

WAYNE CHRISTIAN, *CHAIRMAN*  
CHRISTI CRADDICK, *COMMISSIONER*  
RYAN SITTON, *COMMISSIONER*



DANA AVANT LEWIS, *DIRECTOR*

# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**GUD NO. 10928, *Consolidated*  
PROPOSAL FOR DECISION**

---

**STATEMENT OF INTENT OF TEXAS GAS SERVICES COMPANY, A DIVISION OF ONE GAS, INC. TO  
CHANGE GAS UTILITY RATES WITHIN THE UNINCORPORATED AREAS OF THE CENTRAL TEXAS  
SERVICE AREA AND GULF COAST SERVICE AREA**

---

**Administrative Law Judge Dee Marlo Chico**  
**Technical Examiners: Rose Ruiz, James Currier**

### **PARTIES**

**APPLICANT:** **Texas Gas Services Company, a Division of ONE Gas, Inc. ("TGS")**  
Kate Norman  
C. Glenn Adkins  
Coffin Renner LLP  
Counsel for TGS  
Stephanie G. Houle  
Texas Gas Service Company

**INTERVENOR:** **Staff of the Railroad Commission ("Staff")**  
Natalie Dubiel  
Patrick Shelton  
Office of General Counsel, Railroad Commission of Texas  
Counsel for Staff

**INTERVENOR:** **TGS Central Texas Service Area (CTSA) Cities and TGS Gulf  
Coast Service Area (CGSA) Cities ("Cities")**  
Thomas L. Brocato  
Jamie L. Mauldin  
Lloyd Gosselink Rochelle & Townsend, P.C.  
Counsel for TGS CTSA Cities and TGS GCSA Cities

**INTERVENOR:** **Gulf Coast Service Area Steering Committee ("GCSC")**  
Daniel J. Lawton, Esq.  
Molly Mayhall Vandervoort  
Counsel for GCSC

### **STATEMENT OF THE CASE**

On December 20, 2019, Texas Gas Services Company, a Division of ONE Gas, Inc. (“TGS”) filed with the Railroad Commission of Texas a Statement of Intent to increase gas utility rates within the unincorporated areas of the Central Texas Service Area (“CTSA”) and Gulf Coast Service Area (“GCSA”) and within the City of Beaumont (the “SOI”). Along with the rate increases, TGS also seeks to consolidate the incorporated and unincorporated areas of the CTSA, incorporated and unincorporated areas of the GCSA, and the City of Beaumont into the single Central-Gulf Coast Service Area (“CGSA”).

The Commission has both original jurisdiction and appellate jurisdiction in this docket. Original jurisdiction applies to the environs of the CTSA, GCSA, and the City of Beaumont. Appellate jurisdiction applies to the 21 cities that either denied rate increases or took no action at the municipal level.

The following parties intervened: Staff of the Railroad Commission, TGS CTSA Cities and TGS CGSA Cities, and the Gulf Coast Service Area Steering Committee.

The parties ultimately reached a unanimous settlement, which resolved all issues except one: whether the CTSA, GCSA, and City of Beaumont should be consolidated into the proposed CGSA. The settlement reflected various issues at a consolidated level or a stand-alone service area level (i.e., CTSA and GCSA, separately) and provided the rates and tariffs for each scenario as well. The parties agreed to the following in the settlement:

- A \$10.3 million base rate increase for TGS’s consolidated CGSA – a reduction of \$5.37 million, 34 percent, from TGS’s amended request prior to settling – to allow for a revenue requirement of \$119,396,796;
- A rate of return of 7.46 percent based on a 9.50 percent return on equity, a 4.53 percent cost of debt, and a capital structure of 59 percent equity and 41 percent debt;
- ONE Gas, Inc.’s acquisition of One Gas Pipeline Company is in the public interest;
- TGS’s capital investment booked to plant in the proposed CGSA through December 31, 2019, including investment identified in TGS’s IRA filings, is prudent, except for a disallowance from net plant of \$205,619;
- Recovery of affiliate expenses totaling \$2,074,396;
- TGS is compliant with the GUD No. 10695 Gas Utilities Accounting Order; and
- Rate case expenses incurred and estimated by TGS, Cities, and GCSA totaling no more than \$1,712,135.45.

Included in this consolidated docket are the SOI (GUD No. 10928), seven municipal appeals (GUD Nos. 10974, 10976, 10977, 10978, 10979, 10981, and 10986), and the rate case expenses docket (GUD No. 10938).

### **SUMMARY OF RECOMMENDATIONS**

The Administrative Law Judge and Technical Examiners recommend the Commission approve all terms of the parties’ settlement as well as approve consolidation of the CTSA, GCSA, and City of Beaumont into the new CGSA.

**The deadline for Commission action is August 4, 2020.**

**TABLE OF CONTENTS**

I.	Introduction .....	1
II.	Parties .....	2
III.	Public Comments and Party Status .....	2
IV.	Procedural Background .....	4
V.	Jurisdiction, Burden of Proof, and Notice .....	6
VI.	Compliance with Commission Rules; Book and Records.....	7
VII.	Consolidation of the CTSA, GCSA, and the City of Beaumont.....	8
A.	Consolidation of Service Areas and the City of Beaumont.....	8
B.	GCSC Does Not Oppose Consolidation .....	11
C.	Opposition by Cities.....	12
D.	Examiners' Findings and Recommendation.....	13
VIII.	Unanimous Settlement Agreement.....	16
A.	Revenue Requirement.....	16
B.	Rates.....	17
C.	Public Interest Determination.....	20
D.	GUD No. 10695 Compliance (EDIT).....	21
E.	Cost of Capital.....	22
F.	Depreciation Rates.....	23
G.	Capital Investment Prudence.....	23
H.	Future Interim Rate Adjustment ("IRA") Factors.....	24
I.	Tariffs .....	25
J.	Postemployment Benefits Expense .....	26
K.	Services Provided by Affiliates .....	27
L.	Other issues .....	28
M.	Rate Case Expenses .....	30
IX.	Conclusion .....	32
X.	Findings of Fact and Conclusions of Law .....	33

**Attachments**

- 1 - Map of TGS's Service Areas
- 2 - Evidentiary Exhibit List
- 3 - Settlement Agreement
- 4 - Bill Impact
- 5 - Excess Deferred Income Tax Credit ("EDIT") Refund Information
- 6 - Proposed Final Order

## PROPOSAL FOR DECISION

### I. INTRODUCTION

On December 20, 2019, Texas Gas Services Company, a Division of ONE Gas, Inc. (“TGS”) filed with the Railroad Commission of Texas (“Commission”) a Statement of Intent to increase gas utility rates within the unincorporated areas of the Central Texas Service Area (“CTSA”) and Gulf Coast Service Area (“GCSA”) and within the City of Beaumont. Along with the rate increases, TGS also seeks to consolidate the incorporated and unincorporated areas of the CTSA, incorporated and unincorporated areas of the GCSA, and the City of Beaumont into a new, single service area known as the Central-Gulf Coast Service Area (“CGSA”).

The CTSA is comprised of the environs of Buda and the incorporated and environs areas of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum.<sup>1</sup> The CGSA is comprised of the environs of Beaumont and the incorporated and environs areas of Bayou Vista, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches.<sup>2</sup>

The Commission has both original jurisdiction and appellate jurisdiction in this docket. Original jurisdiction applies to the environs of the CTSA, GCSA, and City of Beaumont. Appellate jurisdiction applies to the following cities, which either denied rate increases or took no action at the municipal level: Austin, Bayou Vista, Beaumont, Bee Cave, Cuero, Dripping Springs, Galveston, Groves, Gonzales, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Rollingwood, Shiner, Sunset Valley, Westlake Hills, and Yoakum. A map of TGS’s service areas is appended to this Proposal for Decision (“PFD”) as **Attachment 1**.

The following parties intervened: Staff of the Railroad Commission (“Staff”), TGS CTSA Cities and TGS CGSA Cities (“Cities”), and the Gulf Coast Service Area Steering Committee (“GCSC”).

The parties ultimately reached a settlement, which resolves all issues except one: whether the CTSA, GCSA, and City of Beaumont should be consolidated into the proposed CGSA. In the settlement, the parties agreed to the following:

- A \$10.3 million base rate increase for TGS’s consolidated CGSA – a reduction of \$5.37 million, 34 percent, from TGS’s amended request prior to settling – to allow for a revenue requirement of \$119,396,796. TGS is allocating all of the \$10.3 million increase to the residential class, thus recovering 12.8 percent more from the residential class;<sup>3</sup>
- A rate of return of 7.46 percent based on a 9.50 percent return on equity, a 4.53 percent cost of debt, and a capital structure of 59 percent equity and 41 percent debt;
- ONE Gas, Inc.’s acquisition of One Gas Pipeline Company is in the public interest;
- TGS’s capital investment booked to plant in the proposed CGSA through December 31, 2019, including investment identified in TGS’s IRA filings, is prudent, except for a disallowance from net plant of \$205,619;
- The Pipeline Integrity Testing (“PIT”) Rider applies only to the CTSA, regardless of the outcome of the litigated consolidation issue;

---

<sup>1</sup> TGS Ex. 5 (Norman Direct) at 6.

<sup>2</sup> *Id.*

<sup>3</sup> TGS Response to Examiners RFI 1-1, filed June 18, 2020 (Official notice taken by ALJ).

**GUD No. 10928, consolidated****PROPOSAL FOR DECISION**

- The Hurricane Harvey Rider applies only to the GCSA regardless of the outcome of the litigated consolidation issue;
- TGS will contribute \$120,000 annually from shareholders to the Share the Warmth program for the CGSA, with contributions continuing until the next rate case;
- Recovery of affiliate expenses totaling \$2,074,396;
- TGS is compliant with the GUD No. 10695 Gas Utilities Accounting Order; and
- Rate case expenses incurred and estimated by TGS, Cities, and GCSA totaling no more than \$1,712,135.45.

The settlement reflects various issues at a consolidated level or a stand-alone service area level (i.e., CTSA and GCSA, separately) and provides the rates and tariffs for each scenario as well. As treated below, the Administrative Law Judge (“ALJ”) and Technical Examiners (together with the ALJ, the “Examiners”) recommend the Commissioners approve all terms of the parties’ settlement as well as approve consolidation of the CTSA, GCSA, and City of Beaumont into the new CGSA. Although the Examiners recommend consolidation of the service areas, the Examiners find the rates and tariffs for both the recommended consolidated service area and for the stand-alone CTSA and GCSA comply with the rate-setting requirements of GURA Chapter 104 (Rates and Services).<sup>4</sup>

**II. PARTIES**

Applicant TGS is a “gas utility” under GURA Section 101.003 (Definitions)<sup>5</sup> and a provider of natural gas utility service to customers located in the CTSA, GCSA, and City of Beaumont.

The following parties intervened: Staff, Cities, and GCSC. Staff intervened “to assert its interest in assuring that the rules and regulations of the [Commission] along with the appropriate statutes have been followed.”<sup>6</sup> Cities are regulatory authorities with original jurisdiction over the rates and services of TGS that are located in TGS’s CTSA and GCSA: Austin, Bayou Vista, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, Texas.<sup>7</sup> The GCSC is composed of municipalities located in TGS’s GCSA: Beaumont, Groves, Nederland, Port Arthur, and Port Neches, Texas.<sup>8</sup>

**III. PUBLIC COMMENTS AND PARTY STATUS**

The Commission received several communications from the public relating to TGS’s requested relief in this docket. TGS properly provided notice to the public of its proposed increase by direct mail to its customers.<sup>9</sup> The Commission received five comment letters from the public voicing opposition to TGS’s proposed rate increase.<sup>10</sup> The public commenters were provided a

<sup>4</sup> Tex. Util. Code Chapter 104.

<sup>5</sup> Tex. Util. Code § 101.003(7) (Definitions) (defining “gas utility” as “a person or river authority that owns or operates for compensation in this state equipment or facilities to transmit or distribute combustible hydrocarbon natural gas or synthetic natural gas for sale or resale in a manner not subject to the jurisdiction of the Federal Energy Regulatory Commission under the Natural Gas Act (15 U.S.C. Section 717 et seq.). The term includes a lessee, trustee, or receiver of a gas utility.”).

<sup>6</sup> Staff’s Motion to Intervene from Natalie Dubiel, counsel for Staff, filed on December 30, 2019.

<sup>7</sup> Cities’ Motion to Intervene from Thomas L. Brocato, counsel for Cities, filed on January 7, 2020; TGS Ex. 45 (Settlement) at 1, FN 1.

<sup>8</sup> GCSC’s Motion to Intervene from Molly Mayhall Vandervoort, counsel for GCSC, filed on January 8, 2020; TGS Ex. 45 (Settlement) at 1, FN 2.

<sup>9</sup> Notice was completed on March 9, 2020. TGS Ex. 3 (McTaggart Affidavit of Public Notice).

<sup>10</sup> Letter to Docket Services from Fred Florence, President of Rig Operations, LLC, filed on March 27, 2020 and received by ALJ on April 21, 2020 (urging denial of TGS’s rate increase by noting that the proposed 10% increase “comes at a time that natural gas prices are dropping, not increasing. Couple this with the economy in decline and this increase makes no sense except for a unnecessary boost to [TGS] income.”); Letter to Docket Services from Heather Sin, TGS Austin customer, filed on March 9, 2020 (emphasizing that

**GUD No. 10928, consolidated****PROPOSAL FOR DECISION**

“Complaint and Statement of Intent to Participate Form” in accordance with Commission Rule 7.240 (Statement of Intent to Participate).<sup>11</sup> One form was returned to the Commission.<sup>12</sup> At the June 2, 2020 hearing on the merits, two City of Austin residents and TGS customers—Ms. Heather Sin and Mr. Paul Robbins—provided public comment, which was not testimony and therefore could not be weighed as evidence.

Although Ms. Sin submitted a “Complaint and Statement of Intent to Participate Form,” she did not participate through the presentation of evidence and arguments; instead, she chose only to provide public comment. Ms. Sin, a “low/fixed-income” residential customer of TGS, opposed TGS’s proposed rate increase. She stated TGS penalizes customers for conservative efforts in gas usage and incentivizes higher usage.<sup>13</sup> For instance, Ms. Sin noted she uses gas solely for water heating and is required to maintain this service.<sup>14</sup> Ms. Sin explained her typical gas usage is around one Ccf per month, but she is still responsible for paying a “flat fee.”<sup>15</sup> Thus, when her monthly usage was zero Ccf per month, Ms. Sin said she still paid \$21.72.<sup>16</sup> Ms. Sin also declared TGS unjustly passed costs on to customers without accounting for relief received or providing specificity in its riders.<sup>17</sup> Finally, Ms. Sin noted the irony in TGS’s contribution for low-income assistance considering its annual net profits continue to increase.”<sup>18</sup>

On February 11, 2020, Paul Robbins filed a letter with the Commission requesting party/intervenor status.<sup>19</sup> This request was denied on March 18, 2020, because the Commission lacked jurisdiction and Mr. Robbins lacked standing.<sup>20</sup> On May 11, 2020, Mr. Robbins submitted a second request for party status in GUD No. 10928, which was also denied because his petition

---

as “a low/fixed-income tenant of an income-restricted complex” who uses significantly less gas than the residential average, her flat customer charge results in \$22 bills with only \$0.65 charged for gas); Letter from John B. Worley, TGS Austin customer, filed on April 15, 2020 and received by ALJ on April 21, 2020 (writing “I hereby protest [TGS’s] proposed gas rate increase for Austin, Texas”); Email to Docket Services from Paul Wingstrom, TGS Galveston customer, filed on March 2, 2020 (strongly objecting to TGS’s requested rate increase of over 10% and requesting to “make this monopoly accountable for their business practices by denying their request for an increase”); and Postcard from Nancy Ojeda, TGS Galveston customer, filed on March 16, 2020 (protesting TGS’s proposed rate changes in Galveston because “rate increase inflation is not in sync with wage increase at this time” and asking denial of TGS’s request).

<sup>11</sup> Hearings Letter No. 13 (Comment from the Public), issued March 3, 2020 (attaching Mr. Paul Wingstrom’s comment along with a copy of the March 3, 2020 letter issued by the ALJ to Mr. Wingstrom containing the Complaint and Statement of Intent to Participate Form (the “Form”)); Hearings Letter No. 15 (Comment from the Public), issued March 10, 2020 (attaching Ms. Heather Sin’s comment along with a copy of the March 9, 2020 letter issued by the ALJ to Ms. Sin containing the Form); Hearings Letter No. 18 (Comment from the Public), issued March 18, 2020 (attaching Ms. Nancy Ojeda’s comment and informing the parties Ms. Ojeda was not sent the Form because she did not provide a return address); and Hearings Letter No. 25 (Comment from the Public), issued April 22, 2020 (attaching comments from Mr. John B. Worley and Mr. Fred Florence as well as a copy of the April 22, 2020 letter issued by the ALJ to Mr. Worley and Mr. Florence containing the Form).

<sup>12</sup> Complaint and Statement of Intent to Participate Form from Heather Sin, TGS Austin customer, filed on April 1, 2020 (noting that she will be impacted by the proposed rate increase because a “60% cost increase; only 3% of my bills is for gas”).

<sup>13</sup> Transcript (H. Sin) at 24 (June 2, 2020).

<sup>14</sup> *Id.* at 20, 26.

<sup>15</sup> *Id.* at 20.

<sup>16</sup> *Id.* at 25.

<sup>17</sup> *Id.* at 20-21. “[T]he customers are paying for the gas; we are paying for the pipes; we are paying to maintain the pipes; we are paying for the meters; we are paying for the meters to be read; we are paying for natural disasters; we’re paying to consolidate other areas; we’re paying for their reported conservation efforts.” *Id.* at 25-26. TGS “don’t account for any federal and state funding or relief funding they received.” *Id.* at 21. TGS charges for customers for broadly defined natural disasters, such as “other wind-related or water-related events.” *Id.* at 21-22.

<sup>18</sup> *Id.* at 24. Ms. Sin provided three articles to supplement her public comments: (1) ONE Gas, Inc., ONE Gas Announces First Quarter 2020 Financial Results, April 27, 2020, <https://www.prnewswire.com/news-releases/one-gas-announces-first-quarter-2020-financial-results-301047801.html>; (2) ONE Gas, Inc., ONE Gas Announces Fourth Quarter 2020 and Full Year 2019 Financial Results, February 19, 2020, <https://www.prnewswire.com/news-releases/one-gas-announces-fourth-quarter-and-full-year-2019-financial-results-301007896.html>; and (3) TGS Rate Schedule 10 (Residential Service Rate) (showing rate increase that supersedes rate schedule dated November 30, 2018). Ms. Sin referenced the first two articles as proof of TGS’s successful financial record.

<sup>19</sup> Email to Docket Services from Paul Robbins, TGS Austin Resident, filed February 11, 2020.

<sup>20</sup> Hearings Letter No. 17 (Interim Ruling Regarding Party Status), issued March 18, 2020 (attaching order denying intervenor status). Mr. Robbins did not appeal the interim ruling.



for leave to intervene was untimely filed.<sup>21</sup> However, Mr. Robbins was invited to provide public comment at the June 2, 2020 hearing, which he did.

Mr. Robbins made many comparisons between the City of Austin's more progressive electric and water rates and the gas rates as well as emphasized the current economic situation being "arguably...the worse time in decades, perhaps in the last century" for a rate increase.<sup>22</sup> Mr. Robbins explained TGS's rates are regressive, which deters energy conservation and hurts the poor who generally use less energy by virtue of the fact that they have less disposable income.<sup>23</sup> Mr. Robbins also found it absurd that TGS only allocated "the paltry sum of \$100,000" to low-income assistance.<sup>24</sup> Furthermore, Mr. Robbins described the subsidizing of new customers by existing customers as a routine business model of TGS.<sup>25</sup> Lastly, Mr. Robbins mentions that "in a world that is going to be under carbon constraints in the future," it would be in TGS's own self-interest to develop fuels that are renewably based.<sup>26</sup>

#### IV. PROCEDURAL BACKGROUND

On December 20, 2019, TGS filed with the Commission its SOI with a February 6, 2020 effective date.<sup>27</sup> Subsequently, Staff, Cities, and GCSC timely intervened.<sup>28</sup> The Commission timely suspended the effective date of TGS's proposed rate change for a period of 150 days pursuant to GURA Section 104.107 (Rate Suspension; Deadline) on January 14, 2020.<sup>29</sup> On March 13, 2020, the Governor of Texas declared a State of Disaster in all Texas counties related to the novel coronavirus (COVID-19). Given the declaration and additional orders issued by the Governor as well as concerns for the health and safety for Commission employees and those appearing before the Commission, in-person hearings at the Commission were not conducted.<sup>30</sup> On April 3, 2020, the parties filed a joint revised procedural schedule in which TGS agreed to extend the statutory deadline for Commission action to August 4, 2020.<sup>31</sup>

TGS provided its customers within the CTSA, GCSA, and the City of Beaumont notice of its intent to increase rates by direct mail, which was completed on March 9, 2020, in accordance with GURA Section 104.103(b) and Commission Rules 7.230 and 7.235.<sup>32</sup> As previously discussed, the Commission received five written communications from the public voicing opposition to TGS's proposed rate changes and two requests to intervene by a City of Austin residential customer, which were denied.

<sup>21</sup> Email to Docket Services from Paul Robbins filed May 11, 2020; Hearings Letter No. 34 (Interim Ruling Denying Intervenor Status), issued May 27, 2020 (attaching order denying intervenor status and noting that even if the request had been filed in a timely manner, it would have been denied due to the Commission lacking jurisdiction and Mr. Robbins lacking standing). Mr. Robbins did not appeal the interim ruling.

<sup>22</sup> Transcript (P. Robbins) at 12-13 (June 2, 2020).

<sup>23</sup> *Id.* at 14-15.

<sup>24</sup> *Id.* at 16.

<sup>25</sup> *Id.* at 14.

<sup>26</sup> *Id.* at 17.

<sup>27</sup> TGS proposed an effective date past the statutory 35-day effective date period to accommodate holiday-related closures. TGS Ex. 1 (SOI) at 1.

<sup>28</sup> See Hearings Letter No. 01 (Staff's Motion to Intervene) issued December 31, 2019 (granting intervention); Hearings Letter No. 04 (Cities' Motion to Intervene), issued January 8, 2020 (granting intervention); Hearings Letter No. 05 (GCSA's Motion to Intervene), issued January 10, 2020 (granting intervention).

<sup>29</sup> Hearings Letter No. 06 (Suspension Order), issued January 15, 2020 (attaching Suspension Order); see Tex. Util. Code § 104.107(a)(2) (Rate Suspension; Deadline) ("Pending the hearing and a decision...the railroad commission may suspend the operation of the schedule for not longer than 150 days after the date the schedule would otherwise be effective.").

<sup>30</sup> Hearings Emergency Response Order (Amended COVID-19 Emergency Response Order) from Dana Avant Lewis, Director of the Hearings Division, issued March 23, 2020.

<sup>31</sup> Joint Proposed Revised Procedural Schedule, from Kate Norman, counsel for TGS, filed on April 3, 2020 by; Hearings Letter No. 23 (First Amended Procedural Schedule; Forthcoming Hearings), issued April 6, 2020 (attaching order approving Joint Revised Procedural Schedule with modifications to start time for hearings).

<sup>32</sup> TGS Ex. 3 (McTaggart Affidavit) (attesting to completion of public notice); Tex. Util. Code § 104.301(b) (Notice of Intent to Increase Rates); 16 Tex. Admin. Code §§ 7.230 (Contents of Notice) and 7.235 (Publication and Service of Notice).

**GUD No. 10928, consolidated****PROPOSAL FOR DECISION**

TGS filed the following seven petitions for review, which were subsequently consolidated with the main GUD No. 10928 docket.<sup>33</sup>

- On May 7, 2020, TGS timely filed with the Commission a petition for review from municipal action taken by the cities of Lockhart, Luling, Gonzales, Dripping Springs, Yoakum, and Galveston, docketed as GUD No. 10974.<sup>34</sup>
- On May 13, 2020, TGS timely filed with the Commission a petition for review from municipal action taken by the city of Cuero, docketed as GUD No. 10976.<sup>35</sup>
- On May 15, 2020, TGS timely filed with the Commission a petition for review from municipal action taken by the city of Rollingwood, docketed as GUD No. 10977.<sup>36</sup>
- On May 18, 2020, TGS filed with the Commission a petition for review from municipal action taken by the cities of Westlake Hills, Bayou Vista, Kyle, and Shiner, docketed as GUD No. 10978.<sup>37</sup>
- On May 20, 2020, TGS timely filed with the Commission a petition for review from municipal action taken by the cities of Jamaica Beach and Lakeway, docketed as GUD No. 10979.<sup>38</sup>
- On June 4, 2020, TGS filed with the Commission a petition for review from municipal action taken by the cities of Austin, Sunset Valley, and Bee Cave, docketed as GUD No. 10981.<sup>39</sup>
- On June 11, 2020, TGS timely filed with the Commission a petition for review from municipal action taken by the cities of Beaumont, Groves, Nederland, and Nixon, docketed as GUD No. 10986.<sup>40</sup>

All municipal parties were aligned for purposes of discovery on January 27, 2020 pursuant to Commission Rule 1.56 (Alignment of Municipal Intervenor for Purposes of Discovery).<sup>41</sup>

On February 18, 2020, a prehearing technical conference was held for TGS to present a general overview of its rate study schedules and its rate case design.<sup>42</sup> On March 12, 2020, the Notice of Hearing was issued, setting the hearing on the merits to commence on April 15, 2020 ("Notice of Hearing").<sup>43</sup> The Notice of Hearing was mailed to the governing bodies of affected municipalities and counties in accordance with GURA Section 104.105 (Determination of

<sup>33</sup> Hearings Letter No. 29 (Consolidation of GUD Nos. 10794 and 10975), issued May 18, 2020; Hearings Letter No. 30 (Consolidation of GUD No. 10977), issued May 19, 2020; Hearings Letter No. 31 (Consolidation of GUD No. 10978), issued May 21, 2020; Hearings Letter No. 33 (Consolidation of GUD No. 10979), issued May 22, 2020; Hearings Letter No. 35 (Consolidation of GUD No. 10981), issued June 9, 2020; Hearings Letter No. 39 (Consolidation of GUD No. 10986), issued June 16, 2020.

<sup>34</sup> TGS Ex. 1b (GUD No. 10974 - Petition for Review and Motion to Consolidate).

<sup>35</sup> TGS Ex. 1c (GUD No. 10976 - Petition for Review and Motion to Consolidate).

<sup>36</sup> TGS Ex. 1d (GUD No. 10977 - Petition for Review and Motion to Consolidate).

<sup>37</sup> TGS Ex. 1e (GUD No. 10978 - Petition for Review and Motion to Consolidate and Unopposed Good Cause Exception); Hearings Letter No. 31 (Consolidation of GUD No. 10978), issued May 21, 2020 (finding good cause exception for late filed appeal).

<sup>38</sup> TGS Ex. 1f (GUD No. 10979 - Petition for Review and Motion to Consolidate).

<sup>39</sup> TGS Ex. 1g (GUD No. 10981 - Petition for Review and Motion to Consolidate); Hearings Letter No. 35 (Consolidation of GUD No. 10981), issued June 9, 2020 (finding good cause exception for late filed appeals to actions taken by the cities of Sunset Valley and Bee Cave).

<sup>40</sup> TGS Ex. 1h (GUD No. 10986 - Petition for Review and Motion to Consolidate).

<sup>41</sup> Hearings Letter No. 07 (Post-Hearing Conference Rulings, Hearing Dates, and Other Issues), issued January 27, 2020 (memorializing the ALJ's ruling made at the January 27, 2020 prehearing conference that municipal intervenors were aligned for purposes of discovery); 16 Tex. Admin Code § 1.56 (Alignment of Municipal Intervenor for Purposes of Discovery) (declaring municipal intervenors, whether participating in rate proceedings as a single municipality or a coalition of municipalities, are presumed to share a common interest such that alignment of municipal parties as a single party for purposes of discovery is appropriate).

<sup>42</sup> Hearings Letter No. 09 (Technical Conference), issued February 6, 2020.

<sup>43</sup> Hearings Letter No. 16 (Notice of Hearing and Prehearing Conference), issued March 12, 2020 (attaching the Notice of Hearing).



**GUD No. 10928, consolidated****PROPOSAL FOR DECISION**

Propriety of Rate Change; Hearing) on March 24, 2020.<sup>44</sup> On January 31, 2020, the Commission published the Notice of Hearing in *Gas Utilities Bulletin No. 1127*.<sup>45</sup>

On January 27, 2020, the rate case expenses portion of GUD No. 10928 was severed and separated into GUD No. 10938.<sup>46</sup> On May 12, 2020, TGS notified the Examiners the parties had reached an agreement in principle resolving all but one issue in the proceeding.<sup>47</sup> On May 13, 2020, the ALJ abated some of the deadlines in the existing procedural schedule.<sup>48</sup> Then, on May 29, 2020, TGS filed the *Unanimous Settlement Agreement and Identification of Sole Issue in Dispute* (the "Settlement").<sup>49</sup> Finally, on June 26, 2020, the ALJ consolidated GUD No. 10938 (rate case expenses) back into the main SOI docket.<sup>50</sup>

The hearing on the merits, which was held via video conferencing, commenced on April 15, 2020 and concluded on June 2, 2020 (the "Hearing"). The evidentiary exhibit list is appended to this PFD as **Attachment 2**. Also included in the evidentiary record are the proposed tariffs and calculations related to the Excess Deferred Income Tax ("EDIT") Refund that will be provided to TGS customers in September 2020<sup>51</sup> and TGS's filings responding to Examiner Request for Information ("RFI") requests 1-1, 1-2, 1-3, 1-4, 1-5, 1-6, 1-7, 1-8, 1-9, and 1-10.<sup>52</sup> On June 11, 2020, the ALJ issued rulings that granted TGS' and Cities motions to seal certain highly-sensitive and confidential materials.<sup>53</sup>

On June 26, 2020, the ALJ closed the evidentiary record.<sup>54</sup>

## **V. JURISDICTION, BURDEN OF PROOF, AND NOTICE**

### **A. Jurisdiction**

The Commission has jurisdiction over TGS, which is a gas utility as defined in GURA Section 101.003(7). Pursuant to GURA Section 102.001(a), the Commission has exclusive original jurisdiction to set the rates TGS requests for its customers located within the environs of the CTSA, GCSA, and the City of Beaumont.<sup>55</sup> The Commission also has exclusive appellate jurisdiction pursuant to GURA Section 102.001(b) to review the actions of 21 municipalities.<sup>56</sup>

<sup>44</sup> See Tex. Util. Code § 104.105(c) ("The regulatory body shall give reasonable notice of the hearing, including notice to the governing body of each affected municipality and county.").

<sup>45</sup> See *Gas Utilities Information Bulletin ("Bulletin") No. 1127*, published by the Railroad Commission of Texas Oversight and Safety Division on March 13, 2020, pp. 5-7.

<sup>46</sup> Hearings Letter No. 07 (Post-Hearing Conference Rulings, Hearing Dates, and Other Issues), issued January 27, 2020 (severing the rate case expenses portion of GUD No. 10928 into GUD NO. 10938, Rate Case Expenses Severed from GUD No. 10928, consolidated, Statement of Intent Filed by Texas Gas Service Company, a Division of ONE Gas, Inc., ("TGS") to Change Gas Utility Rates Within the Unincorporated Areas of the Central Texas Service Area and Gulf Coast Service Area).

<sup>47</sup> Letter from ALJ to Kate Norman, counsel for TGS, filed May 12, 2020.

<sup>48</sup> Hearings Letter No. 27 (Abatement of Prehearing Deadlines), issued May 13, 2020 (allowing for abatement under the parties' request except for cancellation of the scheduled May 2020 hearing on the merits).

<sup>49</sup> Letter to ALJ from Kate Norman, counsel for TGS, filed May 29, 2020; see also TGS Ex. 45 (Settlement).

<sup>50</sup> Hearings Letter No. 41 (Rate Case Expenses Docket Consolidated with GUD No. 10928, Official Notice, Close of Evidentiary Record, PFD Forthcoming), issued June 26, 2020.

<sup>51</sup> Letter to ALJ from Kate Norman, counsel for TGS, filed on June 5, 2020 (attaching EDIT refund information and associated native electronic files); Hearings Letter No. 41 (Rate Case Expenses Docket Consolidated with GUD No. 10928, Official Notice, Close of Evidentiary Record, PFD Forthcoming), issued June 26, 2020 (taking official notice to the June 5, 2020 filing of the proposed tariffs and calculations related to the EDIT Refund that will be provided to TGS customers in September 2020).

<sup>52</sup> See Hearings Letter No. 41 (Rate Case Expenses Docket Consolidated with GUD No. 10928, Official Notice, Close of Evidentiary Record, PFD Forthcoming), issued June 26, 2020 (ALJ taking official notice of TGS's June 18, 2020 filings responding to the Examiners' RFIs).

<sup>53</sup> Hearings Letter No. 37 (Order on Motion to Seal the Administrative Letter), issued June 11, 2020 (attaching order permanently sealing certain highly sensitive and confidential material in TGS's and Cities' exhibits).

<sup>54</sup> See Hearings Letter No. 41 (Rate Case Expenses Docket Consolidated with GUD No. 10928, Official Notice, Close of Evidentiary Record, PFD Forthcoming), issued June 26, 2020.

<sup>55</sup> Tex. Util. Code § 102.001(a).

<sup>56</sup> Tex. Util. Code § 102.001(b).

The Commission has jurisdiction over all matters at issue in this proceeding pursuant to GURA Chapters 102 (Jurisdiction and Powers of Railroad Commission and Other Regulatory Authorities), Chapter 3 Subchapter C (Jurisdiction and Powers of Municipality; Appeal of Municipal Order), and 104 (Rates and Services). The statutes and rules involved in this proceeding include, but are not limited to, those contained in GURA Chapters 102, 103, and 104 and Title 16 (Economic Regulation), Part 1 (Railroad Commission of Texas), Chapters 1 (Practice and Procedure) and 7 (Gas Services Division) of the Texas Administrative Code.

### **B. Burden of Proof**

As a gas utility proposing new rates, TGS has the burden of proving its proposed rates are just and reasonable.<sup>57</sup>

### **C. Notice**

TGS provided notice of its intent to increase rates to affected TGS customers by direct mail, which was completed on March 9, 2020, in accordance with GURA Section 104.103 (Notice of Intent to Increase Rates).<sup>58</sup> On March 12, 2020, the ALJ issued the Notice of Hearing, which complied with Chapter 2001 (Administrative Procedure) of the Texas Government Code, Part 1 (Railroad Commission of Texas) of Title 16 (Economic Regulation) of the Texas Administrative Code, and other applicable authority. On January 31, 2020, the Commission published the Notice of Hearing in *Gas Utilities Information Bulletin No. 1127* in compliance with Commission Rule 7.235 (Publication and Service of Notice).<sup>59</sup> Pursuant to GURA Section 104.105 (Determination of Propriety of Rate Change; Hearing), the ALJ provided a copy of the Notice of Hearing to the governing body of each affected municipality and county.<sup>60</sup>

Proper notice has been issued in accordance with the applicable statutory and regulatory requirements.

## **VI. COMPLIANCE WITH COMMISSION RULES; BOOK AND RECORDS**

TGS presented evidence that it maintains its books and records in accordance with Commission requirements.<sup>61</sup> TGS maintains its books and records in accordance with Commission Rule 7.310 (System of Accounts), which requires each gas utility to “utilize the Federal Energy Regulatory Commission’s (FERC) Uniform System of Accounts (USOA) prescribed for Natural Gas Companies subject to the Provisions of the Natural Gas Act (as amended from time to time) (FERC USOA) for all operating and reporting purposes.”<sup>62</sup> The information contained within TGS’s books and records, as well as the summaries and excerpts therefrom, qualify for the presumption set forth in Commission Rule 7.503 (Evidentiary Treatment of Uncontroverted Books and Records of Gas Utilities).<sup>63</sup> TGS is in compliance with Commission Rule 7.501 (Certain Matters to be Submitted in Rate Hearings), which requires the separate presentation in a rate proceeding of evidence related to certain types of financial transactions, and in some cases, exclusion of these costs from rates,<sup>64</sup> and with Commission Rule 7.5414 (Advertising, Contributions, and Donations), which states that actual expenditures for advertising

<sup>57</sup> Tex. Util. Code § 104.008 (Burden of Proof) (“In a proceeding involving a proposed rate change, the gas utility has the burden of proving that the rate change is just and reasonable, if the utility proposes the change.”).

<sup>58</sup> See TGS Ex. 3 (McTaggart Affidavit of Public Notice).

<sup>59</sup> See Bulletin No. 1127, pp. 5-7; see also 16 Tex. Admin. Code § 7.235(a)(1)(A) (Publication and Service of Notice) (“The Commission shall publish the notice of hearing in the next Bulletin published after the date of issuance of the notice of hearing.”).

<sup>60</sup> Tex. Util. Code § 104.105(c) (Determination of Propriety of Rate Change; Hearing) (“The regulatory authority shall give reasonable notice of the hearing, including notice to the governing body of each affected municipality and county.”).

<sup>61</sup> See TGS Ex. 6 (McTaggart Direct) at 16-17.

<sup>62</sup> *Id.*; see 16 Tex. Admin. Code § 7.310(a) (System of Accounts).

<sup>63</sup> TGS Ex. 6 (McTaggart Direct) at 16-20; see 16 Tex. Admin. Code § 7.503(a) (Evidentiary Treatment of Uncontroverted Books and Records of Gas Utilities).

<sup>64</sup> TGS Ex. 6 (McTaggart Direct) at 20-22; see 16 Tex. Admin. Code § 7.501 (Certain Matters to be Submitted in Rate Hearings).

will be allowed as a cost-of-service item for ratemaking purposes, provided that the total sum of such expenditures shall not exceed one-half of one percent of the gross receipts of the utility for utility services rendered to the public.<sup>65</sup>

No party disputes that TGS maintains its books and records in accordance with Commission requirements.

Considering the evidence, the Examiners find that TGS has established that it complied with these Commission rules. Accordingly, TGS is entitled to the presumption set forth in Commission Rule 7.503 (Evidentiary Treatment of Uncontroverted Books and Records of Gas Utilities) that the unchallenged amounts shown in its books and records are presumed to have been reasonably and necessarily incurred.<sup>66</sup>

## VII. CONSOLIDATION OF THE CTSA, GCSA, AND THE CITY OF BEAUMONT

### A. Consolidation of Service Areas and the City of Beaumont

All issues in this proceeding, but one, have been resolved through the Settlement.<sup>67</sup> The consolidation of service areas is the sole contention amongst the parties. Although Staff remains silent on this issue, Cities disagree with TGS's and GCSC's positions regarding consolidation of the CTSA and GCSA. Cities, however, do not oppose the proposed merger of the Beaumont Service Area with the GCSA, because the Beaumont Service Area has a limited number of customers and is geographically similar to the GCSA.<sup>68</sup> Also, the parties agree not to litigate TGS's request to consolidate the City of Beaumont into the GCSA as it is part of the Settlement—that the City of Beaumont should be consolidated into the GCSA even if the CTSA and GCSA are not consolidated to create the Central-Gulf Coast Service Area ("CGSA").<sup>69</sup>

TGS proposes to consolidate the CTSA, GCSA, and the City of Beaumont into a new combined service area known as the CGSA and to set rates based on the cost of providing service to the entire proposed CGSA. In support, TGS offers that consolidation is just, reasonable, and in the public interest because (1) GURA and Commission rules authorize and encourage service area consolidation; (2) consistent and long-standing Commission precedent supports consolidation; (3) Cities' arguments against consolidation ignore fundamental ratemaking principles; (4) the impact of consolidation on rates, residential customer bills, and the cost of gas is reasonable; (5) the Legislature created a regulatory system that encourages gas utilities to seek administrative and regulatory efficiencies; and (6) service area consolidation reflects TGS's current operations.

<sup>65</sup> TGS Ex. 6 (McTaggart Direct) at 22; see 16 Tex. Admin. Code § 7.5414 (Advertising, Contributions, and Donations).

<sup>66</sup> See 16 Tex. Admin. Code § 7.503(a) (Evidentiary Treatment of Uncontroverted Books and Records of Gas Utilities) ("In any proceeding before the Commission involving a gas utility that keeps its books and records in accordance with Commission rules, the amounts shown on its books and records as well as summaries and excerpts therefrom shall be considered prima facie evidence of the amount of investment or expense reflected when introduced into evidence, and such amounts shall be presumed to have been reasonably and necessarily incurred; provided, however, that if any evidence is introduced that an investment or expense item has been unreasonably incurred, then the presumption as to that specific investment or expense item shall no longer exist and the gas utility shall have the burden of introducing probative evidence that the challenged item has been reasonably and necessarily incurred.").

<sup>67</sup> Letter to ALJ from Kate Norman, counsel for TGS, filed on May 12, 2020 (stating the parties agree City of Beaumont should be consolidated into the GCSA and agree it is not necessary to hold a hearing on the merits solely for the consolidation issue but instead the parties should submit briefs to the ALJ and Examiners to consider the issue); Hearings Letter No. 27 (Abatement of Prehearing Deadlines), issued on May 13, 2020 (accepting the parties' briefs to consider the issue of consolidation); Joint Stipulation Regarding Evidentiary Record Cited in Briefing from Kate Norman, counsel for TGS, filed May 22, 2020 at 1 (stating that the parties have settled all issues except TGS's request to consolidate the CTSA, GCSA, and the City of Beaumont into a new, combined GCSA and that the parties agree to file initial and reply briefs related to the litigation of the service area consolidation issue).

<sup>68</sup> Cities Ex. 1 (Nalepa Direct) at 14; Cities Initial Brief filed on May 26, 2020 ("Cities Initial Br.") at 4.

<sup>69</sup> TGS Ex. 45 (Settlement) at 2 ¶ 2.

**GUD No. 10928, consolidated****PROPOSAL FOR DECISION**

TGS propounds that service area consolidation is supported by GURA, Commission rules, and Commission precedent. TGS claims the Commission has consistently approved a utility's request for system-wide rates or service area consolidation.<sup>70</sup> To support its contentions, TGS highlights several Commission actions, specifically GUD No. 10506, 10174, 9488, and 9400. In GUD No. 10506, the Commission approved consolidation of TGS's then-existing El Paso Service Area, Permian Service Area, and Dell City Service Area to create TGS's West Texas Service Area despite the El Paso area being more densely populated, like the CTSA, and the Permian area being more dispersed over a sparsely populated area, similar to the GCSA.<sup>71</sup> In GUD No. 10174, the Commission approved Atmos Energy's consolidation request even though there were rate disparities among city groups without consolidation.<sup>72</sup> In GUD No. 9488, the Commission approved system-wide rates for a large geographic area even though customers in some cities would experience rate decreases and customers in other cities would experience rate increases.<sup>73</sup> In GUD No. 9400, the Commission approved system-wide rates for an area that included over 400 cities and spanned a geographic region from Austin to Dallas despite strong opposition from the City of Dallas, which argued that its purportedly lower stand-alone cost of service should determine the rates to be charged within the City of Dallas.<sup>74</sup> The Third Court of Appeals subsequently upheld the Commission's decision in GUD No. 9400 by affirming the Commission's authority to approve uniform rates throughout a given service area and finding that setting uniform rates is consistent with GURA and the Commission's rules.<sup>75</sup>

TGS admits that CTSA's proposed volumetric rates are higher under consolidation than stand-alone rates and consolidated rates are lower than stand-alone rates for GCSA residential customers.<sup>76</sup> The Rates and Regulatory Director for TGS testified that the GCSA is relatively small compared to the CTSA so the benefit of consolidation to the average GCSA customer is greater than the relatively small cost of consolidation for the average CTSA customer.<sup>77</sup> However, TGS alleged rate impacts do not justify maintaining separate service areas since differences in stand-alone rates compared to consolidated rates have not precluded consolidation in prior cases. In GUD Nos. 10506, 10174, and 9488, the Commission approved consolidation despite disparities amongst the city groups.<sup>78</sup>

TGS purports that consolidation will achieve efficiencies for both customers and TGS. According to TGS, these efficiencies will lead to just and reasonable rates and operations. Specifically, TGS claims consolidation will lead to administrative efficiencies related to rate filings and tariffs.<sup>79</sup> For example, TGS asserts reducing the number of service areas will immediately reduce the number of rate case filings, which will pass significant legal and administrative cost

<sup>70</sup> TGS Initial Br. at 5. TGS noted thirteen dockets where the Commission approved the use of system-wide rates: GUD Nos. 10526 (TGS), 10506 (TGS), 10488 (TGS), 10174 (Atmos Energy), 10170 (Atmos Energy), 10038 (CenterPoint), 9902 (CenterPoint), 9869 (Atmos Energy), 9791 (CenterPoint), 9762 (Atmos Energy), 9670 (Atmos Energy), 9488 (West Texas Gas), and 9400 (Atmos Energy). TGS Initial Br. at 6. In GUD No. 10526 (TGS), the CTSA was created, the Commission approved multiple cost of gas clauses as a result of a settlement agreement, and rate case expenses for TGS and the cities totaled \$668,354.56. TGS Initial Br. at 13-14.

<sup>71</sup> TGS Initial Br. at 2, 11-12; TGS Ex. 26 (McTaggart Rebuttal) at 10.

<sup>72</sup> TGS Initial Br. at 12. Citing from GUD No. 10174, Ms. McTaggart noted that with consolidation in GUD No. 10174, residents in Atmos's Lubbock Division would experience a rate increase while some residents in the West Texas Division would experience a rate decrease. *Id.*; TGS Ex. 26 (McTaggart Rebuttal) at 11.

<sup>73</sup> TGS Initial Br. at 12. Ms. McTaggart cited from GUD No. 9488: the city of Balmorea would experience a rate decrease of 4.87% and customers in the city of Paint Rock would experience a 22.98% rate increase. *Id.*; TGS Ex. 26 (McTaggart Rebuttal) at 11.

<sup>74</sup> TGS Initial Br. at 5, 9.

<sup>75</sup> *Id.*

<sup>76</sup> TGS Ex. 26 (McTaggart Rebuttal) at 9; TGS Initial Br. at 11.

<sup>77</sup> TGS Ex. 26 (McTaggart Rebuttal) at 9; TGS Initial Br. at 11 (comparing the \$0.15 to \$0.47 increase for incorporated CTSA residential customers under consolidated rates to the \$(1.36) to \$(3.12) decrease for incorporated GCSA residential customers for rates calculated based on the consolidation of service areas).

<sup>78</sup> TGS Initial Br. at 11-12; TGS Ex. 26 (McTaggart Rebuttal) at 10-11.

<sup>79</sup> TGS Ex. 6 (McTaggart Direct) at 5-6; TGS Ex. 26 (McTaggart Rebuttal) at 3-14; TGS Initial Br. at 14.



**GUD No. 10928, consolidated****PROPOSAL FOR DECISION**

savings on to ratepayers.<sup>80</sup> TGS argues not only will consolidation allow more municipalities to pool their resources in order to reduce each municipality's individual expense to review future filings,<sup>81</sup> but consolidation will also reduce the number of tariffs TGS and its regulators (the Commission and cities) must administer and maintain.<sup>82</sup>

According to TGS, service area consolidation better reflects TGS's current operations. The Vice-President of Operations for TGS testifies TGS is the operating division of ONE Gas, which operates a natural gas distribution company to customers in Oklahoma, Kansas and Texas.<sup>83</sup> TGS explains its corporate activities are centralized in Tulsa, Oklahoma, and activities that affect TGS throughout Texas are centralized at a statewide level.<sup>84</sup> TGS describes its functional operating model, which has been in place since 2013, as allowing ONE Gas to operate its LDCs as one company, rather than three separate companies—it is organized by function as opposed to geographic region or location allowing for a centralized approach to decision-making processes and management of the gas service.<sup>85</sup>

The Vice-President of Operations for TGS also testifies that centralized functions and departments at a statewide level encourages efficiency and consistency, allows for effective monitoring of the status of TGS's assets, offers consistent responses to customers, and yields efficient deployment to provide timely customer service.<sup>86</sup> TGS clarifies not only does it organize the workload by function, but it also focuses on integrating systems and process changes to support implementation and use of technology related to construction, maintenance, and replacement of assets, which has led to more efficient operations.<sup>87</sup> TGS maintains that the proposed consolidation simply reflects the operating changes that have already occurred since the existing areas have similar operations, already share personnel for certain services, and rely on centralized management of certain functions and operations.<sup>88</sup>

Furthermore, TGS asserts the geographical distance among cities in the proposed CGSA is not unique as the distance between cities in the proposed CGSA is consistent with other consolidated service areas in Texas.<sup>89</sup> TGS alleges the climate differences through the proposed CGSA are not problematic because small differences in weather will not impact rates in the CGSA and the proposed CGSA Weather Normalization Adjustment Clause adjusts for weather separately for the four weather zones within the proposed CGSA.<sup>90</sup> TGS also maintains that the differences in gas consumption are not significant. In TGS's proposed CGSA, residential average usage in the CTSA is 30 Ccf per month and 28 Ccf per month in the GCSA, but TGS argues this

<sup>80</sup> TGS Ex. 6 (McTaggart Direct) at 6; TGS Ex. 26 (McTaggart Rebuttal) at 14; TGS Initial Br. at 14. According to TGS, in GUD No. 10526, the CTSA was created and rate case expenses for TGS and the cities totaled \$668,354.56. TGS Initial Br. at 13-14. In 10488 (TGS), the GCSA was created and rate case expenses for TGS and the cities totaled \$865,965. TGS Initial Br. at 14. By combining the CTSA and GCSA, TGS expects to proceed in the future with a single rate case filing for the two areas to avoid the expense associated with two rate case filings. TGS Initial Br. at 14.

<sup>81</sup> TGS Ex. 6 (McTaggart Direct) at 6; TGS Ex. 26 (McTaggart Rebuttal) at 14; TGS Initial Br. at 14.

<sup>82</sup> TGS Ex. 26 (McTaggart Rebuttal) at 13; TGS Initial Br. at 14.

<sup>83</sup> TGS Ex. 5 (Norman Direct) at 4.

<sup>84</sup> TGS Initial Br. at 15.

<sup>85</sup> TGS Ex. 5 (Norman Direct) at 7; TGS Initial Br. at 15.

<sup>86</sup> TGS Ex. 5 (Norman Direct) at 8; TGS Initial Br. at 15-16. Functions that are centralized at a statewide level include leak survey, cathodic protection, pressure control and measurement, and line locating. TGS Ex. 5 (Norman Direct) at 8. Departments centralized at the statewide level include Financial Accounting, Fleet, Customer Information Center, Dispatch, and Gas Supply. *Id.*

<sup>87</sup> *Id.*

<sup>88</sup> *Id.* at 10.

<sup>89</sup> TGS Ex. 26 (McTaggart Rebuttal) at 6; TGS Ex. 26a (McTaggart Rebuttal Workpapers); TGS Initial Br. at 9. In TGS's proposed CGSA, Port Arthur and Austin are 254 miles apart. TGS Initial Br. at 9. In Atmos Energy's West Texas Division, Pampa and Odessa are 315 miles apart. *Id.* In CenterPoint's existing Beaumont/East Texas Division, Redlick and Anahuac are 309 miles apart. *Id.*

<sup>90</sup> TGS Ex. 26 (McTaggart Rebuttal) at 6, TGS Ex. 26a (McTaggart Rebuttal Workpapers); TGS Initial Br. at 9. In TGS's proposed CGSA, the difference in January lows between Galveston and Austin is 4 degrees. TGS Initial Br. at 9. In Atmos Energy's West Texas Division, the difference in January lows between Pampa and Odessa is 9 degrees. *Id.* In CenterPoint's existing South Texas Division, the difference in January lows between Austin and San Diego (in Duval County) is 7 degrees. *Id.*



degree of difference in gas consumption has not prevented consolidation in prior cases.<sup>91</sup> In a 2016 case consolidating TGS's GCSA, the residential average usage in Galveston was 25 Ccf per month compared to 32 Ccf per month in South Jefferson County yet the Commission still approved consolidation to create the GCSA.<sup>92</sup> In GUD No. 10506, consolidation was approved where El Paso's residential average usage was 38 Ccf per month and the Permian was 43 Ccf per month.<sup>93</sup> And, TGS references, a 2016 case approving consolidation and creation of the CTSA, which showed Austin's residential average usage was 32 Ccf per month while South Texas was 26 Ccf per month.<sup>94</sup>

Finally, TGS contends the rates of population growth with the proposed CGSA are typical because differing growth rates among cities within a service area appears to be the norm.<sup>95</sup> Specifically, TGS alleges the pace of growth for areas on the proposed CGSA is comparable to rates of growth for other consolidated service areas in the state.<sup>96</sup>

## **B. GCSC Does Not Oppose Consolidation**

The GCSC does not object to consolidation of the CTSA, GCSA, and the City of Beaumont into a single service area.<sup>97</sup> GCSC believes there appears to be "no extraordinary circumstances" that would distinguish the facts of this case from the facts presented in prior Commission cases approving consolidation after it reviewed the direct testimony of Cities' witness, Karl Nalepa, and TGS's direct and rebuttal testimonies.<sup>98</sup> GCSC said it reviewed the factors the Commission considered when approving GUD No. 10506.<sup>99</sup>

In GCSC's factual analysis between GUD No. 10506 and this case, the GCSC found the parties claiming opposition in both cases argued (1) consolidation would result in cost-shifting that would raise rates for one group of customers while subsidizing other groups of customers, (2) the proposed service areas were geographically discrete and were therefore inappropriate for consolidation, and (3) the utility had failed to provide specific evidence with respect to certain operational and administrative efficiencies or any specific rate impact to customers.<sup>100</sup> Despite these arguments, GCSC noted the Commission adopted the Examiners' findings and approved the consolidation.<sup>101</sup>

GCSC posits that it is not conceivable a cost-shifting scenario could be so extreme as to be unreasonable in this case.<sup>102</sup> GCSC thereby concludes TGS has presented undisputed evidence that its operating model, which is already organized based on employee functions or activities rather than geographic location, would undeniably result in fewer cost-of-service analyses and rate filing packages that must be filed through the consolidation of service areas.<sup>103</sup>

<sup>91</sup> TGS Initial Br. at 10.

<sup>92</sup> TGS Ex. 26 (McTaggart Rebuttal) at 7; TGS Initial Br. at 10.

<sup>93</sup> TGS Ex. 26 (McTaggart Rebuttal) at 7; TGS Initial Br. at 10.

<sup>94</sup> TGS Ex. 26 (McTaggart Rebuttal) at 7; TGS Initial Br. at 10.

<sup>95</sup> TGS Initial Br. at 10.

<sup>96</sup> TGS Ex. 26 (McTaggart Rebuttal) at 6; TGS Initial Br. at 10. In TGS's proposed CGSA, Austin is growing at a 20.2% pace while Galveston is growing at a rate of 5.7%. TGS Ex. 26 (McTaggart Rebuttal) at 6; TGS Initial Br. at 10. In Atmos Energy's existing West Texas Division, Odessa is growing at a rate of 20.7% while Pampa is shrinking at a rate of 4.2%. TGS Ex. 26a (McTaggart Rebuttal) at 6; TGS Initial Br. at 10. In CenterPoint's existing South Texas Division, Austin is growing at a pace of 20.2% while Duval County is shrinking at a 4.9% rate. TGS Ex. 26 (McTaggart Rebuttal) at 6; TGS Initial Br. at 10.

<sup>97</sup> Initial Brief of the GCSC, filed on May 22, 2020 ("GCSC Initial Br.") at 2.

<sup>98</sup> *Id.* at 2-3.

<sup>99</sup> GCSC Initial Br. at 3. Listing the factors as (1) that consolidation would likely result in numerous administrative and regulatory efficiencies that would benefit customers; (2) that consolidation would likely be more economical, efficient, and cost-effective for the utility and for customers by reducing the number of cost-of-service analyses and rate-filing packages that must be addressed; (3) that a consolidated service area would better reflect existing centralized operations, management, and decision-making processes; and (4) that consolidation would likely result in greater uniformity and consistency for the utility and its customers. *Id.*

<sup>100</sup> *Id.* at 3-4.

<sup>101</sup> *Id.* at 4.

<sup>102</sup> *Id.*; see TGS Ex. 26 (McTaggart Rebuttal) at 9.

<sup>103</sup> GCSC Initial Br. at 5.

Thus, the GCSC does not oppose consolidation of the CTSA, GCSA, and the City of Beaumont into a single service area – the CGSA.

### C. Opposition by Cities

Cities contest consolidation of the CTSA with the GCSA and submitted several arguments. First, Cities argue TGS has not met its burden to prove consolidation is appropriate and in the public interest as it improperly relies on precedent and has not proven the benefits of consolidation outweighs the detriment to CTSA and GCSA customers. Cities purports the Commission is not bound by precedent, the Commission must have a reasonable basis to approve consolidation, and the Commission must evaluate the facts and evidence unique in each case when determining whether consolidating service areas will result in unjust, unreasonable, and discriminatory rates.<sup>104</sup>

Cities oppose being incorporated into a system-wide rate that it believes will create subsidies and disparate treatment for the regions.<sup>105</sup> Furthermore, Cities argue TGS failed to quantify the benefits of consolidation—TGS failed to prove that consolidating the CTSA and GCSA is appropriate and in the public interest.<sup>106</sup> Cities insist consolidation of the CTSA and GCSA will be detrimental to customers as customers in both service areas will experience discriminatory rates and subsidize customers located in an entirely different region of the state.

Cities argue the service areas TGS previously consolidated were similarly situated in terms of geography and weather.<sup>107</sup> However, the service areas in this case are located in completely different geographical regions of the state, which lead to differences in consumption, weather events, and utility infrastructure requirements.<sup>108</sup> Cities assert that even TGS's recommended weather normalization adjustment ("WNA"), which would use distinct weather adjustment factors area for customers based on their location, is problematic. Cities stress that the WNA negates the benefits of system-wide rates, because the rates will be adjusted differently in each service area.<sup>109</sup>

Cities' witness, the President of ReSolved Energy Consulting, LLC, an independent utility consulting company, testified to the differences from a climate and economic activity perspective. Cities explained that differences in temperature extremeness and weather events drive consumption patterns.<sup>110</sup> For example, in colder months and in peak demand months, the CTSA customers use more gas; thus, more costs are allocated based on energy or on peak demand to the CTSA whereas GCSA residential customers use less gas on average because of the less severe winters along the coast.<sup>111</sup> The service areas also experience weather event extremes such as hurricanes and ice storms or flood events. Since hurricanes typically occur in the GCSA (e.g., Hurricane Harvey), Cities urged their costs should only be recovered in the GCSA.<sup>112</sup> Similarly, Cities recommended ice storms or flood events that only occurred in the CTSA should only be recovered from the CTSA customers.<sup>113</sup>

Cities suggests a similar approach in its discussion of TGS's proposed Pipeline Integrity Testing ("PIT") Rider to the consolidated service areas by noting the CTSA is the only service

<sup>104</sup> Cities Initial Brief, filed on May 26, 2020 ("Cities Initial Br.") at 4; Cities' Ex. No. 1 (Nalepa Direct) at 10:9-10:11.

<sup>105</sup> Cities Initial Br. at 4.

<sup>106</sup> Cities argue TGS has not quantified the alleged "numerous administrative and regulatory efficiencies" or how they will benefit its customers. See Cities Initial Br.; Cities Reply Brief, filed June 5, 2020.

<sup>107</sup> Cities Initial Br. at 7.

<sup>108</sup> *Id.*

<sup>109</sup> *Id.* at 12.

<sup>110</sup> Cities' Ex. No. 1 (Nalepa Direct) at 11.

<sup>111</sup> *Id.* at 12; see also Cities Initial Br. at 11. Review of a January bill shows CTSA residential customers at 82.3 Ccf and GCSA residential customers averaging 69.9 Ccf per month or 15 percent less. Cities' Ex. No. 1 (Nalepa Direct) at 12.

<sup>112</sup> *Id.*; see also Cities Initial Br. at 11-12.

<sup>113</sup> *Id.* at 12.

area that incurs PIT expenses because the GCSA does not have any transmission pipelines.<sup>114</sup> TGS insists that to require customers located in the GCSA to pay for costs they did not and could not incur will only continue to occur if the service areas are consolidated.<sup>115</sup> However, in the settlement agreement, the parties agree that the PIT Rider will apply only to the CTSA, regardless of the outcome of the litigated consolidation issue.<sup>116</sup>

From an economic activity perspective, Cities explores how the CTSA is growing much more rapidly than the GCSA. Cities illustrate how the CTSA has been experiencing a significant growth in the number of customers and system investments while the GCSA has seen a decline in the number of customers and only moderate increases in investments.<sup>117</sup> Since the GCSA's last rate case in GUD No. 10488 (July 2016) and the CTSA's last rate case in GUD No. 10526 (January 2017), Cities describe how the annual growth rate for plant additions (gross plant plus construction completed not classified) in the CTSA was 11.7% and 3.4% in the GCSA;<sup>118</sup> how the number of customers in the CTSA has experienced an average annual growth rate of 1.4% while the GCSA has experienced a loss of 0.3% per year;<sup>119</sup> and how gas volumes in the CTSA increased by an annual growth rate of 0.6% but the gas volumes in the GCSA declined by nearly 9% per year.<sup>120</sup>

Finally, according to Cities, the CTSA and GCSA differ much more at an economic activity perspective than at a climate perspective. Cities attest that the CTSA has been experiencing significant growth in the number of customers, and consequently, system investment while the GCSA has seen a decline in the number of customers and only moderate increases in investment.<sup>121</sup> Cities believe that because of this disparate growth, customers in the GCSA will be allocated and pay for a portion of the growth being seen in the CTSA under a consolidated service area.<sup>122</sup>

#### **D. Examiners' Findings and Recommendation<sup>123</sup>**

In its decision on the service area consolidation issue, the Commission is not bound to prior Commission or Texas court decisions. Instead, it is based on the unique facts and evidence presented in this case using the proper legal standard. The Examiners have considered all the evidence admitted and recommend TGS's proposed consolidation be approved.

##### **1. Legal Standard and Prior Cases**

While no statute speaks directly to service area consolidation, the Commission, in its informed discretion, may approve service area consolidation if it considers consolidation to be

<sup>114</sup> Cities' Ex. No. 1 (Nalepa Direct) at 29.

<sup>115</sup> Cities Initial Br. at 12.

<sup>116</sup> TGS Ex. 45 (Settlement) at 7 ¶ 20.

<sup>117</sup> Cities' Ex. No. 1 (Nalepa Direct) at 13.

<sup>118</sup> *Id.* at 13; *see also* Cities Initial Br. at 13. CTSA's gross plant plus construction completed not classified increased by \$262 million, or 56% and the GCSA increased by 16%. Cities' Ex. No. 1 (Nalepa Direct) at 13.

<sup>119</sup> *Id.* at 13; *see also* Cities Initial Br. at 13. The number of customers in the CTSA increased by 173,000 and the number of customers in the GCSA declined by 8,000. *Id.*

<sup>120</sup> Cities' Ex. No. 1 (Nalepa Direct) at 13.

<sup>121</sup> Cities Initial Br. at 13; Cities' Ex. No. 1 (Nalepa Direct) at 13. Mr. Nalepa explained that since its last rate case, gas volumes in the CTSA have increased by an average annual growth rate of 0.6% while gas volumes in the GCSA have declined by nearly 9% per year. Cities' Ex. No. 1 (Nalepa Direct) at 13.

<sup>122</sup> *Id.*

<sup>123</sup> While the facts of this case are distinct, the legal treatment on utility service area consolidation in Texas, which is contained in the GUD No. 10506 Proposal for Decision, applies here as well as the decision by the Third Court of Appeals in the City of Dallas, which provided the applicable legal standard for service area consolidation in Texas. *See* GUD No. 10506, *consolidated*, First Amended Proposal for Decision, issued September 16, 2020, pp. 8-14 (applying the legal treatment on utility service area consolidation in Texas); City of Dallas v. R.R. Comm'n of Tex., No. 03-06-00580-CV, 2008 WL 4823225 (Tex. App. – Austin, Nov. 6, 2008, no pet.) (mem. op.).

appropriate and in the public interest.<sup>124</sup> GURA Section 104.004 (Unreasonable Preference or Prejudice Prohibited) prohibits unreasonable differences concerning rates of service between *localities* or between *classes of service*<sup>125</sup> and restricts the variations between rates within municipalities and their environs.<sup>126</sup> GURA Section 101.002 (Purpose and Findings) provides that “[GURA] is enacted to protect the public interest inherent in the rates and services of gas utilities.”<sup>127</sup> GURA Section 104.003 (Just and Reasonable Rates) authorizes the Commission to treat as a single class two or more municipalities that a gas utility serves if the Commission considers that treatment to be “appropriate.”<sup>128</sup> Furthermore, the Third Court of Appeals in *City of Dallas v. R.R. Comm’n of Tex.*, No. 03-06-00580-CV, 2008 WL 4823225 (Tex. App. – Austin, Nov. 6, 2008, no pet.) (mem. op.) states that the geographic aspects of rate design are left to the Commission’s “informed discretion.”<sup>129</sup>

While the facts of this case are distinct, the legal treatment on utility service area consolidation in Texas contained in the GUD No. 10506 PFD applies here as well.<sup>130</sup>

While not binding, the Court of Appeals in *City of Dallas* was persuasive and provided guidance. In *City of Dallas*, the utility’s rates previously had been set on a municipality-by-municipality or region-by-region basis.<sup>131</sup> Cities made similar arguments that the party opposing consolidation in *City of Dallas* made: that shifting to statewide rates would force customers in one location “to subsidize” customers in other areas served by the utility, which would be “unfair, unjust, and unreasonable,” and that statewide rates were unjust and discriminatory to customers in areas of lower cost of service.<sup>132</sup> Despite these arguments, the Court of Appeals still found substantial evidence to support the Commission’s approval of system-wide rates, noting the Commission’s broad discretion in approving rates applicable to all areas in Texas served by a gas utility.<sup>133</sup>

## 2. No Basis for Discrimination<sup>134</sup>

TGS’s proposed service area consolidation is not discriminatory or prejudicial. There is no credible evidence that TGS’s proposed consolidation constitutes, or results in, a “discriminatory” or “prejudicial” act, as argued by Cities. On the contrary, the evidence shows that TGS’s proposed consolidation would result in system-wide rates for all CTSA, GCSA, and City of Beaumont customers in the newly formed CGSA. As the Court of Appeals has made plain, system-wide rates *avoid* unreasonable rate differences between localities or between classes of service.<sup>135</sup> There is no credible evidence that TGS will charge unreasonably different rates between localities or between classes of service in the proposed CGSA once it is formed. Accordingly, there is no merit to claims that consolidation is discriminatory or prejudicial to anyone.

<sup>124</sup> Tex. Util. Code § 101.002 (Purpose and Finding); see also *City of Dallas v. R.R. Comm’n of Tex.*, No. 03-06-00580-CV, 2008 WL 4823225 (Tex. App. – Austin, Nov. 6, 2008, no pet.) (mem. op.) (noting that when a statute is silent as to a rate design process under PURA, the Legislature has left it to the commission’s informed discretion).

<sup>125</sup> Tex. Util. Code § 104.004(3).

<sup>126</sup> Tex. Util. Code § 104.006 (Rates for Area Not in Municipality); see also 16 Tex. Admin. Code § 7.220(a).

<sup>127</sup> Tex. Util. Code § 101.002(a).

<sup>128</sup> *Id.* § 101.003(a).

<sup>129</sup> See *City of Dallas*, 2008 WL 4823225, at 9 (citing *Nucor Steel v. Pub. Util. Com’n of Texas*, 168 S.W.3d 260, 269 (Tex. App.—Austin 2005, no pet.)).

<sup>130</sup> See GUD No. 10506, consolidated, First Amended Proposal for Decision, issued September 16, 2020, pp. 8-14.

<sup>131</sup> *Id.* at 1.

<sup>132</sup> *Id.* at 1, 4.

<sup>133</sup> *Id.* at 10.

<sup>134</sup> See generally GUD No. 10506, consolidated at 12.

<sup>135</sup> See *id.* at 9 (“There is no dispute that uniform, statewide rates would comply with these requirements.”).



### 3. *Central-Gulf Coast Service Area (“CGSA”)*<sup>136</sup>

The Examiners looked only to the facts unique to TGS’s proposed consolidation of the CTSA, GCSA, and City of Beaumont in this docket, as contained in the evidentiary record, when considering the contested issue. Although the prior decisions are instructive in that they reflect the Commission’s established broad policy discretion in approving system-wide rates, as reinforced by the Third Court of Appeals in *City of Dallas* and as emanated from the statutory provisions of GURA, they do not bind the Commission to make the same determination here. The Examiners did consider the holding in *City of Dallas* but only to the extent that the Court of Appeals informed the applicable legal standard for service area consolidation in Texas, as well as the type and sufficiency of evidence needed to meet that standard. The Examiners also considered and applied the legal treatment contained in the GUD No. 10506 PFD on utility service area consolidation in Texas. Here, the weight of the evidence supports consolidation.

Through credible testimony, TGS demonstrated that consolidation of the CTSA, GCSA, and City of Beaumont into a single CGSA is likely to result in numerous administrative and regulatory efficiencies and that those efficiencies will benefit CGSA customers. Specifically, consolidation will likely reduce the number of cost-of-service studies and rate-filing packages TGS must prepare each time it seeks to change rates within these areas.<sup>137</sup> Thus, rate changes will be implemented uniformly and consistently, which is more economical, efficient, and cost-effective for TGS and its customers.

TGS also demonstrated that a consolidated CGSA will better reflect existing centralized operations, management, and decision-making processes. At the ONE Gas level, certain activities now are organized around function rather than geography. At the TGS level, many employees now have responsibilities for certain functions across many service areas.

In opposition, Cities insists that the GCSA has a lower cost of service compared to the CTSA and that consequently the GCSA customers will be “subsidizing” CTSA customers in the consolidated CGSC. Similar arguments were made in *City of Dallas*. While the factual circumstances in *City of Dallas* are different than here, the Court of Appeals in that case found substantial evidence to support the Commission’s approval of system-wide rates. Although the *City of Dallas* holding does not bind the Commission to make the same determination here, it does inform that these opposition arguments may not sufficiently address the legal standard that consolidation be appropriate and in the public interest.

Cities convincingly argue that consolidation may result in CTSA customers paying higher rates in the future in the consolidated CGSA than they otherwise might as a standalone service area. In fact, the evidence supports this.<sup>138</sup> However, the “public interest” may be broader than the specific interests of any one locality or its customers and may include more than quantifiable rate impacts.<sup>139</sup> The weight of the evidence still shows that consolidation likely will result in numerous operational and administrative efficiencies beneficial to *all* customers in the proposed CGSA even if Cities’ arguments are accepted as true.

<sup>136</sup> See generally GUD No. 10506, *consolidated* at 12-13 (applying the legal treatment on utility service area consolidation in Texas).

<sup>137</sup> See TGS Ex. 37 (Simmons Rebuttal) at 6 (“Consolidation results in greater administrative efficiencies by reducing annual reconsolidations and oversight responsibility for [TGS’s] regulators. In addition, customers benefit from aggregate cost sharing resulting in improved cost of gas rate stability with minimal impact to CTSA cost of gas rates.”).

<sup>138</sup> See *Id.* at 6, TGS Ex. NAS-R-1 (Analysis of the cost impacts of consolidated cost of gas rates compared to the historical separate service area cost of gas rates from June 2019 through February 2020 showed the average residential CTSA customer’s cost of gas would increase by \$0.13 monthly and the average residential GCSA customer’s cost of gas would decrease by \$1.53 monthly); see also TGS Ex. 26 (McTaggart Rebuttal) at 9 (showing how the CTSA proposed volumetric rates are higher under consolidation than stand-alone rates and how consolidated rates are lower than stand-alone rates for GCSA residential customers).

<sup>139</sup> See GUD No. 10506, *consolidated* at 13.



The Commission must also balance the interests of TGS, which Cities did not consider in its arguments. The Legislature makes plain that the purpose of GURA is “to establish a comprehensive and adequate regulatory system for gas utilities to assure rates, operations, and services that are just and reasonable to the customers *and to the utilities.*”<sup>140</sup> Gas utilities are afforded the *opportunity* to earn a reasonable return on their invested capital used and useful in providing service to the public in excess of their reasonable and necessary operating expenses.<sup>141</sup> It is unreasonable, then, to require gas utilities to strive for efficiency in their operations to earn a reasonable return, while at the same time denying gas utilities the opportunities to economize and streamline their operations by consolidating service areas—where doing so is appropriate and in the public interest.

Finally, the Commission has broad discretion in matters of geographic rate design including the setting of system-wide rates for a consolidated service area. Through credible testimony and in consideration of the facts unique to TGS’s proposed consolidation of the CTSA, GCSA, and City of Beaumont, as contained in the evidentiary record, the evidence shows that system-wide rates throughout the CGSA avoid unreasonable rate differences between customers and localities even when considering (1) the geographic distance between and among cities in the CGSA, (2) the climate or weather differences between and among cities in the CGSA, (3) the differences in gas consumption between and among cities in the CGSA, and (4) the rates of population and customer growth between and among cities in the CGSA.

#### **4. Conclusion**

Considering the evidence, the Examiners find the consolidation of the CTSA and GCSA into a single CGSA is appropriate and in the public interest. Accordingly, the Examiners recommend that TGS’s proposed service area consolidation be approved.

### **VIII. UNANIMOUS SETTLEMENT AGREEMENT**

Except for consolidation, the Settlement resolves all other issues in GUD No. 10928 and the consolidated dockets. The parties—TGS, Staff, Cities, and GCSC—participated in discovery and settlement negotiations and agree that resolution of this docket by settlement will significantly reduce the amount of reimbursable rate case expenses associated with this docket.<sup>142</sup> The parties agree that the rates, terms, and conditions reflected in the Settlement, subject to the Commission’s Final Order on consolidation, comply with the rate-setting requirements of GURA Chapter 104 (Rates and Services).<sup>143</sup> A copy of the Settlement is **Attachment 3** to this PFD.<sup>144</sup>

The Examiners have reviewed the Settlement and find that its terms and rate elements for both consolidation and stand-alone service area are just, reasonable, in the public interest, and consistent with the requirements of the Texas Utilities Code and applicable Commission rules. Accordingly, the Examiners recommend that the Settlement be approved, specifically the Settlement terms as they relate to a consolidated service area as discussed below.

#### **A. Revenue Requirement**

Under the Settlement, TGS will receive a \$10.3 million base rate increase for its consolidated CGSA – a reduction of \$5.37 million, 34 percent, from TGS’s amended request prior

<sup>140</sup> Tex. Util. Code § 101.002 (Purpose and Findings) (emphasis added).

<sup>141</sup> Tex. Util. Code § 104.051 (Establishing Overall Revenues).

<sup>142</sup> TGS Ex. 45 (Settlement) at 2.

<sup>143</sup> *Id.* at 2 ¶ 3; see Tex. Util. Code, Ch. 104.

<sup>144</sup> Attachment 3 excludes voluminous receipts and invoices related to TGS’s, Cities’, and GCSC’s incurred rate case expenses, treated later in the PFD.

to settling.<sup>145</sup> Except as specifically stated in the Settlement, the \$10.3 million revenue increase is a reduced settled amount and is not tied to any specific expense in the underlying cost of service in TGS's CGSA.<sup>146</sup>

GURA requires that "the regulatory authority shall establish the utility's overall revenues at an amount that will permit the utility a reasonable opportunity to earn a reasonable return on the utility's invested capital used and useful in providing service to the public in excess of its reasonable and necessary operating expenses."<sup>147</sup>

The parties agree that the rates, terms and conditions reflected in Exhibit A Consolidated to the Settlement comply with the rate-setting requirements of GURA Chapter 104 (Rates and Services).<sup>148</sup> The Settlement provides for a revenue requirement of \$119,396,796, which includes base rates designed to recover annual rate revenues of \$114,086,304.<sup>149</sup> The balance of \$5,310,492 will be recovered through other revenues, which includes service fee revenues and special contract transportation revenues, and unmetered gas light service revenue.<sup>150</sup> The revenue requirement is based on a test-year ending June 30, 2019, updated for known and measurable changes through September 30, 2019, with capital investment extending to December 31, 2019.<sup>151</sup> The revenue requirement includes affiliate expenses, treated separately below.<sup>152</sup>

Considering the evidence, the Examiners find the overall revenues for TGS in the Settlement to be just and reasonable and consistent with GURA Chapter 104 (Rates and Services).

## B. Rates

The base rates are designed for TGS to recover its base rate revenue requirement of \$114,086,304 from its customers, which is 9.92 percent more than the current amount of \$103,786,304. The table below compares the current revenue TGS receives from base rates to the revenue using the settled rates.<sup>153</sup> TGS will collect 80 percent of its total revenue from the residential class. This recovery percentage falls between the residential class' bills and usage ratios of 95 percent and 54 percent, respectively.<sup>154</sup> The parties agree that TGS's proposed class revenue allocation is reasonable.<sup>155</sup>

<sup>145</sup> TGS originally requested an increase of \$17,046,666. TGS Ex. 1 (SOI) at Exhibit B. TGS filed errata on February 26, 2020, reducing its requested increase to \$15,670,445. TGS Ex. 8 (Guerra Errata Direct) at 5.

<sup>146</sup> *Id.*

<sup>147</sup> Tex. Util. Code § 104.051 (Establishing Overall Revenues).

<sup>148</sup> TGS Ex. 45 (Settlement) at 2 ¶ 3.

<sup>149</sup> *Id.* at Exhibit B Consolidated, page 2 of 2, column (i), Line No. 52; TGS response to RFI 1-4, filed June 18, 2020 (official notice taken by ALJ) at Attachment A Settlement Model CGSA.

<sup>150</sup> TGS response to RFI 1-4 at Attachment A Settlement Model CGSA; TGS Response to RFI 1-2.

<sup>151</sup> TGS Ex. 1 (SOI) at 2, 17.

<sup>152</sup> See Tex. Util. Code § 104.055 (Net Income; Allowable Expenses); see also TGS's response to Examiners RFI 1-1.

<sup>153</sup> TGS Ex. 45 (Settlement) at 2 ¶ 3, Exhibit B Consolidated, page 2 of 2, column (i), Line No. 52; TGS response to RFI 1-4, filed June 18, 2020 (official notice taken by ALJ) at Attachment A Settlement Model CGSA.

<sup>154</sup> *Id.*

<sup>155</sup> TGS Ex. 45 (Settlement) at 6 ¶ 10.

**Table 1. Annual Revenue Allocation**

<b>Customer Class</b>	<b>Current</b>	<b>Settlement</b>	<b>Increase</b>	<b>Percent Allocated</b>
Residential	\$ 80,723,579	\$ 91,023,579	\$ 10,300,000	80%
Commercial	\$ 18,397,847	\$ 18,397,847	\$ -	16%
Industrial	\$ 1,222,000	\$ 1,222,000	\$ -	1.1%
Public Authority	\$ 3,335,082	\$ 3,335,082	\$ -	2.9%
Compressed Nat. Gas	\$ 107,796	\$ 107,796	\$ -	0.1%
<b>Total</b>	<b>\$ 103,786,304</b>	<b>\$ 114,086,304</b>	<b>\$ 10,300,000</b>	<b>100%</b>

Of the \$114.1 million base rate revenue requirement, the environs customers will contribute approximately \$9.51 million, which is 8.33 percent.<sup>156</sup> Currently, the environs customers contribute 8.31 percent of the adjusted test year revenue.<sup>157</sup>

The parties agree to the below monthly customer charges and volumetric rates for the CGSA.<sup>158</sup>

**Table 2. GCSA Rate Design**

<b>Customer Classes</b>	<b>Customer Charge</b>	<b>Commodity Charge</b>
Residential	\$ 16.00	\$0.32626
Commercial	\$ 53.33	\$0.12679
Commercial Transportation	\$265.33	\$0.12679
Public Authority	\$ 81.70	\$0.12549
Public Authority Transportation	\$104.70	\$0.12549
Industrial	\$320.96	\$0.12707
Industrial Transportation	\$520.96	\$0.12707
Public School Space Heating	\$134.70	\$0.10012
Public School Space Heating Transportation	\$234.70	\$0.10012
Compressed Natural Gas	\$192.63	\$0.06684
Compressed Natural Gas Transportation	\$217.63	\$0.06684
Electrical Cogeneration	\$104.70	1st 5,000 Ccf \$0.07720
		Next 35,000 \$0.06850
		Next 60,000 \$0.05524
		Over 100,000 \$0.04016
Electrical Cogeneration Transportation	\$104.70	1st 5,000 Ccf \$0.07720
		Next 35,000 \$0.06850
		Next 60,000 \$0.05524
		Over 100,000 \$0.04016

<sup>156</sup> TGS's response to Examiners RFI 1-2.

<sup>157</sup> *Id.*

<sup>158</sup> TGS Ex. 45 (Settlement) at 3-4 ¶ 4.

**GUD No. 10928, consolidated****PROPOSAL FOR DECISION**

Bill impacts for residential customers vary based on service area. Of the 293,997 residential customers, 86 percent take service in the CTSA. All but one of the remaining customers take service in the GCSA, with the one customer taking service in Beaumont.<sup>159</sup> In the CTSA, the incorporated and environs rates are currently the same. The current rates for the GCSA environs and incorporated customers are not the same. The tables below compare the current rates to the settled rates for residential customers.

**Table 3. Current to Settled Customer Charge<sup>160</sup>**

Area	Current	Settled	Difference
CTSA	\$ 18.81	\$ 16.00	\$ (2.81)
GCSA-Inc	\$ 12.42	\$ 16.00	\$ 3.58
GCSA-Env	\$ 14.17	\$ 16.00	\$ 1.83
Beaumont	\$ 12.10	\$ 16.00	\$ 3.90

**Table 4. Current to Settled Volumetric Charge (Ccf)<sup>161</sup>**

Area	Current	Settled	Difference
CTSA	\$0.12064	\$0.32626	\$ 0.20562
GCSA-Inc	\$0.45616	\$0.32626	\$(0.12990)
GCSA-Env	\$0.40680	\$0.32626	\$(0.08054)
Beaumont	\$0.45616	\$0.32626	\$(0.12990)

These rate changes are used to calculate the bill impact for average usage residential customers, shown below. A complete bill impact for all customer classes is **Attachment 4** to this PFD.

**Table 5. Bill Impact (Base Rates)<sup>162</sup>**

Area	Current Bill	Proposed Bill	Proposed Change	Including Gas Cost	Excluding Gas Cost
CTSA	\$36.13	\$ 39.64	\$ 3.51	9.7%	14.9%
GCSA-Inc	\$41.02	\$ 39.64	\$ (1.38)	-3.36%	-1.22%
GCSA-Env	\$41.29	\$ 39.64	\$ (1.65)	-4.00%	-2.23%
Beaumont	\$40.70	\$ 39.64	\$ (1.06)	-2.60%	0.01%

In addition to base rates, the parties also agreed to a rate case expense surcharge and an EDIT credit for all customers. For the current CTSA customers, the parties agree to a PIT surcharge. For the current GCSA customers, the parties agree to a Hurricane Harvey surcharge. These four surcharge and credit riders are discussed in detail later in the PFD.

<sup>159</sup> TGS Ex. 1 (SOI) at Exhibit E – Public, page 1.

<sup>160</sup> TGS Ex. 3 (McTaggart Affidavit) at Public Notice; TGS Ex. 45 (Settlement) at 3 ¶ 4.

<sup>161</sup> TGS Ex. 3 (McTaggart Affidavit) at Public Notice; TGS Ex. 45 (Settlement) at 3 ¶ 4.

<sup>162</sup> TGS's response to Examiners RFI 1-4. The bill impact does not include revenue-related taxes and does not include the Conservation Adjustment Clause rate, which is applicable in the incorporated CTSA. Furthermore, the average usage of 30 Ccf is calculated by dividing the adjusted test-year residential Ccf (105,731,639) by the adjusted test-year residential Bills (3,532,965) = 29.92, and rounded to the nearest Ccf, 30. The table also uses data from RFI Response 1-4, Attachment A – Settlement Model CGSA, Current and Recommended Rates tab.

Considering the evidence, the Examiners find that the Settlement rates comply with GURA Section 104.003 (Just and Reasonable Rates) because the rates are not unreasonably preferential, prejudicial, or discriminatory but are sufficient, equitable, and consistent in application to each class of customer. The Examiners also find that the Settlement rates are just and reasonable and comply with GURA Section 104.004 (Unreasonable Preference or Prejudice Prohibited) because the rates do not establish or maintain an unreasonable difference concerning rates of services between localities or between classes of service. Furthermore, the Settlement rates comply with GURA Section 104.006 (Rates for Area not in Municipality) because the rates for environs customers will not exceed 115 percent of the average of all rates for similar services for all municipalities served by TGS in the same counties. Finally, the Examiners find the rates and tariffs for both the recommended consolidated service area and for the stand-alone CTSA and GCSA comply with the rate-setting requirements of GURA Chapter 104.

