

ORDINANCE NO. 7582

AN ORDINANCE GRANTING TO ONCOR ELECTRIC DELIVERY COMPANY LLC, ITS SUCCESSORS AND AUTHORIZED ASSIGNS, THE NONEXCLUSIVE RIGHT TO USE AND OCCUPY PUBLIC RIGHTS-OF-WAY WITHIN THE CITY OF GARLAND, TEXAS FOR THE CONSTRUCTION AND OPERATION OF AN ELECTRIC TRANSMISSION AND DISTRIBUTION SYSTEM; PRESCRIBING CONDITIONS GOVERNING THE USE OF THOSE PUBLIC RIGHTS-OF-WAY; PROVIDING FOR COMPENSATION TO THE CITY OF GARLAND FOR SUCH USE; PROVIDING A TERM OF DURATION OF THE FRANCHISE BEING GRANTED; PROVIDING FOR WRITTEN ACCEPTANCE OF THIS FRANCHISE; AND PROVIDING AN EFFECTIVE DATE.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GARLAND, TEXAS, THAT:

Section 1

GRANT OF AUTHORITY: (A) There is hereby granted to Oncor Electric Delivery Company LLC, its successors and authorized assigns (the "Company"), the right, privilege, and franchise ("Franchise") to construct, extend, maintain and operate in, along, under and across the present and future streets, highways, alleys, and certain other easements and rights-of-way (collectively, "Public Rights-of-Way" or "PROW" as defined in subsection (B), below) of Garland, Texas (the "City") an electric transmission and distribution system ("System") consisting of electric power lines, with all necessary or desirable appurtenances (including underground conduits, poles, towers, wires, transmission lines and other structures, and telephone and communication lines for Company's own non-commercial use), for the purpose of delivering electricity to the City, the inhabitants thereof, and persons beyond the corporate limits of the City, for the term set out in Section 12 of this Franchise.

(B) As used in this Franchise:

(1) The term "Public Rights-of-Way" means and includes any street, highway, avenue alley, easements, public utility, or public place, square or property, bridges, viaducts, underpasses, overpasses, tunnels and causeways in the City dedicated or devoted to public use but requires prior approval by the City for any of the following: (a) any property dedicated for use as a public park or public square except for such areas thereof as may be expressly authorized by the City in writing for use consistent with and subject to the terms of this Franchise and other applicable laws, rules, or

regulations and such other reasonable terms and conditions applied specifically in writing thereto; (b) any easement, right-of-way or other real property to which the City has obtained exclusive access or rights of use that do not expressly allow for use by franchised or public utilities or other third parties.

(2) The term "PURA" means the Public Utility Regulatory Act contained in the Texas Utilities Code.

Section 2

PURPOSE: The provisions set forth in this Franchise ordinance represent the terms and conditions under which Company shall construct, operate, and maintain the System within the PROW of the City. In granting this Franchise, the City does not in any manner surrender or waive its regulatory or other rights and powers under and by virtue of the Constitution and statutes of the State of Texas as the same may be amended, or any of its rights and powers under or by virtue of present or future ordinances of the City, except when in conflict with this Franchise as may be set out herein. Company also retains all of its lawful authority and rights under PURA and any other applicable local, state and federal laws, rules, and regulations. Not included in this Franchise are any facilities (including any equipment attached in any way to Company's facilities, whether owned by Company or not) that provide public data delivery, cable service, telephone service, telecommunications service or any other service or product not required by Company for, or directly in support of, the transmittal and delivery of electricity. The use of any Public Rights-of-Way by Company for other than the support of, transmittal and delivery of electricity must be separately authorized by a written franchise or other written agreement between Company and the City. This Franchise does not authorize Company to use any City poles or other facility for the attachment of the System - pole attachments and the like are covered by and subject to a separate agreement between Company and the City.

Section 3

OPERATION, CONSTRUCTION AND MAINTENANCE OF ELECTRIC TRANSMISSION AND DISTRIBUTION SYSTEM: (A) Company, its agents and contractors, shall obtain permits from the City for all excavations of the PROW if required by City Ordinance but Company will not be required to pay permitting fees, an annual Right-of-Way registration fee, or any other related permitting fee, save and except the Compensation described in Section 7 hereafter. The waiver of permit, registration, and other fees provided under this subsection does not extend to Company's agents and contractors on their own behalf but only extends to work done directly on behalf of Company.

