

ORDINANCE NO. 8-20E

**ORDINANCE BY THE CITY OF DEVINE, TEXAS (“CITY”) DENYING THE RATE INCREASE FILING MADE ON OR ABOUT AUGUST 7, 2020, BY WEST TEXAS GAS, INC.; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EFFECTIVE DATE**

**WHEREAS**, West Texas Gas, Inc. (“WTG” or “Company”) filed a Statement of Intent with the City on or about August 7, 2020, to change its rate schedules within the corporate limits of this municipality, specifically to increase its annual revenue requirement by approximately \$4.1 million, which represents an increase in base rates of about 65%; and,

**WHEREAS**, the City is a regulatory authority under the Gas Utility Regulatory Act (“GURA”) and under Chapter 104, §103.001 et seq. of GURA has exclusive original jurisdiction over WTG’s rates, operations, and services within the municipality; and,

**WHEREAS**, in order to maximize the efficient use of resources and expertise in reviewing, analyzing and investigating WTG’s rate request and its changes in tariffs, it is prudent to coordinate the City’s efforts with a coalition of similarly situated municipalities; and,

**WHEREAS**, the City, in matters regarding applications by WTG to change rates, has in the past joined with other local regulatory authorities to form an alliance of cities; and,

**WHEREAS**, WTG’s rate request consists of a voluminous amount of information including WTG’s rate-filing package, exhibits, schedules, and work papers; and,

**WHEREAS**, WTG’s rate application is the Company’s first general rate case since about June 2013, and follows six consecutive annual increases approved pursuant to the Interim Rate Adjustment (“IRA”) mechanism, also known as “GRIP” filings; and,

**WHEREAS**, WTG proposed September 11, 2020, as the effective date for its requested increase in rates; and,

**WHEREAS**, it is not reasonably possible for the City to complete its review of WTG’s filing by September 11, 2020; and,

**WHEREAS**, the City does not have an adequate amount of time to review and evaluate WTG’s rate application by September 11, 2020; and,

**WHEREAS**, the City will require the assistance of specialized legal counsel and rate experts to review the merits of WTG’s application to increase rates; and,

**WHEREAS**, if WTG submits a corresponding application with the Railroad Commission of Texas or appeals the City’s action to the Railroad Commission of Texas, the decision of the

Railroad Commission of Texas will have a direct impact on the City and its citizens who are customers of WTG, and in order for the City's participation to be meaningful it is important that the City intervene in any such proceedings at the Railroad Commission of Texas related to WTG's application to increase rates.

**NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF DEVINE, TEXAS THAT:**

**Section 1.** The findings set out in the preamble are in all things approved and incorporated herein as if fully set forth.

**Section 2.** WTG's application for an increase in rates is hereby DENIED.

**Section 3.** The City be a participant in a coalition of cities organized to participate in the review of WTG's application to increase its rates and intervene in proceedings related to WTG's Statement of Intent before the Railroad Commission of Texas and related proceedings in courts of law.

**Section 4.** The City hereby directs WTG to reimburse the City's rate case expenses as provided in the Gas Utility Regulatory Act and that WTG shall do so on a monthly basis and within 30 days after submission of the City's invoices for the City's costs associated with the City's activities related to this rate review or to related proceedings involving WTG before the City, the Railroad Commission of Texas, or any court of law.

**Section 5.** The City hereby directs its Interim City Administrator to work with other cities impacted by WTG's proposed rate increase and to make a recommendation to the City Council on joining a coalition of cities and hiring a law firm to represent the City on the proposed WTG rate increase.

**Section 6.** A copy of this Ordinance shall be sent to Mr. J.J. King, Gas Marketing Manager for West Texas Gas, Inc., 211 N. Colorado, Midland, Texas 79701 and at [jking@westtexasgas.com](mailto:jking@westtexasgas.com).

**Section 7.** 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 8.** This Ordinance shall become effective from and after its passage.

PASSED and APPROVED this 18<sup>th</sup> day of August, 2020.

By:   
CORY THOMPSON, Mayor

ATTEST:

  
DORA V. RODRIGUEZ, City Secretary

