

**GAS UTILITIES DOCKET NO. 10738**

**STATEMENT OF INTENT  
FILED BY T & L GAS CO.  
TO CHANGE RATES  
IN THE ENVIRONS OF  
THE CITY OF  
CONROE IN MONTGOMERY  
COUNTY, TEXAS**

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**BEFORE THE  
RAILROAD COMMISSION  
OF 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. T & L Gas Co. ("T&L") 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 June 12, 2018, T&L filed a Statement of Intent to increase rates within the environs of the City of Conroe in Montgomery County, Texas ("Statement of Intent"). The filing was docketed as GUD No. 10738.
3. T&L requested an effective date of August 21, 2018.
4. T&L proposes to implement the proposed rates within the environs of the City of Conroe in Montgomery County, Texas, in which it provides service.
5. Staff of the Railroad Commission ("Commission Staff") intervened on June 13, 2018.
6. On August 21, 2018, the Commission suspended the implementation of T&L's proposed rates for 150 days.
7. For all customers located in the environs of the City of Conroe in Montgomery County, Texas, T&L provided public notice by direct mail on August 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).

8. 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).
9. On August 15, 2018, T&L filed the Affidavit of Steve Belovsky attesting to proof of notice.
10. On August 23, 2018, T&L 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 Commission Staff's deadline to file testimony.
11. On August 24, 2018, the ALJ granted the parties' request to abate all deadlines in the procedural schedule.
12. On September 7, 2018, the parties filed a Unanimous Settlement Agreement ("Settlement Agreement") and accompanying documents, which resolved all issues, and no issues were preserved for further litigation.
13. On September 7, 2018, the Notice of Hearing was issued, setting the hearing on the merits to commence on September 19, 2018.
14. On September 7, 2018, the Notice of Hearing was provided to the governing body of Montgomery County in accordance with GURA Section 104.105 (Determination of Propriety of Rate Change; Hearing).
15. On September 14, 2018, the Commission published the Notice of Hearing in *Gas Utilities Information Bulletin No. 1091*.
16. A hearing to review the Settlement Agreement was held on September 19, 2018.
17. The following exhibits were admitted at the hearing on the Settlement Agreement.

<b>T&amp;L Exhibit Number</b>	<b>Description</b>
No. 1	Unanimous Settlement Agreement
No. 2	The Statement of Intent Filed By T&L Gas Co. to Change Rates in the Environs of the City of Conroe in Montgomery County, Texas, filed on June 12, 2018, inclusive of all attachments, direct testimony and exhibits
No. 3	T & L Gas' Cost of Service Model Errata Filing
No. 4	The Affidavit of Steve Belovsky, attesting to provision of notice to all customers of T&L, filed on August 15, 2018
No. 5	The Affidavit of Steve Belovsky, attesting to Affiliate expenses, filed on September 24, 2018

18. T&L 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.
19. T&L established that the Company has fully complied with the books and records requirements of 16 Tex. Admin. Code § 7.310, and the amounts included therein are therefore entitled to the presumption in 16 Tex. Admin. Code § 7.503 that these amounts are reasonable and necessary.
20. The test year in this filing is based upon the financial data for the twelve-month period ending December 31, 2017, adjusted for known and measurable changes.
21. T&L requested in its Statement of Intent a revenue requirement increase of approximately \$88,616 for all customers served by T&L within the environs of the City of Conroe in Montgomery County, Texas.
22. The Settlement Agreement contemplates an approximately \$88,616 revenue increase from current revenues as a settled amount. The revenue increase is not tied to any specific expense in the Company's underlying cost-of-service.
23. The approximately \$88,616 revenue increase contemplated in the Settlement Agreement represents no change from the revenues requested in the Statement of Intent.
24. The parties established that the proposed revenue increase of \$88,616 is just and reasonable.<sup>1</sup>
25. The proposed rates will affect the following classes of customers within the incorporated and unincorporated areas served by T&L in the environs of the City of Conroe in Montgomery County, Texas: Residential, Commercial, and Industrial.
26. The rates and customer charges reflected in the table below are just and reasonable.

