

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

APPLICATION FILED BY TEXAS GAS SERVICE COMPANY FOR TEST YEAR 2018 ANNUAL INTERIM RATE ADJUSTMENT FOR THE UNINCORPORATED AREAS OF THE CENTRAL TEXAS SERVICE AREA.	§ § § § §	GAS UTILITIES DOCKET NO. 10824
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INTERIM RATE ADJUSTMENT ORDER

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

FINDINGS OF FACT

Background

1. Texas Gas Service Company, a division of ONE Gas, Inc., ("TGS" or the "Company") is a "gas utility," as that term is defined in the Texas Utilities Code and is subject to the jurisdiction of the Railroad Commission of Texas ("Commission").
2. TGS owns and operates a natural gas distribution system known as the Central Texas Service Area.
3. On March 1, 2019, TGS filed an application for an annual interim rate adjustment ("IRA") to its rates for gas service to customers located in the unincorporated areas of the Company's Central Texas Service Area.
4. TGS requested that the IRA for all customer classes become effective on April 30, 2019.
5. On March 4, 2019, the Commission suspended implementation of TGS's proposed IRA until June 14, 2019, which is 45 days following the 60th day after the application would be considered complete.
6. Neither TEX. UTIL. CODE § 104.301 nor 16 Texas Administrative Code § 7.7101 provides the opportunity for parties to intervene in the Commission's review of an application for an annual IRA.

7. 16 TEX. ADMIN. CODE § 7.7101 allows written comments or a protest concerning the proposed IRA to be filed with Gas Services, Market Oversight Section.
8. No letters of protest have been received as of the date of this order.
9. This docket represents the third annual IRA for TGS since Gas Utilities Docket (“GUD”) No. 10526.¹
10. Until promulgation of TEX. UTIL. CODE § 104.301, a utility could not increase its rates subject to the Commission’s jurisdiction without filing with the Commission a formal statement of intent rate case, including a comprehensive cost of service rate review.
11. The proposed IRA will allow TGS an opportunity to recover, subject to refund, a return on investment, depreciation expense, and related taxes on the incremental cost of infrastructure investment since its most recent rate case, GUD No. 10526, without the necessity of filing a statement of intent rate case and without review by the Commission of TGS’s comprehensive cost of service.

Applicability

12. This docket applies to only those rates over which the Commission has original jurisdiction, which includes the unincorporated areas of the Central Texas Service Area.
13. In 2018, the average monthly customer count in the Central Texas Service Area was 247,974 residential customers, 6 compressed natural gas customers, 12,820 commercial customers, 62 industrial customers, 975 public authority customers, and 92 public school space customers. There were zero electrical cogeneration customers.
14. In 2018, the average monthly customer count in the Central Texas Service Area subject to this order was 21,127 residential customers, 1 compressed natural gas customer, 4 industrial customers, 52 public authority customers, and 3 public school space customers.

Most Recent Comprehensive Rate Case

15. TGS’s most recent rate case for the area in which the IRA will be implemented is GUD No. 10526, *Statement of Intent of Texas Gas Service Company (TGS), a Division of ONE Gas, Inc., to Increase Gas Utility Rates within the Unincorporated Areas of the Central Texas Service Area (CTSA) and South Texas Service Area (STSA)*.

¹ *Statement of Intent of Texas Gas Service Company (TGS), a Division of ONE Gas, Inc., to Increase Gas Utility Rates within the Unincorporated Areas of the Central Texas Service Area (CTSA) and the South Texas Service Area (STSA)*.

16. GUD No. 10526 was filed on June 20, 2016.
17. TGS, Commission Staff, and the Central Texas Municipalities (“CTM”) reached a settlement in GUD No. 10526.
18. The Commission signed the GUD No. 10526 Final Order on November 15, 2016, approving and adopting the settlement.
19. The following chart shows the factors that were established in GUD No. 10526 to calculate the return on investment, depreciation expense, ad valorem taxes, revenue related taxes, and federal income taxes for TGS as applied in this IRA proceeding.

GUD No. 10526 CALCULATION FACTORS

Factor	Percentage
Rate of Return	7.308%
Depreciation Rate	By FERC Account ²
Federal Income Tax Rate	35%
Revenue Related Taxes	Not applicable ³

Interim Rate Adjustment

20. The revenue amounts to be recovered through TGS’s proposed annual IRA are incremental to the revenue requirement established in TGS’s most recent rate case for the area in which the IRA is to be implemented, GUD No. 10526, and subsequent interim rate adjustments.
21. Under TEX. ADMIN. CODE § 7.7101(f)(3), for the first IRA following the most recent rate case, a utility may adjust its rates based on the difference between invested capital at the end of the most recent rate case test-year and the invested capital at the end of the calendar year following the end of the most recent rate case test-year.
22. In GUD No. 10610, the first IRA following TGS’s most recent rate case in the Central Texas Service Area, TGS adjusted its rates based on the difference between invested capital from test year end December 31, 2015 to calendar year end December 31, 2016.
23. In GUD No. 10703, the second IRA following TGS’s most recent rate case in the Central Texas Service Area, TGS adjusted its rates based on the difference between invested capital from test year end December 31, 2016 to calendar year end December 31, 2017.

² Staff review confirms that the Company used the appropriate depreciation rates as approved in GUD No. 10526 in this docket.

³ Revenue related taxes are not reflected here because they are recovered separately.

