

ORDINANCE NO. 1-2002

AN ORDINANCE OF THE CITY OF ABILENE, TEXAS FINDING, AFTER REASONABLE NOTICE AND HEARING, THAT TXU GAS DISTRIBUTION'S RATES AND CHARGES WITHIN THE CITY SHOULD BE CHANGED; DETERMINING JUST AND REASONABLE RATES; ADOPTING GENERAL SERVICE RATES INCLUDING RATE ADJUSTMENT PROVISIONS AND MISCELLANEOUS SERVICE CHARGES TO BE CHARGED FOR SALES AND TRANSPORTATION OF NATURAL GAS TO RESIDENTIAL, COMMERCIAL AND INDUSTRIAL CUSTOMERS; PROVIDING FOR RECOVERY OF RATE CASE EXPENSES; PRESERVING REGULATORY RIGHTS OF THE CITY; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES; PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City of Abilene ("City"), acting as a regulatory authority, has previously suspended the effective date of TXU Gas Distribution's ("Company") application to increase rates in the City in order to study the reasonableness of that application;

WHEREAS, the City of Abilene, in a reasonably noticed public hearing considered the Company's application, recommendations from the City's consultants who were retained to evaluate the merits of the Company's application and a settlement agreement negotiated with TXU Gas Distribution by City's representatives;

WHEREAS, the City has determined that the Company's rates within the City should be changed and that the Company's application should be granted, in part, and denied in part;

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS:

SECTION 1. On June 28, 2001, TXU Gas Distribution, a division of TXU Gas Company ("Company") filed with the Governing Body of this municipality a Statement of Intent to Change Residential, Commercial and Industrial Rates charged to consumers within this municipality. Also filed was the Tariff for Gas Service in the West Region Distribution System ("Tariff for Gas Service") and the supporting Cost of Service Schedules ("Schedules").

SECTION 2. That the existing rates and charges of TXU Gas Distribution are hereby found, after reasonable notice and hearing, to be unreasonable and shall be changed as hereinafter ordered. The changed rates resulting from this Ordinance are hereby determined to be just and reasonable rates to be observed and in force within the City.

SECTION 3. The Company has agreed to modify the rates proposed in its Statement of Intent and the modified rates are reflected in the revised Tariff for Gas Service attached hereto as Exhibit A.

SECTION 4. The maximum general service rates for sales and transportation of natural gas rendered to residential, commercial and industrial consumers within the city limits of Abilene, Texas by TXU Gas Distribution, a division of TXU Gas Company, a Texas corporation,

its successors and assigns, are hereby fixed and approved as set forth in the revised Tariff for Gas Service attached hereto as Exhibit A. The rates reflected in the attached Rate Schedules entitled Residential Service, Commercial Service, Industrial Sales, Industrial Transportation and Industrial Sales & Transportation are found to be reasonable. Nothing contained herein shall limit the right of industrial and transportation customers with competitive options to negotiate rates with the Company that differ from approved tariffs.

SECTION 5. The Rate Adjustment Provisions set forth in the revised Tariff for Gas Service attached hereto as Exhibit A and entitled Gas Cost Adjustment, Tax Adjustment, and Weather Normalization Adjustment are approved.

SECTION 6. The Company shall have the right to collect such reasonable charges as are necessary to conduct its business and to carry out its reasonable rules and regulations. Such miscellaneous service charges are identified in Rate Schedules 9001 through 9007 of the attached revised Tariff or Gas Service.

SECTION 7. Cities' rate case expenses are found to be reasonable and shall be reimbursed by the Company. The Company is authorized to recover the rate case expenses reimbursed to Cities and the Company's rate case expenses through a per Mcf surcharge based upon total system sales as set forth in the Rider entitled Surcharges in the attached revised Tariff for Gas Service. No rate case expenses incurred in this matter after February 15, 2002 may be recovered under this ordinance.

SECTION 8. The aforesaid rate schedules and riders herein approved shall be effective for bills rendered on or after approval of this Ordinance.

SECTION 9. The rates set forth in this Ordinance may be changed and amended by either the City or Company in any other manner provided by law. Service hereunder is subject to the orders of regulatory bodies having jurisdiction, and to the Company's Rules and Regulations currently on file with the City.

SECTION 10. If any other city in the West Region rate filing negotiates with TXU Gas Distribution, prior to an appeal to the Railroad Commission of Texas, a rate that is lower than the rates approved in this Ordinance, then the Company and the City agree that those same rates may be implemented in the City upon passage of an Ordinance implementing said rates.

SECTION 11. Unless otherwise noted herein, other than TXU Gas Distribution (a named party), no person or entity has been admitted as a party to this rate proceeding.

SECTION 12. It is hereby found and determined that said meeting at which this ordinance was passed was open to the public, as required by Texas law, and that advance public notice of the time, place and purpose of said meeting was given.

SECTION 13. This Ordinance shall be served on TXU Gas Distribution by U.S. Mail to the Company's authorized representative, Autry Warren, Rates Manager, TXU Business Services, 1601 Bryan Street, Dallas, Texas 75201-3411.

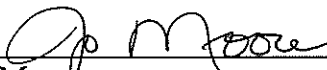
SECTION 14. Nothing contained in this Ordinance shall be construed now or hereafter in limiting or modifying, in any manner, the right and power of the City under law to regulate the rates and charges of TXU Gas Distribution.

SECTION 15. All ordinances, resolutions, or parts thereof, in conflict with this Ordinance are repealed to the extent of such conflict. To the extent Public Authority or Commercial Contract Rates are in effect in the city those rates are specifically repealed as they are now a part of the Commercial rates and are calculated in accordance with the revenue requirement for Commercial customers.

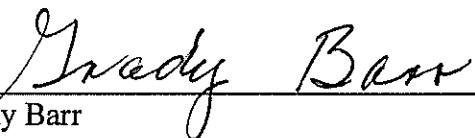
PASSED ON FIRST READING this 12th day of July, A. D. 2001.

PASSED ON SECOND AND FINAL READING this 10 day of January A. D. 2002.

ATTEST:

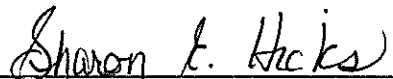


Jo Moore
City Secretary



Grady Barr
Mayor

APPROVED:



Sharon E. Hicks
City Attorney