

MEMORANDUM

TO: Claire Powell, City Manager

FROM: Aaron Russell, P.E., Director of Public Services

DATE: December 4, 2023

SUBJECT: **Approval of a Resolution of the City of Lewisville Finding That CoServ Gas, LTD's Statement of Intent to Increase Rates Within the City Should be Denied; Finding That the City's Reasonable Rate Case Expenses Shall be Reimbursed by the Company; Finding That the Meeting at Which This Resolution is Passed is Open to the Public as Required by Law; Requiring Notice of This Resolution to the Company and the City's Legal Counsel.**

BACKGROUND

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 Steering Committee") 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 Steering Committees' 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.

ANALYSIS

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

The following is a summary of the proposed Resolution by section:

- Section 1. This paragraph finds that the Company's application is unreasonable and should be denied.
- Section 2. This section states that the Company's current rates shall not be changed.

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- Section 3. The Company will reimburse Cities for their reasonable rate case expenses. Legal counsel and consultants, approved by the Cities, will submit monthly invoices that will be forwarded to CoServ for reimbursement.
- Section 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.
- Section 5. This section provides CoServ and counsel for CoServ Gas Steering Committee will be notified of the City's action by sending a copy of the approved and signed Resolution to counsel.

CITY STAFF'S RECOMMENDATION

That the City Council approve the Resolution as set forth in the caption above.