

ORDINANCE NO. 086-008

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS,
SUSPENDING THE OPERATION OF PROPOSED RATE SCHEDULES FILED BY LONE STAR GAS COMPANY FOR A PERIOD OF NINETY (90) DAYS BEYOND THE DATE ON WHICH SUCH SCHEDULES WOULD OTHERWISE GO INTO EFFECT.

WHEREAS, Lone Star Gas Company did on January 7, 1986, file a schedule of rates for gas service within the Town of Addison, Texas, to become effective February 12, 1986; and

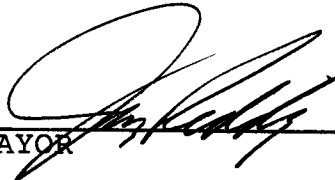
WHEREAS, after having heard the presentation of Lone Star Gas Company, it is the opinion of the City Council of the Town of Addison, Texas, that such schedule of rates should be suspended for a period of 90 days from February 12, 1986, for further study, investigation, presentation of evidence and public hearing; and

WHEREAS, a copy of this ordinance has been provided to Lone Star Gas Company prior to its consideration by the Town of Addison, Texas, now, therefore,


BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF
ADDISON, TEXAS:

SECTION 1. Pursuant to Section 5.08 of Article 1446e V.A.C.S. of the Public Utility Regulatory Act of 1975, the operation of Lone Star Gas Company, a division of Enserch Corporation, a Texas Corporation, proposed rate schedules filed with the Town of Addison, Texas, on January 7, 1986, is hereby suspended for a period of 90 days from February 12, 1986, for further study, investigation, presentation of evidence and public hearing.

DULY PASSED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, this the 28th day of January, 1986.


MAYOR

ATTEST:


CITY SECRETARY

January 28, 1986
EFFECTIVE DATE

ATTACHMENT TO ORDINANCE NO. 086-008

CITY OF ADDISON, TEXAS

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. Summer rates shall be applicable between the meter reading dates in May and October. Winter rates shall be applicable at all other times.

Residential:	<u>Winter</u>	<u>Summer</u>
Customer Charge	\$6.5000	\$4.5000
All Consumption @	5.0836 Per Mcf	4.7336 Per Mcf

If the service period is less than 28 days in the winter months, the winter customer charge is \$.2321 times the number of days service.

If the service period is less than 28 days in the summer months, the summer customer charge is \$.1607 times the number of days service.

Commercial:	<u>Winter</u>	<u>Summer</u>
Customer Charge	\$10.5000	\$6.5000
All Consumption @	5.0836 Per Mcf	4.7336 Per Mcf

If the service period is less than 28 days in the winter months, the winter customer charge is \$.3750 times the number of days service.

If the service period is less than 28 days in the summer months, the summer customer charge is \$.2321 times the number of days service.

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

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 1.0526 determined in establishing the above rates for the distribution system as the ratio of adjusted purchased volumes divided by adjusted sales volumes.
 - (b) 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").
 - (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 1.04365 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:

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

$$\text{GCA} = [(1.0526) (\text{Re} - \$4.0200) + \text{C}] \times 1.04365$$

Item C. Tax Adjustment

The tax adjustment shall be an amount equivalent to the proportionate part of any new tax, or increased tax, or 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, 1985, upon or allocable to the Company's distribution operations, by any new or amended law, ordinance or contract.

Item D. 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

as a reconnect charge for each reconnection or re-inauguration 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 E. 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 residential customers 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. 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.

STATEMENT OF INTENT TO CHANGE RESIDENTIAL AND COMMERCIAL RATES

TO THE CITY OF ADDISON:

COMES NOW Lone Star Gas Company, a Division of ENSERCH CORPORATION (Lone Star), a public utility under Article 6050 et. seq. V.A.C.S. and Article 1446e V.A.C.S., and files this its Statement of Intent to Change Residential and Commercial Rates in the City of Addison, Texas, under the provisions of Article 1446e, Section 5.08, V.A.C.S.

I.

