

**BEFORE THE  
RAILROAD COMMISSION OF TEXAS**

<b>APPLICATION FILED BY WEST TEXAS GAS, INC. FOR TEST YEAR 2014 ANNUAL INTERIM RATE ADJUSTMENT PROGRAM FOR THE UNINCORPORATED AREAS OF TEXAS</b>	§ § § § §	<b>GAS UTILITIES DOCKET NO. 10479</b>
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**INTERIM RATE ADJUSTMENT ORDER**

Notice of Open Meeting to consider this Order was duly posted with the Secretary of State within the time period provided by law pursuant to TEX. GOV'T CODE ANN Chapter 551 (2013). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders:

**FINDINGS OF FACT**

Background

1. West Texas Gas, Inc. ("WTG" or the "Company") is a "gas utility," as that term is defined in the TEXAS UTILITY CODE, and is subject to the jurisdiction of the Railroad Commission of Texas ("Commission").
2. WTG owns and operates a natural gas distribution system.
3. On November 10, 2015, WTG filed an application for an annual interim rate adjustment ("IRA") applicable to the unincorporated customers located in its Texas service area.
4. On November 10, 2015, WTG requested that the IRA become effective on February 9, 2016.
5. On November 13, 2015, the Commission suspended implementation of the Company's proposed IRA until March 25, 2016, which would be 45 days following the proposed implementation date of February 9, 2016.
6. Neither TEX. UTIL. CODE § 104.301(2007) nor 16 TEX. ADMIN. CODE, § 7.7101 (2010) provides the opportunity for parties to intervene in the Commission's review of an application for an annual IRA.
7. 16 TEX. ADMIN. CODE § 7.7101 allows written comments or a protest, concerning the proposed IRA, to be filed with the Oversight and Safety Division.
8. One letter of protest was received in this docket.

9. As of the date of this interim order, no further questions or comments were received by the Commission from the protestant.
10. This docket represents the second annual IRA for WTG since Gas Utility Docket (“GUD”) No. 10235<sup>1</sup>, the most recent rate case for the unincorporated service areas in Texas.
11. The first IRA for WTG was GUD No. 10418, which was approved on April 28, 2015.
12. Until promulgation of TEX. UTIL. CODE § 104.301 (2007), a utility could not increase its rates subject to the Commission’s jurisdiction without filing with the Commission a formal statement of intent rate (SOI) case, including a comprehensive cost of service rate review.
13. The proposed IRA will allow WTG an opportunity to recover, subject to refund, a return on investment, depreciation expense, and related taxes on the incremental cost of infrastructure investment since its last rate case, without the necessity of filing a statement of intent rate case and without review by the Commission of the Company’s comprehensive cost of service.

#### Applicability

14. This docket applies to only those rates over which the Commission has original jurisdiction, which includes the Company’s unincorporated service areas in Texas.
15. As of December 31, 2014, WTG had had approximately 21,075 total Texas customers represents 16,867 jurisdictional and 4,208 non-jurisdictional. There are 3,429 domestic and 59 non-domestic unincorporated customers, over which the Commission has exclusive jurisdiction in this docket.

#### Most Recent Comprehensive Rate Case

16. WTG’s most recent rate case for the area in which the IRA will be implemented is GUD No. 10235, *Statement of Intent filed by West Texas Gas, Inc. to Increase Gas Distribution Rates in the Unincorporated Areas of Texas*.
17. GUD No. 10235 was filed on January 24, 2013.
18. WTG and the interveners in GUD No. 10235 reached a settlement in that proceeding.
19. The Commission signed GUD No. 10235 Final Order on June 13, 2013, approving and adopting the settlement.

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<sup>1</sup> *Statement of Intent filed by West Texas Gas, Inc. to Increase Gas Distribution Rates in the Unincorporated Areas of Texas.*

20. The following chart shows the factors that were established in GUD No. 10235 to calculate the return on investment, depreciation expense, ad valorem taxes, revenue related taxes, and federal income taxes for the Company as applied in this IRA proceeding.

**Table 1.0**  
**GUD No. 10235 IRA FACTORS**

<b>Factor</b>	<b>WTG</b>
Rate of Return	7.91%
Depreciation Rate	Various <sup>2</sup>
Federal Income taxes	35%

*Interim Rate Adjustment*

21. The revenue amounts to be recovered through WTG's proposed annual IRA for WTG are incremental to the revenue requirement established in the Company's most recent rate case for the area in which the IRA is to be implemented, GUD No. 10235, and subsequent IRA filings.
22. Under TEX. UTIL. CODE § 7.7101(f)(3), for the first IRA following the most recent rate case, a utility may adjust its rates based on the difference between invested capital at the end of the most recent rate case test-year and the invested capital at the end of the calendar year following the end of the most recent rate case test-year.
23. In GUD No. 10418, the first IRA following its most recent rate case in GUD No. 10235, WTG adjusted its rates based on the difference between its invested capital at the end of its Statement of Intent rate case test year ended June 30, 2012 and the incremental invested capital at the end of December 31, 2013.
24. In this second IRA, WTG adjusted its rates based on the difference between invested capital from December 31, 2013 and December 31, 2014.

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<sup>2</sup> Staff's review confirms that the Company used the appropriate depreciation rates as approved in GUD No. 10235, in this docket.

25. WTG seeks approval from the Commission for an adjustment to its revenue based on incremental net utility plant investment with regard to the following components: return on investment; depreciation expense; ad valorem taxes; and federal income taxes. The incremental change in revenue requirement that is recoverable through this IRA filing from all customers using the approved component factors is **\$398,479** (Exhibit B), of which **\$147,415** is recoverable from the jurisdictional customers; of that amount **\$30,485** is recoverable from the unincorporated jurisdictional customers.
26. The value of WTG's invested capital is equal to the original cost of the investment at the time the investment was first dedicated to public use minus the accumulated depreciation related to that investment.
27. WTG's incremental net utility plant investment, in Texas, increase is **\$1,425,587**.<sup>3</sup>
28. WTG is required to use the same factors to calculate the interim return on investment, depreciation expense, ad valorem taxes; and federal income taxes as those established or used in the final order setting rates in the Company's most recent rate case for the area in which the IRA is to be implemented (GUD No. 10235).
29. WTG filed the Commission's Annual Earnings Monitoring Report (EMR) as required by 16 TEX. ADMIN. CODE § 7.7101. The Company's actual rate of return was 4.53 % for the test year ended December 31, 2014, which does not exceed the 75 basis points above the return established in GUD. No. 10235, which was 7.91%.
30. GUD No. 10235, WTG's most recent SOI rate case for the unincorporated service areas and the basis for the key factors in this IRA calculation, was approved by the Commission on June 13, 2013. Customer Charge, set in this docket, is shown in Column B of the table below.
31. The IRA approved for GUD No. 10418, the *first* IRA application for the unincorporated service areas, are shown in Column C, below.
32. The IRA approved in this GUD No. 10479, the *second* IRA application for the unincorporated service areas, are shown in Column D, below.

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<sup>3</sup> Exhibit B, Schedule A, of the Application.

33. When the Customer Charge, as established in GUD No. 10235, and the IRA (Columns B, C, and D) are added, the resulting customer charges for the affected customer classes are as shown in Column E, below.

**Table 2.0**  
**WTG Unincorporated Service Area Customer Charges and IRA Increase**

A	B	C	D	E
Customer Type	Customer Charge GUD 10235	GUD 10418 (2013 IRA)	GUD 10479 (2014 IRA)	New Customer Charge
Domestic	\$ 10.00	\$ 2.02	\$ 0.62	\$ 12.64
Non-Domestic	\$ 13.70	\$ 5.33	\$ 1.69	\$ 20.72

34. WTG filed its Annual Project Report as required by 16 TEX. ADMIN. CODE § 7.7101 (2010).
- a. Net Texas capital additions included in this docket totaled \$21,542,171,<sup>4</sup> before adjustments.
  - b. Gross Texas plant total is \$ 142,464,502.<sup>5</sup>
  - c. Integrity testing projects are 0.00% of total net additions.<sup>6</sup>
  - d. Distribution Integrity Management Program (DIMP) projects are included in Safety-related projects and total 46.07% of total net additions.<sup>7</sup>
  - e. Pipeline Integrity Management Program (IMP) projects are 0.00% of the total net additions.<sup>8</sup>
35. WTG proposed the IRA as a flat rate to be applied to the monthly customer charges rather than as a volumetric rate to be applied to the initial block usage rates.<sup>9</sup>
36. WTG is required to show its annual IRA on its customers' monthly billing statements as a surcharge.
37. The proposed IRA does not require an evidentiary proceeding; rather, TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE, § 7.7101 require the regulatory authority to review a utility's method of calculating the IRA.
38. Due process protections are deferred until WTG files its next full statement of intent rate case.

<sup>4</sup> Exhibit B, Schedule A, of the Application

<sup>5</sup> Exhibit B, Schedule A, of the Application.

<sup>6</sup> WTG's Response to Staff's RFI No. 1-10.

<sup>7</sup> WTG's Response to Staff's RFI No. 1-11.

<sup>8</sup> WTG's Response to Staff's RFI No. 1-12.

<sup>9</sup> Exhibit B, Schedule A, of the Application.

Notice

39. Adequate notice by WTG was provided to its domestic and non-domestic customers via direct mailing on December 10, 2015, and thus completed within 45 days of the filing, fulfilling the requirements under TEX. UTIL. CODE § 104.301(a).

Comprehensive Rate Case Required

40. WTG is not required to initiate a statement of intent rate case at the time it applies for an IRA.
41. Under 16 TEX. UTIL. CODE § 7.7101(l) (2010), a gas utility that implements an IRA and does not file a rate case before the fifth anniversary of the date its initial IRA became effective is required to file a rate case no later than the 180th day after that anniversary.
42. WTG is required to file a statement of intent rate case for the unincorporated areas of the Company's Texas service area to the Commission no later than October 25, 2020.
43. Under 16 TEX. ADMIN. CODE § 7.7101(j), any change in investment and related expenses and revenues that have been included in an IRA shall be fully subject to review for reasonableness and prudence in the next rate case. Per 16 TEX. ADMIN. CODE § 7.7101(i), all amounts collected from customers under an IRA tariff are subject to refund until the conclusion of the next rate case.

Review of Interim Rate Adjustment

44. WTG's proposed allocation methodology complies with TEX. UTIL. CODE, § 104.301, and with 16 TEX. ADMIN. CODE, § 7.7101.
45. It is reasonable for the Commission to approve use of the allocation methodology used to determine WTG's overall cost of service (less other revenue, gas cost, and revenue related taxes) as determined in its most recent rate case. The following overall cost of service allocation factors for use in the calculation of WTG's interim rate adjustments are reasonable:

**Revenue Requirement Allocation for the unincorporated areas  
Of WTG's Service Area**

Customer Class	Allocation Factors
Domestic	0.7607
Non-Domestic	0.2393
Total	1.0

46. WTG's proposed customer counts comply with TEX. UTIL. CODE, § 104.301, and with 16 TEX. ADMIN. CODE, § 7.7101. For calculating the number of customer charges per year, it is reasonable for the Commission to approve use of the 2014 monthly summation of customer bills. The following total numbers of customer charges for use in the calculation of the IRA are reasonable:

**Customer count for the unincorporated jurisdictional areas  
Of WTG's Service Area**

Customer Class	Annual Number of Customers
Domestic	3,429
Non-Domestic	59
Total	3,488

47. It is reasonable for the Commission to approve WTG's application for the IRA. The following amounts of the IRA revenue and additional customer charges by customer class are reasonable:

Customer Class	IRA Revenue from Unincorporated Service Areas	IRA Revenue from Incorporated Service Areas	Additional Customer Charge
Domestic	\$ 23,190	\$ 88,949	\$0.62
Non-Domestic	\$ 7,295	\$ 27,982	\$1.69
Total Increase	\$ 30,485	\$ 116,931	

Reimbursements of Expense

48. As provided for in the statute and the rule, a gas utility that implements an IRA is required to reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.
49. After the Commission has finally acted on WTG's application for an IRA, the Director of the Oversight and Safety Division will estimate the Company's proportionate share of the Commission's annual costs related to the processing of such applications.

50. In making the estimate of WTG's proportionate share of the Commission's annual costs related to the processing of such applications, the Director will take into account the number of utilities the Commission reasonably expects to file for IRAs during the fiscal year, and the costs expected to be incurred in processing such applications.
51. WTG is required to reimburse the Commission for the amount determined by the Director of the Oversight and Safety Division, within 30 days after receipt of notice of the amount of the reimbursement.

### CONCLUSIONS OF LAW

1. WTG is a "gas utility" as defined in TEX. UTIL. CODE ANN. § 101.003(7) and § 121.001, and is therefore subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. The Commission has jurisdiction over WTG's application for an IRA for incremental changes in investment, and the subject matter of this case under TEX. UTIL. CODE ANN. §§ 102.001, 104.001, 104.002, and 104.301.
3. Under TEX. UTIL. CODE ANN. § 102.001, the Commission has exclusive original jurisdiction over the rates and services of a gas utility that distributes natural gas in areas outside of a municipality and over the rates and services of a gas utility that transmits, transports, delivers, or sells natural gas to a gas utility that distributes the gas to the public.
4. Under the provisions of the TEX. UTIL. CODE ANN. § 104.301 and 16 TEX. ADMIN. CODE § 7.7101, WTG is required to seek Commission approval before implementing an interim rate adjustment tariff for environs customers.
5. WTG filed its application for an IRA for changes in investment in accordance with the provisions of TEX. UTIL. CODE ANN. § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
6. WTG's application for an IRA was processed in accordance with the requirements of TEX. UTIL. CODE ANN. § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
7. In accordance with 16 TEX. ADMIN. CODE § 7.315, within 30 days of the effective date of any change to rates or services, WTG is required to file with the Oversight and Safety Division of the Commission its revised tariffs.
8. WTG may not charge any rate that has not been successfully electronically filed and accepted as a tariff filing pursuant to TEX. UTIL. CODE ANN. §§ 102.151 and 104.002 and 16 TEX. ADMIN. CODE § 7.315.



