

MEMORANDUM

TO: Claire Powell, City Manager

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

DATE: September 8, 2025

SUBJECT: **Approval of a Resolution by the City of Lewisville Texas Suspending the September 17, 2025 Effective Date of the Proposal by CoServ Gas, Ltd. to Implement Interim GRIP Rate Adjustments for Gas Utility Investment in 2024 and Requiring Delivery of this Resolution to the Company and Legal Counsel.**

BACKGROUND

On July 18, 2025, CoServ Gas, Ltd. (“CoServ” or “Company”), under Texas Utilities Code 101.003(7), filed its proposed Interim Rate Adjustment (“IRA”) pursuant to Texas Utilities Code 104.301 to increase gas utility rates for service within the incorporated municipalities in which CoServ Gas provides service. Lewisville is a member of the Steering Committee of Cities Served by CoServ Gas, Ltd. (“CoServ Gas Steering Committee”). The committee exists to provide a unified voice for cities in their dealings with CoServ Gas, which is a gas utility regulated under franchise agreements with municipalities. By joining together, cities gain collective bargaining power, legal and technical support, and a forum to coordinate responses to utility matters. The CoServ Gas Steering Committee engaged the services of consultants to review the Company’s filing.

CoServ is seeking recovery of \$267,149,471 in invested capital. The current filing will increase rates to residential customers by \$3.33 per month by increasing the current residential customer charge from \$18.00 to \$21.33 per month.

Under the Gas Reliability Infrastructure Program (GRIP) statute, cities may not challenge the Company’s request. However, cities may take action to suspend the effective date of the rate increase by 45 days. The proposed resolution suspends the September 17, 2025, effective date of the Company’s rate increase for 45 days, the maximum permitted by law.

ANALYSIS

The purpose of the resolution is to suspend the effective date of the rate increase proposed by CoServ. The law provides cities the ability to suspend the rate increase for up to 45 days. **If the City fails to take some action regarding the filing before the effective date (September 17, 2025), CoServ’s rate request will go into effect on September 17, 2025.**

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

- Section 1. The City is authorized to suspend the rate change for 45 days after the date that the rate change would otherwise be effective for any legitimate purpose. Time to study and investigate the application is a legitimate purpose.
- Section 2. This section provides that both CoServ's counsel and counsel for the cities will be notified of the City's action by sending a copy of the approved and signed resolution to certain designated individuals.

CITY STAFF'S RECOMMENDATION

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