### C. Public Interest Determination

GURA Section 102.051 (Report of Certain Transactions; Railroad Commission Consideration) requires a gas utility to report to the Commission a sale of plant as an operating unit or system for total consideration of more than \$1 million.<sup>163</sup> On July 19, 2019, ONE Gas timely notified the Commission of a June 30, 2019 purchase transaction, whereby ONE Gas acquired ONEOK Transmission Company (“OTC”) and its assets from ONEOK.<sup>164</sup> As part of the transaction, ONE Gas formed an affiliate of TGS called ONE Gas Pipeline Company (“OPC”) to own the assets.<sup>165</sup> The assets consist of a natural gas pipeline system extending from Kyle, Texas to Cuero, Texas and connect TGS’s distribution system in the area to transmission pipelines. The OPC line and the TGS distribution lines in the area form a closed system, meaning that all gas consumed by TGS customers in the area is first shipped on the OPC line, all gas shipped on the OPC line is consumed by TGS customers, and no gas shipped on the OPC line leaves TGS’s system.<sup>166</sup>

In the Settlement, the parties agree that this transaction is in the public interest.<sup>167</sup> The parties further agree that TGS will reduce rate base by \$2,481,514 for the negative acquisition adjustment on OPC plant and will amortize the acquisition adjustment over 20 years, to be recognized below the line.<sup>168</sup> The parties also agree that TGS’s request to transfer the OPC assets into TGS’s existing system is reasonable and should be approved.<sup>169</sup>

In finding the transaction to be in the public interest, the Commission shall consider “the reasonable value of the property, facilities, or securities to be acquired, disposed of, merged, or consolidated.”<sup>170</sup> Here, TGS offered evidence that the transaction meets the public interest threshold.<sup>171</sup> According to TGS, the transaction will not affect the operation of the pipeline nor the customers’ service and rates. TGS explains that operation and maintenance of the pipeline will be streamlined by having the same entity operate and own the line once the line is fully incorporated into TGS’s existing system at the conclusion of this rate case. The Rates and Regulatory Director for TGS testified to the following:<sup>172</sup>

- The transfer of assets and operations has been seamless;

<sup>163</sup> Tex. Util. Code § 102.051(a)(1).

<sup>164</sup> TGS Ex. 6 (McTaggart Direct) at 6-16; GUD No. 10877.

<sup>165</sup> TGS Ex. 6 (McTaggart Direct) at 6-9.

<sup>166</sup> *Id.*

<sup>167</sup> TGS Ex. 45 (Settlement) at 7 ¶ 13.

<sup>168</sup> TGS Ex. 45 (Settlement) at 7 ¶ 14.

<sup>169</sup> *Id.* at 7 ¶ 15.

<sup>170</sup> Tex. Util. Code § 102.051(b).

<sup>171</sup> TGS Ex. 6 (McTaggart Direct) at 9.

<sup>172</sup> *Id.*



**GUD No. 10928, consolidated****PROPOSAL FOR DECISION**

- There has been no change in personnel operating the system, no change in service to the customers, and no change in rates to the customers;
- The assets were recorded on TGS's books at the original cost and accumulated depreciation amount on the seller's books; and
- The acquisition has had no impact on TGS's or OPC's existing obligations.

At the conclusion of this case, ONE Gas intends to transfer the OPC assets to TGS for incorporation into TGS's existing distribution system.<sup>173</sup> TGS explains that after the transfer, OPC will be dissolved and the contracts will be assigned to TGS and that the 10 end-users will have existing contracts to transport gas on TGS's system.<sup>174</sup>

Having considered the GURA Section 102.051 factors, TGS's supporting evidence, and the Settlement, the Examiners recommend that the Commission determine that the transaction is in, and consistent with, the public interest.

**D. GUD No. 10695 Compliance (EDIT)**

On February 27, 2018, the Commission issued an Accounting Order in GUD No. 10695 that reflects the Commission's directives regarding changes to utility rates to account for the change in the federal corporate income tax rate due to the Federal Tax Cut and Jobs Act of 2017 ("TCJA"). The Parties agree that TGS has complied with the requirements in the Accounting Order for the CTSA and GCSA and that its related filings were reasonable and accurate, subject to Term 22 of the Settlement.<sup>175</sup>

Term 22 of the Settlement pertains to TGS's EDIT Rider, which the parties find to be reasonable and will reflect the following:<sup>176</sup>

- Under "Calculation of Credit," after Section 13001(d) add, "for the protected portion of the regulatory liability for excess deferred income taxes;"
- TGS will include the tax gross-up component (i.e., liability balances for both protected and unprotected EDIT) when determining the EDIT liability to be returned to customers as a result of the Act;
- A four-year amortization period for unprotected EDIT; and
- TGS's agreement to provide an initial EDIT refund in September 2020 for 2018 and 2019 amounts and then every February thereafter, with the refund for February 2021 consisting of amounts for calendar year 2020.

The EDIT credit per customer will vary, with the first credit occurring in September 2020, and the remaining credits occurring in February of each year until fully amortized.<sup>177</sup> The calculations of the EDIT refund is in **Attachment 5** to the PFD. The initial credit for September 2020 is listed in the below table.<sup>178</sup>

<sup>173</sup> *Id.* at 10.

<sup>174</sup> *Id.*

<sup>175</sup> TGS Ex. 45 (Settlement) at 7 ¶ 16.

<sup>176</sup> *Id.* at 8 ¶ 22.

<sup>177</sup> *Id.* at 8 ¶ 22, at Exhibit A p. 85-86.

<sup>178</sup> Letter to ALJ from Kate Norman, counsel for TGS, filed on June 5, 2020 (attaching EDIT refund information and associated native electronic files); see also Hearings Letter No. 41 (Rate Case Expenses Docket Consolidated with GUD No. 10928, Official Notice, Close of Evidentiary Record, PFD Forthcoming), issued June 26, 2020 (taking official notice to the June 5, 2020 filing of the proposed tariffs and calculations related to the EDIT Refund that will be provided to TGS customers in September 2020) at 1-4.

**Table 6. EDIT Credit (September 2020)**

<b>Customer Class</b>	<b>Credit</b>
Residential	\$ 23.19
Commercial	\$ 95.35
Industrial	\$1,580.89
Public Authority	\$ 191.42
Public Schools Space Heat	\$ 191.42
Electrical Cogeneration	\$ 191.42
Compressed Nat. Gas	\$1,100.18

Per the EDIT-Rider, TGS will annually amortize the regulatory liability for excess deferred income taxes resulting from the TCJA and in compliance with GUD No. 10695.<sup>179</sup> The EDIT Credit will be determined by the average rate assumption method (“ARAM”) as required by the TCJA Section 13001(d) for the protected portion of the regulatory liability for excess deferred income taxes; and a 4-year amortization for nonprotected property.<sup>180</sup> TGS will determine the EDIT credit per customer by allocating that year’s credit, plus or minus any prior year true up adjustment, among the customer classes using the same class revenue allocation as approved in the most general rate case, and then by dividing each class’s portion by the number of customers in that class.<sup>181</sup> TGS is also required to make an annual filing with the Commission each year no later than December 31 to include the following information:<sup>182</sup>

- a. The total dollar amount of that year’s EDIT Credit;
- b. The total dollar amount actually credited to customers;
- c. True-up amount, if any, due to the difference between items a, and b;
- d. The amount of the upcoming year’s EDIT Credit; and
- e. The amounts of the upcoming year’s EDIT Credit per customer.

Considering the evidence, the Examiners find TGS has complied with the requirements set forth in the GUD No. 10695 Accounting Order (Feb. 27, 2018) and Order Nunc Pro Tunc (March 20, 2018).

### **E. Cost of Capital**

Prior to settling, TGS requested a rate of return (“ROR”) of 7.93 percent based on a 10 percent return on equity (“ROE”), a 4.53 percent cost of debt, and a capital structure of 62.12 percent equity and 37.88 percent debt.<sup>183</sup> In the Settlement, the parties agree to a 7.46 percent ROR by reducing the ROE request by 50 basis points to 9.5 percent and reducing the equity ratio to 59 percent.<sup>184</sup> The settled capital structure and weighted cost of capital, including the pre-tax return, is shown below.<sup>185</sup>

<sup>179</sup> TGS Ex. 45 (Settlement) at Exhibit A Consolidated, page 85.

<sup>180</sup> *Id.* at Exhibit A Consolidated, page 85.

<sup>181</sup> *Id.*

<sup>182</sup> *Id.* at Exhibit A Consolidated, page 86.

<sup>183</sup> TGS Ex. 21 (Fairchild Direct) at 4.

<sup>184</sup> TGS Ex. 45 (Settlement) at 5 ¶ 8.

<sup>185</sup> *Id.*

**Table 7. Cost of Capital**

<b>Class of Capital</b>	<b>Percent</b>	<b>Cost</b>	<b>Weighted Cost of Capital</b>	<b>Pre-tax Return</b>
Long-Term Debt	41%	4.53%	1.86%	1.86%
Common Equity	59%	9.50%	5.61%	7.09%
Total	100%		<b>7.46%</b>	<b>8.95%</b>

The parties agree that the capital structure and related components, as shown above, shall be used in future IRA filings.<sup>186</sup>

Considering the evidence, the Examiners find the rate of return, including the capital structure, cost of debt, and return on equity in the Settlement to be just and reasonable and consistent with GURA Section 104.052 (Establishing Fair Rate of Return).

### **F. Depreciation Rates**

The parties agree that the depreciation rates for distribution and general plant, as well as TGS Division plant and corporate plant depreciation rates, as shown on Exhibit C Consolidated to the Settlement, are reasonable.<sup>187</sup>

Considering the evidence, the Examiners find the depreciation rates reflected in the Settlement, in particular for consolidation, are proper and adequate, just and reasonable, supported by the evidence, and are consistent with the requirements in GURA Section 104.054 (Depreciation, Amortization, and Depletion). Accordingly, the Examiners recommend their approval.

### **G. Capital Investment Prudency**

TGS requests a prudency determination for capital investment made: (1) from January 1, 2016 through December 31, 2018 for the GCSA environs and for the incorporated and unincorporated areas of the CTSA; and (2) from January 1, 2019 through December 31, 2019 for the environs and incorporated areas of the GCSA and CTSA.<sup>188</sup> TGS is not seeking a prudency determination for investment in the incorporated areas of the GCSA made from January 1, 2016 through December 31, 2018 because the cities within the GCSA already made the necessary prudency determination in TGS's annual Cost of Service Adjustment filings.<sup>189</sup>

TGS also requests a determination that its GRIP filings are just and reasonable and in accordance with GURA 104.301 (Interim Adjustment for Changes in Investment).<sup>190</sup> The capital investments amount include the investments reflected in TGS's GRIP filings as shown below.<sup>191</sup>

**Table 8. GRIP Filings CTSA Environs**

<b>GUD No.</b>	<b>GRIP Period</b>	<b>Order Date</b>
10610	2016	June 6, 2017
10714	2017	June 5, 2018
10824	2018	June 4, 2019

<sup>186</sup> *Id.* at 5-6 ¶ 9.

<sup>187</sup> *Id.* at 4-5 ¶ 6, Exhibit C Consolidated.

<sup>188</sup> TGS Ex. 5 (Norman Direct) at 16.

<sup>189</sup> *Id.* at 17.

<sup>190</sup> *Id.* at 18; see Tex. Util. Code § 104.301 (Interim Adjustment for Changes in Investment).

<sup>191</sup> *Id.* at 16. The Commission only approved GRIPS for the Environs areas. GRIPS for the CTSA incorporated customers were approved via City Ordinances.

**Table 9. GRIP Filings GCSA Environs**

GUD No.	GRIP Period	Order Date
10666	2016	March 20, 2018
10781	2017	January 23, 2019
10857	2018	September 11, 2019

TGS explains that capital investment in TGS's infrastructure and other assets is necessary to maintain and expand the utility system in order to provide safe and reliable service to its customers and that safety, reliability, and growth are the primary drivers for capital investment.<sup>192</sup> Since 2016, TGS has, on a combined basis, increased its net plant in the proposed CGSA by about \$39 million per year, or 8.56 percent annually, totaling \$157 million.<sup>193</sup>

The parties agree that TGS's capital investment booked to plant through December 31, 2019, including investment identified in TGS's IRA filings is prudent as follows: net plant of \$543,392,910, which reflects a net plant disallowance of \$205,619.<sup>194</sup>

Considering the evidence, the Examiners find that TGS's capital investment booked to plant in the proposed CGSA through December 31, 2019, including investment identified in TGS's IRA filings, is reasonable and prudent, and used and useful, except for a disallowance from net plant of \$205,619 is reasonable.

#### **H. Future Interim Rate Adjustment ("IRA") Factors**

The parties agree that any IRA filing in the CGSA pursuant to GURA Section 104.301 (Interim Adjustment for Changes in Investment) shall use the following factors until changed by a subsequent general rate proceeding affecting rates in the service area:<sup>195</sup>

- The capital structure and related components shown in Table 7 above;
- For the initial IRA filing and for all subsequent IRA filings, the depreciation rate for each account shall be as shown on Exhibit C Consolidated to the Settlement;
- For the initial IRA filing, the beginning balance of net plant in service shall be \$543,392,910 as shown on Exhibit D Consolidated to the Settlement;
- For the initial IRA filing, the customer charges and commodity charges as shown in Table 2 will be the starting rates to which any IRA adjustment is applied;
- Federal income taxes will be calculated using a 21 percent rate, unless the federal income tax rate is changed, in which case the new rate will be applied; and
- The base rate revenue allocation factors to spread any change in IRA increase/decrease to the appropriate customer classes are as follows:

<sup>192</sup> *Id.*

<sup>193</sup> *Id.* at 18-19, Exhibit SN-5.

<sup>194</sup> TGS Ex. 45 (Settlement) at 5 ¶ 7.

<sup>195</sup> *Id.* ¶ 9.

**Table 10. Base Rate Allocation Factors**

<b>Customer Class</b>	<b>Allocation</b>
Residential	79.79%
Commercial	16.13%
Industrial	1.07%
Public Authority	2.92%
Compressed Nat. Gas	0.09%
<b>Total</b>	<b>100%</b>

Considering the evidence, the Examiners find these Settlement terms to be just and reasonable.

### **I. Tariffs**

The parties agree to the rates, terms, and conditions reflected in the tariffs attached to the Settlement as Exhibit A Consolidated. The Settlement tariffs shall be effective for bills rendered on or after August 4, 2020.<sup>196</sup> The CGSA tariffs represent an increase of an additional \$10.3 million in annual revenues, as illustrated in the proof of revenues attached as part of Exhibit B Consolidated to the Settlement.<sup>197</sup> The parties agree that the rates, terms, and conditions reflected in the tariffs comply with the rate-setting requirements of GURA Chapter 104 (Rates and Services).<sup>198</sup> TGS agrees to file, within 30 days of the Final Order, its rate schedules in proper form to accurately reflect the rates and tariffs approved in the Final Order.<sup>199</sup> TGS also agrees that any incremental change in rates approved by the Commission and implemented by TGS shall be subject to refund unless and until TGS's tariffs are electronically filed and accepted by the Gas Services Department in accordance with Commission Rule 7.315 (Filing of Tariffs).<sup>200</sup>

Within the tariffs are the Rules of Service. The parties agree that the Rules of Service should reflect the following:<sup>201</sup>

- In Section 7.1, the underlined language should be added: "This estimated amount shall be contributed by the Applicant to the Company before construction, unless the Applicant is a qualified Blanket Builder, or unless the cost of the service line was previously included in the main extension calculation under Section 8.1;" and
- The applicability of the approved Rules of Service to either the consolidated CGSA or the stand-alone CTSA and GCSA is subject to the Commission's Final Order.

<sup>196</sup> *Id.* at 2-3 ¶ 3, Exhibit A Consolidated.

<sup>197</sup> *Id.* at 2-3 ¶ 3, Exhibit A Consolidated, Exhibit B Consolidated.

<sup>198</sup> *Id.* at 2-3 ¶ 3; see Tex. Util. Code, Ch. 104.

<sup>199</sup> *Id.* at 11 ¶ 31.

<sup>200</sup> *Id.*; 16 Tex. Admin. Code § 7.315 (Filing of Tariffs).

<sup>201</sup> TGS Ex. 45 (Settlement) at 8 ¶ 23.



Table 11. CGSA Tariffs

Purpose	Rate Schedule Incorporated	Rate Schedule Environs
Cost of Gas Clause	1-INC	1-ENV
Residential Service Rate	10	1Z
Commercial Service Rate	20	2Z
Industrial Service Rate	30	3Z
Public Authority Service Rate	40	4Z
Public Schools Space Heating Service Rate	48	4H
Unmetered Gas Light Service Rate	70	7Z
Electrical Cogeneration Rate	C-1	C-1-ENV
Compressed Natural Gas Service Rate	CNG-1	CNG-1-ENV
Transportation Service Rate	T-1	T-1-ENV
Rate Case Expense Surcharge	RCE	RCE-ENV
Current GCSA and Beaumont		
Hurricane Harvey Surcharge	HARV-Rider	
Current CTSA		
Pipeline Integrity Testing Rider	PIT	
Pipeline Integrity Testing Surcharge Rider	PIT-Rider	
General		
Rules of Service		
Excess Deferred Income Tax Credit	EDIT-Rider	
Pipeline Safety and Regulatory Program Fees	PSF	
General Terms and Conditions for Transportation Service	T-Terms	
Weather Normalization Adjustment Clause	WNA	

Considering the evidence, the Examiners find the Settlement's tariffs to be just and reasonable and recommend their approval.

#### J. Postemployment Benefits Expense

To give effect to GURA 104.059 (Pension and Other Postemployment Benefits),<sup>202</sup> the parties agree that the base year level of pension-related and other post-employment benefits expenses shall be as noted in the table below.<sup>203</sup> TGS may pursue recovery of a deferred benefit regulatory asset or liability pursuant to GURA Section 104.059 (Pension and Other Postemployment Benefits ("OPEB")) in a future filing using the following amounts as the base-year levels to track changes in pension-related and other post-employment benefits.<sup>204</sup>

<sup>202</sup> Tex. Util. Code § 104.059.

<sup>203</sup> *Id.* at 6 ¶ 11.

<sup>204</sup> *Id.* at 3-4 ¶ 5.

**Table 12. CGSA Pension and OPEB**

Description	Amount
Pension	\$1,638,623
OPEB	\$58,982

Considering the evidence, the Examiners find the base year level of pension-related and other post-employment benefits expenses to be just and reasonable and consistent with the requirements in GURA Section 104.059 (Pension and Other Postemployment Benefits).

### **K. Services Provided by Affiliates**

The Commission is required to make specific findings related to affiliate transactions before rates may be adopted.<sup>205</sup> Those findings include: (1) a specific finding of the reasonableness and necessity of each item or class of items allowed and (2) a finding that the price to the gas utility is not higher than the prices charged by the supplying affiliate to its other affiliates or division or to a non-affiliated person for the same item or class of items.<sup>206</sup>

Here, TGS requests recovery of certain affiliate expenses. During the test year, services were provided to TGS by an affiliate, Utility Insurance Company ("UIC"), which provided insurance coverage to TGS. The Settlement does not assign exact amounts of recoverable affiliate costs, but TGS explains that the affiliate amounts sought under the Settlement are the same as the amounts it requested, specifically:<sup>207</sup>

- \$1,401,986 of affiliate UIC expenses and<sup>208</sup>
- \$672,410 for the 13-month average of UIC costs included in prepayments in rate base.<sup>209</sup>

TGS provides evidence supporting that these affiliate services and expenses are reasonable and necessary.<sup>210</sup> TGS explains that it is necessary for TGS and ONE Gas to maintain insurance coverage, and the premiums charged by UIC are developed according to a risk-based methodology common to the insurance industry that results in a reasonable amount of insurance costs. Furthermore, TGS explains that the rates charged by UIC to the divisions of ONE Gas are developed according to the same methodology for each divisions; thus, adjusted for risk, the price charged to TGS is not higher than that charged to other affiliates or divisions. TGS also attests that UIC does not provide insurance to any non-affiliated parties.<sup>211</sup>

According to TGS, there are no OPC affiliate costs in the revenue requirement.<sup>212</sup> TGS explains that OPC was an affiliate of TGS after its acquisition, and OPC-related costs were used to determine a known and measurable adjustment to test year costs to reflect the inclusion of the OPC assets into the existing TGS system, with the total expenses and net plant included in rate base for OPC in the CGSA being \$473,593 and \$5,050,466, respectively.<sup>213</sup>

The parties agree that the costs related to UIC and OPC included in the revenue requirement are reasonable and necessary and recoverable consistent with the provisions in

<sup>205</sup> See Tex. Util. Code § 104.055 (Net Income; Allowable Expenses).

<sup>206</sup> Tex. Util. Code § 104.055(b).

<sup>207</sup> TGS's response to Examiners RFI 1-1.

<sup>208</sup> TGS Ex. 11 (Brown Direct) at Exhibit AQB-1.

<sup>209</sup> TGS Ex. 9 (M. Edwards Direct) at Exhibit MRE-1.

<sup>210</sup> TGS Ex. 6 (McTaggart Direct) at 23-24; TGS Ex. 17 (Smith Direct) at 3-12.

<sup>211</sup> TGS Ex. 6 (McTaggart Direct) at 23-24; TGS Ex. 17 (Smith Direct) at 3-12.

<sup>212</sup> TGS response to RFI 1-1; TGS Ex. 6 (McTaggart Direct) at 6, 23-25.

<sup>213</sup> TGS response to RFI 1-1.

GURA Section 104.055(b).<sup>214</sup> The parties agree that these affiliate costs are reasonable, necessary, and recoverable consistent with the provisions of GURA Section 104.055 (Net Income; Allowable Expenses).<sup>215</sup>

Considering the evidence, the Examiners find that TGS has established that the services provided to it by its affiliate, UIC, are reasonable and necessary. The affiliate expenses included in the Settlement are reasonable and necessary costs of providing gas utility service, and the prices charged to the CGSA are no higher than the prices charged by the supplying affiliate to other affiliates or divisions of TGS, or to a non-affiliated person for the same item or class of items. Accordingly, the Examiners recommend that the affiliate expenses included in the Settlement amount be approved.

## **L. Other issues**

### **1. Tiered Residential Rates**

The parties agree that TGS will prepare a study of tiered residential rates for the next rate case filing for the CGSA.<sup>216</sup>

### **2. Cloud-based Service Computing**

The parties agree that that cloud-based service computing implementation costs, which were previously capitalized to FERC Account 101, will be capitalized to FERC Account 186 after December 15, 2019 and will be subject to recovery as capital investment in IRA filings.<sup>217</sup> The parties further agree that TGS should continue its treatment of amortizing implementation costs of cloud-based software over the same period as on-premise software, which for purposes of this Settlement is 13 years.<sup>218</sup>

### **3. Meals and Hotel Costs**

The parties agree that TGS's proposed treatment of meals of \$25 per person per meal, exclusive of tip and tax, is reasonable in this docket and in future rate proceedings, including IRA filings.<sup>219</sup>

The parties also agree that hotel expenses, exclusive of taxes, up to \$175 per room per night are reasonable in this docket and in future rate proceedings, including IRA filings.<sup>220</sup>

### **4. Pipeline Integrity Testing ("PIT") Rider**

The parties agree that TGS's proposed Pipeline Integrity Testing ("PIT") Rider is reasonable, through which TGS will annually recover the prior year's actual expenditures, expected to average \$276,480 per year, and the rider will apply only to the CTSA, regardless of the outcome of the litigated consolidation issue.<sup>221</sup> The rate, which has yet to be determined, will be volumetric, with the surcharge being calculated as total annual testing expense divided by estimated annual usage.<sup>222</sup>

<sup>214</sup> TGS Ex. 45 (Settlement) at 8 ¶12.

<sup>215</sup> *Id.* at 6-7 ¶¶ 11.

<sup>216</sup> *Id.* at 4 ¶ 5.

<sup>217</sup> *Id.* at 7 ¶ 17.

<sup>218</sup> *Id.*

<sup>219</sup> *Id.* at 7 ¶ 18.

<sup>220</sup> *Id.* at 7 ¶ 19.

<sup>221</sup> *Id.* 7 ¶ 20.

<sup>222</sup> *Id.* 7 ¶ 20, Exhibit A Consolidated, pp. 88-91.

### 5. Hurricane Harvey (“HARV”) Rider

The parties agree that TGS’s proposed Rate Schedule HARV-Rider related to costs incurred to restore service following Hurricane Harvey is reasonable.<sup>223</sup> TGS will recover \$489,389 over a two-year period, which reflects removal of \$225,000 of labor expense, and the rider will apply only to the GCSA regardless of the outcome of the litigated consolidation issue.<sup>224</sup> The rider will also recover \$78,867.46 of rate case expenses associated with GUD No. 10844.<sup>225</sup> The rate will be a volumetric surcharge of \$0.01141 per Ccf.<sup>226</sup> The calculation of the rate is illustrated in the below table.<sup>227</sup>

**Table 13. Hurricane Harvey Surcharge Rate**

Item	Amount
Hurricane restoration expenses	\$489,389.00
GUD No. 10844 rate case expenses	\$ 78,867.46
<b>Total Hurricane Harvey Recovery</b>	<b>\$568,256.46</b>
Recovery Period (Years)	2
Annual Recovery	\$284,128.23
GCSA Volumes (Ccf)	24,901,632
<b>Hurricane Harvey Rate (\$/Ccf)</b>	<b>\$ 0.01141</b>

### 6. Natural Event Response Rider (“NER”) Rider

In its initial filing, TGS requested a Natural Event Response (“NER”) Rider to allow it to defer and later seek recovery of future extraordinary expenses associated with TGS’s efforts to restore service after storms and other natural disasters or events, less any insurance reimbursement.<sup>228</sup>

The parties agree that, instead of supporting approval of TGS’s proposed NER Rider, TGS can request an accounting order from the Commission under circumstances in which TGS incurs costs to restore service following a natural disaster or similar event, including providing notice to the cities, and provided that the parties agree that, absent a city ordinance to the contrary, a Commission-approved accounting order will be applicable for incorporated and environs areas.<sup>229</sup>

### 7. Share the Warmth

TGS agrees to work to increase awareness of the Share the Warmth customer assistant program and the opportunity for existing customers to make voluntary contributions to the program.<sup>230</sup> The parties agree a committee will be formed to assess the program and the need for continued funds on an annual basis, consistent with the details provided in Exhibit E to the Settlement.<sup>231</sup> TGS agrees to contribute \$120,000 annually from shareholders to the Share the Warmth program for the CGSA, with contributions continuing until the next rate case.<sup>232</sup>

<sup>223</sup> *Id.* at 8 ¶21.

<sup>224</sup> *Id.*

<sup>225</sup> *Id.* at 9 ¶26.

<sup>226</sup> *Id.* at Exhibit A Consolidated at 87.

<sup>227</sup> TGS Response to RFI 1-7.

<sup>228</sup> TGS Ex. 1 (SOI) at 3; TGS Ex. 6 (McTaggart Direct) at 45-47.

<sup>229</sup> TGS Ex. 45 (Settlement) at 8 ¶ 24.

<sup>230</sup> *Id.* at 9 ¶ 25.

<sup>231</sup> *Id.* at 9 ¶ 25, Exhibit E; see also TGS response to RFI 1-10 (correcting typographical error in Exhibit E).

<sup>232</sup> TGS response to RFI 1-6 (clarifying Settlement Term 25).

Considering the evidence, the Examiners find the aforementioned issues (tiered residential rates, cloud-based service computing, meals and hotel costs, PIT Rider, HARV-Rider, NER Rider, and Share the Warmth) are reasonable and recommend approval.

### **M. Rate Case Expenses**

TGS, Cities, and GCSC request reimbursement/recovery of reasonable rate case expenses totaling \$1,712,135.45.<sup>233</sup> In any gas utility rate proceeding, the utility and municipalities participating in the proceeding, if any, may be reimbursed their reasonable rate case expenses.<sup>234</sup> Any gas utility or municipality claiming reimbursement for its rate case expenses shall have the burden to prove the reasonableness of such rate case expenses by a preponderance of the evidence.<sup>235</sup> Each gas utility and/or municipality shall detail and itemize all rate case expenses and allocations and shall provide evidence showing the reasonableness of the cost of all professional services, including but not limited to:

- (1) the amount of work done;
- (2) the time and labor required to accomplish the work;
- (3) the nature, extent, and difficulty of the work done;
- (4) the originality of the work;
- (5) the charges by others for work of the same or similar nature; and
- (6) any other factors taken into account in setting the amount of the compensation.<sup>236</sup>

In determining the reasonableness of the rate case expenses, the Commission shall consider all relevant factors including, but not limited to, the above evidence. The Commission 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 that may be granted.<sup>237</sup>

TGS, Cities, and GCSC all filed affidavits and supporting evidence for reimbursement of rate case expenses.<sup>238</sup> The parties' agreed amounts and agreed allocation are treated separately below.

#### **1. Amounts**

TGS, Cities, and GCSC represent their reasonable rate case expenses incurred through April 30, 2020 and the estimated rate case expenses incurred through completion of this case in the table below:

<sup>233</sup> TGS Ex. 45 (Settlement) at 9 ¶ 27.

<sup>234</sup> See 16 Tex. Admin. Code § 7.5530 (Allowable Rate Case Expenses) (providing that a utility may be reimbursed its reasonable rate case expenses from certain customers), Tex. Util. Code § 103.022 (Rate Assistance and Cost Reimbursement) (providing that the governing body of a participating municipality may be reimbursed its reasonable rate case expenses from the utility).

<sup>235</sup> 16 Tex. Admin. Code § 7.5530(a) (Allowable Rate Case Expenses).

<sup>236</sup> *Id.*

<sup>237</sup> *Id.*

<sup>238</sup> TGS Ex. 45 (Settlement) at 9-10 ¶ 28, see also TGS Ex. 45 (Settlement) at Exhibit F (Affidavits from Kate Norman, counsel for TGS; Thomas L. Brocato, counsel for Cities; and Molly Mayhall Vandervoort, counsel for GCSC and supporting invoices and receipts).



**Table 14. Rate Case Expenses<sup>239</sup>**

	<b>Actual Regulatory Expenses</b>	<b>Actual Litigation Expenses</b>	<b>Estimated to Completion</b>	<b>Total Recoverable Expenses</b>
<b>TGS</b>	\$656,515.81	\$447,301.98	\$215,000.00	\$1,318,817.79
<b>Cities</b>	N/A	\$185,665.66	\$100,000.00	\$ 285,665.66
<b>GCSC</b>	N/A	\$ 98,652.00	\$ 9,000.00	\$ 107,652.00
<b>Total</b>	\$656,515.81	\$731,619.64	\$324,000.00	<b>\$1,712,135.45</b>

TGS agrees to reimburse Cities and GCSC the amount of the rate case expenses set forth above within 30 days of the issuance of an order authorizing recovery of those expenses.<sup>240</sup> The attorney hourly fee ranged from \$240 through \$520.<sup>241</sup> The consultant hourly fee ranged from \$125 through \$450.<sup>242</sup>

TGS, Cities, and GCSC provided evidence supporting reimbursement of the above amounts under Commission Rule 7.5530 (Allowable Rate Case Expenses), including: (1) the amount of work done; (2) the time and labor required to accomplish the work; (3) the nature, extent, and difficulty of the work done; (4) the originality of the work; (5) the charges by others for work of the same or similar nature; and (6) other factors taken into account in setting the amount of compensation.<sup>243</sup>

All parties agree that the above amounts are reasonable and recoverable.<sup>244</sup>

The Examiners reviewed the testimony and documentation supporting the rate case expense amounts shown above. Considering the above factors, the Examiners find that the above rate case expense amounts for TGS, Cities, and GCSC are reasonable and that these parties proved the reasonableness of their respective rate case expenses by a preponderance of the evidence. Accordingly, the Examiners recommend these amounts be approved.

## **2. Allocation and Surcharge**

Under the Settlement, the parties agree to equal recovery of rate case expenses through a volumetric surcharge from incorporated and unincorporated customers on a system-wide basis within the CGSA.<sup>245</sup> The parties agree this method is appropriate, reasonable, and supported by good cause.<sup>246</sup> The recovery period for the surcharge to recover rate-case expenses will be 24 months or until all approved expenses are collected.<sup>247</sup> The monthly volumetric surcharge requested is \$0.00437 per Ccf.<sup>248</sup> Consistent with the Settlement, the Examiners find the parties' proposed allocation and surcharge to be just and reasonable and consistent with Commission Rule 7.5530 (Allowable Rate Case Expenses).

Consistent with the Settlement, the Examiners find that good cause exists to recover the litigation and estimated expenses of TGS, Cities, and GCSC—totaling \$1,712,135.45—equally from all incorporated and unincorporated/environs customers in the CGSA Division. Equal allocation among all CGSA customers is necessary in the interest of justice because all customers

<sup>239</sup> TGS Ex. 45 (Settlement) at 9 ¶ 27.

<sup>240</sup> *Id.* at 9-10 ¶ 28.

<sup>241</sup> *Id.* at Exhibit F p. 1, 220, 228, 281.

<sup>242</sup> *Id.* at Exhibit F p. 229, 281-282.

<sup>243</sup> *Id.* at Exhibit F.

<sup>244</sup> *Id.* at 9-10 ¶ 28.

<sup>245</sup> *Id.* at 9-10 ¶ 28, 29.

<sup>246</sup> *Id.* at 10 ¶ 29.

<sup>247</sup> *Id.* at 9-10 ¶ 28.

<sup>248</sup> *Id.* at Exhibit A Consolidated pp. 95-96.

benefit from the parties' Settlement and participation by TGS, Cities, and GCSC resulted in the Settlement.

### **3. Compliance**

The parties agree to the compliance terms below:<sup>249</sup>

- TGS shall file annually, due on or before April 1, a rate case expense compliance filing with Commission Staff, referencing GUD No. 10928. 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 RCE-ENV and RCE.
- TGS, Cities, and GCSC submit to Commission Staff invoices reflecting actual rate case expenses with sufficient detail so that Staff can accurately audit such invoices for the purposes of reconciling estimated rate case expenses to actual rate case expenses. In no case shall the total actual expenses exceed the actual expenses submitted to the Commission as of May 2020, plus the approved estimated expenses of \$324,000.
- TGS files 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 90 days after each calendar year end.

### **4. Rate Case Expenses Conclusion**

Considering the Settlement and evidentiary record, the Examiners find that the terms in the Settlement relating to the amounts, reimbursement, allocation, and recovery of rate case expenses are just and reasonable and consistent with Commission Rule 7.5530 (Allowable Rate Case Expenses). Accordingly, the Examiners recommend approval.

## **IX. CONCLUSION**

The Examiners recommend that the Commission approve all terms of the parties' Settlement as outlined in this PFD and approve consolidation of the CTSA, GCSA, and City of Beaumont into the new GCSA.

The Examiners considered all the evidence admitted. The PFD, Findings of Fact, and Conclusions of Law are based on an assessment of all the evidence whether or not the evidence is specifically discussed in this PFD.

---

<sup>249</sup> *Id.* at 10-11 ¶ 30.


**GUD No. 10928, consolidated**

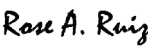
**PROPOSAL FOR DECISION**


**X. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

The Findings of Fact and Conclusions of Law contained in the Proposed Final Order, issued contemporaneously with this PFD and appended to this PFD as **Attachment 6**, are incorporated herein by reference.

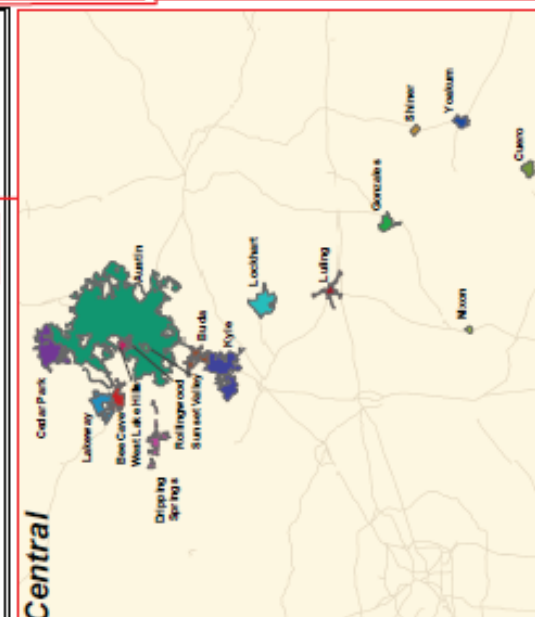
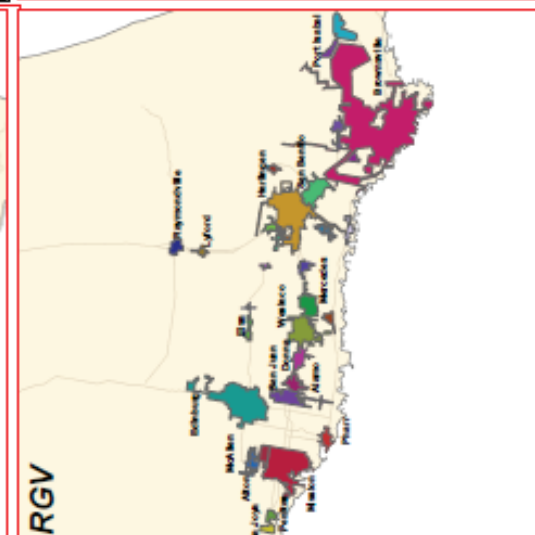
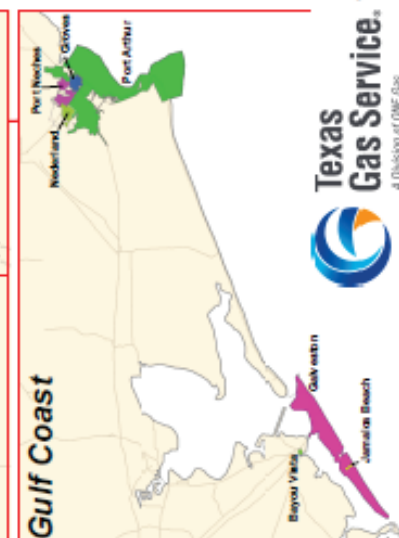
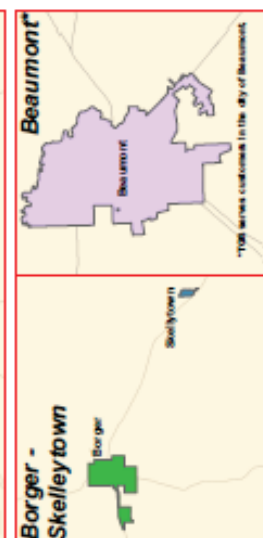
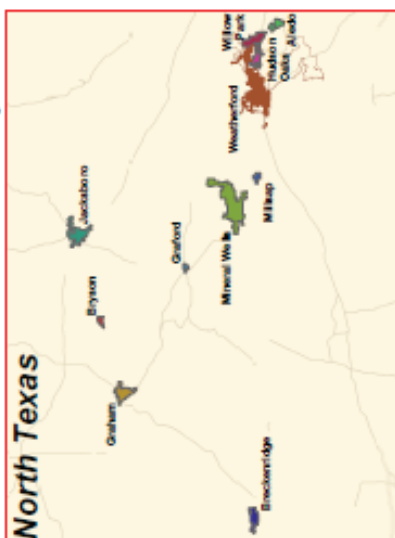
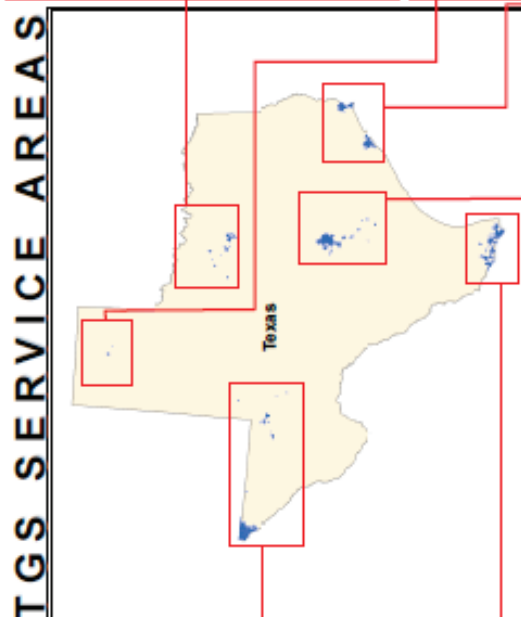
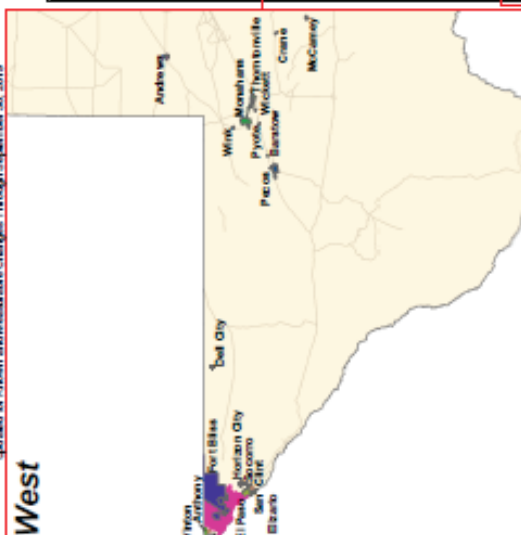
**SIGNED July 6, 2020.**

DocuSigned by:  
  
C8C0FBF3B510431...  
Dee Marlo Chico  
Administrative Law Judge

DocuSigned by:  
  
EE7F33D5C3C349B...  
Rose A. Ruiz  
Technical Examiner

DocuSigned by:  
  
BA0AF489A60E41A...  
James R. Currier  
Technical Examiner

**GUD No. 10928, *Consolidated***  
**Proposal for Decision**  
**Attachment 1**  
**(Map of TGS Service Areas)**





**GUD No. 10928, *Consolidated***  
**Proposal for Decision**  
**Attachment 2**  
**(Exhibit List)**

**BEFORE THE RAILROAD COMMISSION OF TEXAS**

**TEXAS GAS SERVICE COMPANY, A  
DIVISION OF ONE GAS, INC.,  
STATEMENT OF INTENT TO CHANGE  
GAS UTILITY RATES WITHIN THE  
UNINCORPORATED AREAS OF THE  
CENTRAL TEXAS SERVICE AREA,  
GULF COAST SERVICE AREA AND  
CITY OF BEAUMONT**

§  
§  
§  
§  
§  
§  
§  
§

**HEARINGS DIVISION  
GAS UTILITIES DOCKET  
NO. 10928, CONSOLIDATED**

**TGS'S EXHIBIT LIST**

<b>Exhibit No.</b>	<b>Title</b>	<b>Offered</b>	<b>Admitted/Date</b>
1	GUD No. 10928 - Statement of Intent of Texas Gas Service, (TGS) a Division of One Gas, Inc., to Change Gas Utility Rates within the Unincorporated Areas of the Central Texas Service Area and Gulf Coast Service Area filed on December 20, 2019 (Includes Electronic Files, Workpapers and all Attachments Except Testimony)	✓	✓ June 2, 2020
1a	TGS's Confidential Schedule Workpapers	✓	✓ June 2, 2020
1b	GUD No. 10974 - Petition for Review and Motion to Consolidate the Cities of Lockhart, Luling, Gonzales, Dripping Springs, Yoakum and Galveston and consolidated on May 18, 2020	✓	✓ June 2, 2020
1c	GUD No. 10976 - Petition for Review and Motion to Consolidate the City of Cuero and consolidated on May 18, 2020	✓	✓ June 2, 2020
1d	GUD No. 10977 - Petition for Review and Motion to Consolidate the City of Rolling Wood and consolidated on May 19, 2020	✓	✓ June 2, 2020
1e	GUD No. 10978 - Petition for Review and Motion to Consolidate and Unopposed Good Cause Exception re the Cities of Westlake Hills, Bayou Vista, Kyle and Shiner and consolidated on May 21, 2020	✓	✓ June 2, 2020
1f	GUD No. 10979 - Petition for Review and Motion to Consolidate the Cities of Jamaica Beach and Lakewav and consolidated on May 22, 2020	✓	✓ June 2, 2020
1g	GUD No. 10981 - Petition for Review and Motion to Consolidate the Cities of Austin, Sunset Valley, and Bee Cave and consolidated on June 9, 2020	✓	✓ June 22, 2020
1h	GUD No. 10986 - Petition for Review and Motion to Consolidate the Cities of Beaumont, Groves, Nederland, and Nixon filed on June 11, 2020	✓	✓ June 22, 2020
2	TGS CGSA Errata filed February 14, 2020 (Includes Electronic Files)	✓	✓ June 2, 2020
2a	TGS CGSA Errata Confidential Schedule Workpapers	✓	✓ June 2, 2020
3	Affidavit of Stacey L. McTaggart attesting to Completion of Public Notice, Filed May 19, 2020.	✓	✓ June 2, 2020
4	Direct Testimony, Exhibits and Workpapers of G. David Scalf (Includes Errata)	✓	✓ June 2, 2020

Exhibit No.	Title	Offered	Admitted/Date
4a	Confidential Exhibit GDS-2 to Direct Testimony of G. David Scalf	✓	✓ June 2, 2020
4b	Confidential Workpapers to Direct Testimony of G. David Scalf	✓	✓ June 2, 2020
5	Direct Testimony, Exhibits and Workpapers of Shantel Norman (Includes Errata)	✓	✓ June 2, 2020
5a	Voluminous Exhibits CMB-2 and CMB-3 to Direct Testimony of Shantel Norman	✓	✓ June 2, 2020
6	Direct Testimony and Exhibits of Stacey L. McTaggart (Includes Errata)	✓	✓ June 2, 2020
6a	Confidential Exhibit SLM-5 to Direct Testimony of Stacey L. McTaggart	✓	✓ June 2, 2020
6b	Voluminous Workpapers to Direct Testimony of Stacey L. McTaggart	✓	✓ June 2, 2020
7	Direct Testimony of Janet L. Buchanan (Includes Errata)	✓	✓ June 2, 2020
8	Direct Testimony of Gracie Guerra (Includes Errata)	✓	✓ June 2, 2020
9	Direct Testimony and Exhibit of Mindy R. Edwards	✓	✓ June 2, 2020
10	Direct Testimony and Exhibit of Marie J. Michels (Includes Errata)	✓	✓ June 2, 2020
11	Direct Testimony and Exhibits of Anthony Brown	✓	✓ June 2, 2020
12	Direct Testimony and Exhibits of Allison N. Edwards	✓	✓ June 2, 2020
13	Direct Testimony and Exhibit of Stacey R. Borgstadt	✓	✓ June 2, 2020
14	Direct Testimony and Exhibits of Timothy S. Lyons (Includes Errata)	✓	✓ June 2, 2020
14a	Voluminous Workpapers to Direct Testimony of Timothy S. Lyons	✓	✓ June 2, 2020
15	Direct Testimony and Exhibit of Jeff D. Branz	✓	✓ June 2, 2020
15a	Confidential Exhibits JDB-2 thru JDB-10 to Direct Testimony of Jeff D. Branz	✓	✓ June 2, 2020
16	Direct Testimony, Exhibits and Workpapers of Cyndi King	✓	✓ June 2, 2020
17	Direct Testimony and Exhibits of Mark W. Smith	✓	✓ June 2, 2020
17a	Confidential Exhs MWS-1 and MWS-2 thru MWS-7 to Direct Testimony of Mark W. Smith	✓	✓ June 2, 2020
18	Direct Testimony, Exhibits and Workpapers of Jeffrey J. Husen	✓	✓ June 2, 2020
19	Direct Testimony and Exhibits of Janet M. Simpson (Includes Errata)	✓	✓ June 2, 2020
20	Direct Testimony and Exhibits of Ronald E. White	✓	✓ June 2, 2020
20a	Voluminous Workpapers to Direct Testimony of Ronald E. White	✓	✓ June 2, 2020
21	Direct Testimony, Exhibits and Workpapers of Bruce H. Fairchild	✓	✓ June 2, 2020
21a	Exhibits and Workpapers to Direct Testimony of Bruce H. Fairchild	✓	✓ June 2, 2020

Exhibit No.	Title	Offered	Admitted/Date
22	Direct Testimony and Exhibits of Crystal D. Drumm (Includes Errata)	✓	✓ June 2, 2020
23	Direct Testimony and Exhibits of Paul H. Raab (Includes Errata)	✓	✓ June 2, 2020
24	Direct Testimony and Exhibits of Christy M. Bell (Includes Errata)	✓	✓ June 2, 2020
24a	Voluminous Exhibits CMB-2 and CMB-3 to Direct Testimony of Christy M. Bell	✓	✓ June 2, 2020
25	Rebuttal Testimony and Exhibits of G. David Scalf	✓	✓ June 2, 2020
26	Rebuttal Testimony and Exhibits of Stacey L. McTaggart (Includes Errata)	✓	✓ June 2, 2020
26a	Voluminous Workpapers to Rebuttal Testimony of Stacey L. McTaggart	✓	✓ June 2, 2020
26b	Confidential Workpapers to Rebuttal Testimony of Stacey L. McTaggart	✓	✓ June 2, 2020
27	Rebuttal Testimony, Exhibits and Workpapers of Gracie Guerra	✓	✓ June 2, 2020
27a	Voluminous/Native Exhibits to Rebuttal Testimony of Gracie Guerra	✓	✓ June 2, 2020
27b	Confidential Exhibits GRG-R-1b thru GRG-R-1d and GRG-R-3 to Rebuttal Testimony of Gracie Guerra	✓	✓ June 2, 2020
28	Rebuttal Testimony and Exhibits of Mindy R. Edwards	✓	✓ June 2, 2020
28a	Confidential Exhibits MRE-R-2, MRE-R-4, MRE-R-7 and MRE-R-9 to Rebuttal Testimony of Mindy R. Edwards	✓	✓ June 2, 2020
28b	Native Workpapers of Mindy R. Edwards	✓	✓ June 2, 2020
29	Rebuttal Testimony and Exhibits of Allison N. Edwards	✓	✓ June 2, 2020
30	Rebuttal Testimony of Anthony Brown	✓	✓ June 2, 2020
31	Rebuttal Testimony and Exhibits of Stacey R. Borgstadt	✓	✓ June 2, 2020
32	Rebuttal Testimony and Exhibit of Jeff D. Branz	✓	✓ June 2, 2020
33	Rebuttal Testimony of Mark W. Smith (Redacted)	✓	✓ June 2, 2020
33a	Confidential Rebuttal Testimony of Mark W. Smith	✓	✓ June 2, 2020
34	Rebuttal Testimony, Exhibits and Workpapers of Bruce H. Fairchild	✓	✓ June 2, 2020
34a	Exhibits and Workpapers to Rebuttal Testimony of Bruce H. Fairchild	✓	✓ June 2, 2020
35	Rebuttal Testimony, Exhibits and Workpapers of Jeffrey J. Husen	✓	✓ June 2, 2020
35a	Native Workpapers of Jeffrey J. Husen	✓	✓ June 2, 2020
36	Rebuttal Testimony and Exhibits of Cyndi King	✓	✓ June 2, 2020
37	Rebuttal Testimony, Exhibits and Workpapers of Nicole A. Simmons	✓	✓ June 2, 2020
38	Rebuttal Testimony of Lawrence R. Graham	✓	✓ June 2, 2020
39	Rebuttal Testimony of Ronald E. White	✓	✓ June 2, 2020

Exhibit No.	Title	Offered	Admitted/Date
40	Rebuttal Testimony of Paul H. Raab (Includes Errata)	✓	✓ June 2, 2020
41	Rebuttal Testimony and Exhibits of Christy M. Bell	✓	✓ June 2, 2020
42	Settlement - Integrated Model CGSA (Provided Electronically)	✓	✓ June 2, 2020
43	Settlement - Integrated Model CTSA (Provided Electronically)	✓	✓ June 2, 2020
44	Settlement - Integrated Model GCSA (Provided Electronically)	✓	✓ June 2, 2020
45	Unanimous Settlement Agreement (Includes All Attachments)	✓	✓ June 2, 2020

### **COMMISSION STAFF'S EXHIBIT LIST**

Exhibit No.	Title	Offered	Admitted/Date
1	Direct Testimony, Attachments and Exhibits of Sarah Montoya-Foglesong	✓	✓ June 2, 2020
1a	ERRATA to the Direct Testimony, Attachments and Exhibits of Sarah Montoya-Foglesong	✓	✓ June 2, 2020
2	Direct Testimony, Attachments and Exhibits of Christina Poole	✓	✓ June 2, 2020
3	Direct Testimony, Attachments and Exhibits of Frank M. Tomicek	✓	✓ June 2, 2020

### **GULF COAST STEERING COMMITTEE'S EXHIBIT LIST**

Exhibit No.	Title	Offered	Admitted/Date
1	Direct Testimony of Kevin W. O'Donnell	✓	✓ June 2, 2020
2	Direct Testimony of David J. Garrett	✓	✓ June 2, 2020

### **TGS CTSA & TGS GCSA CITIES'S EXHIBIT LIST**

Exhibit No.	Title	Offered	Admitted/date
1	The Direct Testimony of Karl J. Nalepa	✓	✓ June 2, 2020
1a	Karl J. Nalepa Workpapers	✓	✓ June 2, 2020
2	The Redacted Direct Testimony of Constance T. Cannady	✓	✓ June 2, 2020
2a	Confidential Pages for the Direct Testimony of Constance T. Cannady	✓	✓ June 2, 2020
2b	Constance T. Cannady Workpapers	✓	✓ June 2, 2020
2c	Constance T. Cannady Confidential Schedules	✓	✓ June 2, 2020

### **OFFICIAL NOTICE<sup>1</sup>**

TITLE
TGS's filings responding to Examiner Request for Information ("RFI") Nos. 1-1, 1-2, 1-3, 1-4, 1-5, 1-6, 1-7, 1-8, 1-9, and 1-10.
The proposed tariffs and calculations related to the Excess Deferred Income Tax Credit ("EDIT") Refund

<sup>1</sup> Included in the evidentiary record. ALJ took official notice pursuant to Commission Rule § 1.62 (Official Notice).



**GUD No. 10928, *Consolidated***  
**Proposal for Decision**  
**Attachment 3**  
**(Settlement Agreement)**

**GAS UTILITIES DOCKET NO. 10928**

<b>STATEMENT OF INTENT OF TEXAS</b>	<b>§</b>	
<b>GAS SERVICE COMPANY, A</b>	<b>§</b>	<b>BEFORE THE</b>
<b>DIVISION OF ONE GAS, INC., TO</b>	<b>§</b>	
<b>CHANGE GAS UTILITY RATES</b>	<b>§</b>	<b>RAILROAD COMMISSION</b>
<b>WITHIN THE UNINCORPORATED</b>	<b>§</b>	
<b>AREAS OF THE CENTRAL TEXAS</b>	<b>§</b>	<b>OF TEXAS</b>
<b>SERVICE AREA AND GULF COAST</b>	<b>§</b>	
<b>SERVICE AREA</b>	<b>§</b>	

**UNANIMOUS SETTLEMENT AGREEMENT AND**  
**IDENTIFICATION OF SOLE ISSUE IN DISPUTE**

This Unanimous Settlement Agreement and identification of the sole issue that remains in dispute is entered into by and between Texas Gas Service Company, a Division of ONE Gas, Inc. (“TGS” or the “Company”), Staff of the Railroad Commission of Texas (“Staff”), TGS CTSA Cities and TGS GCSA Cities,<sup>1</sup> and Gulf Coast Service Area Steering Committee (“GCSC”)<sup>2</sup> (collectively, the “Signatories”).

WHEREAS, on December 20, 2019, TGS filed a Statement of Intent to Change Rates with the Railroad Commission of Texas (“Commission”) within the unincorporated areas of the Central Texas Service Area (“CTSA”) and Gulf Coast Service Area (“GCSA”) and filed a Statement of Intent with each of the cities in the CTSA and GCSA and with the City of Beaumont; and

WHEREAS, TGS proposes in this case to consolidate the incorporated and unincorporated areas of the CTSA, incorporated and unincorporated areas of the GCSA and the City of Beaumont into a new, consolidated service area known as the Central Gulf Service Area; and

WHEREAS, the Commission docketed the rate request as GUD No. 10928; and

WHEREAS, Staff, TGS CTSA Cities and TGS GCSA Cities, and GCSC sought intervention and were granted party status in GUD No. 10928; and

WHEREAS, the Commission suspended the implementation of the Company’s rate request until July 5, 2020, and TGS agreed to extend the jurisdictional deadline further to August 4, 2020; and

WHEREAS, TGS provided public notice by direct mail on March 9, 2020, to all affected customers in the form approved by the Examiners; and

---

<sup>1</sup> The TGS CTSA Cities and TGS CGSA Cities are Austin, Bayou Vista, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, Texas.

<sup>2</sup> The Gulf Coast Service Area Steering Committee includes Beaumont, Groves, Nederland, Port Arthur, and Port Neches, Texas.

WHEREAS, the cities within TGS CTSA Cities and TGS GCSA Cities and GCSC suspended the implementation of the Company's rate request until May 6, 2020; and TGS agreed to extend the municipal jurisdictional deadline further to June 5, 2020; and

WHEREAS, cities within TGS CTSA Cities and TGS GCSA Cities and GCSC have denied the Company's proposed rate increase as initially filed on December 20, 2020; and

WHEREAS, the Company has sought or will seek consolidation of all municipal appeals with GUD No. 10928; and

WHEREAS, TGS, Staff, TGS CTSA Cities and TGS GCSA Cities and GCSC filed direct testimony, and the Company filed rebuttal testimony; and

WHEREAS, the parties have engaged in significant discovery regarding the issues in dispute; and

WHEREAS, the Signatories agree that resolution of this docket by unanimous settlement agreement on all issues except for one issue that remains in dispute will significantly reduce the amount of reimbursable rate case expenses associated with this docket; and

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 TGS CTSA Cities and TGS GCSA Cities, and GCSC the following Settlement Terms, which reflect one issue that remains in dispute:

*Settlement Terms*

1. As a result of compromise and for the purposes of settlement, the Signatories agree to litigate whether TGS's existing CTSA and GCSA should be consolidated to create a new, single service area known as the Central-Gulf Service Area ("CGSA").<sup>3</sup>
2. The Signatories agree the City of Beaumont should be consolidated into the GCSA even if the CTSA and GCSA are not consolidated to create the CGSA.
3. The Signatories agree to the rates, terms and conditions reflected in the rate schedules attached to this Unanimous Settlement Agreement as Exhibit A, subject to the Commission's Final Order that will include a decision on service area consolidation. The rate schedules attached as Exhibit A replace and supersede the rate schedules currently in effect in the CTSA, GCSA and City of Beaumont, subject to the Commission's Final Order. The tariffs in Exhibit A-Consolidated are based on approval of a consolidated, new service area known as the Central-Gulf Service Area and represent an increase of an additional \$10.3 million in annual revenues as illustrated in the proof of revenues attached as part of Exhibit B-Consolidated to this Unanimous Settlement Agreement. The tariffs in Exhibit A-Stand Alone are based on denial of TGS's consolidation request and approval of new

---

<sup>3</sup> Due to the Signatories' agreement to litigate the service area consolidation issue, this Unanimous Settlement Agreement reflects various issues at a consolidated level or a stand-alone service area level. For those items, the amounts or issues that are ultimately approved will depend on the Commission's decision on service area consolidation.

tariffs for the CTSA and GCSA, which includes the City of Beaumont, and represent an increase of an additional \$9,842,730 in annual revenues for the CTSA and \$457,270 in annual revenues for the GCSA as illustrated in the proof of revenues attached as part of Exhibit B-Stand Alone to this Unanimous Settlement Agreement. Except as specifically provided herein, the Signatories agree that the revenue increase amounts on a consolidated or stand-alone basis are not tied to any specific expense or methodology in the underlying cost of service in the proposed consolidated CGSA or the stand-alone CTSA and GCSA. 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, subject to approval of the Commission, the TGS CTSA Cities and TGS GCSA Cities and GCSC, be effective for bills rendered on or after August 4, 2020.

4. The Signatories agree to the following customer charges and volumetric rates, subject to the Commission's Final Order. These rates are reflected in the rate schedules attached as Exhibit A.

<b>Consolidated CGSA</b>	<b>Customer Charge</b>	<b>Commodity Charge</b>
Residential	\$16.00	\$0.32626
Commercial	\$53.33	\$0.12679
Commercial Transportation	\$265.33	\$0.12679
Public Authority	\$81.70	\$0.12549
Public Authority Transportation	\$104.70	\$0.12549
Industrial	\$320.96	\$0.12707
Industrial Transportation	\$520.96	\$0.12707
Public School Space Heating	\$134.70	\$0.10012
Public School Space Heating Transportation	\$234.70	\$0.10012
Compressed Natural Gas	\$192.63	\$0.06684
Compressed Natural Gas Transportation	\$217.63	\$0.06684
Electrical Cogeneration	\$104.70	1 <sup>st</sup> 5,000 Ccf \$0.07720 Next 35,000 \$0.06850 Next 60,000 \$0.05524 Over 100,000 \$0.04016
Electrical Cogeneration Transportation	\$104.70	1 <sup>st</sup> 5,000 Ccf \$0.07720 Next 35,000 \$0.06850 Next 60,000 \$0.05524 Over 100,000 \$0.04016

<b>Stand-Alone CTSA</b>	<b>Customer Charge</b>	<b>Commodity Charge</b>
Residential	\$16.00	\$0.32096
Commercial	\$53.33	\$0.11615
Commercial Transportation	\$265.33	\$0.11615
Public Authority	\$81.70	\$0.11579
Public Authority Transportation	\$104.70	\$0.11579

Industrial	\$320.96	\$0.10276
Industrial Transportation	\$520.96	\$0.10276
Public School Space Heating	\$134.70	\$0.10012
Public School Space Heating Transportation	\$234.70	\$0.10012
Compressed Natural Gas	\$192.63	\$0.06684
Compressed Natural Gas Transportation	\$217.63	\$0.06684
Electrical Cogeneration	\$104.70	1 <sup>st</sup> 5,000 Ccf \$0.07720 Next 35,000 \$0.06850 Next 60,000 \$0.05524 Over 100,000 \$0.04016
Electrical Cogeneration Transportation	\$104.70	1 <sup>st</sup> 5,000 Ccf \$0.07720 Next 35,000 \$0.06850 Next 60,000 \$0.05524 Over 100,000 \$0.04016

<b>Stand-alone GCSA</b>	<b>Customer Charge</b>	<b>Commodity Charge</b>
Residential	\$16.00	\$0.36050
Commercial	\$53.33	\$0.19726
Commercial Transportation	\$265.33	\$0.19726
Public Authority	\$116.63	\$0.11832
Public Authority Transportation (currently no customers)	\$316.63	\$0.11832
Industrial (currently no customers)	\$320.96	\$0.35630
Industrial Transportation	\$520.96	\$0.35630
Public School Space Heating	N/A	N/A
Public School Space Heating Transportation	N/A	N/A
Compressed Natural Gas	N/A	N/A
Compressed Natural Gas Transportation	N/A	N/A
Electrical Cogeneration	N/A	N/A
Electrical Cogeneration Transportation	N/A	N/A

5. The Signatories agree, subject to the Commission's Final Order:
  - If consolidation is approved, TGS will prepare a study of tiered residential rates for the next rate case filing for the CGSA; or
  - If consolidation is not approved, TGS will prepare a study of tiered residential rates for the next rate case filings for the CTSA and the GCSA.
6. The Signatories agree that the depreciation rates for distribution and general plant, as well as TGS Division plant and corporate plant depreciation rates, as shown on Exhibit C, are

reasonable, subject to the Commission's Final Order. Exhibit C-Consolidated reflects depreciation rates for the consolidated CGSA, and Exhibit C-Stand Alone reflects depreciation rates for the stand-alone CTSA and GCSA.

7. The Signatories agree that the Company's capital investment booked to plant through December 31, 2019, including investment identified in the Company's Interim Rate Adjustment ("IRA") filings is prudent as follows, subject to the Commission's Final Order:
- If consolidation is approved, CGSA net plant of \$543,392,910 is prudent, which reflects a net plant disallowance of \$205,619; or
  - If consolidation is not approved, CTSA net plant of \$466,257,117 is prudent, which reflects a net plant disallowance of \$162,613, and GCSA net plant of \$77,135,784 is prudent, which reflects a net plant disallowance of \$43,021.

8. The Signatories agree to the following capital structure and weighted cost of capital, including the pre-tax return, as shown below:

	Capital Structure	Debt/Equity Cost	Weighted Cost of Capital	Pre-Tax Return
Long-Term Debt	41%	4.53%	1.86%	1.86%
Common Equity	59%	9.5%	5.61%	7.09%
Rate of Return			<b>7.46%</b>	<b>8.95%</b>

9. The Signatories agree that any IRA filings in the consolidated CGSA or stand-alone CTSA and stand-alone GCSA pursuant to Texas Utilities Code § 104.301 shall use the following factors until changed by a subsequent general rate proceeding affecting rates in the service area:
- The capital structure and related components shall be as shown above in Item 8.
  - For the initial IRA filing and for all subsequent IRA filings, the depreciation rate for each account shall be as shown in Exhibit C, subject to the Commission's Final Order.
  - For the initial IRA filings, the beginning balance of net plant in service amount shall be as follows, subject to the Commission's Final Order:
    - If consolidation is approved, CGSA net plant of \$543,392,910 as shown on Exhibit D-Consolidated, or
    - If consolidation is not approved, CTSA net plant of \$466,257,117 and GCSA net plant of \$77,135,784 as shown on Exhibit D-Stand Alone.
  - For the initial IRA filings, the customer charges and commodity charges as noted in Item 4 above will be the starting rates to which any IRA adjustment is applied, subject to the Commission's Final Order.
  - Federal income taxes will be calculated using a 21% rate, unless the federal income tax rate is changed, in which case the new rate will be applied.



- The base rate revenue allocation factors to spread any change in IRA increase/decrease to the appropriate customer classes are as follows, subject to the Commission's Final Order:

<b>Consolidated CGSA Customer Class</b>	<b>Allocation</b>
Residential	79.79%
Commercial	16.13%
Public Authority	2.92%
Industrial	1.07%
Compressed Natural Gas	0.09%
Total Allocation	100.000%

<b>Stand-alone CTSA Customer Class</b>	<b>Allocation</b>
Residential	80.11%
Commercial	15.93%
Public Authority	2.87%
Industrial	0.98%
Compressed Natural Gas	0.11%
Total Allocation	100.000%

<b>Stand-alone GCSA Customer Class</b>	<b>Allocation</b>
Residential	77.91%
Commercial	17.25%
Public Authority	3.25%
Industrial	1.59%
Compressed Natural Gas	N/A
Total Allocation	100.000%

10. The Signatories agree that the Company's proposed class revenue allocation is reasonable and should be approved.
11. To give effect to Texas Utilities Code § 104.059, the Signatories agree that the base year level of pension-related and other post-employment benefits expenses shall be as follows, subject to the Commission's Final Order:

<b>Consolidated CGSA</b>	<b>Total</b>
Pension	\$1,638,623
OPEB	\$58,982

<b>Stand-alone CTSA</b>	<b>Total</b>
Pension	\$1,306,634
OPEB	\$47,003

<b>Consolidated GCSA</b>	<b>Total</b>
Pension	\$299,625
OPEB	\$11,605

12. The Signatories agree that costs related to Utility Insurance Company and ONE Gas Pipeline Company (“OPC”) included in the revenue requirement amounts above are reasonable and necessary and recoverable consistent with the provisions in Section 104.055(b) of the Gas Utility Regulatory Act.
13. The Signatories agree that ONE Gas, Inc.’s acquisition of OPC, which TGS reported to the Commission in GUD No. 10877 pursuant to Texas Utilities Code § 102.051, is in the public interest.
14. The Signatories agree to a reduction to rate base by \$2,481,514 for the negative acquisition adjustment on OPC plant and to amortize the acquisition adjustment over 20 years, to be recognized below the line. If the Commission does not approve consolidation, this term applies only to the CTSA.
15. The Signatories agree that TGS’s request to transfer the OPC assets into TGS’s existing system is reasonable and should be approved.
16. On February 27, 2018, the Commission issued an Accounting Order in GUD No. 10695 that reflects the Commission’s directives regarding changes to utility rates to account for the change in the federal corporate income tax rate due to the Federal Tax Cut and Jobs Act of 2017 (“Act”). The Signatories agree that TGS has complied with the requirements in the Accounting Order for the CTSA and GCSA and that its related filings were reasonable and accurate, subject to Item 22.
17. The Signatories agree that cloud-based service computing implementation costs, which were previously capitalized to FERC account 101, will be capitalized to FERC account 186 after December 15, 2019 and will be subject to recovery as capital investment in IRA filings. The Signatories further agree that TGS should continue its treatment of amortizing implementation costs of cloud-based software over the same period as on-premise software, which for purposes of this Unanimous Settlement Agreement is 13 years.
18. The Signatories agree that TGS’s proposed treatment of meals of \$25 per person per meal, exclusive of tip and tax, is reasonable in this docket and in future rate proceedings, including IRA filings.
19. The Signatories agree that hotel expenses, exclusive of taxes, up to \$175 per room per night are reasonable in this docket and in future rate proceedings, including IRA filings.
20. The Signatories agree TGS’s proposed Pipeline Integrity Testing Rider is reasonable, through which TGS will annually recover the prior year’s actual expenditures, expected to average \$276,480 per year, and the rider will apply only to the CTSA regardless of the outcome of the litigated consolidation issue.

21. The Signatories agree TGS's proposed Rate Schedule HARV-Rider related to costs incurred to restore service following Hurricane Harvey is reasonable. TGS will recover \$489,389 over a two-year period, which reflects removal of \$225,000 of labor expense. The rider will apply only to the GCSA regardless of the outcome of the litigated consolidation issue.
22. The Signatories agree that the Excess Deferred Income Tax ("EDIT") Rider is reasonable and should reflect the following:
  - Under "Calculation of Credit," after Section 13001(d) add, "for the protected portion of the regulatory liability for excess deferred income taxes;"
  - TGS will include the tax gross-up component (i.e., liability balances for both protected and unprotected EDIT) when determining the EDIT liability to be returned to customers as a result of the Act;<sup>4</sup>
  - A four-year amortization period for unprotected EDIT;
  - TGS's agreement to provide an initial EDIT refund in September 2020 for 2018 and 2019 amounts<sup>5</sup> and then every February thereafter, with the refund for February 2021 consisting of amounts for calendar year 2020; and
  - The applicability of the approved EDIT Rider to either the consolidated CGSA or the stand-alone CTSA and GCSA is subject to the Commission's Final Order.
23. The Signatories agree that the Rules of Service should be approved and reflect the following:
  - In Section 7.1, the underlined language should be added: "This estimated amount shall be contributed by the Applicant to the Company before construction, unless the Applicant is a qualified Blanket Builder, or unless the cost of the service line was previously included in the main extension calculation under Section 8.1;" and
  - The applicability of the approved Rules of Service to either the consolidated CGSA or the stand-alone CTSA and GCSA is subject to the Commission's Final Order.
24. The Signatories agree that, instead of supporting approval of TGS's proposed Natural Event Response Rider, TGS can request an accounting order from the Commission under circumstances in which TGS incurs costs to restore service following a natural disaster or similar event, including providing notice to the cities, and provided that the Signatories agree that, absent a city ordinance to the contrary, a Commission-approved accounting order will be applicable for incorporated and environs areas.

---

<sup>4</sup> The overall impact of including the tax gross-up is to increase the total EDIT to be returned to customers by approximately \$7.6 million for the entire amortization period.

<sup>5</sup> Parties reserve the right to review and approve TGS's calculation of the EDIT refund to be provided to customers in September 2020, which TGS will provide to Parties promptly to allow Parties to collectively report their approval to the Judge and Examiners no later than June 5, 2020.

25. Regarding the Share the Warmth customer assistance program, TGS agrees to work to increase awareness of the program and the opportunity for existing customers to make voluntary contributions to the program. The Signatories agree a committee will be formed to assess the program and the need for continued funds on an annual basis, consistent with the details provided in Exhibit E. The Signatories agree, subject to the Commission's Final Order:
- If consolidation is approved, TGS will contribute \$120,000 annually to Share the Warmth for the CGSA; or
  - If consolidation is not approved, TGS will contribute \$100,000 annually to Share the Warmth for the CTSA and \$20,000 annually to Share the Warmth for the GCSA.

TGS's contribution will continue annually until the next rate case.

26. The Signatories agree TGS may recover rate case expenses associated with GUD No. 10844, *Statement of Intent of Texas Gas Service Company, a Division of ONE Gas, Inc., to Increase Rates to Recover Hurricane Harvey Response Costs Within the Gulf Coast Service Area*, subject to a \$20,000 reduction in total expenses to be recovered. Those expenses, subject to the \$20,000 reduction, will be recovered through Rate Schedule HARV-Rider.
27. TGS, TGS CTSA Cities and TGS GCSA Cities, and GCSC represent that their reasonable rate case expenses incurred through April 30, 2020, and estimated rate case expenses incurred through completion of this case, are as follows:

	Actual Regulatory Expenses	Actual Litigation Expenses	Invoices Due and Est. to Completion	Total Recoverable Expenses
TGS	\$656,515.81	\$447,301.98	\$215,000	\$1,318,817.79
TGS CTSA Cities and TGS GCSA Cities	\$0	\$185,665.66	\$100,000	\$285,665.66
GCSC	\$0	\$98,652	\$9,000	\$107,652

28. TGS, TGS CTSA Cities and TGS GCSA Cities, and GCSC attach, as Exhibit F, affidavits and invoices in support of the rate case expense amounts and will supplement with additional invoices as they are processed. Signatories agree that the amounts represented above are reasonable and recoverable pursuant to Texas Utilities Code § 103.022. Signatories agree that the recovery period for the applicable surcharge to recover rate case expenses shall be a period of approximately 24 months and that the surcharge shall be volume based. TGS agrees to reimburse the TGS CTSA Cities and TGS GCSA Cities and GCSC the amount of rate case expenses set forth above within 30 days of the issuance of an order authorizing recovery of those expenses. TGS, TGS CTSA Cities and TGS GCSA Cities, and GCSC shall recover estimated rate case expenses only to the extent they are actually incurred. 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.

29. The Signatories agree that equal recovery of rate case expenses on a system-wide basis from incorporated and unincorporated customers in either the consolidated CGSA or the stand-alone CTSA and GCSA (subject to the Commission's Final Order) is appropriate and reasonable and that good cause exists to support equal recovery of rate case expenses from all customers on a system-wide basis for the following reasons:
  - a. TGS Litigation and Estimated expenses: Good cause exists to recover TGS Litigation and Estimated expenses equally from all incorporated and unincorporated customers. 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 in the incorporated and unincorporated areas of the consolidated CGSA or the stand-alone CTSA and GCSA (subject to the Commission's Final Order). Recovery of these expenses is also necessary in the interest of justice.
  - b. TGS CTSA Cities and TGS CGSA Cities and GCSC Litigation and Estimated expenses: Good cause exists to recover TGS CTSA Cities and TGS CGSA Cities and GCSC litigation and estimated expenses equally from all customers, including customers within the incorporated and unincorporated areas of the consolidated CGSA or the stand-alone CTSA and GCSA (subject to the Commission's Final Order), because the TGS CTSA Cities and TGS CGSA Cities' and GCSC's participation in GUD No. 10928 resulted in this Unanimous Settlement Agreement, which benefits all such customers, and doing so is necessary in the interest of justice.
30. TGS shall file annually, due on or before April 1, a Rate Case Expense Compliance Filing with the Railroad Commission of Texas, Oversight and Safety Division, referencing GUD No. 10928. The compliance filing shall include the volumes used by month by customer class during the applicable period, the amount of rate case expense recovered by month, and the outstanding balance by month as set out in the approved Rate Schedule RCE-ENV and Rate Schedule RCE. The Signatories agree to and propose the inclusion of the following Findings of Fact and Ordering Paragraph in the Final Order in this docket:
  - Finding of Fact: It is reasonable that TGS, TGS CTSA Cities and TGS GCSA Cities, and GCSC 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 estimated rate case expenses to actual rate case expenses. In no case shall the total actual expenses exceed the actual expenses submitted to the Commission as of May 2020, plus the approved estimated expenses of \$\_\_\_\_\_.
  - Finding of Fact: It is reasonable that TGS 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 until and including the calendar year end in which the rate case expenses are fully recovered.

- Ordering Paragraph: IT IS THEREFORE ORDERED that TGS file an annual Rate Case Expense Compliance Filing with Staff detailing recovery of rate case expenses as described in Finding of Fact \_\_ within ninety (90) days after each calendar year end until and including the calendar year end in which the rate case expenses are fully recovered.
31. The Signatories agree to and propose the inclusion of the following Ordering Paragraphs in the Final Order in this docket:
- Ordering Paragraph: IT IS FURTHER ORDERED that within thirty (30) days of this Final Order, in accordance with 16 Tex. Admin. Code § 7.315, TGS SHALL electronically file its rate schedules in proper form that accurately reflect the rates in Exhibit A approved in this Final Order.
  - Ordering Paragraph: IT IS FURTHER ORDERED that any incremental change in rates approved by this Final Order and implemented by TGS shall be subject to refund unless and until TGS's tariffs are electronically filed and accepted by the Gas Services Department in accordance with 16 Tex. Admin. Code § 7.315.
32. The Signatories agree to support and seek approval by the Commission and the TGS CTSA Cities and TGS GCSA Cities and GCSC of this Unanimous Settlement Agreement. The TGS CTSA Cities and TGS GCSA Cities and GCSC agree to make every effort to present their cities with this Unanimous Settlement Agreement at city council meetings that will allow for implementation of new rates for bills rendered on or after August 4, 2020.
33. The Signatories agree that all negotiations, discussions, and conferences related to the Unanimous Settlement Agreement are privileged, inadmissible, and not relevant to prove any issues associated with the Statement of Intent filed on December 20, 2019.
34. 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.
35. 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.
36. 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, and 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.

37. The Signatories agree that this Unanimous Settlement Agreement may be executed in multiple counterparts and may be filed with facsimile signatures.

Agreed to this 29th day of May 2020.

TEXAS GAS SERVICE COMPANY, a Division of ONE Gas, Inc.

By: Kate Norman for  
Stephanie G. Houle  
Attorney for Texas Gas Service Company

STAFF OF THE RAILROAD COMMISSION OF TEXAS

By: Kate Norman for  
Natalie Dubiel  
Attorney for Staff of the Railroad Commission of Texas

GULF COAST SERVICE AREA STEERING COMMITTEE

By: Kate Norman for  
Dan Lawton  
Attorney for Gulf Coast Service Area Steering Committee  
Agreed in principle, subject to approval of the Gulf Coast Service Area Steering Committee  
City Councils

TGS CTSA CITIES AND TGS CGSA CITIES

By: Kate Norman for  
Thomas Brocato  
Attorney for TGS CTSA Cities and TGS CGSA Cities

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule 1-ENV  
Page 1 of 4****COST OF GAS CLAUSE****A. APPLICABILITY**

This Cost of Gas Clause shall apply to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") in all unincorporated areas of its Central-Gulf Service Area including Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

**B. DEFINITIONS**

1. Cost of Gas - The rate per billing unit or the total calculation under this clause, consisting of the Commodity Cost, the Reconciliation Component, any surcharges or refunds, Uncollectible Cost of Gas, and the revenue associated fees and taxes.
2. Commodity Cost - The Cost of Purchased Gas multiplied by the Purchase/Sales Ratio plus an adjustment for any known and quantifiable under or over collection prior to the end of the reconciliation period.
3. Cost of Purchased Gas - The estimated cost for gas purchased by the Company from its suppliers or the estimated weighted average cost for gas purchased by the Company from all sources where applicable. Such cost shall include not only the purchase cost of natural gas but shall also include all reasonable costs for services such as gathering, treating, processing, transportation, capacity and/or supply reservation, storage, balancing including penalties, and swing services necessary for the movement of gas to the Company's city gate delivery points. The cost of purchased gas may also include costs related to the purchase and transportation of Renewable Natural Gas (RNG). Renewable Natural Gas is the term used to describe pipeline-quality biomethane produced from biomass. The cost of purchased gas shall not include the cost of financial instruments unless the use of such financial instruments is approved in advance and in writing by the Director of the Oversight and Safety Division of the Railroad Commission of Texas. Such approval would be requested as part of the Company's annual gas purchase plan, which shall be submitted annually to the Commission no later than June 15.
4. Reconciliation Component - The amount to be returned to or recovered from customers each month from October through June as a result of the Reconciliation Audit.
5. Reconciliation Audit - An annual review of the Company's books and records for each 12-month period ending with the production month of June to determine the amount of over or under collection occurring during such 12-month period. The audit shall determine: (a) the total amount paid for gas purchased by the Company (per Section B(3) above) to provide service to its general service customers during the period, including prudently incurred gains or losses on the approved use of natural gas financial instruments; (b) the revenues received from operation of the provisions of this Cost of Gas Clause reduced by the amount of revenue associated fees and taxes paid by the Company on those revenues; (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause; (d) the total amount accrued for imbalances under the transportation rate schedule(s) net of fees and applicable taxes; (e) the total amount of Uncollectible Cost of Gas during the period; and (f) an adjustment, if necessary, to remove lost and unaccounted for gas costs during the period for volumes in excess of 5 percent of purchases.

**Supersedes Rate Schedule Dated**

1 dated September 8, 2017 (Unincorporated Areas of the Central Texas Service Area)

1-ENV (GALV) dated May 9, 2016 (Unincorporated Areas of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-ENV (SJC) dated May 9, 2016 (Unincorporated Areas of Groves, Nederland, Port Arthur, and Port Neches, TX)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule 1-ENV  
Page 2 of 4****COST OF GAS CLAUSE  
(Continued)**

6. Purchase/Sales Ratio - A ratio determined by dividing the total volumes purchased for general service customers during the 12 month period ending June 30 by the sum of the volumes sold to general service customers. For the purpose of this computation all volumes shall be stated at 14.65 psia. Such ratio as determined shall in no event exceed 1.0526 i.e.  $1/(1 - 0.05)$  unless expressly authorized by the applicable Regulatory Authority.
7. Reconciliation Account - The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of the Cost of Gas Clause. Entries shall be made monthly to reflect: (a) the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records (per Section B(3) above), including prudently incurred gains or losses on the use of approved natural gas financial instruments; (b) the revenues produced by the operation of this Cost of Gas Clause; (c) refunds, payments, or charges provided for herein or as approved by the regulatory authority; (d) amounts accrued pursuant to the treatment of imbalances under any transportation rate schedule(s); (e) total amount of Uncollectible Cost of Gas during the period; and (f) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of 5 percent of purchases.
8. Uncollectible Cost of Gas – The amounts actually written off after the effective date of this rate schedule related to cost of gas will be tracked along with any subsequent recovery/credits related to the Cost of Gas Clause. Annually the charge offs minus recoveries will be included in the annual reconciliation and factored into the resulting reconciliation component.

**C. COST OF GAS**

In addition to the cost of service as provided under its general service rate schedules, the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each customer bill.

**D. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT**

If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section E below, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather, growth, and conservation for the period beginning with the October billing cycle through the June billing cycle preceding the filing of the Reconciliation Audit. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied, subject to refund, for a 9 month period beginning with the October billing cycle and continuing through the next June billing cycle at which time it will terminate.

**E. INTEREST ON FUNDS**

Concurrently with the Reconciliation Audit, the Company shall determine the amount by which the Cost of Gas was over or under collected for each month within the period of audit. The Company shall debit or credit to the Reconciliation Account for each month of the reconciliation period: (1) an amount equal to the outstanding over collected balance multiplied by interest of 6 percent per annum compounded monthly; or (2) an amount equal to the outstanding under collected balance multiplied by interest of 6 percent per annum

**Supersedes Rate Schedule Dated**

1 dated September 8, 2017 (Unincorporated Areas of the Central Texas Service Area)

1-ENV (GALV) dated May 9, 2016 (Unincorporated Areas of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-ENV (SJC) dated May 9, 2016 (Unincorporated Areas of Groves, Nederland, Port Arthur, and Port Neches, TX)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule 1-ENV  
Page 3 of 4****COST OF GAS CLAUSE  
(Continued)**

compounded monthly. The Company shall also be allowed to recover a carrying charge calculated based on the arithmetic average of the beginning and ending balance of gas in storage inventory for the prior calendar month times the authorized rate of return.

**F. SURCHARGE OR REFUND PROCEDURES**

In the event that the rates and charges of the Company's supplier are retroactively reduced and a refund of any previous payments is made to the Company, the Company shall make a similar refund to its general service customers. Similarly, the Company may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. Any surcharge or refund amount will be included in the Reconciliation Account.

Refunds or charges shall be entered into the Reconciliation Account as they are collected from or returned to the customers. For the purpose of this Section F, the entry shall be made on the same basis used to determine the refund or charge component of the Cost of Gas and shall be subject to the calculation set forth in Section (E) Interest on Funds, above.

**G. COST OF GAS STATEMENT**

The Company shall file a Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. The Cost of Gas Statement shall set forth: (a) the estimated Cost of Purchased Gas; (b) that cost multiplied by the Purchase/Sales Ratio; (c) the amount of the Cost of Gas caused by any surcharge or refund; (d) the Reconciliation Component; (e) the revenue associated fees and taxes to be applied to revenues generated by the Cost of Gas; (f) the Cost of Gas calculation, including gains and losses from approved hedging activities for the month; and (g) the beginning and ending date of the billing period. The statement shall include all data necessary for the Regulatory Authority to review and verify the calculations of the Cost of Gas.

**H. 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 12 months ending June 30.
2. A tabulation of gas units sold to general service customers and related Cost of Gas Clause revenues.
3. A tabulation of all other costs and refunds made during the year and their effect on the Cost of Gas Clause to date.

**Supersedes Rate Schedule Dated**

1 dated September 8, 2017 (Unincorporated Areas of the Central Texas Service Area)

1-ENV (GALV) dated May 9, 2016 (Unincorporated Areas of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-ENV (SJC) dated May 9, 2016 (Unincorporated Areas of Groves, Nederland, Port Arthur, and Port Neches, TX)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule 1-ENV  
Page 4 of 4****COST OF GAS CLAUSE  
(Continued)**

4. A description of the hedging activities conducted each month during the 12 months ending June 30, including the types of transaction used, resulting gains and losses, any changes in the hedging program implemented during the period and the rationale for the changes. The report should include the customer impact of hedging activities stated as costs to the average residential and commercial customer during the period.
5. 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 balances 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.
6. A tabulation of uncollectible cost of gas during the period and its effect on the Cost of Gas Clause to date.