(B) Company's property and operations within the PROW shall be subject to such reasonable laws, rules and regulations of the City as may be authorized by PURA or other applicable state or federal laws, rules, and regulations from time to time for the protection of the general public. The City shall endeavor to provide Company with reasonable notice and opportunity to review and comment upon any new or revised City ordinances, rules or regulations that impact Company's use of the Public Rights-of-Way, but the failure to do so shall not affect the applicability of such ordinances, rules, or regulations to Company. This Franchise shall in no way affect or impair the rights, obligations, or remedies of the parties under PURA, or other state or federal laws, rules, or regulations. Nothing herein shall be deemed a waiver, release or relinquishment of either party's right to contest, appeal, or file suit with respect to any action or decision of the other party, including ordinances adopted by the City that Company may believe are contrary to any federal, state, or local laws, rules, or regulations.

(C) Company shall construct, keep, and maintain its facilities in conformance with the applicable provisions of the National Electrical Safety Code.

(D) Company shall cooperate with the City by providing reasonable and accurate information regarding the location of current and future overhead and underground wires, poles and other Company facilities within the PROW. Reproducible copies of available maps showing the location of all overhead and underground wires, and poles within the Public Rights-of-Way shall be furnished to the

City upon request. The maps shall be provided in electronic digital format, if available.

(E) Company shall have in place a Vegetation Management Program, and shall provide City with a current copy of same, upon request. If the City requests a current copy of Company's Vegetation Management Guidelines, release of said guidelines shall be pursuant to the same confidential protection process identified in Section 8(G) of this Franchise. Company will conduct its tree-trimming activities in accordance with its Vegetation Management Guidelines, as amended by Company from time to time, and will address concerns or complaints with regard to its tree-trimming activities within the City upon reasonable request by the City. Except in emergency situations or in response to outages, and in accordance with Company Vegetation Management Guidelines, Company shall notify affected property owners and the City prior to beginning planned Distribution tree-trimming activities within City limits.

Section 4

INDEMNITY: (A) IN CONSIDERATION OF THE GRANTING OF THIS FRANCHISE, COMPANY SHALL, AT ITS SOLE COST AND EXPENSE, INDEMNIFY AND HOLD THE CITY, AND ITS PAST AND PRESENT OFFICERS, EMPLOYEES, AGENTS, AND ELECTED REPRESENTATIVES IN THEIR OFFICIAL, AND REPRESENTATIVE CAPACITIES, HARMLESS AGAINST ANY AND ALL LIABILITY ARISING FROM ANY CLAIM, LAWSUIT, OR ACTION BROUGHT OR MADE FOR OR ON ACCOUNT OF ANY DEATH, INJURIES TO, OR DAMAGES RECEIVED OR SUSTAINED BY ANY PERSON OR PERSONS OR FOR DAMAGE TO OR LOSS OF PROPERTY ARISING OUT OF, OR OCCASIONED BY ANY NEGLIGENT OR WRONGFUL ACT OR OMISSION OF COMPANY OR ANY OF COMPANY'S OFFICERS, AGENTS, OR EMPLOYEES IN CONNECTION WITH COMPANY'S CONSTRUCTION, MAINTENANCE, AND OPERATION OF COMPANY'S SYSTEM IN THE PROW, INCLUDING ANY COURT COSTS, REASONABLE EXPENSES, AND REASONABLE DEFENSES THEREOF.

(B) THIS INDEMNITY SHALL ONLY APPLY TO THE EXTENT THAT THE LOSS, DAMAGE OR INJURY IS ATTRIBUTABLE TO THE NEGLIGENCE OR WRONGFUL ACT OR OMISSION OF COMPANY OR COMPANY'S OFFICERS, AGENTS, OR EMPLOYEES, AND DOES NOT APPLY TO THE EXTENT SUCH LOSS, DAMAGE, OR INJURY IS ATTRIBUTABLE TO THE NEGLIGENCE OR WRONGFUL ACT OR OMISSION OF THE CITY OR THE CITY'S OFFICERS, AGENTS, EMPLOYEES, ELECTED REPRESENTATIVES OR ANY OTHER PERSON OR ENTITY. THIS PROVISION IS NOT INTENDED TO CREATE A CAUSE OF ACTION OR LIABILITY FOR THE BENEFIT OF THIRD PARTIES BUT IS SOLELY FOR THE BENEFIT OF COMPANY AND THE CITY.

(C) IN THE EVENT OF JOINT AND CONCURRENT NEGLIGENCE OR FAULT OF BOTH COMPANY AND THE CITY, RESPONSIBILITY AND INDEMNITY, IF ANY, SHALL BE APPORTIONED COMPARATIVELY BETWEEN THE CITY AND COMPANY IN ACCORDANCE WITH TEXAS LAW WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY, AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY OF THE DEFENSES OF THE PARTIES UNDER TEXAS LAW. FURTHER, IN THE EVENT OF JOINT AND CONCURRENT NEGLIGENCE OR FAULT OF BOTH COMPANY AND THE CITY, RESPONSIBILITY FOR ALL COSTS OF DEFENSE SHALL BE APPORTIONED BETWEEN COMPANY AND THE CITY BASED UPON THE COMPARATIVE FAULT OF EACH.