9. In accordance with TEX. UTIL. CODE ANN. § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(a), the filing date of WTG's most recent rate case, in which there is a final order setting rates for the area in which the IRA will apply, was no more than two years prior to the date WTG filed its initial IRA.
10. WTG is required, under TEX. UTIL. CODE ANN. § 104.301(e) and 16 TEX. ADMIN. CODE § 7.7101(d), to file with the Commission an annual project report, including the cost, need, and customers benefited by the change in investment, and describing the investment projects completed and placed in service during the preceding calendar year and the investments retired or abandoned during the preceding calendar year.
11. WTG shall include in all future annual IRA filings, relocation project reports that provide additional information about relocation project costs included in investment projects, in the same format as required in this docket.
12. WTG is required, under TEX. UTIL. CODE ANN. § 104.301(f) and 16 TEX. ADMIN. CODE § 7.7101(e), to file with the Commission an annual earnings monitoring report demonstrating WTGs' earnings during the preceding calendar year.
13. WTG is required, under 16 TEX. ADMIN. CODE § 7.7101(h), to recalculate its approved IRA annually and is required to file an application for an annual adjustment no later than 60 days prior to the one-year anniversary of the proposed implementation date of the previous IRA application.
14. In accordance with 16 TEX. ADMIN. CODE § 7.7101(i), all amounts collected from customers under WTG's IRA tariffs or rate schedules are subject to refund. The issues of refund amounts, if any, and whether interest should be included on refunded amounts and, if so, the rate of interest, shall be addressed in the rate case a gas utility files or the Commission initiates after the implementation of an IRA and shall be the subjects of specific findings of fact in the Commission's final order setting rates.
15. In accordance with 16 TEX. ADMIN. CODE § 7.7101(j), in the rate case that WTG files or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall be fully subject to review for reasonableness and prudence. Upon issuance of a final order setting rates in the rate case that WTG files or the Commission initiates after the implementation of an interim rate adjustment, any change in investment and related expenses and revenues that have been included in any interim rate adjustment shall no longer be subject to review for reasonableness or prudence.
16. The Commission has authority to suspend the implementation of the IRA, under TEX. UTIL. CODE ANN. § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(e).

17. WTG provided adequate notice of its IRA, in accordance with TEX. UTIL. CODE ANN. § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(b).
18. WTG's application for an interim rate adjustment, as proposed, complies with all provisions of TEX. UTIL. CODE ANN. § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
19. WTG's interim rate adjustments set forth in the findings of fact and conclusions of law in this Order comply with the provisions of TEX UTIL. CODE ANN. § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
20. In accordance with TEX. UTIL. CODE ANN. §104.301(h) and 16 TEX. ADMIN. CODE § 7.7101(l), WTG shall file a comprehensive rate case for the areas in which the IRA is implemented, no later than the 180th day after the fifth anniversary of the date its initial IRA became effective, or October 25, 2020.
21. The Commission has authority, under TEX. UTIL. CODE ANN. § 104.301(j) and 16 TEX. ADMIN. CODE § 7.7101(m), to recover from WTG the utility's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.

**IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS THAT** West Texas Gas' interim rate adjustment for the unincorporated service area, as requested, and to the extent recommended to be approved in the findings of fact and conclusions of law, is **HEREBY APPROVED**, subject to refund, to be effective for bills rendered on or after the date of this order.

**IT IS FURTHER ORDERED THAT** West Texas Gas **SHALL** file with the Commission no later than October 25, 2020, a statement of intent to change rates as required under TEX. UTIL. CODE ANN. § 104.301(h) (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.7101(l).

**IT IS FURTHER ORDERED THAT** within 30 days of this order West Texas Gas **SHALL** electronically file its IRA tariff, Exhibit A, in proper form that accurately reflects the rates approved by the Commission in this Order.

**IT IS FURTHER ORDERED THAT** West Texas Gas **SHALL** not charge any rate that has not been electronically filed and accepted by the Commission as a tariff.

**IT IS FURTHER ORDERED THAT** West Texas Gas **SHALL** reimburse the expenses incurred by the Commission in reviewing this application. The amount of this reimbursement shall be determined by the Director of the Oversight and Safety Division. This Order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE § 2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the order is served on the parties.

Any portion of WTG' application not expressly granted herein is overruled. All requested findings of fact and conclusions of law, which are not expressly adopted herein, are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

**GUD NO. 10479**

**EXHIBIT A**

**Tariffs**

WEST TEXAS GAS, INC.  
WTG Distribution Systems  
RRC Tariff No: 26583

<b>RATE SCHEDULE:</b>	<b>DOMESTIC GAS SERVICE – WTG RATE #900</b>
<b>APPLICABLE TO:</b>	<b>Environs of Hansford County, Environs of Ochiltree County, City of Canadian &amp; Environs, City of Miami, City of Miami Environs, Environs of Lipscomb County, Environs of Hemphill County, Environs of Wheeler County, Dalhart Rural, Spearman Rural, City of Groom Environs, Unincorporated area of Farwell, Incorporated Area of Stratford, Unincorporated area of Stratford, City of Texhoma Environs, Unincorporated areas of Roberts County, Etter, Kerrick, City of Dalhart, City of Dalhart Environs, City of Canyon, City of Canyon Environs, (Note, Incorporated Areas will go into effect by municipal ordinance or operation of law.)</b>
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on and after 02/09/2016</b>

Subject to applicable rate adjustment provisions listed below, the following rates are the maximum applicable to Domestic consumers per meter billing cycle or for any part of a billing cycle for which gas service is available at the same location.

Customer Charge	\$10.00
2013 GRIP Charge	\$ 2.02
2014 GRIP Charge	<u>\$ 0.62</u>
Total Customer Charge	\$12.64 per month
All Consumption @	\$3.76 per Mcf

The due date of the bill for utility service shall not be less than 15 days after issuance, or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

Gas Cost Adjustment

Gas Cost Adjustment is intended to allow collection of the Company's gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that all amounts billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. This clause shall apply to customers in the North Gas Cost Zone.

Purchased Gas Cost Component

The Purchase Gas Cost for said Gas Cost Zone shall be computed utilizing the following components for the distribution system customers.

- (i) Cost of gas purchased
- (ii) Credits, Refunds, or out of Period Adjustments
- (iii) Cost of gas withdrawn from storage
- (iv) Interest on storage gas withdrawn
- (v) Upstream gathering and Transportation Charges
- (vi) Storage Deliverability Charges

- (vii) Storage Capacity Charges
- (viii) New Taxes on the purchased gas or the purchase transaction and not reflected on elsewhere on customer bills

The Company shall keep accurate records of all storage gas purchases, including the date, quantity, cost, and associated expenses. The Company shall account for storage gas purchases and withdrawals using a weighted average cost basis.

Purchased Gas Factor Calculation (PGF)

Each customer bill shall include a Purchased Gas Factor reflecting the estimated weighted average cost of gas, plus additional elements described in this section, during the period covered by the bill for said Gas Cost Zone. The PGF shall be determined to the nearest \$0.001 per Mcf, and the following provisions shall apply:

- (i) In addition to the estimated weighted average cost of gas for the current month's billing period, the PGF may include a pro rata portion of an amount reflecting the difference between the estimated WACOG and the actual WACOG during the previous billing period for said Gas Cost Zone
- (ii) The PGF shall also include a "Reconciliation Factor", an amount reflecting the customer's share of any gas cost imbalances in the preceding reconciliation period for said Gas Cost Zone
- (iii) The PGF factor may also include an amount reflecting any new taxes or levies specifically applied to gas costs or purchases and not otherwise reflected on the customer bill for said Gas Cost Zone

The Purchased Gas Factor is expressed as a formula as follows:

$$(A+/-B) + C + D = E$$

Where

A = Estimated WACOG

B = Estimated WACOG/Act. WACOG Difference

C = Reconciliation Factor

D = New Taxes

E = Total PGF

Gas Cost Reconciliation (GCR)

The Company shall keep accurate books and records of the Reconciliation Review and monthly PGF reports to the Railroad Commission of Texas and shall account for the Reconciliation Component and the Reconciliation Factors for said Gas Cost Zone.

A Reconciliation Review and calculation shall first determine whether the lost and unaccounted for gas is more or less than 5% of that metered into the system. The sales volumes shall be converted to the same pressure base as the purchase volumes. Calculations of the sales volumes furnished to its gas sales customers (from meters not corrected for pressure and/or temperature) shall be calculated utilizing the following service pressures (psia) for each listed municipality and associated environs:

Cactus 13.28, Canadian, 13.88, Canyon 13.45, Claude 13.38, Dalhart 13.07, Darrouzett 13.78, Farwell 13.18, Follett 13.68, Groom 13.38, Higgins 13.78, Miami 13.68, Mobeetie 13.78, Shamrock 13.88, Stratford 13.18, Texhoma 13.38, Texline 12.98, Wheeler 13.78

If the Reconciliation Review indicates a gas loss or gas gain of less than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Net Jurisdictional Cost of Gas and amount collected through the PGA billed on a monthly basis for said Gas Cost Zone. The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volumes by the Actual P/S Ratio to arrive at the Calculated Purchase Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Net Jurisdictional Cost of Gas.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the same as determined by the Public Utility Commission of Texas for refunds on customer deposits and in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for said Gas Cost Zone for the period under review shall be the Reconciliation Amount, the total amount to be refunded/surcharged in said Gas Cost Zone.

If the Reconciliation Review indicates a gas loss or gain of greater than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Purchase Gas Cost and Sales Amount on a monthly basis for said Gas Cost Zones Purchase Gas Cost amounts in excess of the 1.0526 ratio shall be disallowed by:
  - 1) Dividing total Purchase Volumes for the 12-month review period by the total Sales Volumes for the same period in said Gas Cost Zone.
  - 2) Subtracting that result from 1, which when expressed as a percentage, becomes said Gas Cost Zones Actual P/S Ratio.
  - 3) Subtracting 5.26% from said Gas Cost Zones Actual P/S Ratio, results in a Disallowance Factor for the review period.
  - 4) Multiplying the Disallowance Factor by the Purchase Volumes for each month and by the WACOG for each month, for said Gas Cost Zone will result in an amount to be disallowed each month.
  - 5) The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volume by the Actual P/S Ratio to arrive at the Calculated Purchased Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Jurisdictional Cost of Gas. The Net Jurisdictional Cost of Gas is calculated by subtracting the Disallowed Amount calculated above.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the rate in effect during the last month of the audit period (June).

- (iv) The sum of the monthly imbalances, plus interest for the period under review shall be the Reconciliation Amount for said Gas Cost Zone or the total amount to be refunded or surcharged.

#### Reconciliation Factor Calculation (RFC)

The Reconciliation Amount for said Gas Cost Zone shall be divided by 12, resulting in the Reconciliation Component.

The Reconciliation Component shall be reflected in a refund or surcharge on each customer bill, according to Gas Cost Zone, over a twelve-month period beginning with the first billing cycle in September following the period covered by the review.

The Reconciliation Component for each month of the reconciliation period shall be calculated by dividing the Reconciliation Amount by the estimated Sales Volumes for the applicable billing period. The result will be a monthly Reconciliation Factor, expressed in Mcf for each Gas Cost Zone. Any under or over collection from the prior month may be factored in subsequent months Reconciliation Component.

Each month during the reconciliation period, the PGF for each Gas Cost Zone on consumer bills shall be increased or reduced by the product of the number of Mcf billed to the customer and the monthly Reconciliation Factor, as indicated in the section of PGF calculations. Any under or over collections remaining at the end of the gas reconciliation period will be carried forward to the next gas reconciliation period.

#### Recovery of Existing Purchased Gas Cost Imbalances

The Company shall determine the amount of unrecovered purchased gas costs applicable to the customers served in each incorporated city or rural area immediately prior to the effectiveness of new Gas Cost Zones. Any resulting over-recovery or under-recovery in excess of \$25,000 shall be charged or credited, as appropriate, to the customers in each such city or rural area. Any over-recovery or under-recovery of less than \$25,000 in any incorporated city or rural area shall be recovered along with any Purchase Gas Costs in the applicable Gas Cost Zone.

#### Revenue Related Tax Adjustment

Each monthly bill, as adjusted above shall also be adjusted by an amount equivalent to the various revenue related taxes, franchise fees, rentals, or other fees and charges imposed by regulatory or governmental authorities. This includes, but not limited to, Gross Receipts Taxes, Municipal Taxes, Fees, or any other governmental imposition, rental fee or charge levied that is based on any portion of revenues billed by Company.

#### Rate Case Expense Surcharge

Rate case expenses will be recovered through a surcharge designed for a sixty month recovery period. A \$0.0984 per Mcf surcharge shall be added to each monthly billing until the approved rate case expenses are recovered.



WEST TEXAS GAS, INC.  
 WTG Distribution Systems  
 RRC Tariff No: 26584

<b>RATE SCHEDULE:</b>	<b>NON-DOMESTIC GAS SERVICE – WTG RATE #901</b>
<b>APPLICABLE TO:</b>	<b>Environs of Hansford County, Environs of Ochiltree County, City of Canadian &amp; Environs, City of Miami, City of Miami Environs, Environs of Lipscomb County, Environs of Hemphill County, Environs of Wheeler County, Dalhart Rural, Spearman Rural, City of Groom Environs, Unincorporated area of Farwell, Incorporated Area of Stratford, Unincorporated area of Stratford, City of Texhoma Environs, Unincorporated areas of Roberts County, Etter, Kerrick, City of Dalhart, City of Dalhart Environs, City of Canyon, City of Canyon Environs, (Note, Incorporated Areas will go into effect by municipal ordinance or operation of law)</b>
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on and after 02/09/2016</b>

Subject to applicable rate adjustment provisions listed below, the following rates are the maximum applicable to Non-Domestic consumers per meter billing cycle or for any part of a billing cycle for which gas service is available at the same location.