24. In this third IRA, TGS adjusted its rates based on the difference between invested capital from calendar year end December 31, 2017 to calendar year end December 31, 2018.
25. TGS seeks approval from the Commission for an adjustment to its revenue based on incremental net utility plant investment regarding the following components: return on investment; depreciation expense; ad valorem taxes; and federal income taxes. The incremental change in revenue requirement to be recovered through this IRA filing from all rate classes using the approved component factors is **\$6,228,670** (Exhibit B), of which **\$485,141** is attributable to customers subject to this order.
26. The value of TGS's invested capital is equal to the original cost of the investment at the time the investment was first dedicated to public use minus the accumulated depreciation related to that investment.
27. TGS's incremental net utility plant investment is **\$43,584,405** (Exhibit B).
28. TGS is required to use the same factors to calculate the interim return on investment, depreciation expense, ad valorem taxes, and federal income taxes as those established or used in the final order setting rates in TGS's most recent rate case for the area in which the interim rate adjustment is to be implemented, GUD No. 10526.
29. TGS filed the Commission's Annual Earnings Monitoring Report ("EMR") as required by 16 TEX. ADMIN. CODE § 7.7101. TGS's actual rate of return was 6.062% for the test year ending December 31, 2018, which is not higher than the 7.308% allowed rate of return established in GUD No. 10526.
30. GUD No. 10526, TGS's most recent Statement of Intent rate case for the unincorporated areas of the Central Texas Service Area and the basis for the key factors in an IRA calculation, was approved by the Commission on November 15, 2016. Customer Charges are shown in Column B of the table below.
31. The interim rate adjustments approved in GUD No. 10610, the first IRA for the unincorporated areas of the Central Texas Service Area are shown in Column C below.
32. The interim rate adjustments approved in GUD No. 10703, the second IRA for the unincorporated areas of the Central Texas Service Area are shown in Column D below.
33. This docket, GUD No. 10824, is the third IRA for the Central Texas Service Area. The proposed interim rate adjustments to the customer charges are shown in Column E below.
34. When the Customer Charge as established in GUD No. 10526 and Interim Rate Adjustments (Columns B, C, D and E) are added, the resulting customer charges for affected customer classes are as shown in Column F of the table below.

Central Texas Service Area Customer Charges and Interim Rate Adjustments

A	B	C	D	E	F
Customer Class	GUD 10526 Customer Charge	GUD 10610 (2016 IRA)	GUD 10703 (2017 IRA)	GUD 10824 (2018 IRA)	Total Customer Charge
Residential	\$ 15.28	\$ 1.33	\$ 0.99	\$1.64	\$19.24
Commercial	\$ 38.00	\$ 5.79	\$ 4.25	\$7.20	\$55.24
Commercial Transportation	\$ 250.00	\$ 5.79	\$ 4.25	\$7.20	\$267.24
Public Authority	\$ 47.00	\$ 13.96	\$ 10.24	\$14.84	\$86.04
Public Authority Transportation	\$ 70.00	\$ 13.96	\$ 10.24	\$14.84	\$109.04
Industrial	\$ 150.00	\$ 65.77	\$ 50.92	\$75.63	\$342.32
Industrial Transportation	\$ 350.00	\$ 65.77	\$ 50.92	\$75.63	\$542.32
Public School Space Heating	\$ 100.00	\$ 13.96	\$ 10.24	\$14.84	\$239.04
Public School Space Heating Transportation	\$ 200.00	\$ 13.96	\$ 10.24	\$14.84	\$339.04
Compressed Natural Gas	\$ 50.00	\$ 60.25	\$ 51.54	\$48.75	\$210.54
Compressed Natural Gas Transportation	\$ 75.00	\$ 60.25	\$ 51.54	\$48.75	\$235.54
Electrical Cogeneration	\$ 70.00	\$ 13.96	\$ 10.24	\$14.84	\$109.04
Electrical Cogeneration Transportation	\$ 70.00	\$ 13.96	\$ 10.24	\$14.84	\$109.04

35. TGS filed its Annual Project Report as required by 16 TEX. ADMIN. CODE § 7.7101.
1. Net utility plant investment included in this docket totaled \$43,584,405.⁴
 2. Gross capital project additions totaled \$56,702,499.⁵
 3. The percentage of additions in this filing that are safety related is 29.39%.⁶
 4. The percentage of additions in this filing that are integrity management related is 2.26%.⁷
36. TGS proposed the IRA as a flat rate to be applied to the monthly customer charges rather than as a volumetric rate to be applied to the initial block usage rates (Exhibit B).
37. TGS is required to show its annual IRAs on its customers' monthly billing statements as a surcharge.

⁴ Schedule IRA-5.

⁵ Schedule IRA-12, 14a & 14b.

⁶ TGS's Response to Staff's RFI No. 1-1.

⁷ TGS's Response to Staff's RFI No. 1-2.

38. The proposed IRA does not require an evidentiary proceeding; rather, TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101 require the regulatory authority to review a utility's method of calculating the IRA.
39. Due process protections are deferred until TGS files its next full statement of intent rate case.

Notice

40. Adequate notice by TGS was provided to each TGS customer within the Central Texas Service Area environs by bill insert from March 21, 2019 through April 12, 2019. As a result, notice was completed within 45 days of the filing, fulfilling the requirements under TEX. UTIL. CODE § 104.301(a).

Comprehensive Rate Case Required

41. TGS is not required to initiate a statement of intent rate case at the time it applies for an IRA.
42. Under 16 TEX. ADMIN. CODE § 7.7101(l), a gas utility that implements an IRA and does not file a rate case before the fifth anniversary of the date its initial IRA became effective is required to file a rate case no later than the 180th day after that anniversary.
43. TGS is required to file a statement of intent rate case for the Central Texas Service Area environs no later than December 3, 2022.
44. Under 16 TEX. ADMIN. CODE § 7.7101(j), any change in investment and related expenses and revenues that have been included in any IRA shall be fully subject to review for reasonableness and prudence in the next rate case. Per 16 TEX. ADMIN. CODE § 7.7101(i), all amounts collected from customers under an IRA tariff are subject to refund until the conclusion of the next rate case.

