



# **BOARD OF ALDERMEN**

REGULAR MEETING

May 22, 2012

6:00 P.M.



3301 CARMEN AVE, 78575

Phone 956-350-4093

Fax 956-350-4156

NOTICE OF A PUBLIC MEETING  
TOWN OF RANCHO VIEJO  
BOARD OF ALDERMEN  
REGULAR MEETING

MAY 22, 2012

6:00 P.M.

NOTICE is hereby given of a REGULAR MEETING of the BOARD OF ALDERMEN of the TOWN OF RANCHO VIEJO, TEXAS, to be held on, May 22, 2012 at 6:00 P.M., in the TOWN MUNICIPAL OFFICE, 3301 CARMEN AVENUE, RANCHO VIEJO, TEXAS to consider the following items:

1. Call to Order
2. Roll Call
3. Invocation and Pledge
4. Public Comment
5. Canvass Results of May 12, 2012 Election of Town Officials and Adopt Resolution Declaring Results of Election
6. Administer Oath of Office and Installation of Elected Officials
7. Approval of Minutes  
Regular Meeting - April 10, 2012
8. Presentation by Cameron County Health Department on Medicaid 1115 Waiver
9. Election of President Pro Tempore (Mayor Pro Tem)
10. Consideration/Reappointment of Metropolitan Planning Organization (MPO) Representative

NOTICE OF A PUBLIC MEETING  
TOWN OF RANCHO VIEJO  
BOARD OF ALDERMEN  
REGULAR MEETING

MAY 22, 2012  
6:00 P.M.

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11. Consideration/Appointment/Reappointment of Members to the Strategic Planning Committee
12. Consideration/Action on Reappointment of Member to the Planning and Zoning Commission
13. Consideration/Appointment of Chairman of Health and Safety Committee
14. Consideration/Action on Extension of Contract with Building Inspector
15. Consideration/Action on Resolution Reappointing Municipal Judge
16. Review/Approval of Investment Policy
17. Consideration/Approval of Resolution of the Board of Aldermen of the Town of Rancho Viejo, Texas Authorizing the Continuation of Bank Accounts and Depository Heretofore Establishing and Authorizing Certain Persons to Sign Checks and other Necessary Transactions for same
18. Consideration/Action of a Resolution of the Town of Rancho Viejo, Texas Authorizing Review of Texas Gas Service Company's ("TGS") Cost of Service Adjustment ("COSA") Tariff, Approving of a Joint Review of TGS' Application Along with Other Cities Served by TGS; Hiring Legal and Consulting Services to Negotiate with the Company and Direct Any Necessary Litigation and Appeals; Requiring TGS to Reimburse all Reasonable Costs Associated with Cities' Efforts in This Ratemaking Effort; 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

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19. Consideration/Action on Approving Town's Share of the Cost of Monument Signs at Carmen and F.M. 1732
20. Consideration/Action on A Resolution of the Town of Rancho Viejo, Texas Authorizing the Mayor to Sign All Necessary Documents to Participate in the TIPS/TAPS Cooperative Purchasing Program Offered by Region VIII Education Service Center
21. Consideration/Action on Purchase of New Police Vehicle
22. Public Comment
23. Adjourn

  
Cheryl J. Kretz  
Town Administrator



3301 CARMEN AVE, 78575

Phone 956-350-4093

Fax 956-350-4156

NOTICE OF A PUBLIC MEETING  
TOWN OF RANCHO VIEJO  
BOARD OF ALDERMEN  
SPECIAL MEETING

MAY 22, 2012

7:00 P.M. or after adjournment of Regular Meeting

NOTICE is hereby given of a SPECIAL MEETING of the BOARD OF ALDERMEN of the TOWN OF RANCHO VIEJO, TEXAS, to be held on, May 22, 2012 at 7:00 P.M. or after adjournment of Regular Meeting in the TOWN MUNICIPAL OFFICE, 3301 CARMEN AVENUE, RANCHO VIEJO, TEXAS to consider the following items:

1. Call to Order
2. Roll Call
3. Orientation
4. Adjourn

Cheryl J. Kretz  
Town Administrator

# #1: Call to Order

## By Mayor Medrano

## #2: Roll Call

By Isabel Perales

Aldерwoman Hager

Aldерwoman Hinojosa

Alderman Lackner

Alderman Rafac

Aldерwoman Truan

Legal Counsel, Daniel Rentfro, Jr.

Town Administrator, Cheryl J. Kretz.

## #3: Invocation and Pledge

The pledge of allegiance to the United States Flag:

*“I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.”*

And the pledge of allegiance to the Texas State Flag is,

*“Honor the Texas Flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.”*



# #4: Public Comment

Canvass Results of May 12, 2012  
Election of Town Officials and  
Adopt Resolution Declaring Results  
of Election

RESOLUTION NO.

RESOLUTION AND ORDER CANVASSING RETURNS AND  
DECLARING RESULTS OF THE GENERAL ELECTION HELD IN  
THE TOWN OF RANCHO VIEJO, TEXAS ON MAY 12, 2012 FOR  
THREE ALDERMEN FOR A TWO YEAR TERM

WHEREAS, there came on to be considered the returns of a general election held on the 12<sup>th</sup> day of May, 2012 for the purpose of electing the hereinafter named officials; and it appearing from the said returns, duly and legally made, that there were cast at said election 475 valid and legal votes; that each of the candidates in said election received the following number of votes:

NAME OF CANDIDATE	TOTAL NUMBER OF VOTES RECEIVED		
	Early Voting	Election Day	Total
ALDERMAN			
Grady John Deaton	91	110	201
Bobby Lackner	96	104	200
Maribel Bermudez Guerrero	125	130	255
Joe Rafac	91	110	201
Cyndie Rathbun	129	124	253
Lupita Cervantes-Carr	118	117	235

As shown in the official election returns heretofore lawfully submitted to the Board of Aldermen of the Town of Rancho Viejo, Texas, and filed with the Town Secretary of said Town by Mrs. Rita Conde, Presiding Election Judge and Mrs. Karen Cannon, Early Voting Ballot Board Presiding Judge.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY THE BOARD OF ALDERMEN OF THE TOWN OF RANCHO VIEJO, TEXAS:

Section 1. That said election was duly called and that notice of the said election was given in accordance with law.

Section 2. That at said election Maribel Bermudez Guerrero, Cyndie Rathbun and Lupita Cervantes-Carr were elected Alderwomen, terms of office to be two years and said above named parties are hereby declared duly elected to said office, subject to the taking of their oaths and complying with all requirements as provided by the laws of the State of Texas.

Section 3. It is further found and determined that in accordance with the order of this government body, the Town Secretary posted written notice of the date, place and subject of this meeting on the window of the Town Municipal Office, 3301 Carmen Avenue, a place convenient to the public, and said notice having been posted for at least 72 hours preceding the date of this meeting.

PASSED, ADOPTED AND APPROVED this the 22nd day of May, 2012.

Town of Rancho Viejo

Roberto Medrano, Mayor

ATTEST:

Cheryl J. Kretz, Town Secretary

# Administer Oath of Office and Installation of Elected Officials

# Approval of Minutes – April 10, 2012

MINUTES OF A REGULAR MEETING  
TOWN OF RANCHO VIEJO  
APRIL 10, 2012

A Regular Meeting of the Board of Aldermen of the Town of Rancho Viejo, Texas was held on April 10, 2012, at the Town Municipal Office, 3301 Carmen Avenue, Rancho Viejo, Texas, the same being open to the public. The meeting was called to order by Jean Hager, Mayor Pro Tem at 6:00 P.M. Roll call was made by Isabel Perales, Assistant Town Secretary. Members present at the meeting were:

Mrs. Maria Hinojosa  
Mr. Joe Rafac  
Mrs. Bitty Truan

Those absent were:

Mayor Roberto Medrano  
Mr. Robert Lackner

A quorum was present at the meeting.

Mr. David Irwin, legal counsel, was present. Town Administrator Cheryl J. Kretz was also present at the meeting.

Those present in the audience were:

Marilyn Lindeman	Richard Lindeman
Mack Sterling	Richard P. Lewis
Eric Schwab	

INVOCATION AND PLEDGE:

Alderman Rafac led the group in the invocation and pledge of allegiance to the American and Texas flags.

PUBLIC COMMENT:

Alderwoman Hinojosa thanked Ms. Amy Tygrett for spearheading the Easter Egg Hunt for the children.

