ORDINANCE NO. 3509

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MESOUITE, 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 GENERAL SERVICE RATES: ADOPTING 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 A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Mesquite ("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; and

WHEREAS, the City, or a consultant retained by the City, evaluated the merits of the Company's application; and

WHEREAS, the City in a reasonably noticed public meeting considered this ordinance; and

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 MESQUITE, TEXAS:

SECTION 1. That on March 1, 2002, 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 North Texas Metroplex 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 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 of Mesquite ("City").

SECTION 3. That 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. That the maximum general service rates for sales and transportation of natural gas rendered to residential, commercial and industrial consumers within the city limits of Mesquite, 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.
- <u>SECTION 5.</u> That all electric generation customers are included as Industrial Transportation customers under the applicable transportation rate schedule.
- <u>SECTION 6.</u> That the Rate Adjustment and Surcharge Provisions set forth in the revised Tariff for Gas Service attached hereto as Exhibit "A" and entitled Gas Cost Adjustment, and Tax Adjustment, are approved.
- SECTION 7. That 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 Schedule 9001 through 9008 of the attached revised Tariff for Gas Service.
- SECTION 8. That Mesquite's 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 Mesquite and the Company's rate case expenses through a per Mcf surcharge as set forth in the Rider entitled Surcharges in the attached revised Tariff for Gas Service.
- <u>SECTION 9.</u> That the aforesaid rate schedules and riders herein approved shall be effective for bills rendered on or after approval of this ordinance after its second and final reading.
- SECTION 10. That 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 11. That 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. That 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. That 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. 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 TXU Gas Distribution.

SECTION 15. That all ordinances, resolutions or parts thereof in conflict with this ordinance are repealed to the extent of such conflict. Examples of such ordinances or resolutions that are deemed repealed are all ordinances or resolutions concerning Military Rates-N, Cost of Service Adjustments, Plant Investment Cost Adjustments and Weather Normalization Adjustments. To the extent Public Authority Rates, Commercial Contract Rates or Military Rates-N 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.

SECTION 16. That should any word, sentence, clause, paragraph or provision of this ordinance be held to be invalid or unconstitutional, the validity of the remaining provisions of this ordinance shall not be affected and shall remain in full force and effect.

SECTION 17. That the rate schedules included in the Tariff for Gas Service supercede and replace all other tariffed services provided by TXU Gas Distribution except as expressly contained within the Tariff for Gas Service.

DULY PASSED AND APPROVED on first reading by the City Council of the City of Mesquite, Texas, on the 1st day of July, 2002.

DULY PASSED AND APPROVED on second and final reading by the City Council of the City of Mesquite, Texas, on the 15th day July, 2002.

Mike Anderson

Mayor

ATTEST:

APPROVED:

Ellen Williams City Secretary

City Attorney



TARIFF FOR GAS SERVICE

IN THE

NORTH TEXAS METROPLEX DISTRIBUTION SYSTEM

TXU GAS DISTRIBUTION

RATE SCHEDULE:	Index of Rates	No. 4600
APPLICABLE TO:	See List of Applicable Cities Below	REVISION: 0 DATE: PAGE: 1 of 3

INDEX OF RATES & LIST OF APPLICABLE CITIES

RATES:

4601 Residential Service

4602 Commercial Service

4611 - 4613 Industrial Sales

4614 Industrial Transportation

4621 Industrial Sales and Transportation

RATE ADJUSTMENT PROVISIONS:

8011 Gas Cost Adjustment

8012 Tax & Franchise Fee Adjustment

8013 Surcharges

MISCELLANEOUS SERVICE CHARGES:

9001 **Connection Charge** 9002 Read for Change Charge 9003 **Returned Check Charges** 9004 **Delinquent Notification Charge** 9005 Main Line Extension Rate 9006 **Excess Flow Valve Charge** 9007 Certain Stand-by Gas Generators **Temporary Discontinuance of Service** 9008