Customer Charge	\$13.70
2013 GRIP Charge	\$ 5.33
2014 GRIP Charge	<u>\$ 1.69</u>
Total Customer Charge	\$20.72 per month

All Consumption @ \$2.59 per Mcf

The due date of the bill for utility service shall not be less than 15 days after issuance, or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

#### Gas Cost Adjustment

Gas Cost Adjustment is intended to allow collection of the Company's gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that all amounts billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. This clause shall apply to customers in the North Gas Cost Zone.

#### Purchased Gas Cost Component

The Purchase Gas Cost for said Gas Cost Zone shall be computed utilizing the following components for the distribution system customers.

- (i) Cost of gas purchased
- (ii) Credits, Refunds, or out of Period Adjustments
- (iii) Cost of gas withdrawn from storage
- (iv) Interest on storage gas withdrawn
- (v) Upstream gathering and Transportation Charges
- (vi) Storage Deliverability Charges

- (vii) Storage Capacity Charges
- (viii) New Taxes on the purchased gas or the purchase transaction and not reflected on elsewhere on customer bills

The Company shall keep accurate records of all storage gas purchases, including the date, quantity, cost, and associated expenses. The Company shall account for storage gas purchases and withdrawals using a weighted average cost basis.

#### Purchased Gas Factor Calculation (PGF)

Each customer bill shall include a Purchased Gas Factor reflecting the estimated weighted average cost of gas, plus additional elements described in this section, during the period covered by the bill for said Gas Cost Zone. The PGF shall be determined to the nearest \$0.001 per Mcf, and the following provisions shall apply:

- (i) In addition to the estimated weighted average cost of gas for the current month's billing period, the PGF may include a pro rata portion of an amount reflecting the difference between the estimated WACOG and the actual WACOG during the previous billing period for said Gas Cost Zone
- (ii) The PGF shall also include a "Reconciliation Factor", an amount reflecting the customer's share of any gas cost imbalances in the preceding reconciliation period for said Gas Cost Zone
- (iii) The PGF factor may also include an amount reflecting any new taxes or levies specifically applied to gas costs or purchases and not otherwise reflected on the customer bill for said Gas Cost Zone

The Purchased Gas Factor is expressed as a formula as follows:

$$(A+/-B) + C + D = E$$

Where

A = Estimated WACOG

B = Estimated WACOG/Act. WACOG Difference

C = Reconciliation Factor

D = New Taxes

E = Total PGF

#### Gas Cost Reconciliation (GCR)

The Company shall keep accurate books and records of the Reconciliation Review and monthly PGF reports to the Railroad Commission of Texas and shall account for the Reconciliation Component and the Reconciliation Factors for said Gas Cost Zone.

A Reconciliation Review and calculation shall first determine whether the lost and unaccounted for gas is more or less than 5% of that metered into the system. The sales volumes shall be converted to the same pressure base as the purchase volumes. Calculations of the sales volumes furnished to its gas sales customers (from meters not corrected for pressure and/or temperature) shall be calculated utilizing the following service pressures (psia) for each listed municipality and associated environs:

Cactus 13.28, Canadian, 13.88, Canyon 13.45, Claude 13.38, Dalhart 13.07, Darrouzett 13.78, Farwell 13.18, Follett 13.68, Groom 13.38, Higgins 13.78, Miami 13.68, Mobeetie 13.78, Shamrock 13.88, Stratford 13.18, Texhoma 13.38, Texline 12.98, Wheeler 13.78

If the Reconciliation Review indicates a gas loss or gas gain of less than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Net Jurisdictional Cost of Gas and amount collected through the PGA billed on a monthly basis for said Gas Cost Zone. The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volumes by the Actual P/S Ratio to arrive at the Calculated Purchase Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Net Jurisdictional Cost of Gas.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the same as determined by the Public Utility Commission of Texas for refunds on customer deposits and in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for said Gas Cost Zone for the period under review shall be the Reconciliation Amount, the total amount to be refunded/surcharged in said Gas Cost Zone.

If the Reconciliation Review indicates a gas loss or gain of greater than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Purchase Gas Cost and Sales Amount on a monthly basis for said Gas Cost Zones Purchase Gas Cost amounts in excess of the 1.0526 ratio shall be disallowed by:
  - 1) Dividing total Purchase Volumes for the 12-month review period by the total Sales Volumes for the same period in said Gas Cost Zone.
  - 2) Subtracting that result from 1, which when expressed as a percentage, becomes said Gas Cost Zones Actual P/S Ratio.
  - 3) Subtracting 5.26% from said Gas Cost Zones Actual P/S Ratio, results in a Disallowance Factor for the review period.
  - 4) Multiplying the Disallowance Factor by the Purchase Volumes for each month and by the WACOG for each month, for said Gas Cost Zone will result in an amount to be disallowed each month.
  - 5) The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volume by the Actual P/S Ratio to arrive at the Calculated Purchased Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Jurisdictional Cost of Gas. The Net Jurisdictional Cost of Gas is calculated by subtracting the Disallowed Amount calculated above.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the rate in effect during the last month of the audit period (June).

- (iv) The sum of the monthly imbalances, plus interest for the period under review shall be the Reconciliation Amount for said Gas Cost Zone or the total amount to be refunded or surcharged.

#### Reconciliation Factor Calculation (RFC)

The Reconciliation Amount for said Gas Cost Zone shall be divided by 12, resulting in the Reconciliation Component.

The Reconciliation Component shall be reflected in a refund or surcharge on each customer bill, according to Gas Cost Zone, over a twelve-month period beginning with the first billing cycle in September following the period covered by the review.

The Reconciliation Component for each month of the reconciliation period shall be calculated by dividing the Reconciliation Amount by the estimated Sales Volumes for the applicable billing period. The result will be a monthly Reconciliation Factor, expressed in Mcf for each Gas Cost Zone. Any under or over collection from the prior month may be factored in subsequent months Reconciliation Component.

Each month during the reconciliation period, the PGF for each Gas Cost Zone on consumer bills shall be increased or reduced by the product of the number of Mcf billed to the customer and the monthly Reconciliation Factor, as indicated in the section of PGF calculations. Any under or over collections remaining at the end of the gas reconciliation period will be carried forward to the next gas reconciliation period.

#### Recovery of Existing Purchased Gas Cost Imbalances

The Company shall determine the amount of unrecovered purchased gas costs applicable to the customers served in each incorporated city or rural area immediately prior to the effectiveness of new Gas Cost Zones. Any resulting over-recovery or under-recovery in excess of \$25,000 shall be charged or credited, as appropriate, to the customers in each such city or rural area. Any over-recovery or under-recovery of less than \$25,000 in any incorporated city or rural area shall be recovered along with any Purchase Gas Costs in the applicable Gas Cost Zone.

#### Revenue Related Tax Adjustment

Each monthly bill, as adjusted above shall also be adjusted by an amount equivalent to the various revenue related taxes, franchise fees, rentals, or other fees and charges imposed by regulatory or governmental authorities. This includes, but not limited to, Gross Receipts Taxes, Municipal Taxes, Fees, or any other governmental imposition, rental fee or charge levied that is based on any portion of revenues billed by Company.

#### Rate Case Expense Surcharge

Rate case expenses will be recovered through a surcharge designed for a sixty month recovery period. A \$0.0984 per Mcf surcharge shall be added to each monthly billing until the approved rate case expenses are recovered.

**WEST TEXAS GAS, INC.**  
**WTG Distribution Systems**  
**RRC Tariff No: 26585**

<b>RATE SCHEDULE:</b>	<b>DOMESTIC GAS SERVICE – WTG RATE #904</b>
<b>APPLICABLE TO:</b>	<b>WTG Rural Domestic, Lubbock Rural, City of Kermit &amp; Environs, City of Imperial &amp; Environs (<i>Note, Incorporated Areas will go into effect by municipal ordinance or operation of law</i>)</b>
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on and after 02/09/2016</b>

Subject to applicable rate adjustment provisions listed below, the following rates are the maximum applicable to Domestic consumers per meter billing cycle or for any part of a billing cycle for which gas service is available at the same location.

Customer Charge	\$10.00
2013 GRIP Charge	\$ 2.02
2014 GRIP Charge	<u>\$ 0.62</u>
Total Customer Charge	\$12.64 per month

All Consumption @ \$3.76 per Mcf

The due date of the bill for utility service shall not be less than 15 days after issuance, or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

Gas Cost Adjustment

Gas Cost Adjustment is intended to allow collection of the Company's gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that all amounts billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. This clause shall apply to customers in the West Gas Cost Zone.

Purchased Gas Cost Component

The Purchase Gas Cost for said Gas Cost Zone shall be computed utilizing the following components for the distribution system customers.

- (i) Cost of gas purchased
- (ii) Credits, Refunds, or out of Period Adjustments
- (iii) Cost of gas withdrawn from storage
- (iv) Interest on storage gas withdrawn
- (v) Upstream gathering and Transportation Charges
- (vi) Storage Deliverability Charges
- (vii) Storage Capacity Charges
- (viii) New Taxes on the purchased gas or the purchase transaction and not reflected on elsewhere on customer bills

The Company shall keep accurate records of all storage gas purchases, including the date, quantity, cost, and associated expenses. The Company shall account for storage gas purchases and withdrawals using a weighted average cost basis.

Purchased Gas Factor Calculation (PGF)

Each customer bill shall include a Purchased Gas Factor reflecting the estimated weighted average cost of gas, plus additional elements described in this section, during the period covered by the bill for said Gas Cost Zone. The PGF shall be determined to the nearest \$0.001 per Mcf, and the following provisions shall apply:

- (i) In addition to the estimated weighted average cost of gas for the current month's billing period, the PGF may include a pro rata portion of an amount reflecting the difference between the estimated WACOG and the actual WACOG during the previous billing period for said Gas Cost Zone
- (ii) The PGF shall also include a "Reconciliation Factor", an amount reflecting the customer's share of any gas cost imbalances in the preceding reconciliation period for said Gas Cost Zone
- (iii) The PGF factor may also include an amount reflecting any new taxes or levies specifically applied to gas costs or purchases and not otherwise reflected on the customer bill for said Gas Cost Zone

The Purchased Gas Factor is expressed as a formula as follows:

$$(A+/-B) + C + D = E$$

Where

A = Estimated WACOG

B = Estimated WACOG/Act. WACOG Difference

C = Reconciliation Factor

D = New Taxes

E = Total PGF

Gas Cost Reconciliation (GCR)

The Company shall keep accurate books and records of the Reconciliation Review and monthly PGF reports to the Railroad Commission of Texas and shall account for the Reconciliation Component and the Reconciliation Factors for said Gas Cost Zone.

A Reconciliation Review and calculation shall first determine whether the lost and unaccounted for gas is more or less than 5% of that metered into the system. The sales volumes shall be converted to the same pressure base as the purchase volumes. Calculations of the sales volumes furnished to its gas sales customers (from meters not corrected for pressure and/or temperature) shall be calculated utilizing the following service pressures (psia) for each listed municipality and associated environs:

Balmorhea 13.48, Kermit 13.68

If the Reconciliation Review indicates a gas loss or gas gain of less than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Net Jurisdictional Cost of Gas and amount collected through the PGA billed on a monthly basis for said Gas Cost Zone. The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volumes by the Actual P/S Ratio to arrive at the Calculated Purchase Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Net Jurisdictional Cost of Gas.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the same as determined by the Public Utility Commission of Texas for refunds on customer deposits and in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for said Gas Cost Zone for the period under review shall be the Reconciliation Amount, the total amount to be refunded/surcharged in said Gas Cost Zone.

If the Reconciliation Review indicates a gas loss or gain of greater than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Purchase Gas Cost and Sales Amount on a monthly basis for said Gas Cost Zones Purchase Gas Cost amounts in excess of the 1.0526 ratio shall be disallowed by:
  - 1) Dividing total Purchase Volumes for the 12-month review period by the total Sales Volumes for the same period in said Gas Cost Zone.
  - 2) Subtracting that result from 1, which when expressed as a percentage, becomes said Gas Cost Zones Actual P/S Ratio.
  - 3) Subtracting 5.26% from said Gas Cost Zones Actual P/S Ratio, results in a Disallowance Factor for the review period.
  - 4) Multiplying the Disallowance Factor by the Purchase Volumes for each month and by the WACOG for each month, for said Gas Cost Zone will result in an amount to be disallowed each month.
  - 5) The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volume by the Actual P/S Ratio to arrive at the Calculated Purchased Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Jurisdictional Cost of Gas. The Net Jurisdictional Cost of Gas is calculated by subtracting the Disallowed Amount calculated above.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the rate in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for the period under review shall be the Reconciliation Amount for said Gas Cost Zone or the total amount to be refunded or surcharged.

#### Reconciliation Factor Calculation (RFC)

The Reconciliation Amount for said Gas Cost Zone shall be divided by 12, resulting in the Reconciliation Component.

The Reconciliation Component shall be reflected in a refund or surcharge on each customer bill, according to Gas Cost Zone, over a twelve-month period beginning with the first billing cycle in September following the period covered by the review.

The Reconciliation Component for each month of the reconciliation period shall be calculated by dividing the Reconciliation Amount by the estimated Sales Volumes for the applicable billing period. The result will be a monthly Reconciliation Factor, expressed in Mcf for each Gas Cost Zone. Any under or over collection from the prior month may be factored in subsequent months Reconciliation Component.

Each month during the reconciliation period, the PGF for each Gas Cost Zone on consumer bills shall be increased or reduced by the product of the number of Mcf billed to the customer and the monthly Reconciliation Factor, as indicated in the section of PGF calculations. Any under or over collections remaining at the end of the gas reconciliation period will be carried forward to the next gas reconciliation period.

#### Recovery of Existing Purchased Gas Cost Imbalances

The Company shall determine the amount of unrecovered purchased gas costs applicable to the customers served in each incorporated city or rural area immediately prior to the effectiveness of new Gas Cost Zones. Any resulting over-recovery or under-recovery in excess of \$25,000 shall be charged or credited, as appropriate, to the customers in each such city or rural area. Any over-recovery or under-recovery of less than \$25,000 in any incorporated city or rural area shall be recovered along with any Purchase Gas Costs in the applicable Gas Cost Zone.