(D) IN FULFILLING ITS OBLIGATIONS TO DEFEND AND INDEMNIFY THE CITY, COMPANY SHALL HAVE THE RIGHT TO SELECT DEFENSE COUNSEL SUBJECT TO THE CITY'S APPROVAL, WHICH WILL NOT BE UNREASONABLY WITHHELD. COMPANY SHALL RETAIN DEFENSE COUNSEL WITHIN SEVEN BUSINESS DAYS OF THE CITY'S WRITTEN NOTICE THAT THE CITY IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS FRANCHISE. IF COMPANY FAILS TO RETAIN COUNSEL WITHIN SUCH TIME PERIOD, THE CITY SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF, AND COMPANY SHALL BE LIABLE FOR ALL REASONABLE DEFENSE COSTS INCURRED BY THE CITY, EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 4 (B) AND 4 (C) OF THIS FRANCHISE.

Section 5

LIABILITY INSURANCE: (A) Company shall, at its sole cost and expense, obtain, maintain or cause to be maintained, and provide, throughout the term of this Franchise, insurance in the amounts, types and coverages in accordance with the following requirements. Such insurance may be in the form of self-insurance to the extent permitted by applicable law or by obtaining insurance, as follows:

(1) Commercial general or excess liability on an occurrence or claims made form with minimum limits of five million dollars (\$5,000,000) per occurrence and ten million dollars (\$10,000,000) aggregate. This coverage shall include the following:

- (a) Products/completed operations to be maintained for a warranty period of two (2) years;
- (b) Personal and advertising injury;
- (c) Contractual liability; and
- (d) Explosion, collapse, or underground (XCU) hazards.

(2) Automobile liability coverage with a minimum policy limit of one million dollars (\$1,000,000) combined single limit each accident. This coverage shall include all owned, hired, and non-owned automobiles.

(3) Workers compensation and employers liability coverage as follows: Statutory coverage limits for Coverage A and five hundred thousand dollars (\$500,000) bodily injury each accident, five hundred thousand dollars (\$500,000) each employee bodily injury by disease, and five hundred thousand dollars (\$500,000) policy limit bodily injury by disease Coverage B employers' liability are required. Company must provide the City with a waiver of subrogation for workers compensation claims.

(4) Company must name the City, which includes all authorities, commissions, divisions, and departments, as well as elected and appointed officials, agents, and volunteers, as additional insureds under the coverage required herein, except workers compensation coverage. The certificate of insurance must state that the City is an additional insured.

(5) Company will require its contractors and subcontractors to maintain, at their sole cost and expense, the following:

(a) A minimum of three million dollars (\$3,000,000) each occurrence or each accident general liability and automobile liability insurance throughout the course of work performed; and

(b) Company's contractors and subcontractors must also maintain statutory workers compensation benefits in accordance with the regulations of the State of Texas or state of jurisdiction as applicable. The minimum limits for employers' liability insurance will be five hundred thousand dollars (\$500,000) bodily injury each accident, five hundred thousand dollars (\$500,000) each employee bodily injury by disease, and five hundred thousand dollars (\$500,000) policy limit bodily injury by disease.

(B) Company shall provide proof of insurance in accordance with this Franchise within thirty days of the effective date of the Franchise and annually thereafter. Company will not be required to furnish separate proof when applying for permits.

Section 6

NON-EXCLUSIVE FRANCHISE: This Franchise is not exclusive, and nothing herein contained shall be construed so as to prevent the City from granting other like or similar rights, privileges and franchises to any other person, firm, or corporation. Any Franchise granted by the City to any other person, firm, or corporation shall not unreasonably interfere with this Franchise.

Section 7

COMPENSATION TO THE CITY: (A) In consideration of the grant of said right, privilege and franchise by the City and as full payment for the right, privilege and franchise of using and occupying the said Public Rights-of-Way, and in lieu of any and all occupation taxes, assessments, municipal charges, fees, easement taxes, franchise taxes, license, permit and inspection fees or charges, street taxes, bonds, street or alley rentals, and all other taxes, charges, levies, fees and rentals of whatsoever kind and character which the City may impose or hereafter be authorized or empowered to levy and collect, excepting only the usual general or special ad valorem taxes which the City is authorized to levy and impose upon real and personal property, sales and use taxes, and special assessments for public improvements, Company shall pay to the City the following:

- (1) As authorized by Section 33.008(b) of PURA, the original franchise fee factor calculated for the City in 2002 was 0.002785 (the "Base Factor"), multiplied by each kilowatt hour of electricity delivered by Company to each retail customer whose consuming facility's point of delivery is located within the City's municipal boundaries for determining franchise payments going forward.