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TXU Gas Distribution

RATE SCHEDULE:	Index of Rates	No. 4600
APPLICABLE TO:	See List of Applicable Cities Below	REVISION: 0 DATE: PAGE: 2 of 3

LIST OF APPLICABLE CITIES:

Addison

Allen

Anna

Argyle

Arlington

Aubrey

Balch Springs

Bedford

Blue Ridge

Carrollton

Cedar Hill

Celina

Colleyville

Coppell

Copper Canyon

Corinth

Corral City

Cross Roads

Dalworthington Gardens

Denton

DeSoto

Double Oak

Duncanville

Euless

Fairview

Farmers Branch

Farmersville

Fate

Flower Mound

Frisco

Garland

Glenn Heights

Grand Prairie

Grapevine

Heath

Hickory Creek

Highland Village

Hurst

Hutchins

Irving

Josephine

Justin

Keller

Krum

Lake Dallas

Lancaster

Lavon

Lewisville

Lincoln Park

Little Elm

RATE SCHEDULE:	Index of Rates	No. 4600
APPLICABLE TO:	See List of Applicable Cities Below	REVISION: 0 DATE: PAGE: 3 of 3

Mansfield

Marshall Creek

McKinney

Melissa

Mesquite

Mobile City

Murphy

Nevada

Northlake

Ovilla

Pantego

Parker

Pilot Point

Plano

Ponder

Princeton

Prosper

Richardson

Roanoke

Rockwall

Rowlett

Royse City

Sachse

Sanger

Seagoville

Shady Shores

Southlake

Sunnyvale

The Colony

Trophy Club

Westlake

Westminster

Wilmer

Wylie

RATE SCHEDULE:	Residential Service	No. 4601
APPLICABLE TO:		REVISION: 0 DATE:
EFFECTIVE DATE:		PAGE: 1 OF 1

RESIDENTIAL SERVICE

Monthly Rate:

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

Customer Charge (Minimum Bill)

\$ 8.0000

All Consumption

@ 1.0171 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.

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

OTHER APPLICABLE RATE SCHEDULES

Rate Adjustment Provisions:

8011 Gas Cost Adjustment

8012 Tax & Franchise Fee Adjustment

8013 Surcharges

Miscellaneous/Service Charges:

9001	Connection Charge
9002	Read for Change Charge
9003	Returned Check Charges
9004	Delinquent Notification Charge
9005	Main Line Extension Rate
9006	Excess Flow Valve Charge
9007	Certain Stand-By Gas Generators
9008	Temporary Discontinuance of Service Charge

RATE SCHEDULE:	Commercial Service	No. 4602
APPLICABLE TO:		REVISION: 0 DATE:
EFFECTIVE DATE:		PAGE: 1 OF 1

COMMERCIAL SERVICE

Monthly Rate:

Customer Charge (Minimum Bill)	\$	14.7500
First 30 Mcf	@	0.9169 Per Mcf
Next 320 Mcf Over 350 Mcf	@ @	0.8203 Per Mcf 0.7548 Per Mcf
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If the service period is less than 28 days in a month the customer charge is \$.5268 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.

OTHER APPLICABLE RATE SCHEDULES

Rate Adjustment Provisions:

8011	Gas Cost Adjustment
8012	Tax & Franchise Fee Adjustment
8013	Surcharges

Miscellaneous/Service Charges:

9001	Connection Charge
9002	Read for Change Charge
9003	Returned Check Charges
9004	Delinquent Notification Charge
9005	Main Line Extension Rate
9006	Excess Flow Valve Charge
9007	Certain Stand-By Gas Generators
9008	Temporary Discontinuance of Service Charge

RATE SCHEDULE:	Industrial Sales	Nos. 4611 thru 4613
APPLICABLE TO:		REVISION: 0 DATE:
EFFECTIVE DATE:		PAGE: 1 OF 2

INDUSTRIAL SALES

Monthly Rates:

The following rate schedules are hereby amended or superseded as follows:

Rate Schedule Nos.

