

**RESOLUTION NO. 23-07**

**A RESOLUTION OF THE TOWN OF COPPER CANYON, TEXAS 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; 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 TOWN'S LEGAL COUNSEL.**

**WHEREAS**, the Town of Copper Canyon, Texas ("Town") is a gas utility customer of CoServ Gas, Ltd. ("CoServ" or "Company") and is a regulatory authority under the Gas Utility Regulatory Act ("GURA") with exclusive original jurisdiction over CoServ's rates, operations, and services within the Town; and

**WHEREAS**, the Town cooperated with a coalition of similarly situated cities served by the Company that have joined together to facilitate the review and response to natural gas issues affecting the rates charged in CoServ's service area ("CoServ Gas Cities" or "Steering Committee of Cities Served by CoServ Gas, Ltd."); and

**WHEREAS**, on or about July 28, 2023, CoServ filed with the Town a Statement of Intent to Increase Rates seeking to increase natural gas rates by \$10.3 million annually in incorporated areas; and

**WHEREAS**, the Town passed Resolution No. 23-06 to suspend the effective date of CoServ's requested rate increase for 90 days, the maximum period allowed by law; and

**WHEREAS**, CoServ Gas Cities hired and directed legal counsel and consultants to prepare a collective response to the Company's requested increase, which resulted in a conclusion that CoServ's proposed rates are not reasonable; and

**WHEREAS**, CoServ Gas Cities' attorneys recommend that members deny the requested increase; and

**WHEREAS**, GURA § 103.022 provides that costs incurred by CoServ Gas Cities in ratemaking activities are to be reimbursed by the regulated utility.

**NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF COPPER CANYON, TEXAS:**

**Section 1.** That the rates proposed by CoServ to be recovered through its gas rates charged to customers located within the Town limits, are hereby found to be unreasonable and shall be denied.

**Section 2.** That the Company shall continue to charge its existing rates to customers within the Town.

**Section 3.** That the Town's reasonable rate case expenses shall be reimbursed in full by CoServ.

**Section 4.** That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law and the public notice of the time, place, and purpose of said meeting was given as required.

**Section 5.** That a copy of this Resolution shall be sent to CoServ, care of Charles Harrell, CoServ Gas, Ltd., 7701 South Stemmons Freeway, Corinth, Texas 76210 (Charrell@coserv.com); and to Thomas Brocato, counsel for CoServ Gas Cities, Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701 (tbrocato@lglawfirm.com).

PASSED AND APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Town Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Town Attorney

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

## **ACTION MUST BE TAKEN TO DENY THE RATE CHANGE ON OR BEFORE DECEMBER 7, 2023**

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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 cities 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 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.
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 City’s action by sending a copy of the approved and signed resolution to counsel.