Review of Interim Rate Adjustment

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

Customer Class	Allocation Factors
Residential	78.20%
Commercial	17.79%
Public Authority	3.05%
Industrial	0.91%
Compressed Natural Gas	0.05%

47. TGS's proposed customer counts comply with TEX. UTIL. CODE § 104.301, and with 16 TEX. ADMIN. CODE § 7.7101. For calculating the number of customer charges per year, it is reasonable for the Commission to approve use of the 2018 customer charges. The following total number of customer charges for use in the calculation of the interim rate adjustment are reasonable:

Customer Class	Annual Number of Customer Charges
Residential	2,975,695
Commercial	153,850
Public Authority	12,800
Industrial	747
Compressed Natural Gas	69
Total	3,143,161

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

Customer Class	Interim Rate Adjustment Revenue	IRA Revenue from the Environs	Additional Customer Charge
Residential	\$4,871,069	\$415,783	\$1.64
Commercial	\$1,107,831	\$55,843	\$7.20
Public Authority	\$189,912	\$9,824	\$14.84
Industrial	\$56,494	\$3,252	\$75.63
Compressed Natural Gas	\$3,364	\$439	\$48.75
Total Increase	\$6,228,670	\$485,141	

Voluntary Rate Reduction to Reflect the Tax Cuts and Jobs Act of 2017

49. On March 28, 2018, in response to the Commission Accounting Order established in GUD No. 10695, TGS filed for Commission approval to implement a rate reduction to existing rates, including base rates set in GUD No. 10526 and interim rates set in GUD No. 10610 (the first IRA), to reflect the impact of a 21% Federal Corporate Income Tax rate as set in the

Tax Cuts and Jobs Act of 2017 (“TCJA”). This filing was docketed as GUD No. 10714. The requested reduced rates were administratively approved on April 30, 2018.

50. In the second IRA, GUD No. 10703 voluntarily requested a reduction to the change in revenue requirement based on implementation of the 21% Federal Corporate Income Tax rate as set in the TCJA.
51. In this third IRA, TGS voluntarily requested a reduction to the change in revenue requirement based on implementation of the 21% Federal Corporate Income Tax rate as set in the TCJA.
52. As a result of the change, the Company filed revised schedules and TGS seeks approval from the Commission for a revised adjustment to its IRA revenue based on incremental net utility plant investment with regard to the following components: return on investment; depreciation expense; ad valorem taxes; and federal income taxes. The incremental change in revenue requirement, calculated using a 21% Federal Income Tax rate, to be recovered through this IRA filing from all rate classes using the approved component factors is **\$5,545,677** (Exhibit C), of which **\$431,895** is attributable to customers subject to this order.
53. GUD No. 10526, TGS’s most recent Statement of Intent rate case for the unincorporated areas of the Central Texas Service Area and the basis for the key factors in an IRA calculation, was approved by the Commission on November 15, 2016. Customer charges, as reduced in GUD No. 10714 to reflect the impact of the TCJA, are shown in Column B of the table below.
54. The interim rate adjustments approved in GUD No. 10610, the first IRA for the unincorporated areas of the Central Texas Service Area, as reduced in GUD No. 10714, are shown in Column C below.
55. The interim rate adjustments approved in GUD No. 10703, the second IRA for the unincorporated areas of the Central Texas Service Area, which the company voluntarily reduced, are shown in Column D below.
56. The interim rate adjustments proposed in this docket, the third IRA for the unincorporated areas of the Central Texas Service Area, which the company voluntarily reduced, are shown in Column E below.
57. When the customer charge, as established in Gas Utilities Docket No. 10526 and reduced in GUD No. 10714, the first IRA set in GUD No. 10610 and reduced in GUD No. 10714, the second IRA set in GUD 10703, and the test year 2018 Interim Rate Adjustment are added, the resulting customer charges for affected customer classes are as shown in Column F of the table below.

Central Texas Service Area Customer Charges and Interim Rate Adjustments

A	B	C	D	E	F
Customer Class	GUD 10526 Customer Charge	GUD 10610 (2016 IRA)	GUD 10703 (2017 IRA)	GUD 10824 (2018 IRA)	New Customer Charge
Residential	\$ 15.28	\$ 1.19	\$ 0.88	\$1.46	\$18.81
Commercial	\$ 38.00	\$ 5.17	\$ 3.75	\$6.41	\$53.33
Commercial Transportation	\$ 250.00	\$ 5.17	\$ 3.75	\$6.41	\$265.33
Public Authority	\$ 47.00	\$ 12.46	\$ 9.03	\$13.21	\$81.70
Public Authority Transportation	\$ 70.00	\$ 12.46	\$ 9.03	\$13.21	\$104.70
Industrial	\$ 150.00	\$ 58.71	\$ 44.91	\$67.34	\$320.96
Industrial Transportation	\$ 350.00	\$ 58.71	\$ 44.91	\$67.34	\$520.96
Public School Space Heating	\$ 100.00	\$ 12.46	\$ 9.03	\$13.21	\$134.70
Public School Space Heating Transportation	\$ 200.00	\$ 12.46	\$ 9.03	\$13.21	\$234.70
Compressed Natural Gas	\$ 50.00	\$ 53.78	\$ 45.45	\$43.40	\$192.63
Compressed Natural Gas Transportation	\$ 75.00	\$ 53.78	\$ 45.45	\$43.40	\$217.63
Electrical Cogeneration	\$ 70.00	\$ 12.46	\$ 9.03	\$13.21	\$104.70
Electrical Cogeneration Transportation	\$ 70.00	\$ 12.46	\$ 9.03	\$13.21	\$104.70

58. It is reasonable for the Commission to approve TGS's revised application for an IRA calculated using a 21% Federal Income Tax rate as requested by TGS in this docket. The following amounts of interim rate adjustment revenue and additional customer charges by customer class are reasonable:

Customer Class	Interim Rate Adjustment Revenue	IRA Revenue from the Environs	Additional Customer Charge
Residential	\$4,336,941	\$370,147	\$1.46
Commercial	\$986,354	\$49,715	\$6.41
Public Authority	\$169,088	\$8,745	\$13.21
Industrial	\$50,299	\$2,895	\$67.34
Compressed Natural Gas	\$2,995	\$391	\$43.40
Total Increase	\$5,545,677	\$431,895	

Reimbursements of Expense

59. As provided for in the statute and the rule, a gas utility that implements an IRA is required to reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.
60. After the Commission has finally acted on TGS's application for an IRA, the Director of the Oversight and Safety Division will estimate TGS's proportionate share of the Commission's annual costs related to the processing of such applications.
46. In making the estimate of TGS's proportionate share of the Commission's annual costs related to the processing of such applications, the Director will take into account the number of utilities the Commission reasonably expects to file for IRAs during the fiscal year, and the costs expected to be incurred in processing such applications.
47. TGS is required to reimburse the Commission for the amount determined by the Director of the Oversight and Safety Division, within thirty days after receipt of notice of the amount of the reimbursement.