48-N	Industrial Rates-N -Texas (Amended)
3251	Industrial Rates-NRKWL - Rockwall (Amended)
3291	Industrial Rates-NNEMETRO - Northeast Metro (Amended)
4111-4113	Industrial Sales - Corinth / Lincoln Park (Superseded)
4121-4123	Industrial Sales - Northwest Metro / Mid Cities Distribution System (Superseded)
4211-4213	Industrial Sales - East Region Distribution System (Superseded)

Subject to Company's limitations on the availability of each rate, Customer shall receive service under its choice of one of the following rates in accordance with the rate selected by Customer as provided in the contract:

	RATE 4611	
First	125 Mcf or less	\$ 325.00
All over	125 Mcf @	\$ 2.050 per Mcf
	RATE 4612	
First	600 Mcf or less	\$ 800.00
All over	600 Mcf @	\$ 1.920 per Mcf
	RATE 4613	
First	1,250 Mcf or less	\$ 1,450.00
All over	1,250 Mcf @	\$ 1.720 per Mcf

In all other respects, the above listed amended rate schedules remain in effect as filed with the Cities in the North Texas Metroplex Distribution System. 100% of the increase in industrial margin is to accrue to the benefit of TXU Gas Distribution.

The above listed rates are closed to new customers as of the effective date of this rate schedule. Current customers taking service pursuant to this rate schedule will no longer be eligible for this service upon contract termination. Current customers may convert their existing contract to new Rate Schedule No. 4621. When the final contract subject to this rate expires or is terminated, this rate schedule will be cancelled.

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Tariff for Gas Service-North Texas Metroplex Distribution System

TXU Gas Distribution

RATE SCHEDULE:	Industrial Sales	Nos. 4611 thru 4613
APPLICABLE TO:		REVISION: 0 DATE:
EFFECTIVE DATE:		PAGE: 2 OF 2

APPLICABLE RATE SCHEDULES:

Rate Adjustment Provisions:

8012 Tax & Franchise Fee Adjustment 8013 Surcharges

RATE SCHEDULE:	Industrial Transportation	No. 4614
APPLICABLE TO:		REVISION: 0 DATE:
EFFECTIVE DATE:		PAGE: 1 OF 1

INDUSTRIAL TRANSPORTATION

Monthly Rates:

The fee for industrial transportation service on the North Texas Metroplex Distribution System is \$1.029 per MMBTU delivered plus applicable taxes exclusive of the backup fee.

The above transportation fees include both the fees incurred to move the gas from the receipt point on the transmission system to the city gate and the fee incurred to move the gas from the city gate to the customer's facility.

If the fees for transportation service on the transmission system change, the above fee will be adjusted to reflect the overall transportation rate charged to customers.

For Industrial Transportation customers, the quantity of transportation gas received into the Company's distribution system for the customer's account will be reduced by the Company's current lost and unaccounted-for-gas percentage as reflected in the volume factor on Rate Schedule No. 8011.

100% of the increase in transportation fees incurred to move the gas from the city gate to the customer's facility is to accrue to the benefit of TXU Gas Distribution.

This rate schedule is closed to new customers as of the effective date of this rate schedule. Current customers taking service pursuant to this rate schedule will no longer be eligible for this service upon contract termination. Current customers may convert their existing contract to new Rate Schedule No. 4621. When the final contract subject to this rate schedule expires or is terminated, Rate Schedule No. 4614 will be cancelled.

