

Mayor and Council Communication

DATE: 11/28/23

M&C FILE NUMBER: M&C 23-1018

LOG NAME: 21 COSERV RATE INCREASE 2023 DENIAL

SUBJECT

(ALL) Adopt Ordinance Denying Rate Increase Proposed by CoServ Gas, Ltd

RECOMMENDATION:

It is recommended that the City Council adopt the attached ordinance denying the rate increase proposed by CoServ Gas, filed on or about July 28, 2023.

DISCUSSION:

On July 28, 2023, CoServ Gas, Ltd (CoServ); 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 proposed effective date for the new rates is September 1, 2023.

On August 22, 2023; by Mayor and Council Communication 23-0694, City Council adopted Ordinance No. 26366-08-2023 that suspended the September 1, 2023 effective date of CoServ's requested rate increase for 90 days; the maximum period allowed by law, and authorized the City Manager or his designee to cooperate with other cities served by CoServ, to hire direct legal counsel (Lloyd Gosselink Rochelle & Townsend, P.C.) and consultants for negotiations with CoServ.

In participation with other cities; by way of the Steering Committee of Cities Served by CoServ Gas, Ltd. (CoServ Gas Cities), consultant services were engaged to facilitate the review and response to natural gas issues affecting the rates charged in CoServ's service area. The consultants identified numerous unreasonable expenses and proposed significant reductions to CoServ's request. Settlement discussions are ongoing, but no agreement has been reached.

Accordingly, CoServ Gas Cities' attorneys recommend that the City of Fort Worth take final action and deny CoServ's rate change by December 7, 2023. Once the City of Fort Worth has acted, CoServ will have 30 days to appeal the decision to the Railroad Commission where the appeal will be consolidated with CoServ's filing.

Under state law, the City of Fort Worth has original jurisdiction over the rates, operations, and services of any gas utility operating in the City. The City of Fort Worth Charter grants the City Council the power by ordinance to fix and regulate the rates of all public utilities in the City.

It is recommended that the City Council adopt the attached ordinance to deny CoServ's requested rate increase.

Because this is a rate proceeding, CoServ will reimburse CoServ Gas Cities for their reasonable rate case expenses. Legal counsel and consultants, approved by CoServ Gas Cities, will submit monthly invoices that will be forwarded to CoServ for reimbursement.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of the recommendation will have no material effect on City funds.

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Expedited