

AN ORDINANCE APPROVING THE GENERAL SERVICE RATES INCLUDING RATE ADJUSTMENT PROVISIONS AND MISCELLANEOUS SERVICE CHARGES TO BE CHARGED FOR SALES AND TRANSPORTATION OF NATURAL GAS TO RESIDENTIAL, COMMERCIAL AND INDUSTRIAL CONSUMERS IN THE CITY OF ANGUS, NAVARRO COUNTY, TEXAS, PROVIDING AN EFFECTIVE DATE THEREFOR, AND PROVIDING FOR THE MANNER IN WHICH SUCH RATES MAY BE CHANGED, ADJUSTED, AND AMENDED.

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

SECTION 1. On March 2, 2001, 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 East Region Distribution System ("Tariff for Gas Service") and the supporting Cost of Service Schedules ("Schedules"). The Tariff for Gas Service includes Rate Schedules 4200 - East Region Distribution System Cities, 4201 - Residential Service, 4202 - Commercial Service, 4203 - Industrial Sales, 4204 - Industrial Transportation, 4208-1 through 4208-3 - Rate Adjustment Provisions, 9001 through 9007 - Miscellaneous Service Charges and Rider 4206 - Surcharges.

SECTION 2. The maximum general service rates for sales and transportation of natural gas rendered to residential, commercial and industrial consumers within the city limits of Angus, 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 Rate Schedules 4201 - Residential Service, 4202 - Commercial Service, 4203 - Industrial Sales, and 4204 - Industrial Transportation included in the Tariff for Gas Service in the East Region Distribution System.

SECTION 3. The Rate Adjustment Provisions set forth in the Tariff for Gas Service as Rate Schedules 4208-1 Gas Cost Adjustment, 4208-2 Tax Adjustment, and 4208-3 Weather Normalization Adjustment are approved.

SECTION 4. 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 Schedules 9001 through 9007 of the Tariff for Gas Service and are approved. Services for which no charge is set out may be performed and charged for by the Company at a level established by the normal forces of competition.

SECTION 5. The aforesaid rate schedules herein approved shall be effective from and after the effective date set forth in the Statement of Intent, if this ordinance is passed and approved on or before that effective date.

SECTION 6. 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 with the City.

SECTION 7. 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 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.

PASSED AND APPROVED on the 13th day of March, A. D., 2001.

ATTEST:

Betty McChin
City Secretary
(Seal)

Ratty McFisack
Mayor
City of Angus, Texas



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Stephen J. Houle
Vice President

March 9, 2001

Honorable Kathy McKissack
Mayor, City of Angus
6158 S. 1-45
Corsicana, Texas 75110

Dear Mayor McKissack:

As you are aware, TXU Gas Distribution recently filed a Statement of Intent to change the rates for local gas distribution service in the East Region Distribution System, which includes your city. This letter confirms that if your city agrees (1) to accept TXU Gas Distribution's proposed rate changes, as filed, and pass an ordinance approving the proposed rates, and (2) to forego any right to participate in an appeal to the Railroad Commission of Texas should the Company file one, the Company will agree as follows:

1. If any other city in the East Region Distribution System negotiates a settlement with TXU Gas Distribution that results in rates that are less than the proposed rates as filed by the Company with that city, the Company will offer those same settlement terms (reflected as a percentage reduction of the rates as proposed) to your city, such that no other city in the East Region Distribution System will receive more favorable rate treatment than that offered to your city. For example, if City A negotiates a settlement that results in its rates being 10% less than those proposed by the Company, your city will be offered a 10% reduction in the rates as proposed by the Company and approved in your ordinance;
2. The new rates will not be implemented until after July 5, 2001;
3. Customers in your city will not be surcharged for any rate case expenses associated with this Statement of Intent or any appeal to the Railroad Commission of Texas, should one be filed.

Passage of an ordinance approving the new rates as filed will constitute your city's acceptance of this offer. Of course, if your city accepts this offer, and the Company does not reach a mutually agreeable settlement with any other city in the East Region Distribution System that results in rates that are less than the proposed rates as filed, or chooses not to appeal the denial by a city of a Statement of Intent, rates in your city will be set as proposed in the Statement of Intent and passed in the ordinance, and will not be adjusted to comport with the results of any appeal, should one occur.

We appreciate your consideration of the Company's proposal. Please feel free to call me if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joseph J. Houle". The signature is written in dark ink and is positioned below the word "Sincerely,".

/gd