

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

STATEMENT OF INTENT TO	§	
INCREASE GAS UTILITY RATES	§	GAS UTILITIES DOCKET NO.
WITHIN THE UNINCORPORATED	§	10679,
AREAS SERVED BY SIENERGY, LP	§	<i>Consolidated</i>
IN CENTRAL AND SOUTH TEXAS	§	

FINAL 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, *et seq.* (Vernon 2008 & Supp. 2015). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

FINDINGS OF FACT

1. SiEnergy, LP (SiEnergy) 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. On January 5, 2018, SiEnergy filed a *Statement of Intent* to increase rates within unincorporated areas in which it provides service in Central and South Texas, specifically in Fort Bend, Harris, Montgomery, Travis, and Waller counties ("*Statement of Intent*"). The filing was docketed as GUD No. 10679.
3. SiEnergy requested an effective date of February 9, 2018.
4. SiEnergy subsequently filed a *Statement of Intent* to increase rates with the following municipalities with original jurisdiction in Central and South Texas: Conroe, Fulshear, Katy, Missouri City, and Sugar Land.
5. SiEnergy proposes to implement the proposed rates within all incorporated and unincorporated areas in which it provides service in Central and South Texas.
6. Staff of the Railroad Commission (Staff) intervened on January 8, 2018.
7. Gulf Coast Coalition of Cities (GCCC) intervened on January 8, 2018.
8. GCCC filed its First Supplemental Motion to Intervene on February 8, 2018.
9. The GCCC cities include the following: Conroe, Fulshear, Missouri City, and Sugar Land.

10. On January 23, 2018, the Commission suspended the implementation of SiEnergy's proposed rates for 150 days.
11. For all customers located in incorporated and unincorporated areas within the areas served by SiEnergy in Central and South Texas, SiEnergy provided public notice by direct mail on February 7, 2018, in accordance with TEX. UTIL. CODE ANN. § 104.103(a) (Vernon 2007 and Supp. 2015) and 16 TEX. ADMIN. CODE §§ 7.230 and 7.235 (2015).
12. The notice meets the statutory and rule requirements of notice and provides sufficient information to ratepayers about the proposed rate increase in the *Statement of Intent*, in accordance with TEX. UTIL. CODE ANN. § 104.103(a) (Vernon 2007 and Supp. 2015) and 16 TEX. ADMIN. CODE §§ 7.230 and 7.235 (2015).
13. The cities of Conroe, Fulshear, Missouri City, and Sugar Land suspended the *Statement of Intent* filed by SiEnergy on or before February 9, 2018. The City of Katy took no action on the Statement of Intent.
14. On February 13, 2018, the rate case expenses from GUD No. 10679 were severed into GUD No. 10694, styled *Rate Case Expenses Severed from GUD No. 10679, Statement of Intent of SiEnergy, LP, to Increase Gas Utility Rates in Central and South Texas*.
15. On April 12, 2018, SiEnergy filed the Amended Affidavit of Jose Osuna attesting to proof of notice.
16. On April 12, 2018, SiEnergy filed a letter notifying the Administrative Law Judge ("ALJ") that all parties to the proceeding had reached a settlement in principle and requesting an abatement of the proceeding.
17. On April 13, 2018, the ALJ granted the request to abate the proceeding.
18. On April 13, 2018, the ALJ consolidated GUD No. 10694 (rate case expenses) with GUD No. 10679.
19. On April 26, 2018, the parties filed the *Unanimous Settlement Agreement* and accompanying documents, which resolved all issues, and no issues were preserved for further litigation.
20. SiEnergy established that the Company maintains its books and records in accordance with the Federal Energy Regulatory Commission's (FERC) Uniform System of Accounts (USOA) prescribed for Natural Gas Companies.
21. SiEnergy established that the Company has fully complied with the books and records requirements of Commission Rule 7.310, and the amounts included therein are therefore entitled to the presumption in Commission Rule 7.503 that these amounts are reasonable and necessary.

22. The test year in this filing is based upon the financial data for the twelve-month period ending September 30, 2017, adjusted for known and measurable changes.
23. SiEnergy requested in its Statement of Intent a revenue requirement increase of approximately \$2.267 million for all customers within the incorporated and unincorporated areas served by SiEnergy in Central and South Texas.
24. The *Unanimous Settlement Agreement* contemplates an approximate \$1,773,000 revenue increase from current revenues as a reduced settled amount. The revenue increase is not tied to any specific expense in the Company's underlying cost-of-service.
25. The approximately \$1,773,000 revenue increase contemplated in the *Unanimous Settlement Agreement* represents a decrease of approximately \$494,000 from the revenues requested in the Statement of Intent filing.
26. The parties have established that the proposed revenue increase of \$1,773,000 from current revenues is just and reasonable.
27. The proposed rates will affect the following classes of customers within the incorporated and unincorporated areas served by SiEnergy in Central and South Texas: Residential (RS) and General Service Small (GSS).
28. The rates reflected in the attached *Unanimous Settlement Agreement*, and the customer charges set forth therein, are just and reasonable.

	Customer Charge	Single Block Volumetric
Residential	\$17.00	\$0.4739 per CCF
General Service Small	\$37.00	\$0.5525 per CCF

29. The parties agree that the reduced settled increase amount is inclusive of a 29-year amortized expense credit of \$58,000. This amortized expense credit of \$58,000 shall be reflected in all future SiEnergy base rate filings made with the Commission through June 20, 2047. To the extent the Commission determines in any future filing that the Company is liable to flow back any amount of excess deferred federal income taxes to its customers, the total amount of the amortized expense credit that has been returned to customers as a result of this or any other future filing shall constitute an offset to any future excess deferred federal income tax expense ordered to be flowed back to customers by the Commission.
30. A net plant amount of \$41.5 million as of September 30, 2017 is prudent and appropriate for recovery in this proceeding.

31. It is reasonable that going forward SiEnergy shall use construction work in progress ("CWIP") only to describe plant in FERC Account 107 in future statement of intent filings.
32. It is reasonable that SiEnergy shall not apply a carrying charge to plant in service for mains associated with lots in builder inventory or any other item in FERC Accounts 101 or 106 as of January 1, 2018.
33. It is reasonable that SiEnergy agrees to comply with the following FERC USOA capitalization guideline:

The cost of individual items of equipment of small value (for example, \$500 or less) or of short life, including small portable tools and implements, shall not be charged to utility plant accounts unless the correctness of the accounting therefor is verified by current inventories. The cost shall be charged to the appropriate operating expense or clearing accounts, according to the use of such items, or, if such items are consumed directly in construction work, the cost shall be included as part of the cost of the construction.

34. It is reasonable that in addition to the net plant amount of \$41.5 million as of September 30, 2017, included in Finding of Fact No. 30 that is deemed prudent and appropriate for recovery in this proceeding, SiEnergy is entitled to recover as part of the Company's next rate case an additional \$3,930,325 in net plant as of September 30, 2017, for mains associated with lots in builder inventory. Such amount is not reflected in the net plant amount approved for recovery in this proceeding and is prudent and appropriate for recovery in the next rate case.
35. It is reasonable to establish the depreciation rates included in Exhibit C to the *Unanimous Settlement Agreement*.
36. Consistent with the *Unanimous Settlement Agreement*, Interim Rate Adjustment ("IRA") factors are not necessary to be established at this time because SiEnergy has agreed not to utilize the IRA mechanism between now and its next rate case.
37. The reduced settled amount reflects a reduction of the corporate income tax rate from 35% to 21% to recognize changes to the Federal Tax Code due to the Tax Cuts and Jobs Act of 2017 ("Act") and such amount reflects all impacts associated with calculation of taxes under the Act. As a result of this proceeding, SiEnergy is compliant with GUD No. 10695, Gas Utilities Accounting Order (Feb. 27, 2018) and Order Nunc Pro Tunc (Mar. 20, 2018), except that SiEnergy shall comply with Ordering Paragraph No. 3 of the GUD No. 10695 Accounting Order by making a filing within twelve (12) months of the date of the Final Order in this proceeding that refunds to customers any revenues collected between January 1, 2018, and the effective date of new rates approved in this proceeding if rates had been reduced during that time period to reflect changes to the corporate tax rate made in the Act.

38. The July 31, 2017 equity transaction by IX Si Investment Co., LLC that resulted in ORIX AM Investments, LLC, purchasing a portion of SiEnergy is in the public interest pursuant to Texas Utilities Code § 102.051.
39. SiEnergy is authorized to amortize over a period of thirty-one (31) years the acquisition adjustment relating to the excess over net book value on an original-cost basis of the purchase price paid by IX Si Investment Co., LLC, for the portion of the Company it acquired. No amounts associated with the acquisition adjustment or its amortization shall be reflected in future SiEnergy rate filings.
40. SiEnergy has established that the services provided by its affiliates on behalf of SiEnergy are reasonable and necessary.
41. The affiliate expenses included in SiEnergy's filing are reasonable and necessary costs of providing gas utility service, and the prices charged to SiEnergy are no higher than the prices charged by the supplying affiliate to other affiliates or divisions of SiEnergy, or to a non-affiliated person for the same item or class of items.
42. It is reasonable that SiEnergy shall create a cost allocation manual no later than four months from the date of this Order in the form of a compliance filing subject to Staff approval.
43. It is reasonable that SiEnergy shall be required to purchase gas internally directly from unaffiliated suppliers using SiEnergy personnel instead of Terra Gas Supply, LLC, and shall pass this cost through to consumers without any markup.
44. It is reasonable to require SiEnergy to seek approval from Commission Staff prior to purchasing gas from Terra Gas Supply, LLC, in the future and that it seek approval from Staff prior to purchasing services from Terra Transmission, LLC, in the future. It is also reasonable to require that SiEnergy shall not purchase items or services, other than reasonable accounting services, from or through Dively Energy Services Company.
45. It is reasonable that SiEnergy has agreed to decrease recoverable rate case expenses by \$175,000.
46. SiEnergy has established that its actual and estimated rate case expenses totaling \$250,618.54 are just and reasonable.
47. GCCC has established that its actual and estimated rate case expenses totaling \$52,000 are just and reasonable.
48. The hourly rates charged by attorneys and consultants were reasonable rates charged by firms in cases addressing utility rate matters.

49. The attorneys and consultants did not charge any expenses for luxury items and did not incur any excessive airline, lodging, or meal expenses.
50. The amount of work done and the time and labor required to accomplish the work was reasonable given the nature of the issues addressed.
51. The complexity and expense of the work was relevant and reasonably necessary to the proceeding and was commensurate with both the complexity of the issues and necessary to completing the matter before the Commission.
52. The total just and reasonable rate case expenses for SiEnergy and GCCC are \$302,618.54. The apportioned amount for environs customers totals \$251,769.18.
53. It is reasonable that the recovery of \$302,618.54 in total rate case expenses occur over an approximate thirty-six (36) month period with the surcharge separately stated on each bill.
54. It is reasonable that, in accordance with the *Unanimous Settlement Agreement*, the rate case expense surcharges approved as a result of the settlement in this proceeding will continue until the amounts to be collected under those surcharges are collected.
55. Good cause exists to recover SiEnergy litigation and estimated expenses equally from all customers within the incorporated and unincorporated areas in which SiEnergy provides service in Central and South Texas, and doing so is necessary in the interest of justice.
56. Good cause exists to recover GCCC litigation and estimated expenses equally from all customers, including customers within the incorporated and unincorporated areas in which SiEnergy provides service in Central and South Texas, because the GCCC participation in GUD No. 10679 resulted in the *Unanimous Settlement Agreement*, which benefits all such customers, and doing so is necessary in the interest of justice.
57. It is reasonable that SiEnergy and GCCC submit to Staff invoices reflecting actual rate case expenses with sufficient detail so that Staff can accurately audit such invoices for the purposes of reconciling actual rate case expenses to estimated rate case expenses. In no case shall the total actual expenses exceed the actual expenses submitted to the Commission as of April 2018, plus the approved estimated expenses, totaling \$302,618.54.
58. It is reasonable that SiEnergy file an annual Rate Case Expense Compliance Filing with Staff detailing the balance of actual plus estimated rate case expenses at the beginning of the annual period, the amount collected by customer class, and the ending or remaining balance within ninety (90) days after each calendar year end.

59. It is just and reasonable that the recommended recovery rate of \$0.0119 per CCF be uniformly allocated for Residential customers and \$0.0119 per CCF for General Service Small customers within the incorporated and unincorporated areas in which SiEnergy provides service in Central and South Texas.
60. It is reasonable for the rate case expense recovery to be properly reconciled annually with the Commission's Oversight & Safety Director to ensure that no under-recovery or over-recovery occurs to customers or SiEnergy.
61. The tariffs attached to this Final Order are just and reasonable.

CONCLUSIONS OF LAW

1. SiEnergy is a gas utility as defined in TEX. UTIL. CODE ANN. §§ 101.003(7) and 121.001 (Vernon 2007 and Supp. 2015) and is therefore subject to the jurisdiction of the Commission.
2. The Commission has jurisdiction over SiEnergy's *Statement of Intent* under TEX. UTIL. CODE ANN. §§ 102.001, 103.022, 103.054, & 103.055, 104.001, 104.001 and 104.201 (Vernon 2007 and Supp. 2015).
3. Under TEX. UTIL. CODE ANN. § 102.001 (Vernon 2007 and Supp. 2015), 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. The Commission has exclusive appellate jurisdiction pursuant to TEX. UTIL. CODE ANN. §§ 102.001(b) and 103.001, *et seq.* (Vernon 2007 and Supp. 2015) to review a decision by a municipality that exercises its exclusive original jurisdiction, so long as the decision is appealed in accordance with TEX. UTIL. CODE ANN. § 103.051 (Vernon 2007 and Supp. 2015).
5. The City of Katy retained its municipal exclusive original jurisdiction. Because it took no action on the Company's proposed rates, the proposed rates were eligible to take effect in Katy on March 5, 2018.
6. The following cities retained their municipal exclusive original jurisdiction and will adopt rates consistent with the *Unanimous Settlement Agreement*: Conroe, Fulshear, Missouri City, and Sugar Land.
7. This proceeding was conducted in accordance with the requirements of GURA §§ 101.001 *et seq.*, (Vernon 2007 and Supp. 2015) and the Administrative Procedure Act, TEX. GOV'T CODE ANN. §§ 2001.001 *et seq.* (Vernon 2008 and Supp. 2015).