This report shall be filed concurrently with the Cost of Gas Statement for October. If the Regulatory Authority thereafter determines that an adjustment to the Reconciliation Component is required, such adjustment shall be included in the Reconciliation Component for the next annual Reconciliation Audit following the date of such determination.

Supersedes Rate Schedule Dated

1 dated September 8, 2017 (Unincorporated Areas of the Central Texas Service Area)

1-ENV (GALV) dated May 9, 2016 (Unincorporated Areas of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-ENV (SJC) dated May 9, 2016 (Unincorporated Areas of Groves, Nederland, Port Arthur, and Port Neches, TX)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule 1-INC  
Page 1 of 4****COST OF GAS CLAUSE****A. APPLICABILITY**

This Cost of Gas Clause shall apply to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") in all incorporated areas of its Central-Gulf Service Area including Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

**B. DEFINITIONS**

1. Cost of Gas - The rate per billing unit or the total calculation under this clause, consisting of the Commodity Cost, the Reconciliation Component, any surcharges or refunds, Uncollectible Cost of Gas, and the revenue associated fees and taxes.
2. Commodity Cost - The Cost of Purchased Gas multiplied by the Purchase/Sales Ratio plus an adjustment for any known and quantifiable under or over collection prior to the end of the reconciliation period.
3. Cost of Purchased Gas - The estimated cost for gas purchased by the Company from its suppliers or the estimated weighted average cost for gas purchased by the Company from all sources where applicable. Such cost shall include not only the purchase cost of natural gas, but shall also include all reasonable costs for services such as gathering, treating, processing, transportation, capacity and/or supply reservation, storage, balancing including penalties, and swing services necessary for the movement of gas to the Company's city gate delivery points. The cost of purchased gas may also include costs related to the purchase and transportation of Renewable Natural Gas (RNG). Renewable Natural Gas is the term used to describe pipeline-quality biomethane produced from biomass. The cost of purchased gas shall also include gains and losses from the utilization of natural gas financial instruments that are executed by the Company for the purpose of mitigating price volatility. Companies affiliated with the Company shall not be allowed to charge fees for transactions related to natural gas financial instruments utilized for purposes in this Cost of Gas Clause and hence cannot realize a profit in this regard.
4. Reconciliation Component - The amount to be returned to or recovered from customers each month from October through June as a result of the Reconciliation Audit.
5. Reconciliation Audit - An annual review of the Company's books and records for each 12-month period ending with the production month of June to determine the amount of over or under collection occurring during such 12-month period. The audit shall determine: (a) the total amount paid for gas purchased by the Company (per Section B(3) above) to provide service to its general service customers during the period, including prudently incurred gains or losses on the use of natural gas financial instruments; (b) the revenues received from operation of the provisions of this Cost of Gas Clause reduced by the amount of revenue associated fees and taxes paid by the Company on those revenues; (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause; (d) the total amount accrued

Supersedes Rate Schedule Dated

1-INC dated September 8, 2017 (Cities of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, TX)

1-INC (GALV) dated May 9, 2016 (Cities of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-INC (SJC) dated May 9, 2016 (Cities of Groves, Nederland, Port Arthur, and Port Neches, TX)

1-INC dated May 22, 2019 (City of Beaumont)

Meters Read On and After

TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule 1-INC  
Page 2 of 4****COST OF GAS CLAUSE  
(Continued)**

for imbalances under the transportation rate schedule(s) net of fees and applicable taxes; (e) the total amount of Uncollectible Cost of Gas during the period; and (f) an adjustment, if necessary, to remove lost and unaccounted for gas costs during the period for volumes in excess of 5 percent of purchases.

6. Purchase/Sales Ratio - A ratio determined by dividing the total volumes purchased for general service customers during the 12-month period ending June 30 by the sum of the volumes sold to general service customers. For the purpose of this computation all volumes shall be stated at 14.65 psia. Such ratio as determined shall in no event exceed 1.0526 i.e.  $1/(1 - 0.05)$  unless expressly authorized by the applicable Regulatory Authority.
7. Reconciliation Account - The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of the Cost of Gas Clause. Entries shall be made monthly to reflect: (a) the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records (per Section B(3) above), including prudently incurred gains or losses on the use of natural gas financial instruments; (b) the revenues produced by the operation of this Cost of Gas Clause; (c) refunds, payments, or charges provided for herein or as approved by the regulatory authority; (d) amounts accrued pursuant to the treatment of imbalances under any transportation rate schedule(s), (e) total amount of Uncollectible Cost of Gas during the period; and (f) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of 5 percent of purchases.
8. Uncollectible Cost of Gas – The amounts actually written off after the effective date of this rate schedule related to cost of gas will be tracked along with any subsequent recovery/credits related to the Cost of Gas Clause. Annually the charge offs minus recoveries will be included in the annual reconciliation and factored into the resulting reconciliation component.

**C. COST OF GAS**

In addition to the cost of service as provided under its general service rate schedules, the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each customer bill.

**D. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT**

If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section E below, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather, growth, and conservation for the period beginning with the October billing cycle through the June billing cycle preceding the filing of the Reconciliation Audit. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied, subject to refund, for a 9 month period beginning with the October billing cycle and continuing through the next June billing cycle at which time it will terminate.

**Supersedes Rate Schedule Dated**

1-INC dated September 8, 2017 (Cities of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, TX)

1-INC (GALV) dated May 9, 2016 (Cities of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-INC (SJC) dated May 9, 2016 (Cities of Groves, Nederland, Port Arthur, and Port Neches, TX)

1-INC dated May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule 1-INC  
Page 3 of 4****COST OF GAS CLAUSE  
(Continued)****E. INTEREST ON FUNDS**

Concurrently with the Reconciliation Audit, the Company shall determine the amount by which the Cost of Gas was over or under collected for each month within the period of audit. The Company shall debit or credit to the Reconciliation Account for each month of the reconciliation period: (1) an amount equal to the outstanding over collected balance multiplied by interest of 6 percent per annum compounded monthly; or (2) an amount equal to the outstanding under collected balance multiplied by interest of 6 percent per annum compounded monthly. The Company shall also be allowed to recover a carrying charge calculated based on the arithmetic average of the beginning and ending balance of gas in storage inventory for the prior calendar month times the authorized rate of return.

**F. SURCHARGE OR REFUND PROCEDURES**

In the event that the rates and charges of the Company's supplier are retroactively reduced and a refund of any previous payments is made to the Company, the Company shall make a similar refund to its general service customers. Similarly, the Company may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. Any surcharge or refund amount will be included in the Reconciliation Account.

Refunds or charges shall be entered into the Reconciliation Account as they are collected from or returned to the customers. For the purpose of this Section F, the entry shall be made on the same basis used to determine the refund or charge component of the Cost of Gas and shall be subject to the calculation set forth in Section (E) Interest on Funds, above.

**G. COST OF GAS STATEMENT**

The Company shall file a Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. The Cost of Gas Statement shall set forth: (a) the estimated Cost of Purchased Gas; (b) that cost multiplied by the Purchase/Sales Ratio; (c) the amount of the Cost of Gas caused by any surcharge or refund; (d) the Reconciliation Component; (e) the revenue associated fees and taxes to be applied to revenues generated by the Cost of Gas; (f) the Cost of Gas calculation, including gains and losses from hedging activities for the month; and (g) the beginning and ending date of the billing period. The statement shall include all data necessary for the Regulatory Authority to review and verify the calculations of the Cost of Gas.

**H. ANNUAL RECONCILIATION REPORT**

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

**Supersedes Rate Schedule Dated**

1-INC dated September 8, 2017 (Cities of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, TX)

1-INC (GALV) dated May 9, 2016 (Cities of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-INC (SJC) dated May 9, 2016 (Cities of Groves, Nederland, Port Arthur, and Port Neches, TX)

1-INC dated May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule 1-INC  
Page 4 of 4****COST OF GAS CLAUSE  
(Continued)**

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 12 months ending June 30.
2. A tabulation of gas units sold to general service customers and related Cost of Gas Clause revenues.
3. A tabulation 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 hedging activities conducted each month during the 12 months ending June 30, including the types of transaction used, resulting gains and losses, any changes in the hedging program implemented during the period and the rationale for the changes. The report should include the customer impact of hedging activities stated as costs to the average residential and commercial customer during the period.
5. 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 balances 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.
6. A tabulation of uncollectible cost of gas during the period and its effect on the Cost of Gas Clause to date.

This report shall be filed concurrently with the Cost of Gas Statement for October. If the Regulatory Authority thereafter determines that an adjustment to the Reconciliation Component is required, such adjustment shall be included in the Reconciliation Component for the next annual Reconciliation Audit following the date of such determination.

Supersedes Rate Schedule Dated

1-INC dated September 8, 2017 (Cities of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, TX)

1-INC (GALV) dated May 9, 2016 (Cities of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-INC (SJC) dated May 9, 2016 (Cities of Groves, Nederland, Port Arthur, and Port Neches, TX)

1-INC dated May 22, 2019 (City of Beaumont)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE 1Z****RESIDENTIAL SERVICE RATE****APPLICABILITY**

Applicable to a residential customer or builder 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 and builders prior to sale or re-sale of a property for domestic 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-Gulf Service Area, which includes the unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$16.00 plus

All Ccf per monthly billing period @ \$0.32626 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area**

**RATE SCHEDULE 1Z**

**RESIDENTIAL SERVICE RATE**  
**(Continued)**

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 2Z****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-Gulf Service Area, which includes the unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$53.33 plus

All Ccf per monthly billing period @ \$0.12679 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

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

Supersedes Rate Schedule Dated  
June 14, 2019(Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area**

**RATE SCHEDULE 2Z**

**COMMERCIAL SERVICE RATE**  
**(Continued)**

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
June 14, 2019(Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE 3Z****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 for resale only

**TERRITORY**

Environs of the Central-Gulf Service Area, which includes the unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$320.96 plus

All Ccf per monthly billing period @ \$0.12707 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

Supersedes Rate Schedule Dated

June 14, 2019 (Central Texas Service Area)

September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area**

**RATE SCHEDULE 3Z**

**INDUSTRIAL SERVICE RATE**  
**(Continued)**

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 4Z****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-Gulf Service Area, which includes the unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$81.70 plus

All Ccf per monthly billing period @ \$0.12549 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

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

Supersedes Rate Schedule Dated

June 14, 2019 (Central Texas Service Area)

September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area**

**RATE SCHEDULE 4Z**

**PUBLIC AUTHORITY SERVICE RATE  
(Continued)**

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 4H****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-Gulf Service Area, which includes the unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$134.70 plus

All Ccf per monthly billing period @ \$0.10012 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area**

**RATE SCHEDULE 4H**

**PUBLIC SCHOOLS SPACE HEATING SERVICE RATE  
(Continued)**

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area

RATE SCHEDULE 7Z

UNMETERED GAS LIGHT SERVICE RATE

APPLICABILITY

Applicable to any Customer on Texas Gas Service Company, a Division of ONE Gas, Inc.’s system requiring natural gas service for gas lighting only, without the use of metering device. Gas service is only available to Customers utilizing standard gas lighting equipment manufactured with an orifice burner assembly or equivalent that is intended for lighting of sidewalks and other walk ways. The Company, in its sole discretion, shall determine if Customer’s lighting equipment qualifies for this tariff and shall contract with Customer for the appropriate monthly charge based upon Customer’s complete installation of gas lighting equipment. Gas service under this rate schedule is available only with the Company as the sole supplier of gas for Customer and is not available for resale to others or for standby or supplemental service. 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-Gulf Service Area which includes the unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

COST OF SERVICE RATE

The total hourly rated consumption of all gas lighting equipment included, expressed in Ccf at the location, shall be multiplied by 730 for gas lighting equipment that runs continuously or 365 for gas lighting equipment with a light sensor, to determine the average monthly consumption of the service. The result, rounded to the next highest Ccf, shall then be billed the rates provided in this rate schedule:

Residential	\$ 0.32626 per Ccf
Commercial	\$ 0.12679 per Ccf
Industrial	\$ 0.12707 per Ccf
Public Authority	\$ 0.12549 per Ccf

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-ENV.

Taxes: Plus applicable taxes and fees related to above.

CONDITIONS

The Customer shall ensure that the installation of lighting equipment conforms to industry safety standards. The Company reserves the right to review Customer’s installation of lighting equipment from time to time to determine if it conforms to terms and conditions as set forth in this tariff and the executed service agreement with the Customer. Customer shall notify Company in writing within 30 days of any change in number of gas lights or other material changes made to the gas lighting installation.

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

Initial Rate Schedule

Meters Read on and After  
TBD

RATE SCHEDULE 10

RESIDENTIAL SERVICE RATE

APPLICABILITY

Applicable to a residential customer or builder 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 and builders prior to sale or re-sale of a property for domestic purposes. This rate is only available to full requirements customers of Texas Gas Service Company, a Division of ONE Gas, Inc.

TERRITORY

The incorporated areas of the Central-Gulf Service Area which includes Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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	\$16.00 plus
All Ccf per monthly billing period @	\$0.32626 per Ccf

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-INC.

Conservation Adjustment: The billing shall reflect adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC and Rate Schedule 1C, if applicable.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

<u>Supersedes Rate Schedule Dated</u>	<u>Meters Read On and After</u>
June 3, 2019 (Austin Only)	TBD
June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)	
July 29, 2019 (Gulf Coast Service Area)	
May 22, 2019 (City of Beaumont)	

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 10****RESIDENTIAL SERVICE RATE**  
**(Continued)**

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

**CONDITIONS**

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

**Supersedes Rate Schedule Dated**

June 3, 2019 (Austin Only)  
June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)  
July 29, 2019 (Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 20****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**

The incorporated areas of the Central-Gulf Service Area which includes Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$53.33 plus

All Ccf per monthly billing period @ \$0.12679 per Ccf

**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-INC.

Conservation Adjustment: The billing shall reflect adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC and Rate Schedule 1C, if applicable.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

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

**Supersedes Rate Schedule Dated**

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

July 29, 2019 (Gulf Coast Service Area)

May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area**

**RATE SCHEDULE 20**

**COMMERCIAL SERVICE RATE**  
**(Continued)**

**CONDITIONS**

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

Supersedes Rate Schedule Dated

June 3, 2019 (Austin Only)  
June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)  
July 29, 2019 (Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After

TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 30****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 for resale only

**TERRITORY**

The incorporated areas of the Central-Gulf Service Area which includes Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$320.96 plus

All Ccf per monthly billing period @ \$0.12707 per Ccf

**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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**Supersedes Rate Schedule Dated**

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

July 29, 2019 (Gulf Coast Service Area)

May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 30****INDUSTRIAL SERVICE RATE**  
**(Continued)****CONDITIONS**

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

**Supersedes Rate Schedule Dated**

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

July 29, 2019 (Gulf Coast Service Area)

May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 40****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**

The incorporated areas of the Central-Gulf Service Area which includes Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$81.70 plus

All Ccf per monthly billing period @ \$0.12549 per Ccf

**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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

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

**Supersedes Rate Schedule Dated**

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

July 29, 2019 (Gulf Coast Service Area)

May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 40****PUBLIC AUTHORITY SERVICE RATE**  
**(Continued)****CONDITIONS**

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

**Supersedes Rate Schedule Dated**

June 3, 2019 (Austin Only)  
June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)  
July 29, 2019 (Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

RATE SCHEDULE 48

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

The incorporated areas of the Central-Gulf Service Area which includes, Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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	\$134.70 plus
All Ccf per monthly billing period @	\$0.10012 per Ccf

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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.

Taxes: Plus applicable taxes and fees (including franchise fees) related to the above.

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

<u>Supersedes Rate Schedule Dated</u>	<u>Meters Read On and After</u>
June 3, 2019 (Austin Only)	TBD
June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)	

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area**

**RATE SCHEDULE 48**

**PUBLIC SCHOOLS SPACE HEATING SERVICE RATE**  
**(Continued)**

**CONDITIONS**

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

Supersedes Rate Schedule Dated

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

Meters Read On and After

TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 70****UNMETERED GAS LIGHT SERVICE RATE****APPLICABILITY**

Applicable to any Customer on Texas Gas Service Company, a Division of ONE Gas, Inc.'s system requiring natural gas service for gas lighting only, without the use of metering device. Gas service is only available to Customers utilizing standard gas lighting equipment manufactured with an orifice burner assembly or equivalent that is intended for lighting of sidewalks and other walk ways. The Company, in its sole discretion, shall determine if Customer's lighting equipment qualifies for this tariff and shall contract with Customer for the appropriate monthly charge based upon Customer's complete installation of gas lighting equipment. Gas service under this rate schedule is available only with the Company as the sole supplier of gas for Customer and is not available for resale to others or for standby or supplemental service. This rate is only available to full requirements customers of Texas Gas Service Company, a Division of ONE Gas, Inc.

**TERRITORY**

The incorporated areas of the Central-Gulf Service Area which includes Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

**COST OF SERVICE RATE**

The total hourly rated consumption of all gas lighting equipment included, expressed in Ccf at the location, shall be multiplied by 730 for gas lighting equipment that runs continuously or 365 for gas lighting equipment with a light sensor, to determine the average monthly consumption of the service. The result, rounded to the next highest Ccf, shall then be billed the rates provided in this rate schedule:

Residential	\$ 0.32626 per Ccf
Commercial	\$ 0.12679 per Ccf
Industrial	\$ 0.12707 per Ccf
Public Authority	\$ 0.12549 per Ccf

**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-INC.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**CONDITIONS**

The Customer shall ensure that the installation of lighting equipment conforms to industry safety standards. The Company reserves the right to review Customer's installation of lighting equipment from time to time to determine if it conforms to terms and conditions as set forth in this tariff and the executed service agreement with the Customer. Customer shall notify Company in writing within 30 days of any change in number of gas lights or other material changes made to the gas lighting installation.

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

Initial Rate Schedule

Meters Read on and After  
TBD

ELECTRICAL COGENERATION RATE

APPLICABILITY

Service under this rate schedule is available to any customers of Texas Gas Service Company, a Division of ONE Gas, Inc., (the “Company”) 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

The incorporated areas of the Central-Gulf Service Area, which includes, Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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		\$ 104.70 plus
For the First	5,000 Ccf/Month	\$ 0.07720 per Ccf
For the Next	35,000 Ccf/Month	\$ 0.06850 per Ccf
For the Next	60,000 Ccf/Month	\$ 0.05524 per Ccf
All Over	100,000 Ccf/Month	\$ 0.04016 per Ccf

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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE NO. C-1****Page 2 of 2****ELECTRICAL COGENERATION RATE**  
**(Continued)****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.

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.

Supersedes Rate Schedule Dated

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE C-1-ENV  
Page 1 of 2****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-Gulf Service Area, which includes the unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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		\$ 104.70 plus
For the First	5,000 Ccf/Month	\$0.07720 per Ccf
For the Next	35,000 Ccf/Month	\$0.06850 per Ccf
For the Next	60,000 Ccf/Month	\$0.05524 per Ccf
All Over	100,000 Ccf/Month	\$0.04016 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.

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

Taxes: Plus applicable taxes and fees related to above.

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE C-1-ENV  
Page 2 of 2****ELECTRICAL COGENERATION RATE  
(Continued)****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.

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.

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

RULES OF SERVICE

CENTRAL-GULF SERVICE AREA

Incorporated and Unincorporated Areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda (environs only), Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, TX

Effective for Meters Read On and After  
TBD

Supersedes and Replaces “Incorporated Central Texas Service Area” (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX) dated October 26, 2016;

“Incorporated Central Texas Service Area” (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX) dated January 6, 2017;

“Unincorporated Areas of the Central Texas Service Area” dated November 23, 2016;

“Incorporated and Unincorporated Gulf Coast Service Area” dated May 9, 2016;

“Incorporated Areas of Beaumont, TX” dated May 22, 2019

Communications Regarding this Tariff  
Should Be Addressed To:

Texas Gas Service Company, a Division of ONE Gas, Inc.  
5613 Avenue F  
Austin, Texas 78751

OR

Texas Gas Service Company, a Division of ONE Gas, Inc.  
4201 39<sup>th</sup> Street  
Port Arthur, TX 77642

OR

Texas Gas Service Company, a Division of ONE Gas, Inc.  
402 33<sup>rd</sup> Street  
Galveston, TX 77750



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

## TABLE OF CONTENTS

Section	Description
1	General Statement
2	Reserved for Future Rules
3	Rates and Utility Charges
4	Conditions of Service
5	Initiation of Service
6	Metering and Delivery of Gas
7	Installation of Equipment
8	Extension of Facilities
9	Customer Owned Systems
10	Security Deposits
11	Gas Measurement
12	Meter Reading and Accuracy
13	Billing and Payment of Bills
14	Quality of Gas
15	Service Work
16	Maintenance of Equipment
17	Discontinuance of Service
18	Re-establishment of Service
19	Notice
20	Average Bill Calculation Plan
21	Fees and Cash Deposits

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

GENERAL STATEMENT

1.1 TARIFF APPLICABILITY

Texas Gas Service Company, a Division of ONE Gas, Inc. is a gas utility operating within the State of Texas. This Tariff applies to Texas Gas Service Company, a Division of ONE Gas, Inc.'s Central-Gulf Service Area, comprising the Cities and environs of Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, and the environs of Buda, Texas. This Tariff supersedes and replaces all tariffs previously approved and applied in the Central Texas, Gulf Coast Service Areas and the City of Beaumont.

Service under this Tariff is subject to the original jurisdiction of the municipalities in the Central-Gulf Service Area and the Railroad Commission of Texas. The Company will provide service to any person and/or business within its service area in accordance with the rates, terms and conditions provided for in its Tariff and regulations.

1.2 RATE SCHEDULES

All Customers shall be served under rate schedules filed with the municipality or Railroad Commission of Texas. Customers shall be assigned to rate schedules in accordance with the class of the particular Customer, the usage which will be made of the gas and that Customer's volume requirements. The Company shall advise an Applicant or Customer regarding the most advantageous rate for his or her usage if more than one rate is applicable. A Customer assigned to a rate schedule shall remain on that schedule for a minimum of one year except that an assignment made in error may be corrected immediately. In the event of a question regarding the Customer's classification, the questions shall be resolved by reference to the coding of the Customer's primary business in the latest edition of the Standard Industrial Classification Manual of the United States Government's Office Management and Budget.

1.3 DEFINITIONS

The following definitions shall apply to the indicated words as used in this Tariff:

Adder: Shall mean the Company's incremental cost to purchase natural gas.

Aggregation Areas: Shall mean aggregation pools established by the Company within geographic, operational, administrative, and/or other appropriate parameters, for the purposes of nominating and imbalances.

Agricultural Service: Service to Consumers engaged in agricultural production.

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

Automated Meter Reading (AMR): The process of remotely reading a gas meter.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

Average Day Usage:

The gas demand of a given Customer for gas in any one month divided by 30. Gas demand is considered to be equivalent to consumption during each billing month, provided however, that when service has been curtailed, demand shall be considered to be actual consumption plus estimated curtailment during the period.

Blanket Builder:

A builder or someone acting for a builder who is invoiced for the installation of service lines.

Btu:

Shall mean British thermal unit(s) and shall be computed 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 shall not be corrected for real water vapor as obtained by means commonly acceptable to the industry, and "MMBtu" shall mean one million (1,000,000) Btu.

Commercial Service:

Service to Consumers engaged primarily in the sale or furnishing of goods and services and any usage not otherwise provided for.

Commission or The Commission:

The Railroad Commission of Texas.

Company:

Texas Gas Service Company, a Division of ONE Gas, Inc.

Consumer:

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.)

Consumption Period:

Shall mean a volumetric billing period.

Customer:

Any person or organization now being billed for gas service whether used by him or her, or by others.

Cumulative Tolerance Limit:

Shall mean the percent of aggregate historical annual deliveries of a Qualified Supplier's Aggregation Area pool of customers for the most recent year ended on June 30. The Company, at its sole discretion, may make adjustments to the Cumulative Tolerance Limit.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Day or Gas Day:</u>	Shall mean the 24-hour period commencing at 9:00 a.m. (central clock time) on one calendar day and ending at 9:00 a.m. (central clock time) the following calendar day.
<u>Dekatherm (Dth):</u>	Shall mean 1,000,000 Btu's (1 MMBtu). This unit will be on a dry basis.
<u>Domestic Service:</u>	Service to any Consumer which consists of gas service used directly for heating, air conditioning, cooking, water heating and similar purposes whether in a single or multiple dwelling unit.
<u>Electrical Cogeneration Service:</u>	Service to Consumers who use natural gas for the purpose of generating electricity. This service uses 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.
<u>Electronic Document:</u>	Any document sent electronically via email or the internet.
<u>Electronic Flow Measurement (EFM):</u>	An electronic means of obtaining readings on a gas meter.
<u>Electronic Fund Transfer (EFT):</u>	The process to convert a paper check or electronic bill payment request to an electronic transfer. Paper checks received by Company or their agents are destroyed.
<u>Electronic Radio Transponder (ERT):</u>	A device that assists with remotely reading a gas meter.
<u>Excess Flow Valve (EFV):</u>	A safety device installed below ground inside the natural gas service line between the main and the meter intended to reduce the risk of accidents in limited situations.
<u>Expedited Service:</u>	Customer request for same day service or service during non-business hours for connection or reconnection of gas service.
<u>Gas or Natural Gas:</u>	Shall mean 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.
<u>General Rate Schedule:</u>	A rate schedule available to all Customers of the appropriate class or classes for usages indicated therein.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Industrial Service:</u>	Service to Consumers engaged primarily in a process which changes raw or unfinished materials into another form of product. This classification shall embrace all Consumers included in Division A (except Major Groups 01 and 02) and Division D of the Standard Industrial Classification Manual.
<u>Irrigation or Irrigation Pumping Service:</u>	(SIC Division A - Major Group 01) who use gas for operating engine-driven pumping equipment.
<u>Mcf:</u>	Shall mean one thousand (1,000) cubic feet of Gas.
<u>Month:</u>	Shall mean 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.
<u>Monthly Tolerance Limit:</u>	Shall mean five percent (5%) of the aggregate deliveries for a Qualified Suppliers Aggregation Area pool of customers for such month.
<u>Optional Rate Schedule:</u>	A General Rate Schedule which may be selected by a Customer in lieu of another general schedule but which may require installation of special equipment.
<u>Overtime Rate:</u>	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 the Company's normal business hours.
<u>Payment in Kind (PIK):</u>	Shall mean a reimbursement for lost and unaccounted for gas.
<u>PDA:</u>	Shall mean a predetermined allocation method.
<u>Pipeline System:</u>	Shall mean the current existing utility distribution facilities of the Company located in the State of Texas.
<u>Point of Delivery:</u>	Shall mean the point or points where gas is delivered from the Pipeline System to Customer.
<u>Point of Receipt:</u>	Shall mean the point or points where the Company shall receive Gas into the Pipeline System from Customer.
<u>Point Operator:</u>	Shall mean the person or entity that controls the Point of Receipt or Point of Delivery.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Qualified Supplier:</u>	Shall mean an approved supplier of natural gas for transportation to customers through the Company's pipeline system.
<u>Regulatory Authority:</u>	The City Council or equivalent municipal governing body of each respective city in the Central-Gulf Service Area, or the Railroad Commission of Texas, as applicable.
<u>Service Area:</u>	The area receiving gas utility service provided by the Company under the terms of this Tariff.
<u>Special Rate Schedule:</u>	A rate schedule designed for a specific Customer.
<u>System:</u>	Any group of interconnected pipelines and appurtenances owned or operated by the Company and independent from any other such group of facilities.
<u>Tariff:</u>	Shall mean 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.
<u>Temporary Service:</u>	Any service which will not be utilized continuously at the same location for a period of two or more years.
<u>Transportation Form:</u>	Shall mean the Company approved selection of transportation service document.
<u>Transportation Rate Schedule:</u>	A rate schedule designed for service to any Customer for the transportation of Customer-owned natural gas through the Company's distribution system.
<u>Transportation Service:</u>	The transportation by the Company of natural gas owned by someone other than the Company through the Company's distribution system.
<u>Week:</u>	Shall mean a period of seven (7) consecutive Days beginning at 9:00 a.m. Central clock time on each Monday and ending at the same time on the next succeeding Monday.
<u>Year:</u>	Shall mean 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.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

Section 2. [Reserved for future rules]

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

Section 3: RATES AND UTILITY CHARGES

Please see current Rate Schedules on file with each applicable Regulatory Authority.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

CONDITION OF SERVICE

4.1 PROVISION OF SERVICE

The Company will provide gas service to any person or organization located within the Central-Gulf Service Area from the Company's facilities or in certain cases, the facilities of its supplier, in accordance with the provisions of this Tariff including Rate Schedules and Rules of Service.

4.2 FEES AND CHARGES

All fees and charges made by the Company to provide and maintain utility services as provided for in this Tariff. If the Customer elects transportation service, the commodity cost of gas shall be determined between the Customer and the Customer's selected supplier.

4.3 RESALE OF GAS

Gas delivered by the Company shall not be redelivered or resold for the use thereof by others unless otherwise expressly agreed to in writing by the Company - except, however, that those Customers receiving gas for redistribution to the Customer's tenants may separately meter each tenant's distribution point for the purpose of prorating the Customer's actual amount of gas delivered among the various tenants on a per unit basis.

4.4 CONTINUITY OF SERVICE

- a) Service interruptions
  - i) The Company shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Company will reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Customers is affected.
  - ii) The Company shall make reasonable provisions to meet emergencies resulting from failure of service and will 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 emergency or local disaster resulting in disruption of normal service, the Company 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.
- b) Record of interruption. Except for momentary interruptions which do not cause a major disruption of service, the Company 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, if applicable.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

CONDITION OF SERVICE (Continued)

4.4 CONTINUITY OF SERVICE (Continued)

- c) Report to Railroad Commission of Texas. 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 continuous hours. The notice shall also state the Company's belief as to 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.
- d) The procedure under which curtailments of service will be made is described in the Curtailment Plan on file with the Railroad Commission of Texas.
- e) The Company does not guarantee uninterrupted service to any Customer and shall not be liable for damages resulting from any loss of service to any Customer.

4.5 AVAILABILITY OF TARIFF

A copy of this Tariff including all applicable rates can be requested through TGS's customer service number at 1-800-700-2443 (non-emergency number) or requested under the 'Contact Us' section of [www.texasgasservice.com](http://www.texasgasservice.com). Upon the request of any Customer or Applicant, the Company shall make copies of the Tariff which may be purchased by the Customer or Applicant through TGS's customer service. The Company may charge a fee for each copy not in excess of the Company's reasonable cost to reproduce the material.

4.6 CUSTOMER INFORMATION

The Company shall make available, during normal business hours, such additional information on Rates and Services as any Customer or Applicant may reasonably request. Upon any Customer's request, the Company shall inform the Customer how to read the Customer's meter. The Company shall annually provide each Customer with notice of the availability of a concise description in English and Spanish of the Customer's rights and the Company's obligations under this Tariff. A new Customer shall be provided with an informational brochure in the mail after requested service initiation or included with the first bill mailed.

4.7 CUSTOMER COMPLAINTS

Upon receipt of a complaint, either in writing or by telephone, from the Regulatory Authority on behalf of a Customer, the Company will make a suitable investigation and advise the Regulatory Authority and complainant of the results thereof. An initial response must be made by the next business day. The Company 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. Each complainant shall be advised of his or her right to file the complaint with the Regulatory Authority if not satisfied by the Company.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

CONDITION OF SERVICE (Continued)

4.8 LIMITATION OF LIABILITY

The Customer assumes all responsibility for all facilities and their installation, maintenance, operation, functionality, testing and condition thereof on the Customer's side of the point of delivery of gas to the property of the Customer or to the premises of the Consumer, as defined in Section 6.2. The Company is not liable to a Customer, and Customer shall indemnify, hold harmless, and defend the Company and its employees or agents from any and all claims or liability for personal injury, damage to property, or any incidental, consequential, business interruption, or other economic damages or losses in any manner directly or indirectly connected to, arising from, or caused by acts or omissions of any person or party on the Customer's side of said point of delivery, as defined in Section 6.2.

The Company shall be liable to the Customer or Consumer only for personal injury or property damages from or caused directly by the negligent acts or omissions of the Company or its employees occurring on the Company's side of the point of delivery. The Company shall not be liable or responsible for personal injury, property damages, or any other loss or damages arising from or caused by the negligent or intentional act or omission of any person, other than an employee of the Company, who adjusts, repairs, disconnects, changes, alters, or tampers with the Company's meter or facilities in any way.

The Company shall be liable to third parties only for personal injury or property damage directly arising from the negligence or gross negligence of the Company or its employees when acting within the scope of their employment.

In no event shall the Company or its employees be liable for incidental, consequential, business interruption, or other economic damages or losses of Customer, Consumer, or third parties in any manner, directly or indirectly, arising from, caused by, or growing out of the interruption or termination of gas utility service.

The Customer shall make or procure conveyance to the Company of perpetual right-of-way across the property owned or controlled by the Customer that is satisfactory to the Company, provides clear access to Company's facilities, and enables the Company to provide service to Customer's property or the premises of the Consumer.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

## INITIATION OF SERVICE

### 5.1 REGULAR SERVICE

Application for service can be made by telephone or through the internet. Each Applicant must comply with the appropriate requirements of this Tariff before service shall be instituted. No written agreement shall be required for residential service under the standard provisions of this Tariff; commencement of service by the Company and the use of gas service by the Customer shall be evidence of such agreement. Any Customer requesting service under any special provision of this Tariff must execute a written agreement for service in the form prescribed by the Company designating those provisions which shall apply. Each Applicant may be required to produce two forms of verifiable identification; one being a government-issued identification card bearing a photograph of Applicant; and verifiable proof of their right to occupy a specific service address as of a specific date of occupancy.

### 5.2 SPECIAL CONTRACTS

Under certain special conditions, the Company may agree to rates, terms or conditions of service other than those provided in this Tariff. Such service must be established under the terms of a special contract or service agreement. To the extent that the provisions of any special contract are at variance with this Tariff, the provisions of the contract shall apply.

### 5.3 TEMPORARY SERVICE

Temporary Service shall be furnished under the same rate schedules applicable to regular service of a similar kind.

### 5.4 FEES AND CHARGES

The Company shall charge a non-refundable fee to each Applicant to compensate for the cost involved in initiation or reconnection of service or when service is transferred from one name to another at any location, or whenever a meter is reset or relocated on the same premises at the request of the Customer, all as specified in Section 21.1 of this Tariff.

Whenever the Applicant requests expedited service, the Company will accomplish the work as expeditiously as possible and the Customer will be charged at the Company's approved rate for service work. Expedited service and the charges therefore shall be made only on request of the Applicant. Whenever service is furnished from the facilities of a third party and the Company must pay any special fees to that third party, the Company may, at its option, pass that charge plus 20 percent for handling through to the Applicant requesting service. See Section 21.1 relating to fees for the above.

### 5.5 ESTABLISHMENT OF CREDIT

Each Applicant for service shall be required to make a security deposit in accordance with Section 10 of this Tariff to establish and maintain satisfactory credit. These deposits shall be computed in the same manner for the same class of service, provided however, that a deposit shall be waived if:

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

INITIATION OF SERVICE (Continued)

5.5 ESTABLISHMENT OF CREDIT (Continued)

- a) The Applicant has been a Customer for the same kind of service within the last two years and did not have more than one occasion in which a bill for service from any such utility service account was delinquent and no disconnection for non-payment was made;
- b) The Applicant furnishes an acceptable letter of credit;
- c) The Applicant demonstrates a satisfactory credit rating by presentation of satisfactory credit references capable of quick, inexpensive verification (applicable to residential Customers only);
- d) The Applicant is 65 years of age or older and has no outstanding balance for natural gas utility service which accrued within the last two years (applicable to residential Customers only);
- e) The application is made for or guaranteed by an agency of the federal, state or local government; or
- f) The Applicant has been determined to be a victim of family violence as defined by TEX. FAM. CODE ANN., §71.004. This determination shall be evidenced by the applicant/s submission of a certification letter developed by the Texas Council on Family Violence (made available on its Web site).

5.6 GROUNDS FOR REFUSAL TO SERVE

The Company may refuse service to any Applicant for any of the following reasons:

- a) Failure to pay fees, advances or contributions or to make any deposit required for service under this Tariff;
- b) Failure of the Applicant to furnish any service or meter location specified for service under this Tariff;
- c) Existence of an unsafe condition such as a leak in the Applicant's piping system which, in Company's sole opinion, may endanger life or property;
- d) The Applicant is indebted to the Company for the same class of utility service at the same or another service location within the Company's system; or
- e) Delinquency in payment for gas service by another occupant if that person still resides at the premises to be served.

The right to refuse service shall terminate when the Applicant has complied with the Company's requirements or corrected the cause for the refusal to serve.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

INITIATION OF SERVICE (Continued)

5.7 REASONABLE TIME

The Company shall have a reasonable amount of time to institute service following application therefore or execution of an agreement for service. The time may vary depending on approvals and permits required, the extent of the facilities to be built, and the Company's workload at the time.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

METERING AND DELIVERY OF GAS

6.1 METER LOCATION

The Company shall have the sole right to determine the location of the meter in accordance with the needs of the service.

Each Applicant shall furnish and subsequently maintain a suitable location on his or her premises for the Company's meter and related facilities at a point selected by the Company. Meters shall be located where they will be safely accessible for reading and service, adequately ventilated, and not subject to damage. Meters shall not be located within any enclosed area unless the enclosure is solely intended as a meter house. It may be necessary for the Company to install bollards or guard posts around the meters for safety.

6.2 POINT OF DELIVERY

The point of delivery of gas sold by the Company to the Customer shall be at the outlet side of the Company's meter, provided that in those cases in which the Customer owns a section of the underground pipe between the Customer's property line and the meter, the point of delivery shall be at the property line. The title of all gas sold by the Company to the Consumer shall pass from the Company at the point of delivery. The point(s) of delivery and point(s) of redelivery for Transportation Service shall be as provided in the contract entered into between the Customer and the Company.

6.3 MULTIPLE METERS

Each Customer or group of Customers located on the same lot or tract of land may be served from a single meter location. The Company may, at its option, permit additional meter locations to simplify installation of facilities or provide better service. Whenever more than one meter location is permitted for the same Customer, the Company shall bill the usage through each meter separately, provided that any combined billings in effect at the time of adoption of this Tariff may be continued until the affected Customer discontinues service or upon order by the Regulatory Authority.

6.4 CONNECTION TO COMPANY FACILITIES

No Consumer shall make any connection or alteration of any kind on any of the Company's facilities upstream of the Company's meter or shall permit any other person to make such connection or alteration.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

INSTALLATION OF EQUIPMENT

7.1 EQUIPMENT FURNISHED BY THE COMPANY

The Company shall furnish and install at its expense, the service pipe from the Company's existing main to the property line nearest the meter and the equipment related thereto, including meter valve and service regulator. Whenever the meter is located at any point other than the property line, the Company shall determine the estimated cost of that portion of the service between the property line and the meter set. This estimate shall be based on the size and footage to be installed and charged in accordance with Section 8 and other applicable provisions of this Tariff. This estimated amount shall be contributed by the Applicant to the Company before construction, unless the Applicant is a qualified Blanket Builder, or unless the cost of the service line was previously included in the main extension calculation under Section 8.1. Although affixed to or buried in the Customer's property, the entire service and meter set shall become the property of the Company and shall be operated and maintained by the Company.

7.2 EQUIPMENT FURNISHED BY THE APPLICANT

The Applicant shall furnish and install at his or her expense, all piping and equipment required to conduct and utilize the gas furnished, from the outlet of the meter set to the point(s) of utilization and those portions of the service line and meter set not furnished by the Company as described in Section 7.1 above. The adequacy, safety and compliance with applicable codes and ordinances shall be the responsibility of the Applicant and no action of the Company in accordance with this Tariff shall release the Applicant of the responsibility for the facilities installed by him or her.

7.3 STATUTES, CODES, AND ORDINANCES

All piping and installations owned by the Applicant shall comply with all applicable legal requirements, whether federal, state, county, municipal, or otherwise, and shall be properly designed for the pressures and volumes to be handled. In those locations where there are no applicable state or local requirements, the applicable provisions of the National Fuel Gas Code 54; ANSI Z223.1 and any amendments thereto shall apply.

7.4 CHECKS AND TESTS

The Company shall have the right to check new installations prior to initiation of service and to make any test of the Applicant's facilities it deems necessary, at no charge to the customer.

7.5 REFUSAL TO SERVE

The Company shall refuse service to any Applicant who refuses entry for observation or whose facilities do not comply with the applicable provisions of this Tariff. The right to refuse service shall terminate with the correction of the condition(s) which was cause for refusal. Initiation of service, however, shall not be considered to be acceptance or approval by the Company of such facilities.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

## EXTENSION OF FACILITIES

### 8.1 EXTENSION OF MAINS

The Company shall install the necessary facilities to provide service to Applicants whose premises are located beyond the Company's existing distribution facilities in accordance with the provisions of this Section. The expenditure for such extensions must either be cost justified or the Applicant(s) and Company must mutually agree to terms that justify the installation.

### 8.2 DESIGN AND COST OF FACILITIES

As soon as practical after an application for service is received, the Company shall determine the extent of the facilities required to serve the new customer and the cost thereof. This cost shall include all amounts to be spent for system improvements necessary to deliver the required gas, such as mains, regulator and meter stations, upgrading and/or reinforcement, all in accordance with the Company's current practice. Whenever the Company chooses to install facilities of greater capacity than would be required to serve the new customer for which the application is being made or to permit supply from another source, the estimate of costs shall be based on only the size and capacity normally used to serve requirements similar to that of the Applicant.

### 8.3 ALLOWANCE FOR NEW BUSINESS

The Company shall also determine the number of existing permanent Customers located along the route of the extension expected to be served therefrom. To be included, the occupant of each premise must request service and demonstrate capability for using such service through a major gas burning appliance. Single or groups of individually owned mobile homes shall be included only if the wheels and hitch have been removed from each mobile home and/or substantial improvements have been made to the property. Mobile home parks may be served either through a master meter or individual meters served by a Company-owned system, provided that required mains can be installed and dedicated streets or rights-of-way have been provided to the Company for installation of facilities as evidenced by agreement executed on the Company's form. An allowance to be determined by the Company may be given for each Customer whose premises exist at the time of application to be served from the proposed main extension. In order to qualify for this allowance, the Customer must file an application and agree to initiate gas service upon completion of the Company's facilities.

### 8.4 ADVANCES

The mutually agreed upon terms will determine the amount of advance required. The Applicant shall have 30 calendar days after notification of the amount required to execute an extension agreement on the Company's form and pay the required advance. At the end of that time, the Company may revise its estimates to reflect any changes in costs or conditions which will affect the amount of the advance. The Company may waive collection of any advance based on an economic analysis of the project.

### 8.5 CONSTRUCTION OF FACILITIES

As soon as practical after the advance has been paid or it has been determined that no advance will be required, the Company shall begin construction of the required facilities and thereafter prosecute the

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

EXTENSION OF FACILITIES (Continued)

8.5 CONSTRUCTION OF FACILITIES (Continued)

work with reasonable diligence. The Company shall not be responsible for delays in the construction of the facilities occasioned by events or conditions reasonably beyond the Company's control. Whenever the construction of the new facilities requires the acquisition of rights-of-way across the Applicant(s) land(s), these rights-of-way shall be provided by the Applicant(s) in the Company's name and on its form at no cost to the Company (except for fees involved in the recording of documents).

8.6 REVIEW OF ADVANCES

The Company shall review each extension agreement on the first anniversary of the signing of that agreement. Upon the Applicant(s) request if the extension provided for in the agreement has not been installed through no fault of the Company, the agreement shall be considered to be terminated and a complete refund made to the Applicant(s). Once the extension has been installed and service has been initiated, the Company shall thereafter review the extension agreement at its second through fifth execution date. At each review, the number of Customers then served directly from the extension shall be compared with the number served on the last prior anniversary date. A refund, shall be given for each additional Customer served, based on mutually agreed upon terms provided that the total of the refunds given does not exceed the cost of the extension of facilities.

8.7 REFUND LIMITATIONS

The Company may, at its sole option, make a refund at any time. In no case, however, shall a refund be given unless the number of Customers then served is greater than the number for whom refunds have previously been given. No refund shall be given which shall cause the total refunds to be greater than the total amount of the advance. No interest shall be paid on any advance made under the provisions of this Section. At the end of the five year period, any remaining amount of the advance shall be retained by the Company as a contribution in aid of construction.

8.8 DELIVERY OF REFUNDS

Upon Applicant(s) request, when a refund is due, a check in the appropriate amount and a letter setting forth the method of calculation of the refund and the balance remaining un-refunded shall be made to the person or business in whose name the extension agreement is made or to his or her assignee. If that letter is returned undelivered, the check shall be cancelled and the next review made without regard to that refund. All sums described in this Section which are returned undelivered and remain unclaimed in the Company's possession for a period of six months following expiration of the five year period of the extension agreement shall be retained by the Company and considered a contribution in aid of construction.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

CUSTOMER-OWNED SYSTEMS

9.1 INDIVIDUALLY METERED SYSTEMS

The Company shall not render service to any Customer through a meter not connected to a system owned by the Company or one of the Company's suppliers.

9.2 MASTER METERS

The Company shall provide service through a master meter into the piping systems of others to be distributed to more than one Consumer, except when the gas served is resold to those Consumers on either a commodity or separate cost of service basis; provided, however, that those Customers purchasing gas for redistribution to the Customer's own tenants only on the Customer's premises may separately meter each tenant distribution point for the purpose of prorating the Consumer's actual purchase price of gas delivered among the various tenants on a per unit basis, and further provided that the provisions of this Section 9 shall not preclude the Company from supplying natural gas to a third party for resale to the public as fuel for natural gas powered vehicles (NGV's).

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

## SECURITY DEPOSITS

### 10.1 REQUIREMENTS

The Company shall require a security deposit from any present or prospective Customer in accordance with Sections 5.5 and 18.1 of this Tariff to guarantee payment of bills, and from any present Customer who during the last 12 consecutive months has on more than one occasion paid their utility bill after becoming delinquent. However, the deposit requirement may, at the option of the Company be based on annual usage experienced at the particular address with application of one-sixth of the annual amount as determined as the required deposit. 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. The deposit shall be refunded to residential Customers in the form of cash or credit to a customer's account when the Customer has paid 12 consecutive bills without having service disconnected for non-payment, and without having one or more occasion in which a bill was delinquent or a payment was returned, and the Customer is not currently delinquent.

### 10.2 RECEIPTS

The Company shall maintain such records as may be necessary to permit any Customer to receive any deposit return to which he or she is entitled without presentation of the receipt. A record of any unclaimed deposits shall be maintained by the Company for at least 4 years.

### 10.3 INTEREST

The Company shall pay interest on all security deposits for the time held at the rate as set by the Public Utility Commission annually except when

- a) The deposit is held 30 days or less;
- b) Notice is sent to the Customer's last known address that the deposit is no longer required;
- c) The service to which the deposit relates has been discontinued; or
- d) All or any part of the deposit has been applied to a delinquent account.

Interest on deposits earned during the preceding year shall be paid to the Customer annually. Payment shall be made either by check or as a credit on the monthly bill at the Company's option.

### 10.4 RETURN OF DEPOSITS

Deposits on residential accounts returned to the Customer in accordance with Section 10.1 above shall be applied in the first calendar quarter following the month in which the good payment record is established. Whenever the deposit of any Customer is returned to the Customer, the Company shall pay all previously unpaid interest with the payment.

### 10.5 ACCEPTABLE FORMS OF DEPOSIT

Any one of the following forms of credit security may be accepted from Customers and Applicants for service:



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

SECURITY DEPOSITS (Continued)

10.5 ACCEPTABLE FORMS OF DEPOSIT (Continued)

- a) A cash deposit of as much as one-sixth (1/6) the estimated annual billings for service requested; but no less than the minimum deposit set forth in Section 21.2;
- b) For commercial customers only, a nontransferable, irrevocable letter of credit from an established financial institution, payable for as much as one-sixth (1/6) the estimated annual billings for services requested and, which can be drawn on for a minimum of two (2) years; but no less than the minimum deposit set forth in Section 21.2; or
- c) For commercial customers only, a surety bond issued by a reputable insurance company which can be drawn on for a minimum of 2 years .

10.6 FRANCHISE AGREEMENTS

To the extent the terms of a franchise agreement are inconsistent with this Section, the terms of the franchise agreement controls. Applicable to customers inside the corporate limits of an incorporated municipality that imposes a municipal franchise fee to Company for the gas service provided to Customer.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service AreaGAS MEASUREMENT11.1 PRESSURE

The standard serving and measurement pressure shall be 4 ounces (0.25 psig) or 7" Water Column above the standard atmospheric pressure in the area served. The atmospheric pressure and standard serving pressure determined to be the average in the cities and environs of the Central-Gulf Service Area are listed below.

Cities and their Environs	Atmospheric Pressure PSIA	Standard Serving Pressure PSIA
Austin	14.40	14.65
Bayou Vista	14.70	14.95
Beaumont	14.70	14.95
Bee Cave	14.40	14.65
Buda	14.40	14.65
Cedar Park	14.40	14.65
Cuero	14.48	14.73
Dripping Springs	14.40	14.65
Galveston	14.70	14.95
Gonzales	14.48	14.73
Groves	14.70	14.95
Jamaica Beach	14.70	14.95
Kyle	14.40	14.65
Lakeway	14.40	14.65
Lockhart	14.48	14.73
Luling	14.48	14.73
Nederland	14.70	14.95
Nixon	14.48	14.73
Port Arthur	14.70	14.95
Port Neches	14.70	14.95
Rollingwood	14.40	14.65
Shiner	14.48	14.73
Sunset Valley	14.40	14.65
Yoakum	14.48	14.73
West Lake Hills	14.40	14.65

The Consumer and the Company may, at the Company's option, agree to a higher serving pressure. Service regulators shall be set as close as practical to the standard serving pressure under a load condition of approximately 10 percent of meter capacity. Increases in serving pressure because of the inadequacy of the Consumer's facilities shall not be permitted.

11.2 UNIT OF MEASUREMENT

The standard unit of measurement shall be one hundred cubic feet (Ccf). A cubic foot shall be defined as the amount of gas which occupies a volume of one cubic foot at the standard serving pressure and at a temperature of 60 degrees Fahrenheit.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

GAS MEASUREMENT (Continued)

11.2 UNIT OF MEASUREMENT (Continued)

Whenever the Company delivers gas at any pressure other than the standard serving pressure, volumes shall be corrected to the standard serving pressure in the manner provided in this Tariff, provided however, that such correction may be made to any other standard provided in the rate schedules or special agreement under which the Customer is served. The Company may, at its sole option, waive the correction of measurement for temperature deviation.

11.3 BILLING UNIT

Unless otherwise specified on the rate schedules or by special agreement, Customers shall be billed on the basis of Ccf measured at or corrected to the standard serving pressure. The index of the meter shall be the sole determinant of volumes passing through the meter. Whenever the meter reads directly in hundreds or smaller units, a reading of one-half a billing unit or more (500 Ccf or more) shall be considered a whole billing unit. Readings of less than one-half a unit shall be disregarded for billing. In those cases in which heating value is used as the billing unit, the calculation of the heating value in BTU's shall be made in accordance with Section 11.7 of this Tariff.

11.4 PRESSURE CORRECTION - STANDARD METERING

Whenever gas is delivered to any Customer served under a rate schedule which provides for standard metering, the Company shall correct actual volumes measured to volumes which would have been measured if the gas had been delivered at the standard serving pressure. Corrections shall be made by one of the following methods.

- a) The Company may install pressure or pressure and temperature compensating measurement equipment whenever the cost of this equipment is justified by the volumes served. Such measurements shall be equipped with devices which mechanically or electronically correct the actual measured volumes in accordance with Boyle's Law. Variations in actual atmospheric pressure shall not be considered.

The Company may use factor billing whenever the volumes to be delivered are too small to justify special metering. The factor shall be determined by dividing the actual serving pressure by the standard serving pressure, both expressed in absolute units based on the standard atmospheric pressure in the area as specified in Section 11.1 hereof. This factor shall be applied to the measured volumes to determine the correct number of billing units.

11.5 METERING - SPECIAL POSITIVE DISPLACEMENT

Whenever gas is delivered to any Customer served under a rate schedule which provides for special metering and positive displacement or turbine type metering is used, all volumes shall be determined in accordance with the recommendations of the manufacturer of the meter. Meters may be read in actual volumes which shall then be corrected to the standard billing unit or may be furnished with devices designed to correct the actual volumes to the standard billing units. The following criteria shall be used in the correction of volumes or design and calibration of correcting devices:

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

GAS MEASUREMENT (Continued)

11.5 METERING - SPECIAL POSITIVE DISPLACEMENT (Continued)

- a) Pressure correction shall be made in accordance with Boyle's Law. Calculations based on pressure reading on a continuously recording chart shall use the average pressure indicated thereon applied to the measured volumes. Correcting devices shall be set at the specified serving pressure and the service regulators shall be adjusted as close to that pressure as practical. Corrections for deviations from Boyle's Law ("supercompressibility") may be made whenever the volumes delivered justify the cost of making such corrections.
- b) The flowing temperature of the gas shall be assumed to be 60 degrees Fahrenheit unless temperature correction is provided. Corrections shall be made in accordance with Charles' Law.
- c) Whenever a continuously recording instrument is used, the average temperature indicated thereon shall be applied to the measured volumes. The specific gravity of the gas shall be assumed to be the value last indicated by test or reported by the upstream pipeline supplier prior to the installation of the metering facilities. Whenever subsequent reports or tests indicate significant changes in gravity, volume calculations shall be changed prospectively to reflect the new gravity.

11.6 METERING - SPECIAL ORIFICE

Whenever gas is delivered to any Customer served under a rate schedule with provisions for special metering and orifice metering is used, all volumes shall be determined in accordance with the recommendations for measuring gas contained in the American Gas Association's Gas Measurement Committee Report No. 3, Orifice Metering of Natural Gas (1992), and subsequent revisions thereof. Orifice meter charts shall be calculated using a standard integrating device or other method recognized in the industry. The following criteria shall be used in the correction of volumes or design and calibration of orifice metering:

- a) Correction for deviation of gas from Boyle's Law shall be made in accordance with Report No. 3.
- b) Temperature of gas passing the meter shall be assumed to be 60 degrees Fahrenheit unless suitable equipment has been installed to measure actual flowing temperature. The arithmetical average of the temperature recorded during each meter charge period while the gas is flowing shall be used in the computations of volumes during the period.
- c) The standard atmospheric pressure for the area served shall be used for measurement irrespective of any variation in the actual barometric pressure.
- d) The specific gravity of the gas shall be assumed to be the value last obtained in a spot test made with a gravity balance, impact type unit or other acceptable method. Tests shall be made as frequently as found necessary to assure accurate measurement.

11.7 BTU MEASUREMENT

The heating value of gas for use in billing shall be defined as the gross thermal value of one cubic foot of gas at a pressure of 14.73 psia and temperature of 60 degrees Fahrenheit on a dry basis.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

GAS MEASUREMENT (Continued)

11.7 BTU MEASUREMENT (Continued)

The number of billing units delivered shall be determined by multiplying the heating value determined in accordance with this Section by the volumes delivered during the period, expressed in the same units and measured at, or corrected to 14.73 psia and 60 degrees Fahrenheit, and multiplying by the factor necessary to convert the heating value/measurement units to the billing units provided in the appropriate rate schedule. The heating value of the gas shall be determined using one of the following methods:

- a) Processing a continuous sample of the main stream at the meter location through a recording calorimeter of a standard type;
- b) Analysis of gas samples accumulated from the main stream at the meter location in a sample bottle of an approved type;
  - i) passing the sample through a recording calorimeter of a standard type;
  - ii) passing the sample through a flow calorimeter of a standard type; or
  - iii) passing the sample through a chromatograph to determine the chemical composition and calculating the total heating value from the sum of the constituents.

11.8 CUSTOMER-OWNED METERS

A Customer may install and operate a meter or any other device to measure gas volumes, pressure, temperature, BTU content or specific gravity downstream of the point of delivery. Unless expressly otherwise agreed to by the Company and Customer, however, the Company's meter and equipment shall be the sole determinant of volumes for Company's billing purposes.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

METER READING AND ACCURACY

12.1 METER READING

Meters shall be read as nearly as may be practical on the same day of each calendar month. Whenever a reading of a general service meter is missed or the meter is not registering, the Company shall estimate the amount of gas used during the period. Such estimates shall be based on either -

- a) That Customer's use of gas during the same period(s) in previous years;
- b) That Customer's normal use of gas during preceding months; or
- c) The use of a similar Customer for the period missed.

If practical, an actual reading shall be made after two consecutive estimated bills. All meters in Special Service shall be read at least once a month. Whenever such a meter fails to register or is misread, the amount of gas used during the preceding period shall be estimated using data applicable to that Special Service Customer only. The Company will make a special reading of any meter upon request and payment of a service charge will be made in accordance with Section 21.1. The time of the special reading shall be agreed upon with the Customer so that he or she may be present. If the original reading was in error (subject to consumption between the two readings) the service charge will be refunded to the Customer.

12.2 ACCESS TO THE METER

The Customer shall permit the Company safe access to the meter at all reasonable times for reading thereof and at all reasonable times for reading, maintenance, testing, or replacement of the meter. Upon the Customer's failure or refusal to grant such access, the Company may issue a written notice to the Customer, advising them the situation must be corrected and access granted within 5 working days and that failure to do so can result in the disconnection of service and removal of the meter. Additional fees may apply and will be assessed to such Customer as specified in Section 21.1.

12.3 METER ACCURACY

The accuracy limit of all Company meters is established at two percent (2%) fast or slow. Any meter found to be registering outside of the limits of accuracy shall immediately be removed or repaired. As long as the meter is operating within the limits of accuracy, it shall be the conclusive determination as to the quantities of gas delivered to the Customer on whose service it is set.

12.4 METER TESTING AT CUSTOMER REQUESTS

The Company shall have the right to remove and/or test the meter used to determine the quantity of gas delivered. The Customer may request that the Company make a special test of the meter through which he or she is served. Requests for such tests shall be made in writing and the Company shall have 10 days after receipt of the request to remove the meter for testing or to test the meter in place. Tests on removed meters shall be conducted within a reasonable time. If the test is to be performed after the period of presumed accuracy listed by the manufacturer or if the test is to be performed for a residential or small commercial Customer for whom no such test has been performed within the previous four (4) years for the same Customer at the same location, no service charge will be assessed. Otherwise, the Customer shall pay a service charge for such test as specified in Section 21.1.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

METER READING AND ACCURACY (Continued)

12.5 BILLING ADJUSTMENTS - GENERAL SERVICE

Whenever it has been determined that a meter reading and the subsequent billing has been in error, the Company shall recalculate the affected bill(s). If the date and amount of the error can be definitely fixed, the Company shall refund or may bill the affected Customer for the entire difference between the actual bills rendered and the amount which should have been billed. If a meter is found to have registered inaccurately (such as a meter found to be registering fast or slow), the Company shall refund or bill an amount equal to the difference between the actual bills rendered and the amount which would have been billed if the meter was 100 percent accurate during the time since the last previous test or six months, whichever is less. If the meter is found not to have registered, then the rebilling shall be limited to a three-month period 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. Undercharges billed to the Customer may be repaid in a series of equal installments over a reasonable period of time. This Section shall not apply to meter errors found as a result of routine testing in the Company's or its designee's meter shop.

12.6 PROVISIONS FOR SPECIAL SERVICE

The following modifications shall apply to the provisions of this Section for all Special Service rate schedules and service under special written agreements:

- a) Orifice and turbine meters shall be tested at least four times per year at intervals not to exceed 120 days. Should the Customer so elect, tests shall be made in the presence of his or her representative.
- b) Whenever a meter is found to be registering above or below the limits of accuracy, adjustment of the bill (either up or down) shall be limited to the monthly billing subsequent to the last meter test. The adjustment shall be made upon the basis of the best data available, using the first of the following methods, whichever is most appropriate:
  - i) by using registration of Customer's check meter(s);
  - ii) by correcting the error, if the percentage of error is ascertainable by calibration test or mathematical calculation; or
  - iii) by estimating the quantity of gas delivered by comparison with deliveries during the preceding period under similar conditions when accurate registration was obtained.

12.7 PERIODIC TESTS

The Company shall make periodic tests of meters, associated devices and instruments to assure their accuracy. Such tests shall be scheduled within the calendar year or earlier, when the interval is stated in years; or within the calendar month, or earlier when the interval is stated in months. The basic periodic test interval shall be no longer than provided for in the manufacturer's recommendations, a copy of which is available upon request.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

BILLING AND PAYMENT OF BILLS

13.1 RENDERING OF BILLS

Bills for all service shall be rendered monthly as promptly as feasible after the meter has been read. Bills shall be due and payable in full on or before the due date, which shall be stated on the face of the bill and shall not be earlier than fifteen (15) days after the bill is mailed (including electronic mail). Bills shall be considered to have been rendered when deposited in the United States Mail with postage prepaid thereon or, when the customer has elected to receive billings via electronic mail, when the electronic document has been sent. Payment shall be considered received when the correct amount has been received through a company authorized payment method. If not paid by the date due, the bill shall be considered delinquent.

13.2 BILLING PERIOD

Bills shall be rendered at regular monthly intervals unless otherwise authorized or unless service is rendered for a period of less than a month.

13.3 ESTIMATED BILLS

In the event any meter cannot be read at the end of the billing period, the Company shall bill the Customer on the basis of an estimated consumption determined in accordance with Section 12.1 of this Tariff. The next bill based on actual reading after an estimated bill shall make any corrections necessary to bring the Customer's account to a current status for the actual consumption.

13.4 DISPUTED BILLS

- a) In the event of a dispute between the Customer and the Company regarding the bill, the Company will make such investigation as is required by the particular case and report the results to the Customer. If the Customer wishes to obtain the benefits of subsection b) of this Section, notification of the dispute must be given to the Company prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the Company shall inform the Customer of the complaint procedures of the appropriate regulatory authority.
- b) 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.

13.5 PAYMENT RE-PROCESSING FEE

The Company may charge or add to the Customer's account and collect a fee (as provided in Section 21.1 d) to recover costs for reprocessing any payment, including paper check, electronic transfer payment, and debit and credit card payment, that has been rejected or returned to the Company by the bank for any reason other than bank error.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

BILLING AND PAYMENT OF BILLS (Continued)

13.6 E-STATEMENTS

The Customer may at its option receive bills and notices via electronic mail, thereby eliminating paper bills and notices.

13.7 PAYMENT OPTIONS

The Company, at its option and discretion, may contract with payment vendors to provide various payment options and authorize these vendors to accept payments from Customers on the Company's behalf. Payment options may be electronic, telephonic, in person, or by mail and may include automatic bank draft, credit/debit card, check or cash. Contracted payment vendors may charge Customers an additional fee of the use of that payment option and shall be solely responsible for collecting that fee from the Customer.

13.8 DEFERRED PAYMENT PLANS

The Company, at its sole discretion, may offer a deferred payment plan for delinquent Customer accounts. Deferred payment plans shall conform to the following guidelines:

- a) 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.
- b) For purposes of determining reasonableness, the following shall be considered:
  - i) size of delinquent account;
  - ii) Customer's ability to pay;
  - iii) Customer's payment history;
  - iv) time that the debt has been outstanding;
  - v) reasons why debt has been outstanding; and
  - vi) other relevant factors concerning the circumstances of the Customer.
- c) A deferred payment plan, if reduced to writing 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 Company's failure or refusal to comply with the terms of this agreement."
- d) A deferred payment plan may include a one-time late payment penalty up to but no more than 5% of 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 Company's error (such as an

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.

- e) If a Customer has not fulfilled terms of a deferred payment agreement or refuses to sign the same if it is reduced to writing, the Company shall have the right to disconnect pursuant to disconnection rules in Section 17.2 of this Tariff and, under such circumstances, it shall not be required to offer a subsequent negotiation of a deferred payment agreement prior to disconnection.
- f) The Company shall not refuse a Customer participation in a deferred payment plan on the basis of race, color, creed, sex, marital status, age, or any other form of discrimination prohibited by law.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

QUALITY OF GAS

14.1 HEATING VALUE

Gas delivered to Consumers in all service areas shall have an average gross heating value of at least 900 British Thermal Units per cubic foot measured when saturated with water vapor at a pressure of 14.73 psia and temperature of 60 degrees Fahrenheit. Gas of lesser heating value may be delivered for short periods, providing that the average heating value for the calendar month in which the reduction occurs is equal to or greater than the standard and that the burning characteristics of the gas are not significantly altered.

14.2 CHARACTER OF GAS

All gas furnished to Consumers in the Central-Gulf Service Area shall be of merchantable quality suitable for use in standard gas burning appliances. Merchantable quality shall mean that the gas must be commercially free from dust, resins, water and hydrocarbons in liquid form at the pressure and temperature at which the gas is delivered.

14.3 ODORIZATION

All gas shall be odorized with a chemical odorant at a sufficient rate to make it readily detectable. Gas containing enough natural odorant as prescribed by the Railroad Commission of Texas need not be odorized unless the odorant level drops below the acceptable level.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

SERVICE WORK

15.1 CERTAIN SERVICES PROVIDED AT NO CHARGE

When a Customer or Consumer smells or detects natural gas and contacts the Company, the Company shall provide to the Consumer at no-charge to the Customer or Consumer leakage and pressure investigations to ensure that unsafe conditions do not exist. Where leakage or unsafe conditions are determined by the Company to be in the Customer's or Consumer's piping or equipment, the Customer or Consumer will be so advised and service will be discontinued until such time that all leakage and other unsafe conditions have been properly corrected by the Customer or Consumer. In addition, when service is initiated, gas air adjustments on a standard domestic and commercial gas range and water heater will be made.

Any other work performed on any Consumer's appliances or housepiping will be on a charge basis.

15.2 OTHER SERVICE

The Company may have personnel available for and may undertake other service work on the Consumer's premises on a charge basis, as time permits. Charges shall be made at the Company's standard rate in the Service Area and such work and the associated revenues and costs shall be considered non-utility.

15.3 EXPEDITED SERVICE

A Customer may request an expedited service. Charges may apply. (See Section 21 – Fees and Deposits)

15.4 NO ACCESS

A fee may be charged to a Customer who requests a specific time for service, if the Company agrees to the time, sends appropriate personnel to the appointed location and the Customer is not present to allow access to the premises. (See Section 21 – Fees and Deposits)

15.5 MATERIALS OR EQUIPMENT FURNISHED BY THE COMPANY

The Company shall furnish and install the service pipe, and equipment related thereto, including meter valve and service regulator, from the Company's main to the Customer's meter. Although affixed to or buried in the Customer's property, the entire service line and meter set shall become the property of the Company and shall be operated and maintained by the Company.

15.6 MATERIALS OR EQUIPMENT FURNISHED BY THE APPLICANT

The Applicant shall furnish and install at his or her expense all piping, conversions of existing equipment, and appliances required to conduct and utilize the gas furnished by the Company. The adequacy, safety, and compliance with applicable codes and ordinances of piping, conversion equipment and appliances shall remain the responsibility of the Applicant and no action of the Company in accordance with this Tariff shall release the Applicant of the responsibility to furnish and install the facilities required by this Section.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

SERVICE WORK (Continued)

15.7 CODES AND ORDINANCES

All piping, installations, and conversion equipment owned by the Applicant shall comply with all applicable federal, state, and city ordinances and shall be properly designed for the pressures and volumes to be handled. Where there are no appropriate ordinances, the applicable provisions of the National Fuels Gas Code 54; ANSI Z223.1, and any amendments thereto shall apply.

15.8 INSPECTIONS AND TESTS

The Company shall have the right to inspect new installations and/or conversions of appliances and equipment prior to initiation of service and to require any test or repair of the Applicant's facilities it deems necessary, at no charge to the customer.

15.9 REFUSAL TO SERVE

The Company shall refuse service to any Applicant who refuses Company or Company's representatives access to or entry for observation or whose facilities do not comply with the applicable provision of this Tariff. The right to refuse service shall terminate upon satisfactory correction of the condition that was the cause for refusal. Initiation of service, however, shall not be considered acceptance or approval by the Company of such facilities.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

MAINTENANCE OF EQUIPMENT

16.1 MAINTENANCE BY COMPANY

The Company shall maintain all facilities owned by it and shall be responsible for the safe conduct and handling of the gas until it passes the point of delivery. The Company's representative shall have the right to enter the Customer's premises at any reasonable time, in the event of an emergency at any time, to read the meter or make any necessary inspection, repair, adjustment, or replacement of any property owned by the Company.

16.2 MAINTENANCE BY THE CUSTOMER

The Customer shall maintain all facilities owned by him or her and shall be responsible for the safe conduct and handling of the gas after it passes the point of delivery. The Customer shall remove, repair or adjust any Customer-owned property which may pose a threat of damage to the property of the Company. The Customer shall take all reasonable means to assure that no one other than an employee of the Company shall adjust, repair, disconnect or change the meter or other Company facilities in any way. In case of loss or damage to the Company's property from the negligence or willful acts of the Customer or Consumer or the Customer's or Consumer's representatives, the Customer will reimburse the Company for all costs of repairing or replacing the damaged property, including any costs of collection such as attorney's fees.

16.3 LEAKS - RIGHT TO DISCONNECT FOR

The Customer or Consumer shall give the Company notice of any leaking or escaping gas as soon as it is detected. Upon receipt of this notice, the Company shall investigate the matter as promptly as feasible under the circumstances. If the Company's test indicates leakage in the Customer's or Consumer's facilities, the Company shall have the right to disconnect service immediately until the Customer or Consumer has had the condition corrected. If leakage is found to be from Company owned facilities, the Company shall have the right to disconnect service for a reasonable period of time until it can be corrected by the Company. The Company shall have the right to disconnect service immediately if any of the Customer's or Consumer's appliances or equipment is, in the Company's opinion, operating in an unsafe manner.

16.4 FACILITIES CURRENTLY OWNED BY THE CUSTOMER

Any facilities downstream of the meter installed by the Customer shall remain the property and responsibility of the Customer. Whenever the condition of the facility is such that replacement is required, the work shall be done by the Company pursuant to the provisions of Section 16.7 of this Tariff. New facilities will continue to be installed pursuant to Sections 7.1 and 7.2 of this Tariff.

16.5 RESPONSIBILITY

Nothing in this Section shall make the Company responsible for the safe upkeep of any Customer or Consumer-owned facilities.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

MAINTENANCE OF EQUIPMENT (Continued)

16.6 RELOCATION OF COMPANY FACILITIES

- a) A charge of not more than actual cost may be made for relocating a meter or other Company equipment on the same premises at the request of the Customer or Consumer.
- b) If the Company shall for its own convenience and not for the safety or convenience of the Customer, change the point of delivery or change the location of its equipment on private property, the Company shall bear the expense.

16.7 REPLACEMENT OF CUSTOMER-OWNED PIPING

- a) When repair or replacement of Customer-owned piping becomes necessary due to deterioration of the line, damage to the line (except when caused by Customer or Customer's agent), relocation of the Company's distribution main, or for other safety reasons, the Company will relocate Customer's meter to the exterior of the building wall, as close as possible to the existing stub out (where piping exits the structure), and will replace the service piping up to the stub out. The Company will own and be responsible for all service piping from the main line to the meter, and Customer will own and be responsible for all piping from the meter to the building.
- b) The Customer may be billed for all costs of the meter relocate and pipeline replacement.
- c) In the absence of any provision contained in a deed of dedication authorizing the Company to install the service piping and meter on Customer's premises, the owner of the premises shall execute an agreement establishing the meter location, authorizing the Company to install or replace the line, and granting Company access for such work. If the Customer or owner of the premises refuses to give Company personnel or Company authorized personnel appropriate access to the property for purposes of installation, the Customer will retain responsibility for his/her facilities and shall bear the expense of any replacement or repairs.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

DISCONTINUANCE OF SERVICE

17.1 BY CUSTOMER

The Customer shall be responsible for all charges for gas service from the time Customer gives notice of the intention to discontinue service until the Company has read the meter, or for five working days from the date of such notice, whichever is the shorter period of time.

17.2 FOR NON-PAYMENT

The Company shall have the right to discontinue service to any Customer for non-payment of bills or other charges authorized by this Tariff or the applicable rate schedules, following the due date specified in Section 13.1 hereof. Before discontinuing service for non-payment, the Company shall mail a separate written notice to the Customer in English and Spanish with the words “TERMINATION NOTICE” or similar language prominently displayed. This notice shall include a telephone number to contact the Company, the amount of the delinquent bill and the date by which the bill must be paid to avoid disconnection, and a statement of how to contact the Company in case of illness or other emergency. If a representative of the Company makes an attempt to collect a past due amount, a collection fee per visit shall be assessed to such Customers as specified in Section 21.1.

No Customer shall be disconnected for non-payment:

- a) Within a period of 5 working days after mailing of the notice or the day following the date indicated in the notice, whichever is the later time.
- b) After full payment of the delinquent bill except when there is not sufficient time to advise Company's service personnel of receipt of the payment.
- c) Before 7:00 AM or after 7:00 PM on any day or on Friday, Saturday, Sunday, Holiday, or day before a holiday unless Company personnel are available the following day for the purpose of making collections or reconnecting service.
- d) If within 5 working days after the date of delinquency of the bill the Company receives a written request from the Customer not to discontinue service for health reasons and the request is accompanied by a written statement from a licensed physician. Upon receipt of such request, the Company will suspend termination of service for a period up to 20 days. The Customer shall sign a deferred payment plan agreement which provides for payment of such service along with timely payments for subsequent monthly billings.

17.3 EXTREME WEATHER EMERGENCY

Except where there is a known dangerous condition or a use of natural gas service in a manner that is dangerous or unreasonably interferes with service to others, the Company shall not disconnect natural gas service to:

- a) A delinquent residential customer during an extreme weather emergency. An extreme weather emergency means a day when the previous day's highest temperature did not exceed 32 degrees Fahrenheit and the temperature is predicted to remain at or below that level for the next 24 hours according to the nearest National Weather Station for the county where the customer takes service.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

DISCONTINUANCE OF SERVICE (Continued)

17.3 EXTREME WEATHER EMERGENCY (Continued)

- b) A delinquent residential customer for a billing period in which the Company receives a written pledge, letter of intent, purchase order, or other written notification from an energy assistance provider that it is forwarding sufficient payment to continue service.
- c) A delinquent residential customer on a weekend day, unless personnel or agents of the Company are available for the purpose of receiving payment or making connections and reconnecting service.

The Company shall defer collection of the full payment of bills that are due during an extreme weather emergency until after the emergency is over and shall work with customers to establish a payment schedule for deferred bills.

Beginning in the September or October billing periods, the Company shall give notice as follows:

- a) The Company shall provide a copy of Railroad Commission of Texas Rule 7.460, Suspension of Gas Utility Service Disconnection During an Extreme Weather Emergency, to the social service agencies that distribute funds from the Low Income Home Energy Assistance Program within the Company's service areas.
- b) The Company shall provide a copy of Railroad Commission of Texas Rule 7.460, Suspension of Gas Utility Service Disconnection During an Extreme Weather Emergency, to any other social service agency of which the Company is aware that provides financial assistance to low income customers in the Company's service areas.
- c) The Company shall provide a copy of Railroad Commission of Texas Rule 7.460, Suspension of Gas Utility Service Disconnection During an Extreme Weather Emergency, to all residential customers of the Company and customers who are owners, operators or managers of master metered systems. Owners, operators or managers of master metered systems shall provide a copy of this rule to all their customers.

17.4 SPECIAL CONDITIONS

The Company shall have the right to discontinue service to any Consumer for any of the following reasons:

- a) Without notice for the presence of what the Company considers to be an unsafe condition on the Consumer's premises or if an emergency exists;
- b) Without notice for willful destruction or damage to or tampering with the Company's property by the Consumer or by others with knowledge or negligence of the Consumer;
- c) Within 5 working days after written notice if the Consumer uses his or her equipment in any way which causes or creates a potential for adverse affect on the Company's service to others;
- d) Without notice if failure to curtail by such Consumer endangers the supply to Consumers in Priority Class A or B;

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

DISCONTINUANCE OF SERVICE (Continued)

17.4 SPECIAL CONDITIONS (Continued)

- e) 5 working days after written notice from the Company for refusal to grant Company personnel or its designee's access to the Consumer's premises at any reasonable time for any lawful purpose;
- f) 5 working days after written notice from the Company for use, sale or delivery of gas in violation of the provisions of this Tariff or violation of any applicable laws, orders or ordinances, provided that disconnection may be made without notice if the violation creates an unsafe condition;
- g) For Customers acquiring their own supplies of gas, the Company may discontinue service upon request of a Supplier, provided however, that the Supplier represents to the Company that notice has been given to the Customer by the Supplier of delinquency in payment at least five working days prior to Supplier's request for disconnection, and provided that Supplier agrees to indemnify and hold harmless the Company from any potential resulting liability;
- h) If a Customer fails to uphold the terms of a deferred payment plan; or
- i) Within 5 working days after written or electronic notice, for Consumers enrolled in e-bill, that any payment including paper check, electronic transfer payment, and debit or credit card payment, that has been rejected or returned to the Company by the bank.

17.5 RIGHT OF ENTRY

The Company shall have the right to enter the Consumer's premises at any reasonable time to shut off service in accordance with this Tariff and to remove its meter and any other Company property. If the Company is required to take legal action to enforce its rights hereunder, the Company shall be entitled to recover all of its necessary expenses and fees including, but not limited to attorneys' fees, police escort fees and/or the cost to relocate the meter at the Customer's expense.

17.6 ABANDONMENT OF SERVICE

Unless requested by the Customer, service shall not be abandoned (permanent disconnection of any Customer other than a temporary Customer) without permission of the Regulatory Authority. Failure of the Customer to request reinstitution of service within a reasonable period of time after disconnection shall be considered a request for permanent discontinuance of service.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

RE-ESTABLISHMENT OF SERVICE

18.1 FOR NON-PAYMENT

When service has been disconnected for non-payment, the Company shall require that the Customer pay the total amount of his or her account then due plus the prescribed reconnect fee or make satisfactory arrangements for that payment before service is reinstituted. In addition, the Company shall require that the Customer re-establish satisfactory credit in accordance with Section 5 of this Tariff.

18.2 FOR OTHER REASONS

If disconnection has been made by the Company for reasons other than non-payment, service shall not be reinstated until the condition for which it was terminated has been corrected to the Company's satisfaction. The Customer shall also be required to pay a reconnect fee before service is turned on. When service has been disconnected at the Customer's request for a period of one year or more, the request for service shall be treated as a new application. When service has been disconnected for less than one year, the request shall be treated in the same manner as a disconnection for non-payment.

18.3 RECONNECTION

The Company shall restore service as soon as feasible after receipt of a reconnection request and compliance with the requirements of this Section. The Company shall charge a non-refundable reconnection fee for all Customers in accordance with Section 21.1. The restoration of service will be accomplished as expeditiously as scheduling permits. If the Customer requests service after hours or earlier than reconnection would otherwise be scheduled, the Company shall offer expedited service in accordance with Section 21.1. Customer shall be advised that an additional fee will be charged and must agree to pay such charge. In the event the Company is required to make more than one call because the reason for disconnection has not been properly corrected, the reconnect fee may be charged for each call made. No fee shall be charged for any reconnection made after disconnection due to Company's operation. See Section 21.1 for fees.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

NOTICE

19.1 GENERAL

Notice is required for all matters in this Tariff other than billing and payment of bills, which shall be deemed to have been given by the Customer when a letter with postage prepaid has been deposited in the United States Mail addressed to the Company at the office specified on the front sheet of this Tariff, and to the Customer when addressed to Customer at his or her last known service address, or to either party when directly communicated to the other party in person or by telephone.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

AVERAGE BILL CALCULATION PLAN or AVERAGE PAYMENT PLAN

20.1 DESCRIPTION-RESIDENTIAL

Any residential Customer may elect to participate in the Company's Average Payment Plan, also known as the Average Bill Calculation Plan ("ABC/APP Plan"), or as such ABC/APP Plan may be modified from time to time for payment of charges for gas service. In the event the Company modifies the ABC/APP Plan, the Company shall notify individual Customers of those changes when the Customer requests enrollment. In general, the conditions under which a Customer may participate in the ABC/APP Plan are set forth below:

- a) The Company reserves the right to adjust the monthly ABC/APP Plan payments of any Customer at any time for changes in conditions or rates;
- b) The Company shall advise each Customer in the ABC/APP Plan of the monthly ABC/APP Plan payment to be paid by the Customer. Each participating Customer will receive a regular monthly gas bill which will reflect actual consumption and charges for that billing month and the amount of any debit or credit balance before the payment of that month's ABC/APP Plan payment. The Customer shall continue to pay the monthly ABC/APP Plan payment amount each month for gas service, notwithstanding the current gas service charge shown on the bill;
- c) In addition to the monthly ABC/APP Plan amount, any other charges incurred by the Customer shall be paid monthly when due;
- d) Interest shall neither be charged to the Customer on accrued ABC/APP Plan debit balances nor paid by the Company on accrued ABC/APP Plan credit balances;
- e) Any amount due the Customer or the Company will be settled and paid at the time a Customer, for any reason, ceases to be a participant in the ABC/APP Plan;
- f) Any Customer's participation in the ABC/APP Plan may be discontinued by the Company if the monthly plan payment has not been paid on or before the due date of the monthly plan payment;
- g) If any Customer in the ABC/APP Plan shall cease, for any reason, to participate in the ABC/APP Plan, then the Company may deny that Customer's reentry into the ABC/APP Plan until the following year.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service AreaFEES AND DEPOSITS21.1 FEES

All fees and charges shall be adjusted by taxes and fees (including franchise fees) where applicable. In the incorporated areas of Bayou Vista, Cuero, Galveston, Gonzales, Groves, Jamaica Beach, Lockhart, Luling, Nederland, Nixon, Port Arthur, Shiner and Yoakum only, all fees and charges (excluding advances, contributions in aid of construction and deposits) shall be adjusted by the amount which represents the actual gross receipts, occupation, revenue taxes and franchise fees paid by Texas Gas Service Company, a Division of ONE Gas, Inc.

a) Initiation of Service:

- i) Connect: (Section 5.4) \$35.00

A connection fee shall be charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when a meter is set and/or gas turned on.

- ii) Read-In: (Section 5.4) \$15.00

A read-in fee shall be charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when only a meter reading is required.

- iii) Special Handling & Expedited Service: (Sections 5.4 and 15.3)

In addition to initiation of service fee above, a fee may be charged to any Applicant whose request to initiate service cannot be worked during normal business hours or requires special handling. Applicant must be advised that an additional fee will be charged and must agree to pay such charge. These charges include:

- 1) Special Handling \$15.00

The Company may, at Applicant or Customer's request, provide special handling in order to meet the Applicant or Customer's requirements. Special handling does not include calling the Applicant/Customer in advance or A.M. or P.M. scheduling

- 2) Expedited Service and Overtime Rate \$60.00

The Applicant or Customer's request for expedited service may be scheduled at any time to fit the Company's work schedule, and an Expedited Service charge shall be collected. The Company shall not be obligated to provide Expedited Service when the personnel and resources to do so are not reasonably available.

- b) Services - Others As stated below

Whenever service is furnished from the facilities of others and the Company must pay any special fees to the supplying Company, the Applicant may be requested to reimburse the Company for such charge.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service AreaFEES AND DEPOSITS (Continued)21.1 FEES (Continued)c) Customer Requested Meter Test: (Section 12.4)

Positive Displacement	<u>Charge</u>
Up to 1500 cubic feet per hour	\$150.00
Over 1500 cubic feet per hour	\$200.00

## Orifice Meters

All sizes	\$200.00
-----------	----------

d) Payment Re-processing Fee: (Section 13.5) \$25.00e) Collection Fee: (Section 17.2) \$15.00

A Collection Fee shall be charged to any Customer whose failure to respond to a termination notice necessitates the dispatch of a Company representative to attempt collection of payment from Customer.

f) Reconnect Fees: (Section 18.3) \$35.00

A reconnect fee shall be charged to any Customer whose service is terminated and then re-initiated unless terminated in error by the Company. This fee is the same as the Standard Initiation Fee charged for new service.

(i) Regular Labor and After Hours Rates	\$45.00 (Regular) \$60.00 (After Hours)
---	--

Charge for non-routine services including but not limited to repeat high bill investigations and building meter loops.

g) Special Read: (Section 12.1) \$15.00

A special read fee shall be charged for customer requested reading of a meter of which estimated billing has been made. This is not in connection with Section 12.4.

h) Meter Exchange (Customer Request): (Section 16.6) \$150.00

A fee will be charged for customers requested meter exchanges when a meter is working properly or is done for the customer's convenience.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service AreaFEES AND DEPOSITS (Continued)21.1 FEES (Continued)

- i) Meter Tampering – Residential: (Section 16.2) \$150.00

A fee will be charged to repeat customers who knowingly tamper with Company property (i.e. broken meter locks, broken stop cocks, tampered meter dials, and broken meter blind seals).

- j) Unauthorized Consumption: (Section 16.2) \$30 plus expenses

Charges for the replacement of an illegally broken meter seal or locking device to the Customer who could be reasonably expected to benefit from gas service received through said meter.

- k) No Access Fee: (Section 15.4) \$15.00

A fee charged to a Customer who schedules an appointment but fails to appear.

- l) Meter Removal Fee: (Section 12.2) \$25.00

- m) Account Research Fee: \$20.00/hr

A fee will be charged for Customer account information requiring research of accounting/billing information.

