

MODEL STAFF REPORT REGARDING TEXAS GAS SERVICE COMPANY'S STATEMENT OF INTENT FILING

*****FINAL ACTION MUST BE TAKEN TO DENY THE REQUESTED RATE CHANGE
BY NOVEMBER 17, 2025*****

Overview

On June 30, 2025, Texas Gas Service Company (TGS or Company) filed a Statement of Intent to Increase Rates application with each of the cities in their Central-Gulf, West North, and Rio Grande Valley service areas. In the filing, the Company asserted that it is entitled to a \$41.1 million increase or a 9.83% increase over current adjusted revenues, excluding gas costs.

In June, the Cities Served by Texas Gas Service Company (TGS 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. Accordingly, TGS Cities' attorney recommends that all TGS Cities members adopt the Resolution denying the rate change. Once the Resolution is adopted, TGS will have 30 days to appeal the decision to the Railroad Commission where the appeal will be consolidated with TGS' filing for the environs and those cities that have relinquished their jurisdiction (i.e. Gas Utility Docket 28202) currently pending at the Railroad Commission.

Under the law, cities with original jurisdiction over this matter have 125 days from the initial filing to take final action on the application. By the agreement of the parties, this deadline was suspended until November 17, 2025. As such, all cities with original jurisdiction will need to adopt the resolution no later than November 17.

Accordingly, the purpose of the Resolution is to deny the rate application proposed by TGS.

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 Cities for their reasonable rate case expenses. Legal counsel and consultants, approved by the TGS Cities will submit monthly invoices that will be forwarded to TGS 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 TGS and counsel for the cities will be notified of the City's action by sending a copy of the approved and signed resolution to counsel.