

**TOWN OF ADDISON, TEXAS**

**ORDINANCE NO. 098-050**

**AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS  
REVISING AND ESTABLISHING THE RATES, TARIFFS,  
AND CHARGES OF LONE STAR GAS COMPANY IN THE  
TOWN; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, on or about July 10, 1998 Lone Star Gas Company filed with the Town of Addison, Texas (the "City") a Statement of Intent to increase gas utility rates to be charged within the City; and

**WHEREAS**, the City by ordinance and pursuant to law suspended the effective date of the proposed increase for a period of time authorized by law; and

**WHEREAS**, following reasonable notice and the holding of a public hearing, and after considering the information submitted at the public hearing and all other relevant information and materials, the City finds that the rates of Lone Star Gas Company should be adjusted and established as set forth herein. Now, therefore,

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

Section 1. The rates, tariffs, and charges for Lone Star Gas Company for gas sold within the Town of Addison, Texas (the "City") shall be and are hereby revised to, established, and determined as set forth in Exhibit A attached hereto and incorporated herein by this reference. Such schedules of rates, tariffs and charges as are approved in accordance with this Ordinance are those under which Lone Star Gas Company shall be authorized to render gas service and to collect charges from its customers for the sale of gas service and energy within the corporate limits of the City until such time as those rate schedules may be modified, amended, or withdrawn with the approval of the City Council.

Section 2. The rates, tariffs, and charges approved by this Ordinance fix and establish the overall revenues of Lone Star Gas Company at a level which will permit Lone Star Gas Company a reasonable opportunity to earn a reasonable return on both its original and adjusted value invested capital used and useful in rendering service to the public in excess of Lone Star Gas Company's reasonable and necessary operating expenses. The rates approved hereby are just and reasonable.

Section 3. The rates, tariffs, and charges approved by this Ordinance shall be effective with the Lone Star Gas Company gas bills rendered on and after the effective date of this Ordinance, and shall be charged and observed thereafter until revised in accordance with law.

Section 4. Pursuant to Section 103.022 of the Texas Utilities Code, Lone Star Gas Company shall reimburse the City its reasonable costs incurred in connection with Lone Star Gas

Company's Statement of Intent to increase gas utility rates to be charged within the City, including but not limited to the City's reasonable costs of participation in any appeal of this rate case.

Section 5. Any Lone Star Gas Company request for modification of existing rates, tariffs, or schedules not specifically addressed herein is hereby denied, including, without limitation, Lone Star Gas Company's request for a cost of service adjustment and for a plant investment cost adjustment. Additionally, this Ordinance does not authorize or approve of any rate, tariff, schedule or surcharge that is not distributed proportionately throughout the Carrollton Distribution System (of which the City is a part).

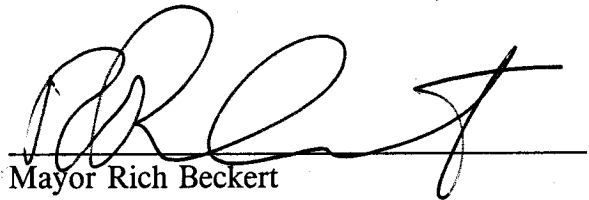
Section 6. The action of the City Council enacting this Ordinance constitutes, on the date of its passage, a final determination of rates for Lone Star Gas Company within the City in accordance with the Texas Utilities Code.

Section 7. Nothing contained in this Ordinance shall be construed as limiting or modifying in any respect the right and power of the City to regulate rates and charges of Lone Star Gas Company and the use of the streets and other public rights-of-way of the City by Lone Star Gas Company.

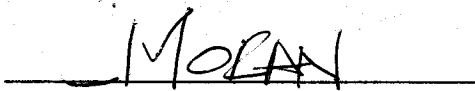
Section 8. Nothing contained in this Ordinance shall be construed as limiting or modifying in any respect any contractual agreement between Lone Star Gas Company and any of its customers.

Section 9. This Ordinance shall be and become effective immediately upon its passage and approval.

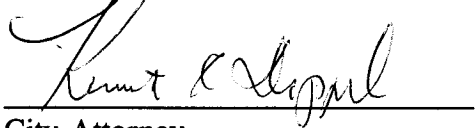
**PASSED AND APPROVED** by the City Council of the Town of Addison, Texas this 24th day of November, 1998.

  
\_\_\_\_\_  
Mayor Rich Beckert  
Town of Addison, Texas

ATTEST:

  
\_\_\_\_\_  
City Secretary  
Town of Addison, Texas

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney  
Town of Addison, Texas

**EXHIBIT "A" TO ORDINANCE NO. 98-050  
TOWN OF ADDISON, TEXAS**

**LONE STAR GAS COMPANY (THE "COMPANY")  
TARIFFS AND SCHEDULES**

**ITEM A. RATES**

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

**Residential:**

Customer Charge	\$5.00
All Consumption @	3.8299 per Mcf

If the service period is less than 28 days in a month the customer charge is \$0.1786 times the number of days of service. If the consumption contains a portion of an Mcf, a prorata portion of the per Mcf charge will be made.