- n) Police Escort Fee: (Section 17.4) As stated below

A fee charged when the Company is required to use law enforcement personnel to escort it into locked sites or sites requiring animal control in order for the Company to access a meter. Company will charge the stated amounts or current rate charged by the entity providing the police escort for this service.

- o) Excess Flow Valve Installation Fee: \$400.00

Pursuant to Code of Federal Regulations, §192.383(d) a fee for installation of an excess flow valve (EFV) will be assessed when a Customer requests such installation on the Customer's service line. The EFV will be installed at a date mutually agreeable to both Company and Customer, but after January 1, 2018. The Company reserves the sole right to conduct any required maintenance that may result from the installation. The customer shall be assessed a one-time installation fee.

FEES AND DEPOSITS (Continued)21.2 DEPOSITS

- a) Advances: (Section 8.4) As stated below

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

Estimated expenditure to serve the premises of new business beyond the existing distribution facilities of the Company.

b)	<u>Customer Deposits:</u> (Section 10.1)	As stated below
	Minimum deposit residential:	\$75.00
	Minimum non residential deposit:	\$250.00

## **COMPRESSED NATURAL GAS SERVICE RATE**

### **APPLICABILITY**

Applicable to any non-residential customer of Texas Gas Service Company, a Division of ONE Gas, Inc., (the "Company") 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**

The incorporated areas of the Central-Gulf Service Area which includes Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$192.63 plus

All Ccf per monthly billing period @ \$0.06684 per Ccf

### **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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**COMPRESSED NATURAL GAS SERVICE RATE**  
**(Continued)****CONDITIONS**

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

The Company's Average Payment Plan, also known as the Average Bill Calculation Plan (ABC/APP Plan), is not available to customers served on this rate schedule.

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.

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE CNG-1-ENV  
Page 1 of 2****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 Texas Gas Service Company, a Division of ONE Gas, Inc. (the "Company") beyond normal meter sales pressure.

**TERRITORY**

Environs of the Central-Gulf Service Area, which includes the unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$ 192.63 plus

All Ccf per monthly billing period @ \$0.06684 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE CNG-I-ENV**  
**Page 2 of 2****COMPRESSED NATURAL GAS SERVICE RATE**  
**(Continued)****CONDITIONS**

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

The Company's Average Payment Plan, also known as the Average Bill Calculation Plan (ABC/APP Plan), is not available to customers served on this rate schedule.

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

The Customer's compressor station is subject to inspection by Company engineers.

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE EDIT-RIDER****EXCESS DEFERRED INCOME TAX CREDIT****A. APPLICABILITY**

This Excess Deferred Income Tax Credit applies to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") currently in force in the Company's Central-Gulf Service Area within the incorporated and unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda (environs only), Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, 1Z, 2Z, 3Z, 4H, 4Z, C-1-ENV, CNG-1-ENV, T-1, and T-1-ENV.

**B. CALCULATION OF CREDIT**

The annual amortization of the regulatory liability for excess deferred income taxes resulting from the Tax Cuts and Jobs Act of 2017 and in compliance with GUD No. 10695, will be credited to customers annually on a one-time, per bill basis in February of each year and will show as a separate line item on the customer's bill until fully amortized. The initial credit will occur in September 2020.

EDIT CREDIT – The total amount, if any, of the credit in a given year will be determined by:

- The average rate assumption method ("ARAM") as required by the Tax Cuts and Jobs Act of 2017 Section 13001(d) for the protected portion of the regulatory liability for excess deferred income taxes; and
- A 4-year amortization for nonprotected property.

TRUE-UP ADJUSTMENT – The Excess Deferred Income Tax credit shall be trued-up annually. The True-Up Adjustment will be the difference between the amount of that year's EDIT Credit and the amount actually credited to customers.

EDIT CREDIT PER CUSTOMER – The EDIT credit per customer will be determined by allocating that year's credit, plus/minus any prior year true up adjustment, among the customer classes utilizing the same class revenue allocation as approved in the most recent general rate case, and then by dividing each class's portion by the number of customers in that class.

**C. EDIT CREDIT PER CUSTOMER**

Residential:	\$
Commercial:	\$
Industrial:	\$
Public Authority:	\$
Public Schools Space Heat:	\$

Taxes: Plus applicable taxes and fees (including franchises fees) related to above.

**D. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE EDIT-RIDER****EXCESS DEFERRED INCOME TAX CREDIT**  
**(Continued)****E. ANNUAL FILING**

The Company shall make a filing with the Commission each year no later than December 31, including the following information:

- a. the total dollar amount of that year's EDIT Credit;
- b. the total dollar amount actually credited to customers;
- c. true-up amount, if any, due to the difference between items a. and b., above;
- d. the amount of the upcoming year's EDIT Credit; and
- e. the amounts of the upcoming year's EDIT Credit per Customer.

**F. CONDITIONS**

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

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE HARV-RIDER****HURRICANE HARVEY SURCHARGE****A. APPLICABILITY**

The Hurricane Harvey Surcharge rate as set forth in Section (B) below is for the recovery of losses incurred by the Company as a direct result of Hurricane Harvey and not recoverable from any other source. The rate shall apply to the following gas sales and standard transportation rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. currently in force in the Company's Central-Gulf Service Area within the incorporated and unincorporated areas of Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, 1Z, 2Z, 3Z, 4H, 4Z, C-1-ENV, CNG-1-ENV, T-1, and T-1-ENV.

**B. SURCHARGE RATE**

All Ccf during each billing period: \$0.01141 per Ccf

This rate will be in effect until all approved and expended Hurricane Harvey costs and associated rate case expenses are recovered under the applicable rate schedules.

**C. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**D. CONDITIONS**

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

**E. COMPLIANCE**

TGS shall file a reconciliation report annually on or before December 31<sup>st</sup>, commencing in 2020. TGS shall file the report with the Commission, addressed to the Director of the Oversight and Safety Division and referencing Gas Utilities Docket No. 10928, Hurricane Harvey Surcharge Recovery Report. The report shall include:

- The volumes used by month by customer class during the applicable period,
- The amount of surcharge recovered, by month
- The outstanding balance, by month

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

Initial Rate Schedule

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE PFI  
Page 1 of 3****PIPELINE INTEGRITY TESTING (PIT) RIDER****PURPOSE**

The purpose of this Pipeline Integrity Testing Rider is to promote the public interest in pipeline safety by enabling Texas Gas Service Company, a Division of ONE Gas, Inc. (the “Company”) to recover the reasonable and necessary Pipeline Integrity Safety Testing expenses incurred by the Company during the prior year (including contractor costs but excluding the labor cost of Texas Gas Service Company employees. These legally mandated operating and maintenance expenses shall be recovered through a separate monthly volumetric charge (the Pipeline Integrity Testing or “PIT” Surcharge) that shall be shown as a separate line item on the customer’s monthly bill and calculated for each customer class as described below. Capital expenditures associated with the Pipeline Integrity Program shall continue to be recovered through base rates and any interim rate adjustments implemented pursuant to Section 104.301 of the Gas Utility Regulatory Act.

**APPLICABILITY**

This Rider shall be applied to all gas sales and transportation customers within the service territory designated below, except special contract customers.

**TERRITORY**

This Rider shall apply to the following gas sales and standard transportation rate schedules of the Company's Central-Gulf Service Area (“CGSA”) within the incorporated and unincorporated areas of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas and in the environs area of Buda, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, 1Z, 2Z, 3Z, 4H, 4Z, C-1-ENV, CNG-1-ENV, T-1, and T-1-ENV.

**QUALIFYING EXPENSES**

This Rider applies only to the legally mandated safety testing of the Company’s transmission lines in the CGSA under the Pipeline Integrity Safety Testing Program. The operating and maintenance expense items that qualify for recovery under this Rider shall include the contractor costs associated with land and leak survey, permitting, and job order preparation and completion; the clearing of right-of-way; any needed notifications to adjacent businesses and residences; traffic control equipment and personnel; Direct Current Voltage Gradient (“DCVG”), Close Interval (“CI”), and other surveys to ensure the integrity of the pipeline system; any required rigid bypasses; flushing of the lines and testing and disposal of the flush water; hydrostatic testing of the lines and analysis and disposal of the test water; any required “pigging” of the lines in connection with safety testing; any required x-ray welding; metallurgical testing of the pipeline or components thereof; site restoration, painting, and clean-up; expenses associated with providing a supply of compressed natural gas (“CNG”) to ensure uninterrupted service to customers during testing; and any other operating and maintenance expenses reasonably necessary to safely and effectively perform required safety testing of the Company’s pipelines in the CGSA. Neither capital expenditures by the Company, nor the labor cost of Texas Gas Service Company employees, shall be recovered under this Rider.

**Supersedes Rate Schedule Dated**

**October 26, 2016** (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)

**January 6, 2017** (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)

**November 23, 2016** (Unincorporated Areas of the Central Texas Service Area)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE PFI  
Page 2 of 3****PIPELINE INTEGRITY TESTING (PIT) RIDER  
(Continued)****CALCULATION OF PIT SURCHARGES**

The Pipeline Integrity Testing Surcharges established under this Rider shall be designed so as to recover the Total Testing Expense incurred in the prior year for Pipeline Integrity Safety Testing, except that qualifying expenses incurred in 2019 and 2020 shall be included for recovery in the first filing, and shall be calculated as follows:

The Total Annual Testing Expense shall be divided by the estimated average annual usage to produce the annual PIT Surcharge.

$$\text{PIT Surcharge} = \frac{\text{Total Annual Testing Expense}}{\text{Estimated Annual Usage}}$$

Based upon customer data for the prior calendar year and any other relevant factors, the estimated annual usage may be revised annually to account for customer growth, and the resulting revised PIT Surcharge shall be applied to each class for the ensuing 12-month recovery period.

**ANNUAL RECONCILIATION**

After completion of each annual recovery period, the total revenues collected under this Rider for that year shall be reconciled against the revenues previously calculated to be collected for that year, and the PIT Surcharge for each class shall be adjusted upward or downward so that the Company recovers any underrecoveries or refunds any overrecoveries that may have accrued under the Rider, plus monthly interest on those underrecoveries or overrecoveries at the cost of long-term debt approved in the Company's most recent general rate case in which rates were set for application to customers in the CGSA. The reconciliation shall be filed with the regulatory authority on or before February 21st of each year, and the regulatory authority shall complete its review of the reconciliation on or before March 21st of each year, so that the Company can implement the reconciled PIT Surcharges beginning with the first billing cycle for April of each succeeding year.

Supersedes Rate Schedule Dated  
October 26, 2016 (Cities of Austin, Bee  
 Cave, Cedar Park, Dripping Springs, Kyle,  
 Lakeway, Rollingwood, Sunset Valley,  
 and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero,  
 Gonzales, Lockhart, Luling, Nixon,  
 Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas  
 of the Central Texas Service Area)

Meters Read On and After  
 TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE PF  
Page 3 of 3****PIPELINE INTEGRITY TESTING (PIT) RIDER  
(Continued)****DEFERRED ACCOUNTING**

The Company is authorized and directed to defer, as a regulatory asset, all Pipeline Integrity Safety Testing expenses incurred during the testing cycle starting on January 1, 2016 and all revenues specifically collected under this Rider shall be applied to the deferred expense account. The Company shall not earn a return on any regulatory asset created under this provision, and no such regulatory asset shall be included in the Company's invested capital (rate base) for ratemaking purposes.

**ANNUAL REPORT & APPLICABLE PSCC**

On or before February 21st after each calendar year, the Company shall file a report with the Commission and the CGSA Cities showing all Pipeline Integrity Safety Testing expenses incurred during the previous calendar year and verifying the prior year's collections and any underrecoveries or overrecoveries accruing to date under this Rider. The report shall separately identify and list such expenses by account number and project number. Prior to the effective date of this Rider and on or before February 21st of each succeeding year while this Rider is in effect, the Company shall also file an Addendum to this Rider with the Commission and the CGSA Cities (a) identifying the PIT Surcharges that will be applied during the ensuing 12-month recovery period from April 1st through March 31st, and (b) providing the underlying data and calculations on which each PIT Surcharge for that period is based.

**NOTICE TO AFFECTED CUSTOMERS**

In addition to the annual report and Addendum to this Rider required above, the Company shall provide, on or before March 31st after each calendar year, written notice to each affected customer of (a) the PIT Surcharge that will be applied during the ensuing 12-month period from April 1st through March 31st, and (b) the effect the PIT Surcharge is expected to have on the average monthly bill for each affected customer class. The written notice shall be provided in both English and Spanish, shall be the only information contained on the piece of paper on which it is printed, and may be provided either by separate mailing or by insert included with the Company's monthly billing statements. The Company shall also file an affidavit annually with the Commission and the CGSA Cities certifying that notice has been provided to customers in this manner. The notice shall be presumed to be complete three calendar days after the date the separate mailing or billing statement is deposited in a postage-paid, properly addressed wrapper in a post office or official depository under care of the United States Postal Service. The initial notice shall be filed with, reviewed, and approved by the regulatory authority, and each subsequent notice shall follow the same format as that of the approved initial notice.

Supersedes Rate Schedule Dated  
October 26, 2016 (Cities of Austin, Bee  
 Cave, Cedar Park, Dripping Springs, Kyle,  
 Lakeway, Rollingwood, Sunset Valley,  
 and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero,  
 Gonzales, Lockhart, Luling, Nixon,  
 Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas  
 of the Central Texas Service Area)

Meters Read On and After  
 TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE PIT-RIDER****PIPELINE INTEGRITY TESTING (PIT) SURCHARGE RIDER****A. APPLICABILITY**

The Pipeline Integrity Testing Surcharge (PIT) rate as set forth in Section (B) below is for the recovery of costs associated with pipeline integrity testing as defined in Rate Schedule PIT. This rate shall apply to the following gas sales and standard transportation rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. currently in force in the Company's Central-Gulf Service Area ("CGSA") within the incorporated and unincorporated areas of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas and in the environs area of Buda, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, T-1, 1Z, 2Z, 3Z, 4Z, 4H, C-1-ENV, CNG-1-ENV and T-1-ENV.

**B. PIT RATE**

\$0.XXXXX per Ccf

This rate will be in effect until all approved and expended pipeline integrity testing expenses are recovered under the applicable rate schedules.

**C. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchises fees) related to above.

**D. CONDITIONS**

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

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**All Service Areas****RATE SCHEDULE PSF**  
**Page 1 of 3****PIPELINE SAFETY AND REGULATORY PROGRAM FEES****TEXAS ADMINISTRATIVE CODE****TITLE 16** ECONOMIC REGULATION**PART 1** RAILROAD COMMISSION OF TEXAS**CHAPTER 8** PIPELINE SAFETY REGULATIONS**SUBCHAPTER C** REQUIREMENTS FOR GAS PIPELINES ONLY**Rule §8.201** **Pipeline Safety and Regulatory Program Fees**

(a) Application of fees. Pursuant to Texas Utilities Code, §121.211, the Commission establishes a pipeline safety and regulatory program fee, to be assessed annually against operators of natural gas distribution pipelines and pipeline facilities and natural gas master metered pipelines and pipeline facilities subject to the Commission's jurisdiction under Texas Utilities Code, Title 3. The total amount of revenue estimated to be collected under this section does not exceed the amount the Commission estimates to be necessary to recover the costs of administering the pipeline safety and regulatory programs under Texas Utilities Code, Title 3, excluding costs that are fully funded by federal sources for any fiscal year.

(b) Natural gas distribution systems. The Commission hereby assesses each operator of a natural gas distribution system an annual pipeline safety and regulatory program fee of \$1.00 for each service (service line) in service at the end of each calendar year as reported by each system operator on the U.S. Department of Transportation (DOT) Gas Distribution Annual Report, Form PHMSA F7100.1-1 due on March 15 of each year.

- (1) Each operator of a natural gas distribution system shall calculate the annual pipeline safety and regulatory program total to be paid to the Commission by multiplying the \$1.00 fee by the number of services listed in Part B, Section 3, of Form PHMSA F7100.1-1, due on March 15 of each year.
- (2) Each operator of a natural gas distribution system shall remit to the Commission on March 15 of each year the amount calculated under paragraph (1) of this subsection.
- (3) Each operator of a natural gas distribution system shall recover, by a surcharge to its existing rates, the amount the operator paid to the Commission under paragraph (1) of this subsection. The surcharge:

(A) shall be a flat rate, one-time surcharge;

Supersedes Same Sheet Dated  
March 29, 2019

Meters Read On and After  
March 27, 2020

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**All Service Areas****RATE SCHEDULE PSF**  
**Page 2 of 3****PIPELINE SAFETY AND REGULATORY PROGRAM FEES**  
**(Continued)**

- (B) shall not be billed before the operator remits the pipeline safety and regulatory program fee to the Commission;
  - (C) shall be applied in the billing cycle or cycles immediately following the date on which the operator paid the Commission;
  - (D) shall not exceed \$1.00 per service or service line *(For the calendar year 2019 annual pipeline safety and regulatory program fee, billed effective with meters read on and after March 27, 2020, Texas Gas Service Company, a Division of ONE Gas, Inc. will bill all customers a one-time customer charge per bill of \$1.00, based on \$1.00 per service line)*; and
  - (E) shall not be billed to a state agency, as that term is defined in Texas Utilities Code, §101.003.
- (4) No later than 90 days after the last billing cycle in which the pipeline safety and regulatory program fee surcharge is billed to customers, each operator of a natural gas distribution system shall file with the Commission's Oversight and Safety Division a report showing:
    - (A) the pipeline safety and regulatory program fee amount paid to the Commission;
    - (B) the unit rate and total amount of the surcharge billed to each customer;
    - (C) the date or dates on which the surcharge was billed to customers; and
    - (D) the total amount collected from customers from the surcharge.
  - (5) Each operator of a natural gas distribution system that is a utility subject to the jurisdiction of the Commission pursuant to Texas Utilities Code, Chapters 101 - 105, shall file a generally applicable tariff for its surcharge in conformance with the requirements of §7.315 of this title (relating to Filing of Tariffs).
  - (6) Amounts recovered from customers under this subsection by an investor-owned natural gas distribution system or a cooperatively owned natural gas distribution system shall not be included in the revenue or gross receipts of the system for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122, nor shall such amounts be subject to a sales and use tax imposed by Chapter 151, Tax Code, or Subtitle C, Title 3, Tax Code.
- (c) Natural gas master meter systems. The Commission hereby assesses each natural gas master meter system an annual pipeline safety and regulatory program fee of \$100 per master meter system.
    - (1) Each operator of a natural gas master meter system shall remit to the Commission the annual pipeline safety and regulatory program fee of \$100 per master meter system no later than June 30 of each year.

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**All Service Areas****RATE SCHEDULE PSF**  
**Page 3 of 3****PIPELINE SAFETY AND REGULATORY PROGRAM FEES**  
**(Continued)**

- (2) The Commission shall send an invoice to each affected natural gas master meter system operator no later than April 30 of each year as a courtesy reminder. The failure of a natural gas master meter system operator to receive an invoice shall not exempt the natural gas master meter system operator from its obligation to remit to the Commission the annual pipeline safety and regulatory program fee on June 30 each year.
- (3) Each operator of a natural gas master meter system shall recover as a surcharge to its existing rates the amounts paid to the Commission under paragraph (1) of this subsection.
- (4) No later than 90 days after the last billing cycle in which the pipeline safety and regulatory program fee surcharge is billed to customers, each natural gas master meter system operator shall file with the Oversight and Safety Division a report showing:
- (A) the pipeline safety and regulatory program fee amount paid to the Commission;
  - (B) the unit rate and total amount of the surcharge billed to each customer;
  - (C) the date or dates on which the surcharge was billed to customers; and
  - (D) the total amount collected from customers from the surcharge.
- (d) Late payment penalty. If the operator of a natural gas distribution system or a natural gas master meter system does not remit payment of the annual pipeline safety and regulatory program fee to the Commission within 30 days of the due date, the Commission shall assess a late payment penalty of 10 percent of the total assessment due under subsection (b) or (c) of this section, as applicable, and shall notify the operator of the total amount due to the Commission.

**Source Note:** The provisions of this §8.201 adopted to be effective September 8, 2003, 28 TexReg 7682; amended to be effective November 24, 2004, 29 TexReg 10733; amended to be effective May 15, 2005, 30 TexReg 2849; amended to be effective December 19, 2005, 30 TexReg 8428; amended to be effective April 18, 2007, 32 TexReg 2136; amended to be effective November 12, 2007, 32 TexReg 8121; amended to be effective September 21, 2009, 34 TexReg 6446; amended to be effective August 30, 2010, 35 TexReg 7743; amended to be effective November 14, 2011, 36 TexReg 7663; amended to be effective November 11, 2013, 38 TexReg 7947; amended to be effective January 6, 2020, 45 TexReg 121

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE RCE****RATE CASE EXPENSE SURCHARGE****A. APPLICABILITY**

The Rate Case Expense Surcharge (RCE) rate as set forth in Section (B) below is implemented pursuant to City Ordinances, other regulatory approval or by operation of law. This rate shall apply to the following rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") in the incorporated areas served in the Central-Gulf Service Area including Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, and T-1.

**B. RCE RATE**

All Ccf during each billing period: \$0.00437 per Ccf

This rate will be in effect until all approved and expended rate case expenses are recovered under the applicable rate schedules. The Company will recover \$\_\_\_\_\_ in actual expense and up to \$\_\_\_\_\_ in estimated expense, not to exceed actual expense. The Rate Case Expense Surcharge will be a separate line item on the bill.

**C. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchises fees) related to above.

**D. CONDITIONS**

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

Initial Rate Schedule

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE RCE-ENV****RATE CASE EXPENSE SURCHARGE****A. APPLICABILITY**

The Rate Case Expense ("RCE") Surcharge rate as set forth in Section (B) below is pursuant to Gas Utilities Docket No. 10928 : Statement of Intent Filed by Texas Gas Service Company, a Division of ONE Gas, Inc. to Increase Gas Utility Rates Within the Unincorporated Areas of the Central Texas Service Area and Gulf Coast Service Area and, Final Order Finding of Fact No. . This rate shall apply to the following rate schedules of the Company in the unincorporated areas served in the Central-Gulf Service Area including Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas: 1Z, 2Z, 3Z, 4H, 4Z, C-1-ENV, CNG-1-ENV, and T-1-ENV.

**B. RCE RATE**

All Ccf during each billing period:       \$0.00437 per Ccf

This rate will be in effect until all approved and expended rate case expenses are recovered under the applicable rate schedules. The Company will recover \$\_\_\_\_\_ in actual expense and up to \$\_\_\_\_\_ in estimated expense, not to exceed actual expense. The Rate Case Expense Surcharge will be a separate line item on the bill.

**C. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees related to above.

**D. CONDITIONS**

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

**E. COMPLIANCE**

The Company shall file an annual rate case expense reconciliation report within 90 days after each calendar year end until and including the calendar year end in which the rate case expenses are fully recovered. The Company shall file the report with the Railroad Commission of Texas addressed to the Director of Oversight and Safety Division, Gas Services Department and referencing Gas Utilities Docket No. 10928 Rate Case Expense Recovery Report. The report shall detail the monthly collections for RCE surcharge by customer class and show the outstanding balance. Reports for the Commission should be filed electronically at GUD\_Compliance@rrc.texas.gov or at the following address:

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

Initial Rate Schedule

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE T-1**  
**Page 1 of 3****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 Texas Gas Service Company, a Division of ONE Gas, Inc.'s (the "Company") 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 Central-Gulf Service Area distribution system which includes the incorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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	\$ 265.33 per month
Industrial	\$ 520.96 per month
Public Authority	\$ 104.70 per month
Public Schools Space Heat	\$ 234.70 per month
Compressed Natural Gas	\$ 217.63 per month
Electrical Cogeneration	\$ 104.70 per month

**Supersedes Rate Schedule Dated**

June 3, 2019 (Central Texas Service Area - Austin Only)  
June 14, 2019 (Central Texas Service Area - All Other Incorporated Areas)  
July 29, 2019 (Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE T-1****Page 2 of 3****TRANSPORTATION SERVICE RATE**  
**(Continued)**

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

Commercial	-	\$ 0.12679 per Ccf
Industrial	-	\$ 0.12707 per Ccf
Public Authority	-	\$ 0.12549 per Ccf
Public Schools Space Heat	-	\$ 0.10012 per Ccf
Compressed Natural Gas	-	\$ 0.06684 per Ccf
Electrical Cogeneration		
For the First 5,000Ccf/month		\$ 0.07720 per Ccf
For the Next 35,000 Ccf/month		\$ 0.06850 per Ccf
For the Next 60,000 Ccf/month		\$ 0.05524 per Ccf
All Over 100,000 Ccf/month		\$ 0.04016 per Ccf

**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) A charge will be made each month to recover the cost of any applicable franchise fees paid to the cities.
- 3) In the event the Company incurs a demand or reservation charge from its gas supplier(s) or transportation providers in the incorporated areas of the Central-Gulf Service Area, the customer may be charged its proportionate share of the demand or reservation charge based on benefit received by the customer.
- 4) The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.
- 5) The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT, if applicable.
- 6) The billing of commercial transportation shall reflect adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC and Rate Schedule 1C, if applicable.
- 7) The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.
- 8) The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

**Supersedes Rate Schedule Dated**

June 3, 2019 (Central Texas Service Area - Austin Only)

June 14, 2019 (Central Texas Service Area - All Other Incorporated Areas)

July 29, 2019 (Gulf Coast Service Area)

May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE T-T****Page 3 of 3****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.

Supersedes Rate Schedule Dated

June 3, 2019 (Central Texas Service Area - Austin Only)

June 14, 2019 (Central Texas Service Area - All Other Incorporated Areas)

July 29, 2019 (Gulf Coast Service Area)

May 22, 2019 (City of Beaumont)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule T-1-ENV  
Page 1 of 3****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 Texas Gas Service Company, a Division of ONE Gas, Inc.'s (the "Company") 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-Gulf Service Area distribution system which includes the environs of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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	\$ 265.33 per month
Industrial	\$ 520.96 per month
Public Authority	\$ 104.70 per month
Public Schools Space Heat	\$ 234.70 per month
Compressed Natural Gas	\$ 217.63 per month
Electrical Cogeneration	\$ 104.70 per month

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule T-1-ENV  
Page 2 of 3****TRANSPORTATION SERVICE RATE  
(Continued)**

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

Commercial	-	\$ 0.12679 per Ccf
Industrial	-	\$ 0.12707 per Ccf
Public Authority	-	\$ 0.12549 per Ccf
Public Schools Space Heat	-	\$ 0.10012 per Ccf
Compressed Natural Gas	-	\$ 0.06684 per Ccf
Electrical Cogeneration	-	
For the First 5,000Ccf/month		\$ 0.07720 per Ccf
For the Next 35,000 Ccf/month		\$ 0.06850 per Ccf
For the Next 60,000 Ccf/month		\$ 0.05524 per Ccf
All Over 100,000 Ccf/month		\$ 0.04016 per Ccf

**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-Gulf Service Area, the customer may be charged its proportionate share of the demand or reservation charge based on benefit received by the customer.
- 3) The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.
- 4) The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT, if applicable.
- 5) The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.
- 6) The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule T-1-ENV  
Page 3 of 3****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.

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule T-TERMS  
Page 1 of 7****GENERAL TERMS AND CONDITIONS  
FOR TRANSPORTATION SERVICE****1.1 REQUIREMENTS FOR TRANSPORTATION SERVICE**

Nothing shall be deemed to supersede the respective rights and obligations of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") and Customer as provided by Texas statutes, rules, and/or regulations. The Company reserves the right to seek modification or termination of transportation service or any of the tariffs to which it applies and the unilateral right to seek regulatory approval to make any changes to, or to supersede, the rates, charges and terms of transportation service.

**1.2 DEFINITIONS**

The following definitions shall apply to the indicated words as used in this Tariff:

<u>Adder:</u>	Shall mean the Company's incremental cost to purchase natural gas.
<u>Aggregation Areas:</u>	Shall mean aggregation pools established by the Company within geographic, operational, administrative, and/or other appropriate parameters, for the purposes of nominating and imbalances.
<u>Btu:</u>	Shall mean British thermal unit(s) and shall be computed on a temperature base of 60° Fahrenheit and at the standard pressure base of the applicable service area and on a gross-real-dry basis and shall not be corrected for real water vapor as obtained by means commonly acceptable to the industry, and "MMBtu" shall mean 1,000,000 Btu.
<u>Commercial Service:</u>	Service to Consumers engaged primarily in the sale or furnishing of goods and services and any usage not otherwise provided for.
<u>Commission or The Commission:</u>	The Railroad Commission of Texas.
<u>Company:</u>	Texas Gas Service Company, a Division of ONE Gas, Inc.
<u>Consumption Period:</u>	Shall mean a volumetric billing period.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central Texas Service Area)  
May 9, 2016 (Incorporated and Unincorporated Areas of the Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
 TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****Rate Schedule T-TERMS**  
**Page 2 of 7****GENERAL TERMS AND CONDITIONS  
FOR TRANSPORTATION SERVICE  
(Continued)**Cumulative Tolerance Limit:

Shall mean the percent of aggregate historical annual deliveries of a Qualified Supplier's Aggregation Area pool of customers for the most recent year ended on June 30. The Company, at its sole discretion, may make adjustments to the Cumulative Tolerance Limit.

Customer:

Any person or organization now being billed for gas service whether used by him or her, or by others.

Day or Gas Day:

Shall mean the 24-hour period commencing at 9:00 a.m. (Central Standard Time) on one calendar day and ending at 9:00 a.m. (Central Standard Time) the following calendar day.

Dekatherm (Dth):

Shall mean 1,000,000 Btu's (1 MMBtu). This unit will be on a dry basis.

Electrical Cogeneration Service:

Service to Consumers who use natural gas for the purpose of generating electricity. This service uses 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.

Electronic Flow Measurement (EFM):

A device that remotely reads a gas meter.

Gas or Natural Gas:

Shall mean 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.

Industrial Service:

Service to Consumers engaged primarily in a process which changes raw or unfinished materials into another form of product. This classification shall embrace all Consumers included in Division A (except Major Groups 01 and 02) and Division D of the Standard Industrial Classification Manual.

Mcf:

Shall mean 1,000 cubic feet of Gas.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central Texas Service Area)  
May 9, 2016 (Incorporated and Unincorporated Areas of the Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****Rate Schedule T-TERMS**  
**Page 3 of 7****GENERAL TERMS AND CONDITIONS  
FOR TRANSPORTATION SERVICE  
(Continued)**

<u>Month:</u>	Shall mean the period beginning at 9:00 a.m. Central Standard Time on the first Day of each calendar month and ending at 9:00 a.m. Central Standard Time on the first Day of the next succeeding calendar month.
<u>Monthly Tolerance Limit:</u>	Shall mean 5% of the aggregate deliveries for a Qualified Suppliers Aggregation Area pool of customers for such month.
<u>Payment in Kind (PIK):</u>	Shall mean a reimbursement for lost and unaccounted for gas.
<u>PDA:</u>	Shall mean a predetermined allocation method.
<u>Pipeline System:</u>	Shall mean the current existing utility distribution facilities of Company located in the State of Texas.
<u>Point of Delivery:</u>	Shall mean the point or points where gas is delivered from the Pipeline System to Customer.
<u>Point of Receipt:</u>	Shall mean the point or points where Company shall receive Gas into the Pipeline System from Customer.
<u>Point Operator:</u>	Shall mean the person or entity that controls the Point of Receipt or Point of Delivery.
<u>Qualified Supplier:</u>	Shall mean an approved supplier of natural gas for transportation to customers through the Company's pipeline system.
<u>Regulatory Authority:</u>	The City Council or equivalent municipal governing body of each respective city in the Central-Gulf Service Area, or the Railroad Commission of Texas, as applicable.
<u>Service Area:</u>	The area receiving gas utility service provided by the Company under the terms of this Tariff.
<u>Tariff:</u>	Shall mean 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 Company or the services provided hereunder.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central Texas Service Area)  
May 9, 2016 (Incorporated and Unincorporated Areas of the Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****Rate Schedule T-TERMS**  
**Page 4 of 7****GENERAL TERMS AND CONDITIONS**  
**FOR TRANSPORTATION SERVICE**  
**(Continued)**

<u>Transportation Form:</u>	Shall mean the Company approved selection of transportation service document.
<u>Transportation Rate Schedule:</u>	A rate schedule designed for service to any Customer for the transportation of Customer-owned natural gas through the Company's distribution system.
<u>Transportation Service:</u>	The transportation by the Company of natural gas owned by someone other than the Company through the Company's distribution system.
<u>Week:</u>	Shall mean a period of 7 consecutive Days beginning at 9:00 a.m. Central Standard Time on each Monday and ending at the same time on the next succeeding Monday.
<u>Year:</u>	Shall mean a period of 365 consecutive Days, or 366 consecutive Days when such period includes a February 29.

**1.3 COMPANY'S RESPONSIBILITY**

Company shall deliver to Customer, at the Point of Delivery, volumes of gas, as received from designated Qualified Supplier, for the Customer, at a mutually agreed upon Point of Receipt, less Payment in Kind (PIK).

- a) In no event shall Company be required to expand, modify, construct, rearrange, or change the operations of the Pipeline System in order to receive gas from or on behalf of Customer or in order to deliver gas to Customer at any existing Points of Delivery. Company reserves the right in its sole discretion to remove, relocate, expand, or rebuild, without approval of Customer, any portion of the Pipeline System. Customer shall make no alterations, additions, or repairs to or on the Pipeline System.

**1.4 CUSTOMER'S RESPONSIBILITY**

Customer, by selecting service under a transportation service rate schedule by completing a Transportation Form, warrants and agrees that:

- a) Gas received by Company for the Customer shall be free from all adverse claims, liens, and encumbrances;
- b) Customer shall indemnify and hold Company harmless from and against all suits, actions, causes of action, claims and demands, including attorneys' fees and costs, arising from or out of any adverse claims by third parties claiming ownership of, or an interest in said gas caused by the failure to provide clear title to the gas;

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park,  
 Dripping Springs, Kyle, Lakeway, Rollingwood,  
 Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart,  
 Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central  
 Texas Service Area)  
May 9, 2016 (Incorporated and Unincorporated Areas  
 of the Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
 TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****Rate Schedule T-TERMS**  
**Page 5 of 7****GENERAL TERMS AND CONDITIONS**  
**FOR TRANSPORTATION SERVICE**  
**(Continued)**

- c) Customer acknowledges Company shall not be responsible in any way for damages or claims relating to the Customer's gas or the facilities of the Customer or others containing such gas prior to receipt into Company's facilities or after delivery to the Customer;
- d) Customer must provide Company with a signed Transportation Form identifying its Qualified Supplier. Customer may designate no more than one Qualified Supplier. This authorization shall be in a form agreeable to Company and shall remain in effect until a signed replacement is received by Company;
- e) Customer acknowledges the Qualified Supplier's responsibilities under Section 1.5;
- f) Transportation Service is not available for a term less than 12 months. Termination of transportation service may, at the Company's sole discretion, delay Customer's request to resume transportation service;
- g) Electronic flow measurement (EFM) may be required for Customers under transportation service, at the Company's sole discretion. The Customer may be required to reimburse the Company for any cost related to the installation of the EFM as well as provide for or reimburse the Company for any ongoing maintenance, repair, or communications costs; and
- h) In the event Customer's source of gas supply is terminated by Customer's Qualified Supplier due to non-payment or other reasons, or if customer is otherwise unable to continue as a transportation customer, Customer may, upon the first of the month after 30 calendar days advance notice to Company, obtain service from Company under the general sales tariff applicable to Customer. Prior to commencing such service, Company may, in its sole discretion, require Customer to post a deposit or bond.

**1.5 QUALIFIED SUPPLIER'S RESPONSIBILITY**

Qualified Supplier shall act on behalf of the Customer to procure gas supplies, deliver gas supplies plus Payment in Kind volume, into mutually agreed upon Points of Receipt and shall act as the Customer's agent with respect to nominations, operational notices and resolution of imbalances.

- a) Qualified Suppliers shall aggregate their Customers' volumes for balancing purposes, into Aggregation Areas, as determined, in the Company's sole discretion.
- b) Qualified Supplier shall submit nominations to the Company's gas scheduling department, in accordance with their currently effective nomination process, which can be provided to the parties upon request. Customer and Qualified Supplier shall exercise commercially reasonable best efforts to deliver to the Pipeline System Dths of gas that Company is to deliver from the Pipeline System to Customer during any particular Hour, Day, Week and Month, including but not limited to volumes needed for peak Day usage for Customer's facilities. Qualified Supplier shall not intentionally nominate more or less gas than is anticipated for consumption by Customer(s), except as may be needed for balancing purposes to the extent Company accepts such nomination.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park,  
 Dripping Springs, Kyle, Lakeway, Rollingwood,  
 Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart,  
 Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central  
 Texas Service Area)  
May 9, 2016 (Incorporated and Unincorporated Areas  
 of the Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
 TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area**

**Rate Schedule T-TERMS**  
**Page 6 of 7**

**GENERAL TERMS AND CONDITIONS**  
**FOR TRANSPORTATION SERVICE**  
**(Continued)**

- c) Before the start of the Gas Day, the Point Operator and Company shall establish a predetermined allocation (PDA) method to specify how gas received or delivered by Company shall be allocated in accordance with confirmed nominations at such point. Only one PDA methodology shall be applied per allocation period.
- d) Daily Quantity of Transportation Service Gas: Company shall receive and deliver gas hereunder as nearly as practicable at uniform hourly and daily rates of flow. It is recognized that it may be physically impracticable, because of measurement, gas control limitations and other operating conditions, to stay in zero imbalance each hour and each day; therefore, the daily and hourly quantities received may, due to the aforementioned reasons, vary above or below the daily and hourly quantities delivered. If the quantities received and the quantities delivered hereunder should create an imbalance at the end of any hour, Day, Week, or Month, then Company and Customer shall adjust receipts and/or deliveries at any time to the end that the quantities received and delivered shall be kept as near to zero imbalance as practicable.
- e) Quality of Transportation Service Gas: The gas procured by a Qualified Supplier, for receipt by Company, shall conform to the standards prescribed in Company's applicable rate schedules, Agreements, and applicable local, state or federal laws, rules and/or regulations.

**1.6 IMBALANCES**

Qualified Supplier shall, to the extent practicable, not deliver into the Pipeline System more or less Dths of Gas than Company delivers to the Aggregation Area of Customers, at the Points of Delivery, during a Consumption Period. The following imbalance provisions shall be applied to the Qualified Supplier for its Aggregation Area of Customers.

- a) If Company receives less Dths of Gas than are delivered to the Aggregate Area Customers at the Points of Delivery in excess of the Monthly Tolerance Limit or Cumulative Tolerance Limit in any particular Consumption Period, then Qualified Supplier shall purchase such under-delivered volumes at 105% of the applicable index, plus the Adder.
- b) If Company receives more Dths of Gas than are delivered to the Aggregate Area Customers at the Points of Delivery in excess of the Monthly Tolerance Limit or Cumulative Tolerance Limit in any particular Consumption Period, Qualified Supplier shall sell such excess Gas to Company at 95% of the applicable index.
- c) The applicable index and Adder will be defined in the Qualified Supplier Agreement and amended from time to time.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park,  
Dripping Springs, Kyle, Lakeway, Rollingwood,  
Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart,  
Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central  
Texas Service Area)  
May 9, 2016 (Incorporated and Unincorporated Areas  
of the Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****Rate Schedule T-TERMS**  
**Page 7 of 7****GENERAL TERMS AND CONDITIONS**  
**FOR TRANSPORTATION SERVICE**  
**(Continued)**

- d) A proportional share of any upstream pipeline transportation service charges and penalties incurred by the Company, that in whole or in part, are the result of Qualified Supplier's scheduling and/or managing the upstream transportation of the Customer's gas to Company's interconnection point(s) with the upstream pipeline(s). Proceeds from this charge will be credited to the Reconciliation Account. The Company will bill Qualified Supplier for these charges and penalties manually on a separate bill. Payment shall be required in accordance with applicable Rules of Service.
- e) The Company will provide monthly imbalance statements along with calculations of the charges in accordance with the aforementioned provisions to the Qualified Supplier each month.
- f) Payments for imbalance settlements will be due each month within 15 business days of the imbalance statement date. The Company may elect at its sole discretion to accrue the imbalance settlement provisions each month and only require periodic settlement rather than monthly payments.
- g) On or about 15 days after the Company receives necessary volumetric information from other parties for each Consumption Period after commencement of Gas receipts and deliveries hereunder, Company shall render to the Qualified Supplier a statement for the preceding Consumption Period showing the total Dths of Gas received and delivered and each Point of Receipt and Point of Delivery. If information necessary for statement purposes is in the possession of Customer, Customer shall furnish such information to Company on or before the 6th Day of the Month in which the statement requiring such data is to be rendered.
- h) Both parties hereto shall have the right at any and all reasonable times within 24 months from the time period in question, to examine the books and records of the other to the extent necessary to verify the accuracy of any statement, computation, or demand made hereunder.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park,  
 Dripping Springs, Kyle, Lakeway, Rollingwood,  
 Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart,  
 Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central  
 Texas Service Area)  
May 9, 2016 (Incorporated and Unincorporated Areas  
 of the Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
 TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE WNA**  
**Page 1 of 2****WEATHER NORMALIZATION ADJUSTMENT CLAUSE****APPLICABILITY**

The Weather Normalization Adjustment Clause (WNA) shall apply to the following general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. (the "Company") in the incorporated and unincorporated areas served in the Central-Gulf Service Area including Austin, Bayou Vista, Beaumont, Bee Cave, Buda (environs only), Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, Texas: Rate Schedules 10, 1Z, 20, 2Z, 40, 4Z, 48 and 4H. The WNA shall be effective during the September through May billing cycles.

**PURPOSE**

The WNA refunds over-collections or surcharges under-collections of revenue due to colder or warmer than normal weather, as established in the Company's most recent rate filing.

**WNA MECHANISM**

In order to reflect weather effects in a timely and accurate manner, the WNA adjustment shall be calculated separately for each billing cycle and rate schedule. The weather factor, determined for each rate schedule in the most recent rate case, shows the effect of one heating degree day on consumption for that rate schedule. During each billing cycle, the 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. This WNA volume adjustment is priced at the current cost of service rate per Ccf to determine a WNA revenue adjustment, which is spread to the customers in the billing cycle on a prorata basis. The WNA for each billing cycle and rate schedule shall be based on the following formula:

$$\text{WNA Rate} = \frac{\text{WNAD}}{\text{CV}}, \quad \text{where}$$

WNAD = Weather Normalization Adjustment Dollars to be collected from each billing cycle and rate schedule. This factor shall be based on the following formula:

Supersedes Rate Schedule Dated  
October 26, 2016 (Cities of Austin, Bee Cave,  
 Cedar Park, Dripping Springs, Kyle, Lakeway,  
 Rollingwood, Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales,  
 Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the  
 Central Texas Service Area)  
May 9, 2016 (Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
 TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE WNA**  
**Page 2 of 2****WEATHER NORMALIZATION ADJUSTMENT CLAUSE**  
**(Continued)**

WNAD = (HDD Diff \* CB \* WF) \* COS rate, where

HDD Diff = (Normal HDD – Actual HDD), the difference between normal and actual heating degree days for the billing period.

CB = Number of customers billed for the billing period.

WF = Weather factor determined for each rate schedule in the most recent rate case.

Austin, Bee Cave, Buda (environs only), Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills:

Residential 0.15498; Commercial 0.38392; Public Authority 1.94154; Public Schools 3.95052

Weather Station: KATT

Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum:

Residential 0.14213; Commercial 0.21988; Public Authority 0.95317

Weather Station: KSAT

Bayou Vista, Galveston, and Jamaica Beach:

Residential 0.18569; Commercial 0.44273; Public Authority 3.44053

Weather Station: KGLS

Beaumont, Groves, Nederland, Port Arthur, and Port Neches:

Residential 0.17379; Commercial 0.28946; Public Authority 2.28489

Weather Station: KBPT

CV = Current Volumes for the billing period.

**FILING WITH THE CITIES AND THE RAILROAD COMMISSION OF TEXAS (RRC)**

The Company will file monthly reports showing the rate adjustments for each applicable rate schedule. Supporting documentation will be made available for review upon request. By each October 1, the Company will file with the Cities and the RRC an annual report verifying the past year's WNA collections or refunds.

Supersedes Rate Schedule Dated

October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)

January 6, 2017 (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)

November 23, 2016 (Unincorporated Areas of the Central Texas Service Area)

May 9, 2016 (Gulf Coast Service Area)

May 22, 2019 (City of Beaumont)

Meters Read On and After

TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****Rate Schedule 1-ENV  
Page 1 of 5****COST OF GAS CLAUSE****A. APPLICABILITY**

This Cost of Gas Clause shall apply to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") in all unincorporated areas of its Central Texas Service Area including 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.

**B. DEFINITIONS**

1. Cost of Gas - The rate per billing unit or the total calculation under this clause, consisting of the Commodity Cost, the Reconciliation Component, any surcharges or refunds, Uncollectible Cost of Gas, and the revenue associated fees and taxes.
2. Commodity Cost - The Cost of Purchased Gas multiplied by the Purchase/Sales Ratio plus an adjustment for any known and quantifiable under or over collection prior to the end of the reconciliation period.
3. Cost of Purchased Gas - The estimated cost for gas purchased by the Company from its suppliers or the estimated weighted average cost for gas purchased by the Company from all sources where applicable. Such cost shall include not only the purchase cost of natural gas but shall also include all reasonable costs for services such as gathering, treating, processing, transportation, capacity and/or supply reservation, storage, balancing including penalties, and swing services necessary for the movement of gas to the Company's city gate delivery points. The cost of purchased gas may also include costs related to the purchase and transportation of Renewable Natural Gas (RNG). Renewable Natural Gas is the term used to describe pipeline-quality biomethane produced from biomass. The cost of purchased gas shall not include the cost of financial instruments unless the use of such financial instruments is approved in advance and in writing by the Director of the Oversight and Safety Division of the Railroad Commission of Texas. Such approval would be requested as part of the Company's annual gas purchase plan, which shall be submitted annually to the Commission no later than June 15.
4. Reconciliation Component - The amount to be returned to or recovered from customers each month from October through June as a result of the Reconciliation Audit.

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****Rate Schedule 1-ENV  
Page 2 of 5****COST OF GAS CLAUSE  
(Continued)**

5. Reconciliation Audit - An annual review of the Company's books and records for each 12-month period ending with the production month of June to determine the amount of over or under collection occurring during such 12-month period. The audit shall determine: (a) the total amount paid for gas purchased by the Company (per Section B(3) above) to provide service to its general service customers during the period, including prudently incurred gains or losses on the approved use of natural gas financial instruments; (b) the revenues received from operation of the provisions of this Cost of Gas Clause reduced by the amount of revenue associated fees and taxes paid by the Company on those revenues; (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause; (d) the total amount accrued for imbalances under the transportation rate schedule(s) net of fees and applicable taxes; (e) the total amount of Uncollectible Cost of Gas during the period; and (f) an adjustment, if necessary, to remove lost and unaccounted for gas costs during the period for volumes in excess of 5 percent of purchases.
6. Purchase/Sales Ratio - A ratio determined by dividing the total volumes purchased for general service customers during the 12-month period ending June 30 by the sum of the volumes sold to general service customers. For the purpose of this computation all volumes shall be stated at 14.65 psia. Such ratio as determined shall in no event exceed 1.0526 i.e.  $1/(1 - 0.05)$  unless expressly authorized by the applicable regulatory authority.
7. Reconciliation Account - The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of the Cost of Gas Clause. Entries shall be made monthly to reflect: (a) the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records (per Section B(3) above), including prudently incurred gains or losses on the use of approved natural gas financial instruments; (b) the revenues produced by the operation of this Cost of Gas Clause; (c) refunds, payments, or charges provided for herein or as approved by the Regulatory Authority; (d) amounts accrued pursuant to the treatment of imbalances under any transportation rate schedule(s); (e) total amount of Uncollectible Cost of Gas during the period; and (f) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of 5 percent of purchases.
8. Uncollectible Cost of Gas – The amounts actually written off after the effective date of this rate schedule related to cost of gas will be tracked along with any subsequent recovery/credits related to the Cost of Gas Clause. Annually the charge offs minus recoveries will be included in the annual reconciliation and factored into the resulting reconciliation component.

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****Rate Schedule 1-ENV  
Page 3 of 5****COST OF GAS CLAUSE  
(Continued)****C. COST OF GAS**

In addition to the cost of service as provided under its general service rate schedules, the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each customer bill.

**D. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT**

If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section E below, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather, growth, and conservation for the period beginning with the October billing cycle through the June billing cycle preceding the filing of the Reconciliation Audit. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied, subject to refund, for a 9 month period beginning with the October billing cycle and continuing through the next June billing cycle at which time it will terminate.

**E. INTEREST ON FUNDS**

Concurrently with the Reconciliation Audit, the Company shall determine the amount by which the Cost of Gas was over or under collected for each month within the period of audit. The Company shall debit or credit to the Reconciliation Account for each month of the reconciliation period: (1) an amount equal to the outstanding over collected balance multiplied by interest of 6 percent per annum compounded monthly; or (2) an amount equal to the outstanding under collected balance multiplied by interest of 6 percent per annum compounded monthly. The Company shall also be allowed to recover a carrying charge calculated based on the arithmetic average of the beginning and ending balance of gas in storage inventory for the prior calendar month times the authorized rate of return.

**F. SURCHARGE OR REFUND PROCEDURES**

In the event that the rates and charges of the Company's supplier are retroactively reduced and a refund of any previous payments is made to the Company, the Company shall make a similar refund to its general service customers. Similarly, the Company may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. Any surcharge or refund amount will be included in the Reconciliation Account.

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****Rate Schedule 1-ENV  
Page 4 of 5****COST OF GAS CLAUSE  
(Continued)**

Refunds or charges shall be entered into the Reconciliation Account as they are collected from or returned to the customers. For the purpose of this Section F, the entry shall be made on the same basis used to determine the refund or charge component of the Cost of Gas and shall be subject to the calculation set forth in Section (E) Interest on Funds, above.

**G. COST OF GAS STATEMENT**

The Company shall file a Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. The Cost of Gas Statement shall set forth: (a) the estimated Cost of Purchased Gas; (b) that cost multiplied by the Purchase/Sales Ratio; (c) the amount of the Cost of Gas caused by any surcharge or refund; (d) the Reconciliation Component; (e) the revenue associated fees and taxes to be applied to revenues generated by the Cost of Gas; (f) the Cost of Gas calculation, including gains and losses from approved hedging activities for the month; and (g) the beginning and ending date of the billing period. The statement shall include all data necessary for the Regulatory Authority to review and verify the calculations of the Cost of Gas.

**H. 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 12 months ending June 30.
2. A tabulation of gas units sold to general service customers and related Cost of Gas Clause revenues.
3. A tabulation of all other costs and refunds made during the year and their effect on the Cost of Gas Clause to date.

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****Rate Schedule 1-ENV  
Page 5 of 5****COST OF GAS CLAUSE  
(Continued)**

4. A description of the hedging activities conducted each month during the 12 months ending June 30, including the types of transaction used, resulting gains and losses, any changes in the hedging program implemented during the period and the rationale for the changes. The report should include the customer impact of hedging activities stated as costs to the average residential and commercial customer during the period.
5. 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 balances 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.
6. A tabulation of uncollectible cost of gas during the period and its effect on the Cost of Gas Clause to date.

This report shall be filed concurrently with the Cost of Gas Statement for October. If the Regulatory Authority thereafter determines that an adjustment to the Reconciliation Component is required, such adjustment shall be included in the Reconciliation Component for the next annual Reconciliation Audit following the date of such determination.

Supersedes Rate Schedule Dated  
1 dated September 8, 2017 (Unincorporated Areas of the Central  
Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****Rate Schedule 1-INC  
Page 1 of 4****COST OF GAS CLAUSE****A. APPLICABILITY**

This Cost of Gas Clause shall apply to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") in all incorporated areas of its Central Texas Service Area including Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

**B. DEFINITIONS**

1. Cost of Gas - The rate per billing unit or the total calculation under this clause, consisting of the Commodity Cost, the Reconciliation Component, any surcharges or refunds, Uncollectible Cost of Gas, and the revenue associated fees and taxes.
2. Commodity Cost - The Cost of Purchased Gas multiplied by the Purchase/Sales Ratio plus an adjustment for any known and quantifiable under or over collection prior to the end of the reconciliation period.
3. Cost of Purchased Gas - The estimated cost for gas purchased by the Company from its suppliers or the estimated weighted average cost for gas purchased by the Company from all sources where applicable. Such cost shall include not only the purchase cost of natural gas, but shall also include all reasonable costs for services such as gathering, treating, processing, transportation, capacity and/or supply reservation, storage, balancing including penalties, and swing services necessary for the movement of gas to the Company's city gate delivery points. The cost of purchased gas may also include costs related to the purchase and transportation of Renewable Natural Gas (RNG). Renewable Natural Gas is the term used to describe pipeline-quality biomethane produced from biomass. The cost of purchased gas shall also include gains and losses from the utilization of natural gas financial instruments that are executed by the Company for the purpose of mitigating price volatility. Companies affiliated with the Company shall not be allowed to charge fees for transactions related to natural gas financial instruments utilized for purposes in this Cost of Gas Clause and hence cannot realize a profit in this regard.
4. Reconciliation Component - The amount to be returned to or recovered from customers each month from October through June as a result of the Reconciliation Audit.
5. Reconciliation Audit - An annual review of the Company's books and records for each 12-month period ending with the production month of June to determine the amount of over or under collection occurring during such 12-month period. The audit shall determine: (a) the total amount paid for gas purchased by the Company (per Section B(3) above) to provide service to its general service customers during the period, including prudently incurred gains or losses on the use of natural gas financial instruments; (b) the revenues received from operation of the provisions of this Cost of Gas Clause reduced by the amount of revenue associated fees and taxes paid by the Company on those revenues; (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause; (d) the total amount accrued for imbalances under the transportation rate schedule(s) net of fees and applicable taxes; (e) the total amount of Uncollectible Cost of Gas during the period; and (f) an adjustment, if necessary, to remove lost and unaccounted for gas costs during the period for volumes in excess of 5 percent of purchases.

Supersedes Rate Schedule Dated  
1-INC dated September 8, 2017 (Cities of Austin, Bee Cave,  
Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle,  
Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner,  
Sunset Valley, West Lake Hills, and Yoakum, TX)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area****Rate Schedule 1-INC**  
**Page 2 of 4****COST OF GAS CLAUSE**  
**(Continued)**

6. Purchase/Sales Ratio - A ratio determined by dividing the total volumes purchased for general service customers during the 12-month period ending June 30 by the sum of the volumes sold to general service customers. For the purpose of this computation all volumes shall be stated at 14.65 psia. Such ratio as determined shall in no event exceed 1.0526 i.e.  $1/(1 - 0.05)$  unless expressly authorized by the applicable Regulatory Authority.
7. Reconciliation Account - The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of the Cost of Gas Clause. Entries shall be made monthly to reflect: (a) the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records (per Section B(3) above), including prudently incurred gains or losses on the use of natural gas financial instruments; (b) the revenues produced by the operation of this Cost of Gas Clause; (c) refunds, payments, or charges provided for herein or as approved by the regulatory authority; (d) amounts accrued pursuant to the treatment of imbalances under any transportation rate schedule(s); (e) total amount of Uncollectible Cost of Gas during the period; and (f) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of 5 percent of purchases.
8. Uncollectible Cost of Gas – The amounts actually written off after the effective date of this rate schedule related to cost of gas will be tracked along with any subsequent recovery/credits related to the Cost of Gas Clause. Annually the charge offs minus recoveries will be included in the annual reconciliation and factored into the resulting reconciliation component.

**C. COST OF GAS**

In addition to the cost of service as provided under its general service rate schedules, the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each customer bill.

**D. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT**

If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section E below, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather, growth, and conservation for the period beginning with the October billing cycle through the June billing cycle preceding the filing of the Reconciliation Audit. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied, subject to refund, for a 9 month period beginning with the October billing cycle and continuing through the next June billing cycle at which time it will terminate.

Supersedes Rate Schedule Dated  
1-INC dated September 8, 2017 (Cities of Austin, Bee Cave,  
Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle,  
Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner,  
Sunset Valley, West Lake Hills, and Yoakum, TX)

Meters Read On and After  
TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****Rate Schedule 1-INC  
Page 3 of 4****COST OF GAS CLAUSE  
(Continued)****E. INTEREST ON FUNDS**

Concurrently with the Reconciliation Audit, the Company shall determine the amount by which the Cost of Gas was over or under collected for each month within the period of audit. The Company shall debit or credit to the Reconciliation Account for each month of the reconciliation period: (1) an amount equal to the outstanding over collected balance multiplied by interest of 6 percent per annum compounded monthly; or (2) an amount equal to the outstanding under collected balance multiplied by interest of 6 percent per annum compounded monthly. The Company shall also be allowed to recover a carrying charge calculated based on the arithmetic average of the beginning and ending balance of gas in storage inventory for the prior calendar month times the authorized rate of return.

**F. SURCHARGE OR REFUND PROCEDURES**

In the event that the rates and charges of the Company's supplier are retroactively reduced and a refund of any previous payments is made to the Company, the Company shall make a similar refund to its general service customers. Similarly, the Company may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. Any surcharge or refund amount will be included in the Reconciliation Account.

Refunds or charges shall be entered into the Reconciliation Account as they are collected from or returned to the customers. For the purpose of this Section F, the entry shall be made on the same basis used to determine the refund or charge component of the Cost of Gas and shall be subject to the calculation set forth in Section (E) Interest on Funds, above.

**G. COST OF GAS STATEMENT**

The Company shall file a Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. The Cost of Gas Statement shall set forth: (a) the estimated Cost of Purchased Gas; (b) that cost multiplied by the Purchase/Sales Ratio; (c) the amount of the Cost of Gas caused by any surcharge or refund; (d) the Reconciliation Component; (e) the revenue associated fees and taxes to be applied to revenues generated by the Cost of Gas; (f) the Cost of Gas calculation, including gains and losses from hedging activities for the month; and (g) the beginning and ending date of the billing period. The statement shall include all data necessary for the Regulatory Authority to review and verify the calculations of the Cost of Gas.

**H. ANNUAL RECONCILIATION REPORT**

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

Supersedes Rate Schedule Dated  
1-INC dated September 8, 2017 (Cities of Austin, Bee Cave,  
Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle,  
Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner,  
Sunset Valley, West Lake Hills, and Yoakum, TX)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****Rate Schedule 1-INC  
Page 4 of 4****COST OF GAS CLAUSE  
(Continued)**

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 tabulation 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 hedging activities conducted each month during the 12 months ending June 30, including the types of transaction used, resulting gains and losses, any changes in the hedging program implemented during the period and the rationale for the changes. The report should include the customer impact of hedging activities stated as costs to the average residential and commercial customer during the period.
5. 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 balances 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.
6. A tabulation of uncollectible cost of gas during the period and its effect on the Cost of Gas Clause to date.

This report shall be filed concurrently with the Cost of Gas Statement for October. If the Regulatory Authority thereafter determines that an adjustment to the Reconciliation Component is required, such adjustment shall be included in the Reconciliation Component for the next annual Reconciliation Audit following the date of such determination.

Supersedes Rate Schedule Dated  
1-INC dated September 8, 2017 (Cities of Austin, Bee Cave,  
Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle,  
Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner,  
Sunset Valley, West Lake Hills, and Yoakum, TX)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****RATE SCHEDULE 1Z****RESIDENTIAL SERVICE RATE****APPLICABILITY**

Applicable to a residential customer or builder 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 and builders prior to sale or re-sale of a property for domestic 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 \$16.00 plus

All Ccf per monthly billing period @ \$0.32096 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

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

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

Taxes: Plus applicable taxes and fees related to above.

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

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****RATE SCHEDULE 2Z****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 \$53.33 plus

All Ccf per monthly billing period @ \$0.11615 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

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

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

Taxes: Plus applicable taxes and fees related to above.

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

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
June 14, 2019(Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****RATE SCHEDULE 3Z****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 for 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 \$320.96 plus

All Ccf per monthly billing period @ \$0.10276 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

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

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area****RATE SCHEDULE 4Z****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 \$81.70 plus

All Ccf per monthly billing period @ \$0.11579 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

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

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

Taxes: Plus applicable taxes and fees related to above.

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

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****RATE SCHEDULE 4H****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 \$134.70 plus

All Ccf per monthly billing period @ \$0.10012 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

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

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

Taxes: Plus applicable taxes and fees related to above.

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

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD



**UNMETERED GAS LIGHT SERVICE RATE****APPLICABILITY**

Applicable to any Customer on Texas Gas Service Company, a Division of ONE Gas, Inc.'s system requiring natural gas service for gas lighting only, without the use of metering device. Gas service is only available to Customers utilizing standard gas lighting equipment manufactured with an orifice burner assembly or equivalent that is intended for lighting of sidewalks and other walk ways. The Company, in its sole discretion, shall determine if Customer's lighting equipment qualifies for this tariff and shall contract with Customer for the appropriate monthly charge based upon Customer's complete installation of gas lighting equipment. Gas service under this rate schedule is available only with the Company as the sole supplier of gas for Customer and is not available for resale to others or for standby or supplemental service. 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**

The total hourly rated consumption of all gas lighting equipment included, expressed in Ccf at the location, shall be multiplied by 730 for gas lighting equipment that runs continuously or 365 for gas lighting equipment with a light sensor, to determine the average monthly consumption of the service. The result, rounded to the next highest Ccf, shall then be billed the rates provided in this rate schedule:

Residential	\$ 0.32096 per Ccf
Commercial	\$ 0.11615 per Ccf
Industrial	\$ 0.10276 per Ccf
Public Authority	\$ 0.11579 per Ccf

**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-ENV.

Taxes: Plus applicable taxes and fees related to above.

**CONDITIONS**

The Customer shall ensure that the installation of lighting equipment conforms to industry safety standards. The Company reserves the right to review Customer's installation of lighting equipment from time to time to determine if it conforms to terms and conditions as set forth in this tariff and the executed service agreement with the Customer. Customer shall notify Company in writing within 30 days of any change in number of gas lights or other material changes made to the gas lighting installation.

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

Initial Rate Schedule

Meters Read on and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area****RATE SCHEDULE 10****RESIDENTIAL SERVICE RATE****APPLICABILITY**

Applicable to a residential customer or builder 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 and builders prior to sale or re-sale of a property for domestic purposes. This rate is only available to full requirements customers of Texas Gas Service Company, a Division of ONE Gas, Inc.

**TERRITORY**

The incorporated areas of the Central Texas Service Area which includes, Austin, Bee Cave, 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	\$16.00 plus
All Ccf per monthly billing period @	\$0.32096 per Ccf

**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-INC.

Conservation Adjustment: Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC and Rate Schedule 1C.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

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

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

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

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

Supersedes Rate Schedule Dated

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area**

**RATE SCHEDULE 10**

**RESIDENTIAL SERVICE RATE**  
**(Continued)**

**CONDITIONS**

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

Supersedes Rate Schedule Dated

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area****RATE SCHEDULE 20****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**

The incorporated areas of the Central Texas Service Area which includes, Austin, Bee Cave, 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 \$53.33 plus

All Ccf per monthly billing period @ \$0.11615 per Ccf

**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-INC.

Conservation Adjustment: Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC and Rate Schedule 1C, if applicable.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

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

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

Taxes: Plus applicable taxes and fees (including franchise fees) related to the above.

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

Supersedes Rate Schedule Dated

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area**

**RATE SCHEDULE 20**

**COMMERCIAL SERVICE RATE**  
**(Continued)**

**CONDITIONS**

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

Supersedes Rate Schedule Dated

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area****RATE SCHEDULE 30****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**

The incorporated areas of the Central Texas Service Area which includes, Austin, Bee Cave, 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 \$320.96 plus

All Ccf per monthly billing period @ \$0.10276 per Ccf

**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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

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

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

Taxes: Plus applicable taxes and fees (including franchise 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.

Supersedes Rate Schedule Dated

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area****RATE SCHEDULE 40****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**

The incorporated areas in the Central Texas Service Area which includes, Austin, Bee Cave, 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 \$81.70 plus

All Ccf per monthly billing period @ \$0.11579 per Ccf

**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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

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

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

Taxes: Plus applicable taxes and fees (including franchise fees) related to the above.

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

**CONDITIONS**

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

Supersedes Rate Schedule Dated

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

Meters Read On and After

TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area****RATE SCHEDULE 48****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**

The incorporated areas of the Central Texas Service Area which includes, Austin, Bee Cave, 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 \$134.70 plus

All Ccf per monthly billing period @ \$0.10012 per Ccf

**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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

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

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

Taxes: Plus applicable taxes and fees (including franchise fees) related to the above.

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

**CONDITIONS**

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

Supersedes Rate Schedule Dated

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

Meters Read On and After

TBD

**UNMETERED GAS LIGHT SERVICE RATE****APPLICABILITY**

Applicable to any Customer on Texas Gas Service Company, a Division of ONE Gas, Inc.'s system requiring natural gas service for gas lighting only, without the use of metering device. Gas service is only available to Customers utilizing standard gas lighting equipment manufactured with an orifice burner assembly or equivalent that is intended for lighting of sidewalks and other walk ways. The Company, in its sole discretion, shall determine if Customer's lighting equipment qualifies for this tariff and shall contract with Customer for the appropriate monthly charge based upon Customer's complete installation of gas lighting equipment. Gas service under this rate schedule is available only with the Company as the sole supplier of gas for Customer and is not available for resale to others or for standby or supplemental service. This rate is only available to full requirements customers of Texas Gas Service Company, a Division of ONE Gas, Inc.

**TERRITORY**

The incorporated areas of the Central Texas Service Area which includes Austin, Bee Cave, 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**

The total hourly rated consumption of all gas lighting equipment included, expressed in Ccf at the location, shall be multiplied by 730 for gas lighting equipment that runs continuously or 365 for gas lighting equipment with a light sensor, to determine the average monthly consumption of the service. The result, rounded to the next highest Ccf, shall then be billed the rates provided in this rate schedule:

Residential	\$ 0.32096 per Ccf
Commercial	\$ 0.11615 per Ccf
Industrial	\$ 0.10276 per Ccf
Public Authority	\$ 0.11579 per Ccf

**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-INC.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**CONDITIONS**

The Customer shall ensure that the installation of lighting equipment conforms to industry safety standards. The Company reserves the right to review Customer's installation of lighting equipment from time to time to determine if it conforms to terms and conditions as set forth in this tariff and the executed service agreement with the Customer. Customer shall notify Company in writing within 30 days of any change in number of gas lights or other material changes made to the gas lighting installation.

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

Initial Rate Schedule

Meters Read on and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****RATE SCHEDULE NO. C-1  
Page 1 of 2****ELECTRICAL COGENERATION RATE****APPLICABILITY**

Service under this rate schedule is available to any customers of Texas Gas Service Company, a Division of ONE Gas, Inc., (the "Company") 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**

The incorporated areas of the Central Texas Service Area, which includes, Austin, Bee Cave, 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	\$ 104.70 plus
For the First 5,000 Ccf/Month	\$ 0.07720 per Ccf
For the Next 35,000 Ccf/Month	\$ 0.06850 per Ccf
For the Next 60,000 Ccf/Month	\$ 0.05524 per Ccf
All Over 100,000 Ccf/Month	\$ 0.04016 per Ccf

**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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

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

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

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

Supersedes Rate Schedule Dated  
June 3, 2019 (Austin Only)  
June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE NO. C-1****Page 2 of 2****ELECTRICAL COGENERATION RATE**  
**(Continued)****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.

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.

Supersedes Rate Schedule Dated

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

Meters Read On and After

TBD

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area

RATE SCHEDULE C-1-ENV  
Page 1 of 2

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		\$ 104.70 plus
For the First	5,000 Ccf/Month	\$ 0.07720 per Ccf
For the Next	35,000 Ccf/Month	\$ 0.06850 per Ccf
For the Next	60,000 Ccf/Month	\$ 0.05524 per Ccf
All Over	100,000 Ccf/Month	\$ 0.04016 per Ccf

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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

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

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****RATE SCHEDULE C-1-ENV  
Page 2 of 2****ELECTRICAL COGENERATION RATE  
(Continued)****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.

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.

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

## **COMPRESSED NATURAL GAS SERVICE RATE**

### **APPLICABILITY**

Applicable to any non-residential customer of Texas Gas Service Company, a Division of ONE Gas, Inc., (the "Company") 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**

The incorporated areas of the Central Texas Service Area which includes Austin, Bee Cave, 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 \$192.63 plus

All Ccf per monthly billing period @ \$0.06684 per Ccf

### **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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

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

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

Taxes: Plus applicable taxes and fees (including franchise 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 Average Payment Plan, also known as the Average Bill Calculation Plan (ABC/APP Plan), is not available to customers served on this rate schedule.



**COMPRESSED NATURAL GAS SERVICE RATE**  
**(Continued)**

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.

Supersedes Rate Schedule Dated  
June 3, 2019 (Austin Only)  
June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****RATE SCHEDULE CNG-1-ENV  
Page 1 of 2****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 Texas Gas Service Company, a Division of ONE Gas, Inc. (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 \$ 192.63 plus

All Ccf per monthly billing period @ \$0.06684 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

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

Rate Case Expense Rider: Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule 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 Average Payment Plan, also known as the Average Bill Calculation Plan (ABC/APP Plan), is not available to customers served on this rate schedule.

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area**

**RATE SCHEDULE CNG-I-ENV**  
**Page 2 of 2**

**COMPRESSED NATURAL GAS SERVICE RATE**  
**(Continued)**

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

The Customer's compressor station is subject to inspection by Company engineers.

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

RULES OF SERVICE  
CENTRAL TEXAS SERVICE AREA

Incorporated and Unincorporated Areas of Austin, Bee Cave, Buda (environs only), Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, TX

Effective for Meters Read On and After  
TBD

Supersedes and Replaces “Incorporated Central Texas Service Area” (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX) dated October 26, 2016;  
“Incorporated Central Texas Service Area” (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX) dated January 6, 2017;  
“Unincorporated Areas of the Central Texas Service Area

Communications Regarding this Tariff  
Should Be Addressed To:

Texas Gas Service Company, a Division of ONE Gas, Inc.  
5613 Avenue F  
Austin, Texas 78751

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

## TABLE OF CONTENTS

Section	Description
1	General Statement
2	Reserved for Future Rules
3	Rates and Utility Charges
4	Conditions of Service
5	Initiation of Service
6	Metering and Delivery of Gas
7	Installation of Equipment
8	Extension of Facilities
9	Customer Owned Systems
10	Security Deposits
11	Gas Measurement
12	Meter Reading and Accuracy
13	Billing and Payment of Bills
14	Quality of Gas
15	Service Work
16	Maintenance of Equipment
17	Discontinuance of Service
18	Re-establishment of Service
19	Notice
20	Average Bill Calculation Plan
21	Fees and Cash Deposits

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

GENERAL STATEMENT

1.1 TARIFF APPLICABILITY

Texas Gas Service Company, a Division of ONE Gas, Inc. is a gas utility operating within the State of Texas. This Tariff applies to Texas Gas Service Company, a Division of ONE Gas, Inc.'s Central Texas Service Area, comprising the Cities and environs of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, and the environs of Buda, Texas. This Tariff supersedes and replaces all tariffs previously approved and applied in the Central Texas Service Area.

Service under this Tariff is subject to the original jurisdiction of the municipalities in the Central Texas Service Area and the Railroad Commission of Texas. The Company will provide service to any person and/or business within its service area in accordance with the rates, terms and conditions provided for in its Tariff and regulations.

1.2 RATE SCHEDULES

All Customers shall be served under rate schedules filed with the municipality or Railroad Commission of Texas. Customers shall be assigned to rate schedules in accordance with the class of the particular Customer, the usage which will be made of the gas and that Customer's volume requirements. The Company shall advise an Applicant or Customer regarding the most advantageous rate for his or her usage if more than one rate is applicable. A Customer assigned to a rate schedule shall remain on that schedule for a minimum of one year except that an assignment made in error may be corrected immediately. In the event of a question regarding the Customer's classification, the questions shall be resolved by reference to the coding of the Customer's primary business in the latest edition of the Standard Industrial Classification Manual of the United States Government's Office Management and Budget.

1.3 DEFINITIONS

The following definitions shall apply to the indicated words as used in this Tariff:

Adder: Shall mean the Company's incremental cost to purchase natural gas.

Aggregation Areas: Shall mean aggregation pools established by the Company within geographic, operational, administrative, and/or other appropriate parameters, for the purposes of nominating and imbalances.

Agricultural Service: Service to Consumers engaged in agricultural production.

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

Automated Meter Reading (AMR): The process of remotely reading a gas meter.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Average Day Usage:</u>	The gas demand of a given Customer for gas in any one month divided by 30. Gas demand is considered to be equivalent to consumption during each billing month, provided however, that when service has been curtailed, demand shall be considered to be actual consumption plus estimated curtailment during the period.
<u>Blanket Builder:</u>	A builder or someone acting for a builder who is invoiced for the installation of service lines.
<u>Btu:</u>	Shall mean British thermal unit(s) and shall be computed 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 shall not be corrected for real water vapor as obtained by means commonly acceptable to the industry, and "MMBtu" shall mean one million (1,000,000) Btu.
<u>Commercial Service:</u>	Service to Consumers engaged primarily in the sale or furnishing of goods and services and any usage not otherwise provided for.
<u>Commission or The Commission:</u>	The Railroad Commission of Texas.
<u>Company:</u>	Texas Gas Service Company, a Division of ONE Gas, Inc.
<u>Consumer:</u>	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.)
<u>Consumption Period:</u>	Shall mean a volumetric billing period.
<u>Customer:</u>	Any person or organization now being billed for gas service whether used by him or her, or by others.
<u>Cumulative Tolerance Limit:</u>	Shall mean the percent of aggregate historical annual deliveries of a Qualified Supplier's Aggregation Area pool of customers for the most recent year ended on June 30. The Company, at its sole discretion, may make adjustments to the Cumulative Tolerance Limit.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Day or Gas Day:</u>	Shall mean the 24-hour period commencing at 9:00 a.m. (central clock time) on one calendar day and ending at 9:00 a.m. (central clock time) the following calendar day.
<u>Dekatherm (Dth):</u>	Shall mean 1,000,000 Btu's (1 MMBtu). This unit will be on a dry basis.
<u>Domestic Service:</u>	Service to any Consumer which consists of gas service used directly for heating, air conditioning, cooking, water heating and similar purposes whether in a single or multiple dwelling unit.
<u>Electrical Cogeneration Service:</u>	Service to Consumers who use natural gas for the purpose of generating electricity. This service uses 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.
<u>Electronic Document:</u>	Any document sent electronically via email or the internet.
<u>Electronic Flow Measurement (EFM):</u>	An electronic means of obtaining readings on a gas meter.
<u>Electronic Fund Transfer (EFT):</u>	The process to convert a paper check or electronic bill payment request to an electronic transfer. Paper checks received by Company or their agents are destroyed.
<u>Electronic Radio Transponder (ERT):</u>	A device that assists with remotely reading a gas meter.
<u>Excess Flow Valve (EFV):</u>	A safety device installed below ground inside the natural gas service line between the main and the meter intended to reduce the risk of accidents in limited situations.
<u>Expedited Service:</u>	Customer request for same day service or service during non-business hours for connection or reconnection of gas service.
<u>Gas or Natural Gas:</u>	Shall mean 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.
<u>General Rate Schedule:</u>	A rate schedule available to all Customers of the appropriate class or classes for usages indicated therein.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Industrial Service:</u>	Service to Consumers engaged primarily in a process which changes raw or unfinished materials into another form of product. This classification shall embrace all Consumers included in Division A (except Major Groups 01 and 02) and Division D of the Standard Industrial Classification Manual.
<u>Irrigation or Irrigation Pumping Service:</u>	(SIC Division A - Major Group 01) who use gas for operating engine-driven pumping equipment.
<u>Mcf:</u>	Shall mean one thousand (1,000) cubic feet of Gas.
<u>Month:</u>	Shall mean 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.
<u>Monthly Tolerance Limit:</u>	Shall mean five percent (5%) of the aggregate deliveries for a Qualified Suppliers Aggregation Area pool of customers for such month.
<u>Optional Rate Schedule:</u>	A General Rate Schedule which may be selected by a Customer in lieu of another general schedule but which may require installation of special equipment.
<u>Overtime Rate:</u>	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 the Company's normal business hours.
<u>Payment in Kind (PIK):</u>	Shall mean a reimbursement for lost and unaccounted for gas.
<u>PDA:</u>	Shall mean a predetermined allocation method.
<u>Pipeline System:</u>	Shall mean the current existing utility distribution facilities of the Company located in the State of Texas.
<u>Point of Delivery:</u>	Shall mean the point or points where gas is delivered from the Pipeline System to Customer.
<u>Point of Receipt:</u>	Shall mean the point or points where the Company shall receive Gas into the Pipeline System from Customer.
<u>Point Operator:</u>	Shall mean the person or entity that controls the Point of Receipt or Point of Delivery.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Qualified Supplier:</u>	Shall mean an approved supplier of natural gas for transportation to customers through the Company's pipeline system.
<u>Regulatory Authority:</u>	The City Council or equivalent municipal governing body of each respective city in the Central Texas Service Area, or the Railroad Commission of Texas, as applicable.
<u>Service Area:</u>	The area receiving gas utility service provided by the Company under the terms of this Tariff.
<u>Special Rate Schedule:</u>	A rate schedule designed for a specific Customer.
<u>System:</u>	Any group of interconnected pipelines and appurtenances owned or operated by the Company and independent from any other such group of facilities.
<u>Tariff:</u>	Shall mean 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.
<u>Temporary Service:</u>	Any service which will not be utilized continuously at the same location for a period of two or more years.
<u>Transportation Form:</u>	Shall mean the Company approved selection of transportation service document.
<u>Transportation Rate Schedule:</u>	A rate schedule designed for service to any Customer for the transportation of Customer-owned natural gas through the Company's distribution system.
<u>Transportation Service:</u>	The transportation by the Company of natural gas owned by someone other than the Company through the Company's distribution system.
<u>Week:</u>	Shall mean a period of seven (7) consecutive Days beginning at 9:00 a.m. Central clock time on each Monday and ending at the same time on the next succeeding Monday.
<u>Year:</u>	Shall mean 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.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

Section 2. [Reserved for future rules]

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

Section 3: RATES AND UTILITY CHARGES

Please see current Rate Schedules on file with each applicable Regulatory Authority.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

CONDITION OF SERVICE

4.1 PROVISION OF SERVICE

The Company will provide gas service to any person or organization located within the Central Texas Service Area from the Company's facilities or in certain cases, the facilities of its supplier, in accordance with the provisions of this Tariff including Rate Schedules and Rules of Service.

4.2 FEES AND CHARGES

All fees and charges made by the Company to provide and maintain utility services as provided for in this Tariff. If the Customer elects transportation service, the commodity cost of gas shall be determined between the Customer and the Customer's selected supplier.

4.3 RESALE OF GAS

Gas delivered by the Company shall not be redelivered or resold for the use thereof by others unless otherwise expressly agreed to in writing by the Company - except, however, that those Customers receiving gas for redistribution to the Customer's tenants may separately meter each tenant's distribution point for the purpose of prorating the Customer's actual amount of gas delivered among the various tenants on a per unit basis.

4.4 CONTINUITY OF SERVICE

- a) Service interruptions
  - i) The Company shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Company will reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Customers is affected.
  - ii) The Company shall make reasonable provisions to meet emergencies resulting from failure of service and will 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 emergency or local disaster resulting in disruption of normal service, the Company 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.
- b) Record of interruption. Except for momentary interruptions which do not cause a major disruption of service, the Company 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, if applicable.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

CONDITION OF SERVICE (Continued)

4.4 CONTINUITY OF SERVICE (Continued)

- c) Report to Railroad Commission of Texas. 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 continuous hours. The notice shall also state the Company's belief as to 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.
- d) The procedure under which curtailments of service will be made is described in the Curtailment Plan on file with the Railroad Commission of Texas.
- e) The Company does not guarantee uninterrupted service to any Customer and shall not be liable for damages resulting from any loss of service to any Customer.

4.5 AVAILABILITY OF TARIFF

A copy of this Tariff including all applicable rates can be requested through TGS's customer service number at 1-800-700-2443 (non-emergency number) or requested under the 'Contact Us' section of [www.texasgasservice.com](http://www.texasgasservice.com). Upon the request of any Customer or Applicant, the Company shall make copies of the Tariff which may be purchased by the Customer or Applicant through TGS's customer service. The Company may charge a fee for each copy not in excess of the Company's reasonable cost to reproduce the material.

4.6 CUSTOMER INFORMATION

The Company shall make available, during normal business hours, such additional information on Rates and Services as any Customer or Applicant may reasonably request. Upon any Customer's request, the Company shall inform the Customer how to read the Customer's meter. The Company shall annually provide each Customer with notice of the availability of a concise description in English and Spanish of the Customer's rights and the Company's obligations under this Tariff. A new Customer shall be provided with an informational brochure in the mail after requested service initiation or included with the first bill mailed.

4.7 CUSTOMER COMPLAINTS

Upon receipt of a complaint, either in writing or by telephone, from the Regulatory Authority on behalf of a Customer, the Company will make a suitable investigation and advise the Regulatory Authority and complainant of the results thereof. An initial response must be made by the next business day. The Company 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. Each complainant shall be advised of his or her right to file the complaint with the Regulatory Authority if not satisfied by the Company.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

CONDITION OF SERVICE (Continued)

4.8 LIMITATION OF LIABILITY

The Customer assumes all responsibility for all facilities and their installation, maintenance, operation, functionality, testing and condition thereof on the Customer's side of the point of delivery of gas to the property of the Customer or to the premises of the Consumer, as defined in Section 6.2. The Company is not liable to a Customer, and Customer shall indemnify, hold harmless, and defend the Company and its employees or agents from any and all claims or liability for personal injury, damage to property, or any incidental, consequential, business interruption, or other economic damages or losses in any manner directly or indirectly connected to, arising from, or caused by acts or omissions of any person or party on the Customer's side of said point of delivery, as defined in Section 6.2.

The Company shall be liable to the Customer or Consumer only for personal injury or property damages from or caused directly by the negligent acts or omissions of the Company or its employees occurring on the Company's side of the point of delivery. The Company shall not be liable or responsible for personal injury, property damages, or any other loss or damages arising from or caused by the negligent or intentional act or omission of any person, other than an employee of the Company, who adjusts, repairs, disconnects, changes, alters, or tampers with the Company's meter or facilities in any way.

The Company shall be liable to third parties only for personal injury or property damage directly arising from the negligence or gross negligence of the Company or its employees when acting within the scope of their employment.

In no event shall the Company or its employees be liable for incidental, consequential, business interruption, or other economic damages or losses of Customer, Consumer, or third parties in any manner, directly or indirectly, arising from, caused by, or growing out of the interruption or termination of gas utility service.

The Customer shall make or procure conveyance to the Company of perpetual right-of-way across the property owned or controlled by the Customer that is satisfactory to the Company, provides clear access to Company's facilities, and enables the Company to provide service to Customer's property or the premises of the Consumer.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

## INITIATION OF SERVICE

### 5.1 REGULAR SERVICE

Application for service can be made by telephone or through the internet. Each Applicant must comply with the appropriate requirements of this Tariff before service shall be instituted. No written agreement shall be required for residential service under the standard provisions of this Tariff; commencement of service by the Company and the use of gas service by the Customer shall be evidence of such agreement. Any Customer requesting service under any special provision of this Tariff must execute a written agreement for service in the form prescribed by the Company designating those provisions which shall apply. Each Applicant may be required to produce two forms of verifiable identification; one being a government-issued identification card bearing a photograph of Applicant; and verifiable proof of their right to occupy a specific service address as of a specific date of occupancy.

### 5.2 SPECIAL CONTRACTS

Under certain special conditions, the Company may agree to rates, terms or conditions of service other than those provided in this Tariff. Such service must be established under the terms of a special contract or service agreement. To the extent that the provisions of any special contract are at variance with this Tariff, the provisions of the contract shall apply.

### 5.3 TEMPORARY SERVICE

Temporary Service shall be furnished under the same rate schedules applicable to regular service of a similar kind.

### 5.4 FEES AND CHARGES

The Company shall charge a non-refundable fee to each Applicant to compensate for the cost involved in initiation or reconnection of service or when service is transferred from one name to another at any location, or whenever a meter is reset or relocated on the same premises at the request of the Customer, all as specified in Section 21.1 of this Tariff.

Whenever the Applicant requests expedited service, the Company will accomplish the work as expeditiously as possible and the Customer will be charged at the Company's approved rate for service work. Expedited service and the charges therefore shall be made only on request of the Applicant. Whenever service is furnished from the facilities of a third party and the Company must pay any special fees to that third party, the Company may, at its option, pass that charge plus 20 percent for handling through to the Applicant requesting service. See Section 21.1 relating to fees for the above.

### 5.5 ESTABLISHMENT OF CREDIT

Each Applicant for service shall be required to make a security deposit in accordance with Section 10 of this Tariff to establish and maintain satisfactory credit. These deposits shall be computed in the same manner for the same class of service, provided however, that a deposit shall be waived if:

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

INITIATION OF SERVICE (Continued)

5.5 ESTABLISHMENT OF CREDIT (Continued)

- a) The Applicant has been a Customer for the same kind of service within the last two years and did not have more than one occasion in which a bill for service from any such utility service account was delinquent and no disconnection for non-payment was made;
- b) The Applicant furnishes an acceptable letter of credit;
- c) The Applicant demonstrates a satisfactory credit rating by presentation of satisfactory credit references capable of quick, inexpensive verification (applicable to residential Customers only);
- d) The Applicant is 65 years of age or older and has no outstanding balance for natural gas utility service which accrued within the last two years (applicable to residential Customers only);
- e) The application is made for or guaranteed by an agency of the federal, state or local government; or
- f) The Applicant has been determined to be a victim of family violence as defined by TEX. FAM. CODE ANN., §71.004. This determination shall be evidenced by the applicant/s submission of a certification letter developed by the Texas Council on Family Violence (made available on its Web site).