8. TEX. UTIL. CODE ANN. § 104.107 (Vernon 2007 and Supp. 2015) provides the Commission's authority to suspend the operation of the schedule of proposed rates for 150 days from the date the schedule would otherwise go into effect.
9. In accordance with TEX. UTIL. CODE ANN. § 104.103 (Vernon 2007 and Supp. 2015) and 16 TEX. ADMIN. CODE ANN. §§ 7.230 and 7.235, adequate notice was properly provided.
10. SiEnergy filed its *Statement of Intent* in accordance with TEX. UTIL. CODE ANN. § 104.102 (Vernon 2007 and Supp. 2015) and 16 TEX. ADMIN. CODE ANN. §§ 7.205 and 7.210.
11. In this proceeding, SiEnergy has the burden of proof under TEX. UTIL. CODE ANN. § 104.008 (Vernon 2007 and Supp. 2015) to show that the proposed rate changes are just and reasonable.
12. In accordance with the *Unanimous Settlement Agreement*, SiEnergy met its burden of proof in accordance with the provisions of TEX. UTIL. CODE ANN. § 104.008 (Vernon 2007 and Supp. 2015) on the elements of its requested rate increase identified in this Order.
13. The revenue, rates, rate design, and service charges proposed by SiEnergy and the parties to the *Unanimous Settlement Agreement*, and identified in the schedules attached to this Order are just and reasonable; are not unreasonably preferential, prejudicial, or discriminatory; and are sufficient, equitable, and consistent in application to each class of consumer, as required by TEX. UTIL. CODE ANN. (Vernon 2007 and Supp. 2015).
14. The Commission has ensured that the rates, operations, and services established in this docket are just and reasonable to customers and to the Company in accordance with the stated purpose of the Texas Utilities Code, Subtitle A, expressed under TEX. UTIL. CODE ANN. § 101.002 (Vernon 2007 and Supp. 2015).
15. The overall revenues as established by the findings of fact and attached schedules are reasonable; fix an overall level of revenues for SiEnergy that will permit the Company a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public over and above its reasonable and necessary operating expenses, as required by TEX. UTIL. CODE ANN. § 104.051 (Vernon 2007 and Supp. 2015); and otherwise comply with Chapter 104 of the Texas Utilities Code.
16. The revenue, rates, rate design, and service charges proposed will not yield to SiEnergy more than a fair return on the adjusted value of the invested capital used and useful in rendering service to the public, as required by TEX. UTIL. CODE ANN. § 104.052 (Vernon 2007 and Supp. 2015).

17. The rates established in this docket comport with the requirements of TEX. UTIL. CODE ANN. § 104.053 (Vernon 2007 and Supp. 2015) and are based upon the adjusted value of invested capital used and useful, where the adjusted value is a reasonable balance between the original cost less depreciation and current cost less an adjustment for present age and condition.
18. The rates established in this case comply with the affiliate transaction standard set out in TEX. UTIL. CODE ANN. § 104.055 (Vernon 2007 and Supp. 2015).
19. TEX. UTIL. CODE ANN. § 104.003(a) (Vernon 2007 and Supp. 2015) provides that a rate may not be unreasonably preferential, prejudicial, or discriminatory but must be sufficient, equitable, and consistent in application to each class of consumer. In establishing a gas utility's rates, the Commission "may treat as a single class two or more municipalities that a gas utility serves if the [C]ommission considers that treatment to be appropriate."
20. In any rate proceeding, any utility and/or municipality claiming reimbursement for its rate case expenses pursuant to TEX. UTIL. CODE ANN. § 103.022(b) (Vernon 2007 and Supp. 2015) shall have the burden to prove the reasonableness of such rate case expenses by a preponderance of the evidence. Evidence must be provided related to, but not limited to, the amount of work done; the time and labor required to accomplish the work; the nature, extent, and difficulty of the work done; the originality of the work; the charges by others for work of the same or similar nature; and any other factor taken into account in setting the amount of the compensation. 16 TEX. ADMIN. CODE § 7.5530(a).
21. In determining the reasonableness of the rate case expenses, the Commission shall consider all relevant factors, including but not limited to those set out previously, and shall also consider whether the request for a rate change was warranted, whether there was duplication of services or testimony, whether the work was relevant and reasonably necessary to the proceeding, and whether the complexity and expense of the work was commensurate with both the complexity of the issues in the proceeding and the amount of the increase sought, as well as the amount of any increase granted. 16 TEX. ADMIN. CODE § 7.5530(b).
22. The jurisdiction of the Commission in this consolidated docket does not extend to municipalities. TEX. UTIL. CODE ANN. §§ 102.001 and 103.055 (Vernon 2007 and Supp. 2015).
23. SiEnergy is required by 16 TEX. ADMIN. CODE § 7.315 to file electronic tariffs incorporating rates consistent with this Order within thirty days of the date of this Order.
24. SiEnergy has established that the Company's books and records conform with 16 TEX. ADMIN. CODE § 7.310 to utilize FERC's USOA prescribed for Natural Gas Companies, and SiEnergy is thus entitled to the presumption that the amounts

included therein are reasonable and necessary in accordance with Commission Rule 7.503.

IT IS THEREFORE ORDERED that the proposed schedule of rates under the *Unanimous Settlement Agreement* is hereby **APPROVED**.

IT IS FURTHER ORDERED that the rates, rate design, and service charges established in the findings of fact, conclusions of law, and as shown on the attached tariffs for SiEnergy are **APPROVED**.

IT IS FURTHER ORDERED that SiEnergy shall reimburse GCCC its reasonable rate case expenses as set out above and that the attached tariffs are just and reasonable.

IT IS FURTHER ORDERED that final actual incurred rate case expenses be filed with the Commission through completion of the case within thirty (30) days of issuance of this Order.

IT IS FURTHER ORDERED that SiEnergy shall file an annual Rate Case Expense Compliance Filing with Commission Staff detailing recovery of rate case expenses as described in Finding of Fact No. 52 within ninety (90) days after each calendar year end until the calendar year end in which the rate case expenses are fully recovered.

IT IS FURTHER ORDERED that SiEnergy shall create a cost allocation manual no later than four months from the date of the Final Order and submit it to Commission Staff in the form of a compliance filing, subject to Staff approval.

IT IS FURTHER ORDERED that the *Unanimous Settlement Agreement* attached to this Order is hereby **APPROVED**.

IT IS FURTHER ORDERED that, within thirty (30) days of this Final Order, in accordance with 16 Tex. Admin. Code § 7.315, SiEnergy shall electronically file its rate schedules in proper form that accurately reflect the rates in Exhibit A approved in this Final Order. The tariffs shall incorporate rates, rate design, and service charges consistent with this Order, as stated in the findings of fact and conclusions of law and shown on the attached Schedules.

IT IS FURTHER ORDERED that any incremental change in rates approved by this Final Order and implemented by SiEnergy shall be subject to refund unless and until SiEnergy's tariffs are electronically filed and accepted by the Gas Services Department in accordance with 16 Tex. Admin. Code § 7.315.

IT IS FURTHER ORDERED that all proposed findings of fact and conclusions of law not specifically adopted in this Order are hereby **DENIED**.

IT IS FURTHER ORDERED that all pending motions and requests for relief not previously granted or granted herein are hereby **DENIED**.

IT IS FURTHER ORDERED this Order will not be final and effective until 25 days after the Commission's Order is signed. 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. The time allotted for Commission action on a motion for rehearing in this docket prior to its being overruled by operation of law is hereby extended until 100 days from the date this Order is signed.

SIGNED this 19th day of June, 2018.

RAILROAD COMMISSION OF TEXAS



CHAIRMAN CHRISTI CRADDICK



COMMISSIONER RYAN SITTON

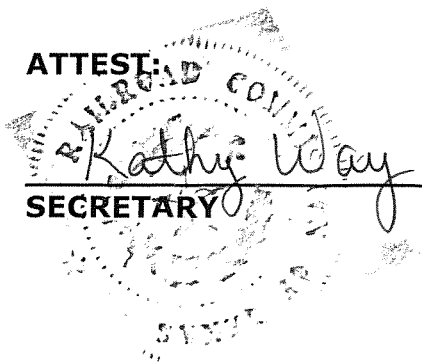


COMMISSIONER WAYNE CHRISTIAN

ATTEST:



SECRETARY



GUD NO. 10679

STATEMENT OF INTENT TO	§	
INCREASE GAS UTILITY RATES	§	
WITHIN THE UNINCORPORATED	§	BEFORE THE
AREAS SERVED BY SIENERGY, LP	§	RAILROAD COMMISSION
IN CENTRAL AND SOUTH TEXAS	§	OF TEXAS

UNANIMOUS SETTLEMENT AGREEMENT

This Unanimous Settlement Agreement is entered into by and between SiEnergy, LP (“SiEnergy” or “Company”); the Gulf Coast Coalition of Cities (“GCCC”); and the Staff of the Railroad Commission of Texas (“Staff”), (collectively, the “Signatories”).

WHEREAS, on January 5, 2018, SiEnergy filed a Statement of Intent to Increase Rates (“Statement of Intent”) within all incorporated and unincorporated areas in which SiEnergy provides service in Central and South Texas; and

WHEREAS, the Commission docketed the rate request as GUD No. 10679; and

WHEREAS, GCCC and Commission Staff sought intervention and were granted party status in GUD No. 10679; and

WHEREAS, the Commission suspended the implementation of the Company’s rate request until July 9, 2018; and

WHEREAS, SiEnergy provided public notice by direct mail on February 7, 2018, to all affected customers; and

WHEREAS, on or before February 9, 2018, the cities within GCCC suspended the implementation of the Company’s rate request until May 10, 2018; and

WHEREAS, the Company will seek the consolidation of any municipal appeals with GUD No. 10679; and

WHEREAS, the rate case expense issues were severed from the original filing and were docketed as GUD No. 10694; and

WHEREAS, direct testimony of GCCC and Staff were due on April 17, 2018, but GCCC and Staff did not file direct testimony in reliance on this Unanimous Settlement Agreement; and

WHEREAS, all parties to this proceeding have engaged in significant discovery regarding the issues in dispute; and

WHEREAS, the Signatories agree that resolution of this docket by unanimous settlement agreement will significantly reduce the amount of reimbursable rate case expenses associated with this docket; and

WHEREAS, the Signatories represent diverse interests and the Unanimous Settlement Agreement resolves the issues in GUD No. 10679 in a manner that the Signatories agree is consistent with the public interest;

NOW, THEREFORE, in consideration of the mutual agreements and covenants established herein, the Signatories, through their undersigned representatives, agree to and recommend for approval by the Commission the following Settlement Terms as a means of concluding the above-referenced docket filed by SiEnergy without the need for prolonged litigation:

Settlement Terms

1. As a product of compromise and for the purposes of settlement, the Signatories agree to the rates, terms and conditions reflected in the tariffs attached to this Unanimous Settlement Agreement as Exhibit A. The tariffs attached as Exhibit A replace and supersede those tariffs currently in effect within all incorporated and unincorporated areas served by SiEnergy in Central and South Texas. These tariffs are premised on an increase of approximately \$1,773,000 in current annual revenues as illustrated in the proof of revenues attached as Exhibit B to this Unanimous Settlement Agreement. Except as specifically provided herein, the Signatories agree that the approximately \$1,773,000 revenue increase is a “black box” figure and is not tied to any specific expense in the underlying cost of service within the areas served by SiEnergy in Central and South Texas. The Signatories further agree that the rates, terms and conditions reflected in Exhibit A to this Unanimous Settlement Agreement comply with the rate-setting requirements of Chapter 104 of the Texas Utilities Code. The gas rates, terms and conditions established by this Unanimous Settlement Agreement shall be effective upon approval by the Commission or other regulatory authority. The Signatories agree that SiEnergy will implement rates in all areas, subject to Commission approval, on bills issued on or after July 1, 2018.
2. The Signatories agree to the following customer charges and volumetric rates. These rates are reflected in the rate schedules attached as Exhibit A.

Rate Schedule*	Customer Charge	Single Block Volumetric Charge
Residential	\$17.00	\$0.4739 per CCF
General Service Small	\$37.00	\$0.5525 per CCF

* Includes customers in both incorporated and unincorporated areas.

3. The Signatories agree that the “black box” increase amount in Paragraph 1 is inclusive of a 29-year amortized expense credit of \$58,000. This amortized expense credit of \$58,000 shall be reflected in all future SiEnergy base rate filings made with the Commission through June 20, 2047. To the extent the Commission determines in any future filing that the Company is liable to flow back any amount of excess deferred federal income taxes to its customers, the total amount of the amortized expense credit that has been returned to customers as a result of this or any other future filing shall constitute an offset to any future

excess deferred federal income tax expense ordered to be flowed back to customers by the Commission or other regulatory authority.

4. The Signatories agree that a net plant amount of \$41.5 million as of September 30, 2017 is prudent and appropriate for recovery in this proceeding. In addition, the Signatories agree to the following:

- a. SiEnergy shall use construction work in progress ("CWIP") only to describe plant in FERC Account 107 in future statement of intent filings;
- b. SiEnergy shall not apply a carrying charge to plant in service in Mains lot inventory or any other item in FERC Accounts 101 or 106 as of January 1, 2018; and
- c. SiEnergy agrees to comply with the following FERC Uniform System of Accounts capitalization guideline:

The cost of individual items of equipment of small value (for example, \$500 or less) or of short life, including small portable tools and implements, shall not be charged to utility plant accounts unless the correctness of the accounting therefor is verified by current inventories. The cost shall be charged to the appropriate operating expense or clearing accounts, according to the use of such items, or, if such items are consumed directly in construction work, the cost shall be included as part of the cost of the construction.

