

**CITY OF GONZALES, TEXAS  
SPECIAL CALLED CITY COUNCIL MEETING  
GONZALES MUNICIPAL BUILDING 820 ST. JOSEPH STREET  
AGENDA – JANUARY 23, 2020 12:00 P.M.**

**CALL TO ORDER, INVOCATION, AND PLEDGES OF ALLEGIANCE**

**HEARING OF RESIDENTS**

This time is set aside for any person who wishes to address the City Council. Each person should fill out the speaker's register prior to the meeting. Presentations should be limited to no more than 3 minutes.

**All remarks shall be addressed to the Council as a body, and not to any individual member thereof.**

Discussion by the Council of any item not on the agenda shall be limited to statements of specific factual information given in response to any inquiry, a recitation of existing policy in response to an inquiry, and/or a proposal to place the item on a future agenda. The presiding officer, during the Hearing of Residents portion of the agenda, will call on those persons who have signed up to speak in the order they have registered.

**RESOLUTION**

1.1 Discuss, Consider and Possible Action on Resolution Endorsing the Mayor's initiative to promote municipal transparency acting as the spokesperson and facilitator for events including, but not limited to: Coffee with the Mayor, media point of contact and any act where the Mayor communicates statements of fact or city policy

1.2 Discuss, Consider and Possible Action on Resolution 2020-9 Texas suspending the February 6, 2020 effective date of Texas Gas Service Company's requested increase to permit the city time to study the request and to establish reasonable rates; approving cooperation with other cities in the Texas Gas Service Company's Central Texas and Gulf Coast service areas; hiring legal and consulting services to negotiate with the company and direct any necessary litigation and appeals; authorizing intervention in GUD No. 10928 at the Railroad Commission; requiring reimbursement of cities' rate case expenses

**ADJOURN**

EXECUTIVE SESSION: The City Council reserves the right to discuss any of the above items in Executive Closed Session if they meet the qualifications in Sections 551.071, 551.072, 551.073, 551.074, 551.076, 551.087, of Chapter 551 of the Government Code of the State of Texas.

I certify that a copy of the January 23, 2020, agenda of items to be considered by the Gonzales City Council was posted on the City Municipal Building bulletin board on the 17<sup>th</sup> of January, 2020 at 5:30 p.m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting. I further certify that the above agenda was removed on \_\_\_\_\_ day of \_\_\_\_\_, 2020 at \_\_\_\_\_am/pm. I further certify that the following News Media were properly notified of the above stated meeting: Gonzales Inquirer.

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Kristina Vega, City Secretary

The meeting facility is wheelchair accessible and accessible parking spaces are available. Request for accommodations or interpretive services must be made 48 hours prior to this meeting. Please Contact the City Secretary's office at (830)672-2815 for further information.

## **COUNCIL AGENDA ITEM BRIEFING DATA**



## **AGENDA ITEM**

Discuss, Consider & Possible Action on Resolution Endorsing the Mayor's initiative to promote municipal transparency acting as the spokesperson and facilitator for events including, but not limited to: Coffee with the Mayor, media point of contact and any act where the Mayor communicates statements of fact or city policy

**DATE: January 23, 2020**

### **TYPE AGENDA ITEM:**

Oral Resolution

### **BACKGROUND:**

The Mayor will assist in carrying out the duties of the City of Gonzales Charter by supporting the future progress of our city serving as spokesperson at community meetings and authoring information disseminated to the citizenry. As a Council-Manager form of government, all powers of the city shall be vested in the elective council which is composed of the Office of the Mayor and four (4) Councilmen. The Council shall enact local legislation, adopt budgets and determine policies and have all powers granted to municipalities by the Constitution and laws of the State of Texas.

The mayor is recognized as the presiding officer of the city council and as the head of city government for all ceremonial purposes and recognized as the head of city government by the governor for the purposes of military law.

Holding public meetings to increase transparency, uphold the public trust of the citizenry with statements of fact or policy is consistent with the Office of the Mayor. The Mayor will be acting individually supporting a public purpose.

Policy Considerations:

The Mayor has no authority to bind the council to any matters or action requiring that of the full council. The Mayor's initiative is to work with stakeholders and the community across the local political spectrum improving transparency and aim to correct misinformation in the public.

### **POLICY CONSIDERATIONS:**

This is consistent with the Office of the Mayor duties acting individually supporting a public purpose in the best interest of the citizenry.

### **FISCAL IMPACT:**

Council does not approve any fiscal responsibility with the approval of this Resolution.

### **ATTACHMENTS:**

N/A

### **STAFF RECOMMENDATION:**

Staff respectfully recommends Council take the action they deem necessary.