#### Revenue Related Tax Adjustment

Each monthly bill, as adjusted above shall also be adjusted by an amount equivalent to the various revenue related taxes, franchise fees, rentals, or other fees and charges imposed by regulatory or governmental authorities. This includes, but not limited to, Gross Receipts Taxes, Municipal Taxes, Fees, or any other governmental imposition, rental fee or charge levied that is based on any portion of revenues billed by Company.

#### Rate Case Expense Surcharge

Rate case expenses will be recovered through a surcharge designed for a sixty month recovery period. A \$0.0984 per Mcf surcharge shall be added to each monthly billing until the approved rate case expenses are recovered.



WEST TEXAS GAS, INC.  
WTG Distribution Systems  
RRC Tariff No: 26586

<b>RATE SCHEDULE:</b>	<b>NON-DOMESTIC GAS SERVICE – WTG RATE #905</b>
<b>APPLICABLE TO:</b>	<b>WTG Rural Domestic, Lubbock Rural, City of Kermit &amp; Environs, City of Imperial &amp; Environs (Note, Incorporated Areas will go into effect by municipal ordinance or operation of law)</b>
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on and after 02/09/2016</b>

Subject to applicable rate adjustment provisions listed below, the following rates are the maximum applicable to Non-Domestic consumers per meter billing cycle or for any part of a billing cycle for which gas service is available at the same location.

Customer Charge	\$13.70
2013 GRIP Charge	\$ 5.33
2014 GRIP Charge	<u>\$ 1.69</u>
Total Customer Charge	\$20.72 per month

All Consumption @ \$2.59 per Mcf

The due date of the bill for utility service shall not be less than 15 days after issuance, or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

Gas Cost Adjustment

Gas Cost Adjustment is intended to allow collection of the Company's gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that all amounts billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. This clause shall apply to customers in the West Gas Cost Zone.

Purchased Gas Cost Component

The Purchase Gas Cost for said Gas Cost Zone shall be computed utilizing the following components for the distribution system customers.

- (i) Cost of gas purchased
- (ii) Credits, Refunds, or out of Period Adjustments
- (iii) Cost of gas withdrawn from storage
- (iv) Interest on storage gas withdrawn
- (v) Upstream gathering and Transportation Charges
- (vi) Storage Deliverability Charges
- (vii) Storage Capacity Charges
- (viii) New Taxes on the purchased gas or the purchase transaction and not reflected on elsewhere on customer bills

The Company shall keep accurate records of all storage gas purchases, including the date, quantity, cost, and associated expenses. The Company shall account for storage gas purchases and withdrawals using a weighted average cost basis.

Purchased Gas Factor Calculation (PGF)

Each customer bill shall include a Purchased Gas Factor reflecting the estimated weighted average cost of gas, plus additional elements described in this section, during the period covered by the bill for said Gas Cost Zone. The PGF shall be determined to the nearest \$0.001 per Mcf, and the following provisions shall apply:

- (i) In addition to the estimated weighted average cost of gas for the current month's billing period, the PGF may include a pro rata portion of an amount reflecting the difference between the estimated WACOG and the actual WACOG during the previous billing period for said Gas Cost Zone
- (ii) The PGF shall also include a "Reconciliation Factor", an amount reflecting the customer's share of any gas cost imbalances in the preceding reconciliation period for said Gas Cost Zone
- (iii) The PGF factor may also include an amount reflecting any new taxes or levies specifically applied to gas costs or purchases and not otherwise reflected on the customer bill for said Gas Cost Zone

The Purchased Gas Factor is expressed as a formula as follows:

$$(A+/-B) + C + D = E$$

Where

A = Estimated WACOG

B = Estimated WACOG/Act. WACOG Difference

C = Reconciliation Factor

D = New Taxes

E = Total PGF

Gas Cost Reconciliation (GCR)

The Company shall keep accurate books and records of the Reconciliation Review and monthly PGF reports to the Railroad Commission of Texas and shall account for the Reconciliation Component and the Reconciliation Factors for said Gas Cost Zone.

A Reconciliation Review and calculation shall first determine whether the lost and unaccounted for gas is more or less than 5% of that metered into the system. The sales volumes shall be converted to the same pressure base as the purchase volumes. Calculations of the sales volumes furnished to its gas sales customers (from meters not corrected for pressure and/or temperature) shall be calculated utilizing the following service pressures (psia) for each listed municipality and associated environs:

Balmorhea 13.48, Kermit 13.68

If the Reconciliation Review indicates a gas loss or gas gain of less than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Net Jurisdictional Cost of Gas and amount collected through the PGA billed on a monthly basis for said Gas Cost Zone. The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volumes by the Actual P/S Ratio to arrive at the Calculated Purchase Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Net Jurisdictional Cost of Gas.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the same as determined by the Public Utility Commission of Texas for refunds on customer deposits and in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for said Gas Cost Zone for the period under review shall be the Reconciliation Amount, the total amount to be refunded/surcharged in said Gas Cost Zone.

If the Reconciliation Review indicates a gas loss or gain of greater than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Purchase Gas Cost and Sales Amount on a monthly basis for said Gas Cost Zones Purchase Gas Cost amounts in excess of the 1.0526 ratio shall be disallowed by:
  - 1) Dividing total Purchase Volumes for the 12-month review period by the total Sales Volumes for the same period in said Gas Cost Zone.
  - 2) Subtracting that result from 1, which when expressed as a percentage, becomes said Gas Cost Zones Actual P/S Ratio.
  - 3) Subtracting 5.26% from said Gas Cost Zones Actual P/S Ratio, results in a Disallowance Factor for the review period.
  - 4) Multiplying the Disallowance Factor by the Purchase Volumes for each month and by the WACOG for each month, for said Gas Cost Zone will result in an amount to be disallowed each month.
  - 5) The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volume by the Actual P/S Ratio to arrive at the Calculated Purchased Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Jurisdictional Cost of Gas. The Net Jurisdictional Cost of Gas is calculated by subtracting the Disallowed Amount calculated above.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the rate in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for the period under review shall be the Reconciliation Amount for said Gas Cost Zone or the total amount to be refunded or surcharged.

#### Reconciliation Factor Calculation (RFC)

The Reconciliation Amount for said Gas Cost Zone shall be divided by 12, resulting in the Reconciliation Component.

The Reconciliation Component shall be reflected in a refund or surcharge on each customer bill, according to Gas Cost Zone, over a twelve-month period beginning with the first billing cycle in September following the period covered by the review.

The Reconciliation Component for each month of the reconciliation period shall be calculated by dividing the Reconciliation Amount by the estimated Sales Volumes for the applicable billing period. The result will be a monthly Reconciliation Factor, expressed in Mcf for each Gas Cost Zone. Any under or over collection from the prior month may be factored in subsequent months Reconciliation Component.

Each month during the reconciliation period, the PGF for each Gas Cost Zone on consumer bills shall be increased or reduced by the product of the number of Mcf billed to the customer and the monthly Reconciliation Factor, as indicated in the section of PGF calculations. Any under or over collections remaining at the end of the gas reconciliation period will be carried forward to the next gas reconciliation period.

#### Recovery of Existing Purchased Gas Cost Imbalances

The Company shall determine the amount of unrecovered purchased gas costs applicable to the customers served in each incorporated city or rural area immediately prior to the effectiveness of new Gas Cost Zones. Any resulting over-recovery or under-recovery in excess of \$25,000 shall be charged or credited, as appropriate, to the customers in each such city or rural area. Any over-recovery or under-recovery of less than \$25,000 in any incorporated city or rural area shall be recovered along with any Purchase Gas Costs in the applicable Gas Cost Zone.

#### Revenue Related Tax Adjustment

Each monthly bill, as adjusted above shall also be adjusted by an amount equivalent to the various revenue related taxes, franchise fees, rentals, or other fees and charges imposed by regulatory or governmental authorities. This includes, but not limited to, Gross Receipts Taxes, Municipal Taxes, Fees, or any other governmental imposition, rental fee or charge levied that is based on any portion of revenues billed by Company.

#### Rate Case Expense Surcharge

Rate case expenses will be recovered through a surcharge designed for a sixty month recovery period. A \$0.0984 per Mcf surcharge shall be added to each monthly billing until the approved rate case expenses are recovered.

WEST TEXAS GAS, INC.  
WTG Distribution Systems  
RRC Tariff No: 26587

<b>RATE SCHEDULE:</b>	<b>DOMESTIC GAS SERVICE – WTG RATE #906</b>
<b>APPLICABLE TO:</b>	<b>City of Sonora &amp; Environs, Tom Green County Environs, Miles Environs, City of LaVernia, City of LaVernia Environs, TGU System General Service, City of LaPryor, City of Paint Rock Environs, City of Eden, WTG Rural Domestic, Brady Environs, City of Eden Environs (<i>Note, Incorporated Areas will go into effect by municipal ordinance or operation of law.</i>)</b>
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on and after 02/09/2016</b>

Subject to applicable rate adjustment provisions listed below, the following rates are the maximum applicable to Domestic consumers per meter billing cycle or for any part of a billing cycle for which gas service is available at the same location.

Customer Charge	\$10.00
2013 GRIP Charge	\$ 2.02
2014 GRIP Charge	<u>\$ 0.62</u>
Total Customer Charge	\$12.64 per month

All Consumption @ \$3.76 per Mcf

The due date of the bill for utility service shall not be less than 15 days after issuance, or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

Gas Cost Adjustment

Gas Cost Adjustment is intended to allow collection of the Company’s gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that all amounts billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. This clause shall apply to customers in the South Gas Cost Zone.

Purchased Gas Cost Component

The Purchase Gas Cost for said Gas Cost Zone shall be computed utilizing the following components for the distribution system customers.

- (i) Cost of gas purchased
- (ii) Credits, Refunds, or out of Period Adjustments
- (iii) Cost of gas withdrawn from storage
- (iv) Interest on storage gas withdrawn
- (v) Upstream gathering and Transportation Charges
- (vi) Storage Deliverability Charges
- (vii) Storage Capacity Charges
- (viii) New Taxes on the purchased gas or the purchase transaction and not reflected on elsewhere on customer bills

The Company shall keep accurate records of all storage gas purchases, including the date, quantity, cost, and associated expenses. The Company shall account for storage gas purchases and withdrawals using a weighted average cost basis.

Purchased Gas Factor Calculation (PGF)

Each customer bill shall include a Purchased Gas Factor reflecting the estimated weighted average cost of gas, plus additional elements described in this section, during the period covered by the bill for said Gas Cost Zone. The PGF shall be determined to the nearest \$0.001 per Mcf, and the following provisions shall apply:

- (i) In addition to the estimated weighted average cost of gas for the current month's billing period, the PGF may include a pro rata portion of an amount reflecting the difference between the estimated WACOG and the actual WACOG during the previous billing period for said Gas Cost Zone
- (ii) The PGF shall also include a "Reconciliation Factor", an amount reflecting the customer's share of any gas cost imbalances in the preceding reconciliation period for said Gas Cost Zone
- (iii) The PGF factor may also include an amount reflecting any new taxes or levies specifically applied to gas costs or purchases and not otherwise reflected on the customer bill for said Gas Cost Zone

The Purchased Gas Factor is expressed as a formula as follows:

$$(A+/-B) + C + D = E$$

Where

A = Estimated WACOG

B = Estimated WACOG/Act. WACOG Difference

C = Reconciliation Factor

D = New Taxes

E = Total PGF

Gas Cost Reconciliation (GCR)

The Company shall keep accurate books and records of the Reconciliation Review and monthly PGF reports to the Railroad Commission of Texas and shall account for the Reconciliation Component and the Reconciliation Factors for said Gas Cost Zone.

A Reconciliation Review and calculation shall first determine whether the lost and unaccounted for gas is more or less than 5% of that metered into the system. The sales volumes shall be converted to the same pressure base as the purchase volumes. Calculations of the sales volumes furnished to its gas sales customers (from meters not corrected for pressure and/or temperature) shall be calculated utilizing the following service pressures (psia) for each listed municipality and associated environs:

Devine 14.68, Eden 14.08, Junction 14.18, LaVernia 14.68, Menard 14.08, Natalia 14.68, Paint Rock 14.28, Somerset 14.68, Sonora 13.98

If the Reconciliation Review indicates a gas loss or gas gain of less than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Net Jurisdictional Cost of Gas and amount collected through the PGA billed on a monthly basis for said Gas Cost Zone. The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volumes by the Actual P/S Ratio to arrive at the Calculated Purchase Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Net Jurisdictional Cost of Gas.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the same as determined by the Public Utility Commission of Texas for refunds on customer deposits and in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for said Gas Cost Zone for the period under review shall be the Reconciliation Amount, the total amount to be refunded/surcharged in said Gas Cost Zone.

If the Reconciliation Review indicates a gas loss or gain of greater than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Purchase Gas Cost and Sales Amount on a monthly basis for said Gas Cost Zones Purchase Gas Cost amounts in excess of the 1.0526 ratio shall be disallowed by:
  - 1) Dividing total Purchase Volumes for the 12-month review period by the total Sales Volumes for the same period in said Gas Cost Zone.
  - 2) Subtracting that result from 1, which when expressed as a percentage, becomes said Gas Cost Zones Actual P/S Ratio.
  - 3) Subtracting 5.26% from said Gas Cost Zones Actual P/S Ratio, results in a Disallowance Factor for the review period.
  - 4) Multiplying the Disallowance Factor by the Purchase Volumes for each month and by the WACOG for each month, for said Gas Cost Zone will result in an amount to be disallowed each month.
  - 5) The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volume by the Actual P/S Ratio to arrive at the Calculated Purchased Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Jurisdictional Cost of Gas. The Net Jurisdictional Cost of Gas is calculated by subtracting the Disallowed Amount calculated above.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the rate in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for the period under review shall be the Reconciliation Amount for said Gas Cost Zone or the total amount to be refunded or surcharged.

Reconciliation Factor Calculation (RFC)

The Reconciliation Amount for said Gas Cost Zone shall be divided by 12, resulting in the Reconciliation Component.

The Reconciliation Component shall be reflected in a refund or surcharge on each customer bill, according to Gas Cost Zone, over a twelve-month period beginning with the first billing cycle in September following the period covered by the review.