APPROVAL OF MINUTES - MARCH 13, 2012:

Motion was made by Alderwoman Hinojosa, seconded by Alderman Rafac, and unanimously carried, that the Minutes of the Regular Meeting held on March 13, 2012 be approved as written.

CONSIDERATION/ACTION ON RESOLUTION ON APPOINTMENT OF ELECTION JUDGES, APPOINTMENT OF EARLY VOTING BALLOT BOARD AND RATE OF PAY FOR ELECTION JUDGES:

Motion was made by Alderman Rafac, seconded by Alderwoman Hinojosa, and unanimously carried, to approve Resolution No. 242 - A RESOLUTION ON APPOINTMENT OF ELECTION JUDGES, APPOINTMENT OF EARLY VOTING BALLOT BOARD AND RATE OF PAY FOR ELECTION JUDGES.

CONSIDERATION/ACTION TO RESCHEDULE MAY REGULAR MEETING:

Motion was made by Alderwoman Hinojosa, seconded by Alderman Rafac, and unanimously carried, to reschedule the May regular meeting for May 22, 2012 at 6:00 P.M.

PUBLIC COMMENT:

Mr. Dick Lindeman inquired about the candidates for the Town election.

ADJOURNMENT:

Motion was made by Alderwoman Hinojosa, seconded by Alderman Rafac, and unanimously carried, to adjourn the meeting at 6:04 P.M.

BY: \_\_\_\_\_  
Cheryl J. Kretz, Town Secretary

APPROVED: \_\_\_\_\_  
Jean Hager, Mayor Pro Tem

DATE: \_\_\_\_\_



Presentation by Cameron County  
Health Department on Medicaid  
1115 Waiver



# Medicaid 1115 Waiver

May 22nd, 2012

Yvette Salinas, MPH, Health Administrator  
James W. Castillo II, MD, Health Authority  
Pedro Hinojosa, BBA, Operations Director



# History

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1985-FY 2007

A law passed by the 69<sup>th</sup> Legislature in 1985 that was intended to ensure that needy Texas residents, who do not qualify for other state or federal health care assistance programs, receive health care services. **Cameron County Indigent Healthcare Program.**

FY 2008-2011

Cameron County partnered with:  
Valley Baptist Medical Center – Harlingen  
Rio Grande Valley Indigent Health Care Corporation.  
This partnership **allowed federal funds, for hospitals, to be drawn down.** Known as Upper Payment Limit (UPL).

September 1, 2011

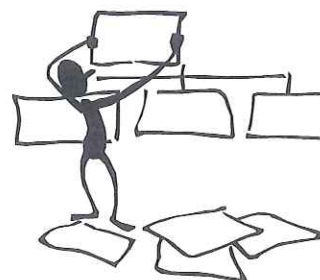
82<sup>nd</sup> Legislature mandated Texas Health and Human Services Commission to **expand capitated managed care statewide.**

Medicaid is currently transitioning from fee-for-service to managed care.



# Why are we changing?

- Current federal regulations **do not allow** Upper Payment Limits (UPL) in a capitated managed care delivery system.
- Texas submitted an 1115 Waiver to the Centers for Medicare & Medicaid Services (CMS), the feds, as a way to transform and protect UPL funding. This is a five year endeavor retroactive to September 1, 2011.
- On December 12, 2011, Texas received waiver approval from CMS.





# 1115 Waiver

- Preserves hospital funding (federal funding).
- Provides incentive payments for health care improvements, also referred to as community health projects or DSRIP.
- Potential to increase access to federal funds, ~\$29 billion state-wide.

**Public Funds**





# Public Funds

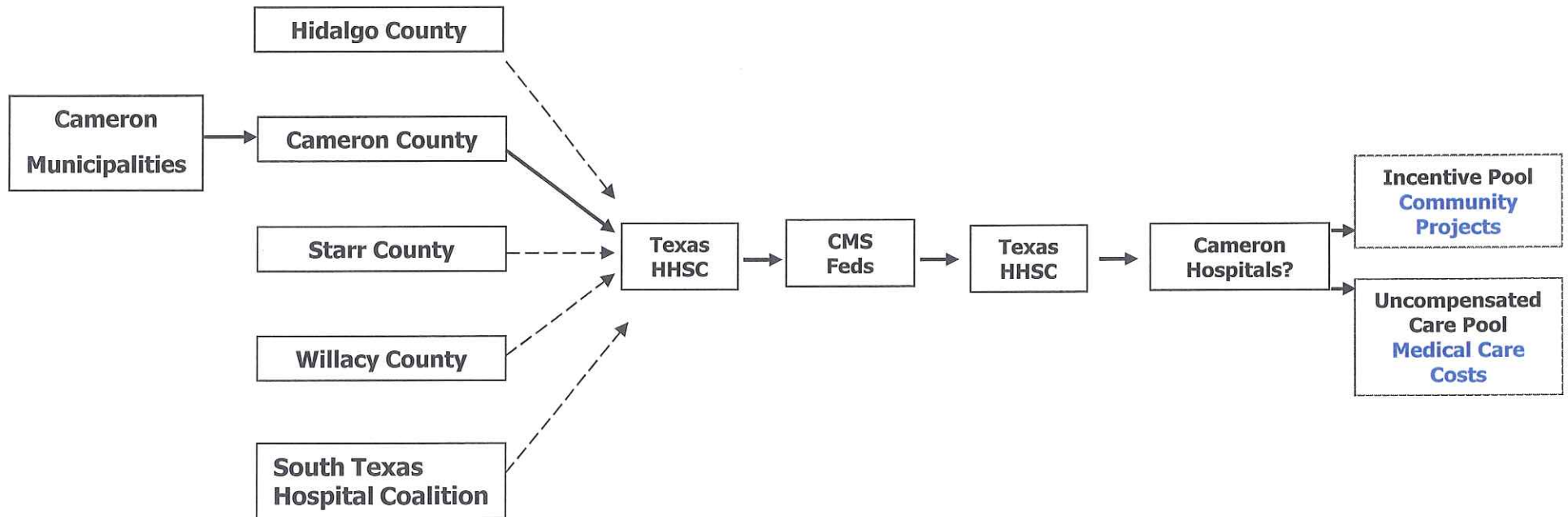
- New Projects and Expanded Projects
- For example:  
Town of Rancho Viejo has a .5 mile walking trail.  
Wants to expand walking trail to 1.5 miles.  
Town of Rancho Viejo has set aside \$1,000 in Public Funds to expand the walking trail.  
Federal Matching Funds are undetermined; however, historically, UPL averaged 1.5.
- $\$1,000$  (Town of Rancho Viejo Public Funds)  
+  $\$1,500$  (Historical UPL average of 1.5,)  
=  $\$2,500$  (Possible Availability of Project Funds)





