standard indemnification clause (*see Section VI*) and imposes specific insurance minimums on the Company (*see Section V*) with a clause to ensure the stated insurance requirement is in addition to any others under the City's Right-of-Way Management Ordinance.