



TOWN ATTORNEY

To: Mayor and Town Council
From: Terrence S. Welch, Town Attorney
Through: Mario Canizares, Town Manager
Re: Resolution Suspending CoServ Gas Rates

Town Council Meeting – November 28, 2023

Strategic Visioning Priority: 4. Provide Excellent Municipal Services

Agenda Item:

Consider and act upon a resolution suspending the September 1, 2023, effective date of a rate request from CoServ Gas Ltd. for the maximum period allowed by law.

Description of Agenda Item:

On July 28, 2023, CoServ Gas, Ltd. ("CoServ"), 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, effective September 1, 2023.

CoServ is seeking to increase its annual revenues in incorporated areas by \$10,314,726, which is an increase of 7.5% including gas costs, or 27.3% excluding gas costs. CoServ is also requesting: (1) new depreciation rates for distribution and general plant; (2) a prudence determination for capital investment; (3) specification of the factors to be used in any Interim Rate Adjustment Filing the Company makes pursuant to Texas Utilities Code § 104.302; and (4) a surcharge on customer bills to recover the reasonable rate case expenses associated with the filing of this statement of intent.

The resolution suspends the September 1, 2023, effective date of the Company's rate increases for the maximum period permitted by law to allow the Town, working in conjunction with other similarly situated cities with original jurisdiction served by CoServ, to evaluate the filing, to determine whether the filing complies with the law, and if lawful, to determine what further strategy, including settlement, to pursue.

State law provides that a rate request cannot become effective until at least 35 days following the filing of the application to change rates. The law permits the Town to suspend the rate change for 90 days after the date the rate change would otherwise be effective. **If the Town fails to take some action regarding the filing before the effective date, CoServ's rate request is deemed approved.**

Budget Impact:

There is no budgetary impact affiliated with this item.

Legal Obligations and Review:

Terrence Welch of Brown & Hofmeister, L.L.P., has approved the attached Resolution as to form and legality.

Attached Documents:

1. Resolution

Town Staff Recommendation:

The Town Attorney recommends that the Town Council adopt the attached Resolution to allow it, in conjunction with similarly situated municipalities, to review the requested rate increase and evaluate options relative thereto.

Proposed Motion:

I move to approve a Resolution providing that the effective date of a rate request submitted by CoServ Gas Ltd. be suspended for the maximum period allowed by law and to cooperate with other similarly situated municipalities in reviewing the CoServ rate request.