5.6 GROUNDS FOR REFUSAL TO SERVE

The Company may refuse service to any Applicant for any of the following reasons:

- a) Failure to pay fees, advances or contributions or to make any deposit required for service under this Tariff;
- b) Failure of the Applicant to furnish any service or meter location specified for service under this Tariff;
- c) Existence of an unsafe condition such as a leak in the Applicant's piping system which, in Company's sole opinion, may endanger life or property;
- d) The Applicant is indebted to the Company for the same class of utility service at the same or another service location within the Company's system; or
- e) Delinquency in payment for gas service by another occupant if that person still resides at the premises to be served.

The right to refuse service shall terminate when the Applicant has complied with the Company's requirements or corrected the cause for the refusal to serve.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

INITIATION OF SERVICE (Continued)

5.7 REASONABLE TIME

The Company shall have a reasonable amount of time to institute service following application therefore or execution of an agreement for service. The time may vary depending on approvals and permits required, the extent of the facilities to be built, and the Company's workload at the time.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

METERING AND DELIVERY OF GAS

6.1 METER LOCATION

The Company shall have the sole right to determine the location of the meter in accordance with the needs of the service.

Each Applicant shall furnish and subsequently maintain a suitable location on his or her premises for the Company's meter and related facilities at a point selected by the Company. Meters shall be located where they will be safely accessible for reading and service, adequately ventilated, and not subject to damage. Meters shall not be located within any enclosed area unless the enclosure is solely intended as a meter house. It may be necessary for the Company to install bollards or guard posts around the meters for safety.

6.2 POINT OF DELIVERY

The point of delivery of gas sold by the Company to the Customer shall be at the outlet side of the Company's meter, provided that in those cases in which the Customer owns a section of the underground pipe between the Customer's property line and the meter, the point of delivery shall be at the property line. The title of all gas sold by the Company to the Consumer shall pass from the Company at the point of delivery. The point(s) of delivery and point(s) of redelivery for Transportation Service shall be as provided in the contract entered into between the Customer and the Company.

6.3 MULTIPLE METERS

Each Customer or group of Customers located on the same lot or tract of land may be served from a single meter location. The Company may, at its option, permit additional meter locations to simplify installation of facilities or provide better service. Whenever more than one meter location is permitted for the same Customer, the Company shall bill the usage through each meter separately, provided that any combined billings in effect at the time of adoption of this Tariff may be continued until the affected Customer discontinues service or upon order by the Regulatory Authority.

6.4 CONNECTION TO COMPANY FACILITIES

No Consumer shall make any connection or alteration of any kind on any of the Company's facilities upstream of the Company's meter or shall permit any other person to make such connection or alteration.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

INSTALLATION OF EQUIPMENT

7.1 EQUIPMENT FURNISHED BY THE COMPANY

The Company shall furnish and install at its expense, the service pipe from the Company's existing main to the property line nearest the meter and the equipment related thereto, including meter valve and service regulator. Whenever the meter is located at any point other than the property line, the Company shall determine the estimated cost of that portion of the service between the property line and the meter set. This estimate shall be based on the size and footage to be installed and charged in accordance with Section 8 and other applicable provisions of this Tariff. This estimated amount shall be contributed by the Applicant to the Company before construction, unless the Applicant is a qualified Blanket Builder, or unless the cost of the service line was previously included in the main extension calculation under Section 8.1. Although affixed to or buried in the Customer's property, the entire service and meter set shall become the property of the Company and shall be operated and maintained by the Company.

7.2 EQUIPMENT FURNISHED BY THE APPLICANT

The Applicant shall furnish and install at his or her expense, all piping and equipment required to conduct and utilize the gas furnished, from the outlet of the meter set to the point(s) of utilization and those portions of the service line and meter set not furnished by the Company as described in Section 7.1 above. The adequacy, safety and compliance with applicable codes and ordinances shall be the responsibility of the Applicant and no action of the Company in accordance with this Tariff shall release the Applicant of the responsibility for the facilities installed by him or her.

7.3 STATUTES, CODES, AND ORDINANCES

All piping and installations owned by the Applicant shall comply with all applicable legal requirements, whether federal, state, county, municipal, or otherwise, and shall be properly designed for the pressures and volumes to be handled. In those locations where there are no applicable state or local requirements, the applicable provisions of the National Fuel Gas Code 54; ANSI Z223.1 and any amendments thereto shall apply.

7.4 CHECKS AND TESTS

The Company shall have the right to check new installations prior to initiation of service and to make any test of the Applicant's facilities it deems necessary, at no charge to the customer.

7.5 REFUSAL TO SERVE

The Company shall refuse service to any Applicant who refuses entry for observation or whose facilities do not comply with the applicable provisions of this Tariff. The right to refuse service shall terminate with the correction of the condition(s) which was cause for refusal. Initiation of service, however, shall not be considered to be acceptance or approval by the Company of such facilities.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

EXTENSION OF FACILITIES

8.1 EXTENSION OF MAINS

The Company shall install the necessary facilities to provide service to Applicants whose premises are located beyond the Company's existing distribution facilities in accordance with the provisions of this Section. The expenditure for such extensions must either be cost justified or the Applicant(s) and Company must mutually agree to terms that justify the installation.

8.2 DESIGN AND COST OF FACILITIES

As soon as practical after an application for service is received, the Company shall determine the extent of the facilities required to serve the new customer and the cost thereof. This cost shall include all amounts to be spent for system improvements necessary to deliver the required gas, such as mains, regulator and meter stations, upgrading and/or reinforcement, all in accordance with the Company's current practice. Whenever the Company chooses to install facilities of greater capacity than would be required to serve the new customer for which the application is being made or to permit supply from another source, the estimate of costs shall be based on only the size and capacity normally used to serve requirements similar to that of the Applicant.

8.3 ALLOWANCE FOR NEW BUSINESS

The Company shall also determine the number of existing permanent Customers located along the route of the extension expected to be served therefrom. To be included, the occupant of each premise must request service and demonstrate capability for using such service through a major gas burning appliance. Single or groups of individually owned mobile homes shall be included only if the wheels and hitch have been removed from each mobile home and/or substantial improvements have been made to the property. Mobile home parks may be served either through a master meter or individual meters served by a Company-owned system, provided that required mains can be installed and dedicated streets or rights-of-way have been provided to the Company for installation of facilities as evidenced by agreement executed on the Company's form. An allowance to be determined by the Company may be given for each Customer whose premises exist at the time of application to be served from the proposed main extension. In order to qualify for this allowance, the Customer must file an application and agree to initiate gas service upon completion of the Company's facilities.

8.4 ADVANCES

The mutually agreed upon terms will determine the amount of advance required. The Applicant shall have 30 calendar days after notification of the amount required to execute an extension agreement on the Company's form and pay the required advance. At the end of that time, the Company may revise its estimates to reflect any changes in costs or conditions which will affect the amount of the advance. The Company may waive collection of any advance based on an economic analysis of the project.

8.5 CONSTRUCTION OF FACILITIES

As soon as practical after the advance has been paid or it has been determined that no advance will be required, the Company shall begin construction of the required facilities and thereafter prosecute the



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

EXTENSION OF FACILITIES (Continued)

8.5 CONSTRUCTION OF FACILITIES (Continued)

work with reasonable diligence. The Company shall not be responsible for delays in the construction of the facilities occasioned by events or conditions reasonably beyond the Company's control. Whenever the construction of the new facilities requires the acquisition of rights-of-way across the Applicant(s) land(s), these rights-of-way shall be provided by the Applicant(s) in the Company's name and on its form at no cost to the Company (except for fees involved in the recording of documents).

8.6 REVIEW OF ADVANCES

The Company shall review each extension agreement on the first anniversary of the signing of that agreement. Upon the Applicant(s) request if the extension provided for in the agreement has not been installed through no fault of the Company, the agreement shall be considered to be terminated and a complete refund made to the Applicant(s). Once the extension has been installed and service has been initiated, the Company shall thereafter review the extension agreement at its second through fifth execution date. At each review, the number of Customers then served directly from the extension shall be compared with the number served on the last prior anniversary date. A refund, shall be given for each additional Customer served, based on mutually agreed upon terms provided that the total of the refunds given does not exceed the cost of the extension of facilities.

8.7 REFUND LIMITATIONS

The Company may, at its sole option, make a refund at any time. In no case, however, shall a refund be given unless the number of Customers then served is greater than the number for whom refunds have previously been given. No refund shall be given which shall cause the total refunds to be greater than the total amount of the advance. No interest shall be paid on any advance made under the provisions of this Section. At the end of the five year period, any remaining amount of the advance shall be retained by the Company as a contribution in aid of construction.

8.8 DELIVERY OF REFUNDS

Upon Applicant(s) request, when a refund is due, a check in the appropriate amount and a letter setting forth the method of calculation of the refund and the balance remaining un-refunded shall be made to the person or business in whose name the extension agreement is made or to his or her assignee. If that letter is returned undelivered, the check shall be cancelled and the next review made without regard to that refund. All sums described in this Section which are returned undelivered and remain unclaimed in the Company's possession for a period of six months following expiration of the five year period of the extension agreement shall be retained by the Company and considered a contribution in aid of construction.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

CUSTOMER-OWNED SYSTEMS

9.1 INDIVIDUALLY METERED SYSTEMS

The Company shall not render service to any Customer through a meter not connected to a system owned by the Company or one of the Company's suppliers.

9.2 MASTER METERS

The Company shall provide service through a master meter into the piping systems of others to be distributed to more than one Consumer, except when the gas served is resold to those Consumers on either a commodity or separate cost of service basis; provided, however, that those Customers purchasing gas for redistribution to the Customer's own tenants only on the Customer's premises may separately meter each tenant distribution point for the purpose of prorating the Consumer's actual purchase price of gas delivered among the various tenants on a per unit basis, and further provided that the provisions of this Section 9 shall not preclude the Company from supplying natural gas to a third party for resale to the public as fuel for natural gas powered vehicles (NGV's).

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

## SECURITY DEPOSITS

### 10.1 REQUIREMENTS

The Company shall require a security deposit from any present or prospective Customer in accordance with Sections 5.5 and 18.1 of this Tariff to guarantee payment of bills, and from any present Customer who during the last 12 consecutive months has on more than one occasion paid their utility bill after becoming delinquent. However, the deposit requirement may, at the option of the Company be based on annual usage experienced at the particular address with application of one-sixth of the annual amount as determined as the required deposit. 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. The deposit shall be refunded to residential Customers in the form of cash or credit to a customer's account when the Customer has paid 12 consecutive bills without having service disconnected for non-payment, and without having one or more occasion in which a bill was delinquent or a payment was returned, and the Customer is not currently delinquent.

### 10.2 RECEIPTS

The Company shall maintain such records as may be necessary to permit any Customer to receive any deposit return to which he or she is entitled without presentation of the receipt. A record of any unclaimed deposits shall be maintained by the Company for at least 4 years.

### 10.3 INTEREST

The Company shall pay interest on all security deposits for the time held at the rate as set by the Public Utility Commission annually except when

- a) The deposit is held 30 days or less;
- b) Notice is sent to the Customer's last known address that the deposit is no longer required;
- c) The service to which the deposit relates has been discontinued; or
- d) All or any part of the deposit has been applied to a delinquent account.

Interest on deposits earned during the preceding year shall be paid to the Customer annually. Payment shall be made either by check or as a credit on the monthly bill at the Company's option.

### 10.4 RETURN OF DEPOSITS

Deposits on residential accounts returned to the Customer in accordance with Section 10.1 above shall be applied in the first calendar quarter following the month in which the good payment record is established. Whenever the deposit of any Customer is returned to the Customer, the Company shall pay all previously unpaid interest with the payment.

### 10.5 ACCEPTABLE FORMS OF DEPOSIT

Any one of the following forms of credit security may be accepted from Customers and Applicants for service:

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

SECURITY DEPOSITS (Continued)

10.5 ACCEPTABLE FORMS OF DEPOSIT (Continued)

- a) A cash deposit of as much as one-sixth (1/6) the estimated annual billings for service requested; but no less than the minimum deposit set forth in Section 21.2;
- b) For commercial customers only, a nontransferable, irrevocable letter of credit from an established financial institution, payable for as much as one-sixth (1/6) the estimated annual billings for services requested and, which can be drawn on for a minimum of two (2) years; but no less than the minimum deposit set forth in Section 21.2; or
- c) For commercial customers only, a surety bond issued by a reputable insurance company which can be drawn on for a minimum of 2 years .

10.6 FRANCHISE AGREEMENTS

To the extent the terms of a franchise agreement are inconsistent with this Section, the terms of the franchise agreement controls. Applicable to customers inside the corporate limits of an incorporated municipality that imposes a municipal franchise fee to Company for the gas service provided to Customer.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service AreaGAS MEASUREMENT11.1 PRESSURE

The standard serving and measurement pressure shall be 4 ounces (0.25 psig) or 7" Water Column above the standard atmospheric pressure in the area served. The atmospheric pressure and standard serving pressure determined to be the average in the cities and environs of the Central Texas Service Area are listed below.

Cities and their Environs	Atmospheric Pressure PSIA	Standard Serving Pressure PSIA
Austin	14.40	14.65
Bee Cave	14.40	14.65
Buda	14.40	14.65
Cedar Park	14.40	14.65
Cuero	14.48	14.73
Dripping Springs	14.40	14.65
Gonzales	14.48	14.73
Kyle	14.40	14.65
Lakeway	14.40	14.65
Lockhart	14.48	14.73
Luling	14.48	14.73
Nixon	14.48	14.73
Rollingwood	14.40	14.65
Shiner	14.48	14.73
Sunset Valley	14.40	14.65
Yoakum	14.48	14.73
West Lake Hills	14.40	14.65

The Consumer and the Company may, at the Company's option, agree to a higher serving pressure. Service regulators shall be set as close as practical to the standard serving pressure under a load condition of approximately 10 percent of meter capacity. Increases in serving pressure because of the inadequacy of the Consumer's facilities shall not be permitted.

11.2 UNIT OF MEASUREMENT

The standard unit of measurement shall be one hundred cubic feet (Ccf). A cubic foot shall be defined as the amount of gas which occupies a volume of one cubic foot at the standard serving pressure and at a temperature of 60 degrees Fahrenheit. Whenever the Company delivers gas at any pressure other than the standard serving pressure, volumes shall be corrected to the standard serving pressure in the manner provided in this Tariff, provided however, that such correction may be made to any other standard provided in the rate schedules or special agreement under which the Customer is served. The Company may, at its sole option, waive the correction of measurement for temperature deviation.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

MEASUREMENT (Continued)

11.3 BILLING UNIT

Unless otherwise specified on the rate schedules or by special agreement, Customers shall be billed on the basis of Ccf measured at or corrected to the standard serving pressure. The index of the meter shall GAS be the sole determinant of volumes passing through the meter. Whenever the meter reads directly in hundreds or smaller units, a reading of one-half a billing unit or more (500 Ccf or more) shall be considered a whole billing unit. Readings of less than one-half a unit shall be disregarded for billing. In those cases in which heating value is used as the billing unit, the calculation of the heating value in BTU's shall be made in accordance with Section 11.7 of this Tariff.

11.4 PRESSURE CORRECTION - STANDARD METERING

Whenever gas is delivered to any Customer served under a rate schedule which provides for standard metering, the Company shall correct actual volumes measured to volumes which would have been measured if the gas had been delivered at the standard serving pressure. Corrections shall be made by one of the following methods.

- a) The Company may install pressure or pressure and temperature compensating measurement equipment whenever the cost of this equipment is justified by the volumes served. Such measurements shall be equipped with devices which mechanically or electronically correct the actual measured volumes in accordance with Boyle's Law. Variations in actual atmospheric pressure shall not be considered.

The Company may use factor billing whenever the volumes to be delivered are too small to justify special metering. The factor shall be determined by dividing the actual serving pressure by the standard serving pressure, both expressed in absolute units based on the standard atmospheric pressure in the area as specified in Section 11.1 hereof. This factor shall be applied to the measured volumes to determine the correct number of billing units.

11.5 METERING - SPECIAL POSITIVE DISPLACEMENT

Whenever gas is delivered to any Customer served under a rate schedule which provides for special metering and positive displacement or turbine type metering is used, all volumes shall be determined in accordance with the recommendations of the manufacturer of the meter. Meters may be read in actual volumes which shall then be corrected to the standard billing unit or may be furnished with devices designed to correct the actual volumes to the standard billing units. The following criteria shall be used in the correction of volumes or design and calibration of correcting devices:

- a) Pressure correction shall be made in accordance with Boyle's Law. Calculations based on pressure reading on a continuously recording chart shall use the average pressure indicated thereon applied to the measured volumes. Correcting devices shall be set at the specified serving pressure and the service regulators shall be adjusted as close to that pressure as practical. Corrections for deviations from Boyle's Law ("supercompressability") may be made whenever the volumes delivered justify the cost of making such corrections.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

GAS MEASUREMENT (Continued)

11.5 METERING - SPECIAL POSITIVE DISPLACEMENT (Continued)

- b) The flowing temperature of the gas shall be assumed to be 60 degrees Fahrenheit unless temperature correction is provided. Corrections shall be made in accordance with Charles' Law.
- c) Whenever a continuously recording instrument is used, the average temperature indicated thereon shall be applied to the measured volumes. The specific gravity of the gas shall be assumed to be the value last indicated by test or reported by the upstream pipeline supplier prior to the installation of the metering facilities. Whenever subsequent reports or tests indicate significant changes in gravity, volume calculations shall be changed prospectively to reflect the new gravity.

11.6 METERING - SPECIAL ORIFICE

Whenever gas is delivered to any Customer served under a rate schedule with provisions for special metering and orifice metering is used, all volumes shall be determined in accordance with the recommendations for measuring gas contained in the American Gas Association's Gas Measurement Committee Report No. 3, Orifice Metering of Natural Gas (1992), and subsequent revisions thereof. Orifice meter charts shall be calculated using a standard integrating device or other method recognized in the industry. The following criteria shall be used in the correction of volumes or design and calibration of orifice metering:

- a) Correction for deviation of gas from Boyle's Law shall be made in accordance with Report No. 3.
- b) Temperature of gas passing the meter shall be assumed to be 60 degrees Fahrenheit unless suitable equipment has been installed to measure actual flowing temperature. The arithmetical average of the temperature recorded during each meter charge period while the gas is flowing shall be used in the computations of volumes during the period.
- c) The standard atmospheric pressure for the area served shall be used for measurement irrespective of any variation in the actual barometric pressure.
- d) The specific gravity of the gas shall be assumed to be the value last obtained in a spot test made with a gravity balance, impact type unit or other acceptable method. Tests shall be made as frequently as found necessary to assure accurate measurement.

11.7 BTU MEASUREMENT

The heating value of gas for use in billing shall be defined as the gross thermal value of one cubic foot of gas at a pressure of 14.73 psia and temperature of 60 degrees Fahrenheit on a dry basis.

The number of billing units delivered shall be determined by multiplying the heating value determined in accordance with this Section by the volumes delivered during the period, expressed in the same units and measured at, or corrected to 14.73 psia and 60 degrees Fahrenheit, and multiplying by the factor necessary to convert the heating value/measurement units to the billing units provided in the appropriate rate schedule. The heating value of the gas shall be determined using one of the following methods:



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

GAS MEASUREMENT (Continued)

11.7 BTU MEASUREMENT (Continued)

- a) Processing a continuous sample of the main stream at the meter location through a recording calorimeter of a standard type;
- b) Analysis of gas samples accumulated from the main stream at the meter location in a sample bottle of an approved type;
  - i) passing the sample through a recording calorimeter of a standard type;
  - ii) passing the sample through a flow calorimeter of a standard type; or
  - iii) passing the sample through a chromatograph to determine the chemical composition and calculating the total heating value from the sum of the constituents.

11.8 CUSTOMER-OWNED METERS

A Customer may install and operate a meter or any other device to measure gas volumes, pressure, temperature, BTU content or specific gravity downstream of the point of delivery. Unless expressly otherwise agreed to by the Company and Customer, however, the Company's meter and equipment shall be the sole determinant of volumes for Company's billing purposes.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

METER READING AND ACCURACY

12.1 METER READING

Meters shall be read as nearly as may be practical on the same day of each calendar month. Whenever a reading of a general service meter is missed or the meter is not registering, the Company shall estimate the amount of gas used during the period. Such estimates shall be based on either -

- a) That Customer's use of gas during the same period(s) in previous years;
- b) That Customer's normal use of gas during preceding months; or
- c) The use of a similar Customer for the period missed.

If practical, an actual reading shall be made after two consecutive estimated bills. All meters in Special Service shall be read at least once a month. Whenever such a meter fails to register or is misread, the amount of gas used during the preceding period shall be estimated using data applicable to that Special Service Customer only. The Company will make a special reading of any meter upon request and payment of a service charge will be made in accordance with Section 21.1. The time of the special reading shall be agreed upon with the Customer so that he or she may be present. If the original reading was in error (subject to consumption between the two readings) the service charge will be refunded to the Customer.

12.2 ACCESS TO THE METER

The Customer shall permit the Company safe access to the meter at all reasonable times for reading thereof and at all reasonable times for reading, maintenance, testing, or replacement of the meter. Upon the Customer's failure or refusal to grant such access, the Company may issue a written notice to the Customer, advising them the situation must be corrected and access granted within 5 working days and that failure to do so can result in the disconnection of service and removal of the meter. Additional fees may apply and will be assessed to such Customer as specified in Section 21.1.

12.3 METER ACCURACY

The accuracy limit of all Company meters is established at two percent (2%) fast or slow. Any meter found to be registering outside of the limits of accuracy shall immediately be removed or repaired. As long as the meter is operating within the limits of accuracy, it shall be the conclusive determination as to the quantities of gas delivered to the Customer on whose service it is set.

12.4 METER TESTING AT CUSTOMER REQUESTS

The Company shall have the right to remove and/or test the meter used to determine the quantity of gas delivered. The Customer may request that the Company make a special test of the meter through which he or she is served. Requests for such tests shall be made in writing and the Company shall have 10 days after receipt of the request to remove the meter for testing or to test the meter in place. Tests on removed meters shall be conducted within a reasonable time. If the test is to be performed after the period of presumed accuracy listed by the manufacturer or if the test is to be performed for a residential or small commercial Customer for whom no such test has been performed within the previous four (4) years for the same Customer at the same location, no service charge will be assessed. Otherwise, the Customer shall pay a service charge for such test as specified in Section 21.1.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

METER READING AND ACCURACY (Continued)

12.5 BILLING ADJUSTMENTS - GENERAL SERVICE

Whenever it has been determined that a meter reading and the subsequent billing has been in error, the Company shall recalculate the affected bill(s). If the date and amount of the error can be definitely fixed, the Company shall refund or may bill the affected Customer for the entire difference between the actual bills rendered and the amount which should have been billed. If a meter is found to have registered inaccurately (such as a meter found to be registering fast or slow), the Company shall refund or bill an amount equal to the difference between the actual bills rendered and the amount which would have been billed if the meter was 100 percent accurate during the time since the last previous test or six months, whichever is less. If the meter is found not to have registered, then the rebilling shall be limited to a three-month period 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. Undercharges billed to the Customer may be repaid in a series of equal installments over a reasonable period of time. This Section shall not apply to meter errors found as a result of routine testing in the Company's or its designee's meter shop.

12.6 PROVISIONS FOR SPECIAL SERVICE

The following modifications shall apply to the provisions of this Section for all Special Service rate schedules and service under special written agreements:

- a) Orifice and turbine meters shall be tested at least four times per year at intervals not to exceed 120 days. Should the Customer so elect, tests shall be made in the presence of his or her representative.
- b) Whenever a meter is found to be registering above or below the limits of accuracy, adjustment of the bill (either up or down) shall be limited to the monthly billing subsequent to the last meter test. The adjustment shall be made upon the basis of the best data available, using the first of the following methods, whichever is most appropriate:
  - i) by using registration of Customer's check meter(s);
  - ii) by correcting the error, if the percentage of error is ascertainable by calibration test or mathematical calculation; or
  - iii) by estimating the quantity of gas delivered by comparison with deliveries during the preceding period under similar conditions when accurate registration was obtained.

12.7 PERIODIC TESTS

The Company shall make periodic tests of meters, associated devices and instruments to assure their accuracy. Such tests shall be scheduled within the calendar year or earlier, when the interval is stated in years; or within the calendar month, or earlier when the interval is stated in months. The basic periodic test interval shall be no longer than provided for in the manufacturer's recommendations, a copy of which is available upon request.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

BILLING AND PAYMENT OF BILLS

13.1 RENDERING OF BILLS

Bills for all service shall be rendered monthly as promptly as feasible after the meter has been read. Bills shall be due and payable in full on or before the due date, which shall be stated on the face of the bill and shall not be earlier than fifteen (15) days after the bill is mailed (including electronic mail). Bills shall be considered to have been rendered when deposited in the United States Mail with postage prepaid thereon or, when the customer has elected to receive billings via electronic mail, when the electronic document has been sent. Payment shall be considered received when the correct amount has been received through a company authorized payment method. If not paid by the date due, the bill shall be considered delinquent.

13.2 BILLING PERIOD

Bills shall be rendered at regular monthly intervals unless otherwise authorized or unless service is rendered for a period of less than a month.

13.3 ESTIMATED BILLS

In the event any meter cannot be read at the end of the billing period, the Company shall bill the Customer on the basis of an estimated consumption determined in accordance with Section 12.1 of this Tariff. The next bill based on actual reading after an estimated bill shall make any corrections necessary to bring the Customer's account to a current status for the actual consumption.

13.4 DISPUTED BILLS

- a) In the event of a dispute between the Customer and the Company regarding the bill, the Company will make such investigation as is required by the particular case and report the results to the Customer. If the Customer wishes to obtain the benefits of subsection b) of this Section, notification of the dispute must be given to the Company prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the Company shall inform the Customer of the complaint procedures of the appropriate regulatory authority.
- b) 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.

13.5 PAYMENT RE-PROCESSING FEE

The Company may charge or add to the Customer's account and collect a fee (as provided in Section 21.1 d) to recover costs for reprocessing any payment, including paper check, electronic transfer payment, and debit and credit card payment, that has been rejected or returned to the Company by the bank for any reason other than bank error.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

BILLING AND PAYMENT OF BILLS (Continued)

13.6 E-STATEMENTS

The Customer may at its option receive bills and notices via electronic mail, thereby eliminating paper bills and notices.

13.7 PAYMENT OPTIONS

The Company, at its option and discretion, may contract with payment vendors to provide various payment options and authorize these vendors to accept payments from Customers on the Company's behalf. Payment options may be electronic, telephonic, in person, or by mail and may include automatic bank draft, credit/debit card, check or cash. Contracted payment vendors may charge Customers an additional fee of the use of that payment option and shall be solely responsible for collecting that fee from the Customer.

13.8 DEFERRED PAYMENT PLANS

The Company, at its sole discretion, may offer a deferred payment plan for delinquent Customer accounts. Deferred payment plans shall conform to the following guidelines:

- a) 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.
- b) For purposes of determining reasonableness, the following shall be considered:
  - i) size of delinquent account;
  - ii) Customer's ability to pay;
  - iii) Customer's payment history;
  - iv) time that the debt has been outstanding;
  - v) reasons why debt has been outstanding; and
  - vi) other relevant factors concerning the circumstances of the Customer.
- c) A deferred payment plan, if reduced to writing 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 Company's failure or refusal to comply with the terms of this agreement."
- d) A deferred payment plan may include a one-time late payment penalty up to but no more than 5% of 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 Company's error (such as an

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.

- e) If a Customer has not fulfilled terms of a deferred payment agreement or refuses to sign the same if it is reduced to writing, the Company shall have the right to disconnect pursuant to disconnection rules in Section 17.2 of this Tariff and, under such circumstances, it shall not be required to offer a subsequent negotiation of a deferred payment agreement prior to disconnection.
- f) The Company shall not refuse a Customer participation in a deferred payment plan on the basis of race, color, creed, sex, marital status, age, or any other form of discrimination prohibited by law.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

QUALITY OF GAS

14.1 HEATING VALUE

Gas delivered to Consumers in all service areas shall have an average gross heating value of at least 900 British Thermal Units per cubic foot measured when saturated with water vapor at a pressure of 14.73 psia and temperature of 60 degrees Fahrenheit. Gas of lesser heating value may be delivered for short periods, providing that the average heating value for the calendar month in which the reduction occurs is equal to or greater than the standard and that the burning characteristics of the gas are not significantly altered.

14.2 CHARACTER OF GAS

All gas furnished to Consumers in the Central Texas Service Area shall be of merchantable quality suitable for use in standard gas burning appliances. Merchantable quality shall mean that the gas must be commercially free from dust, resins, water and hydrocarbons in liquid form at the pressure and temperature at which the gas is delivered.

14.3 ODORIZATION

All gas shall be odorized with a chemical odorant at a sufficient rate to make it readily detectable. Gas containing enough natural odorant as prescribed by the Railroad Commission of Texas need not be odorized unless the odorant level drops below the acceptable level.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

SERVICE WORK

15.1 CERTAIN SERVICES PROVIDED AT NO CHARGE

When a Customer or Consumer smells or detects natural gas and contacts the Company, the Company shall provide to the Consumer at no-charge to the Customer or Consumer leakage and pressure investigations to ensure that unsafe conditions do not exist. Where leakage or unsafe conditions are determined by the Company to be in the Customer's or Consumer's piping or equipment, the Customer or Consumer will be so advised and service will be discontinued until such time that all leakage and other unsafe conditions have been properly corrected by the Customer or Consumer. In addition, when service is initiated, gas air adjustments on a standard domestic and commercial gas range and water heater will be made.

Any other work performed on any Consumer's appliances or housepiping will be on a charge basis.

15.2 OTHER SERVICE

The Company may have personnel available for and may undertake other service work on the Consumer's premises on a charge basis, as time permits. Charges shall be made at the Company's standard rate in the Service Area and such work and the associated revenues and costs shall be considered non-utility.

15.3 EXPEDITED SERVICE

A Customer may request an expedited service. Charges may apply. (See Section 21 – Fees and Deposits)

15.4 NO ACCESS

A fee may be charged to a Customer who requests a specific time for service, if the Company agrees to the time, sends appropriate personnel to the appointed location and the Customer is not present to allow access to the premises. (See Section 21 – Fees and Deposits)

15.5 MATERIALS OR EQUIPMENT FURNISHED BY THE COMPANY

The Company shall furnish and install the service pipe, and equipment related thereto, including meter valve and service regulator, from the Company's main to the Customer's meter. Although affixed to or buried in the Customer's property, the entire service line and meter set shall become the property of the Company and shall be operated and maintained by the Company.

15.6 MATERIALS OR EQUIPMENT FURNISHED BY THE APPLICANT

The Applicant shall furnish and install at his or her expense all piping, conversions of existing equipment, and appliances required to conduct and utilize the gas furnished by the Company. The adequacy, safety, and compliance with applicable codes and ordinances of piping, conversion equipment and appliances shall remain the responsibility of the Applicant and no action of the Company in accordance with this Tariff shall release the Applicant of the responsibility to furnish and install the facilities required by this Section.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

SERVICE WORK (Continued)

15.7 CODES AND ORDINANCES

All piping, installations, and conversion equipment owned by the Applicant shall comply with all applicable federal, state, and city ordinances and shall be properly designed for the pressures and volumes to be handled. Where there are no appropriate ordinances, the applicable provisions of the National Fuels Gas Code 54; ANSI Z223.1, and any amendments thereto shall apply.

15.8 INSPECTIONS AND TESTS

The Company shall have the right to inspect new installations and/or conversions of appliances and equipment prior to initiation of service and to require any test or repair of the Applicant's facilities it deems necessary, at no charge to the customer.

15.9 REFUSAL TO SERVE

The Company shall refuse service to any Applicant who refuses Company or Company's representatives access to or entry for observation or whose facilities do not comply with the applicable provision of this Tariff. The right to refuse service shall terminate upon satisfactory correction of the condition that was the cause for refusal. Initiation of service, however, shall not be considered acceptance or approval by the Company of such facilities.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

MAINTENANCE OF EQUIPMENT

16.1 MAINTENANCE BY COMPANY

The Company shall maintain all facilities owned by it and shall be responsible for the safe conduct and handling of the gas until it passes the point of delivery. The Company's representative shall have the right to enter the Customer's premises at any reasonable time, in the event of an emergency at any time, to read the meter or make any necessary inspection, repair, adjustment, or replacement of any property owned by the Company.

16.2 MAINTENANCE BY THE CUSTOMER

The Customer shall maintain all facilities owned by him or her and shall be responsible for the safe conduct and handling of the gas after it passes the point of delivery. The Customer shall remove, repair or adjust any Customer-owned property which may pose a threat of damage to the property of the Company. The Customer shall take all reasonable means to assure that no one other than an employee of the Company shall adjust, repair, disconnect or change the meter or other Company facilities in any way. In case of loss or damage to the Company's property from the negligence or willful acts of the Customer or Consumer or the Customer's or Consumer's representatives, the Customer will reimburse the Company for all costs of repairing or replacing the damaged property, including any costs of collection such as attorney's fees.

16.3 LEAKS - RIGHT TO DISCONNECT FOR

The Customer or Consumer shall give the Company notice of any leaking or escaping gas as soon as it is detected. Upon receipt of this notice, the Company shall investigate the matter as promptly as feasible under the circumstances. If the Company's test indicates leakage in the Customer's or Consumer's facilities, the Company shall have the right to disconnect service immediately until the Customer or Consumer has had the condition corrected. If leakage is found to be from Company owned facilities, the Company shall have the right to disconnect service for a reasonable period of time until it can be corrected by the Company. The Company shall have the right to disconnect service immediately if any of the Customer's or Consumer's appliances or equipment is, in the Company's opinion, operating in an unsafe manner.

16.4 FACILITIES CURRENTLY OWNED BY THE CUSTOMER

Any facilities downstream of the meter installed by the Customer shall remain the property and responsibility of the Customer. Whenever the condition of the facility is such that replacement is required, the work shall be done by the Company pursuant to the provisions of Section 16.7 of this Tariff. New facilities will continue to be installed pursuant to Sections 7.1 and 7.2 of this Tariff.

16.5 RESPONSIBILITY

Nothing in this Section shall make the Company responsible for the safe upkeep of any Customer or Consumer-owned facilities.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

MAINTENANCE OF EQUIPMENT (Continued)

16.6 RELOCATION OF COMPANY FACILITIES

- a) A charge of not more than actual cost may be made for relocating a meter or other Company equipment on the same premises at the request of the Customer or Consumer.
- b) If the Company shall for its own convenience and not for the safety or convenience of the Customer, change the point of delivery or change the location of its equipment on private property, the Company shall bear the expense.

16.7 REPLACEMENT OF CUSTOMER-OWNED PIPING

- a) When repair or replacement of Customer-owned piping becomes necessary due to deterioration of the line, damage to the line (except when caused by Customer or Customer's agent), relocation of the Company's distribution main, or for other safety reasons, the Company will relocate Customer's meter to the exterior of the building wall, as close as possible to the existing stub out (where piping exits the structure), and will replace the service piping up to the stub out. The Company will own and be responsible for all service piping from the main line to the meter, and Customer will own and be responsible for all piping from the meter to the building.
- b) The Customer may be billed for all costs of the meter relocate and pipeline replacement.
- c) In the absence of any provision contained in a deed of dedication authorizing the Company to install the service piping and meter on Customer's premises, the owner of the premises shall execute an agreement establishing the meter location, authorizing the Company to install or replace the line, and granting Company access for such work. If the Customer or owner of the premises refuses to give Company personnel or Company authorized personnel appropriate access to the property for purposes of installation, the Customer will retain responsibility for his/her facilities and shall bear the expense of any replacement or repairs.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

DISCONTINUANCE OF SERVICE

17.1 BY CUSTOMER

The Customer shall be responsible for all charges for gas service from the time Customer gives notice of the intention to discontinue service until the Company has read the meter, or for five working days from the date of such notice, whichever is the shorter period of time.

17.2 FOR NON-PAYMENT

The Company shall have the right to discontinue service to any Customer for non-payment of bills or other charges authorized by this Tariff or the applicable rate schedules, following the due date specified in Section 13.1 hereof. Before discontinuing service for non-payment, the Company shall mail a separate written notice to the Customer in English and Spanish with the words “TERMINATION NOTICE” or similar language prominently displayed. This notice shall include a telephone number to contact the Company, the amount of the delinquent bill and the date by which the bill must be paid to avoid disconnection, and a statement of how to contact the Company in case of illness or other emergency. If a representative of the Company makes an attempt to collect a past due amount, a collection fee per visit shall be assessed to such Customers as specified in Section 21.1.

No Customer shall be disconnected for non-payment:

- a) Within a period of 5 working days after mailing of the notice or the day following the date indicated in the notice, whichever is the later time.
- b) After full payment of the delinquent bill except when there is not sufficient time to advise Company's service personnel of receipt of the payment.
- c) Before 7:00 AM or after 7:00 PM on any day or on Friday, Saturday, Sunday, Holiday, or day before a holiday unless Company personnel are available the following day for the purpose of making collections or reconnecting service.
- d) If within 5 working days after the date of delinquency of the bill the Company receives a written request from the Customer not to discontinue service for health reasons and the request is accompanied by a written statement from a licensed physician. Upon receipt of such request, the Company will suspend termination of service for a period up to 20 days. The Customer shall sign a deferred payment plan agreement which provides for payment of such service along with timely payments for subsequent monthly billings.

17.3 EXTREME WEATHER EMERGENCY

Except where there is a known dangerous condition or a use of natural gas service in a manner that is dangerous or unreasonably interferes with service to others, the Company shall not disconnect natural gas service to:

- a) A delinquent residential customer during an extreme weather emergency. An extreme weather emergency means a day when the previous day's highest temperature did not exceed 32 degrees Fahrenheit and the temperature is predicted to remain at or below that level for the next 24 hours according to the nearest National Weather Station for the county where the customer takes service.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

- b) A delinquent residential customer for a billing period in which the Company receives a written pledge, letter of intent, purchase order, or other written notification from an energy assistance provider that it is forwarding sufficient payment to continue service.
- c) A delinquent residential customer on a weekend day, unless personnel or agents of the Company are available for the purpose of receiving payment or making connections and reconnecting service.

The Company shall defer collection of the full payment of bills that are due during an extreme weather emergency until after the emergency is over and shall work with customers to establish a payment schedule for deferred bills.

Beginning in the September or October billing periods, the Company shall give notice as follows:

- a) The Company shall provide a copy of Railroad Commission of Texas Rule 7.460, Suspension of Gas Utility Service Disconnection During an Extreme Weather Emergency, to the social service agencies that distribute funds from the Low Income Home Energy Assistance Program within the Company's service areas.
- b) The Company shall provide a copy of Railroad Commission of Texas Rule 7.460, Suspension of Gas Utility Service Disconnection During an Extreme Weather Emergency, to any other social service agency of which the Company is aware that provides financial assistance to low income customers in the Company's service areas.
- c) The Company shall provide a copy of Railroad Commission of Texas Rule 7.460, Suspension of Gas Utility Service Disconnection During an Extreme Weather Emergency, to all residential customers of the Company and customers who are owners, operators or managers of master metered systems. Owners, operators or managers of master metered systems shall provide a copy of this rule to all their customers.

#### 17.4 SPECIAL CONDITIONS

The Company shall have the right to discontinue service to any Consumer for any of the following reasons:

- a) Without notice for the presence of what the Company considers to be an unsafe condition on the Consumer's premises or if an emergency exists;
- b) Without notice for willful destruction or damage to or tampering with the Company's property by the Consumer or by others with knowledge or negligence of the Consumer;
- c) Within 5 working days after written notice if the Consumer uses his or her equipment in any way which causes or creates a potential for adverse affect on the Company's service to others;
- d) Without notice if failure to curtail by such Consumer endangers the supply to Consumers in Priority Class A or B;
- e) 5 working days after written notice from the Company for refusal to grant Company personnel or its designee's access to the Consumer's premises at any reasonable time for any lawful purpose;

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

DISCONTINUANCE OF SERVICE (Continued)

17.4 SPECIAL CONDITIONS (Continued)

- f) 5 working days after written notice from the Company for use, sale or delivery of gas in violation of the provisions of this Tariff or violation of any applicable laws, orders or ordinances, provided that disconnection may be made without notice if the violation creates an unsafe condition;
- g) For Customers acquiring their own supplies of gas, the Company may discontinue service upon request of a Supplier, provided however, that the Supplier represents to the Company that notice has been given to the Customer by the Supplier of delinquency in payment at least five working days prior to Supplier's request for disconnection, and provided that Supplier agrees to indemnify and hold harmless the Company from any potential resulting liability;
- h) If a Customer fails to uphold the terms of a deferred payment plan; or
- i) Within 5 working days after written or electronic notice, for Consumers enrolled in e-bill, that any payment including paper check, electronic transfer payment, and debit or credit card payment, that has been rejected or returned to the Company by the bank.

17.5 RIGHT OF ENTRY

The Company shall have the right to enter the Consumer's premises at any reasonable time to shut off service in accordance with this Tariff and to remove its meter and any other Company property. If the Company is required to take legal action to enforce its rights hereunder, the Company shall be entitled to recover all of its necessary expenses and fees including, but not limited to attorneys' fees, police escort fees and/or the cost to relocate the meter at the Customer's expense.

17.6 ABANDONMENT OF SERVICE

Unless requested by the Customer, service shall not be abandoned (permanent disconnection of any Customer other than a temporary Customer) without permission of the Regulatory Authority. Failure of the Customer to request reinstitution of service within a reasonable period of time after disconnection shall be considered a request for permanent discontinuance of service.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

RE-ESTABLISHMENT OF SERVICE

18.1 FOR NON-PAYMENT

When service has been disconnected for non-payment, the Company shall require that the Customer pay the total amount of his or her account then due plus the prescribed reconnect fee or make satisfactory arrangements for that payment before service is reinstituted. In addition, the Company shall require that the Customer re-establish satisfactory credit in accordance with Section 5 of this Tariff.

18.2 FOR OTHER REASONS

If disconnection has been made by the Company for reasons other than non-payment, service shall not be reinstated until the condition for which it was terminated has been corrected to the Company's satisfaction. The Customer shall also be required to pay a reconnect fee before service is turned on. When service has been disconnected at the Customer's request for a period of one year or more, the request for service shall be treated as a new application. When service has been disconnected for less than one year, the request shall be treated in the same manner as a disconnection for non-payment.

18.3 RECONNECTION

The Company shall restore service as soon as feasible after receipt of a reconnection request and compliance with the requirements of this Section. The Company shall charge a non-refundable reconnection fee for all Customers in accordance with Section 21.1. The restoration of service will be accomplished as expeditiously as scheduling permits. If the Customer requests service after hours or earlier than reconnection would otherwise be scheduled, the Company shall offer expedited service in accordance with Section 21.1. Customer shall be advised that an additional fee will be charged and must agree to pay such charge. In the event the Company is required to make more than one call because the reason for disconnection has not been properly corrected, the reconnect fee may be charged for each call made. No fee shall be charged for any reconnection made after disconnection due to Company's operation. See Section 21.1 for fees.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

NOTICE

19.1 GENERAL

Notice is required for all matters in this Tariff other than billing and payment of bills, which shall be deemed to have been given by the Customer when a letter with postage prepaid has been deposited in the United States Mail addressed to the Company at the office specified on the front sheet of this Tariff, and to the Customer when addressed to Customer at his or her last known service address, or to either party when directly communicated to the other party in person or by telephone.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service Area

AVERAGE BILL CALCULATION PLAN or AVERAGE PAYMENT PLAN

20.1 DESCRIPTION-RESIDENTIAL

Any residential Customer may elect to participate in the Company's Average Payment Plan, also known as the Average Bill Calculation Plan ("ABC/APP Plan"), or as such ABC/APP Plan may be modified from time to time for payment of charges for gas service. In the event the Company modifies the ABC/APP Plan, the Company shall notify individual Customers of those changes when the Customer requests enrollment. In general, the conditions under which a Customer may participate in the ABC/APP Plan are set forth below:

- a) The Company reserves the right to adjust the monthly ABC/APP Plan payments of any Customer at any time for changes in conditions or rates;
- b) The Company shall advise each Customer in the ABC/APP Plan of the monthly ABC/APP Plan payment to be paid by the Customer. Each participating Customer will receive a regular monthly gas bill which will reflect actual consumption and charges for that billing month and the amount of any debit or credit balance before the payment of that month's ABC/APP Plan payment. The Customer shall continue to pay the monthly ABC/APP Plan payment amount each month for gas service, notwithstanding the current gas service charge shown on the bill;
- c) In addition to the monthly ABC/APP Plan amount, any other charges incurred by the Customer shall be paid monthly when due;
- d) Interest shall neither be charged to the Customer on accrued ABC/APP Plan debit balances nor paid by the Company on accrued ABC/APP Plan credit balances;
- e) Any amount due the Customer or the Company will be settled and paid at the time a Customer, for any reason, ceases to be a participant in the ABC/APP Plan;
- f) Any Customer's participation in the ABC/APP Plan may be discontinued by the Company if the monthly plan payment has not been paid on or before the due date of the monthly plan payment;
- g) If any Customer in the ABC/APP Plan shall cease, for any reason, to participate in the ABC/APP Plan, then the Company may deny that Customer's reentry into the ABC/APP Plan until the following year.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service AreaFEES AND DEPOSITS21.1 FEES

All fees and charges shall be adjusted by taxes and fees (including franchise fees) where applicable. In the incorporated areas of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner and Yoakum only, all fees and charges (excluding advances, contributions in aid of construction and deposits) shall be adjusted by the amount which represents the actual gross receipts, occupation, revenue taxes and franchise fees paid by Texas Gas Service Company, a Division of ONE Gas, Inc.

a) Initiation of Service:

- i) Connect: (Section 5.4) \$35.00

A connection fee shall be charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when a meter is set and/or gas turned on.

- ii) Read-In: (Section 5.4) \$15.00

A read-in fee shall be charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when only a meter reading is required.

- iii) Special Handling & Expedited Service: (Sections 5.4 and 15.3)

In addition to initiation of service fee above, a fee may be charged to any Applicant whose request to initiate service cannot be worked during normal business hours or requires special handling. Applicant must be advised that an additional fee will be charged and must agree to pay such charge. These charges include:

- 1) Special Handling \$15.00

The Company may, at Applicant or Customer's request, provide special handling in order to meet the Applicant or Customer's requirements. Special handling does not include calling the Applicant/Customer in advance or A.M. or P.M. scheduling

- 2) Expedited Service and Overtime Rate \$60.00

The Applicant or Customer's request for expedited service may be scheduled at any time to fit the Company's work schedule, and an Expedited Service charge shall be collected. The Company shall not be obligated to provide Expedited Service when the personnel and resources to do so are not reasonably available.

- b) Services - Others As stated below

Whenever service is furnished from the facilities of others and the Company must pay any special fees to the supplying Company, the Applicant may be requested to reimburse the Company for such charge.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service AreaFEES AND DEPOSITS (Continued)21.1 FEES (Continued)c) Customer Requested Meter Test: (Section 12.4)

Positive Displacement	<u>Charge</u>
Up to 1500 cubic feet per hour	\$150.00
Over 1500 cubic feet per hour	\$200.00

## Orifice Meters

All sizes	\$200.00
-----------	----------

d) Payment Re-processing Fee: (Section 13.5) \$25.00e) Collection Fee: (Section 17.2) \$15.00

A Collection Fee shall be charged to any Customer whose failure to respond to a termination notice necessitates the dispatch of a Company representative to attempt collection of payment from Customer.

f) Reconnect Fees: (Section 18.3) \$35.00

A reconnect fee shall be charged to any Customer whose service is terminated and then re-initiated unless terminated in error by the Company. This fee is the same as the Standard Initiation Fee charged for new service.

(i) Regular Labor and After Hours Rates	\$45.00 (Regular) \$60.00 (After Hours)
---	--

Charge for non-routine services including but not limited to repeat high bill investigations and building meter loops.

g) Special Read: (Section 12.1) \$15.00

A special read fee shall be charged for customer requested reading of a meter of which estimated billing has been made. This is not in connection with Section 12.4.

h) Meter Exchange (Customer Request): (Section 16.6) \$150.00

A fee will be charged for customers requested meter exchanges when a meter is working properly or is done for the customer's convenience.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service AreaFEES AND DEPOSITS (Continued)21.1 FEES (Continued)

- i) Meter Tampering – Residential: (Section 16.2) \$150.00

A fee will be charged to repeat customers who knowingly tamper with Company property (i.e. broken meter locks, broken stop cocks, tampered meter dials, and broken meter blind seals).

- j) Unauthorized Consumption: (Section 16.2) \$30 plus expenses

Charges for the replacement of an illegally broken meter seal or locking device to the Customer who could be reasonably expected to benefit from gas service received through said meter.

- k) No Access Fee: (Section 15.4) \$15.00

A fee charged to a Customer who schedules an appointment but fails to appear.

- l) Meter Removal Fee: (Section 12.2) \$25.00

- m) Account Research Fee: \$20.00/hr

A fee will be charged for Customer account information requiring research of accounting/billing information.

- n) Police Escort Fee: (Section 17.4) As stated below

A fee charged when the Company is required to use law enforcement personnel to escort it into locked sites or sites requiring animal control in order for the Company to access a meter. Company will charge the stated amounts or current rate charged by the entity providing the police escort for this service.

- o) Excess Flow Valve Installation Fee: \$400.00

Pursuant to Code of Federal Regulations, §192.383(d) a fee for installation of an excess flow valve (EFV) will be assessed when a Customer requests such installation on the Customer's service line. The EFV will be installed at a date mutually agreeable to both Company and Customer, but after January 1, 2018. The Company reserves the sole right to conduct any required maintenance that may result from the installation. The customer shall be assessed a one-time installation fee.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central Texas Service AreaFEES AND DEPOSITS (Continued)21.2 DEPOSITSa) Advances: (Section 8.4)

As stated below

Estimated expenditure to serve the premises of new business beyond the existing distribution facilities of the Company.

b) Customer Deposits: (Section 10.1)

As stated below

Minimum deposit residential:

\$75.00

Minimum non residential deposit:

\$250.00



**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****RATE SCHEDULE EDIT-RIDER****EXCESS DEFERRED INCOME TAX CREDIT****A. APPLICABILITY**

This Excess Deferred Income Tax Credit applies to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") currently in force in the Company's Central Texas Service Area within the incorporated and unincorporated areas of Austin, Bee Cave, Buda (environs only), Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, 1Z, 2Z, 3Z, 4H, 4Z, C-1-ENV, CNG-1-ENV, T-1, and T-1-ENV.

**B. CALCULATION OF CREDIT**

The annual amortization of the regulatory liability for excess deferred income taxes resulting from the Tax Cuts and Jobs Act of 2017 and in compliance with GUD No. 10695, will be credited to customers annually on a one-time, per bill basis in February of each year and will show as a separate line item on the customer's bill until fully amortized. The initial credit will occur in September 2020.

EDIT CREDIT – The total amount, if any, of the credit in a given year will be determined by:

- The average rate assumption method ("ARAM") as required by the Tax Cuts and Jobs Act of 2017 Section 13001(d) for the protected portion of the regulatory liability for excess deferred income taxes; and
- A 4-year amortization for nonprotected property.

TRUE-UP ADJUSTMENT – The Excess Deferred Income Tax credit shall be trued-up annually. The True-Up Adjustment will be the difference between the amount of that year's EDIT Credit and the amount actually credited to customers.

EDIT CREDIT PER CUSTOMER – The EDIT credit per customer will be determined by allocating that year's credit, plus/minus any prior year true up adjustment, among the customer classes utilizing the same class revenue allocation as approved in the most recent general rate case, and then by dividing each class's portion by the number of customers in that class.

**C. EDIT CREDIT PER CUSTOMER**

Residential:	\$
Commercial:	\$
Industrial:	\$
Public Authority:	\$
Public Schools Space Heat:	\$

Taxes: Plus applicable taxes and fees (including franchises fees) related to above.

**D. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****RATE SCHEDULE EDIT-RIDER****EXCESS DEFERRED INCOME TAX CREDIT  
(Continued)****E. ANNUAL FILING**

The Company shall make a filing with the Commission each year no later than December 31, including the following information:

- a. the total dollar amount of that year's EDIT Credit;
- b. the total dollar amount actually credited to customers;
- c. true-up amount, if any, due to the difference between items a. and b., above;
- d. the amount of the upcoming year's EDIT Credit; and
- e. the amounts of the upcoming year's EDIT Credit per Customer.

**F. CONDITIONS**

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

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****RATE SCHEDULE PFI  
Page 1 of 3****PIPELINE INTEGRITY TESTING (PIT) RIDER****PURPOSE**

The purpose of this Pipeline Integrity Testing Rider is to promote the public interest in pipeline safety by enabling Texas Gas Service Company, a Division of ONE Gas, Inc. (the "Company") to recover the reasonable and necessary Pipeline Integrity Safety Testing expenses incurred by the Company during the prior year (including contractor costs but excluding the labor cost of Texas Gas Service Company employees. These legally mandated operating and maintenance expenses shall be recovered through a separate monthly volumetric charge (the Pipeline Integrity Testing or "PIT" Surcharge) that shall be shown as a separate line item on the customer's monthly bill and calculated for each customer class as described below. Capital expenditures associated with the Pipeline Integrity Program shall continue to be recovered through base rates and any interim rate adjustments implemented pursuant to Section 104.301 of the Gas Utility Regulatory Act.

**APPLICABILITY**

This Rider shall be applied to all gas sales and transportation customers within the service territory designated below, except special contract customers.

**TERRITORY**

This Rider shall apply throughout the Company's Central Texas Service Area ("CTSA"), both within the incorporated municipal limits of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley and West Lake Hills and Yoakum, Texas (collectively, the "CTSA Cities"), in the environs area of Buda, Texas, and in the unincorporated areas (environs) adjacent to the CTSA Cities.

**QUALIFYING EXPENSES**

This Rider applies only to the legally mandated safety testing of the Company's transmission lines in the CTSA under the Pipeline Integrity Safety Testing Program. The operating and maintenance expense items that qualify for recovery under this Rider shall include the contractor costs associated with land and leak survey, permitting, and job order preparation and completion; the clearing of right-of-way; any needed notifications to adjacent businesses and residences; traffic control equipment and personnel; Direct Current Voltage Gradient ("DCVG"), Close Interval ("CI"), and other surveys to ensure the integrity of the pipeline system; any required rigid bypasses; flushing of the lines and testing and disposal of the flush water; hydrostatic testing of the lines and analysis and disposal of the test water; any required "pigging" of the lines in connection with safety testing; any required x-ray welding; metallurgical testing of the pipeline or components thereof; site restoration, painting, and clean-up; expenses associated with providing a supply of compressed natural gas ("CNG") to ensure uninterrupted service to customers during testing; and any other operating and maintenance expenses reasonably necessary to safely and effectively perform required safety testing of the Company's pipelines in the CTSA. Neither capital expenditures by the Company, nor the labor cost of Texas Gas Service Company employees, shall be recovered under this Rider.

**Supersedes Rate Schedule Dated**

**October 26, 2016** (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)

**January 6, 2017** (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)

**November 23, 2016** (Unincorporated Areas of the Central Texas Service Area)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****RATE SCHEDULE PFI  
Page 2 of 3****PIPELINE INTEGRITY TESTING (PIT) RIDER  
(Continued)****CALCULATION OF PIT SURCHARGES**

The Pipeline Integrity Testing Surcharges established under this Rider shall be designed so as to recover the Total Testing Expense incurred in the prior year for Pipeline Integrity Safety Testing, except that qualifying expenses incurred in 2019 and 2020 shall be included for recovery in the first filing, and shall be calculated as follows:

The Total Annual Testing Expense shall be divided by the estimated average annual usage to produce the annual PIT Surcharge.

$$\text{PIT Surcharge} = \frac{\text{Total Annual Testing Expense}}{\text{Estimated Annual Usage}}$$

Based upon customer data for the prior calendar year and any other relevant factors, the estimated annual usage may be revised annually to account for customer growth, and the resulting revised PIT Surcharge shall be applied to each class for the ensuing 12-month recovery period.

**ANNUAL RECONCILIATION**

After completion of each annual recovery period, the total revenues collected under this Rider for that year shall be reconciled against the revenues previously calculated to be collected for that year, and the PIT Surcharge for each class shall be adjusted upward or downward so that the Company recovers any underrecoveries or refunds any overrecoveries that may have accrued under the Rider, plus monthly interest on those underrecoveries or overrecoveries at the cost of long-term debt approved in the Company's most recent general rate case in which rates were set for application to customers in the CTSA. The reconciliation shall be filed with the regulatory authority on or before February 21st of each year, and the regulatory authority shall complete its review of the reconciliation on or before March 21st of each year, so that the Company can implement the reconciled PIT Surcharges beginning with the first billing cycle for April of each succeeding year.

Supersedes Rate Schedule Dated  
October 26, 2016 (Cities of Austin, Bee  
 Cave, Cedar Park, Dripping Springs, Kyle,  
 Lakeway, Rollingwood, Sunset Valley,  
 and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero,  
 Gonzales, Lockhart, Luling, Nixon,  
 Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas  
 of the Central Texas Service Area)

Meters Read On and After  
 TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****RATE SCHEDULE PFI  
Page 3 of 3****PIPELINE INTEGRITY TESTING (PIT) RIDER  
(Continued)****DEFERRED ACCOUNTING**

The Company is authorized and directed to defer, as a regulatory asset, all Pipeline Integrity Safety Testing expenses incurred during the testing cycle starting on January 1, 2016 and all revenues specifically collected under this Rider shall be applied to the deferred expense account. The Company shall not earn a return on any regulatory asset created under this provision, and no such regulatory asset shall be included in the Company's invested capital (rate base) for ratemaking purposes.

**ANNUAL REPORT & APPLICABLE PSCC**

On or before February 21st after each calendar year, the Company shall file a report with the Commission and the CTSA Cities showing all Pipeline Integrity Safety Testing expenses incurred during the previous calendar year and verifying the prior year's collections and any underrecoveries or overrecoveries accruing to date under this Rider. The report shall separately identify and list such expenses by account number and project number. Prior to the effective date of this Rider and on or before February 21st of each succeeding year while this Rider is in effect, the Company shall also file an Addendum to this Rider with the Commission and the CTSA Cities (a) identifying the PIT Surcharges that will be applied during the ensuing 12-month recovery period from April 1st through March 31st, and (b) providing the underlying data and calculations on which each PIT Surcharge for that period is based.

**NOTICE TO AFFECTED CUSTOMERS**

In addition to the annual report and Addendum to this Rider required above, the Company shall provide, on or before March 31st after each calendar year, written notice to each affected customer of (a) the PIT Surcharge that will be applied during the ensuing 12-month period from April 1st through March 31st, and (b) the effect the PIT Surcharge is expected to have on the average monthly bill for each affected customer class. The written notice shall be provided in both English and Spanish, shall be the only information contained on the piece of paper on which it is printed, and may be provided either by separate mailing or by insert included with the Company's monthly billing statements. The Company shall also file an affidavit annually with the Commission and the CTSA Cities certifying that notice has been provided to customers in this manner. The notice shall be presumed to be complete three calendar days after the date the separate mailing or billing statement is deposited in a postage-paid, properly addressed wrapper in a post office or official depository under care of the United States Postal Service. The initial notice shall be filed with, reviewed, and approved by the regulatory authority, and each subsequent notice shall follow the same format as that of the approved initial notice.

Supersedes Rate Schedule Dated  
October 26, 2016 (Cities of Austin, Bee  
Cave, Cedar Park, Dripping Springs, Kyle,  
Lakeway, Rollingwood, Sunset Valley,  
and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero,  
Gonzales, Lockhart, Luling, Nixon,  
Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas  
of the Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area****RATE SCHEDULE PIT-RIDER****PIPELINE INTEGRITY TESTING (PIT) SURCHARGE RIDER****A. APPLICABILITY**

The Pipeline Integrity Testing Surcharge (PIT) rate as set forth in Section (B) below is for the recovery of costs associated with pipeline integrity testing as defined in Rate Schedule PIT. This rate shall apply to the following rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. in the incorporated and unincorporated areas of and adjacent to the Central Texas Service Area (CTSA): 10, 20, 30, 40, 48, C-1, CNG-1, T-1, 1Z, 2Z, 3Z, 4Z, 4H, C-1-ENV, CNG-1-ENV and T-1-ENV.

**B. PIT RATE**

\$0.XXXXX per Ccf

This rate will be in effect until all approved and expended pipeline integrity testing expenses are recovered under the applicable rate schedules.

**C. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchises fees) related to above.

**D. CONDITIONS**

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

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**All Service Areas****RATE SCHEDULE PSF**  
**Page 1 of 3****PIPELINE SAFETY AND REGULATORY PROGRAM FEES****TEXAS ADMINISTRATIVE CODE****TITLE 16** ECONOMIC REGULATION**PART 1** RAILROAD COMMISSION OF TEXAS**CHAPTER 8** PIPELINE SAFETY REGULATIONS**SUBCHAPTER C** REQUIREMENTS FOR GAS PIPELINES ONLY**Rule §8.201** **Pipeline Safety and Regulatory Program Fees**

(a) Application of fees. Pursuant to Texas Utilities Code, §121.211, the Commission establishes a pipeline safety and regulatory program fee, to be assessed annually against operators of natural gas distribution pipelines and pipeline facilities and natural gas master metered pipelines and pipeline facilities subject to the Commission's jurisdiction under Texas Utilities Code, Title 3. The total amount of revenue estimated to be collected under this section does not exceed the amount the Commission estimates to be necessary to recover the costs of administering the pipeline safety and regulatory programs under Texas Utilities Code, Title 3, excluding costs that are fully funded by federal sources for any fiscal year.

(b) Natural gas distribution systems. The Commission hereby assesses each operator of a natural gas distribution system an annual pipeline safety and regulatory program fee of \$1.00 for each service (service line) in service at the end of each calendar year as reported by each system operator on the U.S. Department of Transportation (DOT) Gas Distribution Annual Report, Form PHMSA F7100.1-1 due on March 15 of each year.

- (1) Each operator of a natural gas distribution system shall calculate the annual pipeline safety and regulatory program total to be paid to the Commission by multiplying the \$1.00 fee by the number of services listed in Part B, Section 3, of Form PHMSA F7100.1-1, due on March 15 of each year.
- (2) Each operator of a natural gas distribution system shall remit to the Commission on March 15 of each year the amount calculated under paragraph (1) of this subsection.
- (3) Each operator of a natural gas distribution system shall recover, by a surcharge to its existing rates, the amount the operator paid to the Commission under paragraph (1) of this subsection. The surcharge:

(A) shall be a flat rate, one-time surcharge;

Supersedes Same Sheet Dated  
March 29, 2019

Meters Read On and After  
March 27, 2020



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**All Service Areas****RATE SCHEDULE PSF**  
**Page 2 of 3****PIPELINE SAFETY AND REGULATORY PROGRAM FEES**  
**(Continued)**

- (B) shall not be billed before the operator remits the pipeline safety and regulatory program fee to the Commission;
- (C) shall be applied in the billing cycle or cycles immediately following the date on which the operator paid the Commission;
- (D) shall not exceed \$1.00 per service or service line *(For the calendar year 2019 annual pipeline safety and regulatory program fee, billed effective with meters read on and after March 27, 2020, Texas Gas Service Company, a Division of ONE Gas, Inc. will bill all customers a one-time customer charge per bill of \$1.00, based on \$1.00 per service line)*; and
- (E) shall not be billed to a state agency, as that term is defined in Texas Utilities Code, §101.003.
- (4) No later than 90 days after the last billing cycle in which the pipeline safety and regulatory program fee surcharge is billed to customers, each operator of a natural gas distribution system shall file with the Commission's Oversight and Safety Division a report showing:
- (A) the pipeline safety and regulatory program fee amount paid to the Commission;
- (B) the unit rate and total amount of the surcharge billed to each customer;
- (C) the date or dates on which the surcharge was billed to customers; and
- (D) the total amount collected from customers from the surcharge.
- (5) Each operator of a natural gas distribution system that is a utility subject to the jurisdiction of the Commission pursuant to Texas Utilities Code, Chapters 101 - 105, shall file a generally applicable tariff for its surcharge in conformance with the requirements of §7.315 of this title (relating to Filing of Tariffs).
- (6) Amounts recovered from customers under this subsection by an investor-owned natural gas distribution system or a cooperatively owned natural gas distribution system shall not be included in the revenue or gross receipts of the system for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122, nor shall such amounts be subject to a sales and use tax imposed by Chapter 151, Tax Code, or Subtitle C, Title 3, Tax Code.
- (c) Natural gas master meter systems. The Commission hereby assesses each natural gas master meter system an annual pipeline safety and regulatory program fee of \$100 per master meter system.
- (1) Each operator of a natural gas master meter system shall remit to the Commission the annual pipeline safety and regulatory program fee of \$100 per master meter system no later than June 30 of each year.

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**All Service Areas****RATE SCHEDULE PSF**  
**Page 3 of 3****PIPELINE SAFETY AND REGULATORY PROGRAM FEES**  
**(Continued)**

- (2) The Commission shall send an invoice to each affected natural gas master meter system operator no later than April 30 of each year as a courtesy reminder. The failure of a natural gas master meter system operator to receive an invoice shall not exempt the natural gas master meter system operator from its obligation to remit to the Commission the annual pipeline safety and regulatory program fee on June 30 each year.
- (3) Each operator of a natural gas master meter system shall recover as a surcharge to its existing rates the amounts paid to the Commission under paragraph (1) of this subsection.
- (4) No later than 90 days after the last billing cycle in which the pipeline safety and regulatory program fee surcharge is billed to customers, each natural gas master meter system operator shall file with the Oversight and Safety Division a report showing:
- (A) the pipeline safety and regulatory program fee amount paid to the Commission;
  - (B) the unit rate and total amount of the surcharge billed to each customer;
  - (C) the date or dates on which the surcharge was billed to customers; and
  - (D) the total amount collected from customers from the surcharge.
- (d) Late payment penalty. If the operator of a natural gas distribution system or a natural gas master meter system does not remit payment of the annual pipeline safety and regulatory program fee to the Commission within 30 days of the due date, the Commission shall assess a late payment penalty of 10 percent of the total assessment due under subsection (b) or (c) of this section, as applicable, and shall notify the operator of the total amount due to the Commission.

**Source Note:** The provisions of this §8.201 adopted to be effective September 8, 2003, 28 TexReg 7682; amended to be effective November 24, 2004, 29 TexReg 10733; amended to be effective May 15, 2005, 30 TexReg 2849; amended to be effective December 19, 2005, 30 TexReg 8428; amended to be effective April 18, 2007, 32 TexReg 2136; amended to be effective November 12, 2007, 32 TexReg 8121; amended to be effective September 21, 2009, 34 TexReg 6446; amended to be effective August 30, 2010, 35 TexReg 7743; amended to be effective November 14, 2011, 36 TexReg 7663; amended to be effective November 11, 2013, 38 TexReg 7947; amended to be effective January 6, 2020, 45 TexReg 121

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****RATE SCHEDULE RCE****RATE CASE EXPENSE SURCHARGE****A. APPLICABILITY**

The Rate Case Expense ("RCE") Surcharge rate as set forth in Section (B) below is implemented pursuant to City Ordinances, other regulatory approval or by operation of law. This rate shall apply to the following rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") in the incorporated areas served in the Central Texas Service Area including Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, and T-1.

**B. RCE RATE**

All Ccf during each billing period: \$0.00437 per Ccf

This rate will be in effect until all approved and expended rate case expenses are recovered under the applicable rate schedules. The Company will recover \$\_\_\_\_\_ in actual expense and up to \$\_\_\_\_\_ in estimated expense, not to exceed actual expense. The Rate Case Expense Surcharge will be a separate line item on the bill.

**C. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchises fees) related to above.

**D. CONDITIONS**

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

Initial Rate Schedule

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****RATE SCHEDULE RCE-ENV****RATE CASE EXPENSE SURCHARGE****A. APPLICABILITY**

The Rate Case Expense ("RCE") Surcharge rate as set forth in Section (B) below is pursuant to Gas Utilities Docket No. 10928 : Statement of Intent Filed by Texas Gas Service Company, a Division of ONE Gas, Inc. to Increase Gas Utility Rates Within the Unincorporated Areas of the Central Texas Service Area and Gulf Coast Service Area and, Final Order Finding of Fact No. . This rate shall apply to the following rate schedules of the Company in the unincorporated areas served in the Central Texas Service Area including 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: 1Z, 2Z, 3Z, 4H, 4Z, C-1-ENV, CNG-1-ENV, and T-1-ENV.

**B. RCE RATE**

All Ccf during each billing period:       \$0.00437 per Ccf

This rate will be in effect until all approved and expended rate case expenses are recovered under the applicable rate schedules. The Company will recover \$\_\_\_\_\_ in actual expense and up to \$\_\_\_\_\_ in estimated expense, not to exceed actual expense. The Rate Case Expense Surcharge will be a separate line item on the bill.

**C. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees related to above.

**D. CONDITIONS**

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

**E. COMPLIANCE**

The Company shall file an annual rate case expense reconciliation report within 90 days after each calendar year end until and including the calendar year end in which the rate case expenses are fully recovered. The Company shall file the report with the Railroad Commission of Texas addressed to the Director of Oversight and Safety Division, Gas Services Department and referencing Gas Utilities Docket No. 10928 . Rate Case Expense Recovery Report. The report shall detail the monthly collections for RCE surcharge by customer class and show the outstanding balance. Reports for the Commission should be filed electronically at GUD\_Compliance@rrc.texas.gov or at the following address:

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

Initial Rate Schedule

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area****RATE SCHEDULE T-1**  
**Page 1 of 3****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 Texas Gas Service Company, a Division of ONE Gas, Inc.'s (the "Company") 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 Central Texas distribution system which includes the incorporated areas of Austin, Bee Cave, 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	\$ 265.33 per month
Industrial	\$ 520.96 per month
Public Authority	\$ 104.70 per month
Public Schools Space Heat	\$ 234.70 per month
Compressed Natural Gas	\$ 217.63 per month
Electrical Cogeneration	\$ 104.70 per month

**Supersedes Rate Schedule Dated**

June 3, 2019 (Central Texas Service Area - Austin Only)

June 14, 2019 (Central Texas Service Area - All Other Incorporated Areas)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area****RATE SCHEDULE T-1****Page 2 of 3****TRANSPORTATION SERVICE RATE**  
**(Continued)**

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

Commercial	-	\$ 0.11615 per Ccf
Industrial	-	\$ 0.10276 per Ccf
Public Authority	-	\$ 0.11579 per Ccf
Public Schools Space Heat	-	\$ 0.10012 per Ccf
Compressed Natural Gas	-	\$ 0.06684 per Ccf
Electrical Cogeneration		
For the First 5,000Ccf/month		\$ 0.07720 per Ccf
For the Next 35,000 Ccf/month		\$ 0.06850 per Ccf
For the Next 60,000 Ccf/month		\$ 0.05524 per Ccf
All Over 100,000 Ccf/month		\$ 0.04016 per Ccf

**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) A charge will be made each month to recover the cost of any applicable franchise fees paid to the cities.
- 3) In the event the Company incurs a demand or reservation charge from its gas supplier(s) or transportation providers in the incorporated 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.
- 4) The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.
- 5) The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT.
- 6) The billing of commercial transportation shall reflect adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC and Rate Schedule 1C, if applicable.
- 7) The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Supersedes Rate Schedule Dated

June 3, 2019 (Central Texas Service Area - Austin Only)

June 14, 2019 (Central Texas Service Area - All Other Incorporated Areas)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area**

**RATE SCHEDULE T-1**

**Page 3 of 3**

**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.

Supersedes Rate Schedule Dated

June 3, 2019 (Central Texas Service Area - Austin Only)

June 14, 2019 (Central Texas Service Area - All Other Incorporated Areas)

Meters Read On and After

TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****Rate Schedule T-1-ENV  
Page 1 of 3****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 Texas Gas Service Company, a Division of ONE Gas, Inc.'s (the "Company") 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	\$ 265.33 per month
Industrial	\$ 520.96 per month
Public Authority	\$ 104.70 per month
Public Schools Space Heat	\$ 234.70 per month
Compressed Natural Gas	\$ 217.63 per month
Electrical Cogeneration	\$ 104.70 per month

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****Rate Schedule T-1-ENV  
Page 2 of 3****TRANSPORTATION SERVICE RATE  
(Continued)**

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

Commercial	-	\$ 0.11615 per Ccf
Industrial	-	\$ 0.10276 per Ccf
Public Authority	-	\$ 0.11579 per Ccf
Public Schools Space Heat	-	\$ 0.10012 per Ccf
Compressed Natural Gas	-	\$ 0.06684 per Ccf
Electrical Cogeneration	-	
For the First 5,000Ccf/month		\$ 0.07720 per Ccf
For the Next 35,000 Ccf/month		\$ 0.06850 per Ccf
For the Next 60,000 Ccf/month		\$ 0.05524 per Ccf
All Over 100,000 Ccf/month		\$ 0.04016 per Ccf

**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) The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.
- 4) The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT.
- 5) The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****Rate Schedule T-1-ENV  
Page 3 of 3****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.

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area**

**Rate Schedule T-TERMS**  
**Page 1 of 7**

**GENERAL TERMS AND CONDITIONS  
 FOR TRANSPORTATION SERVICE**

**1.1 REQUIREMENTS FOR TRANSPORTATION SERVICE**

Nothing shall be deemed to supersede the respective rights and obligations of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") and Customer as provided by Texas statutes, rules, and/or regulations. The Company reserves the right to seek modification or termination of transportation service or any of the tariffs to which it applies and the unilateral right to seek regulatory approval to make any changes to, or to supersede, the rates, charges and terms of transportation service.

**1.2 DEFINITIONS**

The following definitions shall apply to the indicated words as used in this Tariff:

<u>Adder:</u>	Shall mean the Company's incremental cost to purchase natural gas.
<u>Aggregation Areas:</u>	Shall mean aggregation pools established by the Company within geographic, operational, administrative, and/or other appropriate parameters, for the purposes of nominating and imbalances.
<u>Btu:</u>	Shall mean British thermal unit(s) and shall be computed on a temperature base of 60° Fahrenheit and at the standard pressure base of the applicable service area and on a gross-real-dry basis and shall not be corrected for real water vapor as obtained by means commonly acceptable to the industry, and "MMBtu" shall mean 1,000,000 Btu.
<u>Commercial Service:</u>	Service to Consumers engaged primarily in the sale or furnishing of goods and services and any usage not otherwise provided for.
<u>Commission or the Commission:</u>	The Railroad Commission of Texas.
<u>Company:</u>	Texas Gas Service Company, a Division of ONE Gas, Inc.
<u>Consumption Period:</u>	Shall mean a volumetric billing period.
<u>Cumulative Tolerance Limit:</u>	Shall mean the percent of aggregate historical annual deliveries of a Qualified Supplier's Aggregation Area pool of customers for the most recent year ended on June 30. The Company, at its sole discretion, may make adjustments to the Cumulative Tolerance Limit.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central Texas Service Area)

Meters Read On and After  
 TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area**

**Rate Schedule T-TERMS**  
**Page 2 of 7**

**GENERAL TERMS AND CONDITIONS  
 FOR TRANSPORTATION SERVICE  
 (Continued)**

<u>Customer:</u>	Any person or organization now being billed for gas service whether used by him or her, or by others.
<u>Day or Gas Day:</u>	Shall mean the 24-hour period commencing at 9:00 a.m. (Central Standard Time) on one calendar day and ending at 9:00 a.m. (Central Standard Time) the following calendar day.
<u>Dekatherm (Dth):</u>	Shall mean 1,000,000 Btu's (1 MMBtu). This unit will be on a dry basis.
<u>Electrical Cogeneration Service:</u>	Service to Consumers who use natural gas for the purpose of generating electricity. This service uses 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.
<u>Electronic Flow Measurement (EFM):</u>	A device that remotely reads a gas meter.
<u>Gas or Natural Gas:</u>	Shall mean 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.
<u>Industrial Service:</u>	Service to Consumers engaged primarily in a process which changes raw or unfinished materials into another form of product. This classification shall embrace all Consumers included in Division A (except Major Groups 01 and 02) and Division D of the Standard Industrial Classification Manual.
<u>Mcf:</u>	Shall mean 1,000 cubic feet of Gas.
<u>Month:</u>	Shall mean the period beginning at 9:00 a.m. Central Standard Time on the first Day of each calendar month and ending at 9:00 a.m. Central Standard Time on the first Day of the next succeeding calendar month.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central Texas Service Area)

Meters Read On and After  
 TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area**

**Rate Schedule T-TERMS**  
**Page 3 of 7**

**GENERAL TERMS AND CONDITIONS**  
**FOR TRANSPORTATION SERVICE**  
**(Continued)**

<u>Monthly Tolerance Limit:</u>	Shall mean 5% of the aggregate deliveries for a Qualified Suppliers Aggregation Area pool of customers for such month.
<u>Payment in Kind (PIK):</u>	Shall mean a reimbursement for lost and unaccounted for gas.
<u>PDA:</u>	Shall mean a predetermined allocation method.
<u>Pipeline System:</u>	Shall mean the current existing utility distribution facilities of Company located in the State of Texas.
<u>Point of Delivery:</u>	Shall mean the point or points where gas is delivered from the Pipeline System to Customer.
<u>Point of Receipt:</u>	Shall mean the point or points where Company shall receive Gas into the Pipeline System from Customer.
<u>Point Operator:</u>	Shall mean the person or entity that controls the Point of Receipt or Point of Delivery.
<u>Qualified Supplier:</u>	Shall mean an approved supplier of natural gas for transportation to customers through the Company's pipeline system.
<u>Regulatory Authority:</u>	The City Council or equivalent municipal governing body of each respective city in the Central Texas Service Area, or the Railroad Commission of Texas, as applicable.
<u>Service Area:</u>	The area receiving gas utility service provided by the Company under the terms of this Tariff.
<u>Tariff:</u>	Shall mean 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 Company or the services provided hereunder.
<u>Transportation Form:</u>	Shall mean the Company approved selection of transportation service document.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area**

**Rate Schedule T-TERMS**  
**Page 4 of 7**

**GENERAL TERMS AND CONDITIONS  
 FOR TRANSPORTATION SERVICE  
 (Continued)**

Transportation Rate Schedule:

A rate schedule designed for service to any Customer for the transportation of Customer-owned natural gas through the Company's distribution system.

Transportation Service:

The transportation by the Company of natural gas owned by someone other than the Company through the Company's distribution system.

Week:

Shall mean a period of 7 consecutive Days beginning at 9:00 a.m. Central Standard Time on each Monday and ending at the same time on the next succeeding Monday.

Year:

Shall mean a period of 365 consecutive Days, or 366 consecutive Days when such period includes a February 29.

**1.3 COMPANY'S RESPONSIBILITY**

Company shall deliver to Customer, at the Point of Delivery, volumes of gas, as received from designated Qualified Supplier, for the Customer, at a mutually agreed upon Point of Receipt, less Payment in Kind (PIK).

- a) In no event shall Company be required to expand, modify, construct, rearrange, or change the operations of the Pipeline System in order to receive gas from or on behalf of Customer or in order to deliver gas to Customer at any existing Points of Delivery. Company reserves the right in its sole discretion to remove, relocate, expand, or rebuild, without approval of Customer, any portion of the Pipeline System. Customer shall make no alterations, additions, or repairs to or on the Pipeline System.

**1.4 CUSTOMER'S RESPONSIBILITY**

Customer, by selecting service under a transportation service rate schedule by completing a Transportation Form, warrants and agrees that:

- a) Gas received by Company for the Customer shall be free from all adverse claims, liens, and encumbrances;
- b) Customer shall indemnify and hold Company harmless from and against all suits, actions, causes of action, claims and demands, including attorneys' fees and costs, arising from or out of any adverse claims by third parties claiming ownership of, or an interest in said gas caused by the failure to provide clear title to the gas;
- c) Customer acknowledges Company shall not be responsible in any way for damages or claims relating to the Customer's gas or the facilities of the Customer or others containing such gas prior to receipt into Company's facilities or after delivery to the Customer;

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central Texas Service Area)

Meters Read On and After  
 TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area**

**Rate Schedule T-TERMS**  
**Page 5 of 7**

**GENERAL TERMS AND CONDITIONS  
FOR TRANSPORTATION SERVICE  
(Continued)**

- d) Customer must provide Company with a signed Transportation Form identifying its Qualified Supplier. Customer may designate no more than one Qualified Supplier. This authorization shall be in a form agreeable to Company and shall remain in effect until a signed replacement is received by Company;
- e) Customer acknowledges the Qualified Supplier's responsibilities under Section 1.5;
- f) Transportation Service is not available for a term less than 12 months. Termination of transportation service may, at the Company's sole discretion, delay Customer's request to resume transportation service;
- g) Electronic flow measurement (EFM) may be required for Customers under transportation service, at the Company's sole discretion. The Customer may be required to reimburse the Company for any cost related to the installation of the EFM as well as provide for or reimburse the Company for any ongoing maintenance, repair, or communications costs; and
- h) In the event Customer's source of gas supply is terminated by Customer's Qualified Supplier due to non-payment or other reasons, or if customer is otherwise unable to continue as a transportation customer, Customer may, upon the first of the month after 30 calendar days advance notice to Company, obtain service from Company under the general sales tariff applicable to Customer. Prior to commencing such service, Company may, in its sole discretion, require Customer to post a deposit or bond.

**1.5 QUALIFIED SUPPLIER'S RESPONSIBILITY**

Qualified Supplier shall act on behalf of the Customer to procure gas supplies, deliver gas supplies plus Payment in Kind volume, into mutually agreed upon Points of Receipt and shall act as the Customer's agent with respect to nominations, operational notices and resolution of imbalances.

- a) Qualified Suppliers shall aggregate their Customers' volumes for balancing purposes, into Aggregation Areas, as determined, in the Company's sole discretion.
- b) Qualified Supplier shall submit nominations to the Company's gas scheduling department, in accordance with their currently effective nomination process, which can be provided to the parties upon request. Customer and Qualified Supplier shall exercise commercially reasonable best efforts to deliver to the Pipeline System Dths of gas that Company is to deliver from the Pipeline System to Customer during any particular Hour, Day, Week and Month, including but not limited to volumes needed for peak Day usage for Customer's facilities. Qualified Supplier shall not intentionally nominate more or less gas than is anticipated for consumption by Customer(s), except as may be needed for balancing purposes to the extent Company accepts such nomination.
- c) Before the start of the Gas Day, the Point Operator and Company shall establish a predetermined allocation (PDA) method to specify how gas received or delivered by Company shall be allocated in accordance with confirmed nominations at such point. Only one PDA methodology shall be applied per allocation period.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park,  
Dripping Springs, Kyle, Lakeway, Rollingwood,  
Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart,  
Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central  
Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area**

**Rate Schedule T-TERMS**  
**Page 6 of 7**

**GENERAL TERMS AND CONDITIONS**  
**FOR TRANSPORTATION SERVICE**  
**(Continued)**

- d) Daily Quantity of Transportation Service Gas: Company shall receive and deliver gas hereunder as nearly as practicable at uniform hourly and daily rates of flow. It is recognized that it may be physically impracticable, because of measurement, gas control limitations and other operating conditions, to stay in zero imbalance each hour and each day; therefore, the daily and hourly quantities received may, due to the aforementioned reasons, vary above or below the daily and hourly quantities delivered. If the quantities received and the quantities delivered hereunder should create an imbalance at the end of any hour, Day, Week, or Month, then Company and Customer shall adjust receipts and/or deliveries at any time to the end that the quantities received and delivered shall be kept as near to zero imbalance as practicable.
- e) Quality of Transportation Service Gas: The gas procured by a Qualified Supplier, for receipt by Company, shall conform to the standards prescribed in Company's applicable rate schedules, Agreements, and applicable local, state or federal laws, rules and/or regulations.

**1.6 IMBALANCES**

Qualified Supplier shall, to the extent practicable, not deliver into the Pipeline System more or less Dths of Gas than Company delivers to the Aggregation Area of Customers, at the Points of Delivery, during a Consumption Period. The following imbalance provisions shall be applied to the Qualified Supplier for its Aggregation Area of Customers.

