

ORDINANCE NO. 37-1999

AN ORDINANCE OF THE CITY OF ABILENE, TEXAS FINDING, AFTER REASONABLE NOTICE AND HEARING, THAT TXU LONE STAR GAS COMPANY'S RATES AND CHARGES WITHIN THE CITY SHOULD BE CHANGED; DETERMINING JUST AND REASONABLE RATES; AUTHORIZING WEATHER NORMALIZATION ADJUSTMENT AND REJECTING PLANT INVESTMENT AND COST OF SERVICE AUTOMATIC ADJUSTMENT CLAUSES; APPROVING AN ADJUSTMENT FACTOR FOR FRANCHISE FEES; REQUIRING REFUNDS OF DELINQUENT NOTIFICATION CHARGES; REQUIRING REPORTING ON LOST AND UNACCOUNTED FOR GAS; ADOPTING A MOST FAVORED NATIONS CLAUSE; PROVIDING FOR RECOVERY OF RATE CASE EXPENSES; PRESERVING REGULATORY RIGHTS OF THE CITY; ORDERING THAT THIS ORDINANCE BE SERVED ON LONE STAR GAS COMPANY; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES.

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

WHEREAS, the City of Abilene, considered the Company's application and a report from the City's consultants who were retained to evaluate the merits of Lone Star's application in a reasonably noticed public meeting and held a public hearing during consideration of said rate increase;

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. That the existing rates and charges of Lone Star 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 as set forth in Exhibit A, which is incorporated herein. This ordinance also approves the continuation of service to school customers under the commercial rate set in Exhibit A. No other rate is available for service to public schools.

SECTION 2. That it is hereby ordered that Lone Star's rates (as set forth in Exhibit A) in the City be set on the basis of a 4.98% increase in overall system average revenues with a 3.7% increase in system average residential revenues and a 7.7% increase in system average commercial revenues on the Abilene Distribution System. Revenues from the City of Abilene are authorized to increase over test year levels, exclusive of increases in service charges, in the following manner: \$ 311,856 for residential customers and \$ 311,856 for commercial customers. The residential and commercial rates resulting from this Ordinance shall be adjusted upward or downward from a base per Mcf city gate rate set by the Railroad Commission of Texas by a Gas Cost Adjustment Factor or other gas cost recovery factor authorized by the Railroad Commission of Texas.

8  
The weather normalization clause proposed by Lone Star is reasonable and is hereby approved. Lone Star Gas Company shall annually report to the City Manager the effect of the weather normalization adjustment.

SECTION 3. That the Plant Investment and Cost of Service automatic adjustment clauses proposed by Lone Star are unreasonable and are specifically rejected. The Company is authorized to adjust monthly bills to include any municipal franchise fee or street and alley assessment now or hereafter in effect in this City.

SECTION 4. That the current residential and commercial monthly customer charges of \$8.00 and \$14.00 are reasonable and shall not be changed.

SECTION 5. That the miscellaneous service changes and line extension charges reflected in Exhibit A are reasonable and are hereby approved.

SECTION 6. The City of Abilene finds that Lone Star Gas erred in assessing and collecting delinquent notification charges totaling approximately \$33,855.50. Lone Star Gas has refunded the over-collections plus interest of 6%. Lone Star's proposal to refund approximately \$1.26 to each customer is reasonable and is hereby approved. Lone Star shall provide an accounting and reconciliation statement to the City of Abilene demonstrating that the refund has been accomplished.

SECTION 7. Lone Star shall investigate the level of lost and unaccounted for gas on the Abilene Distribution System. Lone Star shall report to the City the results of such investigation including the efforts of Lone Star to reduce the level of lost and unaccounted for gas.

SECTION 8. That approval of a most favored nations clause is reasonable and in the public interest and Lone Star is ordered to provide residents of the City of Abilene the benefits of any agreement or order applicable elsewhere in the Abilene Distribution System.