CONCLUSIONS OF LAW

1. Texas Gas Service Company, a division of ONE Gas, Inc., ("TGS" or the "Company") is a "gas utility" as defined in TEX. UTIL. CODE §§ 101.003(7), and 121.001, and is therefore subject to the jurisdiction of the Railroad Commission of Texas ("Commission").
2. The Commission has jurisdiction over TGS, TGS's applications for interim adjustments for incremental changes in investment, and the subject matter of this case under TEX. UTIL. CODE §§ 102.001, 104.001, 104.002, and 104.301.
3. Under TEX. UTIL. CODE § 102.001, the Commission has exclusive original jurisdiction over the rates and services of a gas utility that distributes natural gas in areas outside of a municipality and over the rates and services of a gas utility that transmits, transports, delivers, or sells natural gas to a gas utility that distributes the gas to the public.
4. Under the provisions of the TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101, TGS is required to seek Commission approval before implementing an interim rate adjustment tariff for environs customers.
5. TGS filed its application for interim rate adjustments for changes in investment in accordance with the provisions of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.

6. TGS's application for an interim rate adjustment was processed in accordance with the requirements of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
7. In accordance with 16 TEX. ADMIN. CODE § 7.315, within thirty days of the effective date of any change to rates or services, TGS is required to file with the Commission its revised tariffs.
8. In accordance with TEX. UTIL. CODE § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(a), the filing date of TGS's most recent rate case, in which there is a final order setting rates for the area in which the interim rate adjustment will apply, was no more than two years prior to the date TGS filed its initial interim rate adjustment.
9. TGS is required, under TEX. UTIL. CODE § 104.301(e) and 16 TEX. ADMIN. CODE § 7.7101(d), to file with the Commission an annual project report, including the cost, need, and customers benefited by the change in investment, and describing the investment projects completed and placed in service during the preceding calendar year and the investments retired or abandoned during the preceding calendar year.
10. TGS shall include in all future annual interim rate adjustment filings, relocation project reports that provide additional information about relocation project costs included in investment projects, in the same format as required in this docket.
11. TGS is required, under TEX. UTIL. CODE § 104.301(f) and 16 TEX. ADMIN. CODE § 7.7101(e), to file with the Commission an annual earnings monitoring report demonstrating TGS's earnings during the preceding calendar year.
12. TGS is required, under 16 TEX. ADMIN. CODE § 7.7101(h), to recalculate its approved interim rate adjustments annually and is required to file an application for an annual adjustment no later than 60 days prior to the one-year anniversary of the proposed implementation date of the previous interim rate adjustment application.
13. In accordance with 16 TEX. ADMIN. CODE § 7.7101(i), all amounts collected from customers under TGS's interim rate adjustment tariffs or rate schedules are subject to refund. The issues of refund amounts, if any, and whether interest should be included on refunded amounts and, if so, the rate of interest, shall be addressed in the rate case a gas utility files or the Commission initiates after the implementation of an interim rate adjustment and shall be the subject of specific findings of fact in the Commission's final order setting rates.
14. In accordance with 16 TEX. ADMIN. CODE § 7.7101(j), in the rate case that TGS files or the Commission initiates after the implementation of an interim rate adjustment, any change in investment and related expenses and revenues that have been included in any interim rate adjustment shall be fully subject to review for reasonableness and prudence. Upon issuance of a final order setting rates in the rate case that TGS files or the Commission initiates after the implementation of an interim rate adjustment, any change in investment and related

expenses and revenues that have been included in any interim rate adjustment shall no longer be subject to review for reasonableness or prudence.

15. The Commission has authority to suspend the implementation of the IRA, under TEX. UTIL. CODE § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(e).
16. TGS provided adequate notice, in accordance with TEX. UTIL. CODE § 104.301(a) and 16 TEX. ADMIN. CODE § 7.7101(b).
17. TGS's application for interim rate adjustments complies with all provisions of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
18. TGS's interim rate adjustments established in the findings of fact and conclusions of law, comply with the provisions of TEX. UTIL. CODE § 104.301 and 16 TEX. ADMIN. CODE § 7.7101.
19. In accordance with TEX. UTIL. CODE § 104.301(h) and 16 TEX. ADMIN. CODE § 7.7101(l), TGS shall file a comprehensive rate case for the areas in which the interim rate adjustment is implemented, no later than the 180th day after the fifth anniversary of the date its initial interim rate adjustment became effective.
20. The Commission has authority, under TEX. UTIL. CODE § 104.301(j) and 16 TEX. ADMIN. CODE § 7.7101(m), to recover from TGS the Utility's proportionate share of the Commission's annual costs related to the administration of the interim rate adjustment mechanism.

IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS THAT TGS's interim rate adjustment for the unincorporated areas of the Central Texas Service Area as recommended for approval in the findings of fact and conclusions of law, is **HEREBY APPROVED**, subject to refund, to be effective for bills rendered on or after the date of this order.

IT IS FURTHER ORDERED THAT within 30 days of this order in accordance with 16 TEX. ADMIN. CODE § 7.315 TGS **SHALL** electronically file its interim rate adjustment tariffs in proper form that accurately reflect the rates, as expressed in Exhibit A, approved by the Commission in this Order.

IT IS FURTHER ORDERED THAT TGS **SHALL** file with the Commission no later than December 3, 2022, a statement of intent to change rates as required under TEX. UTIL. CODE § 104.301(h) and 16 TEX. ADMIN. CODE § 7.7101(1).