5. The Signatories agree that in addition to the net plant amount of \$41.5 million referenced in Paragraph 4 of this Unanimous Settlement Agreement, SiEnergy is entitled to recover as part of the Company's next rate case an additional \$3,930,325 in net plant as of September 30, 2017, for mains associated with lots in builder inventory, as such amounts are not reflected in the net plant amount referenced in Paragraph 4 of this Settlement Agreement and are prudent and appropriate for recovery in the next rate case.
6. The Signatories agree to the depreciation rates reflected in Exhibit C.
7. The Signatories agree that Interim Rate Adjustment ("IRA") factors are not necessary to be established at this time because SiEnergy will not utilize the IRA mechanism between now and its next rate case.
8. The Signatories agree that the "black box" amount included in Paragraph 1 reflects a reduction of the corporate income tax rate from 35% to 21% to recognize changes to the Federal Tax Code due to the Tax Cuts and Jobs Act of 2017 ("Act") and that such amount reflects all impacts associated with calculation of taxes under the Act. The Signatories further agree that SiEnergy is compliant with GUD No. 10695, Gas Utilities Accounting Order (Feb. 27, 2018) and Order Nunc Pro Tunc (Mar. 20, 2018), except that SiEnergy shall comply with Ordering Paragraph No. 3 of the GUD No. 10695 Accounting Order by making a filing within twelve (12) months of the date of the Final Order in this proceeding that refunds to customers any revenues collected between January 1, 2018 and the effective date of new rates approved in this proceeding if rates had been reduced during that time period to reflect changes to the corporate tax rate made in the Act.

9. The Signatories agree that the July 31, 2017 equity transaction by IX Si Investment Co., LLC that resulted in ORIX AM Investments, LLC purchasing a portion of SiEnergy is in the public interest pursuant to Texas Utilities Code § 102.051. The Signatories further agree that the Company is authorized to amortize over a period of thirty-one (31) years the acquisition adjustment relating to the excess over net book value on an original-cost basis of the purchase price paid by IX Si Investment Co., LLC for the portion of the Company it acquired and that no amounts associated with the acquisition adjustment or its amortization shall be reflected in future SiEnergy rate filings.
10. For purposes of settlement, SiEnergy has agreed to decrease its recoverable rate case expenses by \$175,000.
11. SiEnergy and GCCC represent that their reasonable rate case expenses incurred through April 2018, and estimated rate case expenses incurred through completion of this case, are as follows:

	Actual Invoices Received	Invoices Due and Estimated to Completion	Adjustment	TOTAL
SiEnergy	\$402,618.54	\$23,000.00	(\$175,000)	\$250,618.54
CCCC	\$31,325.55	\$20,674.45	—	\$52,000

12. SiEnergy and GCCC attach as Exhibit D affidavits and invoices in support of these amounts and will supplement with additional invoices as they are processed. The Signatories agree that the amounts represented above are reasonable and recoverable pursuant to Texas Utilities Code § 103.022. The Signatories agree that rate case expenses shall be recovered through a volumetric surcharge and that the recovery period for the applicable surcharge to recover rate case expenses shall be thirty-six (36) months. The Signatories intend and advocate that the Commission authorize recovery of the rate case expenses recited above in the same proceeding and at the same time as it approves this Unanimous Settlement Agreement.
13. The Signatories agree that equal recovery of rate case expenses arising from this proceeding from all customers within all incorporated and unincorporated areas served by SiEnergy in Central and South Texas is appropriate and reasonable and that good cause exists to support equal recovery of rate case expenses from all customers within all incorporated and unincorporated areas served by SiEnergy in Central and South Texas for the following reasons:
 - a. SiEnergy Litigation and Estimated expenses: Good cause exists to recover SiEnergy litigation and estimated expenses equally from all customers, including customers within all incorporated and unincorporated areas served by SiEnergy in Central and South Texas. The intent of Commission Rule 7.5530(e) is to allocate rate case expenses to the participating parties according to which party caused the expenses to be incurred; therefore, it is reasonable to seek recovery of rate case expenses from all customers who benefit from the settlement agreement in this case, which includes all customers within all incorporated and unincorporated areas

served by SiEnergy in Central and South Texas. Recovery of these expenses is also necessary in the interest of justice.

- b. GCCC Litigation and Estimated expenses: Good cause exists to recover GCCC litigation and estimated expenses equally from all customers, including customers within all incorporated and unincorporated areas served by SiEnergy in Central and South Texas, because the GCCC participation in GUD No. 10679 resulted in this Unanimous Settlement Agreement, which benefits all such customers, and doing so is necessary in the interest of justice.
14. SiEnergy shall file annually a rate case expense compliance filing with the Railroad Commission of Texas, Oversight and Safety Division, referencing GUD No. 10679. The report shall include the amount of rate case expense recovered by month and the outstanding balance by month as set out in Rate Schedules Rate RCE-I and RCE-U. The Signatories agree to and propose the inclusion of the following Findings of Fact and Ordering Paragraph in the Final Order in this docket:
- a. Finding of Fact: It is reasonable that SiEnergy and GCCC submit to Staff invoices reflecting actual rate case expenses with sufficient detail so that Staff can accurately audit such invoices for the purposes of reconciling actual rate case expenses to estimated rate case expenses. In no case shall the total actual expenses exceed the actual expenses submitted to the Commission as of April 2018, plus the approved estimated expenses, totaling \$302,618.54.
 - b. Finding of Fact: It is reasonable that SiEnergy file an annual Rate Case Expense Compliance Filing with Staff detailing the balance of actual plus estimated rate case expenses at the beginning of the annual period, the amount collected by customer class, and the ending or remaining balance within ninety (90) days after each calendar year end.
 - c. Ordering Paragraph: IT IS THEREFORE ORDERED that SiEnergy file an annual Rate Case Expense Compliance Filing with Staff detailing recovery of rate case expenses as described in Finding of Fact No. 58 within ninety (90) days after each calendar year end until the calendar year end in which the rate case expenses are fully recovered.
15. The Signatories agree to and propose the inclusion of the following Ordering Paragraphs in the Final Order in this docket:
- a. Ordering Paragraph: IT IS FURTHER ORDERED that within thirty (30) days of this Final Order, in accordance with 16 Tex. Admin. Code § 7.315, SiEnergy shall electronically file its rate schedules in proper form that accurately reflect the rates in Exhibit A approved in this Final Order. The tariffs shall incorporate rates, rate design, and service charges consistent with this Order, as stated in the findings of fact and conclusions of law and shown on the attached Schedules.

- b. Ordering Paragraph: IT IS FURTHER ORDERED that any incremental change in rates approved by this Final Order and implemented by SiEnergy shall be subject to refund unless and until SiEnergy's tariffs are electronically filed and accepted by the Gas Services Department in accordance with 16 Tex. Admin. Code § 7.315.
- 16. For purposes of compromise and settlement, the Signatories agree that SiEnergy has met the affiliate standard with respect to all affiliate charges and the affiliate expenses included in the "black box" amount and in the rate case expenses described above are recoverable consistent with the provisions in Section 104.055 of the Gas Utility Regulatory Act. Acceptance of the treatment of affiliate expenses is the product of compromise and settlement and is not of precedential value in any other proceeding. The Signatories further agree that:
 - a. SiEnergy shall create a cost allocation manual no later than four months from the date of the Final Order and submit it to Commission Staff in the form of a compliance filing, subject to Staff approval;
 - b. SiEnergy shall purchase gas internally directly from unaffiliated suppliers using SiEnergy personnel instead of Terra Gas Supply, LLC and shall pass this cost through to the consumer without any markup; and
 - c. SiEnergy shall seek approval from Commission Staff prior to purchasing gas from Terra Gas Supply, LLC in the future. SiEnergy shall seek approval from Commission Staff prior to purchasing services from Terra Transmission, LLC in the future. SiEnergy shall not purchase items or services, other than reasonable accounting services, from or through Dively Energy Services Company.
- 17. The Signatories agree to the admission of the following items, including any confidential portions:
 - a. the Statement of Intent to Increase Gas Utility Rates Within the Unincorporated Areas Served by SiEnergy, LP in Central and South Texas, filed on January 5, 2018, inclusive of all attachments, direct testimony and exhibits;
 - b. the Amended Affidavit of Jose Osuna attesting to provision of notice to all customers of SiEnergy, filed on April 12, 2018;
 - c. the Affidavit of Evan D. Johnson attesting to the reasonableness of SiEnergy's rate case expenses, included in Exhibit D to this Unanimous Settlement Agreement; and
 - d. the Affidavit of Thomas L. Brocato attesting to the reasonableness of GCCC's rate case expenses, included in Exhibit D to this Unanimous Settlement Agreement.
- 18. The Signatories agree to support and seek Commission approval of this Unanimous Settlement Agreement. The Signatories further agree to make all efforts to present the Commission with this Unanimous Settlement Agreement at, on, or before June 19, 2018.
- 19. Except as may be allowed under Rule 408 of the Texas Rules of Evidence, the Signatories agree that all negotiations, discussions, and conferences related to the Unanimous

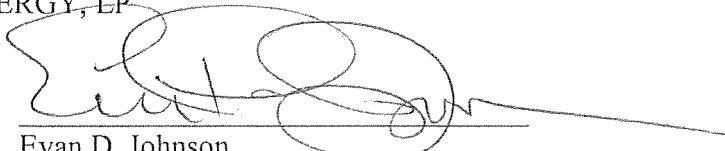
Settlement Agreement are privileged and inadmissible to prove the validity or invalidity of any issue raised by or presented in this proceeding.

20. The Signatories agree that neither this Unanimous Settlement Agreement nor any oral or written statements made during the course of settlement negotiations may be used for any purpose other than as necessary to support the entry by the Commission of an order approving this Unanimous Settlement Agreement.
21. The Signatories agree that the terms of the Unanimous Settlement Agreement are interdependent and indivisible, and that if the Commission intends to enter an order that is inconsistent with this Unanimous Settlement Agreement, then any Signatory may withdraw without being deemed to have waived any procedural right or to have taken any substantive position on any fact or issue by virtue of that Signatory's entry into the Unanimous Settlement Agreement or its subsequent withdrawal and further agrees that SiEnergy's application to increase rates will be remanded for hearings.
22. The Signatories agree that this Unanimous Settlement Agreement is binding on each Signatory only for the purpose of settling the issues set forth herein and for no other purposes. The matters resolved herein are resolved on the basis of a compromise and settlement. Except to the extent the Unanimous Settlement Agreement governs a Signatory's rights and obligations for future periods, this Unanimous Settlement Agreement shall not be binding or precedential upon a Signatory outside this proceeding. Each Signatory acknowledges that a Signatory's support of the matters contained in this Stipulation may differ from the position taken or testimony presented by it in other dockets or other jurisdictions. To the extent that there is a difference, a Signatory does not waive its position in any of those other dockets or jurisdictions. Because this is a stipulated resolution, no Signatory is under any obligation to take the same positions as set out in this Stipulation in other dockets or jurisdictions, regardless of whether other dockets present the same or a different set of circumstances, except as otherwise may be explicitly provided by this Stipulation. Agreement by the Signatories to any provision in this Stipulation will not be used against any Signatory in any future proceeding with respect to different positions that may be taken by that Signatory.
23. The provisions of this Stipulation are intended to relate to only the specific matters referred to herein. By agreeing to this Stipulation, no Signatory waives any claim it may otherwise have with respect to issues not expressly provided for herein. The Signatories further understand and agree that this Stipulation represents a negotiated settlement of all issues in this proceeding.
24. The Signatories agree that this Unanimous Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

Agreed to this 27th day of April 2018.

SIENERGY, LP

By:



Evan D. Johnson
Attorney for SiEnergy, LP

GULF COAST COALITION OF CITIES

By:

Thomas Brocato
Attorney for Gulf Coast Coalition of Cities

STAFF OF THE RAILROAD COMMISSION OF TEXAS

By:

Natalie Dubiel
Attorney for Staff of the Railroad Commission of Texas

Agreed to this 27th day of April 2018.

SIENERGY, LP

By: _____
Evan D. Johnson
Attorney for SiEnergy, LP

GULF COAST COALITION OF CITIES

By:  _____
Thomas Brocato
Attorney for Gulf Coast Coalition of Cities

STAFF OF THE RAILROAD COMMISSION OF TEXAS

By: _____
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Attorney for Staff of the Railroad Commission of Texas

Agreed to this 27th day of April 2018.

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Attorney for Gulf Coast Coalition of Cities

STAFF OF THE RAILROAD COMMISSION OF TEXAS

By:



Natalie Dubiel
Attorney for Staff of the Railroad Commission of Texas

**TARIFF FOR GAS SERVICE
SIENERGY, LP**

Rate Schedule DEF

DEFINITIONS

Applicable to: All Customers located in Travis, Harris, Fort Bend, Waller, or Montgomery
counties

Effective Date: July 1, 2018

Page 1 of 3

“Applicant” means any person, organization or group of persons or organizations making a formal request either orally or in writing for gas service from the Company.

“Btu” means British thermal unit(s) and will be calculated on a temperature base of sixty degrees (60°) Fahrenheit and at the standard pressure base of the applicable service area and on a gross-real-dry basis and will not be corrected for real water vapor as obtained by means commonly acceptable to the industry, and *“MMBtu”* will mean one million (1,000,000) Btu.

“Ccf and Mcf” means for *“Ccf,”* one hundred (100) Standard Cubic Feet of Gas, where one Standard Cubic Foot of gas is the amount of gas contained in one (1) cubic foot of space at a standard pressure of fourteen and sixty-five hundredths (14.65) pounds per square inch, absolute and a standard temperature of sixty (60) degrees Fahrenheit; and, for *“Mcf,”* one thousand (1,000) Standard Cubic Feet of Gas.

“Commission or The Commission” means the Railroad Commission of Texas.

“Commodity Cost of Gas” means the portion of the cost of gas service recovered by the Company through any Purchased Gas Adjustment Rate Schedule.

“Company” means SiEnergy, LP, its successors, and its assigns.

“Consumer” means any person or organization receiving gas service from the Company for his or her own appliances or equipment whether or not the gas is billed directly to him or her. (For example, a rental unit where the utilities are part of the rent, the landlord is a Customer and the tenant is a Consumer.)

“Customer” means any person or organization being billed for gas service whether used by him or her, or by others. Customer also means a Consumer that subscribes to natural gas services provided by SiEnergy.