APPLICABLE RATE SCHEDULES:

Rate Adjustment Provisions:

8012 Tax & Franchise Fee Adjustment

8013 Surcharges

RATE SCHEDULE:	Industrial Sales & Transportation	No. 4621	
APPLICABLE TO:		REVISION: 0 DATE:	
EFFECTIVE DATE:		PAGE: 1 OF 2	

INDUSTRIAL SALES AND TRANSPORTATION

Monthly Rates:

RATE 4621- S (SALES)		
Customer Charge (Minimum Bill)	\$200.00 per meter	
Btu transported per month	Rate/MMBtu	
First 1,500 MMBtu	\$0.5487	
Next 3,500 MMBtu	\$0.5019	
Next 45,000 MMBtu	\$0.4457	
Over 50,000 MMBtu	\$0.1801	

RATE 4621-T (TRANSPORTATION)		
Customer Charge (Minimum Bill)	\$200.00 per meter	
Btu transported per month	Rate/MMBtu	
First 1,500 MMBtu	\$0.5487	
Next 3,500 MMBtu	\$0.5019	
Next 45,000 MMBtu	\$0.4457	
Over 50,000 MMBtu	\$0.1801	

Availability:

Availability is subject to Texas Utilities Code (TUC) Section 104.003(b). In the absence of TUC Section 104.003(b) rates, the rates shown in this rate schedule are available to industrial customers. Rate 4621-S (Sales) is not available to electric generation customers.

Adjustment for Gas Cost:

Each industrial customer receiving sales service under this rate schedule shall pay the Company's cost of gas plus applicable transportation, storage, and other costs incurred to acquire the gas and move it to the city gate on a per MMBtu basis.

The above gas cost will be adjusted by multiplying it by the volume factor referenced in Rate Schedule No. 8011.

Retention:

For Industrial Transportation customers, the quantity of transportation gas received into the Company's distribution system for the customer's account will be reduced by the Company's current lost and unaccounted-for-gas percentage as reflected in the volume factor on Rate Schedule No. 8011.

TXU Gas Distribution

RATE SCHEDULE:	Industrial Sales & Transportation	No. 4621
APPLICABLE TO:		REVISION: 0 DATE:
EFFECTIVE DATE:		PAGE: 2 OF 2

APPLICABLE RATE SCHEDULES:

Rate Adjustment Provisions:

8012 Tax & Franchise Fee Adjustment

8013 Surcharges

TXU Gas Distribution

RATE SCHEDULE:	Gas Cost Adjustment	No. 8011
APPLICABLE TO:		REVISION: 0 DATE:
EFFECTIVE DATE:		PAGE: 1 OF 1

GAS COST ADJUSTMENT

Each monthly bill shall be adjusted for gas cost as follows:

- (1) The city gate rate applicable to current billing month sales shall be calculated to the nearest \$0.0001 per Mcf based upon:
 - (a) A volume factor of 1.0273 determined in establishing the above rate for the distribution system as the ratio of adjusted purchased volumes divided by adjusted sales volumes. Said factor shall be adjusted annually following determination of the actual lost and unaccounted for gas percentage based upon year ended June 30.
 - (b) The city gate rate applicable to volumes purchased during the current calendar month, expressed to the nearest \$0.0001 per Mcf (shown below as "CGR")

In summary, the gas cost adjustment (GCA) shall be determined to the nearest \$0.0001 per Mcf as follows:

 $GCA = 1.0273 \times CGR$

TXU Gas Distribution

RATE SCHEDULE:	Tax & Franchise Fee Adjustment	No. 8012
APPLICABLE TO:		REVISION: 0 DATE:
EFFECTIVE DATE:		PAGE: 1 OF 1

TAX & FRANCHISE FEE ADJUSTMENT

For customers inside the city limits of an incorporated city, each monthly billing, as adjusted, shall be adjusted for municipal franchise fees (street and alley rental assessments) and the state gross receipts taxes imposed by Sections 182.021 - 182.025 of the Texas Tax Code. Municipal franchise fees are determined by each city's franchise ordinance. Each city's franchise ordinance will specify the percentage and applicability of franchise fees.

Each monthly bill, as adjusted, 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 September 30, 2001, upon or allocated to the Company's distribution operations, by any new or amended law, ordinance or contract.