Due to a 2006 agreement between Company and City the franchise fee factor was increased to a franchise fee factor of 0.002924 (the "Current Factor"), multiplied by each kilowatt hour of electricity delivered by Company to each retail customer whose consuming facility's point of delivery is located within the City's municipal boundaries on an annual basis.

However, consistent with the 2006 agreement, should the Public Utility Commission of Texas at any time disallow Company's recovery through rates of the higher franchise payments made under the Current Factor as compared to the Base Factor, then the franchise fee factor shall immediately revert to the Base Factor of 0.002785 and all future payments, irrespective of the time period that is covered by the payment, will be made using the Base Factor.

- a. The annual payment will be due and payable on or before May 1 of each year throughout the life of this franchise. The payment will be based on each kilowatt hour of electricity delivered by Company to each retail customer whose consuming facility's point of delivery is located within the City's municipal boundaries during the preceding twelve month period ended March 31 (April 1 through March 31). The payment will be for the rights and privileges granted hereunder for the twelve calendar month period (May 1 through April 30) following the payment date.
 - b. The first payment hereunder shall be due and payable on or before May 1, 2025 and will cover the basis period of April 1, 2024 through March 31, 2025 for the privilege period of May 1, 2025 through April 30, 2026. The final payment under this franchise is due on or before May 1, 2049 and covers the basis period of April 1, 2048 through March 31, 2049 for the privilege period of May 1, 2049 through April 30, 2050.
 - c. After the final payment date of May 1, 2049, Company may continue to make additional annual payments in accordance with the above schedule. City acknowledges that such continued payments will correspond to privilege periods that extend beyond the term of this Franchise and that such continued payments will be recognized in any subsequent franchise as full payment for the relevant annual periods.
- (2) A sum equal to four percent (4%) of gross revenues received by Company from services identified as DD1 through DD24 in Section 6.1.2 "Discretionary Service Charges," in Oncor's Tariff for Retail Delivery Service (Tariff), effective 1/1/2002, that are for the account and benefit of an end-use retail electric consumer. Company will, upon request by City, provide a cross reference to Discretionary Service Charge numbering changes that are contained in Company's current approved Tariff.

- a. The franchise fee amounts based on "Discretionary Service Charges" shall be calculated on an annual calendar year basis, i.e. from January 1 through December 31 of each calendar year.
- b. The franchise fee amounts that are due based on "Discretionary Service Charges" shall be paid at least once annually on or before April 30 each year based on the total "Discretionary Service Charges", as set out in Section 7.(A)(2), received during the preceding calendar year. The initial Discretionary Service Charge franchise fee amount will be paid on or before April, 30 2025 and will be based on the calendar year January 1, 2024 through December 31, 2024 The final Discretionary Service Charge franchise fee amount will be paid on or before April 30, 2051 and will be based on the calendar months of January 1, 2050 through April 30, 2050.
- c. Company may file a tariff or tariff amendment(s) to provide for the recovery of the franchise fee on Discretionary Service Charges.
- d. City agrees (i) to the extent the City acts as regulatory authority, to adopt and approve that portion of any tariff which provides for 100% recovery of the franchise fee on Discretionary Service Charges; (ii) in the event the City intervenes in any regulatory proceeding before a federal or state agency in which the recovery of the franchise fees on such Discretionary Service Charges is an issue, the City will take an affirmative position supporting the 100% recovery of such franchise fees by Company and; (iii) in the event of an appeal of any such regulatory proceeding in which the City has intervened, the City will take an affirmative position in any such appeals in support of the 100% recovery of such franchise fees by Company.
- e. City agrees that it will take no action, nor cause any other person or entity to take any action, to prohibit the recovery of such franchise fees by Company.
- f. In the event of a regulatory disallowance of the recovery of the franchise fees on the Discretionary Service Charges, Company will not be required to continue payment of such franchise fees.

(B) With each payment of compensation required by Section 7.(A)(1), Company shall furnish to the City a statement, executed

by an authorized officer of Company or designee, certifying the total kWh delivered by Company to each retail customer's point of delivery within the City and stating the amount of payment for the period covered by the payment.