“Consumption” means the volumes consumed by a Customer during a volumetric read period.

**TARIFF FOR GAS SERVICE
SIENERGY, LP**

Rate Schedule DEF

DEFINITIONS

Applicable to: All Customers located in Travis, Harris, Fort Bend, Waller, or Montgomery
counties

Effective Date: July 1, 2018

Page 2 of 3

“Expedited Service” means a Customer request for same day or other acceleration of service relative to the Company’s standard scheduling process.

“Gas or Natural Gas” means the effluent vapor stream in its natural, gaseous state, including gas-well gas, casing head gas, residue gas resulting from processing both casing head gas and gas-well gas, and all other hydrocarbon and non-hydrocarbon components thereof.

“General Gas Service” means all service other than Residential Gas Service and that includes purchase of the Commodity Cost of Gas from the Company. General Gas Service Consumers include commercial Consumers engaged in the sale or furnishing of goods and services; industrial Consumers engaged primarily in processes that change raw or unfinished materials into another form of product; public authorities, including all governmental agencies and authorities; schools whether public or privately held; and, Consumers utilizing gas for any other purpose not otherwise provided for herein.

“General Service Customer” means any person, individual, family, partnership, association, joint venture, corporation, etc., or governmental agency or organization being billed for General Gas Service. A General Service Customer also includes any Consumer that subscribes to natural gas services provided by SiEnergy for purposes of General Gas Service.

“Month” means the period beginning at 9:00 a.m. Central clock time on the first Day of each calendar month and ending at 9:00 a.m. Central clock time on the first Day of the next succeeding calendar month.

“Overtime Fee” means the fee charged by the Company to perform work outside its normal business hours or on holidays and includes changes to previously scheduled work that must be performed outside Company’s normal business hours.

“Rate Schedule” means a statement of the method of determining charges for gas service, including the conditions under which such method applies.

“Regulatory Authority” means the City Council or equivalent municipal governing body of each respective city in the Company’s Service Area, or the Railroad Commission of Texas, as applicable.

**TARIFF FOR GAS SERVICE
SIENERGY, LP**

Rate Schedule DEF

DEFINITIONS

Applicable to: All Customers located in Travis, Harris, Fort Bend, Waller, or Montgomery
counties

Effective Date: July 1, 2018

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“Residential Gas Service” means gas service used directly for domestic purposes including heating, air conditioning, cooking, water heating, pool water heating and other similar purposes, whether in a single dwelling, in a dwelling unit of a multiple dwelling facility, in a residential apartment unit, in a condominium unit, in a dwelling unit that is operated by a public housing agency acting as an administrator of public housing under the direction of the U.S. Department of Housing and Urban Development, or in other similar individual dwelling units.

“Residential Customer” means any person, individual, family, partnership, association, joint venture, corporation, etc., or governmental agency or organization being billed for *Residential Gas Service* that is individually metered at the point of delivery, whether such service is used by that Customer or by others. A *Residential Customer* also includes any *Consumer* that subscribes to natural gas services provided by SiEnergy for purposes of *Residential Gas Service*.

“Service Area” means the area receiving gas utility service provided by the Company under the terms of this Tariff.

“Special Rate Schedule” means a rate schedule designed for a specific Customer.

“System” means any group of interconnected pipelines and appurtenances owned or operated by the Company and independent from any other such group of facilities.

“Tariff” means every rate schedule, or provision thereof, and all terms, conditions, rules and regulations for furnishing gas service filed with the regulatory authorities or agencies having jurisdiction over the Company or the services provided hereunder.

“Temporary” means any service that will not be utilized continuously at the same location by the same Customer.

“Year” means a period of three hundred sixty-five (365) consecutive Days, or three hundred sixty-six (366) consecutive Days when such period includes a February 29.

**TARIFF FOR GAS SERVICE
SIENERGY, LP**

Rate Schedule M

RATE M – MISCELLANEOUS FEES AND DEPOSITS

Applicable to:	All Customers located in Travis, Harris, Fort Bend, Waller, or Montgomery counties
Effective Date:	July 1, 2018

Page 1 of 4

Application of Schedule

This Schedule is applicable to all Customers who are located in the incorporated or unincorporated areas of Travis, Harris, Fort Bend, Waller, or Montgomery counties. The fees and deposits listed shall be assessed in addition to any other charges applicable under the Company's Tariff for Gas Service and will be applied for the conditions and services described. Other services not covered by these standard conditions will be charged on the basis of an estimate for the job or the Company's actual cost plus appropriate surcharges.

Missed Appointments

If a Customer makes an appointment with the Company for the provision of any of the following services, but fails to appear, the applicable fee will be assessed for the missed appointment(s) as well as being assessed when the service is ultimately provided.

Number	Name and Description	Amount
M.1	Connection/Reconnection Charge During Business Hours During standard business hours, 8:00 a.m.-5:00 p.m. Monday through Friday, for each reconnection of gas service where service has been discontinued at the same premises for any reason, for the initial inauguration of service, and for each inauguration of service when the billable party has changed, with the following exceptions: <ul style="list-style-type: none">• For a builder who uses gas temporarily during construction or for display purposes;• Whenever gas service has been temporarily interrupted because of System outage or service work done by Company; or• For any reason deemed necessary for Company operations.	\$ 65.00
M.2	Connection/Reconnection Charge After Business Hours After standard business hours, for each reconnection of gas service where service has been discontinued at the same premises for any reason, for the initial inauguration of service, and for each inauguration of service when the billable party has changed, with the following exceptions: <ul style="list-style-type: none">• For a builder who uses gas temporarily during construction or for display purposes;• Whenever gas service has been temporarily interrupted because of System outage or service work done by Company; or• For any reason deemed necessary for Company operations.	\$ 97.00

**TARIFF FOR GAS SERVICE
SIENERGY, LP**

Rate Schedule M

RATE M – MISCELLANEOUS FEES AND DEPOSITS

Applicable to: All Customers located in Travis, Harris, Fort Bend, Waller, or Montgomery counties
Effective Date: July 1, 2018

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Number	Name and Description	Amount
M.3	Field Read of Meter Charge to an existing Customer for the Company to read the meter at a currently served location at the request of the existing Customer for any purpose other than connection or reconnection of service by that Customer. For charges to a Customer to initiate or reconnect service, refer to Service Charge 1–Connection/Reconnection and Service Charge 2–Connection /Reconnection After Business Hours.	\$ 60.00
M.4	Returned Check Charges Returned check handling charge for each check returned to Company for any reason.	\$ 35.00
M.5	Temporary Discontinuance of Service Whenever service has been temporarily disconnected at the request of the Customer, this charge plus the appropriate Connection Charge will be made to reestablish such service for that Customer at the same address.	\$ 65.00
M.6	Meter Testing The Company shall, upon request of a Customer, make a test of the accuracy of the meter serving that Customer. The Company shall inform the Customer of the time and place of the test and permit the Customer or his authorized representative to be present if the Customer so desires. If no such test has been performed within the previous four (4) years for the same Customer at the same location, the test shall be performed without charge. If such test has been performed for the same Customer at the same location within the previous four (4) years, the Company will charge the Meter Testing Fee. The Customer must be properly informed of the result of any test on a meter that services him.	\$ 190.00
M.7	Charge for Service Calls During Business Hours A Service Call Charge is made for responding to a service call during standard business hours that is determined to be a Customer related problem rather than a Company or Company facilities problem.	\$ 60.00
M.8	Charge for Service Calls After Business Hours A Service Call Charge is made for responding to a service call after standard business hours that is determined to be a Customer related problem rather than a Company or Company facilities problem.	\$ 90.00

**TARIFF FOR GAS SERVICE
SIENERGY, LP**

Rate Schedule M

RATE M – MISCELLANEOUS FEES AND DEPOSITS

Applicable to: All Customers located in Travis, Harris, Fort Bend, Waller, or Montgomery counties
Effective Date: July 1, 2018

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Number	Name and Description	Amount
M.9	Tampering Charge No Company Meters, equipment, or other property, whether on Customer's premises or elsewhere, are to be tampered with or interfered with for any reason. A Tampering Charge is made for unauthorized reconnection or other tampering with Company metering facilities or a theft of gas service by a person on the Customer's premises or evidence by whomsoever at Customer's premises. An additional cost for the cost of repairs and/or replacement of damaged facilities and the installation of protective facilities or relocation of meter are made at cost plus appropriate charges as may be detailed in the Company's Service Rules and Regulations.	\$ 125.00
M.10	Credit/Debit Card Payments Charge Bill payments using credit cards, debit cards, and electronic checks (includes third-party transaction fees and administrative costs).	Actual Cost
M.11	Pool or Upgraded Meter Installation Charge Fee to install meter and regulators to support higher or multiple pressure requirements on a residential service line.	\$ 280.00
M.12	Expedited Service and Overtime Fee A Customer's request for expedited service may be scheduled at any time to fit the Company's work schedule, and an Expedited Service charge will be collected. The Company will not be obligated to provide Expedited Service when the personnel and resources to do so are not reasonably available. This Fee represents the minimum charge for Expedited Service. For Expedited Service requiring more than one hour to perform, the Fee will represent a rate per hour of time multiplied by the total time required to perform the requested Expedited Service, incremented in 15-minute intervals. This fee will be charged in addition to any other applicable fees.	\$ 95.00
M.13	History Research Fee A fee will be charged for services related to account history research and/or provision of Customer accounting/billing history documentation.	\$ 30.00
M.14	No Access Fee A fee will be charged to a Customer who, through padlocks, fencing, animals or other means, prevents access to the Company's meter or other equipment located on the Customer's premise.	\$ 35.00
M.15	Police Escort Fee A fee will be charged for the Company to access a meter when the Company is required to use law enforcement personnel to escort it into locked sites or sites requiring animal control. The Company will charge the stated amounts or current rate charged by the entity providing the police escort for this service.	Actual Cost

**TARIFF FOR GAS SERVICE
SIENERGY, LP**

Rate Schedule M

RATE M – MISCELLANEOUS FEES AND DEPOSITS

Applicable to: All Customers located in Travis, Harris, Fort Bend, Waller, or Montgomery counties
Effective Date: July 1, 2018

Page 4 of 4

Number	Name and Description	Amount
M.16	Costs Associated with Certain Stand-By Gas Generators Customers installing stand-by gas generators to provide service in the event of an interruption in electric service in facilities where gas service is not otherwise adequate to operate the stand-by gas generators will reimburse the Company for the actual cost of acquiring and installing the additional and/or upgraded regulator, service line, and meter required to provide gas service for the stand-by generators. The subsequent gas service provided for the stand-by generators will be billed at the rate applicable for other gas service to the class of Customer making the request.	Actual Cost
M.17	Line Extensions The Company has the right to contract with individual Customers for the installation of gas facilities. Upon the request of a prospective new Customer for service in an area served by SiEnergy, LP, will extend its main lines up to 100 feet from an existing SiEnergy, LP main in the Public Rights of Way, without charge. The 100-foot allowance applies to a single Customer or to a group of Customers requesting service from the same extension. Customers requesting mainline extensions in excess of 100 feet shall bear the actual cost of any additional mainline, the cost of all yard and service lines, and the cost of any appurtenant equipment and other costs necessary to install the extension, including applicable overhead charges. SiEnergy, LP is not required to extend its mains or facilities if the Customer will not use gas for space heating and water heating, or the equivalent load, at a minimum.	Actual Cost
M.18	Customer Deposits Minimum deposit Residential Gas Service Minimum deposit General Gas Service Additional deposits may be required in accordance with Rate Schedule QSR – Quality of Service Rules	\$ 75.00 \$ 250.00

Taxes and Franchise Fees (Rate Schedule TFF)

Other than with respect to M.18 – Customer Deposits, the amounts charged under Rate M are subject to all applicable taxes and fees in accordance with the provisions of Rate Schedule TFF – Taxes and Franchise Fees.

**TARIFF FOR GAS SERVICE
SIENERGY, LP**

Rate Schedule RSI

RATE RSI – RESIDENTIAL SALES, INCORPORATED AREAS

Applicable to: All Residential Customers located in Incorporated Areas of Travis, Harris, Fort Bend,
Waller, or Montgomery counties
Effective Date: July 1, 2018

Page 1 of 1

Application of Schedule

This Schedule is applicable to all Customers meeting the definition of “Residential Customers” under Rate Schedule DEF – Definitions and who are located in incorporated areas of Travis, Harris, Fort Bend, Waller, or Montgomery counties.

Monthly Base Rate

Each Customer’s base monthly bill will be calculated using the following Customer and Ccf charges:

<u>Charge</u>	<u>Amount</u>
Customer Charge	\$17.00 per month, plus
All Ccf @	\$0.4739 per Ccf

In addition to the base monthly bill calculated using the Monthly Base Rates above, each Customer’s monthly bill shall be increased by amounts pursuant to the following:

Purchased Gas Adjustment (Rate Schedule PGA)

Amounts billed for the commodity cost of gas in accordance with the provisions of Rate Schedule PGA - Purchased Gas Adjustment.

Weather Normalization Adjustment (Rate Schedule WNA)

Amounts billed to eliminate the effect of non-normal weather in accordance with the provisions of Rate Schedule WNA – Weather Normalization Adjustment.

Rate Case Expense Recovery (Rate Schedule RCE-I)

Amounts billed for the recovery of rate case expenses in accordance with the provisions of Rate Schedule RCE-I – Rate Case Expense.

Taxes and Franchise Fees (Rate Schedule TFF)

All applicable taxes and fees in accordance with the provisions of Rate Schedule TFF – Taxes and Franchise Fees, including fees pertaining to the Monthly Base Rate bill, PGA charges, WNA charges, RCE-I charges, and any other charge that is subject to taxes and fees described therein.

Other Conditions and Surcharges

Subject in all respects to applicable laws, rules and regulations from time to time in effect. In addition to the monthly charges above, each Customer’s bill will include amounts required to be billed in accordance with any additional applicable rates, riders, surcharges or fees.

**TARIFF FOR GAS SERVICE
SIENERGY, LP**

Rate Schedule RSU

RATE RSU - RESIDENTIAL SALES, UNINCORPORATED AREAS

Applicable to: All Residential Customers located in Unincorporated Areas of Travis, Harris, Fort Bend, Waller, or Montgomery counties.