# Public Funds → Intergovernmental Transfers

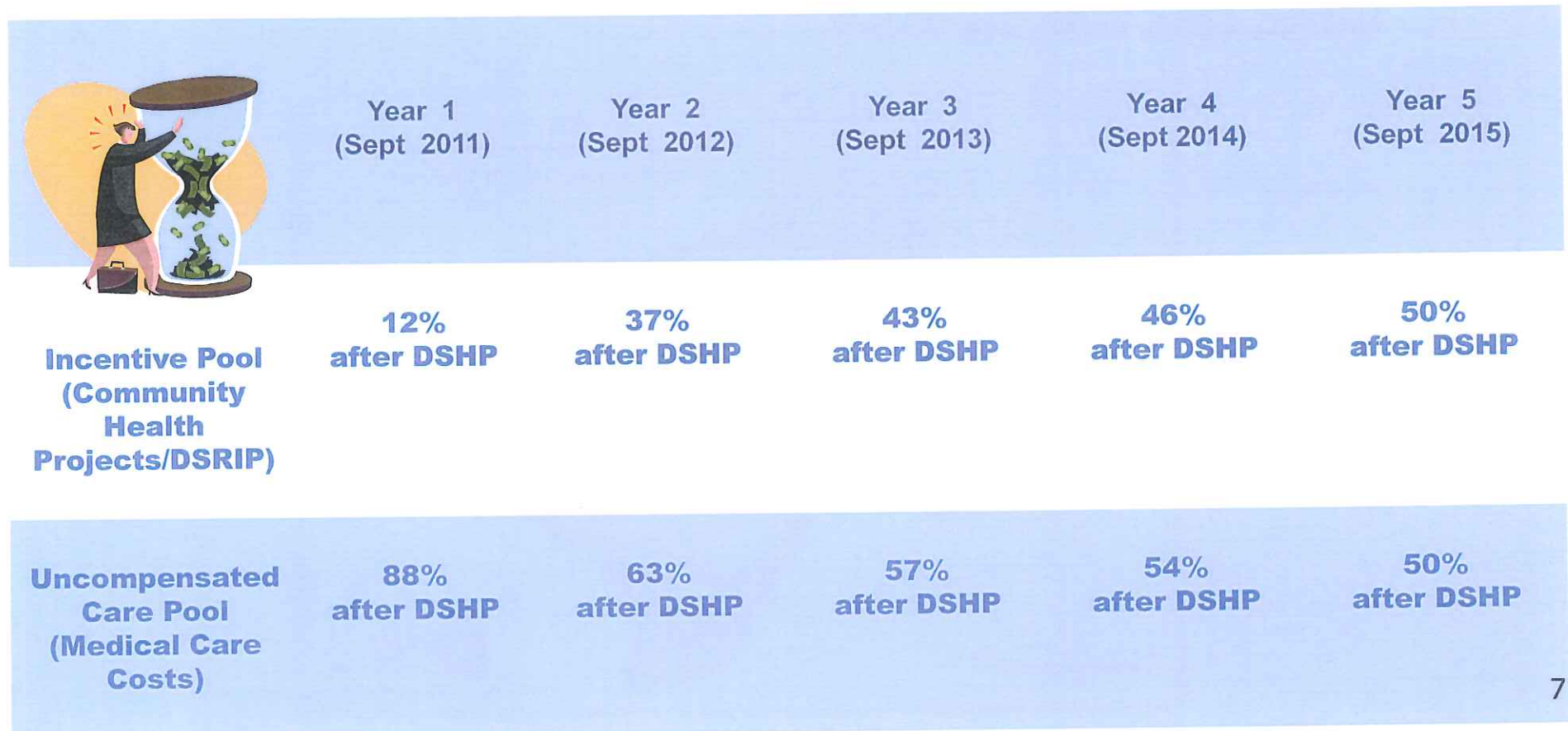
## Draft Proposal





# 5 Year Distribution of Funding

Texas proposes the following distribution of funding across these categories over the five-year waiver period.

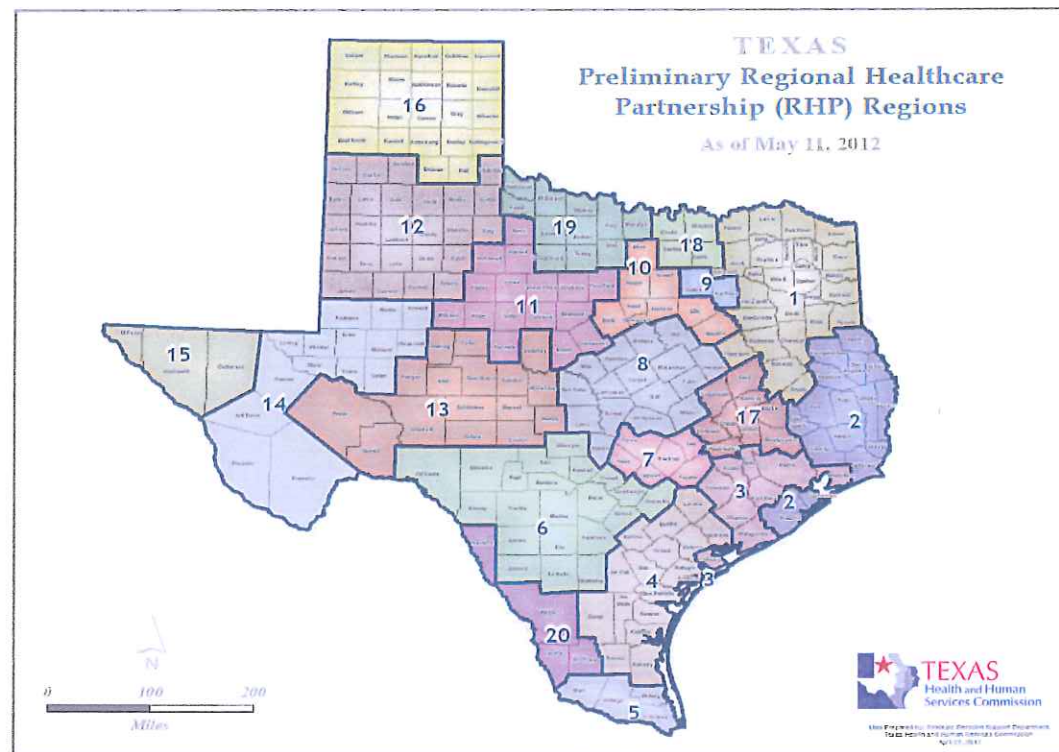






# Regional Healthcare Partnerships (RHP)

- Cameron County Commissioners' Court approved regional partnership participation on April 19, 2012.
- Possible Regional Healthcare Partnership participation (4 counties): Cameron, Hidalgo, Starr, Webb, and Willacy.





# Regional Healthcare Plan

- As part of the partnership, a Regional Healthcare Plan must be created.
- Committee is working on the development of the South Texas Regional Healthcare Plan.
- The Region 5 Regional Healthcare Plan must include public input.
- Must have broad, local plan engagement including:
  - County medical associations/societies
  - Local government partners
  - Children's hospitals
  - Health science centers
  - Other key stakeholders





# What next?





**For more information contact:**

**Cameron County  
Department of Health and Human Services  
(956) 247-3685**

Texas Health and Human Services Commission

Can be found at:

**<http://www.hhsc.state.tx.us/1115-waiver.shtml>**

South Texas RHP, a South Texas Hospital Coalition, can be found at:

**[www.southtexasrhp.com](http://www.southtexasrhp.com)**

# Election of President Pro Tempore (Mayor Pro Tem)

Mayor Medrano will recommend that Jean Hager serve as Mayor Pro Tem.

# Consideration/Reappointment of Metropolitan Planning Organization (MPO) Representative

Mayor Medrano will recommend that Bitty Truan continue to serve as the MPO representative.



# Consideration/Appointment/Re- appointment of Members to the Strategic Planning Committee

Mayor Medrano will recommend that Cyndie Rathbun be appointed Chairman of the Strategic Planning Committee and that Tim Trapp and Rita Conde be reappointed to the committee.

# Consideration/Action of Re- appointment of Member to the Planning and Zoning Commission

Mayor Medrano will recommend that John Champion be reappointed to the Planning and Zoning Commission.

Consideration/Appointment of  
Chairman of Health and Safety  
Committee

Mayor Medrano will recommend that Lupita Carr be appointed as Chairman of the Health and Safety Committee.

# Consideration/Action on Extension of Contract with Building Inspector

Mayor Medrano will recommend that the Board extend the contract of the current Building Inspector Brent Cannon.



# Consideration/Action on Resolution Reappointing Municipal Judge

RESOLUTION NO.

WHEREAS, the Town of Rancho Viejo, Texas had adopted and approved Ordinance No. 36 providing for the appointment of a Judge for the Municipal Court of the Town; and

WHEREAS, said Ordinance provides that the Municipal Judge shall be appointed by resolution by the Board of Aldermen of the Town; and

WHEREAS, the Board of Aldermen has determined that Charles A. Carlson, III possesses the judgment and requisite legal qualifications to be appointed Municipal Judge for the Town of Rancho Viejo;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE TOWN OF RANCHO VIEJO, TEXAS:

Section 1: That Charles A. Carlson, III is hereby reappointed Municipal Judge in and for the Municipal Court of the Town of Rancho Viejo, Texas, said appointment being made pursuant to Ordinance No. 36.

Section 2: Charles A. Carlson, III shall serve as Judge from the date of this resolution and until a successor is duly appointed, subject to Ordinance No. 36, or as may be provided by law.

Section 3: Municipal Judge Carlson will be paid a sum of Eight Hundred Dollars (\$800.00) per month.

PASSED, ADOPTED AND APPROVED by the Board of Aldermen of the Town of Rancho Viejo on this the 22nd of May, 2012.

Town of Rancho Viejo

Roberto Medrano, Mayor

ATTEST:

Cheryl J. Kretz, Town Secretary

# Review/Approval of Investment Policy

## Investment Policy

It will be the policy of the Town of Rancho Viejo to invest only in the items listed below. Safety of principal is the main concern in the investment of funds. Liquidity to meet reasonably anticipated operating requirements of the Town will be maintained.