(C) With each payment of compensation required by Section 7.(A)(2), Company shall furnish to the City a statement, executed by an authorized officer of Company or designee, certifying the total amount of gross revenues received by Company from services identified in its "Tariff for Retail Delivery Service," Section 6.1.2, "Discretionary Service Charges."

(D) If either party discovers that Company has failed to pay the entire or correct amount of compensation due, the correct amount shall be determined by mutual written agreement between the City and Company and the City shall be paid by Company within thirty calendar days of such determination. Any overpayment to the City through error or otherwise will, at the sole option of the City, either be refunded to Company by the City within thirty days of such determination or offset against the next payment due from Company. Acceptance by either party of any payment due under this section shall not be deemed to be a waiver by either party of any claim of breach of this Franchise, nor shall the acceptance by either party of any such payments preclude either party from later establishing that a larger amount was actually due or from collecting any balance due. Nothing in this section shall be deemed a waiver by either party of its rights under law or equity.

(E) Interest on late payments shall be calculated in accordance with the interest rate for customer deposits established by the Public Utility Commission of Texas in accordance with the Texas Utilities Code, Section 183.003.

Section 8

ACCOUNTING MATTERS; RECORDS: (A) Company shall keep accurate books of account at its principal office for the purpose of determining the amount due to the City under this Franchise.

(B) Pursuant to Section 33.008(e) of the Texas Utilities Code, the City may conduct an audit or other inquiry in relation to a payment made by Company less than two (2) years before the commencement of such audit or inquiry. The City may, if it sees fit, upon reasonable notice to the Company, have the books and records of the Company examined by representatives of the City to

ascertain the correctness of the reports/payments agreed to be filed herein.

(C) The Company shall make available to the auditor during the Company's regular business hours and upon reasonable notice, such personnel and records as the City may, in its reasonable discretion, request in order to complete such audit, and shall make no charge to the City.

(D) If as the result of any City audit, Company is refunded/credited for an overpayment or pays the City for an underpayment of the franchise fee, such refund/credit or payment shall be made pursuant to the terms established in Sections 7.

(E) If as a result of a subsequent audit, initiated within two years of an audit which resulted in Company making a payment to the City due to an underpayment of the franchise fee of more than 5%, Company makes another payment to the City due to an underpayment of the franchise fee of more than 5%, the City may immediately treat this underpayment as an Uncured Event of Default and exercise the remedies provided for in Section 13.(C).

(F) The Company shall assist the City in its review by responding to all requests for information no later than thirty days after receipt of a request.

(G) The City agrees to maintain the confidentiality of any non-public information obtained from Company to the extent allowed by law. City shall not be liable to Company for the release of any information the City is required by law to release. City shall provide notice to Company of any request for release of non-public information marked by Company as proprietary or confidential prior to releasing the information so as to allow Company adequate time to pursue available remedies for protection. If the City receives a request under the Texas Public Information Act that includes information marked by Company as proprietary or confidential information, the City will notify the Texas Attorney General of the claimed proprietary or confidential nature of the document(s). The City also will provide Company with a copy of this notification, and thereafter Company is responsible, to the extent Company wishes to pursue the matter, for establishing that an exception under the Act allows the City to withhold the information.

Section 9

RIGHT OF RENEGOTIATION: A) If either Company or the City have cause to believe that a change in circumstances relating to the terms of this Franchise may exist, either party may request that the other party provide it with a reasonable amount of information to assist in determining whether a change in circumstances has taken place.

(B) If either party determines that, based on a change in circumstances, it is in the best interest to renegotiate all or some of the provisions of this Franchise, then the other party agrees to enter into good-faith negotiations. Said negotiations shall involve reasonable, diligent, and timely discussions about the pertinent issues and a resolute attempt to settle those issues. The obligation to engage in such negotiations does not obligate either party to agree to an amendment of the Franchise as a result of such negotiations. A failure to agree does not show a lack of good faith. If, as a result of renegotiation, the City and Company agree to a change in a provision of this Franchise, the change shall become effective upon passage of an ordinance by the City in accordance with the City Charter and written acceptance of the amendment by Company within 60 days after passage and approval.

Section 10

RELOCATION OF FACILITIES: (A) The City reserves the right to use and permit to be used the PROW for any purpose, including to lay, and permit to be laid, any City-owned facilities, such as stormwater, sewer, gas, water, wastewater, communications and other pipe lines, cable, and conduits, or other improvements and to do and permit to be done any underground or overhead work that may be necessary or proper in, across, along, over, or under the PROW occupied by Company. The City also reserves the right to change in any manner the PROW and any City-owned curb, sidewalk, highway, alley, public way, street, and City-owned utility lines, storm sewers, drainage basins, drainage ditches, and other City facilities. City shall provide Company with at least thirty (30) days' notices when requesting Company to relocate facilities. Company shall, except in cases of emergency conditions or work incidental in nature, obtain a permit, if required by City ordinance, prior to performing work in the Public Rights-of-Way, except in no instance shall Company be required to pay fees or bonds related to its use of the Public Rights-of-Way, despite the

City's enactment of any ordinance providing the contrary. Upon reasonable request by the City, Company shall provide information to the City regarding the status of a relocation request.