Effective Date: July 1, 2018

Page 1 of 1

Application of Schedule

This Schedule is applicable to all Customers meeting the definition of “Residential Customers” under Rate Schedule DEF – Definitions and who are located in unincorporated areas of Travis, Harris, Fort Bend, Waller, or Montgomery counties

Monthly Base Rate

Each Customer’s base monthly bill will be calculated using the following Customer and Ccf charges:

<u>Charge</u>	<u>Amount</u>
Customer Charge	\$17.00 per month, plus
All Ccf @	\$0.4739 per Ccf

In addition to the base monthly bill calculated using the Monthly Base Rates above, each Customer’s monthly bill shall be increased by amounts pursuant to the following:

Purchased Gas Adjustment (Rate Schedule PGA)

Amounts billed for the commodity cost of gas in accordance with the provisions of Rate Schedule PGA - Purchased Gas Adjustment.

Weather Normalization Adjustment (Rate Schedule WNA)

Amounts billed to eliminate the effect of non-normal weather in accordance with the provisions of Rate Schedule WNA – Weather Normalization Adjustment.

Rate Case Expense Recovery (Rate Schedule RCE-U)

Amounts billed for the recovery of rate case expenses in accordance with the provisions of Rate Schedule RCE-U – Rate Case Expense.

Taxes and Franchise Fees (Rate Schedule TFF)

All applicable taxes and fees in accordance with the provisions of Rate Schedule TFF – Taxes and Franchise Fees, including fees pertaining to the Monthly Base Rate bill, PGA charges, WNA charges, RCE-U charges, and any other charge that is subject to taxes and fees described therein.

Other Conditions and Surcharges

Subject in all respects to applicable laws, rules and regulations from time to time in effect. In addition to the monthly charges above, each Customer’s bill will include amounts required to be billed in accordance with any additional applicable rates, riders, surcharges or fees.

**TARIFF FOR GAS SERVICE
SIENERGY, LP**

Schedule GSSI

RATE GSSI - GENERAL SERVICE SMALL, INCORPORATED AREAS

Applicable to: All General Service Customers whose Annual Usage is 30,000 Ccf or less and who are located in Incorporated Areas of Travis, Harris, Fort Bend, Waller, or Montgomery counties.

Effective Date: July 1, 2018

Page 1 of 1

Application of Schedule

This Schedule is applicable to all Customers meeting the definition of “General Service Customers” under Rate Schedule DEF – Definitions (i.e., non-Residential Customers) whose annual usage is 30,000 Ccf or less and who are located in incorporated areas of Travis, Harris, Fort Bend, Waller, or Montgomery counties.

Monthly Base Rate

Each Customer’s base monthly bill will be calculated using the following Customer and Ccf charges:

<u>Charge</u>	<u>Amount</u>
Customer Charge	\$37.00 per month, plus
All Ccf @	\$0.5525 per Ccf

In addition to the base monthly bill calculated using the Monthly Base Rates above, each Customer’s monthly bill shall be increased by amounts pursuant to the following:

Purchased Gas Adjustment (Rate Schedule PGA)

Amounts billed for the commodity cost of gas in accordance with the provisions of Rate Schedule PGA - Purchased Gas Adjustment.

Rate Case Expense Recovery (Rate Schedule RCE-I)

Amounts billed for the recovery of rate case expenses in accordance with the provisions of Rate Schedule RCE-I – Rate Case Expense.

Taxes and Franchise Fees (Rate Schedule TFF)

All applicable taxes and fees in accordance with the provisions of Rate Schedule TFF – Taxes and Franchise Fees, including fees pertaining to the Monthly Base Rate bill, PGA charges, WNA charges, RCE-I charges, and any other charge that is subject to taxes and fees described therein.

Other Conditions and Surcharges

Subject in all respects to applicable laws, rules and regulations from time to time in effect. In addition to the monthly charges above, each Customer’s bill will include amounts required to be billed in accordance with any additional applicable rates, riders, surcharges or fees.

**TARIFF FOR GAS SERVICE
SIENERGY, LP**

Schedule GSSU

RATE GSSU – GENERAL SERVICE SMALL, UNINCORPORATED AREAS

Applicable to: All General Service Customers whose Annual Usage is 30,000 Ccf or less and who are located in Unincorporated Areas of Travis, Harris, Fort Bend, Waller, or Montgomery counties.

Effective Date: July 1, 2018

Page 1 of 1

Application of Schedule

This Schedule is applicable to all Customers meeting the definition of “General Service Customers” under Rate Schedule DEF – Definitions (i.e., non-Residential Customers), whose annual usage is 30,000 Ccf or less and who are located in unincorporated areas of Travis, Harris, Fort Bend, Waller, or Montgomery counties.

Monthly Base Rate

Each Customer’s base monthly bill will be calculated using the following Customer and Ccf charges:

<u>Charge</u>	<u>Amount</u>
Customer Charge	\$37.00 per month, plus
All Ccf @	\$0.5525 per Ccf

In addition to the base monthly bill calculated using the Monthly Base Rates above, each Customer’s monthly bill shall be increased by amounts pursuant to the following:

Purchased Gas Adjustment (Rate Schedule PGA)

Amounts billed for the commodity cost of gas in accordance with the provisions of Rate Schedule PGA - Purchased Gas Adjustment.

Rate Case Expense Recovery (Rate Schedule RCE-U)

Amounts billed for the recovery of rate case expenses in accordance with the provisions of Rate Schedule RCE-U – Rate Case Expense.

Taxes and Franchise Fees (Rate Schedule TFF)

All applicable taxes and fees in accordance with the provisions of Rate Schedule TFF – Taxes and Franchise Fees, including fees pertaining to the Monthly Base Rate bill, PGA charges, WNA charges, RCE-U charges, and any other charge that is subject to taxes and fees described therein.

Other Conditions and Surcharges

Subject in all respects to applicable laws, rules and regulations from time to time in effect. In addition to the monthly charges above, each Customer’s bill will include amounts required to be billed in accordance with any additional applicable rates, riders, surcharges or fees.

**TARIFF FOR GAS SERVICE
SIENERGY, LP**

Rate Schedule PGA

RATE PGA – PURCHASED GAS ADJUSTMENT

Applicable to:	All Customers located in Travis, Harris, Fort Bend, Waller, or Montgomery counties
Effective Date:	July 1, 2018

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Application of Schedule

This Rate Schedule shall apply to all SiEnergy Rate Schedules that incorporate this Rate PGA - Purchased Gas Adjustment provision.

Purpose and Intent

This provision is intended to allow collection of the gas purchase costs of SiEnergy, LP, (hereinafter “SiEnergy” or the “Company”) in a manner that will lessen monthly fluctuations in the Purchased Gas Adjustment and ensure that actual costs billed to Customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted-for gas. The billing methods set forth herein are intended to be followed to the extent the goals are realized. To the extent billing methods fail to achieve these goals, the methodology shall be revised and a revised tariff filed to reflect such revisions. SiEnergy will make appropriate regulatory filings and obtain regulatory approvals, as required, before making changes to its rates.

Definitions

Purchased Gas Volumes - The volumes of gas, expressed in Mcfs, purchased by the Company and received into the Company’s distribution systems from all sources, including withdrawals from storage, and excluding gas injected into storage.

Purchased Gas Cost(s) - The total cost of Purchased Gas Volumes, as received into the Company’s distribution systems, all as more specifically described herein.

Weighted Average Cost of Gas - The Purchased Gas Costs divided by the Purchased Gas Volumes, calculated on a monthly basis, and expressed as dollars per Mcf.

Billed Gas Volumes - The volumes of gas billed to Customers, plus volumes of gas billed to third parties following losses or damages, expressed in Mcfs.

Billed Gas Revenues - The total amount of revenues attributable to billings by SiEnergy for Purchased Gas Costs during a given period, exclusive of any billings for any Reconciliation Adjustment during the same period.

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Lost and Unaccounted-for Gas (LUG) - Purchased Gas Volumes minus the sum of Billed Gas Volumes and metered Company used gas.

Purchased Gas Adjustment (PGA) - An Adjustment on each Customer's monthly bill, expressed in dollars per Ccf, to reflect the Purchase Gas Costs and the Reconciliation Adjustment, all as more specifically described herein.

Annual Review Period - The 12-month period ending June 30 of each year.

Annual Review - An annual review of the Company's records covering the 12-month period ending June 30 to determine LUG volumes and any imbalances between the Purchased Gas Costs and Billed Gas Revenues existing at the end of the Annual Review Period.

Annual Imbalance Total - The total amount determined through the Annual Review to be credited or surcharged to Customers' bills in order to balance Purchased Gas Costs with Billed Gas Revenues.

Reconciliation Adjustment - A credit or surcharge included in the Purchased Gas Adjustment to reflect the pro-rated adjustment in billings for any over or under collections on an annual basis.

Record Keeping

The Company shall keep accurate records of all gas metered in and out of its system, gas purchases, and Company-owned gas injected into and withdrawn from storage, and any adjustments relative to any imbalances. The records shall include date, quantity, and cost details for all gas handled.

Purchased Gas Cost Calculation

The Purchased Gas Cost shall be determined for each month to fairly and accurately reflect the cost to the Company at the points of delivery into the Company's distribution systems. The determination shall include, but not be limited to, volumetric and demand charges for Purchased Gas Volumes, fees paid to others where such fees are integrally tied to the purchase or transportation of gas purchased by SiEnergy, pipeline transportation charges (both volumetric and demand), and gas storage charges (both volumetric and demand). The Company shall account for gas injected into and withdrawn from storage on a weighted average cost basis.

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Purchased Gas Adjustment Calculation (continued)

Each Customer bill shall include a Purchased Gas Adjustment reflecting the estimated Weighted Average Cost of Gas for the period covered by the bill, which estimate shall include, as applicable, a pro-rata amount to adjust for previous over or under estimates of the Weighted Average Cost of Gas, plus a Reconciliation Adjustment to account for any Annual Imbalance Total.

Annual Review

For each Annual Review Period, the Company shall determine (i) the amount of any imbalance between the Purchased Gas Costs and Billed Gas Revenues, and (ii) the LUG volume for the Annual Review Period. As limited by the LUG volume limitation set forth below, the Annual Imbalance Total shall then be credited or surcharged to the Customers' bills over a twelve-month period commencing each September 1 following the Annual Review Period.

Accrual Imbalance Total - LUG Volume less than five percent of Purchased Gas Volumes or LUG Volume is negative

If the Annual Review shows the LUG volume for the Annual Review Period to be less than five percent of the Purchased Gas Volumes, or if the LUG volume is negative (indicating a line gain), the Accrual Imbalance Total shall be the difference between the total Purchased Gas Cost and the total Billed Gas Revenues for the Annual Review Period.

Annual Imbalance Total - LUG Volume is positive and is greater than five percent of Purchased Gas Volumes

If the Annual Review shows the LUG volume for the Annual Review Period to be positive and to be greater than five percent of the Purchased Gas Volumes, the Annual Imbalance Total shall be determined as follows:

- The difference between the total Purchased Gas Costs and the total Billed Gas Revenues for the Annual Review Period shall be determined;
- Minus, the Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company's Weighted Average Cost of Purchased Gas for the Review Period.

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Reconciliation Adjustment Calculation

The Annual Imbalance Total (whether positive or negative) shall be credited or surcharged over twelve months in equal total amounts per month. The recovery shall be through a Reconciliation Adjustment included in the Purchased Gas Adjustment. The Reconciliation Adjustment for each month shall be determined as follows:

- Each month of the twelve-month reconciliation period, the Reconciliation Adjustment, expressed in Ccfs, shall be calculated by dividing the amount to be credited or surcharged during that month (which amount shall include, as necessary, an amount to correct for any previous over or under estimates of Billed Gas Volumes during the previous month or months in the same reconciliation period), by the estimated Billed Gas Volumes for the month.
- At the end of each 12-month period, any remaining balance in the Annual Imbalance Total shall be included in any Annual Imbalance Total to be credited or surcharged during the successor 12 -month period.

Annual Reconciliation Report

The Company shall file an Annual Reconciliation Report with the Regulatory Authority, which shall include but not necessarily be limited to:

1. A tabulation of volumes of gas purchased and costs incurred listed by account or type of gas, supplier and source by month for the twelve months ending June 30.
2. A tabulation of gas units sold to general service Customers and related Cost of Gas Clause revenues.
3. A description of all other costs and refunds made during the year and their effect on the Cost of Gas Clause to date.
4. A description of the imbalance payments made to and received from the Company's transportation Customers within the service area, including monthly imbalances incurred, the monthly imbalances resolved, and the amount of the cumulative imbalance. The description should reflect the system imbalance and imbalance amount for each supplier using the Company's distribution system during the reconciliation period.

The Company shall file the Annual Reconciliation Report with the Commission addressed to the Director of Oversight and Safety Division and reference Gas Utilities Docket No. 10679. The Report shall detail the monthly collections for PGA surcharge by customer class and show the accumulative balance.

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Reports for the Commission should be filed electronically at GUD_Compliance@rrc.texas.gov or at the following address:

Compliance Filing
Oversight and Safety Division
Gas Services Dept.
Railroad Commission of Texas
P.O. Drawer 12967
Austin, TX 78711-2967

Taxes and Franchise Fees (Rate Schedule TFF)

Subject to all applicable taxes and fees in accordance with the provisions of Rate Schedule TFF – Taxes and Franchise Fees.

**TARIFF FOR GAS SERVICE
SIENERGY, LP**

Rate Schedule WNA

RATE WNA – WEATHER NORMALIZATION ADJUSTMENT

Applicable to: All Residential Customers located in Travis, Harris, Fort Bend, Waller, or
Montgomery counties

Effective Date: July 1, 2018

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Application of Schedule

This Rate Schedule shall apply to all residential customers located in incorporated and unincorporated areas of Travis, Harris, Fort Bend, Waller, or Montgomery counties.

Purpose and Intent

This provision provides for the refund or surcharge to residential Customers of over- or under-collections of revenue due to colder or warmer than normal weather as established in the Company's most recent rate case that established the Rate Schedules applicable to the Customers.