IT IS FURTHER ORDERED THAT any incremental change in rates approved by this order and implemented by TGS shall be subject to refund unless and until TGS's interim rate adjustment tariffs

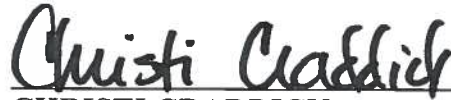
are electronically filed and accepted by Gas Services in accordance with 16 TEX. ADMIN. CODE § 7.315.

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

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

SIGNED this 4th day of June, 2019.

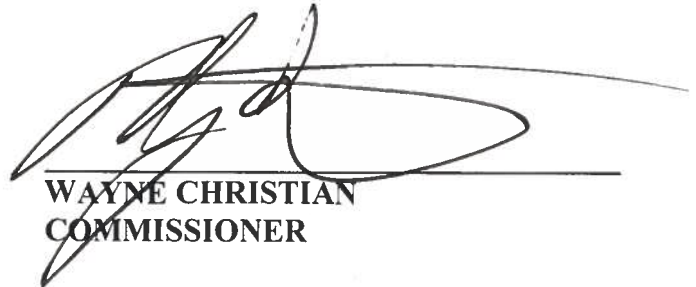
RAILROAD COMMISSION OF TEXAS



CHRISTI CRADDICK
CHAIRMAN



RYAN SITTION
COMMISSIONER



WAYNE CHRISTIAN
COMMISSIONER

ATTEST


SECRETARY



RESIDENTIAL SERVICE RATE**APPLICABILITY**

Applicable to a residential customer in a single dwelling, or in a dwelling unit of a multiple dwelling or residential apartment, for domestic purposes. A residential consumer includes an individually-metered residential unit or dwelling that is operated by a public housing agency acting as an administrator of public housing programs under the direction of the U.S. Department of Housing and Urban Development. This rate is only available to full requirements customers of Texas Gas Service Company, a Division of ONE Gas, Inc.

TERRITORY

Environs of the Central Texas Service Area, which includes the unincorporated areas of Austin, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$15.28 plus
Interim Rate Adjustments (IRA)	<u>\$3.53 per month (Footnote 1)</u>
Total Customer Charge	\$18.81 per month

All Ccf per monthly billing period @	\$0.12061 per Ccf (Footnote 2)
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OTHER ADJUSTMENTS

Cost of Gas Component: The basic rates for cost of service set forth above shall be increased by the amount of the Cost of Gas Component for the billing month computed in accordance with the provisions of Rate Schedule 1.

Weather Normalization Adjustment: The billing shall reflect adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.

Pipeline Integrity Testing Rider: The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT.

Rate Schedule RCE: Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

CONDITIONS

Subject to all applicable laws and orders, and the Company's rules and regulations on file with the regulatory authority.

Footnote 1: 2016 IRA - \$1.33 (GUD No. 10610) revised to \$1.19 (GUD No. 10714); 2017 IRA - \$0.88 (GUD No. 10703); 2018 IRA - \$1.46 (GUD No. 10824)

Footnote 2: \$0.16032 (GUD No. 10526) revised to \$0.12061 (GUD No. 10714)

Supersedes Rate Schedule Dated

June 26, 2018

Meters Read On or After

June 14, 2019

COMMERCIAL SERVICE RATE

APPLICABILITY

Applicable to all commercial customers and to customers not otherwise specifically provided for under any other rate schedule. This rate is only available to full requirements customers of Texas Gas Service Company, a Division of ONE Gas, Inc.

TERRITORY

Environs of the Central Texas Service Area, which includes the unincorporated areas of Austin, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$38.00 plus
Interim Rate Adjustments (IRA)	<u>\$15.33 per month (Footnote 1)</u>
Total Customer Charge	\$53.33 per month

All Ccf per monthly billing period @	\$0.11614 per Ccf (Footnote 2)
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OTHER ADJUSTMENTS

Cost of Gas Component: The basic rates for cost of service set forth above shall be increased by the amount of the Cost of Gas Component for the billing month computed in accordance with the provisions of Rate Schedule 1.

Weather Normalization Adjustment: The billing shall reflect adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.

Pipeline Integrity Testing Rider: The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT.

Rate Schedule RCE: Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

CONDITIONS

Subject to all applicable laws and orders, and the Company's rules and regulations on file with the regulatory authority.

Footnote 1: 2016 IRA - \$5.79 (GUD No. 10610) revised to \$5.17 (GUD No. 10714); 2017 IRA - \$3.75 (GUD No. 10703); 2018 IRA - \$6.41 (GUD No. 10824)

Footnote 2: \$0.13174 (GUD No. 10526) revised to \$0.11614 (GUD No. 10714)

Supersedes Rate Schedule Dated

June 26, 2018

Meters Read On or After

June 14, 2019

INDUSTRIAL SERVICE RATE

APPLICABILITY

Applicable to any qualifying industrial customer whose primary business activity at the location served is included in one of the following classifications of the Standard Industrial Classification Manual of the U.S. Government.

Division B - Mining - all Major Groups

Division D - Manufacturing - all Major Groups

Divisions E and J - Utility and Government - facilities generating power or resale only

TERRITORY

Environs of the Central Texas Service Area, which includes the unincorporated areas of Austin, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$150.00 plus
Interim Rate Adjustments (IRA)	<u>\$170.96 per month (Footnote 1)</u>
Total Customer Charge	\$320.96 per month

All Ccf per monthly billing period @	\$0.10273 per Ccf (Footnote 2)
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OTHER ADJUSTMENTS

Cost of Gas Component: The basic rates for cost of service set forth above shall be increased by the amount of the Cost of Gas Component for the billing month computed in accordance with the provisions of Rate Schedule 1.

Pipeline Integrity Testing Rider: The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT.

Rate Schedule RCE: Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

CONDITIONS

Subject to all applicable laws and orders, and the Company's rules and regulations on file with the regulatory authority.