- a) If Company receives less Dths of Gas than are delivered to the Aggregate Area Customers at the Points of Delivery in excess of the Monthly Tolerance Limit or Cumulative Tolerance Limit in any particular Consumption Period, then Qualified Supplier shall purchase such under-delivered volumes at 105% of the applicable index, plus the Adder.
- b) If Company receives more Dths of Gas than are delivered to the Aggregate Area Customers at the Points of Delivery in excess of the Monthly Tolerance Limit or Cumulative Tolerance Limit in any particular Consumption Period, Qualified Supplier shall sell such excess Gas to Company at 95% of the applicable index.
- c) The applicable index and Adder will be defined in the Qualified Supplier Agreement and amended from time to time.
- d) A proportional share of any upstream pipeline transportation service charges and penalties incurred by the Company, that in whole or in part, are the result of Qualified Supplier's scheduling and/or managing the upstream transportation of the Customer's gas to Company's interconnection point(s) with the upstream pipeline(s). Proceeds from this charge will be credited to the Reconciliation Account. The Company will bill Qualified Supplier for these charges and penalties manually on a separate bill. Payment shall be required in accordance with applicable Rules of Service.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park,  
 Dripping Springs, Kyle, Lakeway, Rollingwood,  
 Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart,  
 Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central  
 Texas Service Area)

Meters Read On and After  
 TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area**

**Rate Schedule T-TERMS**  
**Page 7 of 7**

**GENERAL TERMS AND CONDITIONS**  
**FOR TRANSPORTATION SERVICE**  
**(Continued)**

- e) The Company will provide monthly imbalance statements along with calculations of the charges in accordance with the aforementioned provisions to the Qualified Supplier each month.
- f) Payments for imbalance settlements will be due each month within 15 business days of the imbalance statement date. The Company may elect at its sole discretion to accrue the imbalance settlement provisions each month and only require periodic settlement rather than monthly payments.
- g) On or about 15 days after the Company receives necessary volumetric information from other parties for each Consumption Period after commencement of Gas receipts and deliveries hereunder, Company shall render to the Qualified Supplier a statement for the preceding Consumption Period showing the total Dths of Gas received and delivered and each Point of Receipt and Point of Delivery. If information necessary for statement purposes is in the possession of Customer, Customer shall furnish such information to Company on or before the 6th Day of the Month in which the statement requiring such data is to be rendered.
- h) Both parties hereto shall have the right at any and all reasonable times within 24 months from the time period in question, to examine the books and records of the other to the extent necessary to verify the accuracy of any statement, computation, or demand made hereunder.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park,  
Dripping Springs, Kyle, Lakeway, Rollingwood,  
Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart,  
Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central  
Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area****RATE SCHEDULE WNA  
Page 1 of 2****WEATHER NORMALIZATION ADJUSTMENT CLAUSE****APPLICABILITY**

The Weather Normalization Adjustment Clause (WNA) shall apply to the following general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. (the "Company") in the incorporated and unincorporated areas served in the Central Texas Service Area including Austin, Bee Cave, Buda (environs only), Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, Texas: Rate Schedules 10, 1Z, 20, 2Z, 40, 4Z, 48 and 4H. The WNA shall be effective during the September through May billing cycles.

**PURPOSE**

The WNA refunds over-collections or surcharges under-collections of revenue due to colder or warmer than normal weather, as established in the Company's most recent rate filing.

**WNA MECHANISM**

In order to reflect weather effects in a timely and accurate manner, the WNA adjustment shall be calculated separately for each billing cycle and rate schedule. The weather factor, determined for each rate schedule in the most recent rate case, shows the effect of one heating degree day on consumption for that rate schedule. During each billing cycle, the 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. This WNA volume adjustment is priced at the current cost of service rate per Ccf to determine a WNA revenue adjustment, which is spread to the customers in the billing cycle on a prorata basis. The WNA for each billing cycle and rate schedule shall be based on the following formula:

$$\text{WNA Rate} = \frac{\text{WNAD}}{\text{CV}}, \quad \text{where}$$

WNAD = Weather Normalization Adjustment Dollars to be collected from each billing cycle and rate schedule. This factor shall be based on the following formula:

Supersedes Rate Schedule Dated  
October 26, 2016 (Cities of Austin, Bee Cave,  
 Cedar Park, Dripping Springs, Kyle, Lakeway,  
 Rollingwood, Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales,  
 Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the  
 Central Texas Service Area)

Meters Read On and After  
 TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area****RATE SCHEDULE WNA**  
**Page 2 of 2****WEATHER NORMALIZATION ADJUSTMENT CLAUSE**  
**(Continued)**

$WNAD = (HDD \text{ Diff} * CB * WF) * \text{COS rate, where}$

$HDD \text{ Diff} = (\text{Normal HDD} - \text{Actual HDD})$ , the difference between normal and actual heating degree days for the billing period.

$CB = \text{Number of customers billed for the billing period.}$

$WF = \text{Weather factor determined for each rate schedule in the most recent rate case.}$

Austin, Bee Cave, Buda (environs only), Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills:

Residential 0.15498; Commercial 0.38392; Public Authority 1.94154; Public Schools 3.95052

Weather Station: KATT

Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum:

Residential 0.14213; Commercial 0.21988; Public Authority 0.95317

Weather Station: KSAT

$CV = \text{Current Volumes for the billing period.}$

**FILING WITH THE CITIES AND THE RAILROAD COMMISSION OF TEXAS (RRC)**

The Company will file monthly reports showing the rate adjustments for each applicable rate schedule. Supporting documentation will be made available for review upon request. By each October 1, the Company will file with the Cities and the RRC an annual report verifying the past year's WNA collections or refunds.

Supersedes Rate Schedule Dated

October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)

January 6, 2017 (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)

November 23, 2016 (Unincorporated Areas of the Central Texas Service Area)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****Rate Schedule 1-ENV  
Page 1 of 5****COST OF GAS CLAUSE****A. APPLICABILITY**

This Cost of Gas Clause shall apply to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("the Company") in all unincorporated areas of the Gulf Coast Service Area, including Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas.

**B. DEFINITIONS**

1. Cost of Gas - The rate per billing unit or the total calculation under this clause, consisting of the Commodity Cost, the Reconciliation Component, any surcharges or refunds, Uncollectible Cost of Gas, and the revenue associated fees and taxes.
2. Commodity Cost - The Cost of Purchased Gas multiplied by the Purchase/Sales Ratio plus an adjustment for any known and quantifiable under or over collection prior to the end of the reconciliation period.
3. Cost of Purchased Gas - The estimated cost for gas purchased by the Company from its suppliers or the estimated weighted average cost for gas purchased by the Company from all sources where applicable. Such cost shall include not only the purchase cost of natural gas, but shall also include all reasonable costs for services such as gathering, treating, processing, transportation, capacity and/or supply reservation, storage, balancing including penalties, and swing services necessary for the movement of gas to the Company's city gate delivery points. The cost of purchased gas may also include costs related to the purchase and transportation of Renewable Natural Gas (RNG). Renewable Natural Gas is the term used to describe pipeline-quality biomethane produced from biomass. The cost of purchased gas shall not include the cost of financial instruments unless the use of such financial instruments is approved in advance and in writing by the Director of the Oversight and Safety Division of the Railroad Commission of Texas. Such approval would be requested as part of the Company's annual gas purchase plan, which shall be submitted annually to the Commission no later than June 15.
4. Reconciliation Component - The amount to be returned to or recovered from customers each month from October through June as a result of the Reconciliation Audit.



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Gulf Coast Service Area****Rate Schedule 1-ENV**  
**Page 2 of 5****COST OF GAS CLAUSE**  
**(Continued)**

5. Reconciliation Audit - An annual review of the Company's books and records for each 12 month period ending with the production month of June to determine the amount of over or under collection occurring during such 12 month period. The audit shall determine: (a) the total amount paid for gas purchased by the Company (per Section B(3) above) to provide service to its general service customers during the period, including prudently incurred gains or losses on the approved use of natural gas financial instruments, (b) the revenues received from operation of the provisions of this Cost of Gas Clause reduced by the amount of revenue associated fees and taxes paid by the Company on those revenues, (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause, (d) the total amount accrued for imbalances under the transportation rate schedule(s) net of fees and applicable taxes, (e) the total amount of Uncollectible Cost of Gas during the period, and (f) an adjustment, if necessary, to remove lost and unaccounted for gas costs during the period for volumes in excess of 5 percent of purchases.
6. Purchase/Sales Ratio - A ratio determined by dividing the total volumes purchased for general service customers during the 12 month period ending June 30 by the sum of the volumes sold to general service customers. For the purpose of this computation all volumes shall be stated at 14.65 psia. Such ratio as determined shall in no event exceed 1.0526 i.e.  $1/(1 - 0.05)$  unless expressly authorized by the applicable regulatory authority.
7. Reconciliation Account - The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of the Cost of Gas Clause. Entries shall be made monthly to reflect, (a) the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records (per Section B(3) above), including prudently incurred gains or losses on the use of approved natural gas financial instruments, (b) the revenues produced by the operation of this Cost of Gas Clause, (c) refunds, payments, or charges provided for herein or as approved by the regulatory authority, (d) amounts accrued pursuant to the treatment of imbalances under any transportation rate schedule(s), (e) total amount of Uncollectible Cost of Gas during the period, and (f) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of 5 percent of purchases.
8. Uncollectible Cost of Gas – the amounts actually written off after the effective date of this rate schedule related to cost of gas will be tracked along with any subsequent recovery/credits related to the cost of gas clause. Annually the charge offs minus recoveries will be included in the annual reconciliation and factored into the resulting reconciliation component.



**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****Rate Schedule 1-ENV  
Page 3 of 5****COST OF GAS CLAUSE  
(Continued)****C. COST OF GAS**

In addition to the cost of service as provided under its general service rate schedules, the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each customer bill.

**D. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT**

If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section E below, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather, growth, and conservation for the period beginning with the October billing cycle through the June billing cycle preceding the filing of the Reconciliation Audit. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied, subject to refund, for a 9 month period beginning with the October billing cycle and continuing through the next June billing cycle at which time it will terminate.

**E. INTEREST ON FUNDS**

Concurrently with the Reconciliation Audit, the Company shall determine the amount by which the Cost of Gas was over or under collected for each month within the period of audit. The Company shall debit or credit to the Reconciliation Account for each month of the reconciliation period: (1) an amount equal to the outstanding over collected balance multiplied by interest of 6 percent per annum compounded monthly; or (2) an amount equal to the outstanding under collected balance multiplied by interest of 6 percent per annum compounded monthly. The Company shall also be allowed to recover a carrying charge calculated based on the arithmetic average of the beginning and ending balance of gas in storage inventory for the prior calendar month times the authorized rate of return.

**F. SURCHARGE OR REFUND PROCEDURES**

In the event that the rates and charges of the Company's supplier are retroactively reduced and a refund of any previous payments is made to the Company, the Company shall make a similar refund to its general service customers. Similarly, the Company may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. Any surcharge or refund amount will be included in the Reconciliation Account.

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****Rate Schedule 1-ENV  
Page 4 of 5****COST OF GAS CLAUSE  
(Continued)**

Refunds or charges shall be entered into the Reconciliation Account as they are collected from or returned to the customers. For the purpose of this Section F, the entry shall be made on the same basis used to determine the refund or charge component of the Cost of Gas and shall be subject to the calculation set forth in Section (E) Interest on Funds, above.

**G. COST OF GAS STATEMENT**

The Company shall file a Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. The Cost of Gas Statement shall set forth (a) the estimated Cost of Purchased Gas; (b) that cost multiplied by the Purchase/Sales Ratio; (c) the amount of the Cost of Gas caused by any surcharge or refund; (d) the Reconciliation Component; (e) the revenue associated fees and taxes to be applied to revenues generated by the Cost of Gas; (f) the Cost of Gas calculation, including gains and losses from approved hedging activities for the month; and (g) the beginning and ending date of the billing period. The statement shall include all data necessary for the Regulatory Authority to review and verify the calculations of the Cost of Gas.

**H. 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 tabulation of all other costs and refunds made during the year and their effect on the Cost of Gas Clause to date.

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****Rate Schedule 1-ENV  
Page 5 of 5****COST OF GAS CLAUSE  
(Continued)**

4. A description of the hedging activities conducted each month during the twelve months ending June 30, including the types of transaction used, resulting gains and losses, any changes in the hedging program implemented during the period and the rationale for the changes. The report should include the customer impact of hedging activities stated as costs to the average residential and commercial customer during the period.
5. 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 balances 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.
6. A tabulation of uncollectible cost of gas during the period and its effect on the Cost of Gas Clause to date.

This report shall be filed concurrently with the Cost of Gas Statement for October. If the Regulatory Authority thereafter determines that an adjustment to the Reconciliation Component is required, such adjustment shall be included in the Reconciliation Component for the next annual Reconciliation Audit following the date of such determination.

Supersedes Rate Schedule Dated  
1-ENV (GALV) dated May 9, 2016 (Unincorporated Areas of  
Bayou Vista, Galveston, and Jamaica Beach, TX)  
1-ENV (SJC) dated May 9, 2016 (Unincorporated Areas of  
Groves, Nederland, Port Arthur, and Port Neches, TX)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****Rate Schedule 1-INC  
Page 1 of 5****COST OF GAS CLAUSE****A. APPLICABILITY**

This Cost of Gas Clause shall apply to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("The Company") in all incorporated areas of its Gulf Coast Service Area including Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas.

**B. DEFINITIONS**

1. Cost of Gas - The rate per billing unit or the total calculation under this clause, consisting of the Commodity Cost, the Reconciliation Component, any surcharges or refunds, Uncollectible Cost of Gas, and the revenue associated fees and taxes.
2. Commodity Cost - The Cost of Purchased Gas multiplied by the Purchase/Sales Ratio plus an adjustment for any known and quantifiable under or over collection prior to the end of the reconciliation period.
3. Cost of Purchased Gas - The estimated cost for gas purchased by the Company from its suppliers or the estimated weighted average cost for gas purchased by the Company from all sources where applicable. Such cost shall include not only the purchase cost of natural gas, but shall also include all reasonable costs for services such as gathering, treating, processing, transportation, capacity and/or supply reservation, storage, balancing including penalties, and swing services necessary for the movement of gas to the Company's city gate delivery points. The cost of purchased gas may also include costs related to the purchase and transportation of Renewable Natural Gas (RNG). Renewable Natural Gas is the term used to describe pipeline-quality biomethane produced from biomass. The cost of purchased gas shall also include gains and losses from the utilization of natural gas financial instruments that are executed by the Company for the purpose of mitigating price volatility. Companies affiliated with the Company shall not be allowed to charge fees for transactions related to natural gas financial instruments utilized for purposes in this Cost of Gas Clause and hence cannot realize a profit in this regard.
4. Reconciliation Component - The amount to be returned to or recovered from customers each month from October through June as a result of the Reconciliation Audit.

Supersedes Rate Schedule Dated

1-INC (GALV) dated May 9, 2016 (Cities of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-INC (SJC) dated May 9, 2016 (Cities of Groves, Nederland, Port Arthur, and Port Neches, TX)

1-INC dated May 22, 2019 (City of Beaumont)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****Rate Schedule 1-INC  
Page 2 of 5****COST OF GAS CLAUSE  
(Continued)**

5. Reconciliation Audit - An annual review of the Company's books and records for each twelve-month period ending with the production month of June to determine the amount of over or under collection occurring during such 12 month period. The audit shall determine: (a) the total amount paid for gas purchased by the Company (per Section B(3) above) to provide service to its general service customers during the period, including prudently incurred gains or losses on the use of natural gas financial instruments, (b) the revenues received from operation of the provisions of this Cost of Gas Clause reduced by the amount of revenue associated fees and taxes paid by the Company on those revenues, (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause, (d) the total amount accrued for imbalances under the transportation rate schedule(s) net of fees and applicable taxes, (e) the total amount of Uncollectible Cost of Gas during the period, and (f) an adjustment, if necessary, to remove lost and unaccounted for gas costs during the period for volumes in excess of 5 percent of purchases.
6. Purchase/Sales Ratio - A ratio determined by dividing the total volumes purchased for general service customers during the 12 month period ending June 30 by the sum of the volumes sold to general service customers. For the purpose of this computation all volumes shall be stated at 14.65 psia. Such ratio as determined shall in no event exceed 1.0526 i.e.  $1/(1 - 0.05)$  unless expressly authorized by the applicable regulatory authority.
7. Reconciliation Account - The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of the Cost of Gas Clause. Entries shall be made monthly to reflect, (a) the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records (per Section B(3) above), including prudently incurred gains or losses on the use of natural gas financial instruments, (b) the revenues produced by the operation of this Cost of Gas Clause, (c) refunds, payments, or charges provided for herein or as approved by the regulatory authority, (d) amounts accrued pursuant to the treatment of imbalances under any transportation rate schedule(s), (e) total amount of Uncollectible Cost of Gas during the period, and (f) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of 5 percent of purchases.
8. Uncollectible Cost of Gas – the amounts actually written off after the effective date of this rate schedule related to cost of gas will be tracked along with any subsequent recovery/credits related to the cost of gas clause. Annually the charge offs minus recoveries will be included in the annual reconciliation and factored into the resulting reconciliation component.

Supersedes Rate Schedule Dated1-INC (GALV) dated May 9, 2016 (Cities of Bayou Vista, Galveston, and Jamaica Beach, TX)1-INC (SJC) dated May 9, 2016 (Cities of Groves, Nederland, Port Arthur, and Port Neches, TX)1-INC dated May 22, 2019 (City of Beaumont)Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****Rate Schedule 1-INC  
Page 3 of 5****COST OF GAS CLAUSE  
(Continued)****C. COST OF GAS**

In addition to the cost of service as provided under its general service rate schedules, the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each customer bill.

**D. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT**

If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section E below, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather, growth, and conservation for the period beginning with the October billing cycle through the June billing cycle preceding the filing of the Reconciliation Audit. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied, subject to refund, for a 9 month period beginning with the October billing cycle and continuing through the next June billing cycle at which time it will terminate.

**E. INTEREST ON FUNDS**

Concurrently with the Reconciliation Audit, the Company shall determine the amount by which the Cost of Gas was over or under collected for each month within the period of audit. The Company shall debit or credit to the Reconciliation Account for each month of the reconciliation period: (1) an amount equal to the outstanding over collected balance multiplied by interest of 6 percent per annum compounded monthly; or (2) an amount equal to the outstanding under collected balance multiplied by interest of 6 percent per annum compounded monthly. The Company shall also be allowed to recover a carrying charge calculated based on the arithmetic average of the beginning and ending balance of gas in storage inventory for the prior calendar month times the authorized rate of return.

**F. SURCHARGE OR REFUND PROCEDURES**

In the event that the rates and charges of the Company's supplier are retroactively reduced and a refund of any previous payments is made to the Company, the Company shall make a similar refund to its general service customers. Similarly, the Company may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. Any surcharge or refund amount will be included in the Reconciliation Account.

Supersedes Rate Schedule Dated  
1-INC (GALV) dated May 9, 2016 (Cities of Bayou Vista,  
Galveston, and Jamaica Beach, TX)  
1-INC (SJC) dated May 9, 2016 (Cities of Groves, Nederland,  
Port Arthur, and Port Neches, TX)  
1-INC dated May 22, 2019 (City of Beaumont)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****Rate Schedule 1-INC  
Page 4 of 5****COST OF GAS CLAUSE  
(Continued)**

Refunds or charges shall be entered into the Reconciliation Account as they are collected from or returned to the customers. For the purpose of this Section F, the entry shall be made on the same basis used to determine the refund or charge component of the Cost of Gas and shall be subject to the calculation set forth in Section (E) Interest on Funds, above.

**G. COST OF GAS STATEMENT**

The Company shall file a Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. The Cost of Gas Statement shall set forth (a) the estimated Cost of Purchased Gas; (b) that cost multiplied by the Purchase/Sales Ratio; (c) the amount of the Cost of Gas caused by any surcharge or refund; (d) the Reconciliation Component; (e) the revenue associated fees and taxes to be applied to revenues generated by the Cost of Gas; (f) the Cost of Gas calculation, including gains and losses from hedging activities for the month; and (g) the beginning and ending date of the billing period. The statement shall include all data necessary for the Regulatory Authority to review and verify the calculations of the Cost of Gas.

**H. 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 tabulation of all other costs and refunds made during the year and their effect on the Cost of Gas Clause to date.

Supersedes Rate Schedule Dated  
1-INC (GALV) dated May 9, 2016 (Cities of Bayou Vista,  
Galveston, and Jamaica Beach, TX)  
1-INC (SJC) dated May 9, 2016 (Cities of Groves, Nederland,  
Port Arthur, and Port Neches, TX)  
1-INC dated May 22, 2019 (City of Beaumont)

Meters Read On and After  
TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****Rate Schedule 1-INC  
Page 5 of 5****COST OF GAS CLAUSE  
(Continued)**

4. A description of the hedging activities conducted each month during the 12 months ending June 30, including the types of transaction used, resulting gains and losses, any changes in the hedging program implemented during the period and the rationale for the changes. The report should include the customer impact of hedging activities stated as costs to the average residential and commercial customer during the period.
5. 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 balances 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.
6. A tabulation of uncollectible cost of gas during the period and its effect on the Cost of Gas Clause to date.

This report shall be filed concurrently with the Cost of Gas Statement for October. If the Regulatory Authority thereafter determines that an adjustment to the Reconciliation Component is required, such adjustment shall be included in the Reconciliation Component for the next annual Reconciliation Audit following the date of such determination.

Supersedes Rate Schedule Dated  
1-INC (GALV) dated May 9, 2016 (Cities of Bayou Vista,  
Galveston, and Jamaica Beach, TX)  
1-INC (SJC) dated May 9, 2016 (Cities of Groves, Nederland,  
Port Arthur, and Port Neches, TX)  
1-INC dated May 22, 2019 (City of Beaumont)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****RATE SCHEDULE 1Z****RESIDENTIAL SERVICE RATE****APPLICABILITY**

Applicable to a residential customer or builder 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 and builders prior to sale or re-sale of a property for domestic 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 Gulf Coast Service Area, which includes the unincorporated areas of Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of	\$16.00 plus
All Ccf per monthly billing period @	\$0.36050 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider.

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

Taxes: Plus applicable taxes and fees related to above.

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

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
September 26, 2019

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****RATE SCHEDULE 22****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 Gulf Coast Service Area, which includes the unincorporated areas of Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of \$53.33 plus

All Ccf per monthly billing period @ \$0.19726 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider.

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

Taxes: Plus applicable taxes and fees related to above.

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

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
September 26, 2019

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****RATE SCHEDULE 3Z****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 for resale only

**TERRITORY**

Environs of the Gulf Coast Service Area, which includes the unincorporated areas of Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of \$320.96 plus

All Ccf per monthly billing period @ \$0.35630 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider.

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

Supersedes Rate Schedule Dated  
September 26, 2019

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****RATE SCHEDULE 42****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 Gulf Coast Service Area, which includes the unincorporated areas of Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of \$116.63 plus

All Ccf per monthly billing period @ \$0.11832 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider.

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

Taxes: Plus applicable taxes and fees related to above.

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

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
September 26, 2019

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Gulf Coast Service Area****RATE SCHEDULE 7Z****UNMETERED GAS LIGHT SERVICE RATE****APPLICABILITY**

Applicable to any Customer on Texas Gas Service Company, a Division of ONE Gas, Inc.'s system requiring natural gas service for gas lighting only, without the use of metering device. Gas service is only available to Customers utilizing standard gas lighting equipment manufactured with an orifice burner assembly or equivalent that is intended for lighting of sidewalks and other walk ways. The Company, in its sole discretion, shall determine if Customer's lighting equipment qualifies for this tariff and shall contract with Customer for the appropriate monthly charge based upon Customer's complete installation of gas lighting equipment. Gas service under this rate schedule is available only with the Company as the sole supplier of gas for Customer and is not available for resale to others or for standby or supplemental service. This rate is only available to full requirements customers of Texas Gas Service Company, a Division of ONE Gas, Inc.

**TERRITORY**

Environs of the Gulf Coast Service Area which includes the unincorporated areas of Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas.

**COST OF SERVICE RATE**

The total hourly rated consumption of all gas lighting equipment included, expressed in Ccf at the location, shall be multiplied by 730 for gas lighting equipment that runs continuously or 365 for gas lighting equipment with a light sensor, to determine the average monthly consumption of the service. The result, rounded to the next highest Ccf, shall then be billed the rates provided in this rate schedule:

Residential	\$ 0.36050 per Ccf
Commercial	\$ 0.19726 per Ccf
Industrial	\$ 0.35630 per Ccf
Public Authority	\$ 0.11832 per Ccf

**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-ENV.

**Taxes:** Plus applicable taxes and fees related to above.

**CONDITIONS**

The Customer shall ensure that the installation of lighting equipment conforms to industry safety standards. The Company reserves the right to review Customer's installation of lighting equipment from time to time to determine if it conforms to terms and conditions as set forth in this tariff and the executed service agreement with the Customer. Customer shall notify Company in writing within 30 days of any change in number of gas lights or other material changes made to the gas lighting installation.

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

Initial Rate Schedule

Meters Read on and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Gulf Coast Service Area****RATE SCHEDULE 10****RESIDENTIAL SERVICE RATE****APPLICABILITY**

Applicable to a residential customer or builder 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 and builders prior to sale or re-sale of a property for domestic purposes. This rate is only available to full requirements customers of Texas Gas Service Company, a Division of ONE Gas, Inc.

**TERRITORY**

The incorporated areas of the Gulf Coast Service Area which includes Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of \$16.00 plus

All Ccf per monthly billing period @ \$0.36050 per Ccf

**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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider.

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

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

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

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
July 29, 2019 (Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Gulf Coast Service Area****RATE SCHEDULE 20****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**

The incorporated areas of the Gulf Coast Service Area which includes Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of \$53.33 plus

All Ccf per monthly billing period @ \$0.19726 per Ccf

**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-INC.

Conservation Adjustment: Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC and Rate Schedule 1C, if applicable.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider.

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

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

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

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
July 29, 2019 (Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Gulf Coast Service Area****RATE SCHEDULE 30****INDUSTRIAL SERVICE RATE****APPLICABILITY**

Applicable to any qualifying 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 for resale only

**TERRITORY**

The incorporated areas of the Gulf Coast Service Area which includes Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of \$320.96 plus

All Ccf per monthly billing period @ \$0.35630 per Ccf

**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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider.

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

Taxes: Plus applicable taxes and fees (including franchise 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.

Supersedes Rate Schedule Dated  
July 29, 2019 (Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Gulf Coast Service Area****RATE SCHEDULE 40****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**

The incorporated areas of the Gulf Coast Service Area which includes Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of \$116.63 plus

All Ccf per monthly billing period @ \$0.11832 per Ccf

**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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider.

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

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

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

**CONDITIONS**

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

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Gulf Coast Service Area**

**RATE SCHEDULE 70**

**UNMETERED GAS LIGHT SERVICE RATE**

**APPLICABILITY**

Applicable to any Customer on Texas Gas Service Company, a Division of ONE Gas, Inc.'s system requiring natural gas service for gas lighting only, without the use of metering device. Gas service is only available to Customers utilizing standard gas lighting equipment manufactured with an orifice burner assembly or equivalent that is intended for lighting of sidewalks and other walk ways. The Company, in its sole discretion, shall determine if Customer's lighting equipment qualifies for this tariff and shall contract with Customer for the appropriate monthly charge based upon Customer's complete installation of gas lighting equipment. Gas service under this rate schedule is available only with the Company as the sole supplier of gas for Customer and is not available for resale to others or for standby or supplemental service. This rate is only available to full requirements customers of Texas Gas Service Company, a Division of ONE Gas, Inc.

**TERRITORY**

The incorporated areas of the Gulf Coast Service Area which includes Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas.

**COST OF SERVICE RATE**

The total hourly rated consumption of all gas lighting equipment included, expressed in Ccf at the location, shall be multiplied by 730 for gas lighting equipment that runs continuously or 365 for gas lighting equipment with a light sensor, to determine the average monthly consumption of the service. The result, rounded to the next highest Ccf, shall then be billed the rates provided in this rate schedule:

Residential	\$ 0.36050 per Ccf
Commercial	\$ 0.19726 per Ccf
Industrial	\$ 0.35630 per Ccf
Public Authority	\$ 0.11832 per Ccf

**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-INC.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**CONDITIONS**

The Customer shall ensure that the installation of lighting equipment conforms to industry safety standards. The Company reserves the right to review Customer's installation of lighting equipment from time to time to determine if it conforms to terms and conditions as set forth in this tariff and the executed service agreement with the Customer. Customer shall notify Company in writing within 30 days of any change in number of gas lights or other material changes made to the gas lighting installation.

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

Initial Rate Schedule

Meters Read on and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****RATE SCHEDULE EDIT-RIDER****EXCESS DEFERRED INCOME TAX CREDIT****A. APPLICABILITY**

This Excess Deferred Income Tax Credit applies to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc., currently in force in the Company's Gulf Coast Service Area within the incorporated and unincorporated areas of Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas: 10, 20, 30, 40, 1Z, 2Z, 3Z, 4Z, T-1, and T-1-ENV.

**B. CALCULATION OF CREDIT**

The annual amortization of the regulatory liability for excess deferred income taxes resulting from the Tax Cuts and Jobs Act of 2017 and in compliance with GUD No. 10695, will be credited to customers annually on a one-time, per bill basis in February of each year and will show as a separate line item on the customer's bill until fully amortized. The initial credit will occur in September 2020.

EDIT CREDIT – The total amount, if any, of the credit in a given year will be determined by:

- The average rate assumption method ("ARAM") as required by the Tax Cuts and Jobs Act of 2017 Section 13001(d) for the protected portion of the regulatory liability for excess deferred income taxes; and
- A 4-year amortization for nonprotected property.

TRUE-UP ADJUSTMENT – The Excess Deferred Income Tax credit shall be trued-up annually. The True-Up Adjustment will be the difference between the amount of that year's EDIT Credit and the amount actually credited to customers.

EDIT CREDIT PER CUSTOMER – The EDIT credit per customer will be determined by allocating that year's credit, plus/minus any prior year true up adjustment, among the customer classes utilizing the same class revenue allocation as approved in the most recent general rate case, and then by dividing each class's portion by the number of customers in that class.

**C. EDIT CREDIT PER CUSTOMER**

Residential:	\$
Commercial:	\$
Industrial:	\$
Public Authority:	\$
Public Schools Space Heat:	\$

Taxes: Plus applicable taxes and fees (including franchises fees) related to above.

**D. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Gulf Coast Service Area****RATE SCHEDULE EDIT-RIDER****EXCESS DEFERRED INCOME TAX CREDIT**  
**(Continued)****E. ANNUAL FILING**

The Company shall make a filing with the Commission each year no later than December 31, including the following information:

- a. the total dollar amount of that year's EDIT Credit;
- b. the total dollar amount actually credited to customers;
- c. true-up amount, if any, due to the difference between items a. and b., above;
- d. the amount of the upcoming year's EDIT Credit; and
- e. the amounts of the upcoming year's EDIT Credit per Customer.

**F. CONDITIONS**

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

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

RULES OF SERVICE  
GULF COAST SERVICE AREA

Incorporated and Unincorporated Areas of , Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach,  
Nederland, Port Arthur, and Port Neches, TX

Effective for Meters Read On and After  
TBD

Supersedes and Replaces “Incorporated and Unincorporated Gulf Coast Service Area” dated May 9, 2016;  
“Incorporated Areas of Beaumont, TX” dated May 22, 2019

Communications Regarding this Tariff  
Should Be Addressed To:

Texas Gas Service Company, a Division of ONE Gas, Inc.  
4201 39<sup>th</sup> Street  
Port Arthur, TX 77642

OR

Texas Gas Service Company, a Division of ONE Gas, Inc.  
402 33<sup>rd</sup> Street  
Galveston, TX 77750



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

## TABLE OF CONTENTS

Section	Description
1	General Statement
2	Reserved for Future Rules
3	Rates and Utility Charges
4	Conditions of Service
5	Initiation of Service
6	Metering and Delivery of Gas
7	Installation of Equipment
8	Extension of Facilities
9	Customer Owned Systems
10	Security Deposits
11	Gas Measurement
12	Meter Reading and Accuracy
13	Billing and Payment of Bills
14	Quality of Gas
15	Service Work
16	Maintenance of Equipment
17	Discontinuance of Service
18	Re-establishment of Service
19	Notice
20	Average Bill Calculation Plan
21	Fees and Cash Deposits

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

GENERAL STATEMENT

1.1 TARIFF APPLICABILITY

Texas Gas Service Company, a Division of ONE Gas, Inc. is a gas utility operating within the State of Texas. This Tariff applies to Texas Gas Service Company, a Division of ONE Gas, Inc.'s Gulf Coast Service Area, comprising the Cities and environs of , Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, and their environs. This Tariff supersedes and replaces all tariffs previously approved and applied in the Gulf Coast Service Area and the City of Beaumont.

Service under this Tariff is subject to the original jurisdiction of the municipalities in the Gulf Coast Service Area and the Railroad Commission of Texas. The Company will provide service to any person and/or business within its service area in accordance with the rates, terms and conditions provided for in its Tariff and regulations.

1.2 RATE SCHEDULES

All Customers shall be served under rate schedules filed with the municipality or Railroad Commission of Texas. Customers shall be assigned to rate schedules in accordance with the class of the particular Customer, the usage which will be made of the gas and that Customer's volume requirements. The Company shall advise an Applicant or Customer regarding the most advantageous rate for his or her usage if more than one rate is applicable. A Customer assigned to a rate schedule shall remain on that schedule for a minimum of one year except that an assignment made in error may be corrected immediately. In the event of a question regarding the Customer's classification, the questions shall be resolved by reference to the coding of the Customer's primary business in the latest edition of the Standard Industrial Classification Manual of the United States Government's Office Management and Budget.

1.3 DEFINITIONS

The following definitions shall apply to the indicated words as used in this Tariff:

<u>Adder:</u>	Shall mean the Company's incremental cost to purchase natural gas.
<u>Aggregation Areas:</u>	Shall mean aggregation pools established by the Company within geographic, operational, administrative, and/or other appropriate parameters, for the purposes of nominating and imbalances.
<u>Agricultural Service:</u>	Service to Consumers engaged in agricultural production.
<u>Applicant:</u>	Any person, organization or group of persons or organizations making a formal request either orally or in writing for gas service from the Company.
<u>Automated Meter Reading (AMR):</u>	The process of remotely reading a gas meter.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

Average Day Usage:

The gas demand of a given Customer for gas in any one month divided by 30. Gas demand is considered to be equivalent to consumption during each billing month, provided however, that when service has been curtailed, demand shall be considered to be actual consumption plus estimated curtailment during the period.

Blanket Builder:

A builder or someone acting for a builder who is invoiced for the installation of service lines.

Btu:

Shall mean British thermal unit(s) and shall be computed 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 shall not be corrected for real water vapor as obtained by means commonly acceptable to the industry, and "MMBtu" shall mean one million (1,000,000) Btu.

Commercial Service:

Service to Consumers engaged primarily in the sale or furnishing of goods and services and any usage not otherwise provided for.

Commission or The Commission:

The Railroad Commission of Texas.

Company:

Texas Gas Service Company, a Division of ONE Gas, Inc.

Consumer:

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.)

Consumption Period:

Shall mean a volumetric billing period.

Customer:

Any person or organization now being billed for gas service whether used by him or her, or by others.

Cumulative Tolerance Limit:

Shall mean the percent of aggregate historical annual deliveries of a Qualified Supplier's Aggregation Area pool of customers for the most recent year ended on June 30. The Company, at its sole discretion, may make adjustments to the Cumulative Tolerance Limit.

Day or Gas Day:

Shall mean the 24-hour period commencing at 9:00 a.m. (central clock time) on one calendar day and ending at 9:00 a.m. (central clock time) the following calendar day.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Dekatherm (Dth):</u>	Shall mean 1,000,000 Btu's (1 MMBtu). This unit will be on a dry basis.
<u>Domestic Service:</u>	Service to any Consumer which consists of gas service used directly for heating, air conditioning, cooking, water heating and similar purposes whether in a single or multiple dwelling unit.
<u>Electrical Cogeneration Service:</u>	Service to Consumers who use natural gas for the purpose of generating electricity. This service uses 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.
<u>Electronic Document:</u>	Any document sent electronically via email or the internet.
<u>Electronic Flow Measurement (EFM):</u>	An electronic means of obtaining readings on a gas meter.
<u>Electronic Fund Transfer (EFT):</u>	The process to convert a paper check or electronic bill payment request to an electronic transfer. Paper checks received by Company or their agents are destroyed.
<u>Electronic Radio Transponder (ERT):</u>	A device that assists with remotely reading a gas meter.
<u>Excess Flow Valve (EFV):</u>	A safety device installed below ground inside the natural gas service line between the main and the meter intended to reduce the risk of accidents in limited situations.
<u>Expedited Service:</u>	Customer request for same day service or service during non-business hours for connection or reconnection of gas service.
<u>Gas or Natural Gas:</u>	Shall mean 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.
<u>General Rate Schedule:</u>	A rate schedule available to all Customers of the appropriate class or classes for usages indicated therein.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Industrial Service:</u>	Service to Consumers engaged primarily in a process which changes raw or unfinished materials into another form of product. This classification shall embrace all Consumers included in Division A (except Major Groups 01 and 02) and Division D of the Standard Industrial Classification Manual.
<u>Irrigation or Irrigation Pumping Service:</u>	(SIC Division A - Major Group 01) who use gas for operating engine-driven pumping equipment.
<u>Mcf:</u>	Shall mean one thousand (1,000) cubic feet of Gas.
<u>Month:</u>	Shall mean 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.
<u>Monthly Tolerance Limit:</u>	Shall mean five percent (5%) of the aggregate deliveries for a Qualified Suppliers Aggregation Area pool of customers for such month.
<u>Optional Rate Schedule:</u>	A General Rate Schedule which may be selected by a Customer in lieu of another general schedule but which may require installation of special equipment.
<u>Overtime Rate:</u>	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 the Company's normal business hours.
<u>Payment in Kind (PIK):</u>	Shall mean a reimbursement for lost and unaccounted for gas.
<u>PDA:</u>	Shall mean a predetermined allocation method.
<u>Pipeline System:</u>	Shall mean the current existing utility distribution facilities of the Company located in the State of Texas.
<u>Point of Delivery:</u>	Shall mean the point or points where gas is delivered from the Pipeline System to Customer.
<u>Point of Receipt:</u>	Shall mean the point or points where the Company shall receive Gas into the Pipeline System from Customer.
<u>Point Operator:</u>	Shall mean the person or entity that controls the Point of Receipt or Point of Delivery.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Qualified Supplier:</u>	Shall mean an approved supplier of natural gas for transportation to customers through the Company's pipeline system.
<u>Regulatory Authority:</u>	The City Council or equivalent municipal governing body of each respective city in the Gulf Coast Service Area, or the Railroad Commission of Texas, as applicable.
<u>Service Area:</u>	The area receiving gas utility service provided by the Company under the terms of this Tariff.
<u>Special Rate Schedule:</u>	A rate schedule designed for a specific Customer.
<u>System:</u>	Any group of interconnected pipelines and appurtenances owned or operated by the Company and independent from any other such group of facilities.
<u>Tariff:</u>	Shall mean 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.
<u>Temporary Service:</u>	Any service which will not be utilized continuously at the same location for a period of two or more years.
<u>Transportation Form:</u>	Shall mean the Company approved selection of transportation service document.
<u>Transportation Rate Schedule:</u>	A rate schedule designed for service to any Customer for the transportation of Customer-owned natural gas through the Company's distribution system.
<u>Transportation Service:</u>	The transportation by the Company of natural gas owned by someone other than the Company through the Company's distribution system.
<u>Week:</u>	Shall mean a period of seven (7) consecutive Days beginning at 9:00 a.m. Central clock time on each Monday and ending at the same time on the next succeeding Monday.
<u>Year:</u>	Shall mean 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.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

Section 2. [Reserved for future rules]



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

Section 3: RATES AND UTILITY CHARGES

Please see current Rate Schedules on file with each applicable Regulatory Authority.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

CONDITION OF SERVICE

4.1 PROVISION OF SERVICE

The Company will provide gas service to any person or organization located within the Gulf Coast Service Area from the Company's facilities or in certain cases, the facilities of its supplier, in accordance with the provisions of this Tariff including Rate Schedules and Rules of Service.

4.2 FEES AND CHARGES

All fees and charges made by the Company to provide and maintain utility services as provided for in this Tariff. If the Customer elects transportation service, the commodity cost of gas shall be determined between the Customer and the Customer's selected supplier.

4.3 RESALE OF GAS

Gas delivered by the Company shall not be redelivered or resold for the use thereof by others unless otherwise expressly agreed to in writing by the Company - except, however, that those Customers receiving gas for redistribution to the Customer's tenants may separately meter each tenant's distribution point for the purpose of prorating the Customer's actual amount of gas delivered among the various tenants on a per unit basis.

4.4 CONTINUITY OF SERVICE

Service interruptions

- i) The Company shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Company will reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Customers is affected.
  - ii) The Company shall make reasonable provisions to meet emergencies resulting from failure of service and will 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 emergency or local disaster resulting in disruption of normal service, the Company 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.
- b) Record of interruption. Except for momentary interruptions which do not cause a major disruption of service, the Company 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, if applicable.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

CONDITION OF SERVICE (Continued)

4.4 CONTINUITY OF SERVICE (Continued)

- c) Report to Railroad Commission of Texas. 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 continuous hours. The notice shall also state the Company's belief as to 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.
- d) The procedure under which curtailments of service will be made is described in the Curtailment Plan on file with the Railroad Commission of Texas.
- e) The Company does not guarantee uninterrupted service to any Customer and shall not be liable for damages resulting from any loss of service to any Customer.

4.5 AVAILABILITY OF TARIFF

A copy of this Tariff including all applicable rates can be requested through TGS's customer service number at 1-800-700-2443 (non-emergency number) or requested under the 'Contact Us' section of [www.texasgasservice.com](http://www.texasgasservice.com). Upon the request of any Customer or Applicant, the Company shall make copies of the Tariff which may be purchased by the Customer or Applicant through TGS's customer service. The Company may charge a fee for each copy not in excess of the Company's reasonable cost to reproduce the material.

4.6 CUSTOMER INFORMATION

The Company shall make available, during normal business hours, such additional information on Rates and Services as any Customer or Applicant may reasonably request. Upon any Customer's request, the Company shall inform the Customer how to read the Customer's meter. The Company shall annually provide each Customer with notice of the availability of a concise description in English and Spanish of the Customer's rights and the Company's obligations under this Tariff. A new Customer shall be provided with an informational brochure in the mail after requested service initiation or included with the first bill mailed.

4.7 CUSTOMER COMPLAINTS

Upon receipt of a complaint, either in writing or by telephone, from the Regulatory Authority on behalf of a Customer, the Company will make a suitable investigation and advise the Regulatory Authority and complainant of the results thereof. An initial response must be made by the next business day. The Company 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. Each complainant shall be advised of his or her right to file the complaint with the Regulatory Authority if not satisfied by the Company.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

CONDITION OF SERVICE (Continued)

4.8 LIMITATION OF LIABILITY

The Customer assumes all responsibility for all facilities and their installation, maintenance, operation, functionality, testing and condition thereof on the Customer's side of the point of delivery of gas to the property of the Customer or to the premises of the Consumer, as defined in Section 6.2. The Company is not liable to a Customer, and Customer shall indemnify, hold harmless, and defend the Company and its employees or agents from any and all claims or liability for personal injury, damage to property, or any incidental, consequential, business interruption, or other economic damages or losses in any manner directly or indirectly connected to, arising from, or caused by acts or omissions of any person or party on the Customer's side of said point of delivery, as defined in Section 6.2.

The Company shall be liable to the Customer or Consumer only for personal injury or property damages from or caused directly by the negligent acts or omissions of the Company or its employees occurring on the Company's side of the point of delivery. The Company shall not be liable or responsible for personal injury, property damages, or any other loss or damages arising from or caused by the negligent or intentional act or omission of any person, other than an employee of the Company, who adjusts, repairs, disconnects, changes, alters, or tampers with the Company's meter or facilities in any way.

The Company shall be liable to third parties only for personal injury or property damage directly arising from the negligence or gross negligence of the Company or its employees when acting within the scope of their employment.

In no event shall the Company or its employees be liable for incidental, consequential, business interruption, or other economic damages or losses of Customer, Consumer, or third parties in any manner, directly or indirectly, arising from, caused by, or growing out of the interruption or termination of gas utility service.

The Customer shall make or procure conveyance to the Company of perpetual right-of-way across the property owned or controlled by the Customer that is satisfactory to the Company, provides clear access to Company's facilities, and enables the Company to provide service to Customer's property or the premises of the Consumer.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

INITIATION OF SERVICE

5.1 REGULAR SERVICE

Application for service can be made by telephone or through the internet. Each Applicant must comply with the appropriate requirements of this Tariff before service shall be instituted. No written agreement shall be required for residential service under the standard provisions of this Tariff; commencement of service by the Company and the use of gas service by the Customer shall be evidence of such agreement. Any Customer requesting service under any special provision of this Tariff must execute a written agreement for service in the form prescribed by the Company designating those provisions which shall apply. Each Applicant may be required to produce two forms of verifiable identification; one being a government-issued identification card bearing a photograph of Applicant; and verifiable proof of their right to occupy a specific service address as of a specific date of occupancy.

5.2 SPECIAL CONTRACTS

Under certain special conditions, the Company may agree to rates, terms or conditions of service other than those provided in this Tariff. Such service must be established under the terms of a special contract or service agreement. To the extent that the provisions of any special contract are at variance with this Tariff, the provisions of the contract shall apply.

5.3 TEMPORARY SERVICE

Temporary Service shall be furnished under the same rate schedules applicable to regular service of a similar kind.

5.4 FEES AND CHARGES

The Company shall charge a non-refundable fee to each Applicant to compensate for the cost involved in initiation or reconnection of service or when service is transferred from one name to another at any location, or whenever a meter is reset or relocated on the same premises at the request of the Customer, all as specified in Section 21.1 of this Tariff.

Whenever the Applicant requests expedited service, the Company will accomplish the work as expeditiously as possible and the Customer will be charged at the Company's approved rate for service work. Expedited service and the charges therefore shall be made only on request of the Applicant. Whenever service is furnished from the facilities of a third party and the Company must pay any special fees to that third party, the Company may, at its option, pass that charge plus 20 percent for handling through to the Applicant requesting service. See Section 21.1 relating to fees for the above.

5.5 ESTABLISHMENT OF CREDIT

Each Applicant for service shall be required to make a security deposit in accordance with Section 10 of this Tariff to establish and maintain satisfactory credit. These deposits shall be computed in the same manner for the same class of service, provided however, that a deposit shall be waived if:

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

INITIATION OF SERVICE (Continued)

5.5 ESTABLISHMENT OF CREDIT (Continued)

- a) The Applicant has been a Customer for the same kind of service within the last two years and did not have more than one occasion in which a bill for service from any such utility service account was delinquent and no disconnection for non-payment was made;
- b) The Applicant furnishes an acceptable letter of credit;
- c) The Applicant demonstrates a satisfactory credit rating by presentation of satisfactory credit references capable of quick, inexpensive verification (applicable to residential Customers only);
- d) The Applicant is 65 years of age or older and has no outstanding balance for natural gas utility service which accrued within the last two years (applicable to residential Customers only);
- e) The application is made for or guaranteed by an agency of the federal, state or local government; or
- f) The Applicant has been determined to be a victim of family violence as defined by TEX. FAM. CODE ANN., §71.004. This determination shall be evidenced by the applicant/s submission of a certification letter developed by the Texas Council on Family Violence (made available on its Web site).

5.6 GROUNDS FOR REFUSAL TO SERVE

The Company may refuse service to any Applicant for any of the following reasons:

- a) Failure to pay fees, advances or contributions or to make any deposit required for service under this Tariff;
- b) Failure of the Applicant to furnish any service or meter location specified for service under this Tariff;
- c) Existence of an unsafe condition such as a leak in the Applicant's piping system which, in Company's sole opinion, may endanger life or property;
- d) The Applicant is indebted to the Company for the same class of utility service at the same or another service location within the Company's system; or
- e) Delinquency in payment for gas service by another occupant if that person still resides at the premises to be served.

The right to refuse service shall terminate when the Applicant has complied with the Company's requirements or corrected the cause for the refusal to serve.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

INITIATION OF SERVICE (Continued)

5.7 REASONABLE TIME

The Company shall have a reasonable amount of time to institute service following application therefore or execution of an agreement for service. The time may vary depending on approvals and permits required, the extent of the facilities to be built, and the Company's workload at the time.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

METERING AND DELIVERY OF GAS

6.1 METER LOCATION

The Company shall have the sole right to determine the location of the meter in accordance with the needs of the service.

Each Applicant shall furnish and subsequently maintain a suitable location on his or her premises for the Company's meter and related facilities at a point selected by the Company. Meters shall be located where they will be safely accessible for reading and service, adequately ventilated, and not subject to damage. Meters shall not be located within any enclosed area unless the enclosure is solely intended as a meter house. It may be necessary for the Company to install bollards or guard posts around the meters for safety.

6.2 POINT OF DELIVERY

The point of delivery of gas sold by the Company to the Customer shall be at the outlet side of the Company's meter, provided that in those cases in which the Customer owns a section of the underground pipe between the Customer's property line and the meter, the point of delivery shall be at the property line. The title of all gas sold by the Company to the Consumer shall pass from the Company at the point of delivery. The point(s) of delivery and point(s) of redelivery for Transportation Service shall be as provided in the contract entered into between the Customer and the Company.

6.3 MULTIPLE METERS

Each Customer or group of Customers located on the same lot or tract of land may be served from a single meter location. The Company may, at its option, permit additional meter locations to simplify installation of facilities or provide better service. Whenever more than one meter location is permitted for the same Customer, the Company shall bill the usage through each meter separately, provided that any combined billings in effect at the time of adoption of this Tariff may be continued until the affected Customer discontinues service or upon order by the Regulatory Authority.

6.4 CONNECTION TO COMPANY FACILITIES

No Consumer shall make any connection or alteration of any kind on any of the Company's facilities upstream of the Company's meter or shall permit any other person to make such connection or alteration.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

INSTALLATION OF EQUIPMENT

7.1 EQUIPMENT FURNISHED BY THE COMPANY

The Company shall furnish and install at its expense, the service pipe from the Company's existing main to the property line nearest the meter and the equipment related thereto, including meter valve and service regulator. Whenever the meter is located at any point other than the property line, the Company shall determine the estimated cost of that portion of the service between the property line and the meter set. This estimate shall be based on the size and footage to be installed and charged in accordance with Section 8 and other applicable provisions of this Tariff. This estimated amount shall be contributed by the Applicant to the Company before construction, unless the Applicant is a qualified Blanket Builder, or unless the cost of the service line was previously included in the main extension calculation under Section 8.1. Although affixed to or buried in the Customer's property, the entire service and meter set shall become the property of the Company and shall be operated and maintained by the Company.

7.2 EQUIPMENT FURNISHED BY THE APPLICANT

The Applicant shall furnish and install at his or her expense, all piping and equipment required to conduct and utilize the gas furnished, from the outlet of the meter set to the point(s) of utilization and those portions of the service line and meter set not furnished by the Company as described in Section 7.1 above. The adequacy, safety and compliance with applicable codes and ordinances shall be the responsibility of the Applicant and no action of the Company in accordance with this Tariff shall release the Applicant of the responsibility for the facilities installed by him or her.

7.3 STATUTES, CODES, AND ORDINANCES

All piping and installations owned by the Applicant shall comply with all applicable legal requirements, whether federal, state, county, municipal, or otherwise, and shall be properly designed for the pressures and volumes to be handled. In those locations where there are no applicable state or local requirements, the applicable provisions of the National Fuel Gas Code 54; ANSI Z223.1 and any amendments thereto shall apply.

7.4 CHECKS AND TESTS

The Company shall have the right to check new installations prior to initiation of service and to make any test of the Applicant's facilities it deems necessary, at no charge to the customer.

7.5 REFUSAL TO SERVE

The Company shall refuse service to any Applicant who refuses entry for observation or whose facilities do not comply with the applicable provisions of this Tariff. The right to refuse service shall terminate with the correction of the condition(s) which was cause for refusal. Initiation of service, however, shall not be considered to be acceptance or approval by the Company of such facilities.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

EXTENSION OF FACILITIES

8.1 EXTENSION OF MAINS

The Company shall install the necessary facilities to provide service to Applicants whose premises are located beyond the Company's existing distribution facilities in accordance with the provisions of this Section. The expenditure for such extensions must either be cost justified or the Applicant(s) and Company must mutually agree to terms that justify the installation.

8.2 DESIGN AND COST OF FACILITIES

As soon as practical after an application for service is received, the Company shall determine the extent of the facilities required to serve the new customer and the cost thereof. This cost shall include all amounts to be spent for system improvements necessary to deliver the required gas, such as mains, regulator and meter stations, upgrading and/or reinforcement, all in accordance with the Company's current practice. Whenever the Company chooses to install facilities of greater capacity than would be required to serve the new customer for which the application is being made or to permit supply from another source, the estimate of costs shall be based on only the size and capacity normally used to serve requirements similar to that of the Applicant.

8.3 ALLOWANCE FOR NEW BUSINESS

The Company shall also determine the number of existing permanent Customers located along the route of the extension expected to be served therefrom. To be included, the occupant of each premise must request service and demonstrate capability for using such service through a major gas burning appliance. Single or groups of individually owned mobile homes shall be included only if the wheels and hitch have been removed from each mobile home and/or substantial improvements have been made to the property. Mobile home parks may be served either through a master meter or individual meters served by a Company-owned system, provided that required mains can be installed and dedicated streets or rights-of-way have been provided to the Company for installation of facilities as evidenced by agreement executed on the Company's form. An allowance to be determined by the Company may be given for each Customer whose premises exist at the time of application to be served from the proposed main extension. In order to qualify for this allowance, the Customer must file an application and agree to initiate gas service upon completion of the Company's facilities.

8.4 ADVANCES

The mutually agreed upon terms will determine the amount of advance required. The Applicant shall have 30 calendar days after notification of the amount required to execute an extension agreement on the Company's form and pay the required advance. At the end of that time, the Company may revise its estimates to reflect any changes in costs or conditions which will affect the amount of the advance. The Company may waive collection of any advance based on an economic analysis of the project.

8.5 CONSTRUCTION OF FACILITIES

As soon as practical after the advance has been paid or it has been determined that no advance will be required, the Company shall begin construction of the required facilities and thereafter prosecute the

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

EXTENSION OF FACILITIES (Continued)

8.5 CONSTRUCTION OF FACILITIES (Continued)

work with reasonable diligence. The Company shall not be responsible for delays in the construction of the facilities occasioned by events or conditions reasonably beyond the Company's control. Whenever the construction of the new facilities requires the acquisition of rights-of-way across the Applicant(s) land(s), these rights-of-way shall be provided by the Applicant(s) in the Company's name and on its form at no cost to the Company (except for fees involved in the recording of documents).

8.6 REVIEW OF ADVANCES

The Company shall review each extension agreement on the first anniversary of the signing of that agreement. Upon the Applicant(s) request if the extension provided for in the agreement has not been installed through no fault of the Company, the agreement shall be considered to be terminated and a complete refund made to the Applicant(s). Once the extension has been installed and service has been initiated, the Company shall thereafter review the extension agreement at its second through fifth execution date. At each review, the number of Customers then served directly from the extension shall be compared with the number served on the last prior anniversary date. A refund, shall be given for each additional Customer served, based on mutually agreed upon terms provided that the total of the refunds given does not exceed the cost of the extension of facilities.

8.7 REFUND LIMITATIONS

The Company may, at its sole option, make a refund at any time. In no case, however, shall a refund be given unless the number of Customers then served is greater than the number for whom refunds have previously been given. No refund shall be given which shall cause the total refunds to be greater than the total amount of the advance. No interest shall be paid on any advance made under the provisions of this Section. At the end of the five year period, any remaining amount of the advance shall be retained by the Company as a contribution in aid of construction.

8.8 DELIVERY OF REFUNDS

Upon Applicant(s) request, when a refund is due, a check in the appropriate amount and a letter setting forth the method of calculation of the refund and the balance remaining un-refunded shall be made to the person or business in whose name the extension agreement is made or to his or her assignee. If that letter is returned undelivered, the check shall be cancelled and the next review made without regard to that refund. All sums described in this Section which are returned undelivered and remain unclaimed in the Company's possession for a period of six months following expiration of the five year period of the extension agreement shall be retained by the Company and considered a contribution in aid of construction.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

CUSTOMER-OWNED SYSTEMS

9.1 INDIVIDUALLY METERED SYSTEMS

The Company shall not render service to any Customer through a meter not connected to a system owned by the Company or one of the Company's suppliers.

9.2 MASTER METERS

The Company shall provide service through a master meter into the piping systems of others to be distributed to more than one Consumer, except when the gas served is resold to those Consumers on either a commodity or separate cost of service basis; provided, however, that those Customers purchasing gas for redistribution to the Customer's own tenants only on the Customer's premises may separately meter each tenant distribution point for the purpose of prorating the Consumer's actual purchase price of gas delivered among the various tenants on a per unit basis, and further provided that the provisions of this Section 9 shall not preclude the Company from supplying natural gas to a third party for resale to the public as fuel for natural gas powered vehicles (NGV's).

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

SECURITY DEPOSITS

10.1 REQUIREMENTS

The Company shall require a security deposit from any present or prospective Customer in accordance with Sections 5.5 and 18.1 of this Tariff to guarantee payment of bills, and from any present Customer who during the last 12 consecutive months has on more than one occasion paid their utility bill after becoming delinquent. However, the deposit requirement may, at the option of the Company be based on annual usage experienced at the particular address with application of one-sixth of the annual amount as determined as the required deposit. 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. The deposit shall be refunded to residential Customers in the form of cash or credit to a customer's account when the Customer has paid 12 consecutive bills without having service disconnected for non-payment, and without having one or more occasion in which a bill was delinquent or a payment was returned, and the Customer is not currently delinquent.

10.2 RECEIPTS

The Company shall maintain such records as may be necessary to permit any Customer to receive any deposit return to which he or she is entitled without presentation of the receipt. A record of any unclaimed deposits shall be maintained by the Company for at least 4 years.

10.3 INTEREST

The Company shall pay interest on all security deposits for the time held at the rate as set by the Public Utility Commission annually except when

- a) The deposit is held 30 days or less;
- b) Notice is sent to the Customer's last known address that the deposit is no longer required;
- c) The service to which the deposit relates has been discontinued; or
- d) All or any part of the deposit has been applied to a delinquent account.

Interest on deposits earned during the preceding year shall be paid to the Customer annually. Payment shall be made either by check or as a credit on the monthly bill at the Company's option.

10.4 RETURN OF DEPOSITS

Deposits on residential accounts returned to the Customer in accordance with Section 10.1 above shall be applied in the first calendar quarter following the month in which the good payment record is established. Whenever the deposit of any Customer is returned to the Customer, the Company shall pay all previously unpaid interest with the payment.

10.5 ACCEPTABLE FORMS OF DEPOSIT

Any one of the following forms of credit security may be accepted from Customers and Applicants for service:

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

SECURITY DEPOSITS (Continued)

10.5 ACCEPTABLE FORMS OF DEPOSIT (Continued)

- a) A cash deposit of as much as one-sixth (1/6) the estimated annual billings for service requested; but no less than the minimum deposit set forth in Section 21.2;
- b) For commercial customers only, a nontransferable, irrevocable letter of credit from an established financial institution, payable for as much as one-sixth (1/6) the estimated annual billings for services requested and, which can be drawn on for a minimum of two (2) years; but no less than the minimum deposit set forth in Section 21.2; or
- c) For commercial customers only, a surety bond issued by a reputable insurance company which can be drawn on for a minimum of 2 years.

10.6 FRANCHISE AGREEMENTS

To the extent the terms of a franchise agreement are inconsistent with this Section, the terms of the franchise agreement controls. Applicable to customers inside the corporate limits of an incorporated municipality that imposes a municipal franchise fee to Company for the gas service provided to Customer.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

GAS MEASUREMENT

11.1 PRESSURE

The standard serving and measurement pressure shall be 4 ounces (0.25 psig) or 7" Water Column above the standard atmospheric pressure in the area served. The atmospheric pressure and standard serving pressure determined to be the average in the cities and environs of the Gulf Coast Service Area are 14.95 psia and 14.70 psia, respectively.

The Consumer and the Company may, at the Company's option, agree to a higher serving pressure. Service regulators shall be set as close as practical to the standard serving pressure under a load condition of approximately 10 percent of meter capacity. Increases in serving pressure because of the inadequacy of the Consumer's facilities shall not be permitted.

11.2 UNIT OF MEASUREMENT

The standard unit of measurement shall be one hundred cubic feet (Ccf). A cubic foot shall be defined as the amount of gas which occupies a volume of one cubic foot at the standard serving pressure and at a temperature of 60 degrees Fahrenheit.

Whenever the Company delivers gas at any pressure other than the standard serving pressure, volumes shall be corrected to the standard serving pressure in the manner provided in this Tariff, provided however, that such correction may be made to any other standard provided in the rate schedules or special agreement under which the Customer is served. The Company may, at its sole option, waive the correction of measurement for temperature deviation.

11.3 BILLING UNIT

Unless otherwise specified on the rate schedules or by special agreement, Customers shall be billed on the basis of Ccf measured at or corrected to the standard serving pressure. The index of the meter shall be the sole determinant of volumes passing through the meter. Whenever the meter reads directly in hundreds or smaller units, a reading of one-half a billing unit or more (500 Ccf or more) shall be considered a whole billing unit. Readings of less than one-half a unit shall be disregarded for billing. In those cases in which heating value is used as the billing unit, the calculation of the heating value in BTU's shall be made in accordance with Section 11.7 of this Tariff.

11.4 PRESSURE CORRECTION - STANDARD METERING

Whenever gas is delivered to any Customer served under a rate schedule which provides for standard metering, the Company shall correct actual volumes measured to volumes which would have been measured if the gas had been delivered at the standard serving pressure. Corrections shall be made by one of the following methods.

- a) The Company may install pressure or pressure and temperature compensating measurement equipment whenever the cost of this equipment is justified by the volumes served. Such measurements shall be equipped with devices which mechanically or electronically correct the actual measured volumes in accordance with Boyle's Law. Variations in actual atmospheric pressure shall not be considered.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

GAS MEASUREMENT (Continued)

11.4 PRESSURE CORRECTION - STANDARD METERING (Continued)

- b) The Company may use factor billing whenever the volumes to be delivered are too small to justify special metering. The factor shall be determined by dividing the actual serving pressure by the standard serving pressure, both expressed in absolute units based on the standard atmospheric pressure in the area as specified in Section 11.1 hereof. This factor shall be applied to the measured volumes to determine the correct number of billing units.

11.5 METERING - SPECIAL POSITIVE DISPLACEMENT

Whenever gas is delivered to any Customer served under a rate schedule which provides for special metering and positive displacement or turbine type metering is used, all volumes shall be determined in accordance with the recommendations of the manufacturer of the meter. Meters may be read in actual volumes which shall then be corrected to the standard billing unit or may be furnished with devices designed to correct the actual volumes to the standard billing units. The following criteria shall be used in the correction of volumes or design and calibration of correcting devices:

- a) Pressure correction shall be made in accordance with Boyle's Law. Calculations based on pressure reading on a continuously recording chart shall use the average pressure indicated thereon applied to the measured volumes. Correcting devices shall be set at the specified serving pressure and the service regulators shall be adjusted as close to that pressure as practical. Corrections for deviations from Boyle's Law ("supercompressibility") may be made whenever the volumes delivered justify the cost of making such corrections.
- b) The flowing temperature of the gas shall be assumed to be 60 degrees Fahrenheit unless temperature correction is provided. Corrections shall be made in accordance with Charles' Law.
- c) Whenever a continuously recording instrument is used, the average temperature indicated thereon shall be applied to the measured volumes. The specific gravity of the gas shall be assumed to be the value last indicated by test or reported by the upstream pipeline supplier prior to the installation of the metering facilities. Whenever subsequent reports or tests indicate significant changes in gravity, volume calculations shall be changed prospectively to reflect the new gravity.

11.6 METERING - SPECIAL ORIFICE

Whenever gas is delivered to any Customer served under a rate schedule with provisions for special metering and orifice metering is used, all volumes shall be determined in accordance with the recommendations for measuring gas contained in the American Gas Association's Gas Measurement Committee Report No. 3, Orifice Metering of Natural Gas (1992), and subsequent revisions thereof. Orifice meter charts shall be calculated using a standard integrating device or other method recognized in the industry. The following criteria shall be used in the correction of volumes or design and calibration of orifice metering:

- a) Correction for deviation of gas from Boyle's Law shall be made in accordance with Report No. 3.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

GAS MEASUREMENT (Continued)

11.6 METERING - SPECIAL ORIFICE (Continued)

- b) Temperature of gas passing the meter shall be assumed to be 60 degrees Fahrenheit unless suitable equipment has been installed to measure actual flowing temperature. The arithmetical average of the temperature recorded during each meter charge period while the gas is flowing shall be used in the computations of volumes during the period.
- c) The standard atmospheric pressure for the area served shall be used for measurement irrespective of any variation in the actual barometric pressure.
- d) The specific gravity of the gas shall be assumed to be the value last obtained in a spot test made with a gravity balance, impact type unit or other acceptable method. Tests shall be made as frequently as found necessary to assure accurate measurement.

11.7 BTU MEASUREMENT

The heating value of gas for use in billing shall be defined as the gross thermal value of one cubic foot of gas at a pressure of 14.73 psia and temperature of 60 degrees Fahrenheit on a dry basis.

The number of billing units delivered shall be determined by multiplying the heating value determined in accordance with this Section by the volumes delivered during the period, expressed in the same units and measured at, or corrected to 14.73 psia and 60 degrees Fahrenheit, and multiplying by the factor necessary to convert the heating value/measurement units to the billing units provided in the appropriate rate schedule. The heating value of the gas shall be determined using one of the following methods:

- a) Processing a continuous sample of the main stream at the meter location through a recording calorimeter of a standard type;
- b) Analysis of gas samples accumulated from the main stream at the meter location in a sample bottle of an approved type;
  - i) passing the sample through a recording calorimeter of a standard type;
  - ii) passing the sample through a flow calorimeter of a standard type; or
  - iii) passing the sample through a chromatograph to determine the chemical composition and calculating the total heating value from the sum of the constituents.

11.8 CUSTOMER-OWNED METERS

A Customer may install and operate a meter or any other device to measure gas volumes, pressure, temperature, BTU content or specific gravity downstream of the point of delivery. Unless expressly otherwise agreed to by the Company and Customer, however, the Company's meter and equipment shall be the sole determinant of volumes for Company's billing purposes.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

METER READING AND ACCURACY

12.1 METER READING

Meters shall be read as nearly as may be practical on the same day of each calendar month. Whenever a reading of a general service meter is missed or the meter is not registering, the Company shall estimate the amount of gas used during the period. Such estimates shall be based on either -

- a) That Customer's use of gas during the same period(s) in previous years;
- b) That Customer's normal use of gas during preceding months; or
- c) The use of a similar Customer for the period missed.

If practical, an actual reading shall be made after two consecutive estimated bills. All meters in Special Service shall be read at least once a month. Whenever such a meter fails to register or is misread, the amount of gas used during the preceding period shall be estimated using data applicable to that Special Service Customer only. The Company will make a special reading of any meter upon request and payment of a service charge will be made in accordance with Section 21.1. The time of the special reading shall be agreed upon with the Customer so that he or she may be present. If the original reading was in error (subject to consumption between the two readings) the service charge will be refunded to the Customer.

12.2 ACCESS TO THE METER

The Customer shall permit the Company safe access to the meter at all reasonable times for reading thereof and at all reasonable times for reading, maintenance, testing, or replacement of the meter. Upon the Customer's failure or refusal to grant such access, the Company may issue a written notice to the Customer, advising them the situation must be corrected and access granted within 5 working days and that failure to do so can result in the disconnection of service and removal of the meter. Additional fees may apply and will be assessed to such Customer as specified in Section 21.1.

12.3 METER ACCURACY

The accuracy limit of all Company meters is established at two percent (2%) fast or slow. Any meter found to be registering outside of the limits of accuracy shall immediately be removed or repaired. As long as the meter is operating within the limits of accuracy, it shall be the conclusive determination as to the quantities of gas delivered to the Customer on whose service it is set.

12.4 METER TESTING AT CUSTOMER REQUESTS

The Company shall have the right to remove and/or test the meter used to determine the quantity of gas delivered. The Customer may request that the Company make a special test of the meter through which he or she is served. Requests for such tests shall be made in writing and the Company shall have 10 days after receipt of the request to remove the meter for testing or to test the meter in place. Tests on removed meters shall be conducted within a reasonable time. If the test is to be performed after the period of presumed accuracy listed by the manufacturer or if the test is to be performed for a residential or small commercial Customer for whom no such test has been performed within the previous four (4) years for the same Customer at the same location, no service charge will be assessed. Otherwise, the Customer shall pay a service charge for such test as specified in Section 21.1.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

METER READING AND ACCURACY (Continued)

12.5 BILLING ADJUSTMENTS - GENERAL SERVICE

Whenever it has been determined that a meter reading and the subsequent billing has been in error, the Company shall recalculate the affected bill(s). If the date and amount of the error can be definitely fixed, the Company shall refund or may bill the affected Customer for the entire difference between the actual bills rendered and the amount which should have been billed. If a meter is found to have registered inaccurately (such as a meter found to be registering fast or slow), the Company shall refund or bill an amount equal to the difference between the actual bills rendered and the amount which would have been billed if the meter was 100 percent accurate during the time since the last previous test or six months, whichever is less. If the meter is found not to have registered, then the rebilling shall be limited to a three-month period 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. Undercharges billed to the Customer may be repaid in a series of equal installments over a reasonable period of time. This Section shall not apply to meter errors found as a result of routine testing in the Company's or its designee's meter shop.

12.6 PROVISIONS FOR SPECIAL SERVICE

The following modifications shall apply to the provisions of this Section for all Special Service rate schedules and service under special written agreements:

- a) Orifice and turbine meters shall be tested at least four times per year at intervals not to exceed 120 days. Should the Customer so elect, tests shall be made in the presence of his or her representative.
- b) Whenever a meter is found to be registering above or below the limits of accuracy, adjustment of the bill (either up or down) shall be limited to the monthly billing subsequent to the last meter test. The adjustment shall be made upon the basis of the best data available, using the first of the following methods, whichever is most appropriate:
  - i) by using registration of Customer's check meter(s);
  - ii) by correcting the error, if the percentage of error is ascertainable by calibration test or mathematical calculation; or
  - iii) by estimating the quantity of gas delivered by comparison with deliveries during the preceding period under similar conditions when accurate registration was obtained.

12.7 PERIODIC TESTS

The Company shall make periodic tests of meters, associated devices and instruments to assure their accuracy. Such tests shall be scheduled within the calendar year or earlier, when the interval is stated in years; or within the calendar month, or earlier when the interval is stated in months. The basic periodic test interval shall be no longer than provided for in the manufacturer's recommendations, a copy of which is available upon request.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

BILLING AND PAYMENT OF BILLS

13.1 RENDERING OF BILLS

Bills for all service shall be rendered monthly as promptly as feasible after the meter has been read. Bills shall be due and payable in full on or before the due date, which shall be stated on the face of the bill and shall not be earlier than fifteen (15) days after the bill is mailed (including electronic mail). Bills shall be considered to have been rendered when deposited in the United States Mail with postage prepaid thereon or, when the customer has elected to receive billings via electronic mail, when the electronic document has been sent. Payment shall be considered received when the correct amount has been received through a company authorized payment method. If not paid by the date due, the bill shall be considered delinquent.

13.2 BILLING PERIOD

Bills shall be rendered at regular monthly intervals unless otherwise authorized or unless service is rendered for a period of less than a month.

13.3 ESTIMATED BILLS

In the event any meter cannot be read at the end of the billing period, the Company shall bill the Customer on the basis of an estimated consumption determined in accordance with Section 12.1 of this Tariff. The next bill based on actual reading after an estimated bill shall make any corrections necessary to bring the Customer's account to a current status for the actual consumption.

13.4 DISPUTED BILLS

- a) In the event of a dispute between the Customer and the Company regarding the bill, the Company will make such investigation as is required by the particular case and report the results to the Customer. If the Customer wishes to obtain the benefits of subsection b) of this Section, notification of the dispute must be given to the Company prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the Company shall inform the Customer of the complaint procedures of the appropriate regulatory authority.
- b) 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.

13.5 PAYMENT RE-PROCESSING FEE

The Company may charge or add to the Customer's account and collect a fee (as provided in Section 21.1 d) to recover costs for reprocessing any payment, including paper check, electronic transfer payment, and debit and credit card payment, that has been rejected or returned to the Company by the bank for any reason other than bank error.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

BILLING AND PAYMENT OF BILLS (Continued)

13.6 E-STATEMENTS

The Customer may at its option receive bills and notices via electronic mail, thereby eliminating paper bills and notices.

13.7 PAYMENT OPTIONS

The Company, at its option and discretion, may contract with payment vendors to provide various payment options and authorize these vendors to accept payments from Customers on the Company's behalf. Payment options may be electronic, telephonic, in person, or by mail and may include automatic bank draft, credit/debit card, check or cash. Contracted payment vendors may charge Customers an additional fee of the use of that payment option and shall be solely responsible for collecting that fee from the Customer.

13.8 DEFERRED PAYMENT PLANS

The Company, at its sole discretion, may offer a deferred payment plan for delinquent Customer accounts. Deferred payment plans shall conform to the following guidelines:

- a) 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.
- b) For purposes of determining reasonableness, the following shall be considered:
  - i) size of delinquent account;
  - ii) Customer's ability to pay;
  - iii) Customer's payment history;
  - iv) time that the debt has been outstanding;
  - v) reasons why debt has been outstanding; and
  - vi) other relevant factors concerning the circumstances of the Customer.
- c) A deferred payment plan, if reduced to writing, 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 Company's failure or refusal to comply with the terms of this agreement."

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

BILLING AND PAYMENT OF BILLS (Continued)

13.8 DEFERRED PAYMENT PLANS (Continued)

- d) A deferred payment plan may include a one-time late payment penalty up to but no more than 5% of 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 Company's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.
- e) If a Customer has not fulfilled terms of a deferred payment agreement or refuses to sign the same if it is reduced to writing, the Company shall have the right to disconnect pursuant to disconnection rules in Section 17.2 of this Tariff and, under such circumstances, it shall not be required to offer a subsequent negotiation of a deferred payment agreement prior to disconnection.
- f) The Company shall not refuse a Customer participation in a deferred payment plan on the basis of race, color, creed, sex, marital status, age, or any other form of discrimination prohibited by law.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

QUALITY OF GAS

14.1 HEATING VALUE

Gas delivered to Consumers in all service areas shall have an average gross heating value of at least 900 British Thermal Units per cubic foot measured when saturated with water vapor at a pressure of 14.73 psia and temperature of 60 degrees Fahrenheit. Gas of lesser heating value may be delivered for short periods, providing that the average heating value for the calendar month in which the reduction occurs is equal to or greater than the standard and that the burning characteristics of the gas are not significantly altered.

14.2 CHARACTER OF GAS

All gas furnished to Consumers in the Gulf Coast Service Area shall be of merchantable quality suitable for use in standard gas burning appliances. Merchantable quality shall mean that the gas must be commercially free from dust, resins, water and hydrocarbons in liquid form at the pressure and temperature at which the gas is delivered.

14.3 ODORIZATION

All gas shall be odorized with a chemical odorant at a sufficient rate to make it readily detectable. Gas containing enough natural odorant as prescribed by the Railroad Commission of Texas need not be odorized unless the odorant level drops below the acceptable level.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

SERVICE WORK

15.1 CERTAIN SERVICES PROVIDED AT NO CHARGE

When a Customer or Consumer smells or detects natural gas and contacts the Company, the Company shall provide to the Consumer at no-charge to the Customer or Consumer leakage and pressure investigations to ensure that unsafe conditions do not exist. Where leakage or unsafe conditions are determined by the Company to be in the Customer's or Consumer's piping or equipment, the Customer or Consumer will be so advised and service will be discontinued until such time that all leakage and other unsafe conditions have been properly corrected by the Customer or Consumer. In addition, when service is initiated, gas air adjustments on a standard domestic and commercial gas range and water heater will be made.

Any other work performed on any Consumer's appliances or housepiping will be on a charge basis.

15.2 OTHER SERVICE

The Company may have personnel available for and may undertake other service work on the Consumer's premises on a charge basis, as time permits. Charges shall be made at the Company's standard rate in the Service Area and such work and the associated revenues and costs shall be considered non-utility.

15.3 EXPEDITED SERVICE

A Customer may request an expedited service. Charges may apply. (See Section 21 – Fees and Deposits)

15.4 NO ACCESS

A fee may be charged to a Customer who requests a specific time for service, if the Company agrees to the time, sends appropriate personnel to the appointed location and the Customer is not present to allow access to the premises. (See Section 21 – Fees and Deposits)

15.5 MATERIALS OR EQUIPMENT FURNISHED BY THE COMPANY

The Company shall furnish and install the service pipe, and equipment related thereto, including meter valve and service regulator, from the Company's main to the Customer's meter. Although affixed to or buried in the Customer's property, the entire service line and meter set shall become the property of the Company and shall be operated and maintained by the Company.

15.6 MATERIALS OR EQUIPMENT FURNISHED BY THE APPLICANT

The Applicant shall furnish and install at his or her expense all piping, conversions of existing equipment, and appliances required to conduct and utilize the gas furnished by the Company. The adequacy, safety, and compliance with applicable codes and ordinances of piping, conversion equipment and appliances shall remain the responsibility of the Applicant and no action of the Company in accordance with this Tariff shall release the Applicant of the responsibility to furnish and install the facilities required by this Section.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

SERVICE WORK (Continued)

15.7 CODES AND ORDINANCES

All piping, installations, and conversion equipment owned by the Applicant shall comply with all applicable federal, state, and city ordinances and shall be properly designed for the pressures and volumes to be handled. Where there are no appropriate ordinances, the applicable provisions of the National Fuels Gas Code 54; ANSI Z223.1, and any amendments thereto shall apply.

15.8 INSPECTIONS AND TESTS

The Company shall have the right to inspect new installations and/or conversions of appliances and equipment prior to initiation of service and to require any test or repair of the Applicant's facilities it deems necessary, at no charge to the customer.

15.9 REFUSAL TO SERVE

The Company shall refuse service to any Applicant who refuses Company or Company's representatives access to or entry for observation or whose facilities do not comply with the applicable provision of this Tariff. The right to refuse service shall terminate upon satisfactory correction of the condition that was the cause for refusal. Initiation of service, however, shall not be considered acceptance or approval by the Company of such facilities.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

MAINTENANCE OF EQUIPMENT

16.1 MAINTENANCE BY COMPANY

The Company shall maintain all facilities owned by it and shall be responsible for the safe conduct and handling of the gas until it passes the point of delivery. The Company's representative shall have the right to enter the Customer's premises at any reasonable time, in the event of an emergency at any time, to read the meter or make any necessary inspection, repair, adjustment, or replacement of any property owned by the Company.

16.2 MAINTENANCE BY THE CUSTOMER

The Customer shall maintain all facilities owned by him or her and shall be responsible for the safe conduct and handling of the gas after it passes the point of delivery. The Customer shall remove, repair or adjust any Customer-owned property which may pose a threat of damage to the property of the Company. The Customer shall take all reasonable means to assure that no one other than an employee of the Company shall adjust, repair, disconnect or change the meter or other Company facilities in any way. In case of loss or damage to the Company's property from the negligence or willful acts of the Customer or Consumer or the Customer's or Consumer's representatives, the Customer will reimburse the Company for all costs of repairing or replacing the damaged property, including any costs of collection such as attorney's fees.

16.3 LEAKS - RIGHT TO DISCONNECT FOR

The Customer or Consumer shall give the Company notice of any leaking or escaping gas as soon as it is detected. Upon receipt of this notice, the Company shall investigate the matter as promptly as feasible under the circumstances. If the Company's test indicates leakage in the Customer's or Consumer's facilities, the Company shall have the right to disconnect service immediately until the Customer or Consumer has had the condition corrected. If leakage is found to be from Company owned facilities, the Company shall have the right to disconnect service for a reasonable period of time until it can be corrected by the Company. The Company shall have the right to disconnect service immediately if any of the Customer's or Consumer's appliances or equipment is, in the Company's opinion, operating in an unsafe manner.

16.4 FACILITIES CURRENTLY OWNED BY THE CUSTOMER

Any facilities downstream of the meter installed by the Customer shall remain the property and responsibility of the Customer. Whenever the condition of the facility is such that replacement is required, the work shall be done by the Company pursuant to the provisions of Section 16.7 of this Tariff. New facilities will continue to be installed pursuant to Sections 7.1 and 7.2 of this Tariff.

16.5 RESPONSIBILITY

Nothing in this Section shall make the Company responsible for the safe upkeep of any Customer or Consumer-owned facilities.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

MAINTENANCE OF EQUIPMENT (Continued)

16.6 RELOCATION OF COMPANY FACILITIES

- a) A charge of not more than actual cost may be made for relocating a meter or other Company equipment on the same premises at the request of the Customer or Consumer.
- b) If the Company shall for its own convenience and not for the safety or convenience of the Customer, change the point of delivery or change the location of its equipment on private property, the Company shall bear the expense.

16.7 REPLACEMENT OF CUSTOMER-OWNED PIPING

- a) When repair or replacement of Customer-owned piping becomes necessary due to deterioration of the line, damage to the line (except when caused by Customer or Customer's agent), relocation of the Company's distribution main, or for other safety reasons, the Company will relocate Customer's meter to the exterior of the building wall, as close as possible to the existing stub out (where piping exits the structure), and will replace the service piping up to the stub out. The Company will own and be responsible for all service piping from the main line to the meter, and Customer will own and be responsible for all piping from the meter to the building.
- b) The Customer may be billed for all costs of the meter relocate and pipeline replacement.
- c) In the absence of any provision contained in a deed of dedication authorizing the Company to install the service piping and meter on Customer's premises, the owner of the premises shall execute an agreement establishing the meter location, authorizing the Company to install or replace the line, and granting Company access for such work. If the Customer or owner of the premises refuses to give Company personnel or Company authorized personnel appropriate access to the property for purposes of installation, the Customer will retain responsibility for his/her facilities and shall bear the expense of any replacement or repairs.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

DISCONTINUANCE OF SERVICE

17.1 BY CUSTOMER

The Customer shall be responsible for all charges for gas service from the time Customer gives notice of the intention to discontinue service until the Company has read the meter, or for five working days from the date of such notice, whichever is the shorter period of time.

17.2 FOR NON-PAYMENT

The Company shall have the right to discontinue service to any Customer for non-payment of bills or other charges authorized by this Tariff or the applicable rate schedules, following the due date specified in Section 13.1 hereof. Before discontinuing service for non-payment, the Company shall mail a separate written notice to the Customer in English and Spanish with the words “TERMINATION NOTICE” or similar language prominently displayed. This notice shall include a telephone number to contact the Company, the amount of the delinquent bill and the date by which the bill must be paid to avoid disconnection, and a statement of how to contact the Company in case of illness or other emergency. If a representative of the Company makes an attempt to collect a past due amount, a collection fee per visit shall be assessed to such Customers as specified in Section 21.1.

No Customer shall be disconnected for non-payment:

- a) Within a period of 5 working days after mailing of the notice or the day following the date indicated in the notice, whichever is the later time.
- b) After full payment of the delinquent bill except when there is not sufficient time to advise Company’s service personnel of receipt of the payment.
- c) Before 7:00 AM or after 7:00 PM on any day or on Friday, Saturday, Sunday, Holiday, or day before a holiday unless Company personnel are available the following day for the purpose of making collections or reconnecting service.
- d) If within 5 working days after the date of delinquency of the bill the Company receives a written request from the Customer not to discontinue service for health reasons and the request is accompanied by a written statement from a licensed physician. Upon receipt of such request, the Company will suspend termination of service for a period up to 20 days. The Customer shall sign a deferred payment plan agreement which provides for payment of such service along with timely payments for subsequent monthly billings.

17.3 EXTREME WEATHER EMERGENCY

Except where there is a known dangerous condition or a use of natural gas service in a manner that is dangerous or unreasonably interferes with service to others, the Company shall not disconnect natural gas service to:

- a) A delinquent residential customer during an extreme weather emergency. An extreme weather emergency means a day when the previous day’s highest temperature did not exceed 32 degrees Fahrenheit and the temperature is predicted to remain at or below that level for the next 24 hours according to the nearest National Weather Station for the county where the customer takes service.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

DISCONTINUANCE OF SERVICE

17.3 EXTREME WEATHER EMERGENCY (Continued)

- b) A delinquent residential customer for a billing period in which the Company receives a written pledge, letter of intent, purchase order, or other written notification from an energy assistance provider that it is forwarding sufficient payment to continue service.
- c) A delinquent residential customer on a weekend day, unless personnel or agents of the Company are available for the purpose of receiving payment or making connections and reconnecting service.

The Company shall defer collection of the full payment of bills that are due during an extreme weather emergency until after the emergency is over and shall work with customers to establish a payment schedule for deferred bills.

Beginning in the September or October billing periods, the Company shall give notice as follows:

- a) The Company shall provide a copy of Railroad Commission of Texas Rule 7.460, Suspension of Gas Utility Service Disconnection During an Extreme Weather Emergency, to the social service agencies that distribute funds from the Low Income Home Energy Assistance Program within the Company's service areas.
- b) The Company shall provide a copy of Railroad Commission of Texas Rule 7.460, Suspension of Gas Utility Service Disconnection During an Extreme Weather Emergency, to any other social service agency of which the Company is aware that provides financial assistance to low income customers in the Company's service areas.
- c) The Company shall provide a copy of Railroad Commission of Texas Rule 7.460, Suspension of Gas Utility Service Disconnection During an Extreme Weather Emergency, to all residential customers of the Company and customers who are owners, operators or managers of master metered systems. Owners, operators or managers of master metered systems shall provide a copy of this rule to all their customers.