Monthly calculation

In order to reflect weather variances in a timely and accurate manner, the Weather Normalization Adjustment ("WNA") shall be calculated separately for each billing cycle and rate schedule. The weather factors, determined in the most recent rate case, identify the value per Ccf of one heating degree day for Residential Customers. During each billing cycle, the applicable Weather Factor is multiplied by the difference between normal and actual heating degree days for the billing period, and by the number of Customers billed to yield the total WNA Ccf Adjustment. The resulting WNA Ccf Adjustment is then multiplied by the current applicable Base Rate per Ccf to determine the total WNA revenue adjustment. The WNA revenue adjustment is then spread to the Customers in the billing cycle on a prorated basis.

The Weather Normalization Adjustment rate for each Cycle shall be based on the following formula:

$$\text{WNA Rate} = (\text{WND} + \text{RC}) / \text{CMV}$$

$$\text{WND} = [(\text{HDD}_n - \text{HDD}_a) * \text{WF}_a] * \text{VR}$$

Definitions

WND - Weather Normalized Dollars to be collected each month as calculated by billing cycle route.

CMV - Current Month Volumes billed for each billing cycle route.

**TARIFF FOR GAS SERVICE
SIENERGY, LP**

Rate Schedule WNA

RATE WNA – WEATHER NORMALIZATION ADJUSTMENT

Applicable to: All Residential Customers located in Travis, Harris, Fort Bend, Waller, or
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HDD_n - Monthly Normal heating degree days for each billing cycle route. Monthly Normal heating degree days are defined as the sum of the daily normal heating degree days applicable to each billing cycle route each month. Normal daily HDD are defined as the normal daily HDD used in GUD 10679 to calculate normalized revenue.

HDD_a - Actual heating degree days for each billing cycle route. Monthly actual heating degree days are defined as the sum of the actual daily heating degree days applicable to each billing cycle route each month, as measured at the same weather stations used to calculate comparable HDD_n

VR - Volumetric cost of service rate for the applicable customer class.

RC – The monthly WNA Reconciliation Component, by billing cycle route, calculated pursuant to the annual compliance filing.

WF_a – Weather Factors by Area - as calculated in GUD 10679 and reflected in the table below:

Weather Factors by Area

Customer Rate Schedule	WNA Period	Weather Factor CCF per HDD
South Texas - Harris, Fort bend, Waller, Montgomery Counties		
5-RSI Residential Incorporated	November – May	.236675
5-RSU Residential Unincorporated	November – May	.236675
Central Texas – Travis County		
5-RSI Residential Incorporated	November – May	.175357
5-RSU Residential Unincorporated	November – May	.175357

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RATE WNA – WEATHER NORMALIZATION ADJUSTMENT

Applicable to:	All Customers located in Travis, Harris, Fort Bend, Waller, or Montgomery counties	
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Monthly Report

By the 25th day of the following month, the Company will file with the applicable Regulatory Authority a monthly report showing the current rate adjustments applicable to each rate schedule. Supporting documentation will be made available for review upon request.

Taxes and Franchise Fees (Rate Schedule TFF)

Subject to all applicable taxes and fees in accordance with the provisions of Rate Schedule TFF – Taxes and Franchise Fees.

Compliance

The Company shall file a reconciliation report on or before October 1st of each year. The Company shall file the report with the Commission addressed to the Director of Oversight and Safety Division and referencing Gas Utilities Docket No. 10679. The report shall be in Excel and shall show how the company calculated the WNA factor during the preceding winter season. If the report reflects either an over recovery or under recovery of revenues in any rate class, such amount if any, shall be prorated to each billing cycle route based on the volumes of each billing cycle route during the preceding winter season and divided by 7 (the number of months in the WNA season). Reports for the Commission should be filed electronically at GUD_Compliance@rrc.texas.gov or at the following address:

Compliance Filing
Oversight and Safety Division
Gas Services Dept.
Railroad Commission of Texas
P.O. Drawer 12967
Austin, TX 78711-2967

RATE RCE-I – RATE CASE EXPENSES

Compliance Filing
Oversight and Safety Division
Gas Services Dept.
Railroad Commission of Texas
P.O. Drawer 12967
Austin, TX 78711-2967

RATE RCE-U – RATE CASE EXPENSES

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Compliance Filing
Oversight and Safety Division
Gas Services Dept.
Railroad Commission of Texas
P.O. Drawer 12967
Austin, TX 78711-2967

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Rate Schedule PSF

RATE PSF – PIPELINE SAFETY FEE

Applicable to:	All Customers located in Travis, Harris, Fort Bend, Waller, or Montgomery counties
Effective Date:	July 1, 2018

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Application of Schedule

Applicable to all Customers located in Travis, Harris, Fort Bend, Waller, or Montgomery counties, except state agencies, as defined in Texas Utilities Code, Section 101.003.

Monthly calculation

The Company will charge a surcharge to recover pipeline safety fees assessed by the Commission pursuant to Section 121.211 of the Texas Utilities Code and Commission Rule 16 Texas Administrative Code § 8.201.

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Rate Schedule TFF

RATE TFF – TAXES AND FRANCHISE FEES

Applicable to:	All Customers located in Travis, Harris, Fort Bend, Waller, or Montgomery counties
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Application of Schedule

This Rate Schedule shall apply to all SiEnergy Rate Schedules that incorporate this Rate TFF provision.

Taxes (Does Not Include City Franchise Fees)

In addition to the monthly charges billed to each Customer under each Rate Schedule applicable to that Customer, Customers shall reimburse the Company for their proportionate part of any tax, charge, impost, assessment or fee of whatever kind and by whatever name (except ad valorem taxes, payroll taxes, and income taxes) levied upon the Company by any governmental authority under any law, rule, regulation, ordinance, or agreement (hereinafter referred to as “the Taxes”). If the law, rule, regulation, ordinance, or agreement levying the Tax specifies a method of collection from Customers, then the method so specified shall be utilized provided such method results in the collection of the Taxes from the Customers equal to the Taxes levied on the Company. If no method of collection is specified, then the Company shall collect an amount calculated as a percentage of the Customers’ bills applicable directly to those Customers located solely within the jurisdiction imposing the Taxes and/or within the jurisdiction where the Taxes are applicable. The percentage shall be determined so that the collection from Customers within the Company’s different legal jurisdictions (municipal or otherwise defined) is equal to the Taxes levied on the Company after allowing for the Taxes applicable to those collections. The initial Tax Adjustment Rate shall be based on the Taxes that are levied upon the Company on the effective date of this Rate Schedule. The Company will initiate a new or changed Tax Adjustment Rate beginning with the billing cycle immediately following the effective date of the new or changed Tax as specified by the applicable law, rule, regulation, ordinance, or agreement, provided that the Company has the Customer billing data necessary to bill and collect the Tax. If at any time there is a significant change that will cause an unreasonable over- or under-collection of the Taxes, the Company will adjust the Tax Adjustment Rate so that such over- or under-collection will be minimized. The Tax Adjustment Rate (calculated on a per Ccf or per Mcf basis, as appropriate) shall be reported to the applicable governmental authority by the last business day of the month in which the Tax Adjustment Rate became effective.

City Franchise Fees

In addition to the monthly charges billed to each Customer under each Rate Schedule applicable to that Customer, and in addition to the Taxes billed to each Customer as defined above, the monthly bill for Customers who are located inside the corporate limits of an incorporated municipality that imposes a municipal franchise fee upon Company for the Gas Service provided to Customer shall reimburse the Company for an amount equal to the municipal franchise fees payable for the Gas Service provided to the Customer by Company. Municipal franchise fees are determined by each municipality’s franchise ordinance. Each municipality’s franchise ordinance will specify the percentage and applicability of franchise fees. Customers located in unincorporated areas will not be assessed a City Franchise Fee.

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Rate Schedule QSR

SCHEDULE QSR – QUALITY OF SERVICE RULES

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Application of Schedule

Applicable to all Customer classes in all areas. At a minimum, SiEnergy shall adhere to the Quality of Service requirements in the Railroad Commission of Texas Substantive Rules, Section 7.45.

Texas Administrative Code
TITLE 16
ECONOMIC REGULATION
PART 1
RAILROAD COMMISSION OF TEXAS
CHAPTER 7
GAS SERVICES DIVISION
SUBCHAPTER B
SPECIAL PROCEDURAL RULES
RULE §7.45 Quality of Service

For gas utility service to residential and small commercial Customers, the following minimum service standards shall be applicable in unincorporated areas. In addition, each gas distribution utility is ordered to amend its service rules to include said minimum service standards within the utility service rules applicable to residential and small commercial Customers within incorporated areas, but only to the extent that said minimum service standards do not conflict with standards lawfully established within a particular municipality for a gas distribution utility. Said gas distribution utility shall file service rules incorporating said minimum service standards with the Railroad Commission and with the municipalities in the manner prescribed by law.

(1) Continuity of service.

(A) Service interruptions.

- (i) Every gas utility shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the utility shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Customers are affected.
- (ii) Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.
- (iii) In the event of national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other Customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

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(B) Record of interruption. Except for momentary interruptions which do not cause a major disruption of service, each utility shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of interruptions, date, time duration, location, approximate number of Customers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.

(C) Report to commission. The commission shall be notified in writing within 48 hours of interruptions in service affecting the entire system or any major division thereof lasting more than four hours. The notice shall also state the cause of such interruptions. If any service interruption is reported to the commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this paragraph.

(2) Customer relations.

(A) Information to Customers. Each utility shall:

(i) maintain a current set of maps showing the physical locations of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately describe the utility's facilities. These maps, or such other maps as may be required by the regulatory authority, shall be kept by the utility in a central location and will be available for inspection by the regulatory authority during normal working hours. Each business office or service center shall have available up-to-date maps, plans, or records of its immediate area, with such other information as may be necessary to enable the utility to advise applicants and others entitled to the information as to the facilities available for serving that locality;

(ii) assist the Customer or applicant in selecting the most economical rate schedule;

(iii) in compliance with applicable law or regulations, notify Customers affected by a change in rates or schedule or classification;

(iv) post a notice in a conspicuous place in each business office of the utility where applications for service are received informing the public that copies of the rate schedules and rules relating to the service of the utility as filed with the commission are available for inspection;

(v) upon request inform its Customers as to the method of reading meters;

(vi) provide to new Customers, at the time service is initiated or as an insert in the first billing, a pamphlet or information packet containing the following information. This information shall be provided in English and Spanish as necessary to adequately inform the Customers; provided, however, the regulatory authority upon application and a showing of good cause may exempt the utility from the requirement that the information be provided in Spanish:

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- (I) the Customer's right to information concerning rates and services and the Customer's right to inspect or obtain at reproduction cost a copy of the applicable tariffs and service rules.
 - (II) the Customer's right to have his or her meter checked without charge under paragraph (7) of this section, if applicable;
 - (III) the time allowed to pay outstanding bills;
 - (IV) grounds for termination of service;
 - (V) the steps the utility must take before terminating service;
 - (VI) how the Customer can resolve billing disputes with the utility and how disputes and health emergencies may affect termination of service;
 - (VII) information on alternative payment plans offered by the utility;
 - (VIII) the steps necessary to have service reconnected after involuntary termination;
 - (IX) the appropriate regulatory authority with whom to register a complaint and how to contact such authority;
 - (X) the hours, addresses, and telephone numbers of utility offices where bills may be paid and information may be obtained; and
 - (XI) the Customer's right to be instructed by the utility how to read his or her meter;
- (vii) at least once each calendar year, notify Customers that information is available upon request, at no charge to the Customer, concerning the items listed in clause (vi)(I) - (XI) of this subparagraph. This notice may be accomplished by use of a billing insert or a printed statement upon the bill itself.
- (B) Customer complaints. Upon complaint to the utility by residential or small commercial Customers either at its office, by letter, or by telephone, the utility shall promptly make a suitable investigation and advise the complainant of the results thereof. It shall keep a record of all complaints which shall show the name and address of the complainant, the date and nature of the complaint, and the adjustment or disposition thereof for a period of one year subsequent to the final disposition of the complaint.
- (C) Utility response. Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a Customer, the utility shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response must be made by the next working day. The utility must make a final and complete response within 15 days from the date of the complaint, unless additional time is granted within the 15-day period. The commission encourages all Customer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of each utility; however, telephone communications will be acceptable.

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(D) Deferred payment plan. The utility is encouraged to offer a deferred payment plan for delinquent residential accounts. If such a plan is offered, it shall conform to the following guidelines:

(i) Every deferred payment plan entered into due to the Customer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the Customer pays current bills and a reasonable amount of the outstanding bill and agrees to pay the balance in reasonable installments until the bill is paid.

(ii) For purposes of determining reasonableness under these rules, the following shall be considered: size of delinquent account; Customer's ability to pay; Customer's payment history; time that the debt has been outstanding; reasons why debt has been outstanding; and other relevant factors concerning the circumstances of the Customer.

(iii) A deferred payment plan, if reduced to writing, offered by a utility shall state, immediately preceding the space provided for the Customer's signature and in bold-face print at least two sizes larger than any other used, that: "If you are not satisfied with this agreement, do not sign. If you are satisfied with this agreement, you give up your right to dispute the amount due under the agreement except for the utility's failure or refusal to comply with the terms of this agreement."

(iv) A deferred payment plan may include a one-time 5.0% penalty for late payment on the original amount of the outstanding bill with no prompt payment discount allowed except in cases where the outstanding bill is unusually high as a result of the utility's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.

(v) If a Customer for utility service has not fulfilled terms of a deferred payment agreement or refuses to sign the same if it is reduced to writing, the utility shall have the right to disconnect pursuant to disconnection rules herein and, under such circumstances, it shall not be required to offer a subsequent negotiation of a deferred payment agreement prior to disconnection.

(vi) Any utility which institutes a deferred payment plan shall not refuse a Customer participation in such a program on the basis of race, color, creed, sex, marital status, age, or any other form of discrimination prohibited by law.

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(E) Delayed payment of bills by elderly persons.

