

MEMORANDUM

DATE: January 10, 2023
TO: Honorable Mayor and City Commission
FROM: James Slaton, City Manager
SUBJECT: Ordinance 2023-03 Franchise Agreement – Duke Energy 2nd Reading and Public Hearing
SYNOPSIS: *The City Commission will consider approval of a Franchise Agreement with Duke Energy.*

RECOMMENDATION

It is recommended that the City Commission take the following actions:

1. Adopt Ordinance 2023-03 Franchise Agreement with Duke Energy after 2nd reading and Public Hearing.
2. Authorize the Mayor to execute the necessary documents on behalf of the City.

BACKGROUND

The 30-year Franchise Agreement with Duke Energy (DE) has expired and DE desires to enter into a new agreement with the City. The Franchise Agreement grants express permission for the electric utility's infrastructure to remain in the City's rights-of-way for the Utility's continued operations. DE pays to the City approximately \$1.6 Million in Franchise Fees (6% of Duke's Base Revenues) annually for use of the City's rights-of-way. The Franchise Area mirrors the city limits of Lake Wales and thus expands or contracts with the city's boundaries.

Section 4 (D) of the agreement provides for the use of the City's rights-of-way for the purpose of construction or installation of solar-generating facilities by entities other than DE.

Understanding that innovations in energy-generating technology may arise in the future, DE has agreed to a 10- year agreement term that will be renegotiated in a much shorter timeline than the previous Franchise Agreement.

OTHER OPTIONS

1. Do not approve the Franchise Agreement and direct staff to continue negotiations with Duke Energy.

FISCAL IMPACT

The current-year fiscal impact of the Franchise Agreement is approximately \$1.6 Million revenue into the City's General Fund.

ATTACHMENTS

Franchise Agreement – Ordinance 2023-03