Footnote 1: 2016 IRA - \$65.77 (GUD No. 10610) revised to \$58.71 (GUD No. 10714); 2017 IRA - \$44.91 (GUD No. 10703); 2018 IRA - \$67.34 (GUD No. 10824)

Footnote 2: \$0.11186 (GUD No. 10526) revised to \$0.10273 (GUD No. 10714)

Supersedes Rate Schedule Dated
June 26, 2018

Meters Read On or After
June 14, 2019

PUBLIC AUTHORITY SERVICE RATE

APPLICABILITY

Applicable to any qualifying public authority, public and parochial schools and colleges, and to all facilities operated by Governmental agencies not specifically provided for in other rate schedules or special contracts. This rate is only available to full requirements customers of Texas Gas Service Company, a Division of ONE Gas, Inc.

TERRITORY

Environs of the Central Texas Service Area, which includes the unincorporated areas of Austin, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$47.00 plus
Interim Rate Adjustments (IRA)	<u>\$34.70 per month (Footnote 1)</u>
Total Customer Charge	\$81.70 per month

All Ccf per monthly billing period @	\$0.11541 per Ccf (Footnote 2)
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OTHER ADJUSTMENTS

Cost of Gas Component: The basic rates for cost of service set forth above shall be increased by the amount of the Cost of Gas Component for the billing month computed in accordance with the provisions of Rate Schedule 1.

Weather Normalization Adjustment: The billing shall reflect adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.

Pipeline Integrity Testing Rider: The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT.

Rate Schedule RCE: Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

CONDITIONS

Subject to all applicable laws and orders, and the Company's rules and regulations on file with the regulatory authority.

Footnote 1: 2016 IRA - \$13.96 (GUD No. 10610) revised to \$12.46 (GUD No. 10714); 2017 IRA - \$9.03 (GUD No. 10703); 2018 IRA - \$13.21 (GUD No. 10824)

Footnote 2: \$0.12529 (GUD No. 10526) revised to \$0.11541 (GUD No. 10714)

Supersedes Rate Schedule Dated

June 26, 2018

Meters Read On or After

June 14, 2019

PUBLIC SCHOOLS SPACE HEATING SERVICE RATE

APPLICABILITY

Applicable to public schools for space heating purposes. This rate is only available to full requirements customers of Texas Gas Service Company, a Division of ONE Gas, Inc.

TERRITORY

Environs of the Central Texas Service Area, which includes the unincorporated areas of Austin, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$100.00 plus
Interim Rate Adjustments (IRA)	<u>\$ 34.70 per month (Footnote 1)</u>
Total Customer Charge	\$134.70 per month

All Ccf per monthly billing period @	\$0.10012 per Ccf (Footnote 2)
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OTHER ADJUSTMENTS

Cost of Gas Component: The basic rates for cost of service set forth above shall be increased by the amount of the Cost of Gas Component for the billing month computed in accordance with the provisions of Rate Schedule 1.

Weather Normalization Adjustment: The billing shall reflect adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.

Pipeline Integrity Testing Rider: The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT.

Rate Schedule RCE: Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

CONDITIONS

Subject to all applicable laws and orders, and the Company's rules and regulations on file with the regulatory authority.

Footnote 1: 2016 IRA - \$13.96 (GUD No.10610) revised to \$12.46 (GUD No. 10714); 2017 IRA - \$9.03 (GUD No. 10703); 2018 IRA - \$13.21 (GUD No. 10824)

Footnote 2: \$0.11000 (GUD No. 10526) revised to \$0.10012 (GUD No. 10714)

Supersedes Rate Schedule Dated

June 26, 2018

Meters Read On or After

June 14, 2019

ELECTRICAL COGENERATION RATE

APPLICABILITY

Service under this rate schedule is available to any customers who use natural gas for the purpose of cogeneration or the use of fuel cell technology. Cogeneration is defined as the use of thermal energy to produce electricity with recapture of by-product heat in the form of steam, exhaust heat, etc. for industrial process use, space heating, food processing or other purposes.

TERRITORY

Environs of the Central Texas Service Area, which includes the unincorporated areas of Austin, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$70.00 plus
Interim Rate Adjustments (IRA)	<u>\$34.70 per month (Footnote 1)</u>
Total Customer Charge	\$104.70 per month
For the First 5,000 Ccf/Month	\$0.07720 per Ccf (Footnote 2)
For the Next 35,000 Ccf/Month	\$0.06850 per Ccf (Footnote 3)
For the Next 60,000 Ccf/Month	\$0.05524 per Ccf (Footnote 4)
All Over 100,000 Ccf/Month	\$0.04016 per Ccf (Footnote 5)

OTHER ADJUSTMENTS

Cost of Gas Component: The basic rates for cost of service set forth above shall be increased by the amount of the Cost of Gas Component for the billing month computed in accordance with the provisions of Rate Schedule 1.

Rate Schedule RCE: Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, RCE-ENV.

Pipeline Integrity Testing Rider: The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT.

Taxes: Plus applicable taxes and fees related to above.

CONDITIONS

Gas taken under this rate shall be used exclusively for the purpose of cogeneration and fuel cell technology as defined in the Applicability section of this rate schedule and not for other purposes. The gas taken under this rate will be separately metered.

Supersedes Rate Schedule Dated

June 26, 2018

Meters Read On and After

June 14, 2019

ELECTRICAL COGENERATION RATE
(Continued)

This rate will not be available for standby use.

The curtailment priority of any customer served under this rate schedule shall be the same as the curtailment priority which would pertain if gas were used directly to provide energy for uses as defined and listed in the Company's curtailment plan.

Subject to all applicable laws and orders, and the Company's rules and regulations on file with the regulatory authority.