(B) City-requested relocations of Company facilities in the Public Rights-of-Way shall be at the Company's expense; provided however, if the City is the end-use Retail Customer (customer who purchases electric power or energy and ultimately consumes it) requesting the removal or relocation of Company Facilities for its own benefit, or the project requiring the relocation is solely aesthetic/beautification in nature, it will be at the total expense of the City. Provided further, if the relocation request includes, or is for, the Company to relocate above-ground facilities to an underground location, City shall be fully responsible for the additional cost of placing the facilities underground.

(C) If any other corporation or person (other than the City) requests Company to relocate Company Facilities located in the PROW, the Company shall not be bound to make such changes until such other corporation or person shall have undertaken, with good and sufficient bond, to reimburse the Company for any costs, loss, or expense which will be caused by, or arises out of such change, alteration, or relocation of Company's Facilities. City may not request the Company to pay for any relocation that has already been requested, and paid for, by any entity other than City. Also, when Company is required by the City to remove or relocate its poles, towers, conduits, cables, and other facilities to accommodate PROW improvements, and Company is eligible under federal, state, county, city, or other local agencies or programs for reimbursement of costs and expenses incurred by Company as a result of such removal or relocation and such reimbursement is required to be handled through the City, Company's costs and expenses shall be included in any application by the City for reimbursement, if Company submits its cost and expense documentation to the City prior to the filing of the application. The City shall provide reasonable notice to Company of the deadline for Company to submit documentation of the costs and expenses of such removal or relocation to City.

(D) Abandonment of Public Right-of-Way:

(1) If the City abandons any Public Right-of-Way in which the Company has facilities, the City shall determine whether it is appropriate to retain a public utility easement in the Public Right-of-Way for use by the Company.

(2) If the City determines, in its sole reasonable discretion, that the continued use of the Public Right-of-Way by the Company is compatible with the abandonment of the Public Right-of-Way, then in consideration of the compensation set forth in Section 7, and to the maximum extent of its right to do so, City shall grant to or retain for the Company an easement for such use, and the abandonment of the Public Right-of-Way shall be subject to the right and continued use of the Company.

(3) If Public Right-of-Way is sold, conveyed, abandoned, or surrendered by City to a third party, such action shall be conditioned upon the Company's right to maintain use of the former Public Right-of-Way. If the third party requests the Company to remove or relocate its facilities from the former Public Right-of-Way and the Company agrees to such removal or relocation, such removal or relocation shall be done within a reasonable time at the expense of the party requesting the removal or relocation. In the event of a third party requesting the relocation, if relocation cannot practically be made to another Public Right-of-Way, the expense of any right-of-way acquisition shall be considered a relocation expense to be reimbursed by the party requesting the relocation.

(E) If the City requires Company to adapt or conform its facilities, or in any manner to alter, relocate, or change its property to enable any entity other than the City to use, or use with greater convenience, said PROW, Company shall not be bound to make such changes until such other entity shall have undertaken, with good and sufficient bond, to reimburse Company for any costs, loss, or expense which will be caused by, or arises out of such change, alteration, or relocation of Company's property or facilities.

Section 11

FAVORED NATIONS: This Section applies only if, after the effective date of this Franchise Agreement, Company enters into a new municipal franchise agreement or renews an existing municipal franchise agreement with another municipality that provides for a different method of calculation of franchise fees for use of the Public Rights-of-Way than the calculation under PURA, Section 33.008(b), which, if applied to City, would result in a greater amount of franchise fees owed City than under this Franchise Agreement. In the event of an occurrence as described in this Section, City shall have the option to:

A. Have Company select, within 30 days of City's request, any or all portions of the franchise agreement with the other municipality or comparable provisions that, at Company's sole reasonable discretion, must be considered in conjunction with the different method of the calculation of franchise fees included in that other franchise agreement; and

B. Modify this franchise agreement to include both the different method of calculation of franchise fee found in the franchise agreement with the other municipality and all of the other provisions identified by Company pursuant to Subsection 11.A. In no event shall City be able to modify the franchise to include the different method of calculation of franchise fee found in the franchise agreement with the other municipality without this franchise also being modified to include all of the other provisions identified by Company pursuant to Subsection 11.A.