1. Bank checking, savings and certificates of deposit secured by the pledge of U.S Government and / or municipal securities of the kind and value as prescribed in Chapter 105 of the local Government Code, Revised Civil Statutes of Texas. Such pledge of security shall be made and maintained in accordance with and subject to the provisions of said Chapter 105.
2. United States Treasury bills, notes and bonds backed by the full faith and credit of the United States Government. Such securities will be purchased on a delivery - versus - payment basis and will be held in safekeeping by a bank with whom the Town has a depository contract.

The maturity of all investments will be less than one year.

Depository contracts for bank deposits will be approved by the Board of Aldermen.

Individual investments other than bank deposits will be authorized jointly by the Town Mayor and Town Administrator in written form.

## PROCEDURES TO COMPLY WITH THE PUBLIC FUNDS INVESTMENT ACT

1. A copy of the investment policy adopted December 12, 1995 will be provided to the institutions authorized to provide investment services. The institutions must provide certification of having read the investment policy. The only institution at this time is International Bank of Commerce.
2. The investment officer is the Town Administrator/Secretary and he/she must attend at least one training session relating to his responsibilities under the Public Funds Investment Act.
3. A current audited financial statement will be kept on file of International Bank of Commerce and will be reviewed by the Mayor.
4. The annual internal control review will be conducted by Long Chilton, LLP.
5. The monthly financial statements will include a breakdown of the investments of the Town.

Consideration/Action on Resolution  
of the Board of Aldermen of the  
Town of Rancho Viejo, Texas  
Authorizing the Continuation of  
Bank Accounts and Depository  
Heretofore Establishing and  
Authorizing Certain Persons to Sign  
Checks and other Necessary  
Transactions for same

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF ALDERMEN OF THE TOWN OF RANCHO VIEJO, TEXAS, AUTHORIZING THE CONTINUATION OF BANK ACCOUNTS AND DEPOSITORY HERETOFORE ESTABLISHED AND AUTHORIZING CERTAIN PERSONS TO SIGN CHECKS AND OTHER NECESSARY TRANSACTIONS FOR SAME

WHEREAS, it is necessary that accounts be maintained at International Bank of Commerce for the payment of expenses of the Town and the deposit of monies received; and

WHEREAS, it is necessary that certain persons be authorized to sign checks for the withdrawal of funds from said accounts;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE TOWN OF RANCHO VIEJO, TEXAS THAT:

Section 1. Required on all transactions shall be two signatures, one of these to be a primary signer which is the Town Administrator or Mayor. Secondary signers are any one of the other aldermen of the Town of Rancho Viejo.

Section 2. Required for entry to any safety deposit boxes shall be two signatures, one of these to be a primary signer which is the Town Administrator or Mayor. Secondary signers are any one of the other aldermen of the Town of Rancho Viejo.

Section 3. This resolution shall become effective May 22, 2012.

Roberto Medrano, Mayor

Bitty Truan, Alderman

Jean Hager, Alderman

Cynthia Rathbun, Alderman

Lupita Cervantes-Carr, Alderman

Maribel B. Guerrero, Alderman

Cheryl J. Kretz, Town Administrator

PASSED, ADOPTED AND APPROVED by the Board of Aldermen of  
the Town of Rancho Viejo on this the 22nd day of May, 2012.

Roberto Medrano  
Mayor

ATTEST:

Cheryl J. Kretz  
Town Administrator



Consideration/Action on A Resolution of the Board of Aldermen of the Town of Rancho Viejo, Texas, (“Town”) Authorizing review of Texas Gas Service Company’s (“TGS”) cost of service adjustment (“COSA”) tariff; approving of a joint review of TGS’ application along with other cities served by TGS; Hiring legal and consulting services to negotiate with the company and direct any necessary litigation and appeals; requiring TGS to reimburse all reasonable costs associated with cities’ efforts in this ratemaking effort; 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

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE BOARD OF ALDERMEN OF THE TOWN OF RANCHO VIEJO, TEXAS, ("TOWN") AUTHORIZING REVIEW OF TEXAS GAS SERVICE COMPANY'S ("TGS") COST OF SERVICE ADJUSTMENT ("COSA") TARIFF; APPROVING OF A JOINT REVIEW OF TGS' APPLICATION ALONG WITH OTHER CITIES SERVED BY TGS; HIRING LEGAL AND CONSULTING SERVICES TO NEGOTIATE WITH THE COMPANY AND DIRECT ANY NECESSARY LITIGATION AND APPEALS; REQUIRING TGS TO REIMBURSE ALL REASONABLE COSTS ASSOCIATED WITH CITIES' EFFORTS IN THIS RATEMAKING EFFORT; 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 May 1, 2012, Texas Gas Service Company ("TGS" or "Company") filed with the Town of Rancho Viejo ("Town") a Cost of Service Adjustment ("COSA") Tariff seeking to increase natural gas rates to all customers residing in the Town; and

WHEREAS, it is in the public interest for the Town to participate with other Valley Cities served by TGS in the COSA filing in order to protect the interests of the Town as well as the interests of TGS customers residing and conducting business within the Town; and

WHEREAS, the Cities Coalition will conduct a review of the Company's application and will hire and direct legal counsel and consultants to prepare a common response and to negotiate with the Company and direct any necessary litigation; and

WHEREAS, pursuant to a settlement agreement between the Town and the Company dated August 14, 2009 provides that costs incurred by cities associated with this proceeding are to be reimbursed by the Company.

THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE TOWN OF RANCHO VIEJO, TEXAS:

1. That the Town is authorized to participate with other Valley Cities in TGS' COSA filing to protect the interests of the Town and protect the interests of TGS customers residing and conducting business within municipal limits.
2. Subject to the right to terminate employment at any time, the Town hereby authorizes the hiring of Geoffery Gay of the law firm of Lloyd Gosselink Rochelle and Townsend, P.C. and Karl J. Nalepa, of the consulting firm R.J. Covington Consulting, LLC to review the Company's filing, negotiate with the Company, make recommendations regarding reasonable rates and to direct any necessary administrative proceedings or court litigation associated with an appeal of the COSA filing.
3. That the Town's reasonable expenses shall be reimbursed by TGS.

4. 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.

5. A copy of this resolution shall be sent to Geoffrey Gay, at Lloyd Gosselink Rochelle & Townsend, P.C., P.O. Box 1725, Austin, Texas 78767-1725 and to Dean LaFever, at Texas Gas Service Company, P.O. Box 531827, Harlingen, Texas 78553.

PASSED, ADOPTED AND APPROVED this 22<sup>nd</sup> day of May 2012.

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Roberto Medrano, Mayor

ATTEST:

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Cheryl J. Kretz, Town Secretary

# City of Weslaco

"The City on the Grow"



Miguel D. Wise, Mayor  
John F. Cuellar, Mayor Pro-Tem, District 2  
Robert J. Garza, Commissioner, District 1  
Olga M. Noriega, Commissioner, District 3  
Gerardo "Jerry" Tafolla, Commissioner, District 4  
Lupe V. Rivera, Commissioner, District 5  
Joe A. Martinez, Commissioner, District 6

Leonardo Olivares, City Manager

May 8, 2012

Mr. Ken Jones  
Executive Director  
Lower Rio Grandé Valley Development Council  
301 W. Railroad  
Weslaco, Texas 78596

RE: Resolution to Review Cost of Service  
Adjustment (COSA), Hire Legal Counsel and  
Consultants

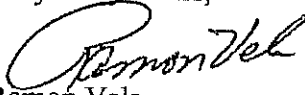
Dear Mr. Jones:

Enclosed herein please find a proposed Resolution that I ask you distribute to all the Valley Cities. This Resolution will engage Mr. Geoffrey Gay of the Law Firm of Lloyd Gosselink Rochelle and Townsend, P.C. and Mr. Karl J. Nalepa of the consulting firm R.J. Covington Consulting, L.L.C. to review Texas Gas Service Company's Cost of Service Adjustment Tariff filed on May 1, 2012.

Mr. Gay and Mr. Nalepa have assisted the Valley Cities in the past and are familiar with Texas Gas Service Company's structure. The expenses incurred by the Cities for legal or consultant will be reimbursed by Texas Gas Service.

After the Resolution is passed a copy needs to be sent to Mr. Geoffrey Gay at Lloyd Gosselink Rochelle and Townsends, P.C., P.O. Box 1725 Austin, Texas 78767-1725 and to Mr. Dean LaFever at Texas Gas Service Company, P.O. Box 531827, Harlingen, Texas 78553.

