



City of Austin

Recommendation for Action

File #: 26-2039, **Agenda Item #:** 11.

7/23/2026

Posting Language

Approve third reading of an ordinance granting to Bluebonnet Electric Cooperative, Inc., a non-exclusive franchise for constructing, maintaining, operating and using a transmission and distribution system in the City to provide electric utility services within its certificated area. Funding: \$196,400 estimated increase in revenue is anticipated under this franchise agreement.

Lead Department

Austin Financial Services

Fiscal Note

An increase of \$196,400 in estimated revenue is anticipated under this franchise agreement.

Prior Council Action:

May 7, 2026 - City Council approved first reading of the ordinance.

May 21, 2026 - City Council approved second reading of the ordinance

For More Information:

Marija Norton, Controller, 512-974-2951; Kim Euresi, Deputy Controller, 512-974-2232.

Additional Backup Information:

Bluebonnet Electric Cooperative, Inc. (BEC) is a rural electric cooperative that provides electric utility service to approximately 4,576 meters in the eastern part of the City of Austin. The City annexed the area in which BEC is authorized by the Public Utility Commission of Texas to provide service. BEC's current franchise agreement expires on August 30, 2026. Pursuant to City Charter, adoption of this franchise agreement requires three separate readings of the ordinance at Council, with the first and the third reading at least 30 days apart. In addition, the effective date of the final agreement is sixty days from approval of the ordinance of third reading.

A summary of the key terms of the non-exclusive franchise agreement are as follows:

- **Term of the Agreement:** The proposed agreement provides for a 10-year initial term with 5-year extension unless the City timely notifies BEC that it does not intend to extend the franchise.
- **Franchise Fee:** The proposed franchise agreement will require BEC to continue paying a Franchise Fee of three percent of gross revenues paid to the City on a quarterly basis.
- **Purchase Option:** The proposed agreement includes a "right to purchase" provision that is required by City Charter.
- **Other Standard Terms:** The proposed agreement includes other standard terms, including a requirement to abide by City's current and future street-cut and other regulations; the City is granted a right to audit; indemnification for the City; and a requirement for BEC to relocate facilities at BEC's expense to accommodate City road construction or other improvements.