



Agenda Item Report

Legislative Board: City Council
Date: November 5, 2025
Contact: Micah Grau
Agenda Item ID / Number: 2020-580- / J.6

ITEM TITLE: Deliberation and possible action to consider an Ordinance on first and final reading and to adopt said Ordinance of the City Council of the City of Buda, Texas, extending the franchise with Pedernales Electric Cooperative, Inc., its successors and assigns, for the transmission and distribution electric utility franchise for a one year term commencing on the effective date; containing various terms and conditions with regard to the grant of such franchise; containing a severability clause; providing for the repeal of any and all kinds of ordinances, regulations, rules, or policies that are in conflict with this ordinance; providing an effective date; and authorizing the Mayor to execute a letter agreement with Pedernales Electric Cooperative, Inc. (City Manager Micah Grau) [PUBLIC TESTIMONY]

1. EXECUTIVE SUMMARY

Approval of this ordinance would extend the existing electric franchise with Pedernales Electric Cooperative (PEC) through December 31, 2026.

2. BACKGROUND/HISTORY

The current franchise with PEC was adopted in 2020 and is set to expire December 31, 2025. City staff began negotiating a new franchise agreement with PEC earlier this year. However, PEC has expressed that they have a backlog of franchise agreements and does not expect to complete negotiations before the current agreement expires. PEC has agreed to a one-year extension of the current franchise agreement.

3. ANALYSIS

The terms of the existing franchise agreement will remain in effect until December 31, 2026, or until a new agreement is negotiated.

4. FINANCIAL IMPACT

The City currently collects a franchise fee of 4.5% which is deposited in the General Fund.

5. STRATEGIC PLAN/GOALS

OTHER

6. STRATEGIC PLAN OBJECTIVES

Other

7. PROS AND CONS

Pros: keeps the current franchise fee and agreement in place.

Cons: none.

8. ALTERNATIVES

Should the City Council not agree to an extension, PEC will provide service without regulation and compensation to the City of Buda.

9. REQUESTED ACTION / SUGGESTED MOTION / RECOMMENDATION

Staff recommends approval of the ordinance.

Attachments:

[Ordinance - Buda - PEC Electric Franchise - 1 Year Extension.pdf](#)

[2020-32 PEC Franchise 5yr Term 2025.pdf](#)

[PEC Letter Agreement - Buda.pdf](#)