C. City may not exercise the option provided in this Section if any of the provisions that would be included in this franchise are, in Company's sole reasonable opinion, inconsistent with or in any manner contrary to any then-current rule, regulation, ordinance, law, Code, or City Charter. In the event of a regulatory disallowance of the increase in franchise fees paid pursuant to City's exercise of its option pursuant to this Section, then at any time after the regulatory authority's entry of an order disallowing recovery of the additional franchise fee expense in rates, Company shall have the right to cancel the modification of the franchise made pursuant to this Section, and the terms of the Franchise shall immediately revert to those in place prior to City's exercise of its option under this Section.

D. Notwithstanding any other provision of this franchise, should City exercise the option provided in this Section, and then adopt any rule, regulation, ordinance, law, Code, or Charter provision that, in Company's sole reasonable opinion, is inconsistent with or in any manner contrary to the provision included in this franchise pursuant to this Section, then Company shall have the right to cancel all of the modifications to this franchise made pursuant to this Section and, effective as of the date of City's adoption of the inconsistent provision, the terms of the franchise shall revert to those in place prior to City's exercise of its option under this Section. The provisions of this Section apply only to the amount of the franchise fee to be paid and do not apply to other franchise

fee payment provisions, such as the timing of such payments. The provisions of this Section do not apply to differences in the franchise fee factor that result from the application of the methodology set out in PURA Section 33.008(b) or any successor methodology.

Section 12

TERM: The right, privilege and franchise granted hereby shall expire April 30, 2050; provided that, unless written notice of cancelation is given by either party hereto to the other not less than sixty days before the expiration of this Franchise, it shall be automatically renewed for one additional period of five years from such expiration date.

Section 13

DEFAULT, REMEDIES AND TERMINATION: (A) Events of Default. The occurrence, at any time during the term of this Franchise, of any one or more of the following events, shall constitute an Event of Default by Company under this Franchise:

- (1) The failure of Company to pay the franchise fee on or before the due dates specified herein.
- (2) Company's material breach or material violation of any of the material terms, covenants, representations or warranties contained herein.

(B) Uncured Events of Default.

- (1) Upon the occurrence of an Event of Default which can be cured by the immediate payment of money to the City, Company shall have thirty calendar days from receipt of written notice from the City of an occurrence of such Event of Default to cure same before City may exercise any of its rights or remedies provided for in Section 13.(C).
- (2) Upon the occurrence of an Event of Default by Company which cannot be cured by the immediate payment of money to the City, Company shall have sixty calendar days (or such additional time as may be agreed to by the City) from receipt of written notice from City of an occurrence of such Event of Default to cure same before City may exercise any

of its rights or remedies provided for in Section 13.(C).

- (3) If the Event of Default is not cured within the time period allowed for curing the Event of Default as provided for herein, such Event of Default shall, without additional notice, become an Uncured Event of Default, which shall entitle the City to exercise the remedies provided for in Section 13.(C).

(C) Remedies. The City shall notify Company, in writing, of an alleged Uncured Event of Default as described in Section 13.(B), which notice shall specify the alleged failure with reasonable particularity. Company shall, within thirty business days after receipt of such notice or such longer period of time as the City may specify in such notice, either cure such alleged failure or in a written response to the City either present facts and arguments in refuting or defending such alleged failure or state that such alleged failure will be cured and set forth the method and time schedule for accomplishing such cure. In the event that such cure is not forthcoming, City shall be entitled to exercise any and all of the following cumulative remedies:

- (1) The commencement of an action against Company at law for monetary damages;
- (2) The commencement of an action in equity seeking injunctive relief or the specific performance of any of the provisions, that as a matter of equity, are specifically enforceable;
- (3) The termination of this Franchise.

(D) Remedies Not Exclusive. The rights and remedies of the City and Company set forth in this Franchise shall be in addition to, and not in limitation of, any other rights and remedies provided by law or in equity. The City and Company understand and intend that such remedies shall be cumulative to the maximum extent permitted by law and the exercise by the City of any one or more of such remedies shall not preclude the exercise by the City, at the same or different times, of any other such remedies for the same failure to cure. However, notwithstanding this section or any other provision of this Franchise, the City shall not recover both liquidated damages and

actual damages for the same violation, breach, or noncompliance, either under this section or under any other provision of this Franchise.

