

AN ORDINANCE FIXING AND DETERMINING A GENERAL SERVICE RATE TO BE CHARGED FOR SALES OF NATURAL GAS TO RESIDENTIAL AND COMMERCIAL CONSUMERS IN THE CITY OF ANGUS, NAVARRO COUNTY, TEXAS; PROVIDING FOR THE MANNER IN WHICH SUCH RATE MAY BE CHANGED, ADJUSTED, AND AMENDED; APPROVING THE ELIMINATION OF THE RATE SCHEDULE FOR PUBLIC SCHOOLS-N AND COMMERCIAL CONTRACT PUBLIC SCHOOL RATE; PROVIDING FOR THE RECOVERY OF ANY CURRENT AND UNRECOVERED PRIOR RATE CASE EXPENSE; PROVIDING FOR A SCHEDULE OF SERVICE CHARGES; PROVIDING FOR A COST OF SERVICE ADJUSTMENT FACTOR AND PROVIDING FOR A MAIN LINE EXTENSION RATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ANGUS, TEXAS;

SECTION 1. Subject to the following provisos, effective with gas bills rendered on and after thirty (30) days from the final date of passage of this ordinance, the maximum general service rate for sales of natural gas rendered to residential and commercial consumers within the city limits of Angus, Texas by Lone Star Gas Company, a division of **ENSERCH CORPORATION**, a Texas Corporation, its successors and assigns, is hereby fixed and determined as set forth in Item A, in the Attachment hereto which is incorporated herein. This ordinance also approves the elimination of the Rate Schedule for Public Free Schools-N and Commercial contract Public School Rate and the placement of those customers receiving said rate on the commercial rate set forth in Item A in the attachment hereto.

PROVISO NO. (1): If this ordinance is finally passed and approved before the effective date stated in the Statement of Intent the new rates shall be effective with gas bills rendered on and after thirty (30) days from the final date of passage of this ordinance for the good cause of reducing regulatory lag.

PROVISO NO. (2): If this ordinance is finally passed and approved after a period of suspension, the new rates shall be billable immediately in order to reduce regulatory lag. This provision is an exercise of the regulatory authority's discretion to establish the effective date of rates at anytime after jurisdiction attaches, and its authority pursuant to State law to establish rates for any period of suspension.

SECTION 2. The residential and commercial rates set forth above shall be adjusted upward or downward from a base of \$4.0200 per Mcf by a Gas Cost Adjustment Factor expressed as an amount per thousand cubic feet (Mcf) of natural gas for changes in the intercompany city gate rate charge as authorized by the Railroad Commission of Texas or other regulatory body having jurisdiction for gas delivered to the Angus distribution system, according to Item B, in the Attachment hereto which is incorporated herein.

SECTION 3. Company shall also receive tax adjustments according to Item C, in the Attachment hereto which is incorporated, herein.

SECTION 4. The residential and commercial rates set forth shall be adjusted upward and downward by a Cost of Service Adjustment Factor expressed as an amount per customer for changes in the cost of service over a twelve month period ending December 31, according to Item E, in the attachment hereto which is incorporated herein.

SECTION 5. In addition to the aforesaid rates, 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 in effect. The charges set forth in Items F and G in the attachment hereto which is incorporated herein, are approved. Services for which no charge is set out may be performed and charged for by Company at a level established by the normal forces of competition.

SECTION 6. In addition to the aforesaid rate, Company is authorized to recover the current and any unrecovered prior rate case expense through a surcharge designed for a six-month nominal recovery period. The surcharge per Mcf will be calculated by dividing the rate case expense to be recovered by one-half of the adjusted annual sales volume to residential and commercial customers. The Company will provide monthly status reports to account for the collection.

SECTION 7. The rates set forth in this ordinance may be changed and amended by either the City or Company in the 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 in the Company's office.

SECTION 8. 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.

FINALLY PASSED AND APPROVED on this the **FIRST** and **FINAL** reading on this the 14 day of January, A. D., 1992

ATTEST:

Betty McCain
SECRETARY

Frank D. Hower
MAYOR

LONE STAR GAS COMPANY
TARIFFS & SCHEDULES

ITEM A. RATES

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:

\$ 8	Customer Charge		\$ 8.0000
4	All Consumption	@	4.3158 Per Mcf

If the service period is less than 28 days in a month the customer charge is \$0.2857 times the number of days service.