Footnote 1: 2016 IRA - \$13.96 (GUD No.10610) revised to \$12.46 (GUD No. 10714); 2017 IRA - \$9.03 (GUD No. 10703); 2018 IRA - \$13.21 (GUD No. 10824)

Footnote 2: \$0.08708 (GUD No. 10526) revised to \$0.07720 (GUD No. 10714)

Footnote 3: \$0.07838 (GUD No. 10526) revised to \$0.06850 (GUD No. 10714)

Footnote 4: \$0.06512 (GUD No. 10526) revised to \$0.05524 (GUD No. 10714)

Footnote 5: \$0.05004 (GUD No. 10526) revised to \$0.04016 (GUD No. 10714)

Supersedes Rate Schedule Dated

June 26, 2018

Meters Read On and After

June 14, 2019

COMPRESSED NATURAL GAS SERVICE RATE

APPLICABILITY

Applicable to any non-residential customer for usage where customer purchases natural gas which will be compressed and used as a motor fuel. Service will be separately metered. This rate does not include compression by the Company beyond normal meter sales pressure.

TERRITORY

Environs of the Central Texas Service Area, which includes the unincorporated areas of Austin, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$50.00 plus
Interim Rate Adjustments (IRA)	<u>\$142.63 per month (Footnote 1)</u>
Total Customer Charge	\$192.63 per month
All Ccf per monthly billing period @	\$0.06684 per Ccf (Footnote 2)

OTHER ADJUSTMENTS

Cost of Gas Component: The basic rates for cost of service set forth above shall be increased by the amount of the Cost of Gas Component for the billing month computed in accordance with the provisions of Rate Schedule 1.

Pipeline Integrity Testing Rider: The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT.

Rate Schedule RCE: Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

CONDITIONS

Subject to all applicable laws and orders, and the Company's rules and regulations on file with the regulatory authority.

The Company's ABC Plan is not available to customers taking this service.

This rate does not include any road use fees, permits, or taxes etc. It provides for the delivery of uncompressed natural gas only.

Customer must provide affidavit to the Company certifying that the gas delivered will be compressed for use as motor fuel.

Compressor station subject to inspection by Company engineers.

Footnote 1: 2016 IRA - \$60.25 (GUD No.10610) revised to \$53.78 (GUD No. 10714); 2017 IRA - \$45.45 (GUD No. 10703); 2018 IRA - \$43.40 (GUD No. 10824)

Footnote 2: \$0.07148 (GUD No. 10526) revised to \$0.06684 (GUD No. 10714)

Supersedes Rate Schedule Dated

June 26, 2018

Meters Read On and After

June 14, 2019

TRANSPORTATION SERVICE RATE

APPLICABILITY

Applicable to customers who have elected Transportation Service not otherwise specifically provided for under any other rate schedule.

Service under this rate schedule is available for the transportation of customer-owned natural gas through the Company's distribution system. The customer must arrange with its gas supplier to have the customer's gas delivered to one of the Company's existing delivery receipt points for transportation by the Company to the customer's facilities at the customer's delivery point. The receipt points shall be specified by the Company at its reasonable discretion, taking into consideration available capacity, operational constraints, and integrity of the distribution system.

AVAILABILITY

Natural gas service under this rate schedule is available to any individually metered, non-residential customer for the transportation of customer owned natural gas through the Company's unincorporated areas of the Central Texas Service Area distribution system which includes the environs of Austin, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, Texas. Such service shall be provided at any point on the Company's System where adequate capacity and gas supply exists, or where such capacity and gas supply can be provided in accordance with the applicable rules and regulations and at a reasonable cost as determined by the Company in its sole opinion.

COST OF SERVICE RATE

During each monthly billing period, a customer charge per meter per month listed by customer class as follows:

Commercial	\$ 250.00 per month		
plus Interim Rate Adjustments	\$15.33 (Footnote 1)	Total Rate	\$265.33
Industrial	\$ 350.00 per month		
plus Interim Rate Adjustments	\$170.96 (Footnote 2)	Total Rate	\$520.96
Public Authority	\$ 70.00 per month		
plus Interim Rate Adjustments	\$34.70 (Footnote 3)	Total Rate	\$104.70
Public Schools Space Heat	\$ 200.00 per month		
plus Interim Rate Adjustments	\$34.70 (Footnote 4)	Total Rate	\$234.70

Supersedes Rate Schedule Dated:
June 26, 2018

Meters Read On and After:
June 14, 2019

TRANSPORTATION SERVICE RATE
(Continued)

Compressed Natural Gas	\$ 75.00 per month		
plus Interim Rate Adjustments	\$142.63 (Footnote 5)	Total Rate	\$217.63
Electrical Cogeneration	\$ 70.00 per month		
plus Interim Rate Adjustments	\$34.70 (Footnote 6)	Total Rate	\$104.70

Plus – All Ccf per monthly billing period listed by customer class as follows:

Commercial	-	\$0.11614 per Ccf (Footnote 7)
Industrial	-	\$0.10273 per Ccf (Footnote 8)
Public Authority	-	\$0.11541 per Ccf (Footnote 9)
Public Schools Space Heat	-	\$0.10012 per Ccf (Footnote 10)
Compressed Natural Gas	-	\$0.06684 per Ccf (Footnote 11)
Electrical Cogeneration	-	
For the First 5,000Ccf/month		\$0.07720 per Ccf (Footnote 12)
For the Next 35,000 Ccf/month		\$0.06850 per Ccf (Footnote 13)
For the Next 60,000 Ccf/month		\$0.05524 per Ccf (Footnote 14)
All Over 100,000 Ccf/month		\$0.04016 per Ccf (Footnote 15)

ADDITIONAL CHARGES

- 1) A charge will be made each month to recover the cost of taxes paid to the State of Texas pursuant to Texas Utilities Code, Chapter 122 as such may be amended from time to time which are attributable to the transportation service performed hereunder.
- 2) In the event the Company incurs a demand or reservation charge from its gas supplier(s) or transportation providers in the unincorporated areas of the Central Texas Service Area, the customer may be charged its proportionate share of the demand or reservation charge based on benefit received by the customer.
- 3) Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider (RCE-ENV).
- 4) The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT.