Lone Star proposes to change its rates, and the details of the proposed changes in rates are as follows:

1. Name of Utility - Lone Star Gas Company
2. Description of Area Affected - City of Addison, Texas
3. Proposed Tariffs & Schedules:

- A. 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. Summer rates shall be applicable between the meter reading dates in May and October (five months). Winter rates shall be applicable at all other times.

Residential:	<u>Winter</u>	<u>Summer</u>
Customer Charge	\$6.5000	\$4.5000
All Consumption @	5.0836 Per Mcf	4.7336 Per Mcf

If the service period is less than 28 days in the winter months, the winter customer charge is \$.2321 times the number of days service.

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Customer Charge	\$10.5000	\$6.5000
All Consumption @	5.0836 Per Mcf	4.7336 Per Mcf

If the service period is less than 28 days in the winter months, the winter customer charge is \$.3750 times the number of days service.

If the service period is less than 28 days in the summer months, the summer customer charge is \$.2321 times the number of days service.

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

- 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 1.0526 determined in establishing the above rates for the distribution system as the ratio of adjusted purchased volumes divided by adjusted sales volumes.
 - (b) 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").
 - (c) The base city gate rate of \$4.0200 per Mcf.
- (2) Correction of the estimated adjustment determined by Item 3B (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 3B (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 3B (1) and Item 3B (2) above shall be multiplied by a tax factor of 1.04365 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 3B (1), Item 3B (2), and Item 3B (3) as follows:

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

$$GCA = [(1.0526) (\text{Re} - \$4.0200) + C] \times 1.04365$$

C. Tax Adjustment:

The tax adjustment shall be an amount equivalent to the proportionate part of any new tax, or increased tax, or 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 July 1, 1985, upon or allocable to the Company's distribution operations, by any new or amended law, ordinance or contract.

D. Rate Case Expense:

If rate case expense is incurred in this current case, it is the intention of Lone Star Gas Company 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 would 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. When a surcharge is applicable, monthly status reports will be provided to account for the collections.

E. The following service charges shall be applicable:

(1) Reconnect Charge	\$25.00
(2) Return Check Charge	7.50
(3) Collection Charge	7.00

4. Statement of Changes:

A. Monthly bill for Residential Customers using 6 Mcf, (City Gate Rate at \$4.0200):

<u>Winter</u>	<u>Present</u>		<u>Proposed</u>		<u>Increase</u>	
		<u>Summer</u>	<u>Winter</u>	<u>Summer</u>	<u>Winter</u>	<u>Summer</u>
\$34.11		\$32.61	\$37.00	\$32.90	\$ 2.89	\$.29

B. Monthly bill for Commercial Customers using 16 Mcf, (City Gate Rate at \$4.0200):

<u>Winter</u>	<u>Present</u>		<u>Proposed</u>		<u>Increase</u>	
		<u>Summer</u>	<u>Winter</u>	<u>Summer</u>	<u>Winter</u>	<u>Summer</u>
\$85.63		\$81.63	\$91.84	\$82.24	\$ 6.21	\$.61

- C. (1) The Reconnect Charge is to be increased from \$20.00 to \$25.00.
(2) The Returned Check Charge is to be increased from \$5.00 to \$7.50.
(3) The Collection Charge is \$7.00 when it is necessary to send a Company employee to a customer premises to collect amounts owed for gas service.

5. Effect of Proposed Changes:

Estimated total increase in annual revenue is \$130,903 or 4.73%, based upon Current Annual Revenue from Residential and Commercial Customers (Test Year ended 06 30 85) of \$2,765,873 and Estimated Annual Revenue under the proposed rates of \$2,896,776.

6. Class of Customers Affected:

Residential and Commercial

7. Number of Customers Affected:

1,275

8. Effective Date of Proposed Change:

February 12, 1986

9. The proposed change will not result in a major change as that term is defined in TEX.REV.CIV.STAT.ANN. Article 1446e, Section 5.08(b) V.A.C.S.

II.