Very Truly Yours,

  
Ramon Vela  
City Attorney

RV/II

Consideration/Action on Approving  
Town's Share of the Cost of  
Monument Signs at Carmen and  
F.M. 1732

Donations in the amount of \$10,000 have been collected and the land for this monument project has also been donated. The Town will manage the construction of this project. VMUD#2 will donate the labor for boring under the road and also the labor and equipment to supply the electrical and water service.

The Town's share of this project will be \$6,000.

Consideration/Action on a  
Resolution of the Town of Rancho  
Viejo, Texas Authorizing the Mayor  
to Sign All Necessary Documents to  
Participate in the TIPS/TAPS  
Cooperative Purchasing Program  
Offered by Region VIII Education  
Service Center

RESOLUTION NO.

A RESOLUTION OF THE TOWN OF RANCHO VIEJO, TEXAS AUTHORIZING THE MAYOR TO SIGN ALL NECESSARY DOCUMENTS TO PARTICIPATE IN THE TIPS/TAPS COOPERATIVE PURCHASING PROGRAM OFFERED BY REGION VIII EDUCATION SERVICE CENTER

WHEREAS, the Town of Rancho Viejo is participating in the State Energy Conservation Office (SECO) grant program and has to meet compliance requirements in regard to vendors/contractors. The State recognizes vendors/contractors participating in the Region VIII Education Service Center TIPS/TAPS Cooperative Purchasing Program. Also this Cooperative Purchasing Program can be utilized by the Town for almost any type of program or purchase in the future.

WHEREAS, the Board of Aldermen of the Town of Rancho Viejo, Texas, pursuant to the authority granted by TEX. GOV'T CODE 791.001, et seq, desires to participate in the TIPS/TAPS Cooperative Purchasing Program offered by Region VIII Education Service Center, and it is the opinion that participating in this program will be highly beneficial to the taxpayers through the anticipated savings to be realized.

HEREFORE, be it resolved that the Town of Rancho Viejo recognizes a stated need to begin participation in the Interlocal Purchasing System (TIPS/TAPS) whereby Roberto Medrano, Mayor, is therefore authorized and directed to sign and deliver any and all necessary requests and documents in connection therewith for and on behalf of the Town of Rancho Viejo.

PASSED, ADOPTED AND APPROVED on this the 22<sup>nd</sup> day of May, 2012.

Roberto Medrano  
Mayor

ATTEST:

Cheryl J. Kretz  
Town Secretary



**INTERLOCAL AGREEMENT**  
**Region VIII Education Service Center**  
**TEXAS PUBLIC AGENCY**  
**(School, College, University, State, City or County Office)**

\_\_\_\_\_  
TEXAS SCHOOL ENTITY OR PUBLIC AGENCY

\_\_\_\_\_  
Control Number (TIPS will Assign)  
Schools enter County-District Number

Region VIII Education Service Center  
Mt. Pleasant, Texas

225 - 950  
County-District Number

Texas Education Code §8.002 permits regional education service centers, at the direction of the Commissioner of Education, to provide services to assist school districts, colleges and universities in improving student performance and increasing the efficiency and effectiveness of school, college and university operations. Authority for such services is granted under Texas Government Code §§ 791.001 *et seq* as amended. Cooperative Purchasing Services are extended to all Texas State, City and County Government Agencies.

This Interlocal Agreement (hereinafter the "Agreement") is effective \_\_\_\_\_ and shall be automatically renewed unless either party gives sixty (60) days prior written notice of non-renewal. This Agreement may be terminated without cause by either party upon (60) days prior written notice, or may also be determined for cause at anytime upon written notice stating the reason for and effective date of such terminations and after giving the affected party a thirty (30) day period to cure any breach.

**Statement of Services to be Performed:**

Region VIII Education Service Center, by this Agreement, agrees to provide cooperative purchasing services to the above-named public agency through a Program known as the The Interlocal Purchasing System (TIPS/TAPS) Program.

The purpose of the TIPS/TAPS Program shall be to obtain substantial savings for participating school entities or public agencies through cooperative purchasing.

**Role of the TIPS/TAPS Purchasing Cooperative:**

1. Provide for the organizational and administrative structure of the program.
2. Provide staff necessary for efficient operation of the program.
3. Provide marketing of the program to expand membership, number of vendor awarded contracts and commodity categories.
4. Initiate and implement activities required for competitive bidding and vendor award process including posting, advertising, collecting proposals, scoring proposals, and award of contracts.
5. Provide members with procedures for ordering, delivery, and billing.
6. Maintain filing system for all bidding procedure requirements.

## **INTERLOCAL AGREEMENT, continued**

### **Role of the Public Agency:**

1. Commitment to participate in the program by an authorized signature on membership forms.
2. Designation of Primary Contact and Technology Contact for agency.
3. Commitment to purchase products and services from TIPS/TAPS Vendors when in the best interest of the agency.
4. Prepare purchase orders issued to TIPS/TAPS Awarded Vendor and FAX to TIPS/TAPS.
5. Accept shipments of products ordered from Awarded Vendors in accordance with standard purchasing procedures.
6. Pay Awarded Vendors in a timely manner for all goods and services received.

### **General Provisions:**

The Parties agree to comply fully with all applicable federal, state, and local statutes, ordinances, rules, and regulations in connection with the programs contemplated under this Agreement. This Agreement is subject to all applicable present and future valid laws governing such programs.

This Agreement shall be governed by the law of the State of Texas and venue shall be in the county in which the administrative offices of RESC VIII are located which is Titus County, Texas.

This Agreement contains the entire agreement of the Parties hereto with respect to the matters covered by its terms, and it may not be modified in any manner without the express written consent of the Parties.

If any term(s) or provision(s) of this Agreement are held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions of this Agreement shall remain in full force and effect.

The Parties to this Agreement expressly acknowledge and agree that all monies paid pursuant to this Agreement shall be paid from budgeted available funds for the current fiscal year of each such entity.

Before any party may resort to litigation, any claims, disputes or other matters in question between the Parties to this Agreement shall be submitted to nonbinding mediation.

No Party to this Agreement waives or relinquishes any immunity or defense on behalf of themselves, their directors, officers, employees, and agents as a result of its execution of this Agreement and performance of the functions and obligations described herein.

This Agreement may be negotiated and transmitted between the Parties by means of a facsimile machine and the terms and conditions agreed to are binding upon the Parties.

### **Authorization:**

Region VIII Education Service Center and The Interlocal Purchasing System (TIPS/TAPS) Program have entered into an Agreement to provide cooperative purchasing opportunities to public agencies.

**INTERLOCAL AGREEMENT, continued**

This Agreement was approved by the governing boards of the respective parties at meetings that were posted and held in accordance with the Texas Open Meetings Act, Texas Government Code ch. 551.

The individuals signing below are authorized to do so by the respective parties to this Agreement.

**Public Agency**

**Region VIII Education Service Center**

By: \_\_\_\_\_  
Authorized Signature

By: \_\_\_\_\_  
Authorized Signature

Title: \_\_\_\_\_

Title: Executive Director Region VIII ESC

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

---

**Public Agency Contact Information**

\_\_\_\_\_  
Primary Purchasing Person Name

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State Zip

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Fax Number

\_\_\_\_\_  
Primary Person Email Address

\_\_\_\_\_  
Technology Person Name

\_\_\_\_\_  
Technology Person Email Address

Please send two signed original Interlocal Agreements and one copy of Board Resolution (if required) to TIPS/TAPS, Attn: Kim Thompson, C/O Region VIII Education Service Center, PO Box 1894, Mt. Pleasant, Texas 75456-1894. Upon execution, a signed original will be returned to the Purchasing Contact listed above.

# Consideration/Action on Purchase of New Police Vehicle

A piston in the engine of the 2008 Dodge Charger broke, ruining the engine in the vehicle. The cost to replace this engine is \$7,118.15. Even if we replace the engine in this unit, there is no guarantee that the transmission or other major components will not break down in the near future. The mileage on this car is 145,627. The plan was to replace this car in October 2012 but the engine gave out sooner than expected.

It is proposed that the 2008 Dodge Charger be replaced with a new police vehicle now to be paid for from Town funds.