Municipal franchise fees (street and alley rental assessments) and the state gross receipts taxes imposed by Sections 182.021 - 182.025 of the Texas Tax Code shall continue to be collected pursuant to individual industrial contracts.

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Tariff for Gas Service-North Texas Metroplex Distribution System

TXU Gas Distribution

RIDER:	Surcharges	No. 8013
APPLICABLE TO:		REVISION: 0 DATE:
EFFECTIVE DATE:		PAGE: 1 OF 1

SURCHARGES

Rate Case Expense Surcharge:

Rate case expenses will be recovered 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, commercial, Industrial Sales, and Industrial Transportation customers.

Other Surcharges:

TXU Gas Distribution will recover other surcharges as authorized by the relevant municipality, the Railroad Commission of Texas or the Texas Utilities Code.

TXU Gas Distribution

RATE SCHEDULE:	Miscellaneous Service Charges	Nos. 9001 thru 9008
APPLICABLE TO:	As Referenced	REVISION: 0
EFFECTIVE DATE:	As Referenced	PAGE: 1 OF 2

MISCELLANEOUS SERVICE CHARGES:

9001 Connection Charge

(Residential & Commercial)

The following connection charges apply:

Schedule	Charge
Business Hours After Hours	\$ 35.00 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.

9002 Read For Change Charge

(Residential & Commercial)

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.

9003 Returned Check Charges

(Residential & Commercial)

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

9004 Delinquent Notification Charge

(Residential & Commercial)

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.

9005 Main Line Extension Rate

(Residential & Commercial)

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

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Tariff for Gas Service-North Texas Metroplex Distribution System

TXU Gas Distribution

RATE SCHEDULE:	Miscellaneous Service Charges	Nos. 9001 thru 9008
APPLICABLE TO:	As Referenced	REVISION: 0
EFFECTIVE DATE:	As Referenced	PAGE: 2 OF 2

9006 Charge for Installing and Maintaining an Excess Flow Valve

(Residential)

A customer may request the installation of an excess flow valve on a new service line or on a service line being replaced provided that the service line will serve a single residence and operate continuously throughout the year at a pressure of not less than 10 psig. The customer will pay the actual cost incurred to install the excess flow valve. That cost will include the cost of the excess flow valve, the labor cost required to install the excess flow valve, and other associated costs. The estimated total cost to install an excess flow valve is \$50.00. This cost is based on installing the excess flow valve at the same time a service line is installed or replaced. The excess flow valve will be installed on the service line upstream of the customer's meter and as near as practical to the main.

A customer requiring maintenance, repair, or replacement of an excess flow valve will be required to pay the actual cost of locating and repairing or replacing the excess flow valve. The cost to perform this service will normally range from \$200.00 to \$2,000.00, depending on the amount of work required. This cost will be determined on an individual project basis.

This tariff is being filed in accordance with the U.S. Department of Transportation rule requiring the installation of an excess flow valve, if requested by a customer, on new or replaced service lines that operate continuously throughout the year at a pressure of not less than 10 psig and that serve a single residence. The rule further states that the customer will bear all costs of installing and maintaining the excess flow valve.

9007 Recovery of Connection Costs Associated with Certain Stand-By Gas Generators

(Commercial)

Commercial customers installing stand-by gas generators to provide service in the event of an interruption in electric service in facilities where gas service is not otherwise provided will reimburse TXU Gas Distribution for the actual cost of acquiring and installing the regulator, service line, and meter required to provide gas service for the stand-by generators. Gas service provided for the stand-by generators will be billed at the applicable commercial rate.

9008 Charge for Temporary Discontinuance of Service

(Residential & Commercial)

Whenever service under this rate schedule has been temporarily disconnected at the request of the customer, a charge of \$47.00 for residential and \$73.75 for commercial plus the appropriate Connection Charge will be made to reestablish such service for that customer at the same address.