

MODEL STAFF REPORT REGARDING SIENERGY LP'S STATEMENT OF INTENT TO INCREASE RATES IN THE INCORPORATED AREAS SERVED BY SIENERGY IN NORTH, CENTRAL AND SOUTH TEXAS

ACTION MUST BE TAKEN TO SUSPEND THE EFFECTIVE DATE ON OR BEFORE JUNE 9, 2023

On May 5, 2023, SiEnergy, LP (SiEnergy or Company), filed a Statement of Intent seeking to increase gas utility rates within the incorporated areas served by SiEnergy in North, Central, and South Texas. The affected municipalities include the cities of Austin, Celina, Conroe, Fate, Forney, Fort Worth, Fulshear, Grand Prairie, Houston, Manor, Mansfield, Missouri City, Princeton, Sugar Land, and Waxahachie, Texas. In the filing, the Company asserts it is entitled to a \$2,667,058 revenue increase in the incorporated areas or a 47.3% increase over current adjusted revenues, excluding gas costs.

The law provides that a rate request made by a gas utility cannot become effective until at least 35 days following the filing of the application to change rates. SiEnergy has proposed an effective date of June 9, 2023. 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, SiEnergy's rate request is deemed administratively approved.**

Purpose of Resolution:

The purpose of the Resolution is to authorize membership of the City into the Cities Served by SiEnergy coalition, to extend the effective date of the Company's proposed rate increase, and to give the City time to review the rate-filing package. The resolution suspends the June 9, 2023 effective date of the Company's request for the maximum period permitted by law to allow the City to evaluate the filing, determine whether the filing complies with law, and if lawful, to determine what further strategy to pursue, including settlement and ultimately to approve reasonable rates. The Resolution must be passed before June 9, 2023.

Explanation of "Be It Ordained" Paragraphs:

Section 1. This section incorporates the "whereas" provisions in preamble into the Resolution.

Section 2. The City is authorized to suspend the rate change for 90 days after the date that the rate change would otherwise be effective so long as the City has a 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 its effective date and, therefore, extend the deadline for final city action to increase the time that the City retains jurisdiction (for example, if necessary to reach settlement on the case).

If the effective date is not otherwise extended by the Company, the City must take final action on SiEnergy's request to raise rates by June 9, 2023.

Section 3. This section confirms that the City has authorized formal membership into the Cities Served by SiEnergy (Cities) and authorizes the hiring of outside attorneys and consultants to work on this matter.

Section 4. This section explains that, as a member of Cities, the City will work with the coalition to review the application to insure fair and just rates and authorizes intervention in the Railroad Commission proceeding.

Section 5. By law, the Company must reimburse the cities for their reasonable rate case expenses. Legal counsel and consultants approved by Cities will present their invoices to Cities which will then seek reimbursement from SiEnergy. The City will not incur 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 SiEnergy's designated representative and counsel for Cities will be notified of the City's action by sending a copy of the approved and signed resolution to certain designated individuals.

Section 8. This section identifies the effective date of the Resolution as the time it is adopted.

Recommendation

The City Staff recommends adoption of the resolution suspending the effective date of SiEnergy's proposed rate increase.