Commercial:

\$ 10	Customer Charge		\$ 10.5000
	First 20 Mcf	@	4.5593 Per Mcf
	Next 30 Mcf	@	4.2593 Per Mcf
	Over 50 Mcf	@	4.1093 Per Mcf

If the service period is less than 28 days in a month the customer charge is \$0.3750 times the number of days service.

Bills are due and payable when rendered and must be paid within ten 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) A volume factor of 1.0000 determined in establishing the above rates for the distribution system as the ratio of adjusted purchased volumes divided by adjusted sales volumes.

estimated (b) The city gate rate estimated to be applicable to the current volumes purchased during the current calendar month, expressed to the nearest \$0.0001 per Mcf (shown below as "Re").

(c) The base city gate rate of \$4.0200 per Mcf.

(2) Correction of the estimated adjustment determined by Item B (1) above shall be included as part of the adjustment for the second following billing month. 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.

(3) The adjustment determined by Item B (1) and Item B (2) above shall be multiplied by a tax factor of 1.02041 to include street and alley rental and state occupation tax due to increasing Company revenues under this gas cost adjustment provision.

In summary, the gas cost adjustment (GCA) shall be determined to the nearest \$0.0001 per Mcf by Item B (1), Item B (2) and Item B (3) as follows:

$$GCA = [Item B (1) + Item B (2)] \times Item B (3)$$

$$GCA = [(1.0000) (Re - \$4.0200) + C] \times 1.02041$$

ITEM C. TAX ADJUSTMENT

The tax adjustment shall be 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 July 1, 1991 upon or allocable to the Company's distribution operations, by any new or amended law, ordinance or contract.

ITEM D. WEATHER NORMALIZATION ADJUSTMENT:

Effective with bills rendered during the October 1992 through April 1993 billing months and annually thereafter for the October through April billing months, the above residential and commercial consumption rates for gas service shall be subject to a weather normalization adjustment to reflect the impact of monthly variations in the actual number of heating degree days from the normal level of heating degree days during the preceding billing months of October through April. The weather normalization adjustment will be implemented on a per Mcf basis. The adjustment will be determined separately for residential and commercial customers based on heating degree data recorded by the Corsicana weather station.

The dollars of margin overcollected or undercollected due to temperature variations will be calculated each month during the October through April billing months according to the following formula:

$$M = \frac{AHL (NDD-ADD) (TM) (AC)}{ADD}$$

Where: M = Margin dollars overcollected or undercollected due to weather
 AHL = Actual heating load per customer
 ADD = Actual heating degree days
 NDD = Normal heating degree days included in the determination of the above rates
 TM = Tailblock margin per Mcf in the above rates
 AC = Actual number of customers billed

The monthly overrecoveries and underrecoveries will be accumulated during the October through April billing months to determine the net margin dollars subject to the weather normalization adjustment. The weather normalization adjustment, to be implemented on a per Mcf basis over the succeeding October through April billing months, is calculated according to the following formula:

$$WNA = \frac{NM+PM}{PV}$$

Where: WNA = Weather normalization adjustment.
 NM = Net margin dollars during the preceding October through April billing months overrecovered or underrecovered due to temperature variations from normal.
 PM = Amount overrecovered or underrecovered through the operations of the WNA during the preceding October through April billing months.
 PV = Projected level of sales volume during the October through April billing months to which the WNA is to be applied. The projected level of sales volume will be the actual level during the preceding October through April billing months.

The weather normalization adjustment will be calculated to the nearest \$.0001 per Mcf and will be applied through the gas cost adjustment. The weather normalization adjustment will be removed if the pass through or recovery of the targeted level of margin dollars is achieved prior to the passage of the full October through April billing period.

