

Attachment 1

Unanimous Settlement Agreement

STATEMENT OF INTENT FILED BY §
SIENERGY, LP TO INCREASE RATES §
IN THE UNINCORPORATED AREAS §
OF NORTH, CENTRAL, AND SOUTH §
TEXAS §

BEFORE THE
RAILROAD COMMISSION
OF TEXAS

UNANIMOUS SETTLEMENT AGREEMENT

This Unanimous Settlement Agreement is entered into by and between SiEnergy, LP (“SiEnergy” or “Company”); the Cities Served by SiEnergy (“Cities”); the City of Princeton; and the Railroad Commission of Texas (“Commission”) Staff, (collectively, the “Signatories”).

WHEREAS, on May 5, 2023, SiEnergy filed a Statement of Intent to Increase Rates (“Statement of Intent”) within all incorporated and unincorporated areas in which SiEnergy provides service in Texas; and

WHEREAS, the Commission docketed the rate request as OS-23-00013504; and

WHEREAS, Cities, the City of Princeton and Commission Staff sought intervention and were granted party status in OS-23-00013504;¹ and

WHEREAS, SiEnergy requested an effective date of June 9, 2023 for the proposed rate increase and the Commission suspended the implementation of the Company’s rate request on May 17, 2023, for an additional 150 days beyond the requested effective date; and

WHEREAS, SiEnergy provided public notice by direct mail on June 15, 2023, to all affected customers and filed an affidavit attesting to completion of public notice on July 19, 2023; and

WHEREAS, on or before June 9, 2023, the cities within the Cities Served by SiEnergy suspended the implementation of the Company’s rate request by 90 days to September 6, 2023; and

WHEREAS, on May 22, 2023, the City of Princeton denied SiEnergy’s rate request within the incorporated area of Princeton; and

WHEREAS, on June 20, 2023, the Company appealed the City of Princeton’s rate request denial and sought consolidation of the appeal with OS-23-00013504;² and

WHEREAS, the rate case expense issues were severed from the original filing and were docketed as OS-23-00014535; and

¹ Cities is comprised of Austin, Celina, Fate, Forney, Fort Worth, Fulshear, Grand Prairie, Houston, Mansfield, Missouri City, Sugar Land, and Waxahachie.

² The Administrative Law Judge (“ALJ”) granted the requested consolidation on August 4, 2023.

WHEREAS, the Signatories have filed a motion to consolidate the rate case expense issues back into OS-23-00013504;³ and

WHEREAS, direct testimony of Cities and the City of Princeton was due on July 18, 2023 and Staff testimony was due on July 27, 2023, but Cities, the City of Princeton, and Staff did not file direct testimony in reliance on this Unanimous Settlement Agreement; and

WHEREAS, all parties to this proceeding have engaged in significant discovery regarding the issues in dispute; and

WHEREAS, the Signatories agree that resolution of this docket by unanimous settlement agreement will significantly reduce the amount of reimbursable rate case expenses associated with this docket; and

WHEREAS, the Signatories represent diverse interests and the Unanimous Settlement Agreement resolves the issues in OS-23-00013504 in a manner that the Signatories agree is consistent with the public interest;

NOW, THEREFORE, in consideration of the mutual agreements and covenants established herein, the Signatories, through their undersigned representatives, agree to and recommend for approval by the Commission the following Settlement Terms as a means of concluding the above-referenced docket filed by SiEnergy without the need for prolonged litigation:

Settlement Terms

1. As a product of compromise and for the purposes of settlement, the Signatories agree to the rates, terms and conditions reflected in the tariffs attached to this Unanimous Settlement Agreement as Exhibit A. The tariffs attached as Exhibit A replace and supersede those tariffs currently in effect within all incorporated and unincorporated areas served by SiEnergy in Texas. These tariffs are premised on an increase of \$5,500,000 in current annual revenues as illustrated in the proof of revenues attached as Exhibit B to this Unanimous Settlement Agreement. Except as specifically provided herein, the Signatories agree that the \$5,500,000 revenue increase is a “black box” figure and is not tied to any specific expense in the underlying cost of service. The Signatories further agree that the rates, terms and conditions reflected in Exhibit A to this Unanimous Settlement Agreement comply with the rate-setting requirements of Chapter 104 of the Texas Utilities Code (“Tex. Util. Code”). The gas rates, terms and conditions established by this Unanimous Settlement Agreement shall be effective upon approval by the Commission or other regulatory authority.
2. The Signatories agree that it is appropriate to establish rates for SiEnergy on a system-wide cost of service basis and that the following customer charges and volumetric rates, as well as other rates set forth in the schedules attached as Exhibit A should be uniformly adopted for customers receiving service from SiEnergy:

³ The ALJ has not yet consolidated the rate case expense docket into OS-23-00013504. The Signatories anticipate that the requested consolidation will be granted.

