

**TOWN OF BARTONVILLE
ORDINANCE NO. 482-09**

AN ORDINANCE OF THE TOWN OF BARTONVILLE, DENTON COUNTY, TEXAS, FINDING THAT THE CURRENT RATES OF COSERV GAS LTD. ARE UNREASONABLE; APPROVING COSERV GAS LTD.'S REVISED AND UNCONTESTED TARIFFS; SETTING THE EFFECTIVE DATE OF NEW TARIFFS AS OCTOBER 1, 2009; FINDING RATE CASE EXPENSES REASONABLE; FINDING THAT ANY RELIEF REQUESTED BY COSERV GAS LTD. NOT SPECIFICALLY GRANTED HEREIN IS DENIED; FINDING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; PROVIDING FOR NOTICE OF THIS ORDINANCE TO COSERV GAS LTD.; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on or about December 18, 2008, CoServ Gas Ltd. (“CoServ” or “Company”), filed with the Town of Bartonville a Statement of Intent to change gas rates in all municipalities within the CoServ System; and,

WHEREAS, the Town has exclusive original jurisdiction to evaluate the Company’s Statement of Intent as it pertains to the distribution facilities located within the Town, pursuant to Texas Utilities Code §§ 102.001(b) and 103.001; and,

WHEREAS, the Town suspended the initial effective date of CoServ’s rate request, and CoServ subsequently extended the effective date of the rate increase to allow the Town to investigate the Company’s filing and to consider settlement of the request; and,

WHEREAS, failure to take action regarding CoServ’s rate request by October 20, 2009, will cause CoServ’s filed request to become effective for all CoServ customers within the municipal limits; and,

WHEREAS, the Town joined the Coalition of Cities Served by CoServ (“Cities”), a group of other cities similarly affected by CoServ’s rate request to jointly hire counsel and an independent consultant to review CoServ’s application; and,

WHEREAS, after consideration of the Company’s filing and the report issued by Cities’ expert, the Town concludes that CoServ’s current rates are unreasonable and should be changed; and,

WHEREAS, the Company and Cities have reached an agreement as to CoServ’s filed request to increase rates conditioned upon final approval by Cities; and,

WHEREAS, the Company’s requested increase in system-wide annual revenues of \$2,915,367 is excessive, and the Company has agreed to an increase in system-wide base revenues of \$1,300,000, and to retain its current schedule of miscellaneous service charges; and,

WHEREAS, Cities' rate case expenses incurred in this proceeding are reasonable and necessary in the amount specified below and should be reimbursed by CoServ; and,

WHEREAS, the Company's rate case expenses in the amount specified below are reasonable and necessary; and

WHEREAS, the Town has reviewed the tariffs proposed by the Company in settlement between the Company and the Coalition of Cities Served by CoServ and has determined that approval of the tariffs is in the best interest of the Town and its residents, results in just and reasonable rates, and, therefore, should be approved by the Town; and,

WHEREAS, since the Company filing is based upon system-wide standardized rates and tariffs, it would be inappropriate for any Town or residents of any Town to receive benefits not enjoyed by the entire system.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF BARTONVILLE, DENTON COUNTY, TEXAS, THAT:

SECTION 1. It is in the best interest of the Town and its residents to adopt the revised tariffs attached hereto to this Ordinance as Exhibit A that reflect the settlement agreement reached between CoServ and the Coalition of Cities Served by CoServ.

SECTION 2. The adoption of the attached revised tariffs provides for just and reasonable rates to be charged system-wide by the Company.

SECTION 3. Cities rate case expenses in the amount of \$59,439 are reasonable and necessary and shall be reimbursed by CoServ. CoServ's rate case expenses are found to be reasonable and necessary in the amount of \$325,655. Rate case expenses shall be recovered as provided in Rate Schedule 9 (RIDER RCE – RATE CASE EXPENSES) of the tariffs in Exhibit A hereto, using surcharge of \$0.00271 per Ccf, including interest as specified in the Rider.

SECTION 4. The effective date of the new tariffs is October 1, 2009.

SECTION 5. No specific rate base, return, revenue or cost adjustments or rate making methodologies are approved in reaching the revenue requirements settlement that leads to the rates and charges adopted by this ordinance.

SECTION 6. Relief requested by CoServ not specifically addressed herein is denied.

SECTION 7. It is hereby officially found and determined that the meeting at which this Ordinance is passed is open to the public as required by law and that public notice of the time, place and purpose of said meeting was given as required.

SECTION 8. A copy of this ordinance, constituting final action on the CoServ application, be forwarded to the appropriate designated representative of the Company, Charles D. Harrell, Chief Financial Officer, CoServ Gas Ltd., 7701 South Stemmons, Corinth, Texas 76210-1842, and to Geoffrey Gay, legal counsel to Cities, within 10 days.

SECTION 9. This Ordinance shall take effect immediately from and after its passage and acceptance and it is accordingly so ordained.

DULY PASSED AND APPROVED BY THE TOWN COUNCIL OF THE TOWN OF BARTONVILLE, DENTON COUNTY, TEXAS, ON THIS THE 20TH DAY OF OCTOBER, 2009.

APPROVED:

Ron Robertson, Mayor

(Seal)

ATTEST:

Debbie E. Millican, Town Administrator