ITEM E. COST OF SERVICE ADJUSTMENT:

The cost of service adjustment clause authorized in the rate ordinance dated June 10, 1986 will continue in effect as adjusted to reflect the application of the limitation factor based on changes in the Implicit Price Deflator of the Gross National Product to both increases and decreases in the cost of service per customer and the carry forward of any increase or decrease in excess of the amount allowed by the operation of the limitation factor to the next year, with the total adjustment for the next year subject to the limitation factor. Each monthly bill for residential and commercial gas service shall be adjusted according to the terms of the revised cost of service adjustment clause as follows:

- (1) Effective with bills rendered for the month of May 1993 and annually effective each May thereafter, the residential and commercial monthly rate shall be adjusted for increases or decreases in the cost per customer of providing gas service (including depreciation but excluding cost of gas, gross receipts taxes, income taxes, and return) for the previous year ended December 31 above or below such cost incurred in the second prior calendar year. These annual adjustments shall be cumulative. The operating expenses used in calculating the adjustments shall be for the applicable distribution system as reported to the Railroad Commission of Texas in the annual report of Lone Star Gas Company, a Division of ENSERCH Corporation. Should the percentage change in cost of service per customer of providing gas service plus or minus the effect of a carry forward from the prior year exceed the rate of change in the Implicit Price Deflator of the Gross National Product over the same period of time, the adjustment will be limited to a maximum change computed by multiplying the cost of service per customer of providing gas service in the second prior calendar year ended December 31 by the rate of change in the Implicit Price Deflator of the Gross National Product. Any change in the cost of service per customer of providing gas service subject to the above limitation shall be included in the determination of the cost of service adjustment to be effective in the succeeding May billing month, however the maximum percentage change for the succeeding year will continue to be limited to the percentage change in the Implicit Price Deflator of the Gross National Product. The adjustment per bill shall be rounded to the nearest whole cent.
- (2) The adjustment determined by (1) above shall be multiplied by

the same tax factor used in calculating the gas cost adjustment contained herein to include street and alley rental and state occupation tax due to the increasing or decreasing company revenues under this cost of service adjustment provision.

ITEM F. SCHEDULE OF SERVICE CHARGES

(1) Reconnect 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>
8 A.M. to 5 P.M. Monday through Friday	\$ 25.00
5 P.M. to 8 A.M. Monday through Friday	40.00
Saturdays, Sundays and Holidays	40.00

For each reconnection or reinauguration of gas service, where service has been discontinued at the same premises for any reason, with the following exceptions:

- (a) For a builder who uses gas temporarily during construction or for display purposes.
- (b) For the first occupant of the premises.
- (c) Whenever gas service has been temporarily interrupted because of system outage, service work or appliance installation done by Company: or
- (d) For any reason deemed necessary for Company operations.

(2) Returned Check Charges

A returned check handling charge of \$7.50 is made for each check returned to the Company for reasons of non-sufficient funds, account closed, payment withheld, invalid signature, or improper preparation.

(3) Collection Charge

A charge of \$7.00 shall be made for each instance when it is necessary for a company employee to go to a customer's residence or place of business in order to collect amounts owed the Company for gas service previously rendered. This charge shall not apply if service is terminated at the time of the collection action. This charge shall apply to only one trip on the same amount owed.

ITEM G. MAIN LINE EXTENSION RATE

The charge for extending mains beyond the free limit established by Lone Star Gas Company, or any free limit established by franchise, for bona fide residential customer shall be the lesser of: (a) the system-wide average cost of construction, including all overheads, for the prior fiscal year or (b) the adjusted actual cost as determined by applying the latest Handy-Whitman Index to the 1975 actual base cost of \$2.94. A bona fide residential customer uses gas for heating and water heating, or the equivalent load thereof, at a minimum. Residential customers other than bona fide residential customers shall pay actual cost for main line extensions beyond the free limit. The Company shall file the calculation of such charge with the city as soon as sufficient data is available each fiscal year. Extension to commercial and industrial customers shall be based on actual cost per foot.

STATE OF TEXAS

()

COUNTY OF NAVARRO

()

I, Betty McCain, Secretary of the City of Angus, Navarro County, Texas, hereby certify that the above and foregoing is a true and correct copy of an ordinance passed and approved by the City Council of the City of Angus at a Regular Meeting session held on the 14 day of January, 19 92, as it appears of record in the Minutes of said City Council in Book Minutes, page January Meeting 1992

WITNESS MY HAND AND SEAL OF SAID CITY, this the 14

th day of January, A.D. 19 92.

Betty McCain
Secretary
City of Angus, Texas

Betty McCain
Secretary
City of Angus, Texas