



NOTICE OF A PUBLIC MEETING
TOWN OF RANCHO VIEJO
BOARD OF ALDERMEN
REGULAR MEETING
OCTOBER 10, 2017
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 OCTOBER 10, 2017 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. Discussion/Action on Purchase of Police Vehicles and Authorize Mayor to Execute Financing Contract
6. Consideration/Action on Employment of a Regular Police Officer and Setting of Salary
7. Consideration of and Possible Action on Appointment of a Human Resources Committee to Review and Make Recommendations Regarding Existing and New Personnel Policies, for Inclusion in a Comprehensive Employee Policy Manual
8. Consideration/Action on An Ordinance of the Town of Rancho Viejo Amending Ordinance No. 62U Reappointing Members of the Building Committee
9. Consideration/Action on An Ordinance Adopting Unanimous Settlement Agreement, Setting Rates and Establishing Tariffs for the Provision of Natural Gas Service by Texas Gas Service Company, A Division of ONE Gas, Inc., Within the Town of Rancho Viejo; Declaring this Ordinance to be a Final Determination of Rates; Requiring Acceptance by Texas Gas Service Company of the Rates Prescribed Herein; And Establishing an Effective Date
10. August 2017 Financial Report - Town Administrator
11. September 2017 Police Report - Police Chief
12. Public Comment
13. Adjourn

Fred Blanco
Fred Blanco, Town Administrator

1. Call to Order

by Mayor Rathbun

2. Roll Call

by Isabel Perales

Alderwoman Guerrero

Alderman Lucio

Alderwoman Salinas

Alderwoman Truan

Alderman Vera

Legal Counsel, Daniel Rentfro, Jr.

Town Administrator, Fred Blanco.

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

5. Discussion/Action on Purchase of Police Vehicles and Authorize Mayor to Execute Financing Contract

6. Consideration/Action on Employment of a Regular Police Officer and Setting of Salary

Chief Cruz will make a recommendation to hire a full time Police Officer with the starting annual salary set to \$31,000.

7. Consideration of and Possible Action on Appointment of a Human Resources Committee to Review and Make Recommendations Regarding Existing and New Personnel Policies, for Inclusion in a Comprehensive Employee Policy Manual

Mayor Rathbun to recommend the appointment of Grace Salinas as Chairman and Erick Lucio as a member to the Human Resources Committee.

**8. Consideration/Action on An
Ordinance of the Town of Rancho
Viejo Amending Ordinance No. 62U
Reappointing Members of the
Building Committee**

ORDINANCE NO. 62W

AN ORDINANCE OF THE TOWN OF RANCHO VIEJO, TEXAS
AMENDING ORDINANCE NO. 62U APPOINTING/REAPPOINTING
MEMBERS OF THE BUILDING COMMITTEE

WHEREAS, the Town of Rancho Viejo has heretofore enacted Ordinances Nos. 62A through 62V which provided the requirements for obtaining building permits and the fees and charges for the issuance of said building permits and established a Building Committee which committee members are appointed by the Board of Aldermen; and

WHEREAS, the Board of Aldermen of said Town wish to reappoint one existing member of the Building Committee.

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

Section 1. The following persons are reappointed to the Building Committee for the term expiring September 30, 2018:

Rick Campos
Brent Cannon

PASSED, ADOPTED AND APPROVED on this the 10th day of October, 2017.

TOWN OF RANCHO VIEJO

Cyndie Rathbun
Mayor

ATTEST:

Fred Blanco
Town Secretary

9. Consideration/Action on An Ordinance Adopting Unanimous Settlement Agreement, Setting Rates and Establishing Tariffs for the Provision of Natural Gas Service by Texas Gas Service Company, A Division of ONE Gas, Inc., Within the Town of Rancho Viejo; Declaring this Ordinance to be a Final Determination of Rates; Requiring Acceptance by Texas Gas Service Company of the Rates Prescribed Herein; And Establishing an Effective Date

MEMORANDUM

TO: Rio Grande Valley Municipalities
FROM: Thomas L. Brocato
Jamie L. Mauldin
DATE: September 29, 2017
RE: Texas Gas Service Company Rate Case

CONFIDENTIAL/ATTORNEY-CLIENT COMMUNICATION

The purpose of this memorandum is to provide you with a summary of the settlement agreement reached with Texas Gas Service Company ("TGS" and/or "Company") in the TGS rate case and to provide you with documents that your city may use to adopt the settlement.

Background

On June 15, 2017, Texas Gas Service, a Division of ONE Gas, Inc. ("TGS" or "Company"), filed a Statement of Intent seeking to increase gas utility rates within the incorporated areas of the Rio Grande Valley Service Area ("RGVSA"). In the filing, the Company asserts it is entitled to a \$5.17 million increase in its annual base rate revenues on a total system basis. The proposed increase is \$4.54 million revenue increase for the cities in the RGVSA. This request corresponds to a 15.26% increase in total revenues including gas costs or a 19.36% increase excluding gas costs.