<b>Rate Schedule</b>	<b>Customer Charge</b>	<b>Single Block Volumetric Rate</b>
Residential	\$19.00	\$8.2500 per Mcf
Commercial	\$20.00	\$8.2500 per Mcf
Industrial	\$35.00	\$3.5000 per Mcf

1. See Attachment 1 for the Proof of Revenues that was included with the underlying settlement agreement between the parties. The Proof of Revenues reflects a base revenue increase of \$87,680, which does not include miscellaneous service fee revenue that raises the total revenue increase to \$88,616.

27. A net plant amount of \$180,921, as of December 31, 2017, is prudent and appropriate for recovery in this proceeding.
28. It is reasonable to establish the depreciation rates included Attachment 2 to this Final Order.
29. Consistent with the Settlement Agreement, Interim Rate Adjustment ("IRA") factors are not necessary to establish at this time because T&L has agreed not to utilize the IRA mechanism between now and its next rate case.
30. The settled amount reflects a corporate income tax rate of 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.
31. As a result of this proceeding, T&L is compliant with GUD No. 10695, Gas Utilities Accounting Order (Feb. 27, 2018) and Order Nunc Pro Tunc (Mar. 20, 2018).
32. T&L has established that the services provided by its affiliate Rocking T Construction on behalf of T&L are reasonable and necessary.
33. The affiliate expenses included in T&L's filing are reasonable and necessary costs of providing gas utility service, and the prices charged to T&L are no higher than the prices charged by the supplying affiliate to other affiliates or divisions of T&L, or to a non-affiliated person for the same item or class of items.
34. It is reasonable that T&L shall no longer purchase gas from its affiliate Montgomery County Gas Management, LLC, effective as of the first day of the month following the date the Final Order is issued in this docket.
35. It is reasonable that T&L shall purchase gas from unaffiliated suppliers and shall pass this cost through to the consumer without any markup, effective as of the first day of the month following the date the Final Order is issued in this docket.
36. It is reasonable that T&L shall not use Rocking T Construction or any other affiliate of T&L for any project in the future unless T&L secures formal bids and/or quotes from non-affiliated companies in addition to Rocking T Construction or any other affiliate of T&L. T&L shall maintain records of project bids and/or quotes.
37. It is reasonable that T&L collect a System Replenishment Fee of \$2.00 per Mcf to fund its capital investment and that T&L file with Commission Staff an annual System Replenishment Fee Compliance Filing within forty-five (45) days of each calendar year end in accordance with the terms of the System Replenishment Fee tariff.

38. It is reasonable that T&L collect a System Replenishment Fee for a period that shall not exceed five (5) years unless extended for an additional five (5) years with written approval from the Director of the Oversight and Safety Division.
39. T&L has established that its actual and estimated rate case expenses up to \$33,000 are just and reasonable.
40. The hourly rates charged by consultants were reasonable rates charged by firms in cases addressing utility rate matters.
41. The consultants did not charge any expenses for luxury items and did not incur any excessive airline, lodging, or meal expenses.
42. The amount of work done and the time and labor required to accomplish the work was reasonable given the nature of the issues addressed.
43. 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.
44. It is reasonable that the recovery of \$33,000.00 in total rate case expenses occur over an approximate forty-eight (48) month period with the surcharge separately stated on each bill.
45. It is reasonable that, in accordance with the 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.
46. Good cause exists to recover T&L litigation and estimated expenses equally from all customers within the environs of the City of Conroe in Montgomery County, Texas, in which T&L provides service, and doing so is necessary in the interest of justice.
47. It is reasonable that T&L submit to Commission Staff invoices reflecting actual rate case expenses with sufficient detail so that Commission 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 recoverable expenses exceed the actual expenses up to a total of \$33,000.00.
48. It is reasonable that T&L file an annual Rate Case Expense Compliance Filing with Commission 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.

