



TOWN COUNCIL COMMUNICATION

DATE November 21, 2023

FROM: Ed Voss, Town Attorney

AGENDA ITEM: Discuss and consider a Resolution finding that CoServ Gas, LTD's Statement of Intent to increase rates within the Town should be denied; finding that the Town's reasonable rate case expenses shall be reimbursed by the Company; and providing an effective date.

STAFF REPORT REGARDING DENIAL OF COSERV GAS, LTD.'S REQUESTED RATE CHANGE

On July 28, 2023, CoServ Gas, Ltd. ("CoServ" or "Company"), pursuant to Subchapter C of Chapter 104 of the Gas Utility Regulatory Act, filed its Statement of Intent to change gas rates at the Railroad Commission of Texas ("RRC") and in all municipalities exercising original jurisdiction within its service area.

The Steering Committee of Cities Served by CoServ Gas, Ltd. ("CoServ Gas Cities") engaged the services of consultants to review the Company's filing. The consultants identified numerous unreasonable expenses and proposed significant reductions to the Company's request. Settlement discussions are ongoing, but no agreement has been met. Accordingly, CoServ Gas Cities' attorneys recommend that all member cities adopt the Resolution denying the rate change. Once the Resolution is adopted, CoServ will have 30 days to appeal the decision to the Railroad Commission where the appeal will be consolidated with CoServ's filing.

All municipalities with original jurisdiction will need to adopt the denial resolution no later than December 7.

Purpose of the Resolution:

The purpose of the Resolution is to deny the rate increase proposed by CoServ.

Explanation of "Be It Resolved" Paragraphs:

1. This paragraph finds that the Company's application is unreasonable and should be denied.
2. This section states that the Company's current rates shall not be changed.
3. The Company will reimburse municipalities for their reasonable rate case expenses. Legal counsel and consultants, approved by the municipalities, will submit monthly invoices that will be forwarded to CoServ for reimbursement.
4. This section merely recites that the Resolution was passed at a meeting that was open to the public and that the consideration of the Resolution was properly noticed.
5. This section provides CoServ and counsel for CoServ Gas Cities will be notified of the Town's action by sending a copy of the approved and signed resolution to counsel.
6. This section provides for the Resolution to be effective immediately.