

ORDINANCE NO. 142

AN ORDINANCE OF THE TOWN OF CLINT, TEXAS, APPROVING RATE ADJUSTMENTS AND REVISED TARIFFS FOR GAS SERVICE BY TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC., PURSUANT TO THE EL PASO AREA ANNUAL RATE REVIEW PROCESS ADOPTED FOR THE EL PASO AREA; AND PROVIDING FOR THE FOLLOWING: FINDINGS OF FACT; REPEALER; SEVERABILITY; PROPER NOTICE AND MEETING.

WHEREAS, the Town of Clint, Texas (“City”), is a Type A General Law municipality operating pursuant to the laws of the State of Texas; and

WHEREAS, pursuant to Texas Utilities Code Section 103.001, the Town of Clint is a regulatory authority having exclusive original jurisdiction over the rates, operations and services of a gas distribution utility in the City limits of the Town of Clint; and

WHEREAS, Texas Gas Service Company (“Texas Gas” or “TGS”) a division of ONE Gas, Inc., an Oklahoma corporation, is a gas distribution utility operating within the Town of Clint, Texas; and

WHEREAS, pursuant to Texas Utilities Code Sec. 104.003, the City as Regulatory Authority has an obligation to ensure that each rate a gas utility demands or receives is just and reasonable; and

WHEREAS, the City and Texas Gas collaboratively developed the El Paso Area Rate Review Tariff (“EPARR”), which was approved and adopted by the City on February 11, 2015, as a substitute for the GRIP process; and

WHEREAS, pursuant to the terms of the EPARR, Texas Gas filed on March 31, 2015, for a good cause exception to the terms of the EPARR and \$11,970,041 annual increase applicable to El Paso Service Area customers if the good cause request is granted, and a \$10,127,033 annual increase to El Paso Service Area customers if the good cause exception is not granted; and

WHEREAS, in the discussion of issues to arrive at the settlement, City Staff and Texas Gas representatives discussed issues regarding revisions to the original request including treatment and inclusion of pension and benefit expense, treatment of plant in service and accumulated deferred federal income tax, incentive compensation, property taxes, lockbox service, medical and dental costs, employee expense, and the treatment of Railroad Commission of Texas Rule 8.209 Regulatory Assets. The City and Texas Gas ultimately agree that the issues related to those expenses are ultimately resolved as part of the agreed rates without a specific finding on any expense except as identified in this Resolution; and

WHEREAS, the City Council of the Town of Clint finds as a result of the negotiations that an overall revenue increase of \$8,550,000 for the El Paso Service Area is a reasonable resolution of the Texas Gas Request, and provides Texas Gas a reasonable opportunity to earn a reasonable return on its Invested Capital used and useful in providing service to the public in the El Paso Service Area over and above its reasonable and necessary operating expenses, and

WHEREAS, as part of the negotiations and in partial consideration for its acceptance of the rates approved herein, that the City and Texas Gas have agreed to negotiate with each other to determine whether amendments to the EPARR tariff for a filing based on a 2015 calendar year are appropriate, and

WHEREAS, Texas Gas has agreed as part of the negotiations, and in partial consideration for its acceptance of the rates approved herein, to develop a more transparent method of presenting its allocated labor, medical and dental, and other allocated expenses so that actual costs can be identified, and that it will provide functioning spreadsheet models so that the City can calculate a revenue requirement, and

WHEREAS, the tariffs attached to this Resolution as Exhibit "A", including Rate Schedule 11, Rate Schedule 22, Rate Schedule 23, Rate Schedule 24, Rate Schedule 28, Rate Schedule 29, Rate Schedule 41, Rate Schedule S.S.-OTH, and Rate Schedule T-1 OTH are determined to be rates which provide Texas Gas with a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the Public in the El Paso Service Area.

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF CLINT, TEXAS, THAT

A. FINDINGS OF FACT

The foregoing recitals are incorporated into this Ordinance by reference as findings of fact as if expressly set forth herein.

B. RATES AND TARIFFS

1. That the rate adjustments and tariffs presented in the "El Paso Annual Rate Review Filing" filed by Texas Gas Company, a division of ONE Gas, Inc., on March 31, 2015, are unreasonable and are therefore denied.
2. That the tariffs attached hereto, including Rate Schedule 11, Rate Schedule 22, Rate Schedule 23, Rate Schedule 24, Rate Schedule 28, Rate Schedule 29, Rate Schedule 41, Rate Schedule S.S.-OTH, and Rate Schedule T-1 OTH are hereby approved effective for meters read on and after August 3, 2015.
3. The EPARR Rate Increase effective August 3, 2015, is based on an El Paso Service Area Revenue Increase of \$8,550,000. This is a "black box" number. No specific

calculation getting to that amount shall be precedential in a future EPARR filing except as identified below.