SECTION 9. Lone Star shall file with the City, no later than the effective date of the changed rates ordered herein, revised Tariffs and Schedules, together with rate design work papers and supporting data as requested, setting forth the rates, tariffs and changes based upon the increases and changes prescribed herein. Such Tariffs and Schedules may be modified or amended by the City Council to comply with the provisions of this Ordinance within twenty (20) days from the date of filing with the City, otherwise the same shall be considered approved as filed.

SECTION 10. That the fees and expenses associated with the City retaining counsel and consultants to investigate the Company's application are reasonable and are to be paid by Lone Star and recovered from ratepayers through a system-wide surcharge spread over a six month period. The Company shall provide a monthly accounting to the City showing, by months, the amount recovered through the surcharge.

SECTION 11. That the rate changes ordered herein become effective with gas bills rendered on and after 30 days from final date of passage of this ordinance.

SECTION 12. This Ordinance shall be served on Lone Star to the Company's authorized representative.

SECTION 13. That 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 Lone Star.

SECTION 14. All ordinances, resolutions, or parts thereof, in conflict with this Ordinance are repealed to the extent of such conflict.

SECTION 15. 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.

PASSED ON FIRST READING, this 22 day of April, 1999.

PASSED ON SECOND AND FINAL READING this 12 day of August, 1999.

ATTEST:

  
CITY SECRETARY

  
MAYOR

APPROVED:

  
CITY ATTORNEY

## EXHIBIT A

COMPANY: TXU LONE STAR GAS  
APPLICABLE TO: CITY OF ABILENE, TEXAS  
TYPE OF SERVICE: DISTRIBUTION SYSTEM RESIDENTIAL AND  
COMMERCIAL SALES AND SERVICE  
CHARGES  
EFFECTIVE DATE: SEPTEMBER 13, 1999

### ITEM A. RATES

Subject to applicable adjustments, the following rates are the maximum applicable to residential and commercial consumers per meter per month or for any part of a month for which gas service is available at the same location.

#### Residential:

Customer Charge		\$	8.0000
All Consumption	@		3.1511 Per Mcf

If the service period is less than 28 days in a month the customer charge is \$.2857 times the number of days service. If the consumption contains a portion of an Mcf, a prorata portion of the per Mcf charge will be made.

#### Commercial

Customer Charge		\$	14.0000
First 20 Mcf	@		3.7426 Per Mcf
Next 30 Mcf	@		3.4426 Per Mcf
Over 50 Mcf	@		3.2926 Per Mcf

If the service period is less than 28 days in a month the customer charge is \$.5000 times the number of days service. If the consumption contains a portion of an Mcf, a prorata portion of the per Mcf charge will be made.

Bills are due and payable when rendered and must be paid within fifteen days from monthly billing date.

#### Residential Off-Peak Sales Discount:

An off-peak sales discount of \$.25 per Mcf will apply to residential customers' volume purchased in excess of 8 Mcf for each of the billing months May through October.

### ITEM B. GAS COST ADJUSTMENT

Each monthly bill at the above rates shall be adjusted for gas cost as follows:

- (1) The city gate rate increase or decrease applicable to current billing month residential and commercial sales shall be estimated to the nearest \$0.0001 per Mcf based upon:
  - (a) The city gate rate estimated to be applicable to volumes purchased during the current calendar month, expressed to the nearest \$0.0001 per Mcf (shown below as "Re"), less
  - (b) The base city gate rate of \$2.7535 per Mcf, multiplied by
  - (c) A volume factor of 1.0088 determined in establishing the above rates for the distribution system as the ratio of adjusted purchased volumes divided by adjusted sales volumes.
- (2) Correction of the estimated adjustment determined by Item B (1) above for the second preceding billing month shall be included as part of the adjustment. The correcting factor (shown below as "C") shall be expressed to the nearest \$0.0001 per Mcf based upon:
  - (a) The corrected adjustment amount based upon the actual city gate rate, less
  - (b) The estimated adjustment amount billed under Item B (1) above, divided by
  - (c) Distribution system residential and commercial sales Mcf recorded on the Company's books during the prior year for the month that the correction is included as part of the adjustment.