Rate Schedule*	Customer Charge	Single Block Volumetric Charge
Residential	\$19.25	\$0.6511 per Ccf
General Service Small	\$42.50	\$0.6958 per Ccf

* Rates are applicable to customers taking service under both the incorporated and unincorporated area rate tariffs.

3. The Signatories agree that within 60 days of a Final Order approving the Unanimous Settlement Agreement, the Company will provide the following bill credits to resolve all issues related to the establishment of initial rates in all regulatory jurisdictions served by the Company. Each bill credit will be applied on a per-customer basis as one-time bill credit to each current residential customer in the following applicable regulatory jurisdiction and the Company will provide notice to each applicable regulatory authority within 14 days of completing the bill credits to customers:
 - a. A total aggregate credit of \$50,000 will be equally distributed to residential customers within the City of Mansfield as a uniform, one-time bill credit.
 - b. A total aggregate credit of \$44,233 will be equally distributed to residential customers within the City of Fort Worth as a uniform, one-time bill credit.
 - c. A total aggregate credit of \$6,851 will be equally distributed to residential customers within the unincorporated areas of SiEnergy's North Texas Service Area as a uniform, one-time bill credit.
4. SiEnergy agrees that it will notify relevant regulatory authorities and the Commission at least 60 days in advance of instituting initial rates that are different from rates approved in this docket.
5. SiEnergy agrees to timely file incorporated and unincorporated tariffs for initial rates with the relevant regulatory authorities and the Commission in accordance with 16 Tex. Admin. Code § 7.315.
6. The Signatories agree that a net plant amount of \$151,586,096 as of March 31, 2023, is prudent, used and useful, just and reasonable and appropriately included in the Company's rate base.
7. The Signatories agree that in addition to the net plant amount of \$151,586,096 referenced in Paragraph 6 of this Unanimous Settlement Agreement, SiEnergy is entitled to recover as part of the Company's next rate case an additional \$6,561,803 in net plant as of March 31, 2023, related to plant held for future use, as such amounts are not reflected in the net plant amount referenced in Paragraph 6 of this Unanimous Settlement Agreement. Signatories further agree that this amount is appropriate for recovery in the next rate case, subject to the Company providing evidence in that case that the plant is used and useful, connected to and capable of delivering gas to active customers, and prudent.
8. The Signatories agree that to the extent SiEnergy's future rate case filings include developer reimbursements or fees under a Natural Gas System Development Agreement or any other

similar agreement with a developer, the Company will specifically identify the amounts sought to be recovered in direct testimony, schedules, and workpapers to aid in the regulatory review of such costs.

9. The Signatories agree that the Company is entitled to recover its Winter Storm Uri regulatory asset in the amount of \$929,680 over a six (6) year amortization period.
10. The Signatories agree to the depreciation rates reflected in Exhibit C to this Unanimous Settlement Agreement.
11. The Signatories agree that it is not necessary to establish Interim Rate Adjustment (IRA) factors in this rate proceeding as SiEnergy will not utilize the provisions of Tex. Util. Code § 104.301 prior to its next Statement of Intent filing.
12. SiEnergy agrees that it will maintain historical records relating to its gas cost purchases for ten years or until the resolution of a subsequent Statement of Intent filing.
13. The Signatories agree that SiEnergy has fully satisfied all requirements set forth in Gas Utilities Docket (“GUD”) No. 10695 and Gas Utilities Accounting Order (February 27, 2018) and Order Nunc Pro Tunc (March 20, 2018) issued in GUD No. 10695, relating to Regulatory Accounting Related to Federal Income Tax Changes.
14. The Signatories agree that the Company has fully satisfied all requirements set forth in the Final Order in the Company’s last rate case, GUD No. 10679.
15. The Signatories agree that, unless and until Commission policy or rules regarding recovery of meals and hotels change, SiEnergy will adhere, for the purposes of rate recovery, to the Commission’s current limits of \$25.00 for meals, exclusive of tax and tip, and \$175.00 for hotels, exclusive of tax.
16. The Signatories agree that the September 10, 2019, equity transaction between RI SiEnergy Holdings, LLC, ORIX AM Investments, LLC, and SiEnergy’s original investors entities is in the public interest pursuant to Tex. Util. Code § 102.051 and that the Company is authorized to amortize the acquisition adjustment over a period of 33.63 years.
17. SiEnergy, Cities and the City of Princeton represent that their reasonable rate case expenses incurred through July 31, 2023, and estimated rate case expenses incurred through completion of this case, are as follows:

	Actual Cost Through July 31, 2023	Estimated Cost to Completion	TOTAL
SiEnergy	\$437,895.91	\$15,000.00	\$452,895.91
Cities	\$115,005.00	\$6,800.00	\$121,805.00
Princeton	\$68,838.50	\$6,500.00	\$75,338.50
Total Rate Case Expenses	\$621,739.41	\$28,300.00	\$650,039.41

18. Exhibit D to this Unanimous Settlement Agreement are the affidavits and invoices supporting the rate case expenses that SiEnergy, Cities and the City of Princeton seek to recover. These amounts will be supplemented with additional invoices as they are processed. The Signatories agree that the amounts represented above are reasonable and recoverable pursuant to Tex. Util. Code § 103.022. The Signatories agree that rate case expenses shall be recovered through a uniform volumetric surcharge and that the recovery period for the applicable surcharge to recover rate case expenses shall be thirty-six (36) months. The Signatories agree that the Commission should authorize recovery of the rate case expenses recited above in this proceeding and at the same time as it approves this Unanimous Settlement Agreement.
19. The Signatories agree that the Company will reimburse the City of Princeton and Cities in the respective amounts approved for rate case recovery within 30 days of the Commission's final order approving this Unanimous Settlement Agreement.
20. The Signatories agree that equal recovery of rate case expenses arising from this proceeding from all customers within all incorporated and unincorporated areas served by SiEnergy in Texas is appropriate and reasonable and that good cause exists to support equal recovery of rate case expenses from all customers within all incorporated and unincorporated areas served by SiEnergy for the following reasons:
 - a. SiEnergy Litigation and Estimated expenses: Good cause exists to recover SiEnergy litigation and estimated expenses equally from all customers, including customers within all incorporated and unincorporated areas served by SiEnergy in North, Central and South Texas. The intent of 16 Tex. Admin. Code § 7.5530(e) is to allocate rate case expenses to the participating parties according to which party caused the expenses to be incurred; therefore, it is reasonable to seek recovery of rate case expenses from all customers who benefit from the settlement agreement in this case, which includes all customers within all incorporated and unincorporated areas served by SiEnergy in North, Central and South Texas. Recovery of these expenses is also necessary in the interest of justice.
 - b. Cities Litigation and Estimated expenses: Good cause exists to recover Cities' litigation and estimated expenses equally from all customers, including customers within all incorporated and unincorporated areas served by SiEnergy in North, Central and South Texas, because the Cities' participation in OS-23-00013504 resulted in this Unanimous Settlement Agreement, which benefits all such customers, and doing so is necessary in the interest of justice.
 - c. City of Princeton Litigation and Estimated expenses: Good cause exists to recover the City of Princeton's litigation and estimated expenses equally from all customers, including customers within all incorporated and unincorporated areas served by SiEnergy in North, Central and South Texas, because the City of Princeton's participation in OS-23-00013504 resulted in this Unanimous Settlement Agreement, which benefits all such customers, and doing so is necessary in the interest of justice.

21. SiEnergy shall file annually a rate case expense compliance filing with the Railroad Commission of Texas, Oversight and Safety Division, referencing OS-23-00013504. The report shall include the amount of rate case expense recovered by month and the outstanding balance by month as set out in Rate Schedules Rate RCE-I and RCE-U. The Signatories agree to and propose the inclusion of the following Findings of Fact and Ordering Paragraph in the Final Order in this docket:
- a. Finding of Fact: It is reasonable that SiEnergy, Cities and the City of Princeton submit to Commission Staff invoices reflecting actual rate case expenses with sufficient detail so that Commission Staff can accurately audit such invoices for the purposes of reconciling actual rate case expenses to estimated rate case expenses. In no case shall the total actual expenses exceed the actual expenses submitted to the Commission as of July 31, 2023, plus the approved estimated expenses, totaling \$650,039.41.
 - b. Finding of Fact: It is reasonable that SiEnergy file an annual Rate Case Expense Compliance Filing with Commission Staff detailing the balance of actual plus estimated rate case expenses at the beginning of the annual period, the amount collected by customer class, and the ending or remaining balance within ninety (90) days after each calendar year end.
 - c. Ordering Paragraph: IT IS FURTHER ORDERED that SiEnergy file an annual Rate Case Expense Compliance Filing with Commission Staff detailing recovery of rate case expenses as described in Finding of Fact No. __ within ninety (90) days after each calendar year end until the calendar year end in which the rate case expenses are fully recovered.
22. The Signatories agree to and propose the inclusion of the following Ordering Paragraphs in the Final Order in this docket:
- a. Ordering Paragraph: IT IS FURTHER ORDERED that within 30 days of this Final Order, in accordance with 16 Tex. Admin. Code § 7.315 (Filing of Tariffs), SiEnergy shall electronically file its rate schedules in proper form that accurately reflect the rates in Attachment 1 approved in this Final Order. The tariffs shall incorporate rates, rate design, and service charges consistent with this Order, as stated in the findings of fact and conclusions of law and shown on the attached Schedules.
 - b. Ordering Paragraph: IT IS FURTHER ORDERED that any incremental change in rates approved by this Final Order and implemented by SiEnergy shall be subject to refund unless and until SiEnergy's tariffs are electronically filed and accepted by the Gas Services Department in accordance with 16 Tex. Admin. Code § 7.315.
 - c. Ordering Paragraph: IT IS FURTHER ORDERED that when instituting initial rates that are different from rates approved by this Final Order, SiEnergy shall notify the regulatory authority with original jurisdiction over the rates and the Commission at least 60 days in advance of instituting initial rates.