Service or publication of required notice containing the information relative to this Statement of Intent shall be made in accordance with applicable statutes and rules.

THEREFORE, Lone Star Gas Company requests the City allows such new rates to become applicable for the City of Addison by operation of law or by ordinance granting it the authority to charge such rates.

Respectfully submitted,

LONE STAR GAS COMPANY, a Division
of ENSERCH CORPORATION

By Mary Jean McCarthy

Date Filed 1-7-86

LONE STAR GAS COMPANY
 CARROLLTON DISTRIBUTION SYSTEM
 RESIDENTIAL BILL COMPARISON*

<u>Monthly Consumption MCF</u>	<u>Bill At Present Rate</u>	<u>Bill At Proposed Rate</u>	<u>Amount Of Increase</u>
0	\$ 5.00	\$ 4.50	\$ (.50)
1	9.60	9.23	(.37)
2	14.20	13.97	(.23)
3	18.80	18.70	(.10)
4	23.41	23.43	.02
5	28.01	28.17	.16
6	32.61	32.90	.29
* *			
7	38.96	42.09	3.13
8	43.81	47.17	3.36
9	48.66	52.25	3.59
10	53.52	57.34	3.82
15	77.77	82.75	4.98
20	102.03	108.17	6.14
25	126.29	133.59	7.30
50	247.58	260.68	13.10
75	368.87	387.77	18.90
100	490.16	514.86	24.70

*Based on city gate rate of \$4.0200 per Mcf.

**Bill comparison uses the summer rate for 0-6 Mcf and the winter rate for 7-100 Mcf.

LONE STAR GAS COMPANY
 CARROLLTON DISTRIBUTION SYSTEM - TEST YEAR ENDED 06 30 85
 SUMMARY OF REVENUES, EXPENSES AND INCOME WITH PRESENT AND PROPOSED RATES

Line No.		Test Year Adjusted		BASIC BUSINESS FORMULA
		Present Rates (a)	Proposed Rates (b)	
1	<u>Operating Revenues</u>			
2	Residential Sales	9 819 146	10 392 897	
3	Commercial Sales	9 906 328	10 369 680	
4	Industrial & Public Auth. Sales	2 970 345	2 970 345	
5	Total Gas Sales Revenues	22 695 819	23 732 922	
6	Other Revenues-Service Charges, etc.	94 090	111 985	
7	Total Operating Revenues	22 789 909	23 844 907	REVENUE REQUIREMENT <u>\$23,844,907</u>
8	<u>Operating Expenses</u>			=
9	<u>Gas Purchased Expense</u>			
10	Purchased for Residential Sales	7 196 797	7 196 797	
11	Purchased for Commercial Sales	8 044 788	8 044 788	
12	Purchased for Ind. & P.A. Sales	2 710 671	2 710 671	
13	Purchased for Company Use	0	0	
14	Unaccounted-for Gas Purchased	970 577	970 577	
15	<u>Other Operation and Maintenance Expense</u>			+
16	Operation and Maintenance Labor	707 851	707 851	
17	Operation and Maintenance S & E	705 937	705 937	
18	Uncollectible Accounts	46 646	46 646	
19	<u>Taxes Other Than Income Taxes</u>			OTHER OPER. EXPENSES \$ 2,990,375
20	Property-Related Taxes	154 892	154 892	
21	Payroll-Related Taxes	57 119	57 119	
22	Revenue-Related Taxes	887 831	931 203	
23	Provision for Depreciation	333 508	333 508	
24	Interest on Customer Deposits	19 261	19 261	
25	Interest on Customer Advances	33 958	33 958	
26	Total Operating Expenses Before FIT	21 869 836	21 913 208	+
27	Net Operating Income Before FIT	920 073	1 931 699	
28	Federal Income Taxes	239 123	704 471	FEDERAL INCOME TAX \$ 704,471
29	Net Operating Income/Return	680 950	1 227 228	+
30	Percent Return on Adjusted Value Rate Base	5.89%	10.62%	TOTAL <u>\$23,844,907</u>