



Isela Reyes
Mayor

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Alderson Place 5

RESOLUTION NO. 2211R.03.01

**A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF
SAN ELIZARIO APPROVING THE USE OF CERTAIN HEDGING
CONTRACTS BY TEXAS GAS SERVICE COMPANY, 2022-2023**

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

WHEREAS, TGS had 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;

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;

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;

WHEREAS, in accordance with Rate Schedule No. 1 Cost of Gas Clause, Section B.3 TGS must secure the written approval of the City in advance of purchasing financial instruments each year;

WHEREAS, TGS has requested that the City consider the Utility's use of such financial instruments to hedge the cost of gas for the 2022-2023 winter season; and

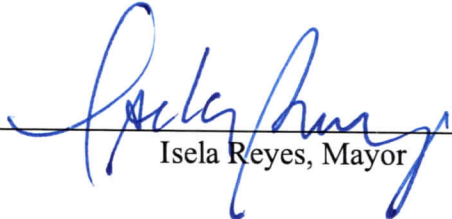
WHEREAS, the City Council of the City finds that use of hedging contracts is reasonable and in the public interest.

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 hereby approves the use of financial instruments to hedge the cost of gas by TGS for the 2022-2023 heating season.
3. The Mayor shall so notify TGS of this approval by delivery of a copy of this Resolution to TGS prior to May 30, 2022.
4. This Resolution shall be effective immediately upon passage and adoption.

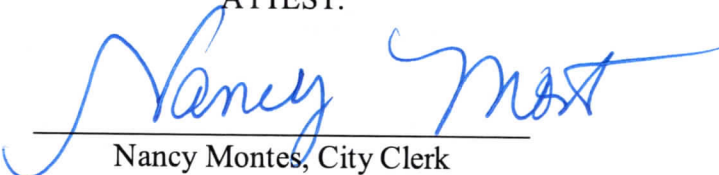
PASSED AND APPROVED this, the 24 day of May, 2022, by a vote of 5 (ayes) to 0 (nays) to 0 (abstentions) of the City Council of San Elizario, Texas.

CITY OF SAN ELIZARIO, TEXAS



Isela Reyes, Mayor

ATTEST:



Nancy Montes, City Clerk