



Antonio Araujo
Mayor

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Alderman Place 3

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Alderman Place 5

RESOLUTION NO. 181 IR. 03.01

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF SAN ELIZARIO APPROVING THE USE OF CERTAIN HEDGING CONTRACTS BY TEXAS GAS COMPANY

WHEREAS, Texas Gas Company, a division of ONE Gas, Inc., ("TGS" or "Utility") is a regulated gas utility subject to the original jurisdiction of the City of San Elizario ("City" or "Regulatory Authority") for rates, services and operations in the City and operates within the City under a franchise agreement; and

WHEREAS, on March 30, 2016, TGS filed a Statement of Intent to Increase Gas Utility Rates in the City and other municipalities in the El Paso Service Area and such proposed increases were denied by the City and other municipalities having original jurisdiction; and

WHEREAS, following the appeal of the proposed rate increase to the Railroad Commission of Texas ("Commission"), on September 27, 2016 the Commission issued its order in GUD No. 10506 denying the rate changes as proposed by the Utility but approving a rate increase as more specifically set forth in the Commission's Order; and

WHEREAS, the Commission's Order states that the "Cost of Purchased Gas shall not include the cost of financial instruments that were entered into after March 1, 2016, unless the use of such financial instruments is approved in advance and in writing by the Regulatory Authority", which instruments include the instruments intended to hedge the cost of the Utility system's supply of gas; and

WHEREAS, the Utility has requested that the City consider the Utility's use of such financial instruments to hedge the cost of gas for the 2016-2017 and the 2017-2018 winter season; and

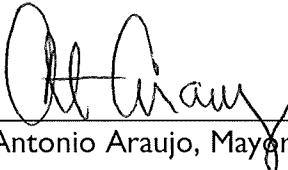
WHEREAS, the City Council of the City finds that use of hedging contracts is reasonable and in the public interest.

NOW, THEREFORE, BE IT RESOLVED by the City Council of San Elizario, Texas, that:

1. The foregoing recitals are adopted as facts and are incorporated fully herein.
2. The City Council of the City of San Elizario hereby accepts the assessment of Texas Gas Services, a division of ONE Gas, Inc., that its use of financial instruments to hedge the cost of gas for the 2016-2019 winter seasons is reasonable.
3. The Mayor shall so notify Texas Gas Service Company of this resolution by delivery of a copy to the Utility.
4. This Resolution shall be effective immediately upon passage and adoption.

PASSED AND APPROVED this, the 24th day of July 2018, by a vote of 4 (ayes) to 0 (nays) to 0 (abstentions) of the City Council of San Elizario, Texas.

CITY OF SAN ELIZARIO, TEXAS



Antonio Araujo, Mayor