49. It is just and reasonable that the recommended rate case expense recovery rate of \$0.10 per Mcf and \$1.35 per bill be uniformly allocated for Residential customers, \$0.10 per Mcf and \$1.35 per bill be uniformly allocated for Commercial customers, and \$0.10 per Mcf and \$1.35 per bill be uniformly allocated for Industrial customers within the environs of the City of Conroe in Montgomery County, Texas in which T&L provides service.
50. 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 T&L.
51. The rate schedules attached to this Final Order are just and reasonable.

### CONCLUSIONS OF LAW

1. T&L 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 T&L'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. This proceeding was conducted in accordance with the requirements of the Gas Utility Regulatory Act, Tex. Util. Code Ann. §§ 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).
5. 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.
6. 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.
7. T&L 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.

8. In this proceeding, T&L 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.
9. In accordance with the Settlement Agreement, T&L 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 Final Order.
10. The revenue, rates, rate design, and service charges proposed by T&L and the parties to the Settlement Agreement, and identified in the rate schedules attached to this Final 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. § 104.003 (Vernon 2007 and Supp. 2015).
11. 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).
12. The overall revenues as established by the findings of fact and attached schedules are reasonable; fix an overall level of revenues for T&L 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.
13. The revenue, rates, rate design, and service charges proposed will not yield to T&L 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).
14. 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.
15. 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).

16. 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."
17. 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).
18. 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).
19. The jurisdiction of the Commission in this docket does not extend to municipalities. Tex. Util. Code Ann. §§ 102.001 and 103.055 (Vernon 2007 and Supp. 2015).
20. T&L is required by 16 Tex. Admin. Code § 7.315 to file electronic tariffs incorporating rates consistent with this Final Order within thirty days of the date of this Final Order.
21. T&L 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 T&L is thus entitled to the presumption that the amounts included therein are reasonable and necessary in accordance with 16 Tex. Admin. Code § 7.503.

**IT IS THEREFORE ORDERED** that the proposed schedule of rates agreed to by the parties' and reflected in this Final Order are **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 T&L (Attachment 3), are **APPROVED**.



**IT IS FURTHER ORDERED** that the attached tariffs (Attachment 3), are just and reasonable.

**IT IS FURTHER ORDERED** that T&L shall file with Commission Staff an annual System Replenishment Fee Compliance Filing within forty-five (45) days of each calendar year end in accordance with the terms of the System Replenishment Fee tariff.

**IT IS FURTHER ORDERED** that T&L shall provide to Commission Staff within forty-five (45) days following the date of this Final Order a Reconciliation Compliance Filing that includes a reconciliation of the funds collected through the Montgomery County Gas Management, LLC facilities charge of \$2.25 per Mcf and any capital projects completed using the facilities charge funds shall be transferred to the books of T&L and any funds balance shall be transferred to T&L as a credit to the System Replenishment Fee fund.

**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 Final Order.

**IT IS FURTHER ORDERED** that T&L 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. 41 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 the terms of the parties' Settlement Agreement admitted in evidence in this docket and incorporated in this Final Order are **APPROVED**.

**IT IS FURTHER ORDERED** that, within thirty (30) days of this Final Order, in accordance with 16 Tex. Admin. Code § 7.315, T&L 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 Final 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 T&L shall be subject to refund unless and until T&L'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 Final 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**.

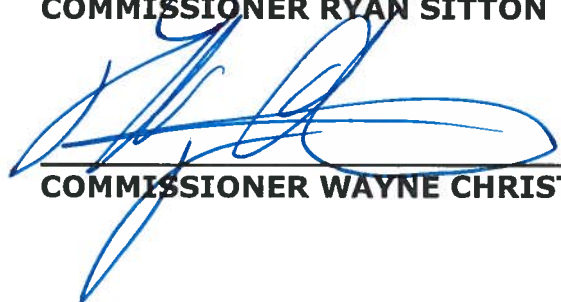
**IT IS FURTHER ORDERED** that this Final Order will not be final and effective until twenty-five (25) days after the Commission's Final Order is signed. If a timely motion for rehearing is filed by any party at interest, this Final Order shall not become final and effective until such motion is overruled, or if such motion is granted, this Final Order shall be subject to further action by the Commission.