17.4 SPECIAL CONDITIONS

The Company shall have the right to discontinue service to any Consumer for any of the following reasons:

- a) Without notice for the presence of what the Company considers to be an unsafe condition on the Consumer's premises or if an emergency exists;
- b) Without notice for willful destruction or damage to or tampering with the Company's property by the Consumer or by others with knowledge or negligence of the Consumer;
- c) Within 5 working days after written notice if the Consumer uses his or her equipment in any way which causes or creates a potential for adverse affect on the Company's service to others;
- d) Without notice if failure to curtail by such Consumer endangers the supply to Consumers in Priority Class A or B;

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

DISCONTINUANCE OF SERVICE (Continued)

17.4 SPECIAL CONDITIONS (Continued)

- e) 5 working days after written notice from the Company for refusal to grant Company personnel or its designee's access to the Consumer's premises at any reasonable time for any lawful purpose;
- f) 5 working days after written notice from the Company for use, sale or delivery of gas in violation of the provisions of this Tariff or violation of any applicable laws, orders or ordinances, provided that disconnection may be made without notice if the violation creates an unsafe condition;
- g) For Customers acquiring their own supplies of gas, the Company may discontinue service upon request of a Supplier, provided however, that the Supplier represents to the Company that notice has been given to the Customer by the Supplier of delinquency in payment at least five working days prior to Supplier's request for disconnection, and provided that Supplier agrees to indemnify and hold harmless the Company from any potential resulting liability;
- h) If a Customer fails to uphold the terms of a deferred payment plan; or
- i) Within 5 working days after written or electronic notice, for Consumers enrolled in e-bill, that any payment including paper check, electronic transfer payment, and debit or credit card payment, that has been rejected or returned to the Company by the bank.

17.5 RIGHT OF ENTRY

The Company shall have the right to enter the Consumer's premises at any reasonable time to shut off service in accordance with this Tariff and to remove its meter and any other Company property. If the Company is required to take legal action to enforce its rights hereunder, the Company shall be entitled to recover all of its necessary expenses and fees including, but not limited to attorneys' fees, police escort fees and/or the cost to relocate the meter at the Customer's expense.

17.6 ABANDONMENT OF SERVICE

Unless requested by the Customer, service shall not be abandoned (permanent disconnection of any Customer other than a temporary Customer) without permission of the Regulatory Authority. Failure of the Customer to request reinstitution of service within a reasonable period of time after disconnection shall be considered a request for permanent discontinuance of service.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

RE-ESTABLISHMENT OF SERVICE

18.1 FOR NON-PAYMENT

When service has been disconnected for non-payment, the Company shall require that the Customer pay the total amount of his or her account then due plus the prescribed reconnect fee or make satisfactory arrangements for that payment before service is reinstituted. In addition, the Company shall require that the Customer re-establish satisfactory credit in accordance with Section 5 of this Tariff.

18.2 FOR OTHER REASONS

If disconnection has been made by the Company for reasons other than non-payment, service shall not be reinstated until the condition for which it was terminated has been corrected to the Company's satisfaction. The Customer shall also be required to pay a reconnect fee before service is turned on. When service has been disconnected at the Customer's request for a period of one year or more, the request for service shall be treated as a new application. When service has been disconnected for less than one year, the request shall be treated in the same manner as a disconnection for non-payment.

18.3 RECONNECTION

The Company shall restore service as soon as feasible after receipt of a reconnection request and compliance with the requirements of this Section. The Company shall charge a non-refundable reconnection fee for all Customers in accordance with Section 21.1. The restoration of service will be accomplished as expeditiously as scheduling permits. If the Customer requests service after hours or earlier than reconnection would otherwise be scheduled, the Company shall offer expedited service in accordance with Section 21.1. Customer shall be advised that an additional fee will be charged and must agree to pay such charge. In the event the Company is required to make more than one call because the reason for disconnection has not been properly corrected, the reconnect fee may be charged for each call made. No fee shall be charged for any reconnection made after disconnection due to Company's operation. See Section 21.1 for fees.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

NOTICE

19.1 GENERAL

Notice is required for all matters in this Tariff other than billing and payment of bills, which shall be deemed to have been given by the Customer when a letter with postage prepaid has been deposited in the United States Mail addressed to the Company at the office specified on the front sheet of this Tariff, and to the Customer when addressed to Customer at his or her last known service address, or to either party when directly communicated to the other party in person or by telephone.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service Area

AVERAGE BILL CALCULATION PLAN or AVERAGE PAYMENT PLAN

20.1 DESCRIPTION-RESIDENTIAL

Any residential Customer may elect to participate in the Company's Average Payment Plan, also known as the Average Bill Calculation Plan ("ABC/APP Plan"), or as such ABC/APP Plan may be modified from time to time for payment of charges for gas service. In the event the Company modifies the ABC/APP Plan, the Company shall notify individual Customers of those changes when the Customer requests enrollment. In general, the conditions under which a Customer may participate in the ABC/APP Plan are set forth below:

- a) The Company reserves the right to adjust the monthly ABC/APP Plan payments of any Customer at any time for changes in conditions or rates;
- b) The Company shall advise each Customer in the ABC/APP Plan of the monthly ABC/APP Plan payment to be paid by the Customer. Each participating Customer will receive a regular monthly gas bill which will reflect actual consumption and charges for that billing month and the amount of any debit or credit balance before the payment of that month's ABC/APP Plan payment. The Customer shall continue to pay the monthly ABC/APP Plan payment amount each month for gas service, notwithstanding the current gas service charge shown on the bill;
- c) In addition to the monthly ABC/APP Plan amount, any other charges incurred by the Customer shall be paid monthly when due;
- d) Interest shall neither be charged to the Customer on accrued ABC/APP Plan debit balances nor paid by the Company on accrued ABC/APP Plan credit balances;
- e) Any amount due the Customer or the Company will be settled and paid at the time a Customer, for any reason, ceases to be a participant in the ABC/APP Plan;
- f) Any Customer's participation in the ABC/APP Plan may be discontinued by the Company if the monthly plan payment has not been paid on or before the due date of the monthly plan payment;
- g) If any Customer in the ABC/APP Plan shall cease, for any reason, to participate in the ABC/APP Plan, then the Company may deny that Customer's reentry into the ABC/APP Plan until the following year.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service AreaFEES AND DEPOSITS21.1 FEES

All fees and charges shall be adjusted by taxes and fees (including franchise fees) where applicable. In the incorporated areas of Bayou Vista, Galveston, Groves, Jamaica Beach, Nederland, and Port Arthur only, all fees and charges (excluding advances, contributions in aid of construction and deposits) shall be adjusted by the amount which represents the actual gross receipts, occupation, revenue taxes and franchise fees paid by Texas Gas Service Company, a Division of ONE Gas, Inc.

a) Initiation of Service:

- i) Connect: (Section 5.4) \$35.00

A connection fee shall be charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when a meter is set and/or gas turned on.

- ii) Read-In: (Section 5.4) \$15.00

A read-in fee shall be charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when only a meter reading is required.

- iii) Special Handling & Expedited Service: (Sections 5.4 and 15.3)

In addition to initiation of service fee above, a fee may be charged to any Applicant whose request to initiate service cannot be worked during normal business hours or requires special handling. Applicant must be advised that an additional fee will be charged and must agree to pay such charge. These charges include:

- 1) Special Handling \$15.00

The Company may, at Applicant or Customer's request, provide special handling in order to meet the Applicant or Customer's requirements. Special handling does not include calling the Applicant/Customer in advance or A.M. or P.M. scheduling

- 2) Expedited Service and Overtime Rate \$60.00

The Applicant or Customer's request for expedited service may be scheduled at any time to fit the Company's work schedule, and an Expedited Service charge shall be collected. The Company shall not be obligated to provide Expedited Service when the personnel and resources to do so are not reasonably available.

- b) Services - Others As stated below

Whenever service is furnished from the facilities of others and the Company must pay any special fees to the supplying Company, the Applicant may be requested to reimburse the Company for such charge.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service AreaFEES AND DEPOSITS (Continued)21.1 FEES (Continued)c) Customer Requested Meter Test: (Section 12.4)

Positive Displacement	<u>Charge</u>
Up to 1500 cubic feet per hour	\$150.00
Over 1500 cubic feet per hour	\$200.00

## Orifice Meters

All sizes	\$200.00
-----------	----------

d) Payment Re-processing Fee: (Section 13.5) \$25.00e) Collection Fee: (Section 17.2) \$15.00

A Collection Fee shall be charged to any Customer whose failure to respond to a termination notice necessitates the dispatch of a Company representative to attempt collection of payment from Customer.

f) Reconnect Fees: (Section 18.3) \$35.00

A reconnect fee shall be charged to any Customer whose service is terminated and then re-initiated unless terminated in error by the Company. This fee is the same as the Standard Initiation Fee charged for new service.

(i) Regular Labor and After Hours Rates	\$45.00 (Regular) \$60.00 (After Hours)
---	--

Charge for non-routine services including but not limited to repeat high bill investigations and building meter loops.

g) Special Read: (Section 12.1) \$15.00

A special read fee shall be charged for customer requested reading of a meter of which estimated billing has been made. This is not in connection with Section 12.4.

h) Meter Exchange (Customer Request): (Section 16.6) \$150.00

A fee will be charged for customers requested meter exchanges when a meter is working properly or is done for the customer's convenience.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service AreaFEES AND DEPOSITS (Continued)21.1 FEES (Continued)

- i) Meter Tampering – Residential: (Section 16.2) \$150.00

A fee will be charged to repeat customers who knowingly tamper with Company property (i.e. broken meter locks, broken stop cocks, tampered meter dials, and broken meter blind seals).

- j) Unauthorized Consumption: (Section 16.2) \$30 plus expenses

Charges for the replacement of an illegally broken meter seal or locking device to the Customer who could be reasonably expected to benefit from gas service received through said meter.

- k) No Access Fee: (Section 15.4) \$15.00

A fee charged to a Customer who schedules an appointment but fails to appear.

- l) Meter Removal Fee: (Section 12.2) \$25.00

- m) Account Research Fee: \$20.00/hr

A fee will be charged for Customer account information requiring research of accounting/billing information.

- n) Police Escort Fee: (Section 17.4) As stated below

A fee charged when the Company is required to use law enforcement personnel to escort it into locked sites or sites requiring animal control in order for the Company to access a meter. Company will charge the stated amounts or current rate charged by the entity providing the police escort for this service.

- o) Excess Flow Valve Installation Fee: \$400.00

Pursuant to Code of Federal Regulations, §192.383(d) a fee for installation of an excess flow valve (EFV) will be assessed when a Customer requests such installation on the Customer's service line. The EFV will be installed at a date mutually agreeable to both Company and Customer, but after January 1, 2018. The Company reserves the sole right to conduct any required maintenance that may result from the installation. The customer shall be assessed a one-time installation fee.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Gulf Coast Service AreaFEES AND DEPOSITS (Continued)21.2 DEPOSITSa) Advances: (Section 8.4)

As stated below

Estimated expenditure to serve the premises of new business beyond the existing distribution facilities of the Company.

b) Customer Deposits: (Section 10.1)

As stated below

Minimum deposit residential:

\$75.00

Minimum non residential deposit:

\$250.00

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****RATE SCHEDULE HARV-RIDER****HURRICANE HARVEY SURCHARGE****A. APPLICABILITY**

The Hurricane Harvey Surcharge rate as set forth in Section (B) below is for the recovery of losses incurred by the Company as a direct result of Hurricane Harvey and not recoverable from any other source. The rate shall apply to the following gas sales and standard transportation rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. currently in force in the Company's Gulf Coast Service Area within the incorporated and unincorporated areas of Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas: 10, 20, 30, 40, 1Z, 2Z, 3Z, 4Z, T-1, and T-1-ENV.

**B. SURCHARGE RATE**

All Ccf during each billing period: \$0.01141 per Ccf

This rate will be in effect until all approved and expended Hurricane Harvey costs and associated rate case expenses are recovered under the applicable rate schedules.

**C. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**D. CONDITIONS**

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

**E. COMPLIANCE**

TGS shall file a reconciliation report annually on or before December 31<sup>st</sup>, commencing in 2020. TGS shall file the report with the Commission, addressed to the Director of the Oversight and Safety Division and referencing Gas Utilities Docket No. 10928, Hurricane Harvey Surcharge Recovery Report. The report shall include:

- The volumes used by month by customer class during the applicable period,
- The amount of surcharge recovered, by month
- The outstanding balance, by month

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

Initial Rate Schedule

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**All Service Areas****RATE SCHEDULE PSF**  
**Page 1 of 3****PIPELINE SAFETY AND REGULATORY PROGRAM FEES****TEXAS ADMINISTRATIVE CODE****TITLE 16** ECONOMIC REGULATION**PART 1** RAILROAD COMMISSION OF TEXAS**CHAPTER 8** PIPELINE SAFETY REGULATIONS**SUBCHAPTER C** REQUIREMENTS FOR GAS PIPELINES ONLY**Rule §8.201** **Pipeline Safety and Regulatory Program Fees**

(a) Application of fees. Pursuant to Texas Utilities Code, §121.211, the Commission establishes a pipeline safety and regulatory program fee, to be assessed annually against operators of natural gas distribution pipelines and pipeline facilities and natural gas master metered pipelines and pipeline facilities subject to the Commission's jurisdiction under Texas Utilities Code, Title 3. The total amount of revenue estimated to be collected under this section does not exceed the amount the Commission estimates to be necessary to recover the costs of administering the pipeline safety and regulatory programs under Texas Utilities Code, Title 3, excluding costs that are fully funded by federal sources for any fiscal year.

(b) Natural gas distribution systems. The Commission hereby assesses each operator of a natural gas distribution system an annual pipeline safety and regulatory program fee of \$1.00 for each service (service line) in service at the end of each calendar year as reported by each system operator on the U.S. Department of Transportation (DOT) Gas Distribution Annual Report, Form PHMSA F7100.1-1 due on March 15 of each year.

- (1) Each operator of a natural gas distribution system shall calculate the annual pipeline safety and regulatory program total to be paid to the Commission by multiplying the \$1.00 fee by the number of services listed in Part B, Section 3, of Form PHMSA F7100.1-1, due on March 15 of each year.
- (2) Each operator of a natural gas distribution system shall remit to the Commission on March 15 of each year the amount calculated under paragraph (1) of this subsection.
- (3) Each operator of a natural gas distribution system shall recover, by a surcharge to its existing rates, the amount the operator paid to the Commission under paragraph (1) of this subsection. The surcharge:

(A) shall be a flat rate, one-time surcharge;

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**All Service Areas****RATE SCHEDULE PSF**  
**Page 2 of 3****PIPELINE SAFETY AND REGULATORY PROGRAM FEES**  
**(Continued)**

- (B) shall not be billed before the operator remits the pipeline safety and regulatory program fee to the Commission;
- (C) shall be applied in the billing cycle or cycles immediately following the date on which the operator paid the Commission;
- (D) shall not exceed \$1.00 per service or service line (*For the calendar year 2019 annual pipeline safety and regulatory program fee, billed effective with meters read on and after March 27, 2020, Texas Gas Service Company, a Division of ONE Gas, Inc. will bill all customers a one-time customer charge per bill of \$1.00, based on \$1.00 per service line*); and
- (E) shall not be billed to a state agency, as that term is defined in Texas Utilities Code, §101.003.
- (4) No later than 90 days after the last billing cycle in which the pipeline safety and regulatory program fee surcharge is billed to customers, each operator of a natural gas distribution system shall file with the Commission's Oversight and Safety Division a report showing:
- (A) the pipeline safety and regulatory program fee amount paid to the Commission;
- (B) the unit rate and total amount of the surcharge billed to each customer;
- (C) the date or dates on which the surcharge was billed to customers; and
- (D) the total amount collected from customers from the surcharge.
- (5) Each operator of a natural gas distribution system that is a utility subject to the jurisdiction of the Commission pursuant to Texas Utilities Code, Chapters 101 - 105, shall file a generally applicable tariff for its surcharge in conformance with the requirements of §7.315 of this title (relating to Filing of Tariffs).
- (6) Amounts recovered from customers under this subsection by an investor-owned natural gas distribution system or a cooperatively owned natural gas distribution system shall not be included in the revenue or gross receipts of the system for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122, nor shall such amounts be subject to a sales and use tax imposed by Chapter 151, Tax Code, or Subtitle C, Title 3, Tax Code.
- (c) Natural gas master meter systems. The Commission hereby assesses each natural gas master meter system an annual pipeline safety and regulatory program fee of \$100 per master meter system.
- (1) Each operator of a natural gas master meter system shall remit to the Commission the annual pipeline safety and regulatory program fee of \$100 per master meter system no later than June 30 of each year.



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**All Service Areas****RATE SCHEDULE PSF**  
**Page 3 of 3****PIPELINE SAFETY AND REGULATORY PROGRAM FEES**  
**(Continued)**

- (2) The Commission shall send an invoice to each affected natural gas master meter system operator no later than April 30 of each year as a courtesy reminder. The failure of a natural gas master meter system operator to receive an invoice shall not exempt the natural gas master meter system operator from its obligation to remit to the Commission the annual pipeline safety and regulatory program fee on June 30 each year.
- (3) Each operator of a natural gas master meter system shall recover as a surcharge to its existing rates the amounts paid to the Commission under paragraph (1) of this subsection.
- (4) No later than 90 days after the last billing cycle in which the pipeline safety and regulatory program fee surcharge is billed to customers, each natural gas master meter system operator shall file with the Oversight and Safety Division a report showing:
- (A) the pipeline safety and regulatory program fee amount paid to the Commission;
  - (B) the unit rate and total amount of the surcharge billed to each customer;
  - (C) the date or dates on which the surcharge was billed to customers; and
  - (D) the total amount collected from customers from the surcharge.
- (d) Late payment penalty. If the operator of a natural gas distribution system or a natural gas master meter system does not remit payment of the annual pipeline safety and regulatory program fee to the Commission within 30 days of the due date, the Commission shall assess a late payment penalty of 10 percent of the total assessment due under subsection (b) or (c) of this section, as applicable, and shall notify the operator of the total amount due to the Commission.

**Source Note:** The provisions of this §8.201 adopted to be effective September 8, 2003, 28 TexReg 7682; amended to be effective November 24, 2004, 29 TexReg 10733; amended to be effective May 15, 2005, 30 TexReg 2849; amended to be effective December 19, 2005, 30 TexReg 8428; amended to be effective April 18, 2007, 32 TexReg 2136; amended to be effective November 12, 2007, 32 TexReg 8121; amended to be effective September 21, 2009, 34 TexReg 6446; amended to be effective August 30, 2010, 35 TexReg 7743; amended to be effective November 14, 2011, 36 TexReg 7663; amended to be effective November 11, 2013, 38 TexReg 7947; amended to be effective January 6, 2020, 45 TexReg 121

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****RATE SCHEDULE RCE****RATE CASE EXPENSE SURCHARGE****A. APPLICABILITY**

The Rate Case Expense Surcharge (RCE) rate as set forth in Section (B) below is implemented pursuant to City Ordinances, other regulatory approval or by operation of law. This rate shall apply to the following rate schedules of the Company in the incorporated areas served in the Gulf Coast Service Area including Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas: 10, 20, 30, 40, and T-1.

**B. RCE RATE**

All Ccf during each billing period: \$0.00437 per Ccf

This rate will be in effect until all approved and expended rate case expenses are recovered under the applicable rate schedules. The Company will recover \$\_\_\_\_\_ in actual expense and up to \$\_\_\_\_\_ in estimated expense, not to exceed actual expense. The Rate Case Expense Surcharge will be a separate line item on the bill.

**C. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchises fees) related to above.

**D. CONDITIONS**

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

Initial Rate Schedule

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****RATE SCHEDULE RCE-ENV****RATE CASE EXPENSE SURCHARGE****A. APPLICABILITY**

The Rate Case Expense Surcharge (RCE) rate as set forth in Section (B) below is pursuant to Gas Utilities Docket No. 10928 : Statement of Intent Filed by Texas Gas Service Company, a Division of ONE Gas, Inc. to Increase Gas Utility Rates Within the Unincorporated Areas of the Central Texas Service Area and Gulf Coast Service Area and, Final Order Finding of Fact No. . This rate shall apply to the following rate schedules of the Company in the unincorporated areas served in the Gulf Coast Service Area including Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas: 1Z, 2Z, 3Z, 4Z, and T-1-ENV.

**B. RCE RATE**

All Ccf during each billing period:       \$0.00437 per Ccf

This rate will be in effect until all approved and expended rate case expenses are recovered under the applicable rate schedules. The Company will recover \$\_\_\_\_\_ in actual expense and up to \$\_\_\_\_\_ in estimated expense, not to exceed actual expense. The Rate Case Expense Surcharge will be a separate line item on the bill.

**C. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees related to above.

**D. CONDITIONS**

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

**E. COMPLIANCE**

The Company shall file an annual rate case expense reconciliation report within ninety (90) days after each calendar year end until and including the calendar year end in which the rate case expenses are fully recovered. The Company shall file the report with the Commission addressed to the Director of Oversight and Safety Division, Gas Services Department and referencing Gas Utilities Docket No. 10928 Rate Case Expense Recovery Report. The report shall detail the monthly collections for RCE surcharge by customer class and show the outstanding balance. Reports for the Commission should be filed electronically at GUD\_Compliance@rrc.texas.gov or at the following address:

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

Initial Rate Schedule

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****Rate Schedule T-1-ENV  
Page 1 of 2****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 Texas Gas Service Company, a Division of ONE Gas, Inc.'s (the "Company") 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 Gulf Coast Service Area distribution system which includes the environs of Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur and Port Neches, 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	\$ 265.33 per month
Industrial	\$ 520.96 per month
Public Authority	\$ 316.63 per month

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

Commercial	-	\$ 0.19726 per Ccf
Industrial	-	\$ 0.35630 per Ccf
Public Authority	-	\$ 0.11832 per Ccf

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****Rate Schedule T-1-ENV  
Page 2 of 2****TRANSPORTATION SERVICE RATE  
(Continued)****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 Gulf Coast Service Area, the customer may be charged its proportionate share of the demand or reservation charge based on benefit received by the customer.
- 3) The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.
- 4) The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.
- 5) The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider.

**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.

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****RATE SCHEDULE T-1  
Page 1 of 2****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 Texas Gas Service Company, a Division of ONE Gas Inc.'s (the "Company") 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 Gulf Coast Service Area distribution system which includes the incorporated areas of Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, 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	\$ 265.33 per month
Industrial	\$ 520.96 per month
Public Authority	\$ 316.63 per month

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

Commercial	\$ 0.19726 per Ccf
Industrial	\$ 0.35630 per Ccf
Public Authority	\$ 0.11832 per Ccf

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Gulf Coast Service Area****RATE SCHEDULE T-1**  
**Page 2 of 2****TRANSPORTATION SERVICE RATE**  
**(Continued)****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) A charge will be made each month to recover the cost of any applicable franchise fees paid to the cities.
- 3) In the event the Company incurs a demand or reservation charge from its gas supplier(s) or transportation providers in the incorporated areas of the Gulf Coast Service Area, the customer may be charged its proportionate share of the demand or reservation charge based on benefit received by the customer.
- 4) The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.
- 5) The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.
- 6) The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider.

**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.

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Gulf Coast Service Area**

**Rate Schedule T-TERMS**  
**Page 1 of 6**

**GENERAL TERMS AND CONDITIONS  
FOR TRANSPORTATION SERVICE**

**1.1 REQUIREMENTS FOR TRANSPORTATION SERVICE**

Nothing shall be deemed to supersede the respective rights and obligations of Texas Gas Service Company, a Division of ONE Gas, Inc. (the "Company") and Customer as provided by Texas statutes, rules, and/or regulations. The Company reserves the right to seek modification or termination of transportation service or any of the tariffs to which it applies and the unilateral right to seek regulatory approval to make any changes to, or to supersede, the rates, charges and terms of transportation service.

**1.2 DEFINITIONS**

The following definitions shall apply to the indicated words as used in this Tariff:

<u>Adder:</u>	Shall mean the Company's incremental cost to purchase natural gas.
<u>Aggregation Areas:</u>	Shall mean aggregation pools established by the Company within geographic, operational, administrative, and/or other appropriate parameters, for the purposes of nominating and imbalances.
<u>Btu:</u>	Shall mean British thermal unit(s) and shall be computed on a temperature base of 60° Fahrenheit and at the standard pressure base of the applicable service area and on a gross-real-dry basis and shall not be corrected for real water vapor as obtained by means commonly acceptable to the industry, and "MMBtu" shall mean 1,000,000 Btu.
<u>Commercial Service:</u>	Service to Consumers engaged primarily in the sale or furnishing of goods and services and any usage not otherwise provided for.
<u>Commission or The Commission:</u>	The Railroad Commission of Texas.
<u>Company:</u>	Texas Gas Service Company, a Division of ONE Gas, Inc.
<u>Consumption Period:</u>	Shall mean a volumetric billing period.
<u>Cumulative Tolerance Limit:</u>	Shall mean the percent of aggregate historical annual deliveries of a Qualified Supplier's Aggregation Area pool of customers for the most recent year ended on June 30. The Company, at its sole discretion, may make adjustments to the Cumulative Tolerance Limit.
<u>Customer:</u>	Any person or organization now being billed for gas service whether used by him or her, or by others.



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Gulf Coast Service Area**

**Rate Schedule T-TERMS**  
**Page 2 of 6**

**GENERAL TERMS AND CONDITIONS**  
**FOR TRANSPORTATION SERVICE**  
**(Continued)**

<u>Day or Gas Day:</u>	Shall mean the 24-hour period commencing at 9:00 a.m. (Central Standard Time) on one calendar day and ending at 9:00 a.m. (Central Standard Time) the following calendar day.
<u>Dekatherm (Dth):</u>	Shall mean 1,000,000 Btu's (1 MMBtu). This unit will be on a dry basis.
<u>Electrical Cogeneration Service:</u>	Service to Consumers who use natural gas for the purpose of generating electricity. This service uses 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.
<u>Electronic Flow Measurement (EFM):</u>	A device that remotely reads a gas meter.
<u>Gas or Natural Gas:</u>	Shall mean 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.
<u>Industrial Service:</u>	Service to Consumers engaged primarily in a process which changes raw or unfinished materials into another form of product. This classification shall embrace all Consumers included in Division A (except Major Groups 01 and 02) and Division D of the Standard Industrial Classification Manual.
<u>Mcf:</u>	Shall mean 1,000 cubic feet of Gas.
<u>Month:</u>	Shall mean the period beginning at 9:00 a.m. Central Standard Time on the first Day of each calendar month and ending at 9:00 a.m. Central Standard Time on the first Day of the next succeeding calendar month.
<u>Monthly Tolerance Limit:</u>	Shall mean 5% of the aggregate deliveries for a Qualified Suppliers Aggregation Area pool of customers for such month.
<u>Payment in Kind (PIK):</u>	Shall mean a reimbursement for lost and unaccounted for gas.
<u>PDA:</u>	Shall mean a predetermined allocation method.
<u>Pipeline System:</u>	Shall mean the current existing utility distribution facilities of Company located in the State of Texas.

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Gulf Coast Service Area**

**Rate Schedule T-TERMS**  
**Page 3 of 6**

**GENERAL TERMS AND CONDITIONS**  
**FOR TRANSPORTATION SERVICE**  
**(Continued)**

<u>Point of Delivery:</u>	Shall mean the point or points where gas is delivered from the Pipeline System to Customer.
<u>Point of Receipt:</u>	Shall mean the point or points where Company shall receive Gas into the Pipeline System from Customer.
<u>Point Operator:</u>	Shall mean the person or entity that controls the Point of Receipt or Point of Delivery.
<u>Qualified Supplier:</u>	Shall mean an approved supplier of natural gas for transportation to customers through the Company's pipeline system.
<u>Regulatory Authority:</u>	The City Council or equivalent municipal governing body of each respective city in the Gulf Coast Service Area, or the Railroad Commission of Texas, as applicable.
<u>Service Area:</u>	The area receiving gas utility service provided by the Company under the terms of this Tariff.
<u>Tariff:</u>	Shall mean 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 Company or the services provided hereunder.
<u>Transportation Form:</u>	Shall mean the Company approved selection of transportation service document.
<u>Transportation Rate Schedule:</u>	A rate schedule designed for service to any Customer for the transportation of Customer-owned natural gas through the Company's distribution system.
<u>Transportation Service:</u>	The transportation by the Company of natural gas owned by someone other than the Company through the Company's distribution system.
<u>Week:</u>	Shall mean a period of 7 consecutive Days beginning at 9:00 a.m. Central Standard Time on each Monday and ending at the same time on the next succeeding Monday.
<u>Year:</u>	Shall mean a period of 365 consecutive Days, or 366 consecutive Days when such period includes a February 29.

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Gulf Coast Service Area**

**Rate Schedule T-TERMS**  
**Page 4 of 6**

**GENERAL TERMS AND CONDITIONS  
FOR TRANSPORTATION SERVICE  
(Continued)**

**1.3 COMPANY'S RESPONSIBILITY:**

Company shall deliver to Customer, at the Point of Delivery, volumes of gas, as received from designated Qualified Supplier, for the Customer, at a mutually agreed upon Point of Receipt, less Payment in Kind (PIK).

- a) In no event shall Company be required to expand, modify, construct, rearrange, or change the operations of the Pipeline System in order to receive gas from or on behalf of Customer or in order to deliver gas to Customer at any existing Points of Delivery. Company reserves the right in its sole discretion to remove, relocate, expand, or rebuild, without approval of Customer, any portion of the Pipeline System. Customer shall make no alterations, additions, or repairs to or on the Pipeline System.

**1.4 CUSTOMER'S RESPONSIBILITY**

Customer, by selecting service under a transportation service rate schedule by completing a Transportation Form, warrants and agrees that:

- a) Gas received by Company for the Customer shall be free from all adverse claims, liens, and encumbrances;
- b) Customer shall indemnify and hold Company harmless from and against all suits, actions, causes of action, claims and demands, including attorneys' fees and costs, arising from or out of any adverse claims by third parties claiming ownership of, or an interest in said gas caused by the failure to provide clear title to the gas;
- c) Customer acknowledges Company shall not be responsible in any way for damages or claims relating to the Customer's gas or the facilities of the Customer or others containing such gas prior to receipt into Company's facilities or after delivery to the Customer;
- d) Customer must provide Company with a signed Transportation Form identifying its Qualified Supplier. Customer may designate no more than one Qualified Supplier. This authorization shall be in a form agreeable to Company and shall remain in effect until a signed replacement is received by Company;
- e) Customer acknowledges the Qualified Supplier's responsibilities under Section 1.5;
- f) Transportation Service is not available for a term less than 12 months. Termination of transportation service may, at the Company's sole discretion, delay Customer's request to resume transportation service;
- g) Electronic flow measurement (EFM) may be required for Customers under transportation service, at the Company's sole discretion. The Customer may be required to reimburse the Company for any cost related to the installation of the EFM as well as provide for or reimburse the Company for any ongoing maintenance, repair, or communications costs; and
- h) In the event Customer's source of gas supply is terminated by Customer's Qualified Supplier due to non-payment or other reasons, or if customer is otherwise unable to continue as a transportation customer, Customer may, upon the first of the month after 30 calendar days advance notice to Company, obtain service from Company under the general sales tariff applicable to Customer. Prior to commencing such service, Company may, in its sole discretion, require Customer to post a deposit or bond.

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Gulf Coast Service Area**

**Rate Schedule T-TERMS**  
**Page 5 of 6**

**GENERAL TERMS AND CONDITIONS  
FOR TRANSPORTATION SERVICE  
(Continued)**

**1.5 QUALIFIED SUPPLIER'S RESPONSIBILITY:**

Qualified Supplier shall act on behalf of the Customer to procure gas supplies, deliver gas supplies plus Payment in Kind volume, into mutually agreed upon Points of Receipt and shall act as the Customer's agent with respect to nominations, operational notices and resolution of imbalances.

- a) Qualified Suppliers shall aggregate their Customers' volumes for balancing purposes, into Aggregation Areas, as determined, in the Company's sole discretion.
- b) Qualified Supplier shall submit nominations to the Company's gas scheduling department, in accordance with their currently effective nomination process, which can be provided to the parties upon request. Customer and Qualified Supplier shall exercise commercially reasonable best efforts to deliver to the Pipeline System Dths of gas that Company is to deliver from the Pipeline System to Customer during any particular Hour, Day, Week and Month, including but not limited to volumes needed for peak Day usage for Customer's facilities. Qualified Supplier shall not intentionally nominate more or less gas than is anticipated for consumption by Customer(s), except as may be needed for balancing purposes to the extent Company accepts such nomination.
- c) Before the start of the Gas Day, the Point Operator and Company shall establish a predetermined allocation (PDA) method to specify how gas received or delivered by Company shall be allocated in accordance with confirmed nominations at such point. Only one PDA methodology shall be applied per allocation period.
- d) Daily Quantity of Transportation Service Gas: Company shall receive and deliver gas hereunder as nearly as practicable at uniform hourly and daily rates of flow. It is recognized that it may be physically impracticable, because of measurement, gas control limitations and other operating conditions, to stay in zero imbalance each hour and each day; therefore, the daily and hourly quantities received may, due to the aforementioned reasons, vary above or below the daily and hourly quantities delivered. If the quantities received and the quantities delivered hereunder should create an imbalance at the end of any hour, Day, Week, or Month, then Company and Customer shall adjust receipts and/or deliveries at any time to the end that the quantities received and delivered shall be kept as near to zero imbalance as practicable.
- e) Quality of Transportation Service Gas: The gas procured by a Qualified Supplier, for receipt by Company, shall conform to the standards prescribed in Company's applicable rate schedules, Agreements, and applicable local, state or federal laws, rules and/or regulations.

**1.6 IMBALANCES:**

Qualified Supplier shall, to the extent practicable, not deliver into the Pipeline System more or less Dths of Gas than Company delivers to the Aggregation Area of Customers, at the Points of Delivery, during a Consumption Period. The following imbalance provisions shall be applied to the Qualified Supplier for its Aggregation Area of Customers.

- a) If Company receives less Dths of Gas than are delivered to the Aggregate Area Customers at the Points of Delivery in excess of the Monthly Tolerance Limit or Cumulative Tolerance Limit in any particular Consumption Period, then Qualified Supplier shall purchase such under-delivered volumes at 105% of the applicable index, plus the Adder.

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Gulf Coast Service Area**

**Rate Schedule T-TERMS**  
**Page 6 of 6**

**GENERAL TERMS AND CONDITIONS**  
**FOR TRANSPORTATION SERVICE**  
**(Continued)**

- b) If Company receives more Dths of Gas than are delivered to the Aggregate Area Customers at the Points of Delivery in excess of the Monthly Tolerance Limit or Cumulative Tolerance Limit in any particular Consumption Period, Qualified Supplier shall sell such excess Gas to Company at 95% of the applicable index.
- c) The applicable index and Adder will be defined in the Qualified Supplier Agreement and amended from time to time.
- d) A proportional share of any upstream pipeline transportation service charges and penalties incurred by the Company, that in whole or in part, are the result of Qualified Supplier's scheduling and/or managing the upstream transportation of the Customer's gas to Company's interconnection point(s) with the upstream pipeline(s). Proceeds from this charge will be credited to the Reconciliation Account. The Company will bill Qualified Supplier for these charges and penalties manually on a separate bill. Payment shall be required in accordance with applicable Rules of Service.
- e) The Company will provide monthly imbalance statements along with calculations of the charges in accordance with the aforementioned provisions to the Qualified Supplier each month.
- f) Payments for imbalance settlements will be due each month within 15 business days of the imbalance statement date. The Company may elect at its sole discretion to accrue the imbalance settlement provisions each month and only require periodic settlement rather than monthly payments.
- g) On or about 15 days after the Company receives necessary volumetric information from other parties for each Consumption Period after commencement of Gas receipts and deliveries hereunder, Company shall render to the Qualified Supplier a statement for the preceding Consumption Period showing the total Dths of Gas received and delivered and each Point of Receipt and Point of Delivery. If information necessary for statement purposes is in the possession of Customer, Customer shall furnish such information to Company on or before the 6th Day of the Month in which the statement requiring such data is to be rendered.
- h) Both parties hereto shall have the right at any and all reasonable times within 24 months from the time period in question, to examine the books and records of the other to the extent necessary to verify the accuracy of any statement, computation, or demand made hereunder.

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****RATE SCHEDULE WNA  
Page 1 of 2****WEATHER NORMALIZATION ADJUSTMENT CLAUSE****APPLICABILITY**

The Weather Normalization Adjustment Clause (WNA) shall apply to the following general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. (the "Company") in the incorporated and unincorporated areas served in the Gulf Coast Service Area including Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas: Rate Schedules 10, 1Z, 20, 2Z, 40 and 4Z. The WNA shall be effective during the September through May billing cycles.

**PURPOSE**

The WNA refunds over-collections or surcharges under-collections of revenue due to colder or warmer than normal weather, as established in the Company's most recent rate filing.

**WNA MECHANISM**

In order to reflect weather effects in a timely and accurate manner, the WNA adjustment shall be calculated separately for each billing cycle and rate schedule. The weather factor, determined for each rate schedule in the most recent rate case, shows the effect of one heating degree day on consumption for that rate schedule. During each billing cycle, the 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. This WNA volume adjustment is priced at the current cost of service rate per Ccf to determine a WNA revenue adjustment, which is spread to the customers in the billing cycle on a prorata basis. The WNA for each billing cycle and rate schedule shall be based on the following formula:

$$\text{WNA Rate} = \frac{\text{WNAD}}{\text{CV}}, \text{ where}$$

WNAD = Weather Normalization Adjustment Dollars to be collected from each billing cycle and rate schedule. This factor shall be based on the following formula:

$$\text{WNAD} = (\text{HDD Diff} * \text{CB} * \text{WF}) * \text{COS rate, where}$$

HDD Diff = (Normal HDD – Actual HDD), the difference between normal and actual heating degree days for the billing period.

CB = Number of customers billed for the billing period.

WF = Weather factor determined for each rate schedule in the most recent rate case.

Supersedes Rate Schedule Dated  
May 9, 2016 (Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area****RATE SCHEDULE WNA  
Page 2 of 2****WEATHER NORMALIZATION ADJUSTMENT CLAUSE  
(Continued)**Bayou Vista, Galveston, Jamaica Beach:

Residential 0.18569; Commercial 0.44273; Public Authority 3.44053

Weather Station: KGLS

Beaumont, Groves, Nederland, Port Arthur, and Port Neches:

Residential 0.17379; Commercial 0.28946; Public Authority 2.28489

Weather Station: KBPT

CV = Current Volumes for the billing period.

**FILING WITH THE CITIES AND THE RAILROAD COMMISSION OF TEXAS (RRC)**

The Company will file monthly reports showing the rate adjustments for each applicable rate schedule. Supporting documentation will be made available for review upon request. By each October 1, the Company will file with the Cities and the RRC an annual report verifying the past year's WNA collections or refunds.

Supersedes Rate Schedule Dated  
May 9, 2016 (Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
TBD



TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.  
CENTRAL-GULF SERVICE AREA  
TWELVE MONTHS ENDED JUNE 30, 2019  
UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019

## PROOF OF REVENUE

Line	Description (a)	Bills (b)	Recommended Rates			Calculated Revenue at Recommended Rates (g)	Assigned Revenue (i)	Rounding Diff. (j)
			Volumes (c)	Customer Charge (e)	Usage Charges (f)			
1	Residential - Rate Option A	1,964,055		\$ 16.00		\$ 31,424,877		
2			All Ccf		0.32626	\$ 11,528,053		
3	Residential - Rate Option B	1,568,910		\$ 16.00		\$ 25,102,561		
4			All Ccf		0.32626	\$ 22,967,952		
5	Residential Total					\$ 91,023,443	\$ 91,023,579	\$ (136)
6								
7	Commercial	169,326		\$ 53.33		\$ 9,030,162		
8			All Ccf		0.12679	\$ 5,637,815	\$ 14,667,976	
9								
10	Commercial Transportation	4,385		\$ 265.33		\$ 1,163,507		
11			All Ccf		0.12679	\$ 2,566,322	\$ 3,729,829	
12								
13	Commercial Total					\$ 18,397,806	\$ 18,397,847	\$ (42)
14								
15	Industrial	251		\$ 320.96		\$ 80,503		
16			All Ccf		0.12707	\$ 81,871	\$ 162,374	
17								
18	Industrial Transportation	444		\$ 520.96		\$ 231,306		
19			All Ccf		0.12707	\$ 828,297	\$ 1,059,603	
20								
21	Industrial Total					\$ 1,221,978	\$ 1,222,000	\$ (23)
22								
23	Public Authority	9,925		\$ 81.70		\$ 810,861		
24			All Ccf		0.12549	\$ 550,968	\$ 1,361,829	
25								
26	Public Authority Transportation	4,681		\$ 104.70		\$ 490,101		
27			All Ccf		0.12549	\$ 928,262	\$ 1,418,363	
28								
29								



**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**CENTRAL-GULF SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**PROOF OF REVENUE**

Line	Description	Bills	Volumes	Recommended Rates		Calculated Revenue at Recommended Rates	Assigned Revenue	Rounding Diff.
				Customer Charge	Usage Charges			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(i)	(j)
30	COGEN Transportation	12		\$ 104.70		\$ 1,256		
31								
32		First 5000	60,000		0.07720	\$ 4,632		
33		Next 35,000	420,000		0.06850	\$ 28,770		
34		Next 60,000	720,000		0.05524	\$ 39,773		
35		Over 100,000	2,685,983		0.04016	\$ 107,869	\$ 182,300	
36								
37	Public Schools Space Heating	66		\$ 134.70		\$ 8,933		
38		All Ccf	135,167		0.10012	13532.95714	\$ 22,466	
39								
40	Public Schools Space Heating	980		\$ 234.70		\$ 230,006		
41	Transportation		-			\$ 120,159	\$ 350,165	
42		All Ccf	1,200,155		0.10012			
43	Public Authority Total					\$ 3,335,123	\$ 3,335,082	\$ 42
44								
45	Compressed Nat. Gas	36		\$ 192.63		\$ 6,935		
46		All Ccf	620		0.06684	\$ 41	\$ 6,976	
47	Compressed Nat. Gas							
48	Transportation	48		\$ 217.63		\$ 10,446		
49	Compressed Nat. Gas Total		1,352,087		0.06684	\$ 90,373	\$ 100,820	
50		All Ccf				\$ 107,796	\$ 107,796	(0)
51	Total Revenue - All Classes							
52	Recommended Rate Revenue					\$ 114,086,145	\$ 114,086,304	
53	Current Rate Revenue					\$ 103,786,304	\$ 103,786,304	
54	Revenue Change					\$ 10,299,841	\$ 10,300,000	(159)
55	Schedule A - Revenue Deficiency					\$	\$ 10,300,000	

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Rate Case TYE June 2019  
Updated for Known and Measurable Changes Through September 30, 2019

GUID No. 10928  
Exhibit B Stand Alone CTSA  
Page 1 of 3

**PROOF OF REVENUE**

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.  
CENTRAL TEXAS SERVICE AREA  
TWELVE MONTHS ENDED JUNE 30, 2019  
UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**PROOF OF REVENUE**

Line	Description (a)	Bills (b)	Volumes (c)	(d)	Recommended Rates		Calculated Revenue at Recommended Rates (g)	Assigned Revenue (i)	Rounding Diff. (j)
					Customer Charge (e)	Usage Charges (f)			
1	Residential - Rate Option A	1,657,047			\$ 16.00		\$ 26,512,757		
2			All Ccf	30,205,606		0.32096	\$ 9,694,791		
3	Residential - Rate Option B	1,368,272			\$ 16.00		\$ 21,892,348		
4			All Ccf	61,354,518		0.32096	\$ 19,692,346		
5	Residential Total						\$ 77,792,243	\$ 77,792,426	\$ (184)
6									
7	Commercial	147,571			\$ 53.33		\$ 7,869,950		
8			All Ccf	38,803,286		0.11615	\$ 4,507,002	\$ 12,376,952	
9									
10	Commercial Transportation	4,029			\$ 265.33		\$ 1,069,050		
11			All Ccf	17,413,058		0.11615	\$ 2,022,527	\$ 3,091,577	
12									
13	Commercial Total						\$ 15,468,528	\$ 15,468,381	\$ 147
14									
15	Industrial	251			\$ 320.96		\$ 80,503		
16			All Ccf	644,300		0.10276	\$ 66,208	\$ 146,711	
17									
18	Industrial Transportation	396			\$ 520.96		\$ 206,300		
19			All Ccf	5,831,603		0.10276	\$ 599,255	\$ 805,556	
20									
21	Industrial Total						\$ 952,267	\$ 952,280	\$ (13)
22									
23	Public Authority	6,766			\$ 81.70		\$ 552,778		
24			All Ccf	2,837,396		0.11579	\$ 328,542	\$ 881,320	
25									
26	Public Authority Transportation	4,681			\$ 104.70		\$ 490,101		
27			All Ccf	7,397,100		0.11579	\$ 856,510	\$ 1,346,611	

Texas Gas Service Company, a Division of ONE Gas, Inc.  
 Central-Gulf Rate Case TYE June 2019  
 Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
 Exhibit B Stand Alone CTSA  
 Page 2 of 3

**PROOF OF REVENUE**

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.  
 CENTRAL TEXAS SERVICE AREA  
 TWELVE MONTHS ENDED JUNE 30, 2019  
 UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**PROOF OF REVENUE**

Line	Description	Bills	Volumes	Recommended Rates		Calculated Revenue at Recommended Rates	Assigned Revenue	Rounding Diff.
				Customer Charge	Usage Charges			
	(a)	(b)	(c)	(e)	(f)	(g)	(i)	(j)
28								
29								
30	COGEN Transportation	12		\$ 104.70		\$ 1,256		
31								
32			First 5000		0.07720	4,632		
33			Next 35,000		0.06850	28,770		
34			Next 60,000		0.05524	39,773		
35			Over 100,000		0.04016	107,869		
36						\$ 182,300		
37	Public Schools Space Heating	66		\$ 134.70		8,933		
38			All Ccf		0.10012	13532.95714	\$ 22,466	
39								
40	Public Schools Space Heating Transportation	980		\$ 234.70		230,006		
41			All Ccf		0.10012	120,159	\$ 350,165	
42								
43	Public Authority Total					\$ 2,782,862	\$ 2,782,883	\$ (21)
44								
45	Compressed Nat. Gas	36		\$ 192.63		6,935		
46			All Ccf		0.06684	41	\$ 6,976	
47	Compressed Nat. Gas Transportation	48		\$ 217.63		10,446		
48			All Ccf		0.06684	90,373	\$ 100,820	
49	Compressed Nat. Gas Total					\$ 107,796	\$ 107,796	\$ (0)
50								

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Rate Case TYE June 2019  
Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
Exhibit B Stand Alone CTSA  
Page 3 of 3

**PROOF OF REVENUE**

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.  
CENTRAL TEXAS SERVICE AREA  
TWELVE MONTHS ENDED JUNE 30, 2019  
UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**PROOF OF REVENUE**

Line	Description	Bills (b)	Volumes (c)	Volumes (d)	Recommended Rates		Calculated Revenue at Recommended Rates (g)	Assigned Revenue (i)	Rounding Diff. (j)
					Customer Charge (e)	Usage Charges (f)			
51	Total Revenue - All Classes								
52	Recommended Rate Revenue					\$ 97,103,696	\$ 97,103,766		
53	Current Rate Revenue					\$ 87,261,036	\$ 87,261,036		
54	Revenue Change					<u>\$ 9,842,660</u>	<u>\$ 9,842,730</u>	\$	(70)
55	Schedule A - Revenue Deficiency						<u>\$ 9,842,730</u>		

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Rate Case TYE June 2019  
Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
Exhibit B Stand Alone GCSA  
Page 1 of 1

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**GULF COAST SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**PROOF OF REVENUE**

**PROOF OF REVENUE**

Line	Description (a)	Bills (b)	Volumes (c)	Volumes (d)	Recommended Rates		Calculated Revenue at Recommended Rates (g)	Assigned Revenue (i)	Rounding Diff. (j)
					Customer Charge (e)	Usage Charges (f)			
1	Residential - Rate Option A	306,794			\$ 16.00		\$ 4,908,705		
2			All Ccf	5,144,234		0.36050	\$ 1,854,496		
3	Residential - Rate Option B	200,852			\$ 16.00		\$ 3,213,628		
4			All Ccf	9,027,282		0.36050	\$ 3,254,335		
5	Residential Total						\$ 13,231,164	\$ 13,231,153	\$ 11
6									
7	Commercial	21,755			\$ 53.33		\$ 1,160,211		
8			All Ccf	5,662,483		0.19726	\$ 1,116,981	\$ 2,277,193	
9									
10	Commercial Transportation	356			\$ 265.33		\$ 94,457		
11			All Ccf	2,827,669		0.19726	\$ 557,786	\$ 652,243	
12									
13	Commercial Total						\$ 2,929,436	\$ 2,929,466	\$ (30)
14									
15	Industrial Transportation	48			\$ 520.96		\$ 25,006		
16			All Ccf	686,830		0.35630	\$ 244,718		
17	Industrial Transportation Total						\$ 269,724	\$ 269,721	\$ 3
18									
19	Public Authority	3,159			\$ 116.63		\$ 368,425		
20			All Ccf	1,553,134		0.11832	\$ 183,767		
21	Public Authority Total						\$ 552,192	\$ 552,199	(7)
22									
23	Total Revenue - All Classes						\$ 16,982,516	\$ 16,982,539	
24	Recommended Rate Revenue						\$ 16,525,268	\$ 16,525,268	
25	Current Rate Revenue						\$ 457,248	\$ 457,270	\$ (23)
26	Revenue Change								
27	Schedule A - Revenue Deficiency						\$ 457,270	\$ 457,270	

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**

**CENTRAL-GULF SERVICE AREA**

**TWELVE MONTHS ENDED JUNE 30, 2019**

**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - SERVICE AREA DIRECT - CONSOLIDATED**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
<u>INTANGIBLE PLANT</u>		
1	(301) Organization	4.00%
2	(301) Organization - OPC	6.67%
3	(302) Franchises & Consents	4.02%
4	(303) Misc. Intangible	4.06%
5	(303) Misc. Intangible- OPC	0.00%
6	Total Intangible Plant	
<u>GATHERING AND TRANSMISSION PLANT</u>		
7	(325) Land & Land Rights	0.00%
8	(327) Field Comprss Station Strcutres	0.00%
9	(328) Field Meas/Reg Station Structures	0.00%
10	(329) Other Structures	0.00%
11	(332) Field Lines	0.00%
12	(333) Field Compressor Station Equip	0.00%
13	(334) Field Meas/Reg Station Equipment	0.00%
14	(336) Purification Equipment	0.00%
15	(337) Other Equip	0.00%
16	(365) Land & Land Rights	0.00%
17	(365.1) Land - OPC	0.00%
18	(365.2) Rights of Way - OPC	1.30%
19	(366) Meas/Reg Station Structures	0.00%
20	(366.1) Compressor Station Stru - OPC	4.04%
21	(367) Mains	1.75%
22	(367) Mains - OPC	1.75%
23	(368) Compressor Station Equip	0.00%
24	(369) Measure/Reg. Station Equipment	1.83%
25	(369) Measuring & Regulating - OPC	1.83%
26	(369.1) Measuring Station Equip - OPC	2.62%
27	(371) Other Equipment	0.00%
28	(371) Other Transmission Eq - OPC	2.62%
29	Total Gathering and Transmission Plant	
<u>DISTRIBUTION PLANT</u>		
30	(374) Land & Land Rights	0.00%
31	(374.1) Land & Land Rights	0.00%
32	(374.2) Land & Land Rights	0.00%
33	(375.1) Structures & Improvements	1.71%
34	(375.2) Other Distr Systems Struct	2.38%
35	(376) Mains	1.73%
36	(376.9) Mains - Cathodic Protection Anodes	6.67%
37	(377) Compressor Station Equipment	0.00%
38	(378) Meas. & Reg. Station - General	1.97%

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**CENTRAL-GULF SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - SERVICE AREA DIRECT - CONSOLIDATED**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
39	(379) Meas. & Reg. Station - C.G.	1.69%
40	(380) Services	2.24%
41	(381) Meters	4.04%

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**

**CENTRAL-GULF SERVICE AREA**

**TWELVE MONTHS ENDED JUNE 30, 2019**

**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - SERVICE AREA DIRECT - CONSOLIDATED**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
42	(382) Meter Installations	0.00%
43	(383) House Regulators	2.55%
44	(385) Indust. Meas. & Reg. Stat. Equipment	1.87%
45	(386) Other Property on Customer Premises	-0.16%
46	(387) Meas. & Reg. Stat. Equipment	1.95%
47	Total Distribution Plant	
<u>GENERAL PLANT</u>		
48	(389) Land & Land Rights	0.00%
49	(389.1) Land & Land Rights	0.00%
50	(390) Structures & Improvements	0.00%
51	(390.1) Structures & Improvements	2.46%
52	(390.2) Leasehold Improvements	14.88%
53	(391) Office Furniture & Equipment	6.67%
54	(391.1) Office Furniture & Equipment	6.67%
55	(391.1) Office Furniture & Fixt - OPC	6.67%
56	(391.9) Computer & Equipment	14.29%
57	(392) Transportation Equipment	8.49%
58	(393) Stores Equipment	6.67%
59	(394) Tools, Shop & Garage	6.67%
60	(394.1) Tools, Shop & Garage	6.67%
61	(394.1) Tools - OPC	6.67%
62	(395) CNG Equipment	0.00%
63	(396) Major Work Equipment	5.46%
64	(397) Communication Equipment	6.67%
65	(398) Miscellaneous General Plant	6.67%
66	Total General Plant	



**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**

**CENTRAL-GULF SERVICE AREA**

**TWELVE MONTHS ENDED JUNE 30, 2019**

**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - TGS DIVISION**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
<u>INTANGIBLE PLANT</u>		
1	(301) Organization	0.00%
2	(302) Franchises & Consents	0.00%
3	(303) Misc. Intangible	0.00%
4	Total Intangible Plant	
<u>GATHERING AND TRANSMISSION PLANT</u>		
5	(325) Land & Land Rights	0.00%
6	(327) Field Comprss Station Strcutres	0.00%
7	(328) Field Meas/Reg Station Structures	0.00%
8	(329) Other Structures	0.00%
9	(332) Field Lines	0.00%
10	(333) Field Compressor Station Equip	0.00%
11	(334) Field Meas/Reg Station Equipment	0.00%
12	(336) Purification Equipment	0.00%
13	(337) Other Equip	0.00%
14	(365) Land & Land Rights	0.00%
15	(366) Meas/Reg Station Structures	0.00%
16	(367) Mains	0.00%
17	(368) Compressor Station Equip	0.00%
18	(369) Measure/Reg. Station Equipment	0.00%
19	(371) Other Equipment	0.00%
20	Total Gathering and Transmission Plant	
<u>DISTRIBUTION PLANT</u>		
21	(374) Land & Land Rights	0.00%
22	(375.1) Structures & Improvements	0.00%
23	(376) Mains	0.00%
24	(377) Compressor Station Equipment	0.00%
25	(378) Meas. & Reg. Station - General	0.00%
26	(379) Meas. & Reg. Station - C.G.	0.00%
27	(380) Services	0.00%
28	(381) Meters	0.00%
29	(382) Meter Installations	0.00%
30	(383) House Regulators	0.00%
31	(385) Indust. Meas. & Reg. Stat. Equipment	0.00%
32	(386) Other Property on Customer Premises	0.00%
33	(387) Meas. & Reg. Stat. Equipment	0.00%
34	Total Distribution Plant	

GENERAL PLANT

35	(389) Land & Land Rights	0.00%
36	(390.1) Structures & Improvements	2.59%
37	(390.2) Leasehold Equipment	17.39%
38	(391.1) Office Furniture & Fixtures	6.67%
39	(391.2) Data Processing Equipment	0.00%
40	(391.3) Office Machines	0.00%
41	(391.4) Audio Visual Equipment	0.00%
42	(391.6) Purchased Software	0.00%
43	(391.9) Computer & Equipment	14.29%
44	(392.6) Aircraft	0.00%
45	(394) Tools	6.67%
46	(394.2) Shop Equipment	0.00%
47	(397) Communication Equipment	6.67%
48	(398) Miscellaneous General Plant	6.67%
49	Total General Plant	

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**

**CENTRAL-GULF SERVICE AREA**

**TWELVE MONTHS ENDED JUNE 30, 2019**

**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - CORPORATE**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
<u>INTANGIBLE PLANT</u>		
1	(301) Organization	0.00%
2	(302) Franchises & Consents	0.00%
3	(303) Misc. Intangible	0.00%
4	Total Intangible Plant	
<u>GATHERING AND TRANSMISSION PLANT</u>		
5	(325) Land & Land Rights	0.00%
6	(327) Field Comprss Station Strucutres	0.00%
7	(328) Field Meas/Reg Station Structures	0.00%
8	(329) Other Structures	0.00%
9	(332) Field Lines	0.00%
10	(333) Field Compressor Station Equip	0.00%
11	(334) Field Meas/Reg Station Equipment	0.00%
12	(336) Purification Equipment	0.00%
13	(337) Other Equip	0.00%
14	(365) Land & Land Rights	0.00%
15	(366) Meas/Reg Station Structures	0.00%
16	(367) Mains	0.00%
17	(368) Compressor Station Equip	0.00%
18	(369) Measure/Reg. Station Equipment	0.00%
19	(371) Other Equipment	0.00%
20	Total Gathering and Transmission Plant	
<u>DISTRIBUTION PLANT</u>		
21	(374) Land & Land Rights	0.00%
22	(375.1) Structures & Improvements	0.00%
23	(376) Mains	0.00%
24	(377) Compressor Station Equipment	0.00%
25	(378) Meas. & Reg. Station - General	0.00%
26	(379) Meas. & Reg. Station - C.G.	0.00%
27	(380) Services	0.00%
28	(381) Meters	0.00%
29	(382) Meter Installations	0.00%
30	(383) House Regulators	0.00%
31	(385) Indust. Meas. & Reg. Stat. Equipment	0.00%
32	(386) Other Property on Customer Premises	0.00%
33	(387) Meas. & Reg. Stat. Equipment	0.00%

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**

**CENTRAL-GULF SERVICE AREA**

**TWELVE MONTHS ENDED JUNE 30, 2019**

**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - CORPORATE**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
34	Total Distribution Plant	
	<u>GENERAL PLANT</u>	
35	(389) Land & Land Rights	0.00%
36	(390.1) Structures & Improvements	2.01%
37	(390.2) Leasehold Improvements	13.01%
38	(391.1) Office Furniture & Equipment	6.67%
39	(391.19) Airplane Hanger Furniture	6.67%
40	(391.2) Data Processing Equipment	0.00%
41	(391.3) Office Machines	5.00%
42	(391.4) Audio Visual Equipment	20.00%
43	(391.5) Artwork	0.00%
44	(391.6) Purchased Software	7.69%
45	(391.6) Banner Software	7.69%
46	(391.6) PowerPlant System	7.69%
47	(391.6) Riskworks	7.69%
48	(391.6) Maximo	7.69%
49	(391.6) Dynamic Risk Assessment	7.69%
50	(391.6) Concur Project	7.69%
51	(391.6) Journey-Employee Count	7.69%
52	(391.6) Journey-Employee-ODC Dstrigas	7.69%
53	(391.6) Ariba Software	7.69%
54	(391.6) Accounts Payable Software	7.69%
55	(391.8) Micro Computer Software	20.00%
56	(391.81) Aircraft Computer Equipment	0.00%
57	(391.9) Computer & Equipment	0.00%
58	(392.6) Aircraft	6.28%
59	(394) Tools	0.00%
60	(394.1) Tools	0.00%
61	(394.2) Shop Equipment	0.00%
62	(396) Major Work Equipment	0.00%
63	(397) Communication Equipment	5.00%
64	(397.2) Telephone Equipment	0.00%
65	(398) Miscellaneous General Plant	0.00%
66	Total General Plant	

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Rate Case TYE June 2019  
Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
Exhibit C Stand Alone CTSA  
Page 1 of 6

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**CENTRAL TEXAS SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - SERVICE AREA DIRECT - CTSA**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
	<u>INTANGIBLE PLANT</u>	
1	(301) Organization	4.00%
2	(301) Organization- OPC	6.67%
3	(302) Franchises & Consents	4.02%
4	(303) Misc. Intangible	4.06%
5	(303) Misc. Intangible- OPC	0.00%
6	Total Intangible Plant	
	<u>GATHERING AND TRANSMISSION PLANT</u>	
7	(325) Land & Land Rights	0.00%
8	(327) Field Comprss Station Strcutres	0.00%
9	(328) Field Meas/Reg Station Structures	0.00%
10	(329) Other Structures	0.00%
11	(332) Field Lines	0.00%
12	(333) Field Compressor Station Equip	0.00%
13	(334) Field Meas/Reg Station Equipment	0.00%
14	(336) Purification Equipment	0.00%
15	(337) Other Equip	0.00%
16	(365) Land & Land Rights	0.00%
17	(365.1) Land (OPC)	0.00%
18	(365.2) Rights of Way (OPC)	1.30%
19	(366) Meas/Reg Station Structures	0.00%
20	(366.1) Compressor Station Stru (OPC)	4.04%
21	(367) Mains	1.75%
22	(367) Mains (OPC)	1.75%
23	(368) Compressor Station Equip	0.00%
24	(369) Measure/Reg. Station Equipment	1.83%
25	(369) Measuring & Regulating (OPC)	1.83%
26	(369.1) Measuring Station Equip (OPC)	2.62%
27	(371) Other Equipment	0.00%
28	(371) Other Transmission Eq (OPC)	2.62%
29	Total Gathering and Transmission Plant	
	<u>DISTRIBUTION PLANT</u>	
30	(374) Land & Land Rights	0.00%
31	(374.1) Land & Land Rights	0.00%
32	(374.2) Land & Land Rights	0.00%
33	(375.1) Structures & Improvements	1.79%
34	(375.2) Other Distr Systems Struct	2.38%
35	(376) Mains	1.72%
36	(376.9) Mains - Cathodic Protection Anodes	6.67%

Texas Gas Service Company, a Division of ONE Gas, Inc.  
 Central-Gulf Rate Case TYE June 2019  
 Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
 Exhibit C Stand Alone CTSA  
 Page 2 of 6

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**CENTRAL TEXAS SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - SERVICE AREA DIRECT - CTSA**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
37	(377) Compressor Station Equipment	0.00%
38	(378) Meas. & Reg. Station - General	1.95%
39	(379) Meas. & Reg. Station - C.G.	1.62%
40	(380) Services	2.21%
41	(381) Meters	3.93%
42	(382) Meter Installations	0.00%
43	(383) House Regulators	2.47%
44	(385) Indust. Meas. & Reg. Stat. Equipment	1.87%
45	(386) Other Property on Customer Premises	-0.70%
46	(387) Meas. & Reg. Stat. Equipment	0.00%
47	Total Distribution Plant	
<u>GENERAL PLANT</u>		
48	(389) Land & Land Rights	0.00%
49	(389.1) Land & Land Rights	0.00%
50	(390) Structures & Improvements	0.00%
51	(390.1) Structures & Improvements	2.35%
52	(390.2) Leasehold Improvements	14.88%
53	(391) Office Furniture & Equipment	6.67%
54	(391.1) Office Furniture & Equipment	6.67%
55	(391.1) Office Furniture & Fixt (OPC)	6.67%
56	(391.9) Computer & Equipment	14.29%
57	(392) Transportation Equipment	8.47%
58	(393) Stores Equipment	6.67%
59	(394) Tools, Shop & Garage	6.67%
60	(394.1) Tools, Shop & Garage	6.67%
61	(394.1) Tools (OPC)	6.67%
62	(395) CNG Equipment	0.00%
63	(396) Major Work Equipment	5.09%
64	(397) Communication Equipment	6.67%
65	(398) Miscellaneous General Plant	6.67%
66	Total General Plant	

Texas Gas Service Company, a Division of ONE Gas, Inc.  
 Central-Gulf Rate Case TYE June 2019  
 Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
 Exhibit C Stand Alone CTSA  
 Page 3 of 6

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**CENTRAL-GULF SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - TGS DIVISION**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
	<u>INTANGIBLE PLANT</u>	
1	(301) Organization	0.00%
2	(302) Franchises & Consents	0.00%
3	(303) Misc. Intangible	0.00%
4	Total Intangible Plant	
	<u>GATHERING AND TRANSMISSION PLANT</u>	
5	(325) Land & Land Rights	0.00%
6	(327) Field Comprss Station Strucutres	0.00%
7	(328) Field Meas/Reg Station Structures	0.00%
8	(329) Other Structures	0.00%
9	(332) Field Lines	0.00%
10	(333) Field Compressor Station Equip	0.00%
11	(334) Field Meas/Reg Station Equipment	0.00%
12	(336) Purification Equipment	0.00%
13	(337) Other Equip	0.00%
14	(365) Land & Land Rights	0.00%
15	(366) Meas/Reg Station Structures	0.00%
16	(367) Mains	0.00%
17	(368) Compressor Station Equip	0.00%
18	(369) Measure/Reg. Station Equipment	0.00%
19	(371) Other Equipment	0.00%
20	Total Gathering and Transmission Plant	
	<u>DISTRIBUTION PLANT</u>	
21	(374) Land & Land Rights	0.00%
22	(375.1) Structures & Improvements	0.00%
23	(376) Mains	0.00%
24	(377) Compressor Station Equipment	0.00%
25	(378) Meas. & Reg. Station - General	0.00%
26	(379) Meas. & Reg. Station - C.G.	0.00%
27	(380) Services	0.00%
28	(381) Meters	0.00%
29	(382) Meter Installations	0.00%
30	(383) House Regulators	0.00%
31	(385) Indust. Meas. & Reg. Stat. Equipment	0.00%
32	(386) Other Property on Customer Premises	0.00%
33	(387) Meas. & Reg. Stat. Equipment	0.00%

Texas Gas Service Company, a Division of ONE Gas, Inc.

Central-Gulf Rate Case TYE June 2019

Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928

Exhibit C Stand Alone CTSA

Page 4 of 6

GENERAL PLANT

35	(389) Land & Land Rights	0.00%
36	(390.1) Structures & Improvements	2.59%
37	(390.2) Leasehold Equipment	17.39%
38	(391.1) Office Furniture & Fixtures	6.67%
39	(391.2) Data Processing Equipment	0.00%
40	(391.3) Office Machines	0.00%
41	(391.4) Audio Visual Equipment	0.00%
42	(391.6) Purchased Software	0.00%
43	(391.9) Computer & Equipment	14.29%
44	(392.6) Aircraft	0.00%
45	(394) Tools	6.67%
46	(394.2) Shop Equipment	0.00%
47	(397) Communication Equipment	6.67%
48	(398) Miscellaneous General Plant	6.67%
49	Total General Plant	



Texas Gas Service Company, a Division of ONE Gas, Inc.  
 Central-Gulf Rate Case TYE June 2019  
 Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
 Exhibit C Stand Alone CTSA  
 Page 5 of 6

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**CENTRAL-GULF SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - CORPORATE**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
<u>INTANGIBLE PLANT</u>		
1	(301) Organization	0.00%
2	(302) Franchises & Consents	0.00%
3	(303) Misc. Intangible	0.00%
4	Total Intangible Plant	
<u>GATHERING AND TRANSMISSION PLANT</u>		
5	(325) Land & Land Rights	0.00%
6	(327) Field Comprss Station Strcutres	0.00%
7	(328) Field Meas/Reg Station Structures	0.00%
8	(329) Other Structures	0.00%
9	(332) Field Lines	0.00%
10	(333) Field Compressor Station Equip	0.00%
11	(334) Field Meas/Reg Station Equipment	0.00%
12	(336) Purification Equipment	0.00%
13	(337) Other Equip	0.00%
14	(365) Land & Land Rights	0.00%
15	(366) Meas/Reg Station Structures	0.00%
16	(367) Mains	0.00%
17	(368) Compressor Station Equip	0.00%
18	(369) Measure/Reg. Station Equipment	0.00%
19	(371) Other Equipment	0.00%
20	Total Gathering and Transmission Plant	
<u>DISTRIBUTION PLANT</u>		
21	(374) Land & Land Rights	0.00%
22	(375.1) Structures & Improvements	0.00%
23	(376) Mains	0.00%
24	(377) Compressor Station Equipment	0.00%
25	(378) Meas. & Reg. Station - General	0.00%
26	(379) Meas. & Reg. Station - C.G.	0.00%
27	(380) Services	0.00%
28	(381) Meters	0.00%
29	(382) Meter Installations	0.00%
30	(383) House Regulators	0.00%
31	(385) Indust. Meas. & Reg. Stat. Equipment	0.00%
32	(386) Other Property on Customer Premises	0.00%

Texas Gas Service Company, a Division of ONE Gas, Inc.  
 Central-Gulf Rate Case TYE June 2019  
 Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
 Exhibit C Stand Alone CTSA  
 Page 6 of 6

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**CENTRAL-GULF SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - CORPORATE**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
33	(387) Meas. & Reg. Stat. Equipment	0.00%
34	Total Distribution Plant	
	<u>GENERAL PLANT</u>	
35	(389) Land & Land Rights	0.00%
36	(390.1) Structures & Improvements	2.01%
37	(390.2) Leasehold Improvements	13.01%
38	(391.1) Office Furniture & Equipment	6.67%
39	(391.19) Airplane Hanger Furniture	6.67%
40	(391.2) Data Processing Equipment	0.00%
41	(391.3) Office Machines	5.00%
42	(391.4) Audio Visual Equipment	20.00%
43	(391.5) Artwork	0.00%
44	(391.6) Purchased Software	7.69%
45	(391.6) Banner Software	7.69%
46	(391.6) PowerPlant System	7.69%
47	(391.6) Riskworks	7.69%
48	(391.6) Maximo	7.69%
49	(391.6) Dynamic Risk Assessment	7.69%
50	(391.6) Concur Project	7.69%
51	(391.6) Journey-Employee Count	7.69%
52	(391.6) Journey-Employee-ODC Distrigas	7.69%
53	(391.6) Ariba Software	7.69%
54	(391.6) Accounts Payable Software	7.69%
55	(391.8) Micro Computer Software	20.00%
56	(391.81) Aircraft Computer Equipment	0.00%
57	(391.9) Computer & Equipment	0.00%
58	(392.6) Aircraft	6.28%
59	(394) Tools	0.00%
60	(394.1) Tools	0.00%
61	(394.2) Shop Equipment	0.00%
62	(396) Major Work Equipment	0.00%
63	(397) Communication Equipment	5.00%
64	(397.2) Telephone Equipment	0.00%
65	(398) Miscellaneous General Plant	0.00%
66	Total General Plant	

Texas Gas Service Company, a Division of ONE Gas, Inc.  
 Central-Gulf Rate Case TYE June 2019  
 Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
 Exhibit C Stand Alone GCSA  
 Page 1 of 6

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**GULF COAST SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - SERVICE AREA DIRECT - GCSA**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
<u>INTANGIBLE PLANT</u>		
1	(301) Organization	2.83%
2	(302) Franchises & Consents	4.00%
3	(303) Misc. Intangible	3.33%
4	Total Intangible Plant	
<u>GATHERING AND TRANSMISSION PLANT</u>		
5	(325) Land & Land Rights	0.00%
6	(327) Field Comprss Station Strcutres	0.00%
7	(328) Field Meas/Reg Station Structures	0.00%
8	(329) Other Structures	0.00%
9	(332) Field Lines	0.00%
10	(333) Field Compressor Station Equip	0.00%
11	(334) Field Meas/Reg Station Equipment	0.00%
12	(336) Purification Equipment	0.00%
13	(337) Other Equip	0.00%
14	(365) Land & Land Rights	0.00%
15	(366) Meas/Reg Station Structures	0.00%
16	(367) Mains	1.94%
17	(368) Compressor Station Equip	0.00%
18	(369) Measure/Reg. Station Equipment	3.38%
19	(371) Other Equipment	0.00%
20	Total Gathering and Transmission Plant	
<u>DISTRIBUTION PLANT</u>		
21	(374) Land & Land Rights	0.00%
22	(374.1) Land & Land Rights	0.00%
23	(374.2) Land & Land Rights	0.00%
24	(375.1) Structures & Improvements	1.61%
25	(375.2) Other Distr Systems Struct	2.82%
26	(376) Mains	1.83%
27	(376.9) Mains - Cathodic Protection Anodes	6.67%
28	(377) Compressor Station Equipment	0.00%
29	(378) Meas. & Reg. Station - General	2.06%
30	(379) Meas. & Reg. Station - C.G.	1.81%
31	(380) Services	2.38%
32	(381) Meters	4.49%
33	(382) Meter Installations	4.83%
34	(383) House Regulators	2.88%
35	(385) Indust. Meas. & Reg. Stat. Equipment	1.90%
36	(386) Other Property on Customer Premises	7.31%
37	(387) Meas. & Reg. Stat. Equipment	0.00%

Texas Gas Service Company, a Division of ONE Gas, Inc.  
 Central-Gulf Rate Case TYE June 2019  
 Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
 Exhibit C Stand Alone GCSA  
 Page 2 of 6

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**GULF COAST SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - SERVICE AREA DIRECT - GCSA**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
38	Total Distribution Plant	
	<u>GENERAL PLANT</u>	
39	(389) Land & Land Rights	0.00%
40	(389.1) Land & Land Rights	0.00%
41	(390) Structures & Improvements	2.65%
42	(390.1) Structures & Improvements	2.53%
43	(390.2) Leasehold Improvements	0.00%
44	(391) Office Furniture & Equipment	6.67%
45	(391.1) Office Furniture & Equipment	6.67%
46	(391.9) Computer & Equipment	14.29%
47	(392) Transportation Equipment	8.57%
48	(393) Stores Equipment	6.67%
49	(394) Tools, Shop & Garage	6.67%
50	(394.1) Tools, Shop & Garage	6.67%
51	(395) CNG Equipment	0.00%
52	(396) Major Work Equipment	6.36%
53	(397) Communication Equipment	6.67%
54	(398) Miscellaneous General Plant	0.00%
55	Total General Plant	

Texas Gas Service Company, a Division of ONE Gas, Inc.  
 Central-Gulf Rate Case TYE June 2019  
 Updated for Known and Measurable Changes Through September 30, 2019

GUID No. 10928  
 Exhibit C Stand Alone GCSA  
 Page 3 of 6

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**CENTRAL-GULF SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - TGS DIVISION**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
<u>INTANGIBLE PLANT</u>		
1	(301) Organization	0.00%
2	(302) Franchises & Consents	0.00%
3	(303) Misc. Intangible	0.00%
4	Total Intangible Plant	
<u>GATHERING AND TRANSMISSION PLANT</u>		
5	(325) Land & Land Rights	0.00%
6	(327) Field Comprss Station Strcutres	0.00%
7	(328) Field Meas/Reg Station Structures	0.00%
8	(329) Other Structures	0.00%
9	(332) Field Lines	0.00%
10	(333) Field Compressor Station Equip	0.00%
11	(334) Field Meas/Reg Station Equipment	0.00%
12	(336) Purification Equipment	0.00%
13	(337) Other Equip	0.00%
14	(365) Land & Land Rights	0.00%
15	(366) Meas/Reg Station Structures	0.00%
16	(367) Mains	0.00%
17	(368) Compressor Station Equip	0.00%
18	(369) Measure/Reg. Station Equipment	0.00%
19	(371) Other Equipment	0.00%
20	Total Gathering and Transmission Plant	
<u>DISTRIBUTION PLANT</u>		
21	(374) Land & Land Rights	0.00%
22	(375.1) Structures & Improvements	0.00%
23	(376) Mains	0.00%
24	(377) Compressor Station Equipment	0.00%
25	(378) Meas. & Reg. Station - General	0.00%
26	(379) Meas. & Reg. Station - C.G.	0.00%
27	(380) Services	0.00%
28	(381) Meters	0.00%
29	(382) Meter Installations	0.00%
30	(383) House Regulators	0.00%
31	(385) Indust. Meas. & Reg. Stat. Equipment	0.00%
32	(386) Other Property on Customer Premises	0.00%
33	(387) Meas. & Reg. Stat. Equipment	0.00%
34	Total Distribution Plant	

Texas Gas Service Company, a Division of ONE Gas, Inc.

