

**ORDINANCE 2013-09**

**AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF LA FERIA, TEXAS (“CITY”) APPROVING A NEGOTIATED RESOLUTION BETWEEN CITY AND TEXAS GAS SERVICE (“TGS” OR “THE COMPANY”) REGARDING THE COMPANY’S MAY 1, 2013 COST OF SERVICE ADJUSTMENT (“COSA”) FILING; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT AND FINDING THE RATES TO BE SET BY THE ATTACHED TARIFFS TO BE JUST AND REASONABLE; PROVIDING FOR THE RECOVERY OF THE CITY’S REASONABLE AND NECESSARY RATE CASE EXPENSES; ADOPTING A SAVINGS CLAUSE; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; DECLARING AN EFFECTIVE DATE; REPEALING ANY PRIOR ORDINANCES INCONSISTENT WITH THIS ORDINANCE AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND THE CITY’S LEGAL COUNSEL.**

**WHEREAS**, the City of La Feria, Texas (“City”) is a gas utility customer of Texas Gas Service (“TGS” or “the Company”), and a regulatory authority with an interest in the rates and charges of TGS; and

**WHEREAS**, pursuant to the terms of the agreement settling the Company’s 2009 Statement of Intent (“SOI”) to increase rates, to which City was a signatory, the City and other municipalities within the Rio Grande Valley Service Area and TGS worked collaboratively to develop the COSA tariff which allows for an expedited comprehensive rate review process controlled in a three-year experiment; and

**WHEREAS**, the City took action in 2009 to approve a Settlement Agreement with TGS resolving the Company’s 2009 rate case and initially authorizing the COSA tariff for three years; and

**WHEREAS**, in 2012, the initial COSA tariff term expired; and

**WHEREAS**, TGS filed a SOI in 2012 that incorporated a revised COSA tariff; and

**WHEREAS**, the City and TGS settled the SOI in 2012 and agreed to renew the COSA tariff process for an additional three years; and

**WHEREAS**, the COSA tariff contemplates reimbursement of the City’s reasonable expenses associated with COSA applications; and

**WHEREAS**, on or about May 1, 2013, TGS filed with the City a COSA tariff seeking to increase natural gas rates to all customers residing in the City; and

**WHEREAS**, the City coordinated a review of the Company's COSA filing and designated attorneys and consultants to resolve issues in the Company's COSA filing; and

**WHEREAS**, the Company's COSA application supported increased revenues of \$1,597,656 under the terms of the COSA; and

**WHEREAS**, the City's attorneys and consultant recommend that the City approve the negotiated resolution, which is attached; and

**WHEREAS**, the tariffs implementing new rates attached to this Ordinance are consistent with the negotiated resolution reached by the City and are just, reasonable, and in the public interest; and

**WHEREAS**, the negotiated resolution of the Company's COSA filing and the resulting rates are, as a whole, in the public interest; and

**WHEREAS**, the effective date of new COSA rates is to be the first billing cycle of August 1, 2013 pursuant to the COSA tariff previously adopted by the City.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF LA FERIA, TEXAS:**

Section 1. That the City Commission finds that the existing rates for natural gas service provided by TGS are unreasonable and the new tariffs attached to this Ordinance are just and reasonable and are hereby adopted.

Section 2. That the Settlement Agreement between the City and TGS dated July 24, 2013 is approved.

Section 3. That TGS shall reimburse the reasonable ratemaking expenses of the City in processing the Company's rate application.

Section 4. That to the extent any resolution or ordinance previously adopted by the Commission is inconsistent with this Ordinance, it is hereby repealed.

Section 5. That the meeting at which this Ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 6. That if any one or more sections or clauses of this Ordinance is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair, or invalidate the

remaining provisions of this Ordinance and the remaining provisions of the Ordinance shall be interpreted as if the offending section or clause never existed.

Section 7. That tariffs attached to this Ordinance are effective as of August 1, 2013.

Section 8. That a copy of this Ordinance shall be sent to TGS, care of Dean LaFever, Director, at 5602 East Grimes Road, Harlingen, Texas 78550-1783, and to Geoffrey Gay, Special Counsel to the City, at Lloyd Gosselink Rochelle & Townsend, P.C., 801 Congress Avenue, Suite 1900, Austin, Texas 78701.

**PASSED AND APPROVED THIS THE 13<sup>th</sup> DAY OF AUGUST 2013.**

**APPROVED:**



**Steve Brewer, Mayor**

**ATTEST:**



**Olga Oberwetter, City Secretary**

**APPROVED AS TO FORM:**



**Richard S. Talbert, City Attorney**