The Reconciliation Component for each month of the reconciliation period shall be calculated by dividing the Reconciliation Amount by the estimated Sales Volumes for the applicable billing period. The result will be a monthly Reconciliation Factor, expressed in Mcf for each Gas Cost Zone. Any under or over collection from the prior month may be factored in subsequent months Reconciliation Component.

Each month during the reconciliation period, the PGF for each Gas Cost Zone on consumer bills shall be increased or reduced by the product of the number of Mcf billed to the customer and the monthly Reconciliation Factor, as indicated in the section of PGF calculations. Any under or over collections remaining at the end of the gas reconciliation period will be carried forward to the next gas reconciliation period.

Recovery of Existing Purchased Gas Cost Imbalances

The Company shall determine the amount of unrecovered purchased gas costs applicable to the customers served in each incorporated city or rural area immediately prior to the effectiveness of new Gas Cost Zones. Any resulting over-recovery or under-recovery in excess of \$25,000 shall be charged or credited, as appropriate, to the customers in each such city or rural area. Any over-recovery or under-recovery of less than \$25,000 in any incorporated city or rural area shall be recovered along with any Purchase Gas Costs in the applicable Gas Cost Zone.

Revenue Related Tax Adjustment

Each monthly bill, as adjusted above shall also be adjusted by an amount equivalent to the various revenue related taxes, franchise fees, rentals, or other fees and charges imposed by regulatory or governmental authorities. This includes, but not limited to, Gross Receipts Taxes, Municipal Taxes, Fees, or any other governmental imposition, rental fee or charge levied that is based on any portion of revenues billed by Company.

Rate Case Expense Surcharge

Rate case expenses will be recovered through a surcharge designed for a sixty month recovery period. A \$0.0984 per Mcf surcharge shall be added to each monthly billing until the approved rate case expenses are recovered.



WEST TEXAS GAS, INC.  
WTG Distribution Systems  
RRC Tariff No: 26588

<b>RATE SCHEDULE:</b>	<b>NON-DOMESTIC GAS SERVICE – WTG RATE #907</b>
<b>APPLICABLE TO:</b>	<b>City of Sonora &amp; Environs, Tom Green County Environs, Miles Environs, City of LaVernia, City of LaVernia Environs, TGU System General Service, City of LaPryor, City of Paint Rock Environs, City of Eden, WTG Rural Non-Domestic, Brady Environs, City of Eden Environs (<i>Note, Incorporated Areas will go into effect by municipal ordinance or operation of law.</i>)</b>
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on and after 02/09/2016</b>

Subject to applicable rate adjustment provisions listed below, the following rates are the maximum applicable to Non-Domestic consumers per meter billing cycle or for any part of a billing cycle for which gas service is available at the same location.

Customer Charge	\$13.70
2013 GRIP Charge	\$ 5.33
2014 GRIP Charge	<u>\$ 1.69</u>
Total Customer Charge	\$20.72 per month

All Consumption @ \$2.59 per Mcf

The due date of the bill for utility service shall not be less than 15 days after issuance, or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

Gas Cost Adjustment

Gas Cost Adjustment is intended to allow collection of the Company's gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that all amounts billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. This clause shall apply to customers in the South Gas Cost Zone.

Purchased Gas Cost Component

The Purchase Gas Cost for said Gas Cost Zone shall be computed utilizing the following components for the distribution system customers.

- (i) Cost of gas purchased
- (ii) Credits, Refunds, or out of Period Adjustments
- (iii) Cost of gas withdrawn from storage
- (iv) Interest on storage gas withdrawn
- (v) Upstream gathering and Transportation Charges
- (vi) Storage Deliverability Charges
- (vii) Storage Capacity Charges

- (viii) New Taxes on the purchased gas or the purchase transaction and not reflected on elsewhere on customer bills

The Company shall keep accurate records of all storage gas purchases, including the date, quantity, cost, and associated expenses. The Company shall account for storage gas purchases and withdrawals using a weighted average cost basis.

#### Purchased Gas Factor Calculation (PGF)

Each customer bill shall include a Purchased Gas Factor reflecting the estimated weighted average cost of gas, plus additional elements described in this section, during the period covered by the bill for said Gas Cost Zone. The PGF shall be determined to the nearest \$0.001 per Mcf, and the following provisions shall apply:

- (i) In addition to the estimated weighted average cost of gas for the current month's billing period, the PGF may include a pro rata portion of an amount reflecting the difference between the estimated WACOG and the actual WACOG during the previous billing period for said Gas Cost Zone
- (ii) The PGF shall also include a "Reconciliation Factor", an amount reflecting the customer's share of any gas cost imbalances in the preceding reconciliation period for said Gas Cost Zone
- (iii) The PGF factor may also include an amount reflecting any new taxes or levies specifically applied to gas costs or purchases and not otherwise reflected on the customer bill for said Gas Cost Zone

The Purchased Gas Factor is expressed as a formula as follows:

$$(A+/-B) + C + D = E$$

Where

A = Estimated WACOG

B = Estimated WACOG/Act. WACOG Difference

C = Reconciliation Factor

D = New Taxes

E = Total PGF

#### Gas Cost Reconciliation (GCR)

The Company shall keep accurate books and records of the Reconciliation Review and monthly PGF reports to the Railroad Commission of Texas and shall account for the Reconciliation Component and the Reconciliation Factors for said Gas Cost Zone.

A Reconciliation Review and calculation shall first determine whether the lost and unaccounted for gas is more or less than 5% of that metered into the system. The sales volumes shall be converted to the same pressure base as the purchase volumes. Calculations of the sales volumes furnished to its gas sales customers (from meters not corrected for pressure and/or temperature) shall be calculated utilizing the following service pressures (psia) for each listed municipality and associated environs:

Devine 14.68, Eden 14.08, Junction 14.18, LaVernia 14.68, Menard 14.08, Natalia 14.68, Paint Rock 14.28, Somerset 14.68, Sonora 13.98

If the Reconciliation Review indicates a gas loss or gas gain of less than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Net Jurisdictional Cost of Gas and amount collected through the PGA billed on a monthly basis for said Gas Cost Zone. The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volumes by the Actual P/S Ratio to arrive at the Calculated Purchase Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Net Jurisdictional Cost of Gas.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the same as determined by the Public Utility Commission of Texas for refunds on customer deposits and in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for said Gas Cost Zone for the period under review shall be the Reconciliation Amount, the total amount to be refunded/surcharged in said Gas Cost Zone.

If the Reconciliation Review indicates a gas loss or gain of greater than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Purchase Gas Cost and Sales Amount on a monthly basis for said Gas Cost Zones Purchase Gas Cost amounts in excess of the 1.0526 ratio shall be disallowed by:
  - 1) Dividing total Purchase Volumes for the 12-month review period by the total Sales Volumes for the same period in said Gas Cost Zone.
  - 2) Subtracting that result from 1, which when expressed as a percentage, becomes said Gas Cost Zones Actual P/S Ratio.
  - 3) Subtracting 5.26% from said Gas Cost Zones Actual P/S Ratio, results in a Disallowance Factor for the review period.
  - 4) Multiplying the Disallowance Factor by the Purchase Volumes for each month and by the WACOG for each month, for said Gas Cost Zone will result in an amount to be disallowed each month.
  - 5) The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volume by the Actual P/S Ratio to arrive at the Calculated Purchased Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Jurisdictional Cost of Gas. The Net Jurisdictional Cost of Gas is calculated by subtracting the Disallowed Amount calculated above.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the rate in effect during the last month of the audit period (June).

- (iv) The sum of the monthly imbalances, plus interest for the period under review shall be the Reconciliation Amount for said Gas Cost Zone or the total amount to be refunded or surcharged.

#### Reconciliation Factor Calculation (RFC)

The Reconciliation Amount for said Gas Cost Zone shall be divided by 12, resulting in the Reconciliation Component.

The Reconciliation Component shall be reflected in a refund or surcharge on each customer bill, according to Gas Cost Zone, over a twelve-month period beginning with the first billing cycle in September following the period covered by the review.

The Reconciliation Component for each month of the reconciliation period shall be calculated by dividing the Reconciliation Amount by the estimated Sales Volumes for the applicable billing period. The result will be a monthly Reconciliation Factor, expressed in Mcf for each Gas Cost Zone. Any under or over collection from the prior month may be factored in subsequent months Reconciliation Component.

Each month during the reconciliation period, the PGF for each Gas Cost Zone on consumer bills shall be increased or reduced by the product of the number of Mcf billed to the customer and the monthly Reconciliation Factor, as indicated in the section of PGF calculations. Any under or over collections remaining at the end of the gas reconciliation period will be carried forward to the next gas reconciliation period.

#### Recovery of Existing Purchased Gas Cost Imbalances

The Company shall determine the amount of unrecovered purchased gas costs applicable to the customers served in each incorporated city or rural area immediately prior to the effectiveness of new Gas Cost Zones. Any resulting over-recovery or under-recovery in excess of \$25,000 shall be charged or credited, as appropriate, to the customers in each such city or rural area. Any over-recovery or under-recovery of less than \$25,000 in any incorporated city or rural area shall be recovered along with any Purchase Gas Costs in the applicable Gas Cost Zone.

#### Revenue Related Tax Adjustment

Each monthly bill, as adjusted above shall also be adjusted by an amount equivalent to the various revenue related taxes, franchise fees, rentals, or other fees and charges imposed by regulatory or governmental authorities. This includes, but not limited to, Gross Receipts Taxes, Municipal Taxes, Fees, or any other governmental imposition, rental fee or charge levied that is based on any portion of revenues billed by Company.

#### Rate Case Expense Surcharge

Rate case expenses will be recovered through a surcharge designed for a sixty month recovery period. A \$0.0984 per Mcf surcharge shall be added to each monthly billing until the approved rate case expenses are recovered.

WEST TEXAS GAS, INC.  
WTG Distribution Systems  
RRC Tariff No: 26589

<b>RATE SCHEDULE:</b>	<b>DOMESTIC GAS SERVICE – WTG RATE #910</b>
<b>APPLICABLE TO:</b>	<b>Incorporated Area of Cactus, Unincorporated Area of Cactus <i>(Note, Incorporated areas will go into effect by municipal ordinance or operation of law.)</i></b>
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on and after 02/09/2016</b>

Subject to applicable rate adjustment provisions listed below, the following rates are the maximum applicable to Domestic consumers per meter billing cycle or for any part of a billing cycle for which gas service is available at the same location.

Customer Charge	\$10.00
2013 GRIP Charge	\$ 2.02
2014 GRIP Charge	<u>\$ 0.62</u>
Total Customer Charge	\$12.64 per month

All Consumption @ \$3.76 per Mcf

The due date of the bill for utility service shall not be less than 15 days after issuance, or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

Gas Cost Adjustment

Gas Cost Adjustment is intended to allow collection of the Company's gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that all amounts billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. This clause shall apply to customers in the North Gas Cost Zone.

Purchased Gas Cost Component

The Purchase Gas Cost for said Gas Cost Zone shall be computed utilizing the following components for the distribution system customers.

- (i) Cost of gas purchased
- (ii) Credits, Refunds, or out of Period Adjustments
- (iii) Cost of gas withdrawn from storage
- (iv) Interest on storage gas withdrawn
- (v) Upstream gathering and Transportation Charges
- (vi) Storage Deliverability Charges
- (vii) Storage Capacity Charges
- (viii) New Taxes on the purchased gas or the purchase transaction and not reflected on elsewhere on customer bills

The Company shall keep accurate records of all storage gas purchases, including the date, quantity, cost, and associated expenses. The Company shall account for storage gas purchases and withdrawals using a weighted average cost basis.

Purchased Gas Factor Calculation (PGF)

Each customer bill shall include a Purchased Gas Factor reflecting the estimated weighted average cost of gas, plus additional elements described in this section, during the period covered by the bill for said Gas Cost Zone. The PGF shall be determined to the nearest \$0.001 per Mcf, and the following provisions shall apply:

- (i) In addition to the estimated weighted average cost of gas for the current month's billing period, the PGF may include a pro rata portion of an amount reflecting the difference between the estimated WACOG and the actual WACOG during the previous billing period for said Gas Cost Zone
- (ii) The PGF shall also include a "Reconciliation Factor", an amount reflecting the customer's share of any gas cost imbalances in the preceding reconciliation period for said Gas Cost Zone
- (iii) The PGF factor may also include an amount reflecting any new taxes or levies specifically applied to gas costs or purchases and not otherwise reflected on the customer bill for said Gas Cost Zone

The Purchased Gas Factor is expressed as a formula as follows:

$$(A+/-B) + C + D = E$$

Where

A = Estimated WACOG

B = Estimated WACOG/Act. WACOG Difference

C = Reconciliation Factor

D = New Taxes

E = Total PGF

Gas Cost Reconciliation (GCR)

The Company shall keep accurate books and records of the Reconciliation Review and monthly PGF reports to the Railroad Commission of Texas and shall account for the Reconciliation Component and the Reconciliation Factors for said Gas Cost Zone.

A Reconciliation Review and calculation shall first determine whether the lost and unaccounted for gas is more or less than 5% of that metered into the system. The sales volumes shall be converted to the same pressure base as the purchase volumes. Calculations of the sales volumes furnished to its gas sales customers (from meters not corrected for pressure and/or temperature) shall be calculated utilizing the following service pressures (psia) for each listed municipality and associated environs:

Cactus 13.28, Canadian, 13.88, Canyon 13.45, Claude 13.38, Dalhart 13.07, Darrouzett 13.78, Farwell 13.18, Follett 13.68, Groom 13.38, Higgins 13.78, Miami 13.68, Mobeetie 13.78, Shamrock 13.88, Stratford 13.18, Texhoma 13.38, Texline 12.98, Wheeler 13.78

If the Reconciliation Review indicates a gas loss or gas gain of less than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Net Jurisdictional Cost of Gas and amount collected through the PGA billed on a monthly basis for said Gas Cost Zone. The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volumes by the Actual P/S Ratio to arrive at the Calculated Purchase Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Net Jurisdictional Cost of Gas.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the same as determined by the Public Utility Commission of Texas for refunds on customer deposits and in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for said Gas Cost Zone for the period under review shall be the Reconciliation Amount, the total amount to be refunded/surcharged in said Gas Cost Zone.