**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.

**Commercial:**

Customer Charge	\$10.00
First 20 Mcf @	4.0856 per Mcf
Next 30 Mcf @	3.7857 per Mcf
Over 50 Mcf @	3.6356 per Mcf

If the service period is less than 28 days in a month the customer charge is \$0.3571 times the number of days of 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 with fifteen (15) days from the monthly billing date.

**Public Schools:**

The following rates are applicable and shall be charged for gas sold under the terms of the respective contracts:

I. Commercial Contract Public School Rate:	
First 150 Mcf @	\$1.71 per Mcf
Over 150 Mcf @	\$1.66 per Mcf

The minimum monthly bill will be \$10.00 per meter installation.

- II. Public Free Schools - N Rate:
- |                 |                |
|-----------------|----------------|
| First 150 Mcf @ | \$1.61 per Mcf |
| Over 150 Mcf @  | \$1.56 per Mcf |

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

These rates are based upon the delivery of gas having an average total heat value of 1,000 British thermal units per cubic foot. Should the average total heating value of gas delivered in any monthly period be more or less than 1,000 British thermal units per cubic foot, the measured volume for such period shall be increased or decreased, respectively, in the percentage by which the average heating value of such gas is greater or less than 1,000 British thermal units per cubic foot. The monthly average total heating value of the gas at a pressure of four ounces plus 14.4 pounds per square inch and at a temperature of 60 degrees Fahrenheit shall be determined at Company's expense by the use of standard tests or the use of recording calorimeters.

The foregoing rates are based upon a weighted average cost of gas purchased by Lone Star Gas Company of \$1.00 per 1,000 cubic feet (Mcf) based on a pressure of four ounces per square inch above an assumed atmospheric pressure 14.4 pounds per square inch and at a temperature of 60 degrees Fahrenheit. The "weighted average cost of gas purchased," as used herein, shall be computed by dividing the total amount paid or accrued by Company (as reflected by Company's Gas Purchase Accounts), including any production, severance, dedication or gathering tax paid to producers, processors, transporters, or other sellers of gas in the latest available fiscal month by the total volume of pipeline quality gas in Mcf purchased by Company during said periods.

Whenever the weighted average cost of gas purchased is more or less than \$1.00 per Mcf, the amount billed under this schedule shall be increased or decreased by the amount of such difference multiplied by the consumption in Mcf, without adjustment for heating value. In applying the gas cost adjustment clause, the adjustment shall be computed to the nearest one-hundredth of one cent.

Company, from time to time, may be required by the terms of a gas purchase contract (including an agreed settlement of a disputed claim) or by a determination of a regulatory body or court to make additional payments with respect to gas previously purchased by Company. In such case, appropriate adjustments to compensate therefor shall be made in the price payable for gas hereunder as soon as practicable after the time of such payment so that Customer shall bear a proportionate part of any such payment which has not been previously included in the weighted cost of

gas purchase as defined above.

Customer shall pay Company an amount equivalent to a proportionate part of all taxes or rentals which now are or which may be levied, charged or imposed by any governmental body under authority of any law, ordinance or contract for the use of the public streets, alleys and thoroughfares in the conduct of Company's business, or because of company's occupation; and Customer shall pay Company an amount equivalent to a proportionate part of any new tax or increased tax or any other governmental imposition, rental, fee or charge levied or charged after July 1, 1976, (except state, county, city, and special district ad valorem taxes, taxes on net income and any production or similar tax included in the weighted average cost of gas as provided in the gas cost adjustment clause).

#### **ITEM B. GAS COST ADJUSTMENT**

Each monthly residential and commercial 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 1.0390 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.

3. The adjustment determined by Item B.1 and Item B.2 above shall be multiplied by a tax factor of 1.06146 to include street and alley rental and state occupation tax due to the change in 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:

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

$$\text{GCA} = [(1.0390)(\text{Re} - 2.7535) + \text{C}] \times 1.06146$$

**ITEM C. WEATHER NORMALIZATION ADJUSTMENT**

Effective with bills rendered during the December 1998 through May 1999 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 D/FW Airport weather station. The adjustment to be made for each billing cycle will be calculated according to the following formula:

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

- 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 customers is determined by subtracting the residential class base load from the total volume being billed to the customer. The heating load to which the weather normalization adjustment is to be applied for 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 \$0.0001 per Mcf.

**ITEM D. TAX ADJUSTMENT**

Each monthly bill, as adjusted above, shall be adjusted by an amount equivalent to the proportionate part of any new tax, or any tax increase or decrease (except state, county, city and special district ad valorem taxes and taxes on net income) levied, assessed or imposed subsequent to November 30, 1998 or allocable to the Company's distribution operations by any new 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>
8 A.M. to 5 P.M. Monday through Friday	\$35.00
5 P.M. to 8 A.M. Monday through Friday	\$52.50
Saturdays, Sundays and holidays	\$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, with the following exceptions:

- a. For a building 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 the Company; or
- c. For any reason deemed necessary for Company operations.

2. Returned Check Charger

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

3. Read for Change Charge

A read for change charge of \$12.00 should be charged and collected 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.

4. Collection 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 the 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 upon the actual cost per foot of the extension.



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