(i) Applicability. This subparagraph applies only to:

(I) a utility that assesses late payment charges on residential Customers and that suspends service before the 26th day after the date of the bill for which collection action is taken;

(II) utility bills issued on or after August 30, 1993; and

(III) an elderly person, as defined in clause (ii) of this subparagraph, who is a residential Customer and who occupies the entire premises for which a delay is requested.

(ii) Definitions.

(I) Elderly person--A person who is 60 years of age or older.

(II) Utility--A gas utility or municipally owned utility, as defined in Texas Utilities Code, §§101.003(7), 101.003(8), and 121.001 - 121.006.

(iii) An elderly person may request that the utility implement the delay for either the most recent utility bill or for the most recent utility bill and each subsequent utility bill.

(iv) On request of an elderly person, a utility shall delay without penalty the payment date of a bill for providing utility services to that person until the 25th day after the date on which the bill is issued.

(v) The utility may require the requesting person to present reasonable proof that the person is 60 years of age or older.

(vi) Every utility shall notify its Customers of this delayed payment option no less often than yearly. A utility may include this notice with other information provided pursuant to subparagraph (A) of this paragraph.

(3) Refusal of service.

(A) Compliance by applicant. Any utility may decline to serve an applicant for whom service is available from previously installed facilities until such applicant has complied with the state and municipal regulations and approved rules and regulations of the utility on file with the commission governing the service applied for or for the following reasons.

(i) Applicant's facilities inadequate. If the applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given.

(ii) For indebtedness. If the applicant is indebted to any utility for the same kind of service as that applied for; provided, however, that in the event the indebtedness of the applicant for service is in dispute, the applicant shall be served upon complying with the applicable deposit requirement.

(iii) Refusal to make deposit. For refusal to make a deposit if applicant is required to make a deposit under these rules.

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(B) Applicant's recourse. In the event that the utility shall refuse to serve an applicant under the provisions of these rules, the utility must inform the applicant of the basis of its refusal and that the applicant may file a complaint with the municipal regulatory authority or commission, whichever is appropriate.

(C) Insufficient grounds for refusal to serve. The following shall not constitute sufficient cause for refusal of service to a present Customer or applicant:

- (i) delinquency in payment for service by a previous occupant of the premises to be served;
- (ii) failure to pay for merchandise or charges for nonutility service purchased from the utility;
- (iii) failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;
- (iv) violation of the utility's rules pertaining to operation of nonstandard equipment or unauthorized attachments which interfere with the service of others unless the Customer has first been notified and been afforded reasonable opportunity to comply with these rules;
- (v) failure to pay a bill of another Customer as guarantor thereof unless the guarantee was made in writing to the utility as a condition precedent to service; and
- (vi) failure to pay the bill of another Customer at the same address except where the change of Customer identity is made to avoid or evade payment of a utility bill.

(4) Discontinuance of service.

(A) 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.

(B) A utility may offer an inducement for prompt payment of bills by allowing a discount in the amount of 5.0% for payment of bills within 10 days after their issuance. This provision shall not apply where it conflicts with existing orders or ordinances of the appropriate regulatory authority.

(C) A Customer's utility service may be disconnected if the bill has not been paid or a deferred payment plan pursuant to paragraph (2)(D) of this section has not been entered into within five working days after the bill has become delinquent and proper notice has been given. Proper notice consists of a deposit in the United States mail, postage prepaid, or hand delivery to the Customer at least five working days prior to the stated date of disconnection, with the words "Termination Notice" or similar language prominently displayed on the notice.

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The notice shall be provided in English and Spanish as necessary to adequately inform the Customer, and shall include the date of termination, the hours, address, and telephone number where payment may be made, and a statement that if a health or other emergency exists, the utility may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency.

(D) Utility service may be disconnected for any of the following reasons:

- (i) failure to pay a delinquent account or failure to comply with the terms of a deferred payment plan for installment payment of a delinquent account;
- (ii) violation of the utility's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the Customer and the Customer is provided with a reasonable opportunity to remedy the situation;
- (iii) failure to comply with deposit or guarantee arrangements where required by paragraph (5) of this section;
- (iv) without notice where a known dangerous condition exists for as long as the condition exists;
- (v) tampering with the utility company's meter or equipment or bypassing the same.

(E) Utility service may not be disconnected for any of the following reasons:

- (i) delinquency in payment for service by a previous occupant of the premises;
- (ii) failure to pay for merchandise or charges for nonutility service by the utility;
- (iii) failure to pay for a different type or class of utility service unless fee for such service is included on the same bill;
- (iv) failure to pay the account of another Customer as guarantor thereof, unless the utility has in writing the guarantee as a condition precedent to service;
- (v) failure to pay charges arising from an underbilling occurring due to any misapplication of rates more than six months prior to the current billings;
- (vi) failure to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due;
- (vii) failure to pay an estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the utility is unable to read the meter due to circumstances beyond its control.

(F) Unless a dangerous condition exists, or unless the Customer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel of the utility are not available to the public for the purpose of making collections and reconnecting service.

(G) No utility may abandon a Customer without written approval from the regulatory authority.

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(H) No utility may discontinue service to a delinquent residential Customer permanently residing in an individually metered dwelling unit when that Customer establishes that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if the service is discontinued. Any Customer seeking to avoid termination of service under this section must make a written request supported by a written statement from a licensed physician. Both the request and the statement must be received by the utility not more than five working days after the date of delinquency of the bill. The prohibition against service termination provided by this section shall last 20 days from the date of receipt by the utility of the request and statement or such lesser period as may be agreed upon by the utility and the Customer. The Customer who makes such request shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.

(5) Applicant deposit.

(A) Establishment of credit for residential applicants. Each utility may require a residential applicant for service to satisfactorily establish credit but such establishment of credit shall not relieve the Customer from complying with rules for prompt payment of bills. Subject to these rules, a residential applicant shall not be required to pay a deposit:

- (i) if the residential applicant has been a Customer of any utility for the same kind of service within the last two years and is not delinquent in payment of any such utility service account and during the last 12 consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment;
- (ii) if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required; or
- (iii) if the residential applicant furnishes in writing a satisfactory credit rating by appropriate means, including, but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the utility, or ownership of substantial equity.

(B) Reestablishment of credit. Every applicant who has previously been a Customer of the utility and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay all his amounts due the utility or execute a written deferred payment agreement, if offered, and reestablish credit as provided in subparagraph (A) of this paragraph.

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- (C) Amount of deposit and interest for residential service, and exemption from deposit.
- (i) Each gas utility shall waive any deposit requirement for residential service for an applicant who has been determined to be a victim of family violence as defined in Texas Family Code, §71.004, by a family violence center, by treating medical personnel, by law enforcement agency personnel, or by a designee of the Attorney General in the Crime Victim Services Division of the Office of the Attorney General. This determination shall be evidenced by the applicant's submission of a certification letter developed by the Texas Council on Family Violence and made available on its web site.
 - (ii) The required deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings. If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the utility may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements.
 - (iii) All applicants for residential service who are 65 years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the utility or another utility for the same utility service which accrued within the last two years. No cash deposit shall be required of such applicant under these conditions.
 - (iv) Each utility which requires deposits to be made by its Customers shall pay a minimum interest on such deposits according to the rate as established by law. If refund of deposit is made within 30 days of receipt of deposit, no interest payment is required. If the utility retains the deposit more than 30 days, payment of interest shall be made retroactive to the date of deposit.
 - (I) Payment of interest to the Customer shall be annually or at the time the deposit is returned or credited to the Customer's account.
 - (II) The deposit shall cease to draw interest on the date it is returned or credited to the Customer's account.
- (D) Deposits for temporary or seasonal service and for weekend or seasonal residences. The utility may require a deposit sufficient to reasonably protect it against the assumed risk, provided such a policy is applied in a uniform and nondiscriminatory manner.

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(E) Records of deposits.

(i) The utility shall keep records to show:

- (I) the name and address of each depositor;
- (II) the amount and date of the deposit; and
- (III) each transaction concerning the deposit.

(ii) The utility shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.

(iii) A record of each unclaimed deposit must be maintained for at least four years, during which time the utility shall make a reasonable effort to return the deposit.

(F) Refund of deposit.

(i) If service is not connected or after disconnection of service, the utility shall promptly and automatically refund the Customer's deposit plus accrued interest on the balance, if any, in excess of the unpaid bills for service furnished. The transfer of service from one premise to another within the service area of the utility shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless permitted by these rules.

(ii) When the Customer has paid bills for service for 12 consecutive residential bills without having service disconnected for nonpayment of bill and without having more than two occasions in which a bill was delinquent and when the Customer is not delinquent in the payment of the current bills, the utility shall promptly and automatically refund the deposit plus accrued interest to the Customer in the form of cash or credit to a Customer's account.

(G) Upon sale or transfer of utility or company. Upon the sale or transfer of any public utility or operating units thereof, the seller shall file with the commission under oath, in addition to other information, a list showing the names and addresses of all Customers served by such utility or unit who have to their credit a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon.

(H) Complaint by applicant or Customer. Each utility shall direct its personnel engaged in initial contact with an applicant or Customer for service seeking to establish or reestablish credit under the provisions of these rules to inform the Customer, if dissatisfaction is expressed with the utility's decision, of the Customer's right to file a complaint with the regulatory authority thereon.

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(6) Billing.

(A) Bills for gas service shall be rendered monthly, unless otherwise authorized or unless service is rendered for a period less than a month. Bills shall be rendered as promptly as possible following the reading of meters.

(B) The Customer's bill must show all the following information. The information must be arranged and displayed in such a manner as to allow the Customer to compute his bill with the applicable rate schedule. The applicable rate schedule must be mailed to the Customer on request of the Customer. A utility may exhaust its present stock of nonconforming bill forms before compliance is required by this section:

- (i) if the meter is read by the utility, the date and reading of the meter at the beginning and end of the period for which rendered;
- (ii) the number and kind of units billed;
- (iii) the applicable rate schedule title or code;
- (iv) the total base bill;
- (v) the total of any adjustments to the base bill and the amount of adjustments per billing unit;
- (vi) the date by which the Customer must pay the bill to get prompt payment discount;
- (vii) the total amount due before and after any discount for prompt payment within a designated period;
- (viii) a distinct marking to identify an estimated bill.

(C) Where there is good reason for doing so, estimated bills may be submitted, provided that an actual meter reading is taken at least every six months. For the second consecutive month in which the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read otherwise, the utility must provide the Customer with a postcard and request that the Customer read the meter and return the card to the utility if the meter is of a type that can be read by the Customer without significant inconvenience or special tools or equipment. If such a postcard is not received by the utility in time for billing, the utility may estimate the meter reading and render the bill accordingly.

(D) Disputed bills.

(i) In the event of a dispute between the Customer and the utility regarding the bill, the utility must forthwith make such investigation as is required by the particular case and report the results thereof to the Customer. If the Customer wishes to obtain the benefits of clause (ii) of this subparagraph, notification of the dispute must be given to the utility prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the utility shall inform the Customer of the complaint procedures of the appropriate regulatory authority.

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(ii) Notwithstanding any other subsection of this section, the Customer shall not be required to pay the disputed portion of the bill which exceeds the amount of that Customer's average usage for the billing period at current rates until the earlier of the following: resolution of the dispute or the expiration of the 60-day period beginning on the day the disputed bill is issued. For purposes of this section only, the Customer's average usage for the billing period shall be the average of the Customer's usage for the same billing period during the preceding two years. Where no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar Customers and under similar conditions.

(7) Meters.

(A) Meter requirements.

(i) Use of meter. All gas sold by a utility must be charged for by meter measurements, except where otherwise provided for by applicable law, regulation of the regulatory authority, or tariff.

(ii) Installation by utility. Unless otherwise authorized by the regulatory authority, each utility must provide and install and will continue to own and maintain all meters necessary for measurement of gas delivered to its Customers.

(iii) Standard type. No utility may furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.

(B) Meter records. Each utility must keep the following records:

(i) Meter equipment records. Each utility must keep a record of all its meters, showing the Customer's address and date of the last test.

(ii) Records of meter tests. All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a Customer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, the date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.

(iii) Meter readings--meter unit location. In general, each meter must indicate clearly the units of service for which charge is made to the Customer.

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(iv) Meter tests on request of Customer.

(I) Each utility must, upon request of a Customer, make a test of the accuracy of the meter serving that Customer. The utility must inform the Customer of the time and place of the test and permit the Customer or his authorized representative to be present if the Customer so desires. If no such test has been performed within the previous four years for the same Customer at the same location, the test is to be performed without charge. If such a test has been performed for the same Customer at the same location within the previous four years, the utility is entitled to charge a fee for the test not to exceed \$15 or such other fee for the testing of meters as may be set forth in the utility's tariff properly on file with the regulatory authority. The Customer must be properly informed of the result of any test on a meter that serves him.

(II) Notwithstanding subclause (I) of this clause, if the meter is found to be more than nominally defective, to either the Customer's or the utility's disadvantage, any fee charged for a meter test must be refunded to the Customer. More than nominally defective means a deviation of more than 2.0% from accurate registration.

(v) Bill adjustments due to meter error.

(I) If any meter test reveals a meter to be more than nominally defective, the utility must correct previous readings consistent with the inaccuracy found in the meter for the period of either:

(-a-) the last six months; or

(-b-) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to be made. This requirement for a correction may be foregone by the utility if the error is to the utility's disadvantage.

(II) If a meter is found not to register for any period of time, the utility may make a charge for units used but not metered for a period not to exceed three months previous to the time the meter is found not to be registering. The determination of amounts used but not metered is to be based on consumption during other like periods by the same Customer at the same location, when available, and on consumption under similar conditions at the same location or of other similarly situated Customers, when not available.

(8) New construction.

(A) Standards of construction. Each utility is to construct, install, operate, and maintain its plant, structures, equipment, and lines in accordance with the provisions of such codes and standards as are generally accepted by the industry, as modified by rule or regulation of the regulatory authority or otherwise by law, and in such manner to best accommodate the public and to prevent interference with service furnished by other public utilities insofar as practical.