If the Reconciliation Review indicates a gas loss or gain of greater than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Purchase Gas Cost and Sales Amount on a monthly basis for said Gas Cost Zones Purchase Gas Cost amounts in excess of the 1.0526 ratio shall be disallowed by:
  - 1) Dividing total Purchase Volumes for the 12-month review period by the total Sales Volumes for the same period in said Gas Cost Zone.
  - 2) Subtracting that result from 1, which when expressed as a percentage, becomes said Gas Cost Zones Actual P/S Ratio.
  - 3) Subtracting 5.26% from said Gas Cost Zones Actual P/S Ratio, results in a Disallowance Factor for the review period.
  - 4) Multiplying the Disallowance Factor by the Purchase Volumes for each month and by the WACOG for each month, for said Gas Cost Zone will result in an amount to be disallowed each month.
  - 5) The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volume by the Actual P/S Ratio to arrive at the Calculated Purchased Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Jurisdictional Cost of Gas. The Net Jurisdictional Cost of Gas is calculated by subtracting the Disallowed Amount calculated above.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the rate in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for the period under review shall be the Reconciliation Amount for said Gas Cost Zone or the total amount to be refunded or surcharged.

#### Reconciliation Factor Calculation (RFC)

The Reconciliation Amount for said Gas Cost Zone shall be divided by 12, resulting in the Reconciliation Component.

The Reconciliation Component shall be reflected in a refund or surcharge on each customer bill, according to Gas Cost Zone, over a twelve-month period beginning with the first billing cycle in September following the period covered by the review.

The Reconciliation Component for each month of the reconciliation period shall be calculated by dividing the Reconciliation Amount by the estimated Sales Volumes for the applicable billing period. The result will be a monthly Reconciliation Factor, expressed in Mcf for each Gas Cost Zone. Any under or over collection from the prior month may be factored in subsequent months Reconciliation Component.

Each month during the reconciliation period, the PGF for each Gas Cost Zone on consumer bills shall be increased or reduced by the product of the number of Mcf billed to the customer and the monthly Reconciliation Factor, as indicated in the section of PGF calculations. Any under or over collections remaining at the end of the gas reconciliation period will be carried forward to the next gas reconciliation period.

#### Recovery of Existing Purchased Gas Cost Imbalances

The Company shall determine the amount of unrecovered purchased gas costs applicable to the customers served in each incorporated city or rural area immediately prior to the effectiveness of new Gas Cost Zones. Any resulting over-recovery or under-recovery in excess of \$25,000 shall be charged or credited, as appropriate, to the customers in each such city or rural area. Any over-recovery or under-recovery of less than \$25,000 in any incorporated city or rural area shall be recovered along with any Purchase Gas Costs in the applicable Gas Cost Zone.

#### Revenue Related Tax Adjustment

Each monthly bill, as adjusted above shall also be adjusted by an amount equivalent to the various revenue related taxes, franchise fees, rentals, or other fees and charges imposed by regulatory or governmental authorities. This includes, but not limited to, Gross Receipts Taxes, Municipal Taxes, Fees, or any other governmental imposition, rental fee or charge levied that is based on any portion of revenues billed by Company.

#### Rate Case Expense Surcharge

Rate case expenses will be recovered through a surcharge designed for a sixty month recovery period. A \$0.0984 per Mcf surcharge shall be added to each monthly billing until the approved rate case expenses are recovered.



**WEST TEXAS GAS, INC.**  
**WTG Distribution Systems**  
**RRC Tariff No: 26590**

<b>RATE SCHEDULE:</b>	<b>NON-DOMESTIC GAS SERVICE – WTG RATE #911</b>
<b>APPLICABLE TO:</b>	<b>Incorporated Area of Cactus, Unincorporated Area of Cactus (<i>Note, Incorporated Areas will go into effect by municipal ordinance or operation of law.</i>)</b>
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on and after 02/09/2016</b>

Subject to applicable rate adjustment provisions listed below, the following rates are the maximum applicable to Non-Domestic consumers per meter billing cycle or for any part of a billing cycle for which gas service is available at the same location.

Customer Charge	\$13.70
2013 GRIP Charge	\$ 5.33
2014 GRIP Charge	<u>\$ 1.69</u>
Total Customer Charge	\$20.72 per month

All Consumption @ \$2.59 per Mcf

The due date of the bill for utility service shall not be less than 15 days after issuance, or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

Gas Cost Adjustment

Gas Cost Adjustment is intended to allow collection of the Company's gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that all amounts billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. This clause shall apply to customers in the North Gas Cost Zone.

Purchased Gas Cost Component

The Purchase Gas Cost for said Gas Cost Zone shall be computed utilizing the following components for the distribution system customers.

- (i) Cost of gas purchased
- (ii) Credits, Refunds, or out of Period Adjustments
- (iii) Cost of gas withdrawn from storage
- (iv) Interest on storage gas withdrawn
- (v) Upstream gathering and Transportation Charges
- (vi) Storage Deliverability Charges
- (vii) Storage Capacity Charges
- (viii) New Taxes on the purchased gas or the purchase transaction and not reflected on elsewhere on customer bills

The Company shall keep accurate records of all storage gas purchases, including the date, quantity, cost, and associated expenses. The Company shall account for storage gas purchases and withdrawals using a weighted average cost basis.

Purchased Gas Factor Calculation (PGF)

Each customer bill shall include a Purchased Gas Factor reflecting the estimated weighted average cost of gas, plus additional elements described in this section, during the period covered by the bill for said Gas Cost Zone. The PGF shall be determined to the nearest \$0.001 per Mcf, and the following provisions shall apply:

- (i) In addition to the estimated weighted average cost of gas for the current month's billing period, the PGF may include a pro rata portion of an amount reflecting the difference between the estimated WACOG and the actual WACOG during the previous billing period for said Gas Cost Zone
- (ii) The PGF shall also include a "Reconciliation Factor", an amount reflecting the customer's share of any gas cost imbalances in the preceding reconciliation period for said Gas Cost Zone
- (iii) The PGF factor may also include an amount reflecting any new taxes or levies specifically applied to gas costs or purchases and not otherwise reflected on the customer bill for said Gas Cost Zone

The Purchased Gas Factor is expressed as a formula as follows:

$$(A+/-B) + C + D = E$$

Where

A = Estimated WACOG

B = Estimated WACOG/Act. WACOG Difference

C = Reconciliation Factor

D = New Taxes

E = Total PGF

Gas Cost Reconciliation (GCR)

The Company shall keep accurate books and records of the Reconciliation Review and monthly PGF reports to the Railroad Commission of Texas and shall account for the Reconciliation Component and the Reconciliation Factors for said Gas Cost Zone.

A Reconciliation Review and calculation shall first determine whether the lost and unaccounted for gas is more or less than 5% of that metered into the system. The sales volumes shall be converted to the same pressure base as the purchase volumes. Calculations of the sales volumes furnished to its gas sales customers (from meters not corrected for pressure and/or temperature) shall be calculated utilizing the following service pressures (psia) for each listed municipality and associated environs:

Cactus 13.28, Canadian, 13.88, Canyon 13.45, Claude 13.38, Dalhart 13.07, Darrouzett 13.78, Farwell 13.18, Follett 13.68, Groom 13.38, Higgins 13.78, Miami 13.68, Mobeetie 13.78, Shamrock 13.88, Stratford 13.18, Texhoma 13.38, Texline 12.98, Wheeler 13.78

If the Reconciliation Review indicates a gas loss or gas gain of less than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Net Jurisdictional Cost of Gas and amount collected through the PGA billed on a monthly basis for said Gas Cost Zone. The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volumes by the Actual P/S Ratio to arrive at the Calculated Purchase Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Net Jurisdictional Cost of Gas.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the same as determined by the Public Utility Commission of Texas for refunds on customer deposits and in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for said Gas Cost Zone for the period under review shall be the Reconciliation Amount, the total amount to be refunded/surcharged in said Gas Cost Zone.

If the Reconciliation Review indicates a gas loss or gain of greater than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Purchase Gas Cost and Sales Amount on a monthly basis for said Gas Cost Zones Purchase Gas Cost amounts in excess of the 1.0526 ratio shall be disallowed by:
  - 1) Dividing total Purchase Volumes for the 12-month review period by the total Sales Volumes for the same period in said Gas Cost Zone.
  - 2) Subtracting that result from 1, which when expressed as a percentage, becomes said Gas Cost Zones Actual P/S Ratio.
  - 3) Subtracting 5.26% from said Gas Cost Zones Actual P/S Ratio, results in a Disallowance Factor for the review period.
  - 4) Multiplying the Disallowance Factor by the Purchase Volumes for each month and by the WACOG for each month, for said Gas Cost Zone will result in an amount to be disallowed each month.
  - 5) The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volume by the Actual P/S Ratio to arrive at the Calculated Purchased Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Jurisdictional Cost of Gas. The Net Jurisdictional Cost of Gas is calculated by subtracting the Disallowed Amount calculated above.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the rate in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for the period under review shall be the Reconciliation Amount for said Gas Cost Zone or the total amount to be refunded or surcharged.

#### Reconciliation Factor Calculation (RFC)

The Reconciliation Amount for said Gas Cost Zone shall be divided by 12, resulting in the Reconciliation Component.

The Reconciliation Component shall be reflected in a refund or surcharge on each customer bill, according to Gas Cost Zone, over a twelve-month period beginning with the first billing cycle in September following the period covered by the review.

The Reconciliation Component for each month of the reconciliation period shall be calculated by dividing the Reconciliation Amount by the estimated Sales Volumes for the applicable billing period. The result will be a monthly Reconciliation Factor, expressed in Mcf for each Gas Cost Zone. Any under or over collection from the prior month may be factored in subsequent months Reconciliation Component.

Each month during the reconciliation period, the PGF for each Gas Cost Zone on consumer bills shall be increased or reduced by the product of the number of Mcf billed to the customer and the monthly Reconciliation Factor, as indicated in the section of PGF calculations. Any under or over collections remaining at the end of the gas reconciliation period will be carried forward to the next gas reconciliation period.

#### Recovery of Existing Purchased Gas Cost Imbalances

The Company shall determine the amount of unrecovered purchased gas costs applicable to the customers served in each incorporated city or rural area immediately prior to the effectiveness of new Gas Cost Zones. Any resulting over-recovery or under-recovery in excess of \$25,000 shall be charged or credited, as appropriate, to the customers in each such city or rural area. Any over-recovery or under-recovery of less than \$25,000 in any incorporated city or rural area shall be recovered along with any Purchase Gas Costs in the applicable Gas Cost Zone.

#### Revenue Related Tax Adjustment

Each monthly bill, as adjusted above shall also be adjusted by an amount equivalent to the various revenue related taxes, franchise fees, rentals, or other fees and charges imposed by regulatory or governmental authorities. This includes, but not limited to, Gross Receipts Taxes, Municipal Taxes, Fees, or any other governmental imposition, rental fee or charge levied that is based on any portion of revenues billed by Company.

#### Rate Case Expense Surcharge

Rate case expenses will be recovered through a surcharge designed for a sixty month recovery period. A \$0.0984 per Mcf surcharge shall be added to each monthly billing until the approved rate case expenses are recovered.

WEST TEXAS GAS, INC.  
WTG Distribution Systems  
RRC Tariff No: 26593

<b>RATE SCHEDULE:</b>	<b>DOMESTIC GAS SERVICE – WTG RATE #916</b>
<b>APPLICABLE TO:</b>	<b>City of Natalia, City of Somerset, City of Somerset Environs, City of Natalia Environs, City of Devine Environs (Note, Incorporated Areas will go into effect by municipal ordinance or operation of law.)</b>
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on and after 02/09/2016</b>

Subject to applicable rate adjustment provisions listed below, the following rates are the maximum applicable to Domestic consumers per meter billing cycle or for any part of a billing cycle for which gas service is available at the same location.

Customer Charge	\$10.00
2013 GRIP Charge	\$ 2.02
2014 GRIP Charge	<u>\$ 0.62</u>
Total Customer Charge	\$12.64 per month

All Consumption @ \$3.76 per Mcf

The due date of the bill for utility service shall not be less than 15 days after issuance, or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

Gas Cost Adjustment

Gas Cost Adjustment is intended to allow collection of the Company's gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that all amounts billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. This clause shall apply to customers in the South Gas Cost Zone.

Purchased Gas Cost Component

The Purchase Gas Cost for said Gas Cost Zone shall be computed utilizing the following components for the distribution system customers.

- (i) Cost of gas purchased
- (ii) Credits, Refunds, or out of Period Adjustments
- (iii) Cost of gas withdrawn from storage
- (iv) Interest on storage gas withdrawn
- (v) Upstream gathering and Transportation Charges
- (vi) Storage Deliverability Charges
- (vii) Storage Capacity Charges
- (viii) New Taxes on the purchased gas or the purchase transaction and not reflected on elsewhere on customer bills

The Company shall keep accurate records of all storage gas purchases, including the date, quantity, cost, and associated expenses. The Company shall account for storage gas purchases and withdrawals using a weighted average cost basis.

#### Purchased Gas Factor Calculation (PGF)

Each customer bill shall include a Purchased Gas Factor reflecting the estimated weighted average cost of gas, plus additional elements described in this section, during the period covered by the bill for said Gas Cost Zone. The PGF shall be determined to the nearest \$0.001 per Mcf, and the following provisions shall apply:

- (i) In addition to the estimated weighted average cost of gas for the current month's billing period, the PGF may include a pro rata portion of an amount reflecting the difference between the estimated WACOG and the actual WACOG during the previous billing period for said Gas Cost Zone
- (ii) The PGF shall also include a "Reconciliation Factor", an amount reflecting the customer's share of any gas cost imbalances in the preceding reconciliation period for said Gas Cost Zone
- (iii) The PGF factor may also include an amount reflecting any new taxes or levies specifically applied to gas costs or purchases and not otherwise reflected on the customer bill for said Gas Cost Zone

The Purchased Gas Factor is expressed as a formula as follows:

$$(A+/-B) + C + D = E$$

Where

A = Estimated WACOG

B = Estimated WACOG/Act. WACOG Difference

C = Reconciliation Factor

D = New Taxes

E = Total PGF

#### Gas Cost Reconciliation (GCR)

The Company shall keep accurate books and records of the Reconciliation Review and monthly PGF reports to the Railroad Commission of Texas and shall account for the Reconciliation Component and the Reconciliation Factors for said Gas Cost Zone.

