

**ORDINANCE NO. O-2019-026**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MAGNOLIA, TEXAS, RENEWING AND EXTENDING THE COST OF SERVICE ADJUSTMENT TARIFF FOR EPCOR GAS TEXAS, INC.; REQUIRING REIMBURSEMENT OF RATE CASE EXPENSES FROM THE COMPANY; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; AND DECLARING AN EFFECTIVE DATE FOR THIS ORDINANCE.**

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**WHEREAS**, the City of Magnolia, Texas ("City") is a regulatory authority with an interest in the rates and charges of EPCOR Gas Texas, Inc., formerly Hughes Natural Gas, Inc. ("EGTX" or "Company") within the City;

**WHEREAS**, pursuant to Ordinance No. O-2013-034, the Company's approved tariff includes a Cost of Service Adjustment ("COSA") clause whereby gas utility charges within the City may be adjusted without the need to file a Statement of Intent pursuant to Subchapter C of the Texas Utilities Code;

**WHEREAS**, the COSA tariff originally expired on December 31, 2016, but was extended until December 31, 2018, pursuant to Ordinance No. O-2017-006;

**WHEREAS**, the Company has represented it is required to file its next statement of intent to increase rates under Tex. Util. Code § 104.102 no later than June 2020;

**WHEREAS**, the Company requested a renewal and extension of the COSA tariff through the end of its next statement of intent proceeding;

**WHEREAS**, after due consideration of the Company's request and consultation with counsel, the City finds that it is reasonable and efficient to renew and extend the COSA tariff through December 31, 2020, or until a final order setting new base rates is issued, whichever occurs first;

**WHEREAS**, the COSA tariff benefits EGTX and customers by allowing for an expedited and less expensive rate review process than statement of intent proceedings;

**WHEREAS**, the COSA tariff implements a mechanism to adjust gas utility charges in a manner that is just, reasonable, and in the public interest; and

**WHEREAS**, it is reasonable for the Company to reimburse the City's rate case expenses pursuant to Gas Utility Regulatory Act, Texas Utilities Code § 103.022(a) and the COSA tariff.

**THE CITY COUNCIL OF THE CITY OF MAGNOLIA, TEXAS HEREBY ORDAINS:**

**Section 1.** That the statements set out in the preamble to this ordinance are adopted herein as if set forth herein.

**Section 2.** That the City renews and extends the COSA tariff originally approved under Ordinance No. O-2013-034 through December 31, 2020, or until a final order setting new base rates is issued, whichever occurs first.

**Section 3.** That the Company shall within thirty (30) days of the date of final passage of this ordinance by the City Council of Magnolia file with the City Secretary an updated tariff consistent with the provisions herein, or the COSA tariff is hereby suspended.

**Section 4.** The Company shall reimburse the reasonable expenses incurred by the City in the review and processing the Company's request, as provided by Gas Utility Regulatory Act, Texas Utilities Code § 103.022(a) and the COSA tariff.

**Section 5.** 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.** This ordinance shall be effective immediately on passage.

PASSED AND APPROVED 12<sup>th</sup> day of November, 2019.



City of Magnolia, Texas

Todd Kana, Mayor

ATTEST:

Lynne George, TRMC, CPM, City Secretary