**SIGNED** this 30<sup>th</sup> day of October, 2018.

**RAILROAD COMMISSION OF TEXAS**

  
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**CHAIRMAN CHRISTI CRADDICK**

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

  
\_\_\_\_\_  
**COMMISSIONER WAYNE CHRISTIAN**

**ATTEST:**

  
\_\_\_\_\_  
**SECRETARY**



T&L Gas Corporation  
**PROOF OF REVENUES**  
 For the Pro Forma Test Year Ended December 31, 2017

LINE NO.	RATE CLASS	BILLING UNITS	PROPOSED RATES	PROPOSED REVENUE	Base Rate Change	
					\$	%
1	Residential					
2	Customer Charge	2,796 Bills	\$19.00 / Month	\$53,124		
3	Commodity Charge	7,826 MCF	\$8,2500 / MCF	64,563		
4	Total Residential			\$117,687	\$25,996	28.4%
5						
6	Commercial					
7	Customer Charge	240 Bills	\$20.00 / Month	\$4,800		
8	Commodity Charge	11,110 MCF	\$8,2500 / MCF	91,659		
9	Total Commercial			\$96,459	\$25,958	36.8%
10						
11	Industrial					
12	Customer Charge	24 Bills	\$35.00 / Month	\$840		
13	Commodity Charge	23,658 MCF	\$3,5000 / MCF	82,802		
14	Total Commercial			\$83,642	\$35,726	74.6%
15						
16						
17	Total Base Rate Revenue			\$297,788	\$87,680	41.7%
18						
19						
20	Residential Service - (Incorporated)					
21	Base Rate	0 Bills	19.00 / Month	\$0		
22	Customer Charge	0 MCF	8,25000 / MCF	0		
23	Commodity			\$0	\$0	0.0%
24	Total					
25						
26	Residential Service - (Environ)					
27	Base Rate	2,796 Bills	19.00 / Month	\$53,124		
28	Customer Charge	7,826 MCF	8,25000 / MCF	64,563		
29	Commodity			\$117,687	\$25,996	28.4%
30	Total					
31						
32	Commercial Service - (Incorporated)					
33	Base Rate	0 Bills	20.00 / Month	\$0		
34	Customer Charge	0 MCF	8,25000 / MCF	0		
35	Commodity			\$0	\$0	0.0%
36	Total					
37						
38	Commercial Service - (Environ)					
39	Base Rate	240 Bills	20.00 / Month	\$4,800		
40	Customer Charge	11,110 MCF	8,25000 / MCF	91,659		
41	Commodity			\$96,459	\$25,958	36.8%
42	Total					
43						
44	Industrial Service - (Environ)					
45	Base Rate	24 Bills	35.00 / Month	\$840		
46	Customer Charge	23,658 MCF	3,50000 / MCF	82,802		
47	Commodity			\$83,642	\$35,726	0.745596
48	Total					
49						
50						
51	Total			\$297,788	\$87,680	41.7%

T&L Gas Corporation  
Depreciation Rate Summary

Line No.	Description	Plant Balance	Depreciable Life	Depreciation Rate	Annual Depreciation	Accumulated Depreciation	Net Plant
<b>Distribution Plant</b>							
376 - Mains Total		582,894	40	0.02500	14,023	470,514	112,380
378-379 Measuring & Regulating Station Equipment Total		35,383	40	0.02500	885	30,922	4,461
380 - Services Total		102,376	40	0.02500	2,316	81,988	20,408
381 - 384 Meters & Regulators Total		108,849	15	0.06667	2,944	88,830	40,019
386-387 Other Equipment Total		3,559	15	0.06667	31	3,375	184
Total Depreciable Distribution Plant		833,061	41.25	0.02425	20,198	655,609	177,452
<b>General Plant</b>							
390 - Structures & Improvements Total		23,630	10	0.10000	1,315	20,161	3,469
391 - Office Furniture & Equipment Total		6,652	7	0.14286	66	6,652	0
392 - Transportation Equipment Total		2,600	5	0.20000	0	2,600	0
393-396 Stores, Tools, Lab & power Equipment Total		34,609	7	0.14286	0	34,609	0
397-Communications Equipment Total		387	7	0.14286	0	387	0
Total General Plant		67,878	49.16	0.02034	1,381	64,409	3,469
<b>Total</b>		<b>900,939</b>	<b>41.75</b>	<b>0.02395</b>	<b>21,578</b>	<b>720,018</b>	<b>180,921</b>