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(B) Line extension and construction charges. Every utility must file its extension policy. The policy must be consistent, nondiscriminatory, and is subject to the approval of the regulatory authority. No contribution in aid of construction may be required of any Customer except as provided for in extension policy.

(C) Response to request for service. Every gas utility must serve each qualified applicant for service within its service area as rapidly as practical. As a general policy, those applications not involving line extensions or new facilities should be filled within seven working days. Those applications for individual residential service requiring line extensions should be filled within 90 days unless unavailability of materials or other causes beyond the control of the utility result in unavoidable delays. In the event that residential service is delayed in excess of 90 days after an applicant has met credit requirements and made satisfactory arrangements for payment of any required construction charges, a report must be made to the regulatory authority listing the name of the applicant, location, and cause for delay. Unless such delays are due to causes which are reasonably beyond the control of the utility, a delay in excess of 90 days may be found to constitute a refusal to serve.

Line No.	Description	Depreciation Rate	Note(s)
1	Intangible Plant		
2	(302) Franchises & Consents	9.86%	(1)
3	(303)-(307) Misc. Intangible	12.11%	(1)
4			
5	Distribution Plant		
6	(375) Structures & Improvements	2.42%	
7	(376) Mains	2.90%	
8	(378) Meas. & Reg. Station Other	3.40%	
9	(379) Meas. & Reg. Station City Gate	2.98%	
10	(380) Services	3.12%	
11	(381) Meters	4.06%	
12	(381.5) Meters - ERTS	5.32%	
13	(383) House Regulators	3.89%	
14	(387) Other Equipment	4.23%	
15	(387.5) Other Equipment - AMR	6.94%	
16	(387.7) Other Equipment - Scada	7.09%	
17			
18	General Plant		
19	(391.1) Office Furniture & Equipment	5.26%	(2)
20	(391.3) Major Software Systems	10.00%	(2)
21	(391.5) Other Computer HW/SW	16.67%	(2)
22	(392) Transportation Equipment	7.57%	
23	(394) Tools, Shop & Garage	5.88%	(2)
24	(397) Communication Equipment	6.25%	(2)
25	(398) Miscellaneous Equipment	5.00%	(2)

Notes:

(1) Effective Rate Only. Depreciation/amortization expense is calculated by on individual asset lives

(2) Depreciation rates for these accounts reflect the adoption of Vintage Group Amortization, consistent with FERC Accounting Release 15 and as recommend on Exhibit DAW-2, at 27

GUD NO. 10679

**STATEMENT OF INTENT TO
INCREASE GAS UTILITY RATES
WITHIN THE UNINCORPORATED
AREAS SERVED BY SIENERGY, LP
IN CENTRAL AND SOUTH TEXAS**

§
§
§
§
§

**BEFORE THE
RAILROAD COMMISSION
OF TEXAS**

AFFIDAVIT OF EVAN D. JOHNSON

Before me, the undersigned authority, on this date personally appeared Evan D. Johnson, known to me to be the person whose name is subscribed below, and being by me first duly sworn, stated upon oath as follows:

1. “My name is Evan D. Johnson. I am over 18 years of age, of sound mind and fully competent to make this affidavit. Each statement of fact herein is true and of my own personal knowledge.
2. I am an attorney with the Austin, Texas law firm of Coffin Renner LLP and have practiced law in Travis County since 2008. I have extensive experience representing and defending clients before the Railroad Commission of Texas (“Commission”) and Public Utility Commission of Texas.
3. I am counsel for SiEnergy, LP (“SiEnergy” or “Company”) for its Statement of Intent to Increase Gas Utility Rates Within the Unincorporated Areas Served by SiEnergy, LP in Central and South Texas. My firm was engaged to assist in the presentation of the Company’s rate filing, which was made on January 5, 2018.
4. Attached to this Affidavit are invoices supporting the \$402,618.54 in actual rate case expenses incurred by SiEnergy through April 26, 2018. The attached invoices are detailed and itemized, accurately document hours worked and services provided, and support the Company’s recovery of its actual legal and Company expenses. In addition, based on my experience in proceedings of this type in which the parties seek approval of a Unanimous Settlement Agreement and based on my knowledge of issues likely to be raised going forward in this proceeding, I estimate that rate case expenses incurred for the completion of this docket will be \$23,000. Collectively, SiEnergy seeks recovery of its actual and estimated future rate case expenses in the amount of \$425,618.54, less a \$175,000 reduction pursuant to the Unanimous Settlement Agreement reached among all parties to this proceeding, resulting in total rate case expenses of \$250,618.54 for costs incurred by SiEnergy that it seeks to recover from all customers it serves in Central and South Texas. SiEnergy also seeks to recover the rate case expenses of other parties that the Commission deems reasonable and necessary.
5. My services, and the services of my firm, were associated with efforts that were reasonable and necessary for the presentation and defense of SiEnergy’s rate filing. The nature of this work included the preparation of testimony and other aspects of the Company’s rate filing

package, responding to discovery, motions practice, attention to settlement matters, attention to prehearing matters, and attendance at the hearing and Commission meetings. The legal expenses included in the rate case expenses identified in Paragraph 4 include \$143,186.57 in actual legal expenses through April 24, 2018 and \$18,000 in projected legal expenses.

6. In addition to legal expenses, SiEnergy incurred other rate case expenses including expenses associated with preparation of the rate filing package and testimony, issuance of public notice, responding to discovery, work performed by consultants and expert witnesses, and incidental expenses. The other rate case expenses included in the rate case expenses identified in Paragraph 4 include \$259,431.97 in actual other rate case expenses through April 26, 2018 and \$5,000 in projected other rate case expenses.
7. As required by Commission Rule 7.5530(d), SiEnergy's total required regulatory, litigation and estimated expenses are classified as follows:

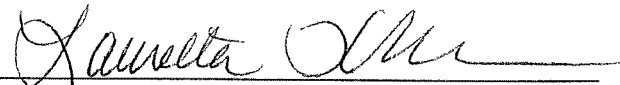
Required Regulatory Expenses	\$239,880.22
Litigation Expenses	\$162,738.32
Estimated Expenses	\$23,000.00
Total Rate Case Expenses	\$425,618.54
Total (minus \$175,000 reduction)	\$250,618.54

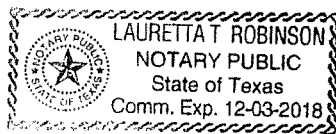
8. I am familiar with the Commission Rule on Rate Case Expenses, 16 TEX. ADMIN. CODE §7.5530, as well as past decisions rendered by the Commission regarding the types of expenses that are eligible for rate case expense recovery.
9. I have reviewed the legal and other rate case expenses and, based upon my experience, I believe the charges and rates included therein are reasonable taking into account the criteria identified in Commission Rule 7.5530. The type and amount of work performed was relevant and reasonably necessary to the proceeding, and the complexity and expense of the work was commensurate with both the complexity of the issues in the proceeding and the amount of the increase sought and agreed upon pursuant to settlement. The rates charged are comparable to the rates charged by other professionals with the same level of expertise and experience for work of the same or similar nature. Also, the number of individuals working on this proceeding and time spent by each individual was minimized, and there was no duplication of services or testimony. Furthermore, SiEnergy's request for a rate change was warranted and, thus, necessitated the services performed and charges incurred.
10. No portion of the fees or expenses that SiEnergy seeks to recover is or will be for luxury items, such as limousine service, sporting events, alcoholic beverages, hotel movies, or other entertainment. The charges for copies, printing, overnight courier service, transcripts, and other expenses and costs were necessary for the prosecution of the case and are reasonable. Furthermore, the calculation of the charges is correct, and there was no duplication of services and no double billing of charges.
11. SiEnergy seeks recovery only of those expenses that are actually incurred, and any rate case expense surcharge will collect from ratepayers only the amount actually incurred and

authorized for recovery. The estimated expenses presume approval of the Unanimous Settlement Agreement and no appeal of the Commission's Final Order. SiEnergy reserves the right to revise this estimate to the extent that additional litigation becomes necessary."


Evan D. Johnson

SWORN TO AND SUBSCRIBED before me on this 27th day of April 2018, by Evan D. Johnson.


Notary Public, State of Texas



GAS UTILITIES DOCKET NO. 10679

STATEMENT OF INTENT TO	§	BEFORE THE
INCREASE GAS UTILITY RATES	§	
WITHIN THE UNINCORPORATED	§	RAILROAD COMMISSION
AREAS SERVED BY SIENERGY, LP	§	
IN CENTRAL AND SOUTH TEXAS	§	OF TEXAS

AFFIDAVIT OF THOMAS L. BROCATO
RELATED TO THE RATE CASE EXPENSES OF
THE GULF COAST COALITION OF CITIES

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

BEFORE ME, the undersigned authority, on this day personally appeared Thomas L. Brocato who being by me first duly sworn, on oath deposed and said the following:

1. My name is Thomas L. Brocato. I am a principal with the law firm of Lloyd Gosselink Rochelle and Townsend, P.C. ("Lloyd Gosselink") and counsel for the Gulf Coast Coalition of Cities ("GCCC") in Gas Utilities Docket ("GUD") No. 10679. I have been practicing public utility law since I graduated from law school and began my career as a Staff attorney at the Public Utility Commission of Texas ("PUC" or "Commission") in 1990. I have represented entities at the Railroad Commission and PUC for over 27 years. Having participated in numerous rate cases and appeals, I have represented municipalities since 2004.

2. I have reviewed the work performed by Lloyd Gosselink and the technical consultants on behalf of GCCC in connection with GUD No. 10679 concerning the *Statement of Intent to Increase Gas Utility Rates within the Unincorporated Areas Served by SiEnergy, LP in Central and South Texas*. I am over the age of 18 years and am not disqualified from making this affidavit. My statements are true and correct.

3. I have reviewed the billings of Lloyd Gosselink submitted to GCCC for legal services performed in GUD No. 10679. I affirm that those billings accurately reflect the time

spent and expenditures incurred by Lloyd Gosselink on GCCC's behalf. Those billings were accurately calculated before they were tendered, and there was no double billing. None of the charges billed to GCCC have been recovered through reimbursement for other expenses. The expenses charged were associated with the review of SiEnergy's Statement of Intent in GUD No. 10679 and were necessary to advise GCCC and accomplish tasks in this proceeding. Total rate case expenses (inclusive of legal fees, consultant charges, and other expenses) for GUD No. 10679 through March 31, 2018 are summarized in the chart attached to this affidavit as Attachment A.

4. For the period of January 1, 2018 through March 31, 2018, Lloyd Gosselink has billed \$17,626.05 for legal services in GUD No. 10679. The fees and expenses incurred through March 31, 2018 were necessary to: advise GCCC on the review of SiEnergy's Statement of Intent, identify issues, retain and work with consultants, address discovery matters, prepare testimony, participate in settlement discussions, and negotiate the settlement agreement.

5. The attorneys' hourly rates of \$165-\$325, upon which the billings are based, are the same hourly rates charged other clients for comparable services during the same time frame. Our firm's rates are at the lower end of the range compared to the rates charged by other lawyers with similar experience providing similar services. The hours spent to perform the tasks assigned to Lloyd Gosselink were necessary to complete those tasks in a professional manner on a timely basis. The participating attorneys' many years of experience participating in utility rate cases aid in our efforts to keep rate case expenses reasonable.

6. Invoices from Lloyd Gosselink also include fees and expenses from ReSolved Energy Consulting, LLC for work performed by Karl Nalepa and his assistant in the amount of \$13,699.50. Mr. Nalepa is a regulatory expert engaged to present testimony and consult on the issues in this case. Mr. Nalepa's hourly rate for this proceeding is \$260. This is the same or

similar hourly rate charged other clients for comparable services during the same time period. Mr. Nalepa and his assistant reviewed SiEnergy's Statement of Intent, identified issues, prepared and reviewed discovery questions and responses, prepared direct testimony, and assisted in settlement negotiations.

7. The invoices submitted by Lloyd Gosselink include a description of services performed and time expended on each activity. The invoices for GUD No. 10679 through March 31, 2018 are included as Attachment B to this affidavit. Lloyd Gosselink has documented all charges with time sheets, invoices, and records. The documentation in this case is similar to that provided in many previous ratemaking proceedings at the Railroad Commission.

8. I have made a detailed review of actual invoices for consultants and legal services for January 1, 2018 through March 31, 2018. I conclude that the services rendered in these months were necessary for GCCC's participation in this proceeding and that the fees and expenses were reasonable in relation to the complexity of the issues addressed. Specifically, I made the following significant findings during my review:

- The hourly rates charged by GCCC's consultants and attorneys are within the range of reasonable rates;
- The number of individuals working on this matter at any given time was minimized;
- Consultants and attorneys accurately documented hours worked and services provided on their invoices;
- There were no time entries by any individual that exceeded 12 hours per day on any single matter or on a combined basis when work was performed on these cases; and
- There were no expenses that are subject to special scrutiny (e.g., luxury hotels, valet parking, designer coffee, airfare, meals).

9. I have reviewed all of the consultants' and attorneys' qualifications, along with a critical evaluation of their work product and the fees that they charged GCCC, and have found

their services and fees to be reasonable and a good value. Each consultant and attorney provided services that were necessary for GCCC to fairly represent the interests of the members of GCCC in this rate-setting proceeding. All of the actual fees and expenses incurred to date are substantiated by detailed invoices, which I have included.

10. In addition to the expenses incurred through March 31, 2018, Lloyd Gosselink will incur fees and expenses in GUD No. 10679 beyond that date associated with continued work to finalize settlement documents subsequent to the date of this affidavit.


In consideration of this activity, GCCC estimates that its remaining expense of participating in this case beyond March 31, 2018 will not exceed \$20,674.45. In the event that the settlement in this matter is not adopted, or some additional process or litigation is required to bring this matter to a close, GCCC would seek to quantify an additional rate case expense amount.

11. The total amount requested of \$52,000, consisting of expenses through March 31, 2018 of \$31,325.55 for GUD No. 10679 and the estimate of \$20,674.45 beyond that date, are reasonable given the complexity, importance, and magnitude of this case, the nature of GCCC's case, and the number of issues.

Dated: April 25, 2018.


THOMAS L. BROCATO

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned authority, on this 25th day of April, 2018.


Notary Public