The Cities of Alamo, Alton, Brownsville, Edcouch, Edinburg, Elsa, Harlingen, Hidalgo, La Feria, Laguna Vista, Los Fresnos, Lyford, McAllen, Mercedes, Mission, Palm Valley, Palmhurst, Pharr, Port Isabel, Rancho Viejo, San Benito, and Weslaco, Texas ("Rio Grande Valley Municipalities" or "Cities") each suspended the Company's implementation of its rate request from July 20, 2017 until October 18, 2017.

The Cities hired a consultant, Mr. Karl Nalepa, to review the Company's filing. The consultant reviewed the filing, and identified several adjustments to be made to TGS's requested increase. The Cities engaged in significant discovery regarding the issues in this dispute and prepared a report supporting their recommended adjustments. The parties engaged in settlement negotiations and reached this settled outcome.

Settlement Agreement

After numerous settlement discussions, the parties were able to negotiate a full settlement of the docket that reduced the Company's request from \$5.17 million to \$4.1 million. We believe this agreement is a fair and reasonable resolution of the docket and is a more favorable outcome than Cities would have received if the matter had been filed at the Railroad Commission and gone to hearing. In addition, the parties agreed that resolution of this filing by settlement agreement would significantly reduce the amount of reimbursable rate case expenses associated with this matter, avoid future litigation expenses, and provide certainty regarding system-wide rates.

The parties agree that the \$4.1 million revenue increase is a "black box" figure and is not tied to any specific expense in TGS's underlying cost of service. The tariffs agreed to as part of the settlement replace and supersede those tariffs currently in effect in the RGVSA and are to be collected on a system-wide basis.

\$4.1 million revenue increase represents a 15.9% increase over test year base rate revenue, down from the Company's requested 19.36% increase. The agreed-to increase also reflects a residential customer charge of \$15.52, down from the Company's requested \$20.00. The \$15.52 is an increase from the \$11.25 current charge. The parties also agreed to an increase for the public authority customer charge. The current charge is \$35.71 and will increase to \$45. Other bill impacts are reflected in the attached spreadsheet. Parties also agree to implement the Pipeline Integrity Testing Rider, which include provisions requiring TGS to file its annual reconciliation report on or before February 1 and allows for a 60-day review period.

Further City Action Required

Under the law, cities with original jurisdiction over gas utility rates have until October 18 to take final action on the settlement. However, under the settlement agreement, the Company has extended the effective date until October 27. Therefore, RGV Cities should make every effort to present their cities with this Settlement Agreement at city council meetings during September and October 2017 to allow for implementation of final, new rates for meters read on or after October 27, 2017.

In order to assist you, we are providing you with a copy of the Unanimous Settlement Agreement, an Ordinance Setting Rates and Establishing Tariffs for the Provision of Natural Gas Service by TGS, bill impacts, and a staff report. We are also available during your council meetings to answer any questions that may arise. In the meantime, please feel free to contact us if you have questions or concerns.

749/12/7192093

ORDINANCE NO.

AN ORDINANCE ADOPTING UNANIMOUS SETTLEMENT AGREEMENT, SETTING RATES AND ESTABLISHING TARIFFS FOR THE PROVISION OF NATURAL GAS SERVICE BY TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC., WITHIN THE TOWN OF RANCHO VIEJO; DECLARING THIS ORDINANCE TO BE A FINAL DETERMINATION OF RATES; REQUIRING ACCEPTANCE BY TEXAS GAS SERVICE COMPANY OF THE RATES PRESCRIBED HEREIN; AND ESTABLISHING AN EFFECTIVE DATE

BE IT ORDAINED BY BOARD OF ALDERMEN OF THE TOWN OF RANCHO VIEJO:

PART 1. The Council finds:

- (A) On June 15, 2017, Texas Gas Service Company ("TGS" or "Company") filed with the Town of Rancho Viejo ("Town") and the other affected Rio Grande Valley Service Area municipalities its Statement of Intent to increase its annual revenue by \$5.17 million within its Rio Grande Valley Service Area ("RGVSA").
- (B) In accordance with the Gas Utility Regulatory Act, Utilities Code, §104.107, the Town suspended the TGS' proposed effective date of July 20, 2017, for a period not to exceed 90 days from TGS' proposed effective date, to October 18, 2017.
- (C) TGS provided public notice of its proposed increase in rates in accordance with the Gas Utility Regulatory Act.
- (D) A base rate revenue increase in the amount of \$4.1 million per annum is reasonable and consistent with the requirements of the Gas Utility Regulatory Act, will permit TGS a reasonable opportunity to earn a reasonable return on its invested capital, and will yield a fair return upon the adjusted value of TGS' property used and useful in rendering service to the public.
- (E) TGS and the Town agree to implement the Company's Pipeline Integrity Testing Rider, including provisions that require TGS to file its annual reconciliation report on or before February 1 and allows for a 60-day review period.
- (F) TGS and the Town agree to continue the Energy Efficiency Program reflected in Rate Schedule EEP and Rate Schedule IEE within the Town.
- (G) The tariffs and specific rates and charges, and customer service rules appended to this ordinance are reasonable and in the public interest.
- (H) The costs of the Town's rate consultants, attorneys, and technical staff to conduct investigations, present evidence, advise and represent the Town in these rate-making proceedings as set out in the settlement agreement are reasonable and necessary expenses, as are the rate case expenses incurred by TGS in this proceeding.

