

RESOLUTION NO. 2023-12-XXX (R)

A RESOLUTION OF THE CITY OF MCKINNEY, TEXAS 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.

WHEREAS, the City of McKinney, Texas ("City") 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 City; and

WHEREAS, the City 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 City a Statement of Intent to Increase Rates seeking to increase natural gas rates by \$10.3 million annually in incorporated areas; and

WHEREAS, the City passed Resolution No. 23-0664 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 CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, THAT:

Section 1. That the rates proposed by CoServ to be recovered through its gas rates charged to customers located within the City 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 City.

Section 3. That the City'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).

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF MCKINNEY, TEXAS, ON THE 5th DAY OF DECEMBER, 2023.

CITY OF MCKINNEY, TEXAS

GEORGE C. FULLER
Mayor

ATTEST:

EMPRESS DRANE
City Secretary

APPROVED AS TO FORM:

MARK S. HOUSER
City Attorney