4. Texas Gas will reimburse the City's rate case expenses for this 2015 EPARR filing and related matters as described below within 30 days of invoice from the City. TGS's reasonable outside expenses for this 2015 EPARR proceeding, the expenses reimbursed to the City, as well as reasonable expenses incurred in the negotiations in paragraph 7 below will be included for recovery in either the 2016 EPARR Filing or the subsequent 2016 rate filing. No interest shall accumulate or accrue on these expenses.
5. For purposes of future EPARR filings, the following amounts are to be considered the amounts agreed to for the El Paso Service Area as of 12/31/14:
 - a. Plant in Service \$336,987,411
 - b. Accumulated Depreciation (\$84,160,300)
 - c. Net Plant \$252,827,112
6. Effective for meters read on and after August 3, 2015 for rates to be charged to customers within the Town of Clint, the customer charge for each class is as follows:
 - a. Residential: Customer Charge \$16.73 (incl. 200 Ccf)
 - b. Commercial/Commercial Air Conditioning Customer Charge \$38.21 (incl. 100 Ccf)
 - c. Industrial Customer Charge \$576.75 (incl. 100 Ccf)
 - d. Public Authority/ Public Authority Air Conditioning \$109.30 (incl. 100 Ccf)
 - e. Municipal Water Pumping Customer Charge \$431.91
 - f. Standby Customer Charge \$617.74
 - g. Transportation Commercial Customer Charge \$767.98 (incl. 100 Ccf)
 - h. Transportation Industrial Customer Charge \$1,163.27 (incl. 100 Ccf)
 - i. Transportation Public Authority Customer Charge \$806.38 (incl. 100 Ccf)
 - j. Transportation CoGen Customer Charge \$1,163.27
7. The City Attorney and the City's consultant are instructed to negotiate with representatives of Texas Gas to determine whether amendment of the EPARR tariff to capture the changed organization structure, and other appropriate changes are feasible and reasonable. The City Attorney and Texas Gas will report to City Council on recommended changes for consideration by the City Council no later than November 13, 2015.
8. If the City Council does not accept and adopt requested changes to the EPARR Tariff by November 13, 2015, Texas Gas has the option to notify the City in

accordance with the EPARR tariff that the EPARR tariff is to be discontinued and file a Statement of Intent (Rate Case) within 180 days of January 1, 2016. In partial consideration for the acceptance of the rates approved herein, TGS agrees that if a rate case is filed, in 2016, it will file a rate case based on the El Paso Service Area for the environs (unincorporated areas of the El Paso Service Area) based on the same test year and either file the environs case simultaneously with the case filed at the City or will file so that any appeals can be consolidated with the environs case.

9. Texas Gas has agreed as part of the negotiations, and in partial consideration for its acceptance of the rates approved herein, to develop a more transparent method of presenting its allocated labor, labor attends, medical and dental, and other allocated expenses so that actual costs can be identified, and that it will provide functioning spreadsheet models so that the City can calculate revenues and rates.
10. All Relief requested by Texas Gas and not addressed in this Resolution is Denied.
11. The City reserves all of its powers under the Texas Utilities Code Chapters 103 and 104 to set rates for Texas Gas within the Town of Clint.

C. REPEALER

To the extent reasonably possible, ordinances are to be read together in harmony. However, all ordinances, or parts thereof, that are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters regulated, herein.

D. SEVERABILITY

Should any of the clauses, sentences, paragraphs, sections or parts of this Ordinance be deemed invalid, unconstitutional, or unenforceable by a court or administrative agency with jurisdiction over the matter, such action shall not be construed to affect any other valid portion of this Ordinance.

E. PROPER NOTICE & MEETING

It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public, and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Texas Government Code, Chapter 551.

PASSED AND APPROVED this the 4th day of August, 2015, by a vote of 4 (ayes) to 0 (nays) to 1 (abstentions) of the City Council of the Town of Clint, Texas.

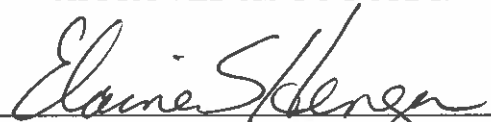
Town of Clint

By: 
Rick Avalos, Mayor

ATTEST:

By: 
Susana Rodriguez, Town Clerk

APPROVED AS TO FORM:


Elaine S. Hengen, Assistant City Attorney

First Reading: 7/8/2015
Second Reading: 8/12/2015