In summary, the gas cost adjustment (GCA) shall be determined to the nearest \$0.0001 per Mcf by Item B (1) and Item B (2) as follows:

$$\text{GCA} = [\text{Item B (1)} + \text{Item B (2)}]$$

$$\text{GCA} = [(1.0088) (\text{Re} - \$2.7535) + \text{C}]$$

ITEM C. Weather Normalization Adjustment:

Effective with bills rendered during the October 1999 through May 2000 billing months, and annually thereafter for the October through May billing

months, the above residential and commercial consumption rates for gas service, as adjusted, shall be subject to a weather normalization adjustment each billing cycle to reflect the impact of variations in the actual heating degree days during the period included in the billing cycle from the normal level of heating degree days during the period included in the billing cycle. The weather normalization adjustment will be implemented on a per Mcf basis and will be applicable to the heating load of each customer during the period included in the billing cycle. It will be determined separately for residential and commercial customers based on heating degree data recorded by the Abilene weather station. The adjustment to be made for each billing cycle will be calculated according to the following formula:

$$WNA = \frac{NDD - ADD}{ADD} \times M \times AHL$$

Where: WNA = Weather normalization adjustment  
NDD = Normal heating degree days during the period covered by the billing cycle  
ADD = Actual heating degree days during the period covered by the billing cycle  
M = Weighted average margin per Mcf included in the commodity portion of the rates effective during the October through May billing months  
AHL = Actual heating load per customer

The heating load to which the weather normalization adjustment is to be applied for residential and commercial customers is determined by subtracting the base load for the customer from the total volume being billed to the customer. The base load of a customer is the average level of nonheating consumption.

The weather normalization adjustment is subject to a 50% limitation factor based on temperatures being fifty percent warmer or colder than normal. The weather normalization adjustment will be calculated to the nearest \$.0001 per Mcf.

#### ITEM D. TAX ADJUSTMENT

Each monthly bill, as adjusted above, shall be adjusted for municipal franchise fees (street and alley rental taxes) and the state gross receipts taxes imposed by Sections 182.021 - 182.024 of the Texas Tax Code. Each monthly bill, as adjusted above shall also be adjusted by an amount

equivalent to the proportionate part of any new tax, or any tax increase or decrease, or any increase or decrease of any other governmental imposition, rental fee, or charge (except state, county, city and special district ad valorem taxes and taxes on net income) levied, assessed or imposed subsequent to June 30, 1998, upon or allocated to the Company's distribution operations, by any new or amended law, ordinance or contract.

ITEM E. SCHEDULE OF SERVICE CHARGES

(1) Connection Charge

In addition to the charges and rates set out above, the Company shall charge and collect the sum of:

<u>Schedule</u>		<u>Charge</u>
Business Hours	\$	35.00
After Hours		52.50

For each reconnection of gas service where service has been discontinued at the same premises for any reason, for the initial inauguration of service, and for each inauguration of service when the billable party has changed, with the following exceptions:

- (a) For a builder who uses gas temporarily during construction or for display purposes.
- (b) Whenever gas service has been temporarily interrupted because of system outage or service work done by Company; or
- (c) For any reason deemed necessary for company operations.

(2) Read For Change Charge

A read for change charge of \$12.00 is made when it is necessary for a company employee to read the meter at a currently served location because of a change in the billable party.

(3) Returned Check Charges

A returned check handling charge of \$16.25 is made for each check returned to the Company for any reason.

(4) Delinquent Notification Charge

A charge of \$4.75 shall be made for each trip by a Company employee to a customer's residence or place of business when there is an amount owed to the Company that is past due. This charge shall not be made when the trip is required for safety investigations or when gas service has been temporarily interrupted because of system outage or service work done by Company.

ITEM F. MAIN LINE EXTENSION RATE

The charge for extending mains beyond the free limit established by Franchise for residential, commercial, and industrial customers shall be based on the actual cost per foot of the extension.