Belovsky Company Inc. dba T&L Gas 13500 Lee Drive Conroe, Montgomery County, Texas 77306	No.: Effective Date: Revision No.:
Residential Service Rate	

**Environs of Conroe, Montgomery County, Texas**

**Applicable Rate Schedules**

Monthly Rate  
Gas Cost Adjustment  
Revenue Related Tax Adjustment  
Rate Case Expense  
Other Surcharges  
Miscellaneous Service Charges  
System Replenishment Fee

**Monthly Rate:**

Subject to applicable Rate Adjustment Provision list below, the following rates are the maximum applicable to Residential customers per meter billing month or any part of a billing month for which gas service is available at the same location.

Net Monthly Charge:  
Service Charge                      \$19.00 per Meter  
Commodity Charge                    \$8.25 per Mcf

<b>Belovsky Company Inc. dba T&amp;L Gas</b> <b>13500 Lee Drive</b> <b>Conroe, Montgomery County, Texas 77306</b>	<b>No.:</b> <b>Effective Date:</b> <b>Revision No.:</b>
<b>Commercial Service Rate</b>	

**Environs of Conroe, Montgomery County, Texas**

**Applicable Rate Schedules**

Monthly Rate  
Gas Cost Adjustment  
Revenue Related Tax Adjustment  
Rate Case Expense  
Other Surcharges  
Miscellaneous Service Charges  
System Replenishment Fee

**Monthly Rate:**

Subject to applicable Rate Adjustment Provision list below, the following rates are the maximum applicable to Commercial customers per meter billing month or any part of a billing month for which gas service is available at the same location.

Net Monthly Charge:  
Service Charge                      \$20.00 per Meter  
Commodity Charge                  \$8.25 per Mcf

Belovsky Company Inc. dba T&L Gas 13500 Lee Drive Conroe, Montgomery County, Texas 77306	No.: Effective Date: Revision No.:
Industrial Service Rate	

Environs of Conroe, Montgomery County, Texas

**Applicable Rate Schedules**

- Monthly Rate
- Gas Cost Adjustment
- Revenue Related Tax Adjustment
- Rate Case Expense
- Other Surcharges
- Miscellaneous Service Charges
- System Replenishment Fee

**Monthly Rate:**

Subject to applicable Rate Adjustment Provision list below, the following rates are the maximum applicable to Industrial customers per meter billing month or any part of a billing month for which gas service is available at the same location.

Net Monthly Charge:	
Service Charge	\$35.00 per Meter
Commodity Charge	\$3.50 per Mcf

**GUD NO. 10738**  
**Final Order**  
**Attachment 3**  
**(p. 3 of 11)**

<b>Belovsky Company Inc. dba T&amp;L Gas</b> <b>13500 Lee Drive</b> <b>Conroe, Montgomery County, Texas 77306</b>	<b>No.:</b> <b>Effective Date:</b> <b>Revision No.:</b>
<b>Gas Cost Adjustment</b>	

**Environs of Conroe, Montgomery County, Texas**

**Gas Cost Adjustment**

**Applicability:**

This adjustment is applicable to all customers served by the utility, except for customers purchasing gas under a negotiated contract.