A Reconciliation Review and calculation shall first determine whether the lost and unaccounted for gas is more or less than 5% of that metered into the system. The sales volumes shall be converted to the same pressure base as the purchase volumes. Calculations of the sales volumes furnished to its gas sales customers (from meters not corrected for pressure and/or temperature) shall be calculated utilizing the following service pressures (psia) for each listed municipality and associated environs:

Devine 14.68, Eden 14.08, Junction 14.18, LaVernia 14.68, Menard 14.08, Natalia 14.68, Paint Rock 14.28, Somerset 14.68, Sonora 13.98

If the Reconciliation Review indicates a gas loss or gas gain of less than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Net Jurisdictional Cost of Gas and amount collected through the PGA billed on a monthly basis for said Gas Cost Zone. The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volumes by the Actual P/S Ratio to arrive at the Calculated Purchase Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Net Jurisdictional Cost of Gas.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the same as determined by the Public Utility Commission of Texas for refunds on customer deposits and in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for said Gas Cost Zone for the period under review shall be the Reconciliation Amount, the total amount to be refunded/surcharged in said Gas Cost Zone.

If the Reconciliation Review indicates a gas loss or gain of greater than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Purchase Gas Cost and Sales Amount on a monthly basis for said Gas Cost Zones Purchase Gas Cost amounts in excess of the 1.0526 ratio shall be disallowed by:
  - 1) Dividing total Purchase Volumes for the 12-month review period by the total Sales Volumes for the same period in said Gas Cost Zone.
  - 2) Subtracting that result from 1, which when expressed as a percentage, becomes said Gas Cost Zones Actual P/S Ratio.
  - 3) Subtracting 5.26% from said Gas Cost Zones Actual P/S Ratio, results in a Disallowance Factor for the review period.
  - 4) Multiplying the Disallowance Factor by the Purchase Volumes for each month and by the WACOG for each month, for said Gas Cost Zone will result in an amount to be disallowed each month.
  - 5) The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volume by the Actual P/S Ratio to arrive at the Calculated Purchased Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Jurisdictional Cost of Gas. The Net Jurisdictional Cost of Gas is calculated by subtracting the Disallowed Amount calculated above.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the rate in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for the period under review shall be the Reconciliation Amount for said Gas Cost Zone or the total amount to be refunded or surcharged.

#### Reconciliation Factor Calculation (RFC)

The Reconciliation Amount for said Gas Cost Zone shall be divided by 12, resulting in the Reconciliation Component.

The Reconciliation Component shall be reflected in a refund or surcharge on each customer bill, according to Gas Cost Zone, over a twelve-month period beginning with the first billing cycle in September following the period covered by the review.

The Reconciliation Component for each month of the reconciliation period shall be calculated by dividing the Reconciliation Amount by the estimated Sales Volumes for the applicable billing period. The result will be a monthly Reconciliation Factor, expressed in Mcf for each Gas Cost Zone. Any under or over collection from the prior month may be factored in subsequent months Reconciliation Component.

Each month during the reconciliation period, the PGF for each Gas Cost Zone on consumer bills shall be increased or reduced by the product of the number of Mcf billed to the customer and the monthly Reconciliation Factor, as indicated in the section of PGF calculations. Any under or over collections remaining at the end of the gas reconciliation period will be carried forward to the next gas reconciliation period.

#### Recovery of Existing Purchased Gas Cost Imbalances

The Company shall determine the amount of unrecovered purchased gas costs applicable to the customers served in each incorporated city or rural area immediately prior to the effectiveness of new Gas Cost Zones. Any resulting over-recovery or under-recovery in excess of \$25,000 shall be charged or credited, as appropriate, to the customers in each such city or rural area. Any over-recovery or under-recovery of less than \$25,000 in any incorporated city or rural area shall be recovered along with any Purchase Gas Costs in the applicable Gas Cost Zone.

#### Revenue Related Tax Adjustment

Each monthly bill, as adjusted above shall also be adjusted by an amount equivalent to the various revenue related taxes, franchise fees, rentals, or other fees and charges imposed by regulatory or governmental authorities. This includes, but not limited to, Gross Receipts Taxes, Municipal Taxes, Fees, or any other governmental imposition, rental fee or charge levied that is based on any portion of revenues billed by Company.

#### Rate Case Expense Surcharge

Rate case expenses will be recovered through a surcharge designed for a sixty month recovery period. A \$0.0984 per Mcf surcharge shall be added to each monthly billing until the approved rate case expenses are recovered.



**WEST TEXAS GAS, INC.**  
**WTG Distribution Systems**  
**RRC Tariff No: 26594**

<b>RATE SCHEDULE:</b>	<b>NON-DOMESTIC GAS SERVICE – WTG RATE #917</b>
<b>APPLICABLE TO:</b>	<b>City of Natalia, City of Somerset, City of Somerset Environs, City of Natalia Environs, City of Devine Environs (Note, Incorporated Areas will go into effect by municipal ordinance or operation of law.)</b>
<b>EFFECTIVE DATE:</b>	<b>Bills Rendered on and after 02/09/2016</b>

Subject to applicable rate adjustment provisions listed below, the following rates are the maximum applicable to Non-Domestic consumers per meter billing cycle or for any part of a billing cycle for which gas service is available at the same location.

Customer Charge	\$13.70
2013 GRIP Charge	\$ 5.33
2014 GRIP Charge	<u>\$ 1.69</u>
Total Customer Charge	\$20.72 per month

All Consumption @ \$2.59 per Mcf

The due date of the bill for utility service shall not be less than 15 days after issuance, or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

#### Gas Cost Adjustment

Gas Cost Adjustment is intended to allow collection of the Company's gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that all amounts billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. This clause shall apply to customers in the South Gas Cost Zone.

#### Purchased Gas Cost Component

The Purchase Gas Cost for said Gas Cost Zone shall be computed utilizing the following components for the distribution system customers.

- (i) Cost of gas purchased
- (ii) Credits, Refunds, or out of Period Adjustments
- (iii) Cost of gas withdrawn from storage
- (iv) Interest on storage gas withdrawn
- (v) Upstream gathering and Transportation Charges
- (vi) Storage Deliverability Charges
- (vii) Storage Capacity Charges
- (viii) New Taxes on the purchased gas or the purchase transaction and not reflected on elsewhere on customer bills

The Company shall keep accurate records of all storage gas purchases, including the date, quantity, cost, and associated expenses. The Company shall account for storage gas purchases and withdrawals using a weighted average cost basis.

Purchased Gas Factor Calculation (PGF)

Each customer bill shall include a Purchased Gas Factor reflecting the estimated weighted average cost of gas, plus additional elements described in this section, during the period covered by the bill for said Gas Cost Zone. The PGF shall be determined to the nearest \$0.001 per Mcf, and the following provisions shall apply:

- (i) In addition to the estimated weighted average cost of gas for the current month's billing period, the PGF may include a pro rata portion of an amount reflecting the difference between the estimated WACOG and the actual WACOG during the previous billing period for said Gas Cost Zone
- (ii) The PGF shall also include a "Reconciliation Factor", an amount reflecting the customer's share of any gas cost imbalances in the preceding reconciliation period for said Gas Cost Zone
- (iii) The PGF factor may also include an amount reflecting any new taxes or levies specifically applied to gas costs or purchases and not otherwise reflected on the customer bill for said Gas Cost Zone

The Purchased Gas Factor is expressed as a formula as follows:

$$(A+/-B) + C + D = E$$

Where

A = Estimated WACOG

B = Estimated WACOG/Act. WACOG Difference

C = Reconciliation Factor

D = New Taxes

E = Total PGF

Gas Cost Reconciliation (GCR)

The Company shall keep accurate books and records of the Reconciliation Review and monthly PGF reports to the Railroad Commission of Texas and shall account for the Reconciliation Component and the Reconciliation Factors for said Gas Cost Zone.

A Reconciliation Review and calculation shall first determine whether the lost and unaccounted for gas is more or less than 5% of that metered into the system. The sales volumes shall be converted to the same pressure base as the purchase volumes. Calculations of the sales volumes furnished to its gas sales customers (from meters not corrected for pressure and/or temperature) shall be calculated utilizing the following service pressures (psia) for each listed municipality and associated environs:

Devine 14.68, Eden 14.08, Junction 14.18, LaVernia 14.68, Menard 14.08, Natalia 14.68, Paint Rock 14.28, Somerset 14.68, Sonora 13.98

If the Reconciliation Review indicates a gas loss or gas gain of less than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Net Jurisdictional Cost of Gas and amount collected through the PGA billed on a monthly basis for said Gas Cost Zone. The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volumes by the Actual P/S Ratio to arrive at the Calculated Purchase Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Net Jurisdictional Cost of Gas.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the same as determined by the Public Utility Commission of Texas for refunds on customer deposits and in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for said Gas Cost Zone for the period under review shall be the Reconciliation Amount, the total amount to be refunded/surcharged in said Gas Cost Zone.

If the Reconciliation Review indicates a gas loss or gain of greater than 5% of that metered into the system, the following methodology shall apply:

- (i) The Company shall calculate the imbalance between its Purchase Gas Cost and Sales Amount on a monthly basis for said Gas Cost Zones Purchase Gas Cost amounts in excess of the 1.0526 ratio shall be disallowed by:
  - 1) Dividing total Purchase Volumes for the 12-month review period by the total Sales Volumes for the same period in said Gas Cost Zone.
  - 2) Subtracting that result from 1, which when expressed as a percentage, becomes said Gas Cost Zones Actual P/S Ratio.
  - 3) Subtracting 5.26% from said Gas Cost Zones Actual P/S Ratio, results in a Disallowance Factor for the review period.
  - 4) Multiplying the Disallowance Factor by the Purchase Volumes for each month and by the WACOG for each month, for said Gas Cost Zone will result in an amount to be disallowed each month.
  - 5) The Net Jurisdictional Cost of Gas shall be calculated by multiplying the Total Jurisdictional Sales Volume by the Actual P/S Ratio to arrive at the Calculated Purchased Volume. The Calculated Purchased Volume is then multiplied by the WACOG to arrive at the Jurisdictional Cost of Gas. The Net Jurisdictional Cost of Gas is calculated by subtracting the Disallowed Amount calculated above.
- (ii) Interest shall be applied to each monthly imbalance for said Gas Cost Zone and shall accrue for each month of the review period.
- (iii) The interest rate shall be the rate in effect during the last month of the audit period (June).
- (iv) The sum of the monthly imbalances, plus interest for the period under review shall be the Reconciliation Amount for said Gas Cost Zone or the total amount to be refunded or surcharged.

#### Reconciliation Factor Calculation (RFC)

The Reconciliation Amount for said Gas Cost Zone shall be divided by 12, resulting in the Reconciliation Component.

The Reconciliation Component shall be reflected in a refund or surcharge on each customer bill, according to Gas Cost Zone, over a twelve-month period beginning with the first billing cycle in September following the period covered by the review.

The Reconciliation Component for each month of the reconciliation period shall be calculated by dividing the Reconciliation Amount by the estimated Sales Volumes for the applicable billing period. The result will be a monthly Reconciliation Factor, expressed in Mcf for each Gas Cost Zone. Any under or over collection from the prior month may be factored in subsequent months Reconciliation Component.

Each month during the reconciliation period, the PGF for each Gas Cost Zone on consumer bills shall be increased or reduced by the product of the number of Mcf billed to the customer and the monthly Reconciliation Factor, as indicated in the section of PGF calculations. Any under or over collections remaining at the end of the gas reconciliation period will be carried forward to the next gas reconciliation period.

#### Recovery of Existing Purchased Gas Cost Imbalances

The Company shall determine the amount of unrecovered purchased gas costs applicable to the customers served in each incorporated city or rural area immediately prior to the effectiveness of new Gas Cost Zones. Any resulting over-recovery or under-recovery in excess of \$25,000 shall be charged or credited, as appropriate, to the customers in each such city or rural area. Any over-recovery or under-recovery of less than \$25,000 in any incorporated city or rural area shall be recovered along with any Purchase Gas Costs in the applicable Gas Cost Zone.

#### Revenue Related Tax Adjustment

Each monthly bill, as adjusted above shall also be adjusted by an amount equivalent to the various revenue related taxes, franchise fees, rentals, or other fees and charges imposed by regulatory or governmental authorities. This includes, but not limited to, Gross Receipts Taxes, Municipal Taxes, Fees, or any other governmental imposition, rental fee or charge levied that is based on any portion of revenues billed by Company.

#### Rate Case Expense Surcharge

Rate case expenses will be recovered through a surcharge designed for a sixty month recovery period. A \$0.0984 per Mcf surcharge shall be added to each monthly billing until the approved rate case expenses are recovered.