## **COUNCIL AGENDA ITEM BRIEFING DATA**



**DATE: January 23, 2020**

## **AGENDA ITEM**

Discuss, Consider & Possible Action on Resolution #2020-9 Texas suspending the February 6, 2020 effective date of Texas Gas Service Company's requested increase to permit the city time to study the request and to establish reasonable rates; approving cooperation with other cities in the Texas Gas Service Company's Central Texas and Gulf Coast service areas; hiring legal and consulting services to negotiate with the company and direct any necessary litigation and appeals; authorizing intervention in GUD No. 10928 at the Railroad Commission; requiring reimbursement of cities' rate case expenses

### **TYPE AGENDA ITEM:**

Resolution

### **BACKGROUND:**

On December 20, 2019, Texas Gas Service Company ("TGS" or "Company") a Division of ONE Gas, Inc. ("ONE Gas"), 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 the City of Beaumont and the incorporated areas of the Central Texas Service Area ("CTSA") and Gulf Coast Service Area ("GCSA"), effective February 6, 2020.

TGS is seeking to increase its gas rates on a system-wide basis by \$17 million per year, which is an increase of 9.43% including gas costs, or 15.64% excluding gas costs. TGS also proposes to consolidate the CTSA, GCSA, and the City of Beaumont into a new service area called the Central-Gulf Service Area ("CGSA"). TGS is also requesting: (1) Commission approval of depreciation rates for Direct and Division distribution and general plant within the proposed CGSA; (2) a prudence determination for capital investment made in the proposed CGSA through December 31, 2019; (3) a finding by the RRC that ONE Gas' acquisition of ONEOK Transmission Company ("OTC") and its assets is consistent with the public interest under the GURA § 102.051; (4) a finding from the RRC that the approvals of administrative orders by the Gas Services Department of the RRC based on the Accounting Order in Gas Utilities Docket ("GUD") No. 10695 are reasonable and accurate; (5) approval of the form of notice pursuant to the Company's rate schedule for pipeline integrity costs; and (6) approval to recover rate case expenses associated with the filing through a surcharge on rates.

TGS proposes the implementation of new CGSA tariffs and the withdrawal of the CTSA and GCSA incorporated and environs tariffs. The Company's new proposed tariff includes: (1) a new residential A/B rate design that provides options for customers based on usage patterns; (2) rate schedules for unmetered gas street lights; (3) a rate schedule rider to return excess deferred income taxes back to customers; (4) a rate schedule to recover approved Hurricane Harvey costs; (5) a rate schedule to recover pipeline integrity testing costs; and (6) a rate schedule that allows TGS to recover extraordinary expenses for restoring service after storms and natural disasters.

The resolution suspends the February 6, 2020 effective date of the Company's rate increase for the maximum period permitted by law to allow the City, working in conjunction with other similarly situated cities with original jurisdiction served by TGS, to evaluate the filing, to determine whether the filing complies with the law, and if lawful, to determine what further strategy, including settlement, to pursue.

The law provides that a rate request made by cannot become effective until at least 35 days following the filing of the application to change rates. The law permits the City to suspend the rate change for 90 days after the date the rate change would otherwise be effective. **If the City fails to take some action regarding the filing before the effective date, TGS's rate request is deemed approved.**

### **Explanation of "Be It Resolved" Sections:**

Section 1. The City is authorized to suspend the rate change for 90 days after the date that the rate change would otherwise be effective for any legitimate purpose. Time to study and investigate the application is always a legitimate purpose. Please note that the resolution refers to the suspension period as "the maximum period allowed by law" rather than ending by a specific date. This is because the Company controls the effective date and can extend the deadline for final city action to increase the time that the City retains jurisdiction if necessary to reach settlement on the case. If the suspension period is not otherwise extended by the Company, the City must take final action on TGS's request to increase rates by February 6, 2020.

Section 2. This provision authorizes the City to participate in a coalition of cities served by TGS in order to more efficiently represent the interests of the City and their citizens.

Section 3. This section authorizes the hiring of attorney Thomas Brocato and the law firm of Lloyd Gosselink to represent the City in the matters related to TGS's application to increase its rates.

Section 4. This section authorizes the City's intervention in TGS's application for approval to increase its rates before the Railroad Commission in GUD No. 10928.

Section 5. The Company will reimburse the cities for their reasonable rate case expenses. Legal counsel and consultants approved by the coalition of cities will submit monthly invoices that will be forwarded to TGS for reimbursement. No individual city incurs liability for payment of rate case expenses by adopting a suspension resolution.

