

RESOLUTION NO. 2021-

RESOLUTION BY THE CITY OF LEAGUE CITY (“CITY”) AUTHORIZING THE CITY TO PARTICIPATE AS PART OF A COALITION OF CITIES IN PROCEEDINGS TO BE HELD BY THE RAILROAD COMMISSION OF TEXAS RELATED TO IMPLEMENTATION OF HOUSE BILL 1520; AUTHORIZING THE HIRING OF ATTORNEYS AND CONSULTANTS; DIRECTING THE ACTIVITIES OF LAWYERS AND CONSULTANTS REGARDING THE RAILROAD COMMISSION’S HB 1520 PROCEEDINGS; REQUIRING REIMBURSEMENT OF REASONABLE LEGAL AND CONSULTANT EXPENSES TO THE EXTENT ALLOWED BY LAW; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; AND MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT

WHEREAS, on June 16, 2021, Governor Greg Abbott signed House Bill 1520, which directs the Railroad Commission of Texas and the Texas Public Finance Authority to work together to issue bonds, the proceeds of which gas utilities would use to pay providers of natural gas, for gas provided to gas utilities during the winter storm of February, 2021; and

WHEREAS, HB 1520 provides financial relief to gas utilities that choose to apply for the bonds by potentially providing a low-cost source of financing to fulfill outstanding obligations to natural gas suppliers; and

WHEREAS, any bonds issued under the authority of HB 1520 are to be secured by a mandatory charge on each gas-utility customer’s bill and revenue from such mandatory charge is to be dedicated to paying off the bonds; and

WHEREAS, the bonds would allow customers to pay over an extended period, rather than potentially through a single billing statement, for the extraordinary cost of gas consumed during the winter storm of February, 2021; and

WHEREAS, the amount of debt to be issued to pay the gas utilities and in turn the natural-gas suppliers is estimated to be in the range of \$4 billion to \$5 billion; and

WHEREAS, on or after June 16, 2021, the Railroad Commission issued a “Notice to Operators” to all gas utilities in the State directing all gas utilities that elect to participate in the debt financing of their extraordinary costs for natural gas purchased during the

winter storm of February, 2021, to submit their applications to the Railroad Commission by July 30, 2021; and

WHEREAS, the information the gas utilities are expected to submit with their respective applications will include a voluminous amount of data related to each gas utility's costs of gas, its practices regarding the purchase of natural gas, including any financial-hedging instruments and gas-storage practices the utility employs, the costs of transportation of the natural gas; and

WHEREAS, after the Railroad Commission issues its order establishing the amount of costs to be financed, it will direct the Texas Public Finance Authority to issue bonds secured by mandatory charges imposed on each customer's gas-utility bill; and

WHEREAS, all costs related to the issuance of any bonds, including the cost of natural gas and the underwriting costs for issuance of the bonds are to be recovered through rates charged end-use customers, including the City; and

WHEREAS, pursuant to Utilities Code § 103.023(a) the City has standing in each case before the Railroad Commission that relates to a gas utility's rates and services in the municipality; and

WHEREAS, the City has the authority under Utilities Code § 103.023(a) to participate in ratemaking proceedings and engage consultants and attorneys to advise and represent the City and assist in litigation before a regulatory authority, or a court; and

WHEREAS, to the extent the Railroad Commission's proceeding(s) to implement HB 1520 comprise a ratemaking proceeding, the gas utility shall reimburse the City for the reasonable cost of the services of a person engaged under Utilities Code § 103.022 to the extent the applicable regulatory authority determines is reasonable; and

WHEREAS, the Railroad Commission has indicated that it may address in a single, consolidated proceeding all applications submitted by the gas utilities that elect to participate in the debt financing of their extraordinary costs for natural gas purchased during the winter storm of February, 2021, including Atmos Energy, CenterPoint Entex, and Texas Gas Service; and

WHEREAS, to maximize the efficient use of resources and expertise in reviewing, analyzing, and investigating a gas utility's application to change its rates and/or impose charges on ratepayers, the City has in the past joined with other local regulatory authorities to form the Texas Coast Utilities Coalition of Cities" ("TCUC") and hereby continues its participation in TCUC;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LEAGUE CITY, 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. The City continues its participation with other cities in a coalition of cities known as the Texas Coast Utilities Coalition of Cities" ("TCUC") with the understanding that the Steering Committee of TCUC is to provide direction and guidance to Special Counsel representing said cities.

Section 3. The City authorizes participation and intervention in proceedings at the Railroad Commission of Texas and the Texas Public Finance Authority related to proceedings to implement House Bill 1520, as well as appeals taken, if any, from those state agencies' actions and decisions.

Section 4. The City directs Herrera Law & Associates, PLLC as Special Counsel to represent the City with regard to proceedings to implement House Bill 1520 and related proceedings before local and state regulatory authorities and any court of law and authorizes Special Counsel to engage such experts as may be reasonably necessary for review and evaluation of applications submitted by a gas utility, including Atmos Energy, CenterPoint Entex, and Texas Gas Service, related to House Bill 1520.

Section 5. To the extent the Railroad Commission's proceedings to implement House Bill 1520 comprise a ratemaking proceeding, CenterPoint shall reimburse the City on a monthly basis, for the reasonable costs of attorneys and consultants and expenses related thereto, upon the presentation of invoices reviewed by the TCUC's Steering Committee.

Section 6. A copy of this resolution shall be sent to Mr. Alfred R. Herrera, Herrera Law Associates, PLLC, 4524 Burnet Road., Austin, Texas 78756.

Section 7. The meeting at which this resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 8. This resolution shall become effective from and after its passage.

PASSED AND APPROVED the ____ day of _____, 2021.

PAT HALLISEY
Mayor

ATTEST:

DIANA STAPP
City Secretary

APPROVED AS TO FORM:

NGHIEM V. DOAN
City Attorney