TRANSPORTATION SERVICE RATE
(Continued)

SUBJECT TO

- 1) Tariff T-TERMS, General Terms and Conditions for Transportation.
- 2) Transportation of natural gas hereunder may be interrupted or curtailed at the discretion of the Company in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other higher priority customers served. The curtailment priority of any customer served under this schedule shall be the same as the curtailment priority established for other customers served pursuant to the Company's rate schedule which would otherwise be available to such customer.
- 3) Subject to all applicable laws and orders, and the Company's rules and regulations on file with the regulatory authority.

Footnote 1: 2016 IRA - \$5.79 (GUD No.10610) revised to \$5.17 (GUD No. 10714); 2017 IRA - \$3.75 (GUD No. 10703); 2018 IRA - \$6.41 (GUD No. 10824)

Footnote 2: 2016 IRA - \$65.77 (GUD No.10610) revised to \$58.71 (GUD No. 10714); 2017 IRA - \$44.91 (GUD No. 10703); 2018 IRA - \$67.34 (GUD No. 10824)

Footnote 3: 2016 IRA - \$13.96 (GUD No.10610) revised to \$12.46 (GUD No. 10714); 2017 IRA - \$9.03 (GUD No. 10703); 2018 IRA - \$13.21 (GUD No. 10824)

Footnote 4: 2016 IRA - \$13.96; (GUD No.10610) revised to \$12.46 (GUD No. 10714); 2017 IRA - \$9.03 (GUD No. 10703); 2018 IRA - \$13.21 (GUD No. 10824)

Footnote 5: 2016 IRA - \$60.25 (GUD No.10610) revised to \$53.78 (GUD No. 10714); 2017 IRA - \$45.45 (GUD No. 10703); 2018 IRA - \$43.40 (GUD No. 10824)

Footnote 6: 2016 IRA - \$13.96 (GUD No.10610) revised to \$12.46 (GUD No. 10714); 2017 IRA - \$9.03 (GUD No. 10703); 2018 IRA - \$13.21 (GUD No. 10824)

Footnote 7: \$0.13174 (GUD No. 10526) revised to \$0.11614 (GUD No. 10714)

Footnote 8: \$0.11186 (GUD No. 10526) revised to \$0.10273 (GUD No. 10714)

Footnote 9: \$0.12529 (GUD No. 10526) revised to \$0.11541 (GUD No. 10714)

Footnote 10: \$0.11000 (GUD No. 10526) revised to \$0.10012 (GUD No. 10714)

Footnote 11: \$0.07148 (GUD No. 10526) revised to \$0.06684 (GUD No. 10714)

Footnote 12: \$0.08708 (GUD No. 10526) revised to \$0.07720 (GUD No. 10714)

Footnote 13: \$0.07838 (GUD No. 10526) revised to \$0.06850 (GUD No. 10714)

Footnote 14: \$0.06512 (GUD No. 10526) revised to \$0.05524 (GUD No. 10714)

Footnote 15: \$0.05004 (GUD No. 10526) revised to \$0.04016 (GUD No. 10714)

Texas Gas Service Company, a Division of ONE Gas, Inc. - Central Texas Service Area
 Interim Rate Adjustment Application
 12 Month Period Ending December 31, 2018
 Interim Rate Adjustment Summary At 21%

Line No.	Description	Per GUD No. 10703 As of 12/31/2017	Adjustments	Ref	As of 12/31/2018	Change in Investment
(a)	(b)	(c)	(d)	(e)	(f)	(g) = (f) - (c) + (d)
11	Direct Utility Plant Investment	\$ 511,836,868	\$ -	\$ -	\$ 564,077,741	\$ 52,240,873
12	Direct Accumulated Depreciation	136,438,239	-	-	145,867,686	9,429,447
13	Allocated Utility Plant Investment (If applicable)	19,315,807	-	-	21,172,540	1,856,733
14	Allocated Accumulated Depreciation (If applicable)	5,632,910	-	-	6,716,665	1,083,755
15	Miscellaneous Adjustments	-	-	-	-	-
16	Net Utility Plant Investment (Ln 11 - 12 + 13 - 14 + 15)	\$ 389,081,525	\$ -	\$ -	\$ 432,665,930	\$ 43,584,405
17	Calculation of the Interim Rate Adjustment Amount:					
18	Rate of Return					
19	Return					7.3080%
20	Depreciation Expense					\$ 3,185,148
21	Property-related Taxes (Ad Valorem)					1,346,853
22	Revenue-related Taxes and State Margin Tax					347,757
23	Federal Income Tax					-
24	Interim Rate Adjustment Amount (Sum of Ln 19 through Ln 24)					\$ 665,919
25						\$ 5,545,677
26						
27	Interim Rate Adjustment Amount per Rate Class:					
28	Residential					
29	Commercial					
30	Public Authority					
31	Industrial					
32	Compressed Natural Gas					
33	Total (Sum of Ln 18 through Ln 21)					
34						
35	Monthly Customer Charge Adjustment:					
36	Residential					
37	Commercial					
38	Public Authority					
39	Industrial					
40	Compressed Natural Gas					
41						
42						
43	Monthly Initial Block Rate Adjustment:					
44	Residential					
45	Commercial					
46	Public Authority					
47	Industrial					

Total Service Area:	RRC Jurisdiction:
\$ 4,336,941	\$ 370,148
986,354	49,716
169,088	8,745
50,299	2,886
2,995	391
\$ 5,545,677	\$ 431,895

Allocation Factors	per GUD No. 10526:
78.20%	
17.79%	
3.05%	
0.91%	
0.05%	
100.00%	
Annual Service Area Bill Count:	2,975,695
Annual RRC Jurisdiction Bill Count:	253,526
Monthly Customer Charge Adjustment:	\$ 1.46
Monthly Initial Block Rate Adjustment:	\$ 6.41
Annual RRC Jurisdiction Volumes:	13,211
Annual Service Area Volumes:	9,434
Monthly Initial Block Rate Adjustment:	\$ 43.40
Annual RRC Jurisdiction Volumes:	261,996
Annual Service Area Volumes:	3,143,161

42						
43	Monthly Initial Block Rate Adjustment:					
44	Residential					
45	Commercial					
46	Public Authority					
47	Industrial					