Section 6. This section merely recites that the resolution was passed at a meeting that was open to the public and that the consideration of the Resolution was properly noticed.

Section 7. This section provides that both TGS's counsel and counsel for the cities will be notified of the City's action by sending a copy of the approved and signed resolution to certain designated individuals.

**FISCAL IMPACT:**

There will not be any fiscal impact at

**POLICY CONSIDERATIONS**

This is consistent with what has been done in the past.

**STAFF RECOMMENDATION:**

Staff respectfully recommends approval of this resolution.

**RESOLUTION NO. 2020-9**

**A RESOLUTION OF THE CITY OF GONZALES, TEXAS SUSPENDING THE FEBRUARY 6, 2020 EFFECTIVE DATE OF TEXAS GAS SERVICE COMPANY'S REQUESTED INCREASE TO PERMIT THE CITY TIME TO STUDY THE REQUEST AND TO ESTABLISH REASONABLE RATES; APPROVING COOPERATION WITH OTHER CITIES IN THE TEXAS GAS SERVICE COMPANY'S CENTRAL TEXAS AND GULF COAST SERVICE AREAS; HIRING LEGAL AND CONSULTING SERVICES TO NEGOTIATE WITH THE COMPANY AND DIRECT ANY NECESSARY LITIGATION AND APPEALS; AUTHORIZING INTERVENTION IN GUD NO. 10928 AT THE RAILROAD COMMISSION; REQUIRING REIMBURSEMENT OF CITIES' RATE CASE EXPENSES; 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 LEGAL COUNSEL**

**WHEREAS**, on or about December 20, 2019, Texas Gas Service Company, a Division of ONE Gas, Inc. ("TGS" or "Company"), pursuant to Gas Utility Regulatory Act § 104.102, filed with the City of Gonzales ("City") a Statement of Intent to change gas rates in all municipalities exercising original jurisdiction within the City of Beaumont, the Central Texas Service Area, and Gulf Coast Service Area, and to consolidate these Service Areas into the proposed Central-Gulf Service Area, effective February 6, 2020; and

**WHEREAS**, the City is a gas customer of TGS and a regulatory authority with exclusive original jurisdiction over the rates and charges of TGS within the City; and

**WHEREAS**, it is reasonable for the City of Gonzales to cooperate with other similarly situated cities in conducting a review of the Company's application and to hire and direct legal counsel and consultants and to prepare a common response and to negotiate with the Company and direct any necessary litigation; and

**WHEREAS**, the Gas Utility Regulatory Act § 104.107 grants local regulatory authorities the right to suspend the effective date of proposed rate changes for ninety (90) days; and

**WHEREAS**, Texas Gas Company has filed an application with the Railroad Commission, Gas Utilities Docket (GUD) No. 10928 that could become the docket into which appeals of city action on the TGS filing are consolidated; and

**WHEREAS**, the Gas Utility Regulatory Act § 103.022 provides that costs incurred by Cities in ratemaking activities are to be reimbursed by the regulated utility.

**THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GONZALES, TEXAS:**

**SECTION 1.** That the February 6, 2020, effective date of the rate request submitted by TGS on or about December 20, 2019, be suspended for the maximum period allowed by law to permit adequate time to review the proposed changes and to establish reasonable rates.

**SECTION 2.** That the City is authorized to cooperate with other cities in the TGS service area to hire and direct legal counsel and consultants, negotiate with the Company, make recommendations to the City regarding reasonable rates and to direct any necessary administrative proceedings or court litigation associated with an appeal of a rate ordinance and the rate case filed with the City or Railroad Commission.

**SECTION 3.** That, subject to the right to terminate employment at any time, the City of Gonzales hereby authorizes the hiring of Thomas Brocato of the law firm of Lloyd Gosselink Rochelle & Townsend, P.C., and consultants to represent the City in all matters associated with the TGS application to increase rates and appeals thereof.

**SECTION 4.** That intervention in Railroad Commission GUD No. 10928 is authorized.

**SECTION 5.** That the City's reasonable rate case expenses shall be reimbursed by TGS.

**SECTION 6.** 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 7.** A copy of this Resolution shall be sent to TGS, care of Stephanie G. Houle, Texas Gas Service Company, Barton Skyway IV, 1301 S. Mopac, Suite 400, Austin, Texas 78746 (Stephanie.Houle@onegas.com), and to Thomas Brocato at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701 (tbrocato@lglawfirm.com).

**PASSED AND APPROVED this 23<sup>th</sup> day of January, 2020.**

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Mayor, Connie L. Kacir

ATTEST:

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Kristina Vega, City Secretary