# Public Comment

Adjourn



# TEXAS GAS SERVICE

A DIVISION OF ONEOK

May 1, 2012

Honorable Mayors and Members  
of the City Councils of the following Texas cities:

Alamo, Alton, Brownsville, Combes, Donna, Edcouch, Edinburg, Elsa, Harlingen, Hidalgo, La Feria, La Joya, La Villa, Laguna Vista, Los Fresnos, Lyford, McAllen, Mercedes, Mission, Palm Valley, Palmhurst, Palmview, Penitas, Pharr, Port Isabel, Primera, Progreso, Rancho Viejo, Raymondville, Rio Hondo, San Benito, San Juan, Santa Rosa, and Weslaco, Texas

Dear Mayors and Members of the City Councils:

Texas Gas Service Company, a division of ONEOK, Inc. ("Company"), hereby respectfully submits its 2011 filing pursuant to the Cost of Service Adjustment tariff ("COSA"), Rate Schedule COSA, for the Rio Grande Valley Service Area and applicable to the incorporated areas of Alamo, Alton, Brownsville, Combes, Donna, Edcouch, Edinburg, Elsa, Harlingen, Hidalgo, La Feria, La Joya, La Villa, Laguna Vista, Los Fresnos, Lyford, McAllen, Mercedes, Mission, Palm Valley, Palmhurst, Palmview, Penitas, Pharr, Port Isabel, Primera, Progreso, Rancho Viejo, Raymondville, Rio Hondo, San Benito, San Juan, Santa Rosa, and Weslaco, Texas.

As required by the COSA tariff, the Company is submitting this report of its revenue requirement for calendar year 2011. The attached schedules and attestation provide the information used by the Company in computing this year's adjustment. Notice of the proposed adjustment will be provided pursuant to the terms of the COSA.

The attached Schedules 1 through 4, prepared according to the terms of the COSA, reflect a necessary increase in the Company's revenues of \$3,444,694. Please note that much of this amount (\$1,451,167) is attributable to costs incurred to comply with mandatory requirements of the Railroad Commission of Texas related to pipeline integrity testing and leak management. Although the attached schedules reflect a revenue deficiency of \$3,444,694, the Company can request recovery of only \$1,883,923 due to the application of the 5% cap contained in the COSA. This results in an increase to the volumetric rates (per the table below) for all general service rate schedules (see attached Rate Schedules 10, 20, 30, 40, T-1 and T-2) of Texas Gas Service Company currently in force in its Rio Grande Valley Service Area as shown on the table below.

Texas Gas Service  
P. O. Box 561827  
Harlingen, Texas 78553  
[www.texasgasservice.com](http://www.texasgasservice.com)



Customer Class	Volumetric (Ccf) Increase	Average Monthly Customer Bill Increase
Residential	\$ 0.37549	\$ 0.91
Commercial	\$ 0.27532	\$ 18.55
Industrial	\$ 0.31741	\$ 198.97
Public Authority	\$ 0.30676	\$ 14.50
Standard Transport T-1	\$ 0.15538	\$ 253.02
Standard Transport T-2	\$ 0.05009	\$ 114.67

This proposed rate change will become effective with the first billing cycle of August 2012. Pursuant to the terms of the COSA tariff, the City has ninety days in which to review the proposed annual rate adjustment. The City need not take any further action. If no action is taken within the allowed ninety day time period, the proposed rate adjustment will be deemed approved. Texas Gas Service Company appreciates your consideration of the requested Cost of Service Adjustment filing. Please contact me with any questions you may have.

Sincerely,



Dean LaFever  
 Director – Rio Grande Valley Service Area  
 Attachments

AFFIDAVIT

STATE OF TEXAS       §  
                                  §  
COUNTY OF TRAVIS   §

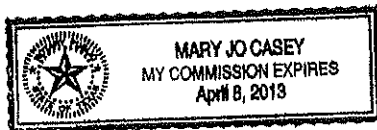
BEFORE ME, the undersigned authority, on this day personally appeared Mario Parras, who, upon proving his identity to me and by me being duly sworn, deposes and states the following:

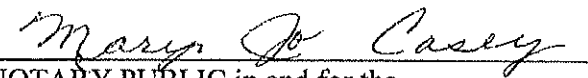
“My name is Mario Parras. I am of legal age, a resident of the State of Texas, and have never been convicted of a felony. I am the Accounting Director for Texas Gas Service Company (“TGS” or the “Company”). I certify that the schedules filed with the Company’s May 1, 2012, Cost of Service Adjustment Filing for the Incorporated Areas of the Company’s Rio Grande Valley Service Area are in compliance with the provisions of the Rio Grande Valley Cost of Service Adjustment Clause and are true and correct to the best of my knowledge.”

  
MARIO PARRAS

SWORN TO AND SUBSCRIBED before me, Notary Public, on this 24th day of April, 2012, to certify which witness my hand and seal of office.

SEAL:



  
NOTARY PUBLIC in and for the  
State of Texas

Printed Name MARY JO CASEY  
My Commission expires April 8, 2013

**TEXAS GAS SERVICE COMPANY  
RIO GRANDE VALLEY SERVICE AREA**

**2012  
COST OF SERVICE ADJUSTMENT  
FILING**

# SCHEDULES 1 THROUGH 4

TEXAS GAS SERVICE COMPANY  
RGV SERVICE AREA  
COST OF SERVICE CLAUSE ADJUSTMENT  
12 MONTHS ENDED 12/2011  
SUMMARY OF RATE ADJUSTMENT

For the 12 Months Ended 12/31/11

Line No.	Description	Items Subject to Cap	Amounts Not Subject to Cap	Total 2011
1	Rate Base	\$55,984,858	\$3,277,399	\$59,262,257
2	Rate of Return	8.1800%	8.1800%	8.1800%
3	Required Return	\$4,579,561	\$268,091	\$4,847,653
4	Depreciation and Amortization	1,683,992	\$46,389	1,730,381
5	Taxes Other Than FIT	629,198	\$0	629,198
6	Storage, Transmission & Distribution Expenses	5,228,126	3,491,779	8,719,905
7	Customer Related Expenses	2,294,470	0	2,294,470
8	Administrative & General	3,844,750	16,291	3,861,041
9	Interest on Customer Deposits	3,601	0	3,601
10	Federal Income Tax	1,544,962	90,443	1,635,406
11	Revenue Requirement	\$19,808,661	\$3,912,994	\$23,721,655
12	Calendar Yr Actual Rev(Gas sales, transport, other)	(\$16,199,813)	(\$2,461,827)	(\$18,661,641)
13	Adjustment to Normalize Revenues	(\$1,615,320)		(1,615,320)
14	2010 Revenues Normalized	(\$17,815,133)	(\$2,461,827)	(\$20,276,961)
15	Cost of Service Adjustment before Caps	\$1,993,527	\$1,451,167	\$3,444,694
16	Less Capped Items in Excess of Cap	(1,560,771)		(1,560,771)
17	Total Cost of Service Adjustment Allowed	\$432,756	\$1,451,167	\$1,883,923

Note 1: Detail of Amounts Not Subject to Cap

Pipeline Integrity Expense (Rule 8.101)	3,067,558
Risk Based Leak Survey Expense (Rule 8.206)	184,061
Leak Grading and Repair (Rule 8.207)	240,160
City COSA Expenses	14,279
Publication of COSA Notice	2,012
Total O&M	3,508,070
Return, FIT, and Depreciation on Pipeline Integrity, and Leak Replacements and Cost of Removal	404,924
Total Amounts Not Subject to Cap	3,912,994

TEXAS GAS SERVICE COMPANY  
RGV SERVICE AREA  
COST OF SERVICE CLAUSE ADJUSTMENT  
12 MONTHS ENDED 12/2011  
COSA ADJUSTMENT IMPACT BY CITY