Central-Gulf Rate Case TYE June 2019

Exhibit C Stand Alone GCSA

Updated for Known and Measurable Changes Through September 30, 2019

Page 4 of 6

35	(389) Land & Land Rights	0.00%
36	(390.1) Structures & Improvements	2.59%
37	(390.2) Leasehold Equipment	17.39%
38	(391.1) Office Furniture & Fixtures	6.67%
39	(391.2) Data Processing Equipment	0.00%
40	(391.3) Office Machines	0.00%
41	(391.4) Audio Visual Equipment	0.00%
42	(391.6) Purchased Software	0.00%
43	(391.9) Computer & Equipment	14.29%
44	(392.6) Aircraft	0.00%
45	(394) Tools	6.67%
46	(394.2) Shop Equipment	0.00%
47	(397) Communication Equipment	6.67%
48	(398) Miscellaneous General Plant	6.67%
49	Total General Plant	

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Rate Case TYE June 2019  
Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
Exhibit C Stand Alone GCSA  
Page 5 of 6

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**CENTRAL-GULF SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - CORPORATE**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
<u>INTANGIBLE PLANT</u>		
1	(301) Organization	0.00%
2	(302) Franchises & Consents	0.00%
3	(303) Misc. Intangible	0.00%
4	Total Intangible Plant	
<u>GATHERING AND TRANSMISSION PLANT</u>		
5	(325) Land & Land Rights	0.00%
6	(327) Field Comprss Station Strucutres	0.00%
7	(328) Field Meas/Reg Station Structures	0.00%
8	(329) Other Structures	0.00%
9	(332) Field Lines	0.00%
10	(333) Field Compressor Station Equip	0.00%
11	(334) Field Meas/Reg Station Equipment	0.00%
12	(336) Purification Equipment	0.00%
13	(337) Other Equip	0.00%
14	(365) Land & Land Rights	0.00%
15	(366) Meas/Reg Station Structures	0.00%
16	(367) Mains	0.00%
17	(368) Compressor Station Equip	0.00%
18	(369) Measure/Reg. Station Equipment	0.00%
19	(371) Other Equipment	0.00%
20	Total Gathering and Transmission Plant	
<u>DISTRIBUTION PLANT</u>		
21	(374) Land & Land Rights	0.00%
22	(375.1) Structures & Improvements	0.00%
23	(376) Mains	0.00%
24	(377) Compressor Station Equipment	0.00%
25	(378) Meas. & Reg. Station - General	0.00%
26	(379) Meas. & Reg. Station - C.G.	0.00%
27	(380) Services	0.00%
28	(381) Meters	0.00%
29	(382) Meter Installations	0.00%
30	(383) House Regulators	0.00%
31	(385) Indust. Meas. & Reg. Stat. Equipment	0.00%
32	(386) Other Property on Customer Premises	0.00%
33	(387) Meas. & Reg. Stat. Equipment	0.00%
34	Total Distribution Plant	

Texas Gas Service Company, a Division of ONE Gas, Inc.  
 Central-Gulf Rate Case TYE June 2019  
 Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
 Exhibit C Stand Alone GCSA  
 Page 6 of 6

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**CENTRAL-GULF SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - CORPORATE**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
<u>GENERAL PLANT</u>		
35	(389) Land & Land Rights	0.00%
36	(390.1) Structures & Improvements	2.01%
37	(390.2) Leasehold Improvements	13.01%
38	(391.1) Office Furniture & Equipment	6.67%
39	(391.19) Airplane Hanger Furniture	6.67%
40	(391.2) Data Processing Equipment	0.00%
41	(391.3) Office Machines	5.00%
42	(391.4) Audio Visual Equipment	20.00%
43	(391.5) Artwork	0.00%
44	(391.6) Purchased Software	7.69%
45	(391.6) Banner Software	7.69%
46	(391.6) PowerPlant System	7.69%
47	(391.6) Riskworks	7.69%
48	(391.6) Maximo	7.69%
49	(391.6) Dynamic Risk Assessment	7.69%
50	(391.6) Concur Project	7.69%
51	(391.6) Journey-Employee Count	7.69%
52	(391.6) Journey-Employee-ODC Dstrigas	7.69%
53	(391.6) Ariba Software	7.69%
54	(391.6) Accounts Payable Software	7.69%
55	(391.8) Micro Computer Software	20.00%
56	(391.81) Aircraft Computer Equipment	0.00%
57	(391.9) Computer & Equipment	0.00%
58	(392.6) Aircraft	6.28%
59	(394) Tools	0.00%
60	(394.1) Tools	0.00%
61	(394.2) Shop Equipment	0.00%
62	(396) Major Work Equipment	0.00%
63	(397) Communication Equipment	5.00%
64	(397.2) Telephone Equipment	0.00%
65	(398) Miscellaneous General Plant	0.00%
66	Total General Plant	



**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**CENTRAL-GULF SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**PLANT IN SERVICE - SERVICE AREA DIRECT**

LINE NO.	DESCRIPTION	Plant In Service	CCNC	Reserves	NET PLANT
		DIRECT	DIRECT	DIRECT	
		ADJUSTED AT ACCT 1010 12/31/2019	ADJUSTED AT 12/31/2019 ACCT 1060	ADJUSTED ACCTS 1080100 & 1110 AT12/31/2019	
		(l)	(i)	(n)	
<u>INTANGIBLE PLANT</u>					
1	(301) Organization	\$56,257	\$0	(\$44,740)	
2	(301) Organization- OPC	1,307	0	(770)	
3	(302) Franchises & Consents	393,474	0	(394,901)	
4	(303) Misc. Intangible	739,593	0	(724,253)	
5	(303) Misc. Intangible- OPC	14,336	0	(14,336)	
6	(303.1) Misc. Intangible			0	
7	Total Intangible Plant	\$1,204,966	\$0	(\$1,178,999)	
<u>GATHERING AND TRANSMISSION PLANT</u>					
8	(325) Land & Land Rights	\$0	\$0	\$0	
9	(327) Field Comprss Station Strcutres	0	0	0	
10	(328) Field Meas/Reg Station Structures	0	0	0	
11	(329) Other Structures	0	0	0	
12	(332) Field Lines	0	0	0	
13	(333) Field Compressor Station Equip	0	0	0	
14	(334) Field Meas/Reg Station Equipment	0	0	0	
15	(336) Purification Equipment	0	0	0	
16	(337) Other Equip	0	0	0	
17	(365) Land & Land Rights	0	0	0	
18	(365.1) Land - OPC	89,637	0	0	
19	(365.2) Rights of Way - OPC	2,446	0	(2,140)	
20	(366) Meas/Reg Station Structures	0	0	0	
21	(366.1) Compressor Station Structure - OPC	2,346	0	(2,346)	
22	(367) Mains	3,986,195	1,383,735	(881,900)	
23	(367) Mains -OPC	6,907,892	0	(2,391,474)	
24	(368) Compressor Station Equip	0	0	0	
25	(369) Measure/Reg. Station Equipment	211,577	2,125,754	(98,857)	
26	(369) Measure/Reg. Station Equipment - OPC	132,499	0	(65,463)	
27	(369.1) Measuring Station Equipment - OPC	810,700	0	(547,849)	
28	(371) Other Equipment	0	0	0	
29	(371) Other Equipment - OPC	45,840	0	(11,657)	
30	Total Gathering and Transmission Plant	\$12,189,131	\$3,509,489	(\$4,001,686)	
<u>DISTRIBUTION PLANT</u>					
31	(374) Land & Land Rights	\$0	\$0	(\$255)	
32	(374.1) Land & Land Rights	19,503	0		
33	(374.2) Land & Land Rights	95,672	14,851	(9,440)	
	(375) Structures & Improvements		0	(23,965)	
34	(375.1) Structures & Improvements	44,795	(916)	(5,562)	
35	(375.2) Other Distr Systems Struct	4,141	916	33,450	
36	(376) Mains	266,104,328	47,205,547	(69,796,295)	
37	(376.9) Mains - Cathodic Protection Anodes	26,308,139	121,820	(9,076,393)	
38	(377) Compressor Station Equipment	0	0	0	
39	(378) Meas. & Reg. Station - General	10,475,013	3,113,370	(2,834,950)	
40	(379) Meas. & Reg. Station - C.G.	2,577,593	248,266	(709,490)	
41	(380) Services	184,605,821	4,817,418	(37,685,344)	
42	(380.1) Ind Service Line Equip	8,569	16,935		
43	(380.2) Comm Service Line Equip	21,332	231,867		

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**CENTRAL-GULF SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**PLANT IN SERVICE - SERVICE AREA DIRECT**

LINE NO.	DESCRIPTION	Plant In Service	CCNC	Reserves	NET PLANT
		DIRECT ADJUSTED AT ACCT 1010 12/31/2019	DIRECT ADJUSTED AT 12/31/2019 ACCT 1060	DIRECT ADJUSTED ACCTS 1080100 & 1110 AT12/31/2019	
		(l)	(i)	(n)	
	(380.4) Yard Lines-Customer Svc	0	51,577		
	(380.6) Services - Tie-Ins Total	0	0		
44	(381) Meters	65,519,292	382,424	(25,554,494)	
45	(382) Meter Installations	0	17,551	(10,238)	
46	(383) House Regulators	9,172,496	63,865	(4,025,431)	
47	(385) Indust. Meas. & Reg. Stat. Equipment	13,360,367	1,074,139	(4,458,571)	
48	(386) Other Property on Customer Premises	1,063,249	0	(1,052,175)	
49	(387) Meas. & Reg. Stat. Equipment	0	0	0	
50	Total Distribution Plant	\$579,380,311	\$57,359,627	(\$155,209,152)	
<b>GENERAL PLANT</b>					
51	(389) Land & Land Rights	\$0	\$0	\$3,573	
52	(389.1) Land & Land Rights	48,883	0		
53	(390) Structures & Improvements	0	0	0	
54	(390.1) Structures & Improvements	4,633,733	211,664	(252,297)	
55	(390.2) Leasehold Improvements	1,190,235	179,002	(1,078,808)	
56	(391) Office Furniture & Equipment	0	0	0	
57	(391.1) Office Furniture & Equipment	946,652	236	(510,509)	
58	(391.1) Office Furniture & Equipment - OPC	14,671	0	(14,671)	
	(391.4) Audio Visual Equipment Total	0	0		
59	(391.9) Computer & Equipment	972,232	0	(762,033)	
60	(392) Transportation Equipment	13,129,136	735,013	(4,879,991)	
	(392.2) Pickup Trucks & Vans	0	0		
61	(393) Stores Equipment	8,809	0	(8,148)	
62	(394) Tools, Shop & Garage	6,771,463	152,286	(2,588,208)	
63	(394.1) Tools	110,591	9,007		
64	(394.1) Tools - OPC	483	0	(483)	
65	(395) CNG Equipment	0	0	37,480	
66	(396) Major Work Equipment	1,560,721	399,123	(856,371)	
67	(397) Communication Equipment	18,246,798	508,294	(7,853,407)	
68	(398) Miscellaneous General Plant	130,360	0	(82,334)	
69	Total General Plant	\$47,764,766	\$2,194,625	(\$18,846,207)	
70	Total Orig Cost Plant in Service	\$640,539,174	\$63,063,741	(\$179,236,045)	\$524,366,870
71	Division Net Plant				\$2,167,863
72	Corporate Allocated Net Plant				\$16,858,177
73	GRAND TOTAL NET PLANT				\$543,392,910

**WKP C.b****TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.****CENTRAL-GULF SERVICE AREA****TWELVE MONTHS ENDED JUNE 30, 2019****UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019****PLANT IN SERVICE - TGS DIVISION**

LINE NO.	DESCRIPTION	Plant In Service TGS DIVISION ADJUSTED ACCT 1010 AT 12/31/2019 (o)	CCNC TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019 (f)	Reserves TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019 (i)
	<u>INTANGIBLE PLANT</u>			
1	(301) Organization	\$0	\$0	\$0
2	(302) Franchises & Consents	0	0	0
3	(303) Misc. Intangible	0	0	0
4	(303.1) Misc. Intangible			0
5	Total Intangible Plant	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	<u>GATHERING AND TRANSMISSION PLANT</u>			
6	(325) Land & Land Rights	\$0	\$0	\$0
7	(327) Field Comprss Station Strcutres	0	0	0
8	(328) Field Meas/Reg Station Structures	0	0	0
9	(329) Other Structures	0	0	0
10	(332) Field Lines	0	0	0
11	(333) Field Compressor Station Equip	0	0	0
12	(334) Field Meas/Reg Station Equipment	0	0	0
13	(336) Purification Equipment	0	0	0
14	(337) Other Equip	0	0	0
15	(365) Land & Land Rights	0	0	0
16	(366) Meas/Reg Station Structures	0	0	0
17	(367) Mains	0	0	0
18	(368) Compressor Station Equip	0	0	0
19	(369) Measure/Reg. Station Equipment	0	0	0
20	(371) Other Equipment	0	0	0
21	Total Gathering and Transmission Plant	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	<u>DISTRIBUTION PLANT</u>			
22	(374) Land & Land Rights	\$0	\$434,697	\$0
23	(374.2) Land & Land Rights			0
24	(375) Structures & Improvements	0	0	0

**WKP C.b****TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.****CENTRAL-GULF SERVICE AREA****TWELVE MONTHS ENDED JUNE 30, 2019****UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019****PLANT IN SERVICE - TGS DIVISION**

LINE NO.	DESCRIPTION	Plant In Service	CCNC	Reserves
		TGS DIVISION ADJUSTED ACCT 1010 AT 12/31/2019	TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019	TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019
		(o)	(f)	(i)
25	(375.1) Structures & Improvements	0	0	
26	(375.2) Other Distr Systems Struct	0	0	0
27	(376) Mains	0	0	0
28	(376.9) Mains - Cathodic Protection Anodes	0	0	0
29	(377) Compressor Station Equipment	0	0	0
30	(378) Meas. & Reg. Station - General	0	0	0
31	(379) Meas. & Reg. Station - C.G.	0	0	0
32	(380) Services	0	0	0
33	(380.1) Ind Service Line Equip	0	0	
34	(380.2) Comm Service Line Equip	0	0	
35	(380.4) Yard Lines-Customer Svc	0	0	
36	(381) Meters	0	0	0
37	(382) Meter Installations	0	0	0
38	(383) House Regulators	0	0	0
39	(385) Indust. Meas. & Reg. Stat. Equipment	0	0	0
40	(386) Other Property on Customer Premises	0	0	0
41	(387) Meas. & Reg. Stat. Equipment	0	0	0
42	Total Distribution Plant	\$0	\$434,697	\$0
<u>GENERAL PLANT</u>				
43	(389) Land & Land Rights	\$0	\$0	\$0
44	(390.1) Structures & Improvements	73,670	3,001,147	(23,228)
45	(390.2) Leasehold Equipment	106,600	0	(107,526)
46	(391.1) Office Furniture & Fixtures	438,158	0	(270,743)
47	(391.2) Data Processing Equipment	0	0	0
48	(391.3) Office Machines	0	0	0
49	(391.4) Audio Visual Equipment	0	0	0
50	(391.6) Purchased Software	0	0	0
51	(391.9) Computer & Equipment	2,192,582	0	(1,603,600)

**WKP C.b****TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.****CENTRAL-GULF SERVICE AREA****TWELVE MONTHS ENDED JUNE 30, 2019****UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019****PLANT IN SERVICE - TGS DIVISION**

LINE NO.	DESCRIPTION	Plant In Service	CCNC	Reserves
		TGS DIVISION ADJUSTED ACCT 1010 AT 12/31/2019	TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019	TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019
		(o)	(f)	(i)
52	(392.6) Aircraft	0	0	0
53	(394) Tools	20,066	0	(9,348)
54	(394.1) Tools	0	0	
55	(394.2) Shop Equipment	0	0	0
56	(396) Major Work Equipment	0	0	
56	(397) Communication Equipment	1,080,882	0	(670,595)
57	(398) Miscellaneous General Plant	0	0	0
58	Total General Plant	<u>\$3,911,958</u>	<u>\$3,001,147</u>	<u>(\$2,685,039)</u>
59	Total Orig Cost Plant in Service	\$3,911,958	\$3,435,844	(\$2,685,039)
60	Allocation Factor to Service Area	<u>46.4931%</u>	<u>46.4931%</u>	<u>46.4931%</u>
1	Total Allocated Plant In Service	<u>\$1,818,791</u>	<u>\$1,597,431</u>	<u>(\$1,248,358)</u>

## WKP C.c

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**CENTRAL-GULF SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**

**PLANT IN SERVICE - CORPORATE**

Plant in Service				CCNC		Reserves	
LINE NO.	DESCRIPTION	CORPORATE ADJUSTED ACCT 1010 AT 12/31/2019	ALLOCATION TO TGS	CORPORATE TEST YEAR ADJUSTED AS ALLOCATED	CORPORATE ADJUSTED ACCT 1060 AT 12/31/2019	ALLOCATION TO TGS	CORPORATE TEST YEAR ADJUSTED AS ALLOCATED
		(s)	(t)	(u)	(f)	(g)	(h)
						(i)	(j)
<u>INTANGIBLE PLANT</u>							
1	(301) Organization	\$0			\$0		\$0
2	(302) Franchises & Consents	0			0		0
3	(303) Misc. Intangible	0			0		0
4	(303.1) Misc. Intangible						0
5	Total Intangible Plant	\$0			\$0		\$0
<u>GATHERING AND TRANSMISSION PLANT</u>							
6	(325) Land & Land Rights	\$0			\$0		\$0
7	(327) Field Comprss Station Structures	0			0		0
8	(328) Field Meas/Reg Station Structures	0			0		0
9	(329) Other Structures	0			0		0
10	(332) Field Lines	0			0		0
11	(333) Field Compressor Station Equip	0			0		0
12	(334) Field Meas/Reg Station Equipment	0			0		0
13	(336) Purification Equipment	0			0		0
14	(337) Other Equip	0			0		0
15	(365) Land & Land Rights	0			0		0
16	(366) Meas/Reg Station Structures	0			0		0
17	(367) Mains	0			0		0
18	(368) Compressor Station Equip	0			0		0
19	(369) Measure/Reg. Station Equipment	0			0		0
20	(371) Other Equipment	0			0		0
21	Total Gathering and Transmission Plant	\$0			\$0		\$0
<u>DISTRIBUTION PLANT</u>							
22	(374) Land & Land Rights	\$0			\$0		\$0
23	(374.2) Land & Land Rights						0
24	(375) Structures & Improvements	0					0
25	(375.1) Structures & Improvements				0		0
26	(375.2) Other Distr Systems Struct				0		0
27	(376) Mains	0			0		0
28	(376.9) Mains - Cathodic Protection Anodes				0		0
29	(377) Compressor Station Equipment	0			0		0
30	(378) Meas. & Reg. Station - General	0			0		0

WKP C.c

TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.  
 CENTRAL-GULF SERVICE AREA  
 TWELVE MONTHS ENDED JUNE 30, 2019

PLANT IN SERVICE - CORPORATE

Plant In Service										CCNC		Reserves	
LINE NO.	DESCRIPTION	CORPORATE		CORPORATE TEST		CORPORATE ADJUSTED ACCT		CORPORATE TEST YEAR		CORPORATE ADJUSTED ACCTS		CORPORATE TEST YEAR ADJUSTED	
		ADJUSTED ACCT 10/10 AT 12/31/2019	ALLOCATION TO TGS	AS ALLOCATED	(u)	1060 AT 12/31/2019	ALLOCATION TO TGS	ADJUSTED AS ALLOCATED	(h)	1080100 & 1110 AT 12/31/2019	ALLOCATION TO TGS	AS ALLOCATED	(j)
31	(379) Meas. & Reg. Station - C.G.	0				0				0			
32	(380) Services	0				0				0			
33	(380.1) Ind Service Line Equip												
34	(380.2) Comm Service Line Equip	0				0							
35	(380.4) Yard Lines-Customer Svc					0							
36	(381) Meters	0				0				0			
37	(382) Meter Installations	0				0				0			
38	(383) House Regulators	0				0				0			
39	(385) Indust. Meas. & Reg. Stat. Equipment	0				0				0			
40	(386) Other Property on Customer Premise	0				0				0			
41	(387) Meas. & Reg. Stat. Equipment	0				0				0			
42	Total Distribution Plant	\$0				\$0				\$0			
GENERAL PLANT													
43	(389) Land & Land Rights	\$0	25.01%	0	0	\$0	25.01%	\$0	25.01%	\$0	25.01%	\$0	25.01%
44	(390.1) Structures & Improvements	41,164	25.01%	10,295	10,295	0	25.01%	0	25.01%	(845)	25.01%	(211)	25.01%
45	(390.2) Leasehold Improvements	5,567,600	25.01%	1,392,457	1,392,457	46,575	25.01%	11,648	25.01%	(2,288,860)	25.01%	(572,444)	25.01%
46	(391.1) Office Furniture & Equipment	3,612,563	25.01%	903,502	903,502	0	25.01%	0	25.01%	(918,873)	25.01%	(229,810)	25.01%
47	(391.19) Airplane Hanger Furniture	0	25.01%	0	0	0	25.01%	0	25.01%	0	25.01%	0	25.01%
48	(391.2) Data Processing Equipment	0	25.01%	0	0	0	25.01%	0	25.01%	0	25.01%	0	25.01%
49	(391.3) Office Machines	36,237	25.01%	9,063	9,063	0	25.01%	0	25.01%	(14,780)	25.01%	(3,696)	25.01%
50	(391.4) Audio Visual Equipment	1,084,093	25.01%	271,132	271,132	0	25.01%	0	25.01%	135,462	25.01%	33,879	25.01%
51	(391.5) Artwork	0	25.01%	0	0	0	25.01%	0	25.01%	0	25.01%	0	25.01%
52	(391.6) Purchased Software	87,580,223	25.01%	21,903,814	21,903,814	15,775,629	25.01%	3,945,485	25.01%	(29,390,226)	25.01%	(7,350,496)	25.01%
53	(391.6) Banner Software	5,471,603	30.41%	1,663,919	1,663,919	0	30.41%	0	30.41%	(1,397,680)	30.41%	(425,036)	30.41%
54	(391.6) PowerPlant System	870,000	24.02%	208,931	208,931	0	24.02%	0	24.02%	(378,334)	24.02%	(90,857)	24.02%
55	(391.6) Riskworks	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
56	(391.6) Maximo	4,573,482	24.71%	1,130,044	1,130,044	0	24.71%	0	24.71%	(2,317,729)	24.71%	(572,679)	24.71%
57	(391.6) Dynamic Risk Assessment	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%
58	(391.6) Concur Project	47,648	27.95%	13,318	13,318	0	27.95%	0	27.95%	(47,648)	27.95%	(13,318)	27.95%
59	(391.6) Journey-Employee-ODC Distrigas	69,568,284	25.01%	17,399,028	17,399,028	0	25.01%	0	25.01%	(27,610,504)	25.01%	(6,905,387)	25.01%
60	(391.6) Journey-Employee Count	1,848,836	27.95%	516,769	516,769	0	27.95%	0	27.95%	(869,166)	27.95%	(242,941)	27.95%
61	(391.6) Ariba Software	0	30.96%	0	0	0	30.96%	0	30.96%	0	30.96%	0	30.96%
62	(391.6) Accounts Payable Software	903,328	30.96%	279,633	279,633	0	30.96%	0	30.96%	(158,900)	30.96%	(49,189)	30.96%
63	(391.8) Micro Computer Software	16,187,204	25.01%	4,048,420	4,048,420	0	25.01%	0	25.01%	(4,191,893)	25.01%	(1,048,392)	25.01%

## WKP C.c

TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.  
CENTRAL-GULF SERVICE AREA  
TWELVE MONTHS ENDED JUNE 30, 2019

## PLANT IN SERVICE - CORPORATE

		Plant In Service		CCNC		Reserves	
LINE NO.	DESCRIPTION	CORPORATE ADJUSTED ACCT 1010 AT 12/31/2019		CORPORATE TEST YEAR ADJUSTED AS ALLOCATED		CORPORATE ADJUSTED ACCTS 1080100 & 1110 AT 12/31/2019	
		(s)	(t)	(u)	(f)	(g)	(h)
64	(391.81) Aircraft Computer Equipment	0	25.01%	0	0	25.01%	0
65	(391.9) Computer & Equipment	0	25.01%	0	0	25.01%	0
66	(392.6) Aircraft	0	25.01%	0	0	25.01%	0
67	(394) Tools	0	25.01%	0	0	25.01%	0
68	(394.1) Tools	0	25.01%	0	0	25.01%	0
69	(394.2) Shop Equipment	0	25.01%	0	0	25.01%	0
70	(396) Major Work Equipment	0	25.01%	0	0	25.01%	0
71	(397) Communication Equipment	102,489	25.01%	25,632	0	25.01%	(2,987)
72	(397.2) Telephone Equipment	0	25.01%	0	0	25.01%	0
73	(398) Miscellaneous General Plant	0	25.01%	0	0	25.01%	0
74	Total General Plant	\$197,494,752	25.20%	49,775,956	\$15,822,203	25.01%	(\$69,461,920)
							(\$17,473,565)
75	Total Orig Cost Plant in Service			\$49,775,956			
							(\$17,473,565)
76	Allocation Factor to Service Area			46.4931%			46.4931%
77	Total Allocated Plant In Service			\$23,142,385			(\$8,124,002)



## TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.

## CENTRAL TEXAS SERVICE AREA

## TWELVE MONTHS ENDED JUNE 30, 2019

## UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019

## PLANT IN SERVICE - SERVICE AREA DIRECT

LINE NO.	DESCRIPTION	Plant In Service DIRECT ADJUSTED AT ACCT 1010 12/31/2019 (l)	CCNC DIRECT ADJUSTED AT 12/31/2019 ACCT 1060 (i)	Reserves DIRECT ADJUSTED ACCTS 1080100 & 1110 AT 12/31/2019 (n)	NET PLANT
<u>INTANGIBLE PLANT</u>					
1	(301) Organization	\$56,257	\$0	(44,740)	
2	(301) Organization Costs (OPC)	\$1,307		(770)	
3	(302) Franchises & Consents	\$386,918	0	(386,918)	
4	(303) Misc. Intangible	\$735,279	0	(719,377)	
5	(303) Intangible Property (OPC)	\$14,336		(14,336)	
6	(303.1) Misc. Intangible			-	
7	Total Intangible Plant	<u>\$1,194,097</u>	<u>\$0</u>	<u>(\$1,166,141)</u>	
<u>GATHERING AND TRANSMISSION PLANT</u>					
8	(325) Land & Land Rights	\$0	\$0	-	
9	(327) Field Comprss Station Strucutres	0	0	-	
10	(328) Field Meas/Reg Station Structures	0	0	-	
11	(329) Other Structures	0	0	-	
12	(332) Field Lines	0	0	-	
13	(333) Field Compressor Station Equip	0	0	-	
14	(334) Field Meas/Reg Station Equipment	0	0	-	
15	(336) Purification Equipment	0	0	-	
16	(337) Other Equip	0	0	-	
17	(365) Land & Land Rights	0	0	-	
18	(365.1) Land (OPC)	89,637		-	
19	(365.2) Rights of Way (OPC)	2,446		(2,140)	
20	(366) Meas/Reg Station Structures	0	0	-	
21	(366.1) Compressor Station Stru (OPC)	2,346		(2,346)	
22	(367) Mains	3,984,227	1,383,735	(881,900)	
23	(367) Mains (OPC)	6,909,861		(2,391,474)	
24	(368) Compressor Station Equip	0	0	-	
25	(369) Measure/Reg. Station Equipment	211,577	2,125,754	(98,857)	
26	(369) Measuring & Regulating (OPC)	132,499		(65,463)	
27	(369.1) Measuring Station Equip (OPC)	810,700		(547,849)	
28	(371) Other Equipment	0	0	-	
29	(371) Other Transmission Eq (OPC)	45,840		(11,657)	
30	Total Gathering and Transmission Plant	<u>\$12,189,131</u>	<u>\$3,509,489</u>	<u>(\$4,001,686)</u>	
<u>DISTRIBUTION PLANT</u>					
31	(374) Land & Land Rights	\$0	\$0	(255)	
32	(374.1) Land & Land Rights	10,066	0	(7,155)	
33	(374.2) Land & Land Rights	78,026	13,382	(5,694)	
34	(375.1) Structures & Improvements	24,163	(916)	(5,562)	
35	(375.2) Other Distr Systems Struct	0	916	(9,751)	
36	(376) Mains	232,302,475	44,772,964	(61,419,287)	
37	(376.9) Mains - Cathodic Protection Anodes	25,216,972	100,407	(8,498,312)	
38	(377) Compressor Station Equipment	0	0	-	

## TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.

## CENTRAL TEXAS SERVICE AREA

## TWELVE MONTHS ENDED JUNE 30, 2019

## UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019

## PLANT IN SERVICE - SERVICE AREA DIRECT

LINE NO.	DESCRIPTION	Plant In Service DIRECT ADJUSTED AT ACCT 1010 12/31/2019 (l)	CCNC DIRECT ADJUSTED AT 12/31/2019 ACCT 1060 (i)	Reserves DIRECT ADJUSTED ACCTS 1080100 & 1110 AT 12/31/2019 (n)	NET PLANT
39	(378) Meas. & Reg. Station - General	9,081,915	2,933,197	(2,446,534)	
40	(379) Meas. & Reg. Station - C.G.	1,461,149	137,656	(389,931)	
41	(380) Services	151,856,360	4,267,088	(30,504,699)	
42	(380.1) Ind Service Line Equip	8,569	15,161		
43	(380.2) Comm Service Line Equip	21,332	224,425		
44	(380.4) Yard Lines-Customer Svc		47,320		
45	(380.6) Services - Tie-Ins Total		0		
46	(381) Meters	53,471,631	349,232	(21,746,456)	
47	(382) Meter Installations	0	15,166	(5,776)	
48	(383) House Regulators	7,399,172	56,859	(3,471,104)	
49	(385) Indust. Meas. & Reg. Stat. Equipment	10,289,630	758,478	(3,389,586)	
50	(386) Other Property on Customer Premises	991,840	0	(989,155)	
51	(387) Meas. & Reg. Stat. Equipment	0	0	-	
52	Total Distribution Plant	\$492,213,300	\$53,691,336	(\$132,889,257)	
<b>GENERAL PLANT</b>					
53	(389) Land & Land Rights	\$0	0	\$3,573	
54	(389.1) Land & Land Rights	6,736			
55	(390) Structures & Improvements	0	0	\$0	
56	(390.1) Structures & Improvements	1,940,364	130,737	\$590,790	
57	(390.2) Leasehold Improvements	1,190,235	179,002	(\$1,078,808)	
58	(391) Office Furniture & Equipment	0	0	\$0	
59	(391.1) Office Furniture & Equipment	851,263	236	(\$451,266)	
60	(391.1) Office Furniture & Fixt (OPC)	14,671	0	(\$14,671)	
61	(391.9) Computer & Equipment	799,333	0	(\$674,716)	
62	(392) Transportation Equipment	11,162,107	678,932	(\$3,860,857)	
63	(393) Stores Equipment	5,387	0	(\$3,416)	
64	(394) Tools, Shop & Garage	5,747,652	114,843	(\$2,104,948)	
65	(394.1) Tools	69,091	7,926	(\$483)	
66	(394.1) Tools (OPC)	483			
67	(395) CNG Equipment	0	0	\$1,151	
68	(396) Major Work Equipment	1,106,538	399,123	(\$667,433)	
69	(397) Communication Equipment	15,286,773	508,294	(\$6,743,016)	
70	(398) Miscellaneous General Plant	130,360	0	(\$82,334)	
71	Total General Plant	\$38,310,992	\$2,019,094	(\$15,086,434)	
72	Total Orig Cost Plant in Service	\$543,907,520	\$59,219,918	(\$153,143,519)	\$449,983,919
73	Division Net Plant				\$1,854,199
74	Corporate Allocated Net Plant				\$14,418,999
75	GRAND TOTAL NET PLANT				\$466,257,117

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.****CENTRAL TEXAS SERVICE AREA****TWELVE MONTHS ENDED JUNE 30, 2019****UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019****PLANT IN SERVICE - TGS DIVISION**

LINE NO.	DESCRIPTION	Plant In Service	CCNC	Reserves
		TGS DIVISION ADJUSTED ACCT 1010 AT 12/31/2019	TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019	TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019
		(o)	(f)	(i)
	<u>INTANGIBLE PLANT</u>			
1	(301) Organization	\$0	\$0	\$0
2	(302) Franchises & Consents	0	0	0
3	(303) Misc. Intangible	0	0	0
4	(303.1) Misc. Intangible			0
5	Total Intangible Plant	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	<u>GATHERING AND TRANSMISSION PLANT</u>			
6	(325) Land & Land Rights	\$0	\$0	\$0
7	(327) Field Comprss Station Strucutres	0	0	0
8	(328) Field Meas/Reg Station Structures	0	0	0
9	(329) Other Structures	0	0	0
10	(332) Field Lines	0	0	0
11	(333) Field Compressor Station Equip	0	0	0
12	(334) Field Meas/Reg Station Equipment	0	0	0
13	(336) Purification Equipment	0	0	0
14	(337) Other Equip	0	0	0
15	(365) Land & Land Rights	0	0	0
16	(366) Meas/Reg Station Structures	0	0	0
17	(367) Mains	0	0	0
18	(368) Compressor Station Equip	0	0	0
19	(369) Measure/Reg. Station Equipment	0	0	0
20	(371) Other Equipment	0	0	0
21	Total Gathering and Transmission Plant	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

DISTRIBUTION PLANT

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.****CENTRAL TEXAS SERVICE AREA****TWELVE MONTHS ENDED JUNE 30, 2019****UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019****PLANT IN SERVICE - TGS DIVISION**

LINE NO.	DESCRIPTION	Plant In Service TGS DIVISION ADJUSTED ACCT 1010 AT 12/31/2019	CCNC TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019	Reserves TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019
		(o)	(f)	(i)
22	(374) Land & Land Rights	\$0	\$434,697	\$0
23	(374.2) Land & Land Rights			0
24	(375) Structures & Improvements	0	0	0
25	(375.1) Structures & Improvements	0	0	
26	(375.2) Other Distr Systems Struct	0	0	0
27	(376) Mains	0	0	0
28	(376.9) Mains - Cathodic Protection Anodes	0	0	0
29	(377) Compressor Station Equipment	0	0	0
30	(378) Meas. & Reg. Station - General	0	0	0
31	(379) Meas. & Reg. Station - C.G.	0	0	0
32	(380) Services	0	0	0
33	(380.1) Ind Service Line Equip	0	0	
34	(380.2) Comm Service Line Equip	0	0	
35	(380.4) Yard Lines-Customer Svc	0	0	
36	(381) Meters	0	0	0
37	(382) Meter Installations	0	0	0
38	(383) House Regulators	0	0	0
39	(385) Indust. Meas. & Reg. Stat. Equipment	0	0	0
40	(386) Other Property on Customer Premises	0	0	0
41	(387) Meas. & Reg. Stat. Equipment	0	0	0
42	Total Distribution Plant	\$0	\$434,697	\$0
<u>GENERAL PLANT</u>				
43	(389) Land & Land Rights	\$0	\$0	\$0
44	(390.1) Structures & Improvements	73,670	3,001,147	(23,228)
45	(390.2) Leasehold Equipment	106,600	0	(107,526)

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.****CENTRAL TEXAS SERVICE AREA****TWELVE MONTHS ENDED JUNE 30, 2019****UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019****PLANT IN SERVICE - TGS DIVISION**

LINE NO.	DESCRIPTION	Plant In Service TGS DIVISION ADJUSTED ACCT 1010 AT 12/31/2019	CCNC TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019	Reserves TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019
		(o)	(f)	(i)
46	(391.1) Office Furniture & Fixtures	438,158	0	(270,743)
47	(391.2) Data Processing Equipment	0	0	0
48	(391.3) Office Machines	0	0	0
49	(391.4) Audio Visual Equipment	0	0	0
50	(391.6) Purchased Software	0	0	0
51	(391.9) Computer & Equipment	2,192,582	0	(1,603,600)
52	(392.6) Aircraft	0	0	0
53	(394) Tools	20,066	0	(9,348)
54	(394.1) Tools	0	0	
55	(394.2) Shop Equipment	0	0	0
56	(396) Major Work Equipment	0	0	
56	(397) Communication Equipment	1,080,882	0	(670,595)
57	(398) Miscellaneous General Plant	0	0	0
58	Total General Plant	<u>\$3,911,958</u>	<u>\$3,001,147</u>	<u>(\$2,685,039)</u>
59	Total Orig Cost Plant in Service	\$3,911,958	\$3,435,844	(\$2,685,039)
60	Allocation Factor to Service Area	<u>39.7661%</u>	<u>39.7661%</u>	<u>39.7661%</u>
	Total Allocated Plant In Service	<u><u>\$1,555,633</u></u>	<u><u>\$1,366,301</u></u>	<u><u>(\$1,067,735)</u></u>

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**

**CENTRAL TEXAS SERVICE AREA**

**TWELVE MONTHS ENDED JUNE 30, 2019**

**PLANT IN SERVICE - CORPORATE**

		Plant In Service			CCNC		Reserves	
LINE NO.	DESCRIPTION	CORPORATE ADJUSTED ACCT 1010 AT 12/31/2019	ALLOCATION TO TGS	CORPORATE TEST YEAR ADJUSTED AS ALLOCATED	CORPORATE ADJUSTED ACCT 1060 AT 12/31/2019	ALLOCATION TO TGS	CORPORATE TEST YEAR ADJUSTED AS ALLOCATED	
		(s)	(t)	(u)	(f)	(g)	(h)	
						(i)	(j)	
<u>INTANGIBLE PLANT</u>								
1	(301) Organization	\$0			\$0		\$0	
2	(302) Franchises & Consents	0			0		0	
3	(303) Misc. Intangible	0			0		0	
4	(303.1) Misc. Intangible						0	
5	Total Intangible Plant	\$0			\$0		\$0	
<u>GATHERING AND TRANSMISSION PLANT</u>								
6	(325) Land & Land Rights	\$0			\$0		\$0	
7	(327) Field Comprss Station Structutres	0			0		0	
8	(328) Field Meas/Reg Station Structures	0			0		0	
9	(329) Other Structures	0			0		0	
10	(332) Field Lines	0			0		0	
11	(333) Field Compressor Station Equip	0			0		0	
12	(334) Field Meas/Reg Station Equipment	0			0		0	
13	(336) Purification Equipment	0			0		0	
14	(337) Other Equip	0			0		0	
15	(365) Land & Land Rights	0			0		0	
16	(366) Meas/Reg Station Structures	0			0		0	
17	(367) Mains	0			0		0	
18	(368) Compressor Station Equip	0			0		0	
19	(369) Measure/Reg. Station Equipment	0			0		0	
20	(371) Other Equipment	0			0		0	
21	Total Gathering and Transmission Plant	\$0			\$0		\$0	
<u>DISTRIBUTION PLANT</u>								
22	(374) Land & Land Rights	\$0			\$0		\$0	
23	(374.2) Land & Land Rights						0	
24	(375) Structures & Improvements	0					0	
25	(375.1) Structures & Improvements				0		0	
26	(375.2) Other Distr Systems Struct				0		0	
27	(376) Mains	0			0		0	
28	(376.9) Mains - Cathodic Protection Anodes				0		0	
29	(377) Compressor Station Equipment	0			0		0	

## TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.

## CENTRAL TEXAS SERVICE AREA

TWELVE MONTHS ENDED JUNE 30, 2019

## PLANT IN SERVICE - CORPORATE

		Plant In Service				CCNC		Reserves			
LINE NO.	DESCRIPTION	CORPORATE ADJUSTED ACCT 1010 AT 12/31/2019		CORPORATE TEST YEAR ADJUSTED AS ALLOCATED		CORPORATE ADJUSTED ACCT 1060 AT 12/31/2019		CORPORATE TEST YEAR ADJUSTED AS ALLOCATED		CORPORATE ADJUSTED ACCTS 1080100 & 1110 AT 12/31/2019	
		(s)	(t)	(u)	(v)	(f)	(g)	(h)	(i)	(h)	(j)
30	(378) Meas. & Reg. Station - General	0				0				0	
31	(379) Meas. & Reg. Station - C.G.	0				0				0	
32	(380) Services	0				0				0	
33	(380.1) Ind Service Line Equip					0					
34	(380.2) Comm Service Line Equip	0				0					
35	(380.4) Yard Lines-Customer Svc					0					
36	(381) Meters	0				0				0	
37	(382) Meter Installations	0				0				0	
38	(383) House Regulators	0				0				0	
39	(385) Indust. Meas. & Reg. Stat. Equipment	0				0				0	
40	(386) Other Property on Customer Premise	0				0				0	
41	(387) Meas. & Reg. Stat. Equipment	0				0				0	
42	Total Distribution Plant	\$0				\$0				\$0	
GENERAL PLANT											
43	(389) Land & Land Rights	\$0	25.01%	0		\$0	25.01%	\$0	25.01%	\$0	\$0
44	(390.1) Structures & Improvements	41,164	25.01%	10,295		0	25.01%	0	25.01%	(845)	(211)
45	(390.2) Leasehold Improvements	5,567,600	25.01%	1,392,457		46,575	25.01%	11,648	25.01%	(2,288,860)	(572,444)
46	(391.1) Office Furniture & Equipment	3,612,563	25.01%	903,502		0	25.01%	0	25.01%	(918,873)	(229,810)
47	(391.19) Airplane Hanger Furniture	0	25.01%	0		0	25.01%	0	25.01%	0	0
48	(391.2) Data Processing Equipment	0	25.01%	0		0	25.01%	0	25.01%	0	0
49	(391.3) Office Machines	36,237	25.01%	9,063		0	25.01%	0	25.01%	(14,780)	(3,696)
50	(391.4) Audio Visual Equipment	1,084,093	25.01%	271,132		0	25.01%	0	25.01%	135,462	33,879
51	(391.5) Artwork	0	25.01%	0		0	25.01%	0	25.01%	0	0
52	(391.6) Purchased Software	87,580,223	25.01%	21,903,814		15,775,629	25.01%	3,945,485	25.01%	(29,390,226)	(7,350,496)
53	(391.6) Banner Software	5,471,603	30.41%	1,663,919		0	30.41%	0	30.41%	(1,397,680)	(425,036)
54	(391.6) PowerPlant System	870,000	24.02%	208,931		0	24.02%	0	24.02%	(378,334)	(90,857)
55	(391.6) Riskworks	0	0.00%	0		0	0.00%	0	0.00%	0	0
56	(391.6) Maximo	4,573,482	24.71%	1,130,044		0	24.71%	0	24.71%	(2,317,729)	(572,679)
57	(391.6) Dynamic Risk Assessment	0	0.00%	0		0	0.00%	0	0.00%	0	0
58	(391.6) Concur Project	47,648	27.95%	13,318		0	27.95%	0	27.95%	(47,648)	(13,318)
59	(391.6) Journey-Employee-ODC Distrigas	69,568,284	25.01%	17,399,028		0	25.01%	0	25.01%	(27,610,504)	(6,905,387)
60	(391.6) Journey-Employee Count	1,848,836	27.95%	516,769		0	27.95%	0	27.95%	(869,166)	(242,941)
61	(391.6) Ariba Software	0	30.96%	0		0	30.96%	0	30.96%	0	0

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**

**CENTRAL TEXAS SERVICE AREA**

**TWELVE MONTHS ENDED JUNE 30, 2019**

**PLANT IN SERVICE - CORPORATE**

		Plant In Service				CCNC		Reserves			
LINE NO.	DESCRIPTION	CORPORATE ADJUSTED ACCT 1010 AT 12/31/2019		CORPORATE TEST YEAR ADJUSTED AS ALLOCATED		CORPORATE ADJUSTED ACCT 1060 AT 12/31/2019		CORPORATE TEST YEAR ADJUSTED AS ALLOCATED		CORPORATE ADJUSTED ACCTS 1080100 & 1110 AT 12/31/2019	
		(s)	(t)	(u)	(f)	(g)	(h)	(i)	(j)	(h)	(i)
62	(391.6) Accounts Payable Software	903,328	30.96%	279,633	0	30.96%	0	30.96%	(49,189)	(158,900)	30.96%
63	(391.8) Micro Computer Software	16,187,204	25.01%	4,048,420	0	25.01%	0	25.01%	(1,048,392)	(4,191,893)	25.01%
64	(391.81) Aircraft Computer Equipment	0	25.01%	0	0	25.01%	0	25.01%	0	0	25.01%
65	(391.9) Computer & Equipment	0	25.01%	0	0	25.01%	0	25.01%	0	0	25.01%
66	(392.6) Aircraft	0	25.01%	0	0	25.01%	0	25.01%	0	0	25.01%
67	(394) Tools	0	25.01%	0	0	25.01%	0	25.01%	0	0	25.01%
68	(394.1) Tools	0	25.01%	0	0	25.01%	0	25.01%	0	0	25.01%
69	(394.2) Shop Equipment	0	25.01%	0	0	25.01%	0	25.01%	0	0	25.01%
70	(396) Major Work Equipment	0	25.01%	0	0	25.01%	0	25.01%	0	0	25.01%
71	(397) Communication Equipment	102,489	25.01%	25,632	0	25.01%	0	25.01%	(2,987)	(11,944)	25.01%
72	(397.2) Telephone Equipment	0	25.01%	0	0	25.01%	0	25.01%	0	0	25.01%
73	(398) Miscellaneous General Plant	0	25.01%	0	0	25.01%	0	25.01%	0	0	25.01%
74	Total General Plant	\$197,494,752	25.20%	49,775,956	\$15,822,203	25.01%	\$3,957,133	25.16%	(\$17,473,565)	(\$69,461,920)	25.16%
75	Total Orig Cost Plant in Service			\$49,775,956			\$3,957,133		(\$17,473,565)		
76	Allocation Factor to Service Area			39.7661%			39.7661%		39.7661%		
77	Total Allocated Plant in Service			\$19,793,957			\$1,573,597		(\$6,948,555)		



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Rate Case TYE June 2019  
Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
Exhibit D Stand Alone GCSA  
Page 1 of 8

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**

**GULF COAST SERVICE AREA**

**TWELVE MONTHS ENDED JUNE 30, 2019**

**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**PLANT IN SERVICE - SERVICE AREA DIRECT**

LINE NO.	DESCRIPTION	Plant In Service	CCNC	Reserves	NET PLANT
		DIRECT ADJUSTED AT ACCT 1010 12/31/2019	DIRECT ADJUSTED AT 12/31/2019 ACCT 1060	DIRECT ADJUSTED ACCTS 1080100 & 1110 AT12/31/2019	
		(i)	(i)	(m)	
<u>INTANGIBLE PLANT</u>					
1	(301) Organization	\$0	\$0	\$0	
2	(302) Franchises & Consents	6,556	0	(7,983)	
3	(303) Misc. Intangible	4,313	0	(4,876)	
4	(303.1) Misc. Intangible			0	
5	Total Intangible Plant	\$10,869	\$0	(\$12,858)	
<u>GATHERING AND TRANSMISSION PLANT</u>					
6	(325) Land & Land Rights	\$0	\$0	\$0	
7	(327) Field Comprss Station Strucutres	0	0	0	
8	(328) Field Meas/Reg Station Structures	0	0	0	
9	(329) Other Structures	0	0	0	
10	(332) Field Lines	0	0	0	
11	(333) Field Compressor Station Equip	0	0	0	
12	(334) Field Meas/Reg Station Equipment	0	0	0	
13	(336) Purification Equipment	0	0	0	
14	(337) Other Equip	0	0	0	
15	(365) Land & Land Rights	0	0	0	
16	(366) Meas/Reg Station Structures	0	0	0	
17	(367) Mains	0	0	0	
18	(368) Compressor Station Equip	0	0	0	
19	(369) Measure/Reg. Station Equipment	0	0	0	
20	(371) Other Equipment	0	0	0	
21	Total Gathering and Transmission Plant	\$0	\$0	\$0	
<u>DISTRIBUTION PLANT</u>					
22	(374) Land & Land Rights	\$0	\$0	\$0	
23	(374.1) Land & Land Rights	9,437	(0)		
24	(374.2) Land & Land Rights	17,646	1,468	(2,285)	
25	(375) Structures & Improvements			(18,271)	
26	(375.1) Structures & Improvements	20,631	0		
27	(375.2) Other Distr Systems Struct	4,141	0	43,201	
28	(376) Mains	33,801,853	2,432,582	(8,377,008)	
29	(376.9) Mains - Cathodic Protection Anodes	1,091,167	21,412	(578,081)	
30	(377) Compressor Station Equipment	0	0	0	
31	(378) Meas. & Reg. Station - General	1,393,098	180,174	(388,416)	
32	(379) Meas. & Reg. Station - C.G.	1,116,444	110,609	(319,515)	
33	(380) Services	32,749,461	550,330	(7,180,682)	
34	(380.1) Ind Service Line Equip	0	1,773		
35	(380.2) Comm Service Line Equip	0	7,442		
36	(380.4) Yard Lines-Customer Svc	0	4,257		
37	(380.6) Services - Tie-Ins Total	0	0		

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Rate Case TYE June 2019  
Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
Exhibit D Stand Alone GCSA  
Page 2 of 8

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**

**GULF COAST SERVICE AREA**

**TWELVE MONTHS ENDED JUNE 30, 2019**

**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**PLANT IN SERVICE - SERVICE AREA DIRECT**

LINE NO.	DESCRIPTION	Plant In Service		Reserves	NET PLANT
		DIRECT	CCNC DIRECT	DIRECT	
		ADJUSTED AT	ADJUSTED AT	ADJUSTED	
		ACCT 1010 12/31/2019	12/31/2019	ACCTS 1080100 & 1110	
		(i)	(i)	AT12/31/2019	
38	(381) Meters	12,047,661	33,192	(3,808,038)	
39	(382) Meter Installations	0	2,384	(4,463)	
40	(383) House Regulators	1,773,324	7,006	(554,326)	
41	(385) Indust. Meas. & Reg. Stat. Equipment	3,070,737	315,661	(1,068,985)	
42	(386) Other Property on Customer Premises	71,409	0	(63,020)	
43	(387) Meas. & Reg. Stat. Equipment	0	0	0	
44	Total Distribution Plant	\$87,167,010	\$3,668,291	(\$22,319,889)	
<b>GENERAL PLANT</b>					
45	(389) Land & Land Rights	\$0	\$0	\$0	
46	(389.1) Land & Land Rights	42,147			
47	(390) Structures & Improvements	0	0	0	
48	(390.1) Structures & Improvements	2,693,368	80,927	(843,086)	
49	(390.2) Leasehold Improvements	0	0	0	
50	(391) Office Furniture & Equipment	0	0	0	
51	(391.1) Office Furniture & Equipment	95,389	0	(59,243)	
52	(391.9) Computer & Equipment	172,899	0	(87,317)	
53	(392) Transportation Equipment	1,967,029	56,080	(1,019,134)	
54	(393) Stores Equipment	3,423	(0)	(4,732)	
55	(394) Tools, Shop & Garage	1,023,811	37,443	(483,260)	
56	(394.1) Tools	41,500	1,081		
57	(395) CNG Equipment	0	0	36,329	
58	(396) Major Work Equipment	454,183	0	(188,953)	
59	(397) Communication Equipment	2,960,025	0	(1,110,391)	
60	(398) Miscellaneous General Plant	0	0	0	
61	Total General Plant	\$9,453,774	\$175,532	(\$3,759,788)	
62	Total Orig Cost Plant in Service	\$96,631,654	\$3,843,823	(\$26,092,535)	\$74,382,942
63	Division Net Plant				\$313,664
64	Corporate Allocated Net Plant				\$2,439,178
65	GRAND TOTAL NET PLANT				\$77,135,784

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Rate Case TYE June 2019  
Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
Exhibit D Stand Alone GCSA  
Page 3 of 8

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**

**GULF COAST SERVICE AREA**

**TWELVE MONTHS ENDED JUNE 30, 2019**

**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**PLANT IN SERVICE - TGS DIVISION**

LINE NO.	DESCRIPTION	Plant In Service TGS DIVISION ADJUSTED ACCT 1010 AT 12/31/2019 (o)	CCNC TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019 (f)	Reserves TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019 (i)
	<u>INTANGIBLE PLANT</u>			
1	(301) Organization	\$0	\$0	\$0
2	(302) Franchises & Consents	0	0	0
3	(303) Misc. Intangible	0	0	0
4	(303.1) Misc. Intangible			0
5	Total Intangible Plant	\$0	\$0	\$0
	<u>GATHERING AND TRANSMISSION PLANT</u>			
6	(325) Land & Land Rights	\$0	\$0	\$0
7	(327) Field Comprss Station Strcutres	0	0	0
8	(328) Field Meas/Reg Station Structures	0	0	0
9	(329) Other Structures	0	0	0
10	(332) Field Lines	0	0	0
11	(333) Field Compressor Station Equip	0	0	0
12	(334) Field Meas/Reg Station Equipment	0	0	0
13	(336) Purification Equipment	0	0	0
14	(337) Other Equip	0	0	0
15	(365) Land & Land Rights	0	0	0
16	(366) Meas/Reg Station Structures	0	0	0
17	(367) Mains	0	0	0
18	(368) Compressor Station Equip	0	0	0
19	(369) Measure/Reg. Station Equipment	0	0	0
20	(371) Other Equipment	0	0	0
21	Total Gathering and Transmission Plant	\$0	\$0	\$0
	<u>DISTRIBUTION PLANT</u>			
22	(374) Land & Land Rights	\$0	\$434,697	\$0
23	(374.2) Land & Land Rights			0
24	(375) Structures & Improvements	0	0	0
25	(375.1) Structures & Improvements	0	0	
26	(375.2) Other Distr Systems Struct	0	0	0

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Rate Case TYE June 2019  
Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
Exhibit D Stand Alone GCSA  
Page 4 of 8

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**

**GULF COAST SERVICE AREA**

**TWELVE MONTHS ENDED JUNE 30, 2019**

**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**PLANT IN SERVICE - TGS DIVISION**

LINE NO.	DESCRIPTION	Plant In Service	CCNC	Reserves
		TGS DIVISION ADJUSTED ACCT 1010 AT 12/31/2019	TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019	TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019
		(o)	(f)	(i)
27	(376) Mains	0	0	0
28	(376.9) Mains - Cathodic Protection Anodes	0	0	0
29	(377) Compressor Station Equipment	0	0	0
30	(378) Meas. & Reg. Station - General	0	0	0
31	(379) Meas. & Reg. Station - C.G.	0	0	0
32	(380) Services	0	0	0
33	(380.1) Ind Service Line Equip	0	0	
34	(380.2) Comm Service Line Equip	0	0	
35	(380.4) Yard Lines-Customer Svc	0	0	
36	(381) Meters	0	0	0
37	(382) Meter Installations	0	0	0
38	(383) House Regulators	0	0	0
39	(385) Indust. Meas. & Reg. Stat. Equipment	0	0	0
40	(386) Other Property on Customer Premises	0	0	0
41	(387) Meas. & Reg. Stat. Equipment	0	0	0
42	Total Distribution Plant	\$0	\$434,697	\$0

GENERAL PLANT

43	(389) Land & Land Rights	\$0	\$0	\$0
44	(390.1) Structures & Improvements	73,670	3,001,147	(23,228)
45	(390.2) Leasehold Equipment	106,600	0	(107,526)
46	(391.1) Office Furniture & Fixtures	438,158	0	(270,743)
47	(391.2) Data Processing Equipment	0	0	0
48	(391.3) Office Machines	0	0	0
49	(391.4) Audio Visual Equipment	0	0	0
50	(391.6) Purchased Software	0	0	0
51	(391.9) Computer & Equipment	2,192,582	0	(1,603,600)
52	(392.6) Aircraft	0	0	0
53	(394) Tools	20,066	0	(9,348)
54	(394.1) Tools	0	0	
55	(394.2) Shop Equipment	0	0	0

Texas Gas Service Company, a Division of ONE Gas, Inc.  
 Central-Gulf Rate Case TYE June 2019  
 Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
 Exhibit D Stand Alone GCSA  
 Page 5 of 8

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**GULF COAST SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**PLANT IN SERVICE - TGS DIVISION**

LINE NO.	DESCRIPTION	Plant In Service TGS DIVISION ADJUSTED ACCT 1010 AT 12/31/2019 (o)	CCNC TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019 (f)	Reserves TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019 (i)
56	(396) Major Work Equipment	0	0	
56	(397) Communication Equipment	1,080,882	0	(670,595)
57	(398) Miscellaneous General Plant	0	0	0
58	Total General Plant	<u>\$3,911,958</u>	<u>\$3,001,147</u>	<u>(\$2,685,039)</u>
59	Total Orig Cost Plant in Service	\$3,911,958	\$3,435,844	(\$2,685,039)
60	Allocation Factor to Service Area	<u>6.7270%</u>	<u>6.7270%</u>	<u>6.7270%</u>
	Total Allocated Plant In Service	<u>\$263,157</u>	<u>\$231,129</u>	<u>(\$180,623)</u>

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**GULF COAST SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**

**PLANT IN SERVICE - CORPORATE**

		Plant In Service		CCNC		Reserves	
LINE NO.	DESCRIPTION	CORPORATE ADJUSTED ACCT 1010 AT 12/31/2019	ALLOCATION TO TGS	CORPORATE TEST YEAR ADJUSTED AS ALLOCATED	CORPORATE ADJUSTED ACCT 1060 AT 12/31/2019	ALLOCATION TO TGS	CORPORATE TEST YEAR ADJUSTED AS ALLOCATED
		(s)	(t)	(u)	(f)	(g)	(h)
						(i)	(j)
<b>INTANGIBLE PLANT</b>							
1	(301) Organization	\$0			\$0		\$0
2	(302) Franchises & Consents	0			0		0
3	(303) Misc. Intangible	0			0		0
4	(303.1) Misc. Intangible						0
5	Total Intangible Plant	\$0			\$0		\$0
<b>GATHERING AND TRANSMISSION PLANT</b>							
6	(325) Land & Land Rights	\$0			\$0		\$0
7	(327) Field Comprss Station Structures	0			0		0
8	(328) Field Meas/Reg Station Structures	0			0		0
9	(329) Other Structures	0			0		0
10	(332) Field Lines	0			0		0
11	(333) Field Compressor Station Equip	0			0		0
12	(334) Field Meas/Reg Station Equipment	0			0		0
13	(336) Purification Equipment	0			0		0
14	(337) Other Equip	0			0		0
15	(365) Land & Land Rights	0			0		0
16	(366) Meas/Reg Station Structures	0			0		0
17	(367) Mains	0			0		0
18	(368) Compressor Station Equip	0			0		0
19	(369) Measure/Reg. Station Equipment	0			0		0
20	(371) Other Equipment	0			0		0
21	Total Gathering and Transmission Plant	\$0			\$0		\$0
<b>DISTRIBUTION PLANT</b>							
22	(374) Land & Land Rights	\$0			\$0		\$0
23	(374.2) Land & Land Rights	0			0		0
24	(375) Structures & Improvements	0			0		0
25	(375.1) Structures & Improvements						0
26	(375.2) Other Distr Systems Struct				0		0
27	(376) Mains	0			0		0
28	(376.9) Mains - Cathodic Protection Anodes				0		0
29	(377) Compressor Station Equipment	0			0		0
30	(378) Meas. & Reg. Station - General	0			0		0
31	(379) Meas. & Reg. Station - C.G.	0			0		0
32	(380) Services	0			0		0

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**GULF COAST SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**

**PLANT IN SERVICE - CORPORATE**

		Plant In Service			CCNC			Reserves		
LINE NO.	DESCRIPTION	CORPORATE ADJUSTED ACCT 1010 AT 12/31/2019		CORPORATE TEST YEAR AS ALLOCATED	CORPORATE ADJUSTED ACCT 1060 AT 12/31/2019		CORPORATE TEST YEAR AS ALLOCATED	CORPORATE ADJUSTED ACCTS 1080100 & 1110 AT 12/31/2019		CORPORATE TEST YEAR ADJUSTED AS ALLOCATED
		(s)	(t)	(u)	(f)	(g)	(h)	(i)	(j)	
33	(380.1) Ind Service Line Equip									
34	(380.2) Comm Service Line Equip	0								
35	(380.4) Yard Lines-Customer Svc									
36	(381) Meters	0								
37	(382) Meter Installations	0								
38	(383) House Regulators	0								
39	(385) Indust. Meas. & Reg. Stat. Equipment	0								
40	(386) Other Property on Customer Premise:	0								
41	(387) Meas. & Reg. Stat. Equipment	0								
42	Total Distribution Plant	\$0			\$0			\$0		
GENERAL PLANT										
43	(389) Land & Land Rights	\$0	25.01%	0	\$0	25.01%	\$0	25.01%	\$0	25.01%
44	(390.1) Structures & Improvements	41,164	25.01%	10,295	0	25.01%	0	(845)	25.01%	(211)
45	(390.2) Leasehold Improvements	5,567,600	25.01%	1,392,457	46,575	25.01%	11,648	(2,288,860)	25.01%	(572,444)
46	(391.1) Office Furniture & Equipment	3,612,563	25.01%	903,502	0	25.01%	0	(918,873)	25.01%	(229,810)
47	(391.19) Airplane Hanger Furniture	0	25.01%	0	0	25.01%	0	0	25.01%	0
48	(391.2) Data Processing Equipment	0	25.01%	0	0	25.01%	0	0	25.01%	0
49	(391.3) Office Machines	36,237	25.01%	9,063	0	25.01%	0	(14,780)	25.01%	(3,696)
50	(391.4) Audio Visual Equipment	1,084,093	25.01%	271,132	0	25.01%	0	135,462	25.01%	33,879
51	(391.5) Artwork	0	25.01%	0	0	25.01%	0	0	25.01%	0
52	(391.6) Purchased Software	87,580,223	25.01%	21,903,814	15,775,629	25.01%	3,945,485	(29,390,226)	25.01%	(7,350,496)
53	(391.6) Banner Software	5,471,603	30.41%	1,663,919	0	30.41%	0	(1,397,680)	30.41%	(425,036)
54	(391.6) PowerPlant System	870,000	24.02%	208,931	0	24.02%	0	(378,334)	24.02%	(90,857)
55	(391.6) Riskworks	0	0.00%	0	0	0.00%	0	0	0.00%	0
56	(391.6) Maximo	4,573,482	24.71%	1,130,044	0	24.71%	0	(2,317,729)	24.71%	(572,679)
57	(391.6) Dynamic Risk Assessment	0	0.00%	0	0	0.00%	0	0	0.00%	0
58	(391.6) Concur Project	47,648	27.95%	13,318	0	27.95%	0	(47,648)	27.95%	(13,318)
59	(391.6) Journey-Employee-ODC Distrigas	69,568,284	25.01%	17,399,028	0	25.01%	0	(27,610,504)	25.01%	(6,905,387)
60	(391.6) Journey-Employee Count	1,848,836	27.95%	516,769	0	27.95%	0	(869,166)	27.95%	(242,941)
61	(391.6) Ariba Software	0	30.96%	0	0	30.96%	0	0	30.96%	0
62	(391.6) Accounts Payable Software	903,328	30.96%	279,633	0	30.96%	0	(158,900)	30.96%	(49,189)
63	(391.8) Micro Computer Software	16,187,204	25.01%	4,048,420	0	25.01%	0	(4,191,893)	25.01%	(1,048,392)
64	(391.81) Aircraft Computer Equipment	0	25.01%	0	0	25.01%	0	0	25.01%	0
65	(391.9) Computer & Equipment	0	25.01%	0	0	25.01%	0	0	25.01%	0
66	(392.6) Aircraft	0	25.01%	0	0	25.01%	0	0	25.01%	0
67	(394) Tools	0	25.01%	0	0	25.01%	0	0	25.01%	0

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Rate Case TYE June 2019  
Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
Exhibit D Stand Alone GCSA  
Page 8 of 8

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**GULF COAST SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**

**PLANT IN SERVICE - CORPORATE**

		Plant In Service			CCNC		Reserves		
LINE NO.	DESCRIPTION	CORPORATE ADJUSTED ACCT 1010 AT 12/31/2019		CORPORATE TEST YEAR ADJUSTED AS ALLOCATED		CORPORATE ADJUSTED ACCT 1060 AT 12/31/2019		CORPORATE TEST YEAR ADJUSTED AS ALLOCATED	
		(s)	(t)	(u)	(g)	(f)	(h)	(i)	(j)
68	(394.1) Tools	0	25.01%	0	25.01%	0	0	25.01%	0
69	(394.2) Shop Equipment	0	25.01%	0	25.01%	0	0	25.01%	0
70	(396) Major Work Equipment	0	25.01%	0	25.01%	0	0	25.01%	0
71	(397) Communication Equipment	102,489	25.01%	25,632	25.01%	0	(11,944)	25.01%	(2,987)
72	(397.2) Telephone Equipment	0	25.01%	0	25.01%	0	0	25.01%	0
73	(398) Miscellaneous General Plant	0	25.01%	0	25.01%	0	0	25.01%	0
74	Total General Plant	\$197,494,752	25.20%	49,775,956	25.01%	\$15,822,203	\$3,957,133	25.16%	(\$17,473,565)
75	Total Orig Cost Plant In Service			\$49,775,956			\$3,957,133		(\$17,473,565)
76	Allocation Factor to Service Area			6.7270%			6.7270%		6.7270%
77	Total Allocated Plant In Service			\$3,348,429			\$266,196		(\$1,175,447)



Texas Gas Service, a Division of ONE Gas, Inc.  
Central-Gulf Rate Case TYE June 30, 2019  
Updated for Known and Measurable Changes through Sept. 30, 2019

Exhibit E  
Page 1 of 1

### Detailed Share the Warmth Terms

TGS will make contributions in the CGSA to Share the Warmth of \$120,000 annually until the next general rate case in the CGSA if the Commission approves consolidation. If the Commission does not approve consolidation, TGS will contribute \$100,000 annually to Share the Warmth for the CTSA and \$20,000 annually to Share the Warmth for the GCSA. TGS will also endeavor to increase awareness of the Share the Warmth Program among its CGSA customers to promote increased customer contributions. TGS will produce at least one bill insert per year to customers, increase mentions on social media, increase visibility on the TGS website, increase training of its customer service representatives at its call centers, and make improvements in delivering messages to customers who receive bills via electronic (paperless) means.

TGS will issue a joint news release with the program administrators each fall, bringing awareness to the Share the Warmth Program and inviting support.

The purpose of TGS's contribution is not to replace other sources of customer support, but to provide resources in addition to existing resources. (i.e., Travis County contributed \$111,000 of its own General Fund utility assistance program in 2019.)

The first contribution from Texas Gas Service will occur on November 1, 2020. Prior to that date, a committee will meet and review the amount of funds expended on natural gas utility assistance by Travis County and the Catholic Charities of Central Texas (the Program Administrators) in the preceding calendar year. This Committee will include a representative from the Travis County Health and Human Service Department, City of Austin Telecommunications and Regulatory Affairs department, Texas Gas Service and a representative from Catholic Charities of Central Texas.

This committee will also convene in the fall of 2020 to review the current contracts and guidelines between TGS and Travis County and TGS and Catholic Charities. The committee will review eligibility requirements, maximum contribution amounts, number of times a year a customer is eligible for assistance and make recommendations for changes in the Share the Warmth Program so that Share the Warmth will complement and support existing programs to the best of their ability.

On November 1, 2021, TGS will make another \$1200,000 contribution to the Programs for the CGSA if consolidation is approved (or \$100,000 for the CTSA and \$20,000 for the GCSA, if consolidation is not approved) if all funds for Share the Warmth, CEAP (Consolidated Energy Assistance Program) and for the Program Administrators have been expended. If all funds have not been expended, then TGS's contribution will be reduced to an amount that will meet the expected need. This amount will be determined by the Committee.

This process will continue each year until the next general rate case in the CGSA (or CTSA and GCSA if consolidation is not approved).

**GAS UTILITIES DOCKET NO. 10928**

<b>STATEMENT OF INTENT OF TEXAS</b>	<b>§</b>	
<b>GAS SERVICE COMPANY, A</b>	<b>§</b>	<b>BEFORE THE</b>
<b>DIVISION OF ONE GAS, INC., TO</b>	<b>§</b>	
<b>CHANGE GAS UTILITY RATES</b>	<b>§</b>	<b>RAILROAD COMMISSION</b>
<b>WITHIN THE UNINCORPORATED</b>	<b>§</b>	
<b>AREAS OF THE CENTRAL TEXAS</b>	<b>§</b>	<b>OF TEXAS</b>
<b>SERVICE AREA AND THE GULF</b>	<b>§</b>	
<b>COAST SERVICE AREA</b>	<b>§</b>	

**AFFIDAVIT OF KATE NORMAN**

Before me, the undersigned authority, on this date personally appeared Kate Norman, 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 Kate Norman. 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 a partner with the Austin, Texas law firm of Coffin Renner LLP and have practiced law in Travis County since 2005. 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 of record for Texas Gas Service Company, a division of ONE Gas, Inc. ("TGS" or the "Company") in GUD No. 10928. My firm was engaged to assist in the presentation of the Company's rate filing involving the Central Texas Service Area ("CTSA"), Gulf Coast Service Area ("GCSA") and City of Beaumont that was filed with the cities and Commission on December 20, 2019. Attached to the Unanimous Settlement Agreement are invoices supporting the \$1,103,817.79 in rate case expenses incurred by TGS in this proceeding through April 30, 2020. This amount includes legal expenses incurred in preparing the filing, expenses incurred by professional consultants retained to provide testimony, public notice costs, and incidental expenses. The invoices are detailed and itemized. The total amount of Company rate case expenses of \$1,318,817.79 also includes \$215,000 in estimated costs to complete the case.
4. Attached to the Unanimous Settlement Agreement are also invoices supporting TGS's request to recover \$78,867.46 in TGS and city expenses incurred in GUD No. 10844 related to restoring service following Hurricane Harvey. There will be no additional rate case expenses related to GUD No. 10844. The Unanimous Settlement Agreement reflects these costs will be recovered through Rate Schedule HARV-Rider.
5. Of TGS's total actual amount of rate case expenses for this proceeding, \$656,515.81 are required regulatory expenses and \$447,301.98 are litigation expenses as defined by 16 Tex. Admin. Code §7.5530(d).

6. 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.
7. I have reviewed the billings of Coffin Renner LLP submitted to TGS for legal services performed in this proceeding as well as in GUD No. 10844, and I affirm that those billings accurately reflect the time spent and expenditures incurred by Coffin Renner LLP on TGS's behalf. The charges and rates of my firm are reasonable and consistent with those billed by others for similar work, and the rates are comparable to rates charged by other professionals with the same level of expertise and experience. The hours spent to perform the tasks assigned to Coffin Renner LLP were necessary to complete those tasks in a professional manner on a timely basis and the nature of the work performed is typical of a rate proceeding such as this case. The nature of this work included the preparation of testimony and other aspects of the Company's rate filing package, answering discovery questions, preparation of rebuttal testimony, preparation for hearings, and addressing settlement issues. There was no duplication of services, and the Company's request for a rate change was warranted. Further, the work 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 proceedings and the amount of the rate increase sought and granted.
8. In addition to the amounts incurred through April 30, 2020, TGS has and will continue to incur additional expenses for additional legal work performed through the issuance of a Final Order in this docket. The nature of this work includes finalizing settlement documents, presentation of the settlement to the Administrative Law Judge and Examiners, drafting briefs addressing service area consolidation, potential discovery and briefing before the Examiners, and attending Commission conferences. Based on my experience in administrative proceedings, including proceedings in which the parties seek approval of a Unanimous Settlement Agreement as in this case, I estimate those expenses from April 30, 2020 through completion of the case will be approximately \$215,000.
9. In addition to legal expenses, TGS incurred other rate case expenses, which included expenses incurred by professional consultants retained to provide testimony, preparation of the filing, public notice, responding to discovery, and incidental expenses. Actual detailed and itemized invoices supporting these other expenses through April 30, 2020 are attached. The total amount of rate case expenses for consultants is \$315,145.77 and for Company expenses is \$257,034.28, which includes costs for issuing notice.
10. No portion of the fees or expenses that TGS 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.
11. TGS's total amount of rate case expenses is \$1,318,817.79, which includes \$215,000 in estimated expenses. As reflected in the Unanimous Settlement Agreement, TGS seeks approval to recover the rate case expenses uniformly from all customers because good cause

exists for doing so, in accordance with 16 Tex. Admin. Code §7.5530. TGS will supplement this filing with additional invoices as they are processed.

12. TGS seeks recovery only of those expenses that are actually incurred, and any rate case expense surcharge and will collect from ratepayers only the amount actually incurred and authorized for recovery. I note, however, that the estimated expenses presume approval of the Unanimous Settlement Agreement. TGS reserves the right to revise this estimate to the extent that additional litigation becomes necessary.”

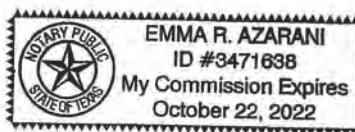
*Kate Norman*

Kate Norman

**SWORN TO AND SUBSCRIBED** before me on this 28<sup>th</sup> day of May 2020 by Kate Norman.

*Emma R. Azarani*

Notary Public, State of Texas



**GAS UTILITIES DOCKET NO. 10928**

<b>STATEMENT OF INTENT OF TEXAS</b>	<b>§</b>	<b>BEFORE THE</b>
<b>GAS SERVICES COMPANY, A DIVISION</b>	<b>§</b>	
<b>OF ONE GAS, INC. TO CHANGE GAS</b>	<b>§</b>	
<b>UTILITY RATES WITHIN THE</b>	<b>§</b>	<b>RAILROAD COMMISSION</b>
<b>UNINCORPORATED AREAS OF THE</b>	<b>§</b>	
<b>CENTRAL TEXAS SERVICE AREA AND</b>	<b>§</b>	
<b>GULF COAST SERVICE AREA</b>	<b>§</b>	<b>OF TEXAS</b>

**AFFIDAVIT OF THOMAS L. BROCATO  
RELATED TO THE RATE CASE EXPENSES OF  
THE TGS CTSA CITIES AND TGS GCSA 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 depose 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 TGS Central Texas Service Area ("CTSA") Cities and TGS Gulf Coast Service Area ("GCSA") Cities (together, "Cities") in Gas Utilities Docket ("GUD") No. 10928. 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 25 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 Cities in connection with GUD No. 10928 concerning the *Statement of Intent of Texas Gas Services Company, a Division of One Gas, Inc. to Change Gas Utility Rates within the Unincorporated Areas of the Central Texas Service Area and Gulf Coast Service Area.*

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 Cities for legal services performed in GUD No. 10928. I affirm that those billings accurately reflect the time spent and expenditures incurred by Lloyd Gosselink on Cities' behalf. Those billings were accurately calculated before they were tendered, and there was no double billing. None of the charges billed to Cities have been recovered through reimbursement for other expenses. The expenses charged were associated with the review of Texas Gas Service Company's Statement of Intent in GUD No. 10928 and were necessary to advise Cities and accomplish tasks in this proceeding. Total rate case expenses (inclusive of legal fees, consultant charges, and other expenses) for GUD No. 10928 through April 30, 2020 are summarized in the chart attached to this affidavit as Attachment A.

4. For the period of December 23, 2019 through April 30, 2020, Lloyd Gosselink has billed \$109,588.16 for legal services in GUD No. 10928. The fees and expenses incurred through April 30, 2020 were necessary to: advise Cities on the review of Texas Gas Service Company'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 \$255.00-\$375.00, 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 \$37,440.00. 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 \$270.00. 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 Texas Gas Service Company's Statement of Intent, identified issues, prepared and reviewed discovery questions and responses, prepared direct testimony, assisted in settlement negotiations.

7. Invoices from Lloyd Gosselink also include fees and expenses from NewGen Strategies & Solutions for work performed by Constance T. Cannady in the amount of \$38,637.50. Ms. Cannady is a regulatory expert engaged to present testimony and consult on the issues in this case. Ms. Cannady's hourly rate for this proceeding is \$275.00. This is the same or similar hourly rate charged other clients for comparable services during the same time period. Ms. Cannady reviewed Texas Gas Service Company's Statement of Intent, identified issues, prepared and reviewed discovery questions and responses, prepared direct testimony, assisted in settlement negotiations.

8. The invoices submitted by Lloyd Gosselink include a description of services performed and time expended on each activity. The invoices for GUD No. 10928 through April 30, 2020 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.

9. I have made a detailed review of actual invoices for consultants and legal services for December 23, 2019 through April 30, 2020. I conclude that the services rendered in these months were necessary for Cities' 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 Cities' 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).

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

11. In addition to the expenses incurred through April 30, 2020, Lloyd Gosselink will incur fees and expenses in GUD No. 10928 beyond that date associated with continued work to finalize settlement documents subsequent to the date of this affidavit.

In consideration of this activity, Cities estimates that its remaining expense of participating in this case beyond April 30, 2020 will not exceed \$100,000. 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, Cities would seek to quantify an additional rate case expense amount.

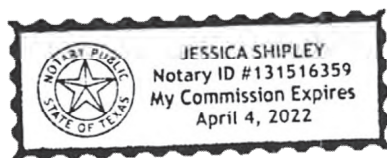


12. The total amounts requested for expenses through April 30, 2020 and the estimate beyond that date of \$100,000 for GUD No. 10928, are reasonable given the complexity, importance, and magnitude of this case, the nature of Cities' case, and the number of issues.

Dated: May 28, 2020.

  
\_\_\_\_\_  
THOMAS L. BROCATO

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned authority, on this 28th day of May, 2020.



  
\_\_\_\_\_  
Notary Public

Docket No. 10928 - CTSA GCSA 2019 Rate Case  
Consolidated Tax Savings Adjustment Gas Rate Case Expenses

## Attachment A

	<i>Invoice Date</i>	<i>Invoice No.</i>	<i>Billing Period</i>	<i>Through Period</i>	<i>Invoice Amount</i>	<i>Total Billed to Date</i>	
<b>Lloyd Gosselink</b>	1/30/2020	97507051	12/23/2019	12/31/2019	\$ 2,512.50	\$ 2,512.50	
	2/10/2020	97507199	1/2/2020	1/31/2020	\$ 12,714.95	\$ 15,227.45	
	4/10/2020	97510013	2/1/2020	2/29/2020	\$ 15,649.15	\$ 30,876.60	
	4/13/2020	97510021	3/1/2020	3/31/2020	\$ 53,889.50	\$ 84,766.10	
	5/15/2020	97510622	4/1/2020	4/30/2020	\$ 24,822.06	\$109,588.16	
							<b>\$ 109,588.16</b>
<b>ReSolved Engergy Consulting, LLC</b>							
	2/5/2020	4548	1/1/2020	1/31/2020	\$ 2,214.00	\$ 2,214.00	
	3/3/2020	4563	2/1/2020	2/29/2020	\$ 4,725.00	\$ 6,939.00	
	4/2/2020	4573	3/1/2020	3/31/2020	\$ 23,310.00	\$ 30,249.00	
	5/7/2020	4587	4/1/2020	4/30/2020	\$ 7,191.00	\$ 37,440.00	
							<b>\$ 37,440.00</b>
<b>NewGen Strategies &amp; Solutions</b>							
	2/17/2020	8925	1/1/2020	2/15/2020	\$ 7,906.25	\$ 7,906.25	
	3/16/2020	9163	2/16/2020	3/15/2020	\$ 16,912.50	\$ 24,818.75	
	4/21/2020	9480	3/16/2020	4/15/2020	\$ 12,181.25	\$ 37,000.00	
	5/22/2020	9550	4/16/2020	5/15/2020	\$1,637.50	\$ 38,637.50	
							<b>\$ 38,637.50</b>
<b>Lloyd Gosselink + Consultants</b>							
	1/30/2020	97507051	12/23/2019	12/31/2019	\$ 2,512.50	\$ 2,512.50	
	2/10/2020	97507199	1/2/2020	1/31/2020	\$ 14,928.95	\$ 17,441.45	
	4/10/2020	97510013	2/1/2020	2/29/2020	\$ 28,280.40	\$ 45,721.85	
	4/13/2020	97510021	3/1/2020	3/31/2020	\$ 94,112.00	\$139,833.85	
	5/15/2020	97510622	4/1/2020	4/30/2020	\$ 37,003.31	\$176,837.16	
<b>Estimated</b>							<b>\$100,000</b>
<b>10928 TOTAL</b>							<b>\$ 285,665.66</b>

**GUD NO. 10928**

<b>TEXAS GAS SERVICE COMPANY, A</b>	<b>§</b>	<b>BEFORE THE</b>
<b>DIVISION OF ONE GAS, INC.,</b>	<b>§</b>	
<b>STATEMENT OF INTENT TO</b>	<b>§</b>	
<b>CHANGE GAS UTILITY RATES</b>	<b>§</b>	<b>RAILROAD COMMISSION</b>
<b>WITHIN THE INCORPORATED</b>	<b>§</b>	
<b>AREAS OF THE CENTRAL TEXAS</b>	<b>§</b>	
<b>SERVICE AREA, GULF COAST</b>	<b>§</b>	<b>OF TEXAS</b>
<b>SERVICE AREA AND CITY OF</b>	<b>§</b>	
<b>BEAUMONT</b>	<b>§</b>	

**DECLARATION OF MOLLY MAYHALL VANDERVOORT REGARDING**  
**REASONABLENESS OF CITIES' RATE CASE EXPENSES FOR GUD NO. 10928**

I, Molly Mayhall Vandervoort, declare under penalty of perjury that the following statement and facts are true and correct.

1. My name is Molly Mayhall Vandervoort. I am over eighteen years of age and am not disqualified from making this declaration.
2. I am giving this declaration to support the reasonableness of Cities' rate case expenses in *Statement of Intent of Texas Gas Service Company, a Division of ONE Gas, Inc. ("the Company" or "TGS") to Change Utility Rates within the Central Texas Service Area, Gulf Coast Service Area, and the City of Beaumont*, GUD No. 10928.
3. I am an attorney with the Lawton Law Firm, P.C. ("Lawton Law Firm"), 12600 Hill Country Blvd., Suite R-275, Austin, Texas 78738. The Lawton Law Firm was retained by the City of Beaumont and a number of municipalities<sup>1</sup> in the Company's Gulf Coast Service Area that are impacted by the proposed rate increase that was the subject of GUD No. 10928. Mr. David Garrett was retained to provide expert testimony regarding the Company's proposed depreciation study and rates. Mr. Kevin O'Donnell was retained to provide expert testimony regarding the Company's proposed rate of return and capital structure.

---

<sup>1</sup> The municipalities that have retained The Lawton Law Firm, P.C. in this proceeding and in the municipal review of the Company's Statement of Intent are: Beaumont, Groves, Nederland, Port Arthur, and Port Neches ("Cities").

4. I address the reasonableness of the actual fees charged by the Lawton Law Firm, P.C., Mr. O'Donnell, and Mr. Garrett through May 22, 2020 and estimated fees through the end of these proceedings. Attached hereto as Attachment A is a true and correct copy of the Lawton Law Firm's itemized invoice for rate case legal expenses incurred in GUD No. 10928. Attachment B is a true and correct copy of Mr. Garrett's itemized invoices for rate case consulting expenses incurred in Docket No. 10928. Attachment C is a true and correct copy of Mr. O'Donnell's itemized invoice for rate case consulting expenses incurred in Docket No. 10928.
5. The total actual rate case expenses Cities incurred in GUD No. 10928 for legal and consulting services through May 22, 2020 are \$98,652.00, as summarized in Table 1 below.

<b>Table 1</b> <b>Cities' Rate Case Expenses</b> <b>Actual Billings For December 2019 Through May 22, 2020 plus Estimated</b> <b>GUD No. 10928</b>			
	<b>Hours</b>	<b>Rate</b>	<b>Total</b>
<b>Daniel Lawton</b>	105.7	\$340.00	\$35,938.00
<b>Molly Mayhall Vandervoort</b>	67.0	\$240.00	\$16,080.00
<b>Total Attorney Fees</b>			<b>\$52,018.00</b>
<b>Expenses: Consultants</b>			
<b>Resolve Energy Consulting</b>			\$27,100.00
<b>Nova Energy Consultants</b>			\$19,534.00
<b>Total Expert Fees</b>			<b>\$46,634.00</b>
<b>Total Actual Fees and Expenses</b>			<b>\$98,652.00</b>
<b>Estimated Expenses</b>			<b>\$9,000.00</b>
<b>Total Actual and Estimated</b>			<b>\$107,652.00</b>

6. Attachment A sets out the time The Lawton Law Firm worked on the case along with an itemized description of the services performed. The time spent in this proceeding was for reviewing and analyzing the testimony and schedules supporting TGS's request, participating in the discovery process, developing expert testimony, reviewing the

testimony of Intervenor and Staff witnesses, reviewing the Company's rebuttal testimony, and participating in settlement negotiations.

7. I estimate that an additional \$9,000.00 will be required to review settlement documents for accuracy and conformity with the parties' agreement, to litigate the remaining consolidation issue, to review the Proposal for Decision and possibly propose modifications, to review the Final Order, and attend commission meetings if necessary. Total actual charges and estimated charges through the completion of the case amount to \$107,652.00.
8. Mr. Lawton's billing rate for GUD No. 10928 was \$340 per hour. My billing rate was \$240 per hour. These are the rates we charge to all clients for this type of work and representation in rate proceedings. Mr. Lawton has been working and practicing in the area of utility regulation administrative law for many years both as an attorney and as a witness. I have been a practicing attorney in Austin, Texas, since 2005 and have worked in the area of utility regulation administrative law since 2009. I am familiar with the hourly rates charged by other attorneys to perform similar services before utility regulatory agencies in Texas. In my opinion, the Lawton Law Firm's rates are reasonable based on our years of experience and by comparison to the rates charged by other attorneys to perform similar work.
9. The hourly rates listed above are inclusive of ordinary out-of-pocket expenses. In other words, the Lawton Law Firm does not charge extra for normal copying, fax, deliveries (Federal Express), telephone (long-distance) and courier expenses. The Lawton Law Firm does charge for extraordinary expenses such as deposition transcripts, hearing transcripts, large copy jobs, and multiple copy requests that are sent out for copying. No expenses are included for review in this proceeding.
10. Expert testimony in GUD No. 10928 was provided by Mr. David Garrett. Mr. Garrett billed 135.5 hours for his consulting services in GUD No. 10928 at an hourly rate of \$200, for a total of \$27,100.00. Attachment B sets out additional detail regarding Mr. Garrett's qualifications and the time Mr. Garrett spent working on the case as well as an itemized description of the services performed. These expenses were incurred in reviewing TGS's filing and supporting testimony, participating in the discovery process, providing expert

analyses, and developing testimony. Mr. Garrett's fees are reasonable based upon his experience and by comparison with the hourly rates charged by other consultants providing expert testimony in Texas utility regulatory proceedings.

11. Additional expert testimony in GUD No. 10928 was provided by Mr. Kevin O'Donnell. Mr. O'Donnell and his firm billed 99.75 hours for consulting services in GUD No. 10928 at hourly rates of \$125-215 per hour, for a total of \$19,533.75. Attachment C sets out additional detail regarding Mr. O'Donnell's qualifications and the time Mr. O'Donnell spent working on the case as well as an itemized description of the services performed. These expenses were incurred in reviewing TGS's filing and supporting testimony, participating in the discovery process, providing expert analyses, and developing testimony. Mr. O'Donnell's fees are reasonable based upon his experience and by comparison with the hourly rates charged by other consultants providing expert testimony in Texas utility regulatory proceedings.
12. Based on my experience relating to analysis of rate proceeding matters and the reasonableness of rate case expenses before the Railroad Commission of Texas, I conclude that: (1) the hourly rates of the Lawton Law Firm, Mr. O'Donnell, and Mr. Garrett are reasonable; (2) the actual hours billed by the Lawton Law Firm, Mr. O'Donnell, and Mr. Garrett in GUD No. 10928 are reasonable; (3) the amount of hours estimated necessary to complete the work in these proceedings is reasonable; (4) the calculation of the total charges is correct; (5) there is no double-billing of charges; (6) none of the charges has been recovered through reimbursement for other expenses; (7) none of the charges should have been assigned to other matters; (8) there was no occasion on which there was billing by any attorney or associated legal personnel in excess of 12 hours in a single day; and (9) no luxury or personal items were included, such as first class travel, alcohol, valet parking, dry cleaning, designer coffee, or meals in excess of \$25 per person.<sup>2</sup>
13. I have concluded that the time spent by the Lawton Law Firm and the total expenses incurred and estimated by the Cities are proportionate to the efforts necessary to represent the Cities in GUD No. 10928, given the complexity of the issues, the originality of the

---

<sup>2</sup> See *Application of El Paso Electric Company for Authority to Change Rates*, Docket No. 8363, 14 P.U.C. BULL. 2834, 2977-78 (May 5, 1989); See also, *Application of CenterPoint Energy Houston Electric, LLC for a Competition Transition Charge*, Docket No. 30706, Order (Jul. 14, 2005).

work, and the recovery requested.

“My name is Molly Mayhall Vandervoort. I am over eighteen years of age and my address is 12600 Hill Country Boulevard, Suite R-275, Austin, Texas 78738. I declare under penalty of perjury that the foregoing is true and correct.”

Executed in Travis County, State of Texas, on the 28<sup>th</sup> of May, 2020.

A handwritten signature in black ink, appearing to read "Molly Mayhall Vandervoort", written in a cursive style.

---

Molly Mayhall Vandervoort

**GAS UTILITIES DOCKET NO. 10928**

<b>TEXAS GAS SERVICE COMPANY, A</b>	<b>§</b>	
<b>DIVISION OF ONE GAS, INC.,</b>	<b>§</b>	
<b>STATEMENT OF INTENT TO</b>	<b>§</b>	<b>BEFORE THE</b>
<b>CHANGE GAS UTILITY RATES</b>	<b>§</b>	
<b>WITHIN THE UNINCORPORATED</b>	<b>§</b>	<b>RAILROAD COMMISSION</b>
<b>AREAS OF THE CENTRAL TEXAS</b>	<b>§</b>	
<b>SERVICE AREA, GULF COAST</b>	<b>§</b>	<b>OF TEXAS</b>
<b>SERVICE AREA AND CITY OF</b>	<b>§</b>	
<b>BEAUMONT</b>	<b>§</b>	

**RATE CASE EXPENSE DECLARATION OF DAVID GARRETT**  
**PROVIDING ACTUAL EXPENSES THROUGH APRIL 30, 2020**

I, David Garrett, declare under penalty of perjury that the following statement and facts are true and correct.

1. My name is David Garrett. I am over eighteen years of age and am not disqualified from making this declaration.
2. I am the managing member of Resolve Utility Consulting PLLC. I have been retained by the Gulf Coast Service Area Steering Committee to provide expert analysis and testimony for certain Cities served by Texas Gas Service Company, a Division of ONE Gas, Inc. ("TGS" or the "Company") in the instant case at the Railroad Commission of Texas. My business address is 101 Park Avenue, Suite 1125, Oklahoma City, Oklahoma 73102.
3. I am giving this declaration to address the necessity for and reasonableness of Resolve Utility Consulting PLLC's fee-related charges through April 30, 2020.
4. Resolve Utility Consulting PLLC's fees through April 30, 2020, correspond to time spent reviewing and analyzing the Company's application and testimony, developing discovery requests, reviewing discovery responses, and providing pre-filed written testimony. The hours charged are summarized in the following table and the statements for services are attached to this declaration.

**Resolve Utility Consulting PLLC's EXPENSES**  
**JANUARY 1, 2020 THROUGH APRIL 30, 2020**

<u>CONSULTANTS</u>	<u>HOURLY RATE</u>	<u>HOURS</u>	<u>ACTUAL TOTAL</u>
David Garrett	\$200	135.5	\$27,100
<b>Total Actual</b>			<b><u>\$27,100</u></b>

5. My billing rate is \$200 per hour. This is my normal billing rate that I charge to all clients for this type of work in rate proceedings. I am familiar with the hourly rates charged by other consultants to perform similar services before utility regulatory agencies in Texas.




Given that I have more than nine years of utility rate regulatory experience, my billing rate is reasonable.

6. No Resolve Utility Consulting PLLC personnel billed in excess of 12 hours on any given day to this case. No Resolve Utility Consulting PLLC personnel incurred any airline, lodging, or meal expenses. No Resolve Utility Consulting PLLC personnel charged for any luxury items. There are no instances of double billing for Resolve Utility Consulting PLLC's services.
7. Based on my experience relating to analysis of rate proceeding matters and the reasonableness of rate case expenses before the Railroad Commission of Texas, I conclude that: (1) Resolve Utility Consulting PLLC's hourly rates are reasonable; and (2) the 135.5 actual hours in this case are both reasonable and necessary.

"My name is David Garrett. I am over eighteen years of age and my address is 101 Park Avenue, Suite 1125, Oklahoma City, Oklahoma 73102. I declare under penalty of perjury that the foregoing is true and correct."

Executed in Oklahoma County, State of Oklahoma, on the 27<sup>th</sup> of May, 2020.

  
\_\_\_\_\_  
David Garrett

**GAS UTILITIES DOCKET NO. 10928**

TEXAS GAS SERVICE COMPANY, A  
DIVISION OF ONE GAS, INC.,  
STATEMENT OF INTENT TO  
CHANGE GAS UTILITY RATES  
WITHIN THE UNINCORPORATED  
AREAS OF THE CENTRAL TEXAS  
SERVICE AREA, GULF COAST  
SERVICE AREA AND CITY OF  
BEAUMONT

§  
§  
§  
§  
§  
§  
§  
§  
§

BEFORE THE  
RAILROAD COMMISSION  
OF TEXAS

**RATE CASE EXPENSE DECLARATION OF NOVA ENERGY CONSULTANTS, INC.**  
**PROVIDING ACTUAL EXPENSES THROUGH APRIL 30, 2020**

I, [Kevin W. O'Donnell, declare under penalty of perjury that the following statement and facts are true and correct.

1. My name is Kevin W. O'Donnell. I am over eighteen years of age and am not disqualified from making this declaration.
2. I am President of Nova Energy Consultants, Inc.. I have been retained by the Gulf Coast Service Area Steering Committee to provide expert analysis and testimony for certain Cities served by Texas Gas Service Company, a Division of ONE Gas, Inc. ("TGS" or the "Company") in the instant case at the Railroad Commission of Texas. My business address is 1350-101 SE Maynard Rd., Cary, NC 27511.
3. I am giving this declaration to address the necessity for and reasonableness of Nova Energy Consultant's fee-related charges through April 30, 2020.
4. Nova Energy Consultant's fees through April 30, 2020, correspond to time spent reviewing and analyzing the Company's application and testimony, developing discovery requests, reviewing discovery responses, and providing pre-filed written testimony. The hours charged are summarized in the following table and the statements for services are attached to this declaration.

**NOVA ENERGY CONSULTANTS' EXPENSES**  
**JANUARY 1, 2020 THROUGH APRIL 30, 2020**

<u>CONSULTANTS</u>	<u>HOURLY RATE</u>	<u>HOURS</u>	<u>ACTUAL TOTAL</u>
Kevin W. O'Donnell	\$215	78.5	\$16,877.50
William R. O'Donnell	\$125	21.25	\$2,656.25
<b>Total Actual</b>			<b>\$19,533.75</b>

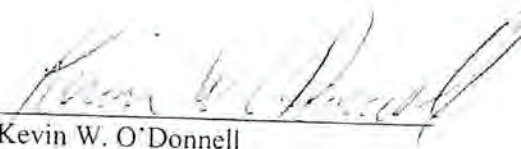
5. My billing rate is \$215 per hour. This is my normal billing rate that I charge to all clients for this type of work in rate proceedings. I am familiar with the hourly rates charged by other consultants to perform similar services before utility regulatory agencies in Texas.

Given that I have more than 34 years of utility rate regulatory experience, my billing rate is reasonable.

6. Assisting me on this proceeding is William O'Donnell. William O'Donnell is a Senior Financial Analyst and has over 1 year of regulatory experience and 4 years in public accounting. William O'Donnell works under my direction and supervision.
7. No Nova Energy Consultants