**Purchased Gas Adjustment:**

The monthly Purchased Gas Adjustment (PGA) shall be the cost of gas billed to the utility by the supplier(s) of gas to the system. The cost of gas shall be expressed in a per Mcf format by dividing the total amount purchased, plus all gas related costs from the supplier and third parties, in dollars by the amount of volume in Mcf purchased. The product, or Weighted Average Cost of Gas (WACOG), shall be called the PGA and billed to the customer per Mcf, or fraction thereof, consumed each month. The PGA shall be calculated using actual amounts invoiced and billed by the supplier for the same approximate period that meters are read, i.e., amounts invoiced and billed by the supplier in January will be applied to meters read in January and billed to the customer in the following month. The Base Cost of Gas is \$0.00 per Mcf.

Any adjustment, refund and/or billing correction received by the utility for a prior period shall be included in the current month's PGA calculation.

The utility shall limit recovery of Lost and Unaccounted Gas (LUG) to actual, not to exceed a maximum of 5%, calculated each year for the twelve months ended June 30. In no case shall the utility collect more than it's actual expense. Any over or under collection shall be refunded or collected within a reasonable amount of time after being discovered by the utility or regulating authority.



<b>Belovsky Company Inc. dba T&amp;L Gas</b> <b>13500 Lee Drive</b> <b>Conroe, Montgomery County, Texas 77306</b>	<b>No.:</b> <b>Effective Date:</b> <b>Revision No.:</b>
<b>Revenue Related Tax Adjustment</b>	

**Environs of Conroe, Montgomery County, Texas**

**Revenue Related Tax Adjustment:**

Each monthly bill, as adjusted above shall also be adjusted by an amount equal to the various revenue related taxes or other fees and charges imposed by regulatory or governmental authorities. This includes, but is not limited to, Gross Receipts taxes, fees, or any other governmental imposition, fees or charges levied that is based on any portion of revenues billed by the utility or based on service lines, meters or other equipment.

<b>Belovsky Company Inc. dba T&amp;L Gas</b> <b>13500 Lee Drive</b> <b>Conroe, Montgomery County, Texas 77306</b>	<b>No.:</b> <b>Effective Date:</b> <b>Revision No.:</b>
<b>Rate Case Expenses</b>	

**Environs of Conroe, Montgomery County, Texas**

**Rate Case Expense:**

Rate case expenses will be recovered through a combination of a volumetric fee of \$0.10 per Mcf and a bill surcharge of \$1.35 per bill. The surcharge per Mcf will be collected monthly from the customer as a separate line item on the customer's bill.

This schedule is for the recovery of rate case expenses and shall be in effect beginning on or after (add the date of the FO), for an approximate forty-eight (48) month period or until approved rate case expenses in the amount of \$33,000.00 are recovered. **T&L will recover \$33,000.00 in recoverable rate case expenses.**

The Company shall file an annual report on or before March 1st of each year showing the beginning balance of the unrecovered rate case expense at January 1st, the amount recovered by customer class by month during the previous calendar year and the ending balance as of December 31st. **The company shall file the report with the commission addressed to the Director of Oversight and Safety Division and referencing Gas Utilities Docket No. 10738. The report shall detail the monthly collections for the RCE surcharge by customer class and show the outstanding balance.** Upon completion of the recovery, T&L Gas, Co. shall file a final report within 60 days after the last billing cycle recovery from the customer. No interest will accumulate on the outstanding balance. Reports for the Commission should be filed electronically at [GUD\\_Compliance@rrc.texas.gov](mailto:GUD_Compliance@rrc.texas.gov) or at the following address:

Compliance Filings  
Director of Oversight and Safety Division  
Gas Services Department  
Railroad Commission of Texas  
P.O. Box 12967  
Austin, Texas 78711-2967

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<b>Other Surcharges</b>	

**Environs of Conroe, Montgomery County, Texas**

**Surcharges:**

- Pipeline Safety Fee Surcharge
- Other Surcharges

**Pipeline Safety Fee Surcharge:**

The Company shall pass on the Commission's Pipeline Safety and Regulatory Program Fee in the amount of \$1.00 per service line for each service line reported to be in service at the end each calendar year, pursuant to Texas Utilities Code §121.211 and 16 Texas Admin. Code §8.201.

**Other Surcharges:**

T & L Gas will recover other surcharges as authorized by federal, state and local regulatory authorities in accordance with applicable statutes, laws, regulations, ordinances, orders, rules, contracts, or agreements.

