



For Immediate Release

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CITY OF BUDA APPROVES NEW FIVE-YEAR FRANCHISE AGREEMENT WITH PEDERNALES ELECTRIC COOPERATIVE (PEC)

BUDA, TX - The Buda City Council recently approved a new five-year franchise agreement with Pedernales Elective Cooperative (PEC). Under the new agreement, PEC will pay a higher franchise fee to operate within the City's right of way and other public places.

Buda will now receive a 4.5% franchise fee from PEC. The City's last agreement was a 50 year agreement approved in 1970 that locked us into a 2% fee, below what other cities are able to collect. The 4.5% franchise fee is in line with surrounding cities that have negotiated new agreements in the last ten years.

What is a franchise fee?

A franchise fee is intended to reimburse the public for a private use of public space. It is often applied against utility companies that provide services to homes and businesses by placing their assets in a city's right-of-way. Franchise fees are commonly applied to natural gas, solid waste, and telecommunication companies. In the case with PEC, PEC uses city's road and locates assets in the city's right-of-way to distribute electricity. The new franchise agreement with PEC will increase revenue to the City's General Fund and allow the City to recover costs for the private use of public right of way. The State of Texas Public Utilities Commission regulates how utility operators may locate infrastructure in the right-of-way. The franchise fee amount is passed directly to consumers and is typically shown as a discreet local fee on a customer's bill.

What is the impact to residents and businesses?

PEC will send a notice to Buda customers next week, notifying them of the franchise rate change. For a residential customer with a PEC bill of \$150 per month, their bill will increase roughly \$3.75 for the additional franchise fee. The new franchise fee will be implemented on January 1, 2021. Customers will see it on their February 2021 bills for the January 2021 usage.