23. The Signatories agree that SiEnergy has met the affiliate standard under Tex. Util. Code § 104.055 with respect to all affiliate charges and the affiliate expenses included in the Statement of Intent, which is \$4,069,501, are just and reasonable and should be recovered in rates.
24. The Signatories agree to the admission of the following items, including any confidential portions:
 - a. the Statement of Intent to Increase Gas Utility Rates Within the Unincorporated Areas Served by SiEnergy, LP in North, Central and South Texas, filed on May 5, 2023, inclusive of all attachments, direct testimony and exhibits;
 - b. the Petition for Review from the rate action of the City of Princeton and related motion for consolidation filed on June 20, 2023 in Case No. 00014351;
 - c. the Affidavit of Ken Lynch attesting to provision of notice to all customers of SiEnergy, filed on July 19, 2023; and
 - d. the Unanimous Settlement Agreement, including all exhibits.
25. The Signatories agree to support and seek Commission approval of this Unanimous Settlement Agreement. The Signatories further agree to make all efforts to present the Commission with this Unanimous Settlement Agreement at either the August 22 or September 19, 2023 Commission Open Meeting.
26. Except as may be allowed under Rule 408 of the Texas Rules of Evidence, the Signatories agree that all negotiations, discussions, and conferences related to the Unanimous Settlement Agreement are privileged and inadmissible to prove the validity or invalidity of any issue raised by or presented in this proceeding.
27. The Signatories agree that neither this Unanimous Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used for any purpose other than as necessary to support the entry by the Commission of an order approving this Unanimous Settlement Agreement.
28. The Signatories agree that the terms of the Unanimous Settlement Agreement are interdependent and indivisible, and that if the Commission intends to enter an order that is inconsistent with this Unanimous Settlement Agreement, then any Signatory may withdraw without being deemed to have waived any procedural right or to have taken any substantive position on any fact or issue by virtue of that Signatory's entry into the Unanimous Settlement Agreement or its subsequent withdrawal and further agrees that SiEnergy's application to increase rates will be remanded for hearings.
29. The Signatories agree that this Unanimous Settlement Agreement is binding on each Signatory only for the purpose of settling the issues set forth herein and for no other purposes. The matters resolved herein are resolved on the basis of a compromise and settlement. Except to the extent the Unanimous Settlement Agreement governs a Signatory's rights and

obligations for future periods, this Unanimous Settlement Agreement shall not be binding or precedential upon a Signatory outside this proceeding. Each Signatory acknowledges that a Signatory's support of the matters contained in this Unanimous Settlement Agreement may differ from the position taken or testimony presented by it in other dockets or other jurisdictions. To the extent that there is a difference, a Signatory does not waive its position in any of those other dockets or jurisdictions. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Unanimous Settlement Agreement in other dockets or jurisdictions, regardless of whether other dockets present the same or a different set of circumstances, except as otherwise may be explicitly provided by this Unanimous Settlement Agreement. Agreement by the Signatories to any provision in this Unanimous Settlement Agreement will not be used against any Signatory in any future proceeding with respect to different positions that may be taken by that Signatory.

30. The provisions of this Unanimous Settlement Agreement are intended to relate to only the specific matters referred to herein. By agreeing to this Unanimous Settlement Agreement, no Signatory waives any claim it may otherwise have with respect to issues not expressly provided for herein. The Signatories further understand and agree that this Unanimous Settlement Agreement represents a negotiated settlement of all issues in this proceeding.
31. The Signatories agree that this Unanimous Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

Agreed to this 9th day of August 2023.

SIENERGY, LP

By: 
Ann M. Coffin
Attorney for SiEnergy, LP

CITIES SERVED BY SIENERGY

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Jamie L. Mauldin
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CITY OF PRINCETON

By: /s/Alfred R. Herrera w/permission CGA
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