- (E) Termination. In accordance with the provisions of Section 13.(C), this Franchise may be terminated upon thirty business days prior written notice to Company by City. The City shall notify Company in writing at least fifteen (15) business days in advance of the City Council meeting at which the questions of forfeiture or termination shall be considered, and Company shall have the right to appear before the City Council in person or by counsel and raise any objections or defenses Company may have that are relevant to the proposed forfeiture or termination. This Franchise will not be terminated if within the time from the notice contemplated in Section 13.(C) Company commences work or other efforts to cure such violations and completes such curative work according to a plan and timeline mutually agreed upon by Company and City. The final decision of the City Council may be appealed to any court or regulatory authority having jurisdiction. Upon timely appeal by Company of the City Council's decision terminating the Franchise, the effective date of such termination shall be when such appeal is withdrawn by Company or when an order upholding the termination becomes final and unappealable. Until the termination becomes effective the provisions of this Franchise shall remain in effect for all purposes. The City recognizes Company's right and obligation to provide service in accordance with the Certificate of Convenience and Necessity authorized by the Public Utility Commission of Texas in accordance with the Texas Utilities Code. Likewise, the Company recognizes that the City is a regulatory authority within the city limits of Garland and, as such, has obligations to the public in such capacity that may not be waived or surrendered under certain circumstances.
- (F) No Waiver. The failure of either party to insist in any one or more instances upon the strict performance of any one or more of the terms or provisions of this Franchise shall not be construed as a waiver or relinquishment for the future of any such term or provision, and the same shall continue in full force and effect, subject to any applicable statute of limitations. No waiver or relinquishment shall be deemed to have been made by

either party unless the waiver or relinquishment is in writing and signed by that party.

Section 14

PUBLIC PURPOSE: All of the provisions contained in this ordinance are hereby declared to be for a public purpose, and are in the interests of the health, safety, and welfare of the general public.

Section 15

SEVERABILITY: If any provision, section, subsection, sentence, clause or phrase of the ordinance is for any reason held to be unconstitutional, void or invalid (or for any reason unenforceable) by any court or regulatory agency having jurisdiction, the validity of the remaining portions of this ordinance shall not be affected thereby, it being the intent of the parties in adopting this Franchise that no provision hereof shall be inoperative or fail by reason of any unconstitutionality or invalidity of any other portion, provision, or regulation, and to that end, all provisions of this ordinance are declared to be severable.

Section 16

NOTICE: Any notices required or desired to be given from one party to the other party to this ordinance shall be in writing and shall be given and shall be deemed to have been served and received if: (i) delivered in person to the address set forth below; (ii) deposited in an official depository under the regular care and custody of the United States Postal Service located within the confines of the United States of America and sent by certified mail, return receipt requested, and addressed to such party at the address hereinafter specified; or (iii) delivered to such party by courier receipted delivery. Either party may designate another address within the confines of the continental United States of America for notice, but until written notice of such change is actually received by the other party, the last address of such party designated for notice shall remain such party's address for notice.

| CITY | COMPANY |
|----------------------|-------------------------------|
| City Manager | Regulatory Affairs |
| City of Garland | Oncor Electric Delivery |
| P.O. Box 469002 | Company LLC |
| Garland, Texas 75040 | 1616 Woodall Rodgers Fwy, 6th |
| | Floor |
| | Dallas, TX 75202-1234 |

Upon request, Company shall provide the City with current contact information for the City's use in forwarding its customer inquiries and complaints to Company.

Section 17

ORDINANCE PASSED AT PUBLIC MEETING.

It is hereby officially found that the meeting at which this ordinance is passed is open to the public and that due notice of this meeting was posted by the City, all as required by law.

Section 18

FUTURE AMENDMENTS

This ordinance may be amended only by the mutual written agreement of the City and Company, as authorized by the City Council and Company.

Section 19

ACCEPTANCE; EXPIRATION

In order to accept this Franchise, Company must file with the City Secretary its written acceptance of this Franchise within sixty (60) days after its final passage and approval by City.

Section 20

REPEAL

This ordinance shall supersede any and all other franchises granted by the City to Company, its predecessors and assigns.

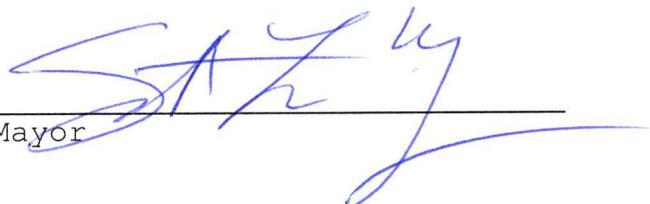
Section 21

EFFECTIVE DATE

That this Ordinance shall be and become effective immediately upon and after its passage and approval.

PASSED AND APPROVED this 15th day of April, 2025.

THE CITY OF GARLAND, TEXAS



Mayor

ATTEST:



City Secretary