**GUD NO. 10479**

**EXHIBIT B**

**Schedules**

SUMMARY REPORT  
WEST TEXAS GAS, INC.  
INTERIM COST RECOVERY AND RATE ADJUSTMENT REPORT  
IRA FILING PERIOD JANUARY 2014 - DECEMBER 2014

CHANGE TO RATE SCHEDULE FOR 2nd ANNUAL INTERIM RATE ADJUSTMENT

Line	Rate Class	(a)	(b)	(c)	(d)	(e)
		Current Customer Charge	Interim Cost Recovery Adj	Proposed Customer Charge (Col b + Col c)		
1	Rate Schedule - Texas Domestic 1/	\$ 12.02	\$ 0.62	\$ 12.64		
2						
3	Rate Schedule - Texas Non-Domestic 1/	\$ 19.03	\$ 1.69	\$ 20.72		
4						
5			3/			

CURRENT AND PROPOSED BILL INFORMATION					
Line	Description	Current Billing	Proposed Billing	Difference	% Change
6	Current and Proposed Billing Without Gas Costs				
7	Texas Domestic Customers - Average Monthly Bill @ 6 MCF	\$ 3.76	\$ 3.76	\$ -	0.000%
8	Rate Schedule - Texas Domestic 1/	6	6	-	0.000%
9	Average Monthly Volume	22.56	22.56	-	0.000%
10	Line 8 X Line 9	12.02	12.64	0.62	5.140%
11	Customer Charge	34.58	35.20	0.62	1.787%
12	Total Billing				
13					
14					
15	Texas Non-Domestic Customers - Average Monthly Bill @ 30 MCF	\$ 2.59	\$ 2.59	\$ -	0.000%
16	Rate Schedule - Texas Non-Domestic 1/	30	30	-	0.000%
17	Average Monthly Volume	77.70	77.70	-	0.000%
18	Line 16 X Line 17	19.03	20.72	1.69	8.868%
19	Customer Charge	96.73	98.42	1.69	1.745%
20	Total Billing				

1/ GUD 10235, Amended Unanimous Settlement Agreement, Page 2, Item 2  
2/ Includes Customer Charge from GUD 10235 plus Interim Cost Recovery Adj from GUD 10418  
3/ Schedule A, Lines 21 & 22, Col (h)

WEST TEXAS GAS, INC.  
INTERIM COST RECOVERY AND RATE ADJUSTMENT REPORT  
IRA FILING PERIOD JANUARY 2014 - DECEMBER 2014

Line	Description (a)	Texas Plant At 12/31/2013 (b)	Net Texas Additions/Provision Before Adjustments (Jan 14-Dec 14) (c)	Other Adjustments (Jan 14-Dec 14) (d)	Adjustment for CIAC (Jan 14-Dec 14) (e)	Texas Retirements (Jan 14-Dec 14) (f)	Texas Plant Adjusted As of 12/31/2014 (g)	Change in Investment (Col f - Col b) (h)
1	Utility Plant Investment	116,776,982	27,494,932			1,807,413	142,464,502	\$ 25,687,520
2	Accumulated Depreciation	33,100,708	5,957,761			1,807,413	37,246,056	4,145,348
3	Other Adjustments	(2,123,608)	-	(19,591,197)	(525,388)	-	(22,240,193)	(20,116,585)
4	Net Utility Plant Investment - Texas Plant (Line 1-2+3)	81,552,666	21,542,171	(19,591,197)	(525,388)	-	82,978,253	\$ 1,425,587
		1/	2/	3/	4/	5/	6/	
5	Calculation of Interim Rate Adjustment Amount Texas Operations:							
6	Return							\$ 112,764
7	Depreciation Expense							207,746
8	Non-Revenue Related Taxes (Ad Valorem Tax)							17,250
9	Revenue Related Taxes							-
10	Federal Income Tax							60,719
11	Interim Rate Adjustment - Total Texas Operations							398,479
12	Percentage Texas Operations - Jurisdictional							36.9945%
13	Interim Rate Adjustment - Texas Jurisdictional Operations							\$ 147,415
14	Texas Jurisdictional Operations Subject to City Regulation							\$ 116,931
15	Texas Jurisdictional Operations Subject to Commission Regulation							30,485
16	Total							\$ 147,415
17	Total Interim Rate Adjustment Amount times Allocation Factors:							\$ 112,139
18	Rate Schedule - Texas Domestic							35,276
19	Rate Schedule - Texas Non Domestic							147,415
20	Total							\$ 112,139
21	Total Change in Customer Charge:							\$ 0.62
22	Rate Schedule - Texas Domestic							1.69
23	Rate Schedule - Texas Non Domestic							

1/ Schedule D, Line 34, Col (e), (h), (i)  
 2/ WP Plant Additions, Line 210, Col (s) and WP Accum Depr Line 34, Col (h)  
 3/ This adjustment represents capital costs incurred on a 42-mile 10" mainline project in Dimmitt and LaSalle Counties. These capital costs are being excluded from the interim rate adjustment calculation due to allocation methods established in Docket No. 10235 that would unfairly burden WTC jurisdictional customers. WTC will defer including these capital costs until its next rate case filing pursuant to Utility Code 104.301.  
 4/ CIAC shown on Schedule L, Line 16, Col (g)  
 5/ WP Retirements Line 101, Col (s)  
 6/ Schedule H, Line 34, Col (e), (h), (i)

WEST TEXAS GAS, INC  
INTERIM COST RECOVERY AND RATE ADJUSTMENT REPORT  
IRA FILING PERIOD JANUARY 2014 - DECEMBER 2014

Line	Description (a)	Total (b)	Reference (c)
1	Return Factor	7.9100%	GUD 10235, Amended Unanimous Settlement Agreement, Item 3, Pages 2 & 3
2			
3	Depreciation Expense		
4	Depreciation Expense Texas Plant	207,746	Schedule F, Line 34, Col (i), Depreciation expense on investments incurred during the report period
5			
6	Property Related Taxes		
7	Required Property Tax Factor	1.210%	GUD 10235, Amended Unanimous Settlement Agreement, Item 4-b, Page 3
8			
9	Revenue Related Taxes 1/	-	Schedules I, I-1 & I-1.1
10			
11	Federal Income Tax Factor Calculation (1 / .65) * (.35)	53.84615%	GUD 10235, Amended Unanimous Settlement Agreement, Item 4-d, Page 3
12			
13	Allocation Factors:		
14	Texas Jurisdictional Domestic	30.1529%	From GUD 10235, Schedule K-1.1, Line 10, Col (c)
15	Texas Jurisdictional Non-Domestic	6.8416%	From GUD 10235, Schedule K-1.1, Line 10, Col (d)
16	Total Jurisdictional	36.9945%	
17	Texas Non- Jurisdictional	63.0100%	From GUD 10235, Schedule K-1.1, Line 10, Col (e)
18		100.00%	Sum of Line 17 & 18
19			
20	Allocation Factors:		
21	Texas Domestic	76.07%	GUD 10235, Amended Unanimous Settlement Agreement, Item 4-f, Page 3
22	Texas Non-Domestic	23.93%	GUD 10235, Amended Unanimous Settlement Agreement, Item 4-f, Page 3
23		100.00%	Sum of Line 25 and 26
24			
25	Meter Count 2014		
26	Texas Jurisdictional Domestic	15,125	Schedule WP Customer Count, Line 43, Col (d)
27	Texas Jurisdictional Non-Domestic	1,742	Schedule WP Customer Count, Line 43, Col (e)
28	Texas Non-Jurisdictional	4,208	Schedule WP Customer Count, Line 43, Col (f)
29	Total Meter Count	21,075	Sum of Lines 26, 27 & 28 (Schedule WP Customer Count, Line 43, Col (h))
30			
31	Texas Jurisdictional Subject to City Regulation	13,379	Schedule WP Meter Count, Line 9, Col(b)
32	Texas Jurisdictional Subject to Commission Regulation	3,488	Schedule WP Meter Count, Line 4, Col(b)
33	Total Meter Count Jurisdictional	16,867	Schedule WP Meter Count, Line 17, Col(b)

1/ Revenue related taxes are shown on Schedule I. No portion of this tax expense is being included with this filing. While a portion of the expense can be allocated to Texas operations, WGTG does not have an allocation method developed to calculate the taxes related to the increased investment for this filing period.



WEST TEXAS GAS, INC.  
CUSTOMER / METER COUNT  
JANUARY - DECEMBER 2014

Line #	(a) DESCRIPTION	(b) DOMESTIC INCORPORATED METER CT [AT DEC 31, 2014]		(c) DOMESTIC ENVIRONS METER CT [AT DEC 31, 2014]		(d) DOMESTIC TOTAL METER CT [AT DEC 31, 2014]		(e) NON-DOMESTIC INCORPORATED METER CT [AT DEC 31, 2014]		(f) NON-DOMESTIC ENVIRONS METER CT [AT DEC 31, 2014]		(g) NON-DOMESTIC TOTAL METER CT [AT DEC 31, 2014]		(h) TOTAL METER CT [AT DEC 31, 2014]	
1	WEST GAS COST ZONE:														
2	BALMORHEA	105	31	58	136	21	24	14	14	3	24	160	160		
3	IMPERIAL	-	58	113	58	-	16	-	16	-	16	72	72		
4	LUBBOCK	1,951	99	2,050	198	10	825	26	224	835	835	2,274	2,274		
5	KERMIT	57	627	684	835	10	835	245	868	1,113	1,113	1,519	1,519		
6	WEST ZONE RURAL AREAS	2,226	815	3,041	3,041										
7	SUB-TOTAL														
8															
9	NORTH GAS COST ZONE:														
10	CACTUS	300	12	312	312	13	13	41	211	1	47	429	429		
11	CANADIAN	812	53	865	865	46	46	25	25	3	41	175	175		
12	CLAUDE	372	10	382	382	38	38	46	46	4	50	567	567		
13	DALHART	139	-	139	139	39	39	7	46	4	44	284	284		
14	DARROUZETTE	129	5	134	134	17	17	-	-	-	-	181	181		
15	FARWELL	470	47	517	517	49	49	8	13	5	13	85	85		
16	FOLLETT	194	12	206	206	172	172	10	182	2	94	1,064	1,064		
17	GROOM	230	10	240	240	92	92	2	2	10	10	137	137		
18	HIGGINS	164	-	164	164	30	30	4	4	4	107	686	686		
19	MIAMI	224	16	240	240	48	48	3,124	3,172	4	107	5,700	5,700		
20	MOBETTIE	37	35	72	72	946	946	3,209	4,155			12,358	12,358		
21	SHAMROCK	832	50	882	882										
22	STRATFORD	643	5	648	648										
23	TEXHOMA	127	-	127	127										
24	TEXLINE	168	-	168	168										
25	WHEELER	534	45	579	579										
26	NORTH ZONE RURAL AREAS	130	2,398	2,528	2,528										
27	SUB-TOTAL	5,505	2,698	8,203	8,203										
28															
29	SOUTH GAS COST ZONE:														
30	CHRISTOVAL	-	109	109	109	3	24	27	27	24	27	136	136		
31	DEVINE	595	40	635	635	75	76	1	76	1	76	711	711		
32	EDEN	281	-	281	281	52	52	-	52	-	52	333	333		
33	JUNCTION	493	6	499	499	146	146	-	146	-	146	645	645		
34	LA PRYOR	93	2	95	95	7	7	-	7	-	7	102	102		
35	MENARD	169	-	169	169	47	47	-	47	-	47	216	216		
36	NATALIA	193	164	357	357	21	26	5	26	5	26	383	383		
37	PAINT ROCK	59	2	61	61	24	24	-	24	-	24	85	85		
38	SOMERSET	353	408	761	761	40	61	21	822	61	822	838	838		
39	SONORA	600	97	697	697	135	141	6	141	75	141	292	292		
40	SOUTH ZONE RURAL AREAS	-	217	217	217	1	74	1	75	131	682	4,563	4,563		
41	SUB-TOTAL	2,836	1,045	3,881	3,881										
42															
43	GRAND TOTAL	10,567	4,558	15,125	15,125	1,742	4,208	5,950	21,075	1/					

1/ Tries to P. 32., Line 8, Col (b), Total Dist Operations, Texas - 2014 TRC Annual Report

WEST TEXAS GAS, INC.  
 CUSTOMER / METER COUNT  
 JANUARY - DECEMBER 2014

WP Meter Count  
 Page 1 of 1

	(a)	(b)
1	<u>Subject to Commission Regulation</u>	
2	Domestic	3,429
3	Non-Domestic	59
4	Total	<u>3,488</u>
5		
6	<u>Subject to City Regulation</u>	
7	Domestic	11,696
8	Non-Domestic	1,683
9	Total	<u>13,379</u>
10		
11	<u>Non-Jurisdictional</u>	4,208
12	Total	<u>4,208</u>
13		
14		
15	Total Domestic	15,125
16	Total Non-Domestic	1,742
17	Total Jurisdictional Meter Count	<u>16,867</u>
18	Total Non-Jurisdictional	<u>4,208</u>
19	Total Meter Count	<u><u>21,075</u></u>
20		
21		
22		
23		
24	Total Interim Rate Adjustment	\$ 147,415
25		
26	IRA allocated for Commission Regulation (Based on Mtr Ct)	\$ 30,485
27	IRA allocated for City Regulation (Based on Mtr Ct)	\$ 116,931
28		<u><u>\$ 147,415</u></u>

WEST TEXAS GAS, INC  
INTERIM COST RECOVERY AND RATE ADJUSTMENT REPORT  
IRA FILING PERIOD JANUARY 2014 - DECEMBER 2014

<u>Line</u>	<u>Description</u> (a)	<u>Factors</u> (b)	<u>Reference</u> (c)
1	Approved Return Rate Factor	7.91%	
2	Federal Income Tax Factor	53.85%	GUD 10235, Amended Unanimous Settlement Agreement, Item 3, Pages 2 & 3 Schedule B, Col (b), Line 11
3	Federal Income Tax Adjustment Factor	4.259%	Line 1 X Line 2
4	Change in Invested Capital - Net Utility Plant	1,425,587	Schedule A, Col (h), Line 4
5	Change in Federal Income Tax	<u>60,719</u>	Line 3 X Line 4

SIGNED this 23<sup>rd</sup> day of February, 2016.

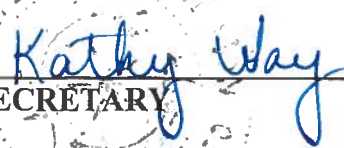
RAILROAD COMMISSION OF TEXAS

  
\_\_\_\_\_  
DAVID PORTER  
CHAIRMAN

  
\_\_\_\_\_  
CHRISTI CRADDICK  
COMMISSIONER

  
\_\_\_\_\_  
RYAN SITTON  
COMMISSIONER

ATTEST

  
\_\_\_\_\_  
SECRETARY