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<b>Miscellaneous Service Charges</b>	

**Environs of Conroe, Montgomery County, Texas**

**Miscellaneous Service Charges:**

Customer Deposit	
Residential	\$100.00
Commercial	\$500.00
Institution of Service	\$25.00
Collection Call (phone/electronic), will be used to avoid trip charges	\$15.00
Collection/Trip Charge, per trip	\$25.00
Disconnect fee, for non-payment or temporarily at owner's request	\$25.00
Reconnect fee, after disconnected for non-payment at customers request or safety related issues	\$45.00
Returned Check, fee plus bank charge	\$25.00
Payment Convenience Fee (Credit Card)	\$3.00
Tap Fee (labor), fee plus material cost	\$250.00
Residential Meter set	Cost plus 10%
Commercial Meter set	Cost plus 10%
Emergency Call	\$125.00
Facility Damage Service Call (Line Damage), per hour per employee dispatched. (Normal business hours are 8:00 am to 5:00 p.m. Monday through Friday.)	\$65.00
Non-business hours is 1-1/2 times normal	

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<b>Miscellaneous Service Charges</b>	

Meter Test on Request, if a test has been performed within 4-years for the same customer \$75.00

Leak Test Customer Premises at their request, per hour \$65.00

Excess Flow Valves, installed at customers request (not during taping procedure), plus cost of materials \$175.00

Line Extension Policy – Lines shall be extended based upon actual cost incurred by the utility

Quality Service Rules – T&L adopts the Commission’s Quality of Service Rules as it’s rules as a minimum standard

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<b>System Replenishment Fee</b>	

**Environs of Conroe, Montgomery County, Texas**

The System Replenishment Fee (SRF) shall be an individual line item charge, which is designated for distribution infrastructure replacement or expansion costs. The SRF will be utilized for an initial period of up to five (5) years. The SRF may be extended for an additional five (5) years with written approval from the Director of the Oversight and Safety Division. The necessity of the SRF shall be determined annually by the utility at the end of each calendar year. A Compliance Filing of the utility's need for continuation of the SRF, the projects completed in the previous calendar year, and the projects proposed for the current and subsequent calendar years shall be made and filed with the Director of the Oversight & Safety Division within forty-five (45) days after the end of each calendar year.

A charge of up to \$2.00 per Mcf will be applied to all consumption by all classes of customers.

The SRF shall not exceed \$2.00 per Mcf or be collected for a period more than five (5) years unless extended for an additional five (5) years with written approval from the Director of the Oversight and Safety Division. The SRF shall only be used to replace or expand the distribution system infrastructure, i.e., mains, service lines, risers, meters, etc. The SRF shall not be used to compensate the utility's employees, replace office equipment, vehicles, office supplies, normal operation and maintenance expenses or other non-infrastructure equipment. The utility shall account for all monies collected and expended on system replacement or expansion in the appropriate FERC USOA Gas Plant account as directed in FERC USOA Gas Plant Instruction 2d, as it relates to CIAC.

System Replenishment Fee Annual Compliance Filing:

The SRF Annual Compliance Filing shall include the following:

1. The utility's assessment of the necessity of the continuation of the SRF for an additional year;
2. A detailed description of the replacement or expansion projects that were completed in the previous calendar year and the dollars expended on those projects;
3. The beginning balance as of January 1 and the ending balance as of December 31 of the previous calendar year;
4. A detailed description of the planned future replacement or expansion projects for the next calendar year;

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<b>System Replenishment Fee</b>	

5. An estimate of the sales volumes for the next calendar year and the amount of estimated fees that will be collected;
6. A detailed list of the materials and estimated cost of the previous calendar year's completed projects and subsequent calendar years' proposed projects;
7. A list of the contractors and suppliers of materials for the previous calendar year's projects; and
8. A reconciliation of the previous calendar year's project expenditures by specifying the dollars expended for each contractor and supplier. T&L shall also provide the supporting invoices for the expenditures.