For the 12 Months Ended 12/31/11

	% share of revenue increase based on 2011 volumes	Gas Sales Volumes	Transport Volumes	Add Gas Sales and Transport	% share of revenue subject to cap	% share of total allowable revenue
1	Alamo	522,688		522,688	1.2457%	23,469
2	Alton	67,086		67,086	0.1599%	3,012
3	Bayview	-		-	0.0000%	-
4	Brownsville	5,641,962	996,577	6,638,539	15.8217%	298,069
5	Combs	36,747	-	36,747	0.0876%	1,650
6	Donna	590,118	170,657	760,775	1.8132%	34,159
7	Edcouch	91,811	-	91,811	0.2188%	4,122
8	Edinburg	2,127,148	1,824,696	3,951,844	9.4185%	177,437
9	Elsa	209,782	-	209,782	0.5000%	9,419
10	Harlingen	3,033,414	1,280,964	4,314,378	10.2825%	193,715
11	Hidalgo	127,033	-	127,033	0.3028%	5,704
12	La Feria	188,580	-	188,580	0.4494%	8,467
13	Laguna Heights	-	-	-	0.0000%	-
14	Laguna Vista	23,789	-	23,789	0.0567%	1,068
15	La Joya	83,852	-	83,852	0.1998%	3,765
16	La villa	107,347	-	107,347	0.2558%	4,820
17	Los Fresnos	130,912	-	130,912	0.3120%	5,878
18	Lyford	54,549	-	54,549	0.1300%	2,449
19	McAllen	5,942,445	1,763,366	7,705,811	18.3654%	345,990
20	Mercedes	785,653	52,783	838,436	1.9983%	37,646
21	Mission	1,927,711	1,892,891	3,820,602	9.1057%	171,544
22	Mt Al?	-	-	-	0.0000%	-
23	Olmido	-	-	-	0.0000%	-
24	Penitas	16,454	-	16,454	0.0392%	739
25	Pharr	1,559,735	-	1,559,735	3.7173%	70,032
26	Palmview	75,239	-	75,239	0.1793%	3,378
27	Primera	26,613	-	26,613	0.0634%	1,195
28	Progreso	12,262	-	12,262	0.0292%	551
29	Port Isabel	431,839	-	431,839	1.0292%	19,389
30	Palm Valley	28,411	-	28,411	0.0677%	1,276
31	Pm Hl??	22,787	-	-	-	-
32	Rancho Viejo	39,414	-	39,414	0.0939%	1,770
33	Raymondville	475,668	80,151	555,819	1.3247%	24,956
34	Rio Hondo	80,548	-	80,548	0.1920%	3,617
35	San Benito	999,337	-	999,337	2.3817%	44,870
36	SANC	-	-	-	0.0000%	-
37	San Juan	635,924	-	635,924	1.5156%	28,553
38	Santa Rosa	66,977	-	66,977	0.1596%	3,007
39	Weslaco	1,469,283	129,113	1,598,396	3.8095%	71,768
40	Environs	2,171,832	3,985,000	6,156,832	14.6737%	276,441
41	Total	29,804,948	12,176,198	41,958,359	100.0000%	1,883,923

TEXAS GAS SERVICE COMPANY  
 RGV SERVICE AREA  
 COST OF SERVICE CLAUSE ADJUSTMENT  
 12 MONTHS ENDED 12/2011  
 ALLOWABLE EXPENSES

Description	Account Numbers	12 Months Ended December 2011		
		Items Subject to Cap	Amounts Not Subject to Cap	Total 2011
1 Depreciation and Amortization	403-405	\$1,683,992	46,389	\$1,730,381
2 Taxes Other Than FIT	408 *	\$629,198		629,198
3 Storage, Transmission & Distribution Expenses	850-896	\$5,228,126	3,491,779	8,719,905
4 Customer Related Expenses	901-916	\$2,294,470		2,294,470
5 Administrative & General	920-932	\$3,844,750	16,291	3,861,041
6 Interest on Customer Deposits	431	\$3,601		3,601
7 Total		\$13,684,137	\$3,554,459	\$17,238,596

\* Excludes City Franchise, Gross Receipts and any other revenue-based tax.

TEXAS GAS SERVICE COMPANY  
 RGV SERVICE AREA  
 COST OF SERVICE CLAUSE ADJUSTMENT  
 12 MONTHS ENDED 12/2011  
 RETURN ON INVESTMENT

12 Months Ended December 2011			
Description	Items Subject to cap	Items Not Subject to Cap	Total 2011
1 Net Plant in Service	\$60,122,430	3,419,599.92	\$63,542,029
2 Other Rate Base Items *	\$1,684,019		1,684,019
3 Customers Deposits (Acct. 235)	(\$3,000,716)		(3,000,716)
4 Customer Advances (Acct.252)	(\$320,732)		(320,732)
5 Deferred Income Taxes	(\$2,500,143)	(142,201)	(2,642,344)
6 Rate Base	\$55,984,858	\$3,277,399	\$59,262,257
7 Rate of Return **	8.1800%	8.1800%	8.1800%
8 Return on Investment	\$4,579,561	\$268,091	\$4,847,653

**Detail of Other Rate Base Items**

## Other Rate Base Items:

Materials and Supplies Inventory	\$690,925
Prepayments	139,186
Cash Working Capital	853,908
Total Other Rate Base Items	\$1,684,019

## Calculation of Prepayment Balance:

Corporate Office Prepayments Allocated to TGS	790,155
Division Office Prepayments	451,328
Total 13 Month Average of TGS Prepayments	1,241,483
RGV Allocator	0.112113
Prepayments Allocated to RGV	139,186



TEXAS GAS SERVICE COMPANY  
 RGV SERVICE AREA  
 COST OF SERVICE CLAUSE ADJUSTMENT  
 12 MONTHS ENDED 12/2011  
 FEDERAL INCOME TAXES

12 Months Ended December 2011

Description	Items Subject to cap	Items Not Subject to Cap	Total 2011
1 Taxable Income (Schedule 3, Line 8)	\$4,579,561	\$268,091	\$4,847,653
2 Interest On Long Term Debt (Schedule 3, Line 6 x 3.055%) *	(1,710,337)	(100,125)	(1,810,462)
3 Net Taxable Income	\$2,869,224	\$167,967	\$3,037,191
4 Federal Income Taxes (0.53846 times line 3) **	\$1,544,962	\$90,443	\$1,635,406

\* Interest on Long Term Debt is the Debt Cost Component of Return (3.055% from the most recent general rate case) multiplied by rate base

\*\* Tax factor of 0.53846 is the income tax rate of 35% divided by (1 minus the 35% tax rate).

	Weighting	Cost	ROR
Long-Term Debt	50.0000%	6.1100%	3.05500%
Common Equity	50.0000%	10.2500%	5.12500%
Total	<u>1.0000</u>		<u>8.18000%</u>

# PROOF OF REVENUES

**TEXAS GAS SERVICE COMPANY**  
**Rio Grande Valley SERVICE AREA**  
**Cost of Service Adjustment for 12 months ended 12/31/11**

**Summary of Proposed Rate Adjustment**

	(A) Settled and Approved Rates from 2008, Plus Prior Yr-COSA Adjustments	(B) Current Calendar Year Bills	(C) Current Calendar Year Weather Normalized Volumes (CCF)	(D) Revenue at Current Rates	(E) COSA Adjustment Per Ccf	(F) New Rates	(G) Current Year Revenue Impact	(H) Avg customer Ccf usage per month (in current yr)	(I) Average Monthly Customer Bill Impact
<b>RESIDENTIAL</b>									
1 Customer Charge	\$ 11.25	781,340		\$ 8,790,075	\$ 0.07620	\$ 0.37649	\$ 711,482	12.97	0.91
2 All Ccf	\$ 0.30529		10,134,832	3,094,063					
3		781,340	10,134,832	11,884,138					
<b>COMMERCIAL</b>									
4 Customer Charge - Comm	\$ 31.25	38,723		1,210,094					
5 Customer Charge - Church	\$ 18.75	3,932		73,725					
6 All Ccf	\$ 0.22434		15,522,276	3,482,267	\$ 0.05098	\$ 0.27532	\$ 791,396	363.90	18.55
7		42,655	15,522,276	4,766,086					
<b>INDUSTRIAL</b>									
8 Customer Charge	\$ 66.85	603		40,311	\$ 0.06372	\$ 0.31741	\$ 119,978	3,122.44	196.97
9 All Ccf	\$ 0.25369		1,882,829	477,655					
10		603	1,882,829	517,965					
<b>PUBLIC AUTHORITY</b>									
11 Customer Charge	\$ 35.71	6,702		239,328					
12 All Ccf	\$ 0.26134		2,140,152	559,307	\$ 0.04542	\$ 0.30676	\$ 97,199	319.33	14.50
13		6,702	2,140,152	796,636					
<b>Transportation</b>									
<b>T-1 (Regular)</b>									
14 Customer Charge	\$ 127.82	528		67,489					
15 All Ccf	\$ 0.13177		5,657,167	745,445	\$ 0.02361	\$ 0.15538	\$ 133,594	10,714.33	263.02
16		528	5,657,167	812,934					
<b>T-2 (Large)-Volumes in Excess of Minimum Bill</b>									
17 Customer Charge	\$ 327.82	140		45,895	\$ 0.00464	\$ 0.05009	\$ 30,274		
18 All Ccf	\$ 0.04545		6,519,031	295,290					
19		140	6,519,031	342,185					
<b>T-2 (Large) Minimum Bill (no volumetric charge)</b>									
20 Customer Charge	\$ 327.82		2,066,916	0					
21 All Ccf	\$ -	124		186,000					
22 Minimum Bill	\$ 1,500.00	124		186,000					
23		124	2,066,916	186,000					
24		264	8,585,947	528,185					
							\$ 30,274	32,822.53	114.67
<b>Other Transport</b>									
25 Other Transport		132							
26 Customer Charge			23,258,942						
27		132	23,258,942	532,618					
28		924	37,502,056	1,873,796					
<b>29 SERVICE CHARGES &amp; OTHER REVENUE (ACTUAL 2010)</b>									
				436,400					
30 TOTAL		832,224	67,182,144	20,276,961			\$ 1,883,923		

# PROPOSED RATE SCHEDULES (TARIFFS)

**RESIDENTIAL SERVICE RATE**

APPLICABILITY

Applicable to a residential customer in a single dwelling, or in a dwelling unit of a multiple dwelling or residential apartment, or nursing homes, for domestic purposes.

TERRITORY

All customers in the incorporated areas served by the Company in its Rio Grande Valley Service Area.

COST OF SERVICE RATE

During each monthly billing period:

A Customer Charge per meter per month of \$11.25 plus -  
All Ccf @ \$ 0.37549 per Ccf

OTHER ADJUSTMENTS

In addition to the Cost of Service set forth above, each customer's bill shall include the following adjustments:

Cost of Gas Component: The basic rates for cost of service set forth above shall be increased by the amount of the Cost of Gas Component for the billing month computed in accordance with the provisions of Rate Schedule 1.

Weather Normalization Adjustment: The billing shall reflect adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.

Taxes: Plus applicable taxes and fees (including franchises fees) related to above, see Rate Schedule 1B.

CONDITIONS

Subject in all respects to applicable laws, rules, and regulations from time to time in effect.

COMMERCIAL SERVICE RATE

APPLICABILITY

Applicable to commercial consumers and to consumers not otherwise specifically provided for under any other rate schedule.

TERRITORY

All customers in the incorporated areas served by the Company in its Rio Grande Valley Service Area.

COST OF SERVICE RATE

During each monthly billing period:

A Customer Charge per meter per month of \$31.25 plus (For Commercial Service)

A Customer Charge per meter per month of \$18.75 plus (For Church Service)

All Ccf @ \$ 0.27532 per Ccf

OTHER ADJUSTMENTS

In addition to the Cost of Service set forth above, each customer's bill shall include the following adjustments:

Cost of Gas Component: The basic rates for cost of service set forth above shall be increased by the amount of the Cost of Gas Component for the billing month computed in accordance with the provisions of Rate Schedule 1.

Weather Normalization Adjustment: The billing shall reflect adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.

Taxes: Plus applicable taxes and fees (including franchises fees) related to above, see Rate Schedule 1B.

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of Gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residences, hospitals, schools, churches, and other human needs customers as prioritized in the Company's approved Curtailment Program.

**INDUSTRIAL SERVICE RATE**

APPLICABILITY

Service under this rate schedule is available to any customer whose primary business activity at the location served is included in one of the following classifications of the Standard Industrial Classification Manual of the U.S. Government.

Division B	- Mining - all Major Groups
Division D	- Manufacturing - all Major Groups
Divisions E and J	- Utility and Government - facilities generating power for resale only

TERRITORY

All customers in the incorporated areas served by the Company in its Rio Grande Valley Service Area.

COST OF SERVICE RATE

During each monthly billing period:

A Customer Charge per meter per month of \$66.85 plus -  
All Ccf @ \$ 0.31714 per Ccf

OTHER ADJUSTMENTS

In addition to the Cost of Service set forth above, each customer's bill shall include the following adjustments:

Cost of Gas Component: The basic rates for cost of service set forth above shall be increased by the amount of the Cost of Gas Component for the billing month computed in accordance with the provisions of Rate Schedule 1.

Taxes: Plus applicable taxes and fees (including franchises fees) related to above, see Rate Schedule 1B.

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residences, hospitals, schools, churches, and other human needs customers as prioritized in the Company's approved Curtailment Program.

**PUBLIC AUTHORITY SERVICE RATE**

APPLICABILITY

Applicable to all public and parochial schools and colleges, and to all facilities operated by Governmental agencies not specifically provided for in other rate schedules or special contracts.

TERRITORY

All customers in the incorporated areas served by the Company in its Rio Grande Valley Service Area.

COST OF SERVICE RATE

During each monthly billing period:

A Customer Charge per meter per month of \$35.71 plus -  
All Ccf @ \$ 0.30676 per Ccf

OTHER ADJUSTMENTS

In addition to the Cost of Service set forth above, each customer's bill shall include the following adjustments:

Cost of Gas Component: The basic rates for cost of service set forth above shall be increased by the amount of the Cost of Gas Component for the billing month computed in accordance with the provisions of Rate Schedule 1.

Weather Normalization Adjustment: The billing shall reflect adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.

Taxes: Plus applicable taxes and fees (including franchises fees) related to above, see Rate Schedule 1B.

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residences, hospitals, schools, churches, and other human needs customers as prioritized in the Company's approved Curtailment Program.



TRANSPORTATION SERVICE RATE

APPLICABILITY

Service under this rate schedule is available to any customer of Texas Gas Service Company ("Company") and to Qualified Suppliers or Producers supplying natural gas to be transported, pursuant to Rate Schedule T-GEN (General Charges, Provisions and Conditions) for the transportation of customer-owned natural gas through the Company's Rio Grande Valley distribution system for use by customers within the Company's Rio Grande Valley's Service Area or delivered to connecting pipelines. The customer must arrange with its gas supplier to have the customer's gas delivered to one of the Company's existing receipt points for transportation by the Company to the customer's facilities at the customer's delivery point. The receipt points shall be specified by the Company at its reasonable discretion, taking into consideration available capacity, operational constraints, and integrity of the distribution system.

Prior to the execution of a Gas Transportation Service Agreement, customer must represent and certify that its usage shall average five hundred (500) Mcf of gas per month or six thousand (6,000) Mcf annually. The Company shall have the right at all reasonable times, upon prior notice to Customer, to enter onto Customer's premises and inspect Customer's facilities and operations to verify such capability. Customer must agree to notify the Company within a reasonable time if there is any change in Customer's usage. Should Customer's usage capability average less than five hundred (500) Mcf per month or six thousand (6,000) Mcf annually, Customer must so notify the Company and the Company may discontinue service hereunder except as provided in the Gas Transportation Service Agreement.

TERRITORY

All areas served by the Company in its Rio Grande Valley Service Area.

RATE

This rate shall be the sum of Part A, Part B, and Part C as described below.

Part A: A customer charge of \$127.82 per meter per month.

Part B: All volumes of natural gas transported during each month in accordance with this schedule shall be billed at the following Ccf charge:

All Ccf @ \$0.15538 per Ccf

Part C: "Additional Charges to Cost of Service Rate" pursuant to Rate Schedule T-GEN (General Charges, Provisions and Conditions).

CONDITIONS

See the "Special Provisions" and "Conditions" pursuant to Rate Schedule T-GEN (General Charges, Provisions and Conditions)

TRANSPORTATION SERVICE RATE

APPLICABILITY

Service under this rate schedule is available to any customer of Texas Gas Service Company ("Company") and to Qualified Suppliers or Producers supplying natural gas to be transported, pursuant to Rate Schedule T-GEN (General Charges, Provisions and Conditions) for the transportation of customer-owned natural gas through the Company's Rio Grande Valley distribution system for use by customers within the Company's Rio Grande Valley's Service Area or delivered to connecting pipelines. This rate schedule requires a one-year commitment for transportation service. The customer must arrange with its gas supplier to have the customer's gas delivered to one of the Company's existing receipt points for transportation by the Company to the customer's facilities at the customer's delivery point. The receipt points shall be specified by the Company at its reasonable discretion, taking into consideration available capacity, operational constraints, and integrity of the distribution system.

TERRITORY

All areas served by the Company in its Rio Grande Valley Service Area.

RATE

This rate shall be the sum of Part A, Part B, and Part C as described below.

Part A: A customer charge of \$327.82 per meter per month.

Part B: All volumes of natural gas transported during each month in accordance with this schedule shall be billed at the following Ccf charge:

All Ccf @ \$0.05009 per Ccf

Part C: "Additional Charges to Cost of Service Rate" pursuant to Rate Schedule T-GEN (General Charges, Provisions and Conditions).

Minimum Monthly Bill of \$1,500 (from the sum of Part A and Part B)

CONDITIONS

See the "Special Provisions" and "Conditions" pursuant to Rate Schedule T-GEN (General Charges, Provisions and Conditions)