



# CITY OF MCKINNEY, TEXAS

## Legislation Text

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**File #:** 23-0989, **Version:** 2

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Consider/Discuss/Act on 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.

**COUNCIL GOAL:** Operational Excellence

**MEETING DATE:** December 5, 2023

**DEPARTMENT:** City Manager's Office

**CONTACT:** Trevor Minyard, Director of Strategic Services

**RECOMMENDED CITY COUNCIL ACTION:**

- Approval of Resolution

**ITEM SUMMARY:**

- 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.

**BACKGROUND INFORMATION:**

- 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.

**FINANCIAL SUMMARY:**

- In its application filed on July 28, 2023, CoServ requested a revenue increase of \$10.3 million in incorporated areas, which is an increase of 27.3%, excluding gas costs. Settlement

discussions are ongoing, but no agreement has been reached.

**BOARD OR COMMISSION RECOMMENDATION:**

- N/A