PART 2. The Town is the regulatory body with exclusive original jurisdiction over the rates, operations, and services of Texas Gas Service Company, a division of ONE Gas, Inc., within the municipality.

PART 3. The Unanimous Settlement Agreement ("Settlement Agreement") entered into between TGS and the Town and appended to this ordinance as "Attachment 1" is in the public interest and is adopted by this ordinance.

PART 4. An increase in the amount of \$4.1 million in TGS' annual base-rate revenue, as determined on a system wide basis for the RGVSA, is approved within the Town.

PART 5. Except to the extent approved in this ordinance and the settlement agreement appended to this ordinance as "Attachment 1", the Town denies TGS' request for rates, tariffs, and charges as proposed in TGS' Statement of Intent and rate increase request filed with the Town on or about June 15, 2017.

PART 6. The rates, tariffs, charges, schedules, and service rules appended to this ordinance as "Attachment 2" for natural gas service provided by TGS within the Town, are reasonable and are hereby approved.

PART 7. The proposed depreciation and amortization rates set forth on the Depreciation and Amortization Expense summary appended to this ordinance as "Attachment 2" are reasonable and hereby approved by this ordinance.

PART 8. The costs of rate consultants, attorneys, and technical staff to conduct investigations, present evidence, advise, and represent the Town in these rate-making proceedings shall be reimbursed to the Town by TGS no later than 30 days after the effective date of this ordinance.

PART 9. Nothing in this ordinance shall be construed as limiting or modifying in any manner the right and power of the Town under the law to regulate the rates and charges of TGS Company.

PART 10. This ordinance takes effect on October 18, 2017. Should the Town not approve this Ordinance in time for TGS to implement rates for meters read on or after October 18, 2017, TGS's rates as agreed herein, will be established as temporary rates for service on and after that date until such time as the Town takes final action to approve this Ordinance no later than October 27, 2017.

PASSED, ADOPTED AND APPROVED, on this the 10th day of October, 2017.

Cyndie Rathbun, Mayor

ATTEST:

Fred Blanco, Town Administrator

10. August 2017 Financial Report - Town Administrator

11. September 2017 Police Report - Police Chief

RANCHO VIEJO POLICE DEPARTMENT

MONTHLY STATISTICAL REPORT

MONTH OF: September 2017

I	<u>CRIMINAL VIOLATION</u>	<u>CURRENT</u>	<u>PRIOR</u>	<u>1-YEAR AGO</u>	
	CRIMINAL MISCHIEF / TRESPASS	1	1	0	
	1500 blk. Tesoro, ex-boyfriend at location				
	TOTAL	1	1	0	
II	<u>MISCELLANEOUS INCIDENTS</u>				
	PROPERTY DAMAGE	3	1	0	
	1st blk Pizarro. Mailbox damaged				
	80 blk Cortez, broken window on vehicle				
	600 blk Zapata, broken glass sliding door				
	CIVIL MATTER	1	1	1	
	100 blk Jacklyn, neighbor dispute				
	TOTAL	4	2	1	
III	<u>CRIMINAL ARREST</u>				
	ADULT OFFENDER	4	1	4	
	1 Poss of Marijuana , (bridge case)				
	2 Burglary of vehicle X4 each				
	1 Theft of a firearm				
	JUVENILE OFFENDER	0	0	0	
	TOTAL	4	1	4	
IV	<u>VEHICLE TRAFFIC INFRACTION</u>				YTD
	WRITTEN CITATIONS	40	21	61	250
	WRITTEN WARNINGS	46	7	18	181
	TOTAL	86	28	79	431
V	<u>MUNICIPAL ORD. INFRACTION</u>				
	WRITTEN CITATIONS	0	2	1	
	WRITTEN WARNINGS	2	0	0	
	TOTAL	2	2	1	
VI	<u>POLICE</u>				
	MILEAGE				
	PATROL	5,273	5,507	5,065	
	WARRANTS / C.I.D.	1,230	1,653	1,544	
	O.P.S.G. / BORDER STAR (GRANT)	1,144	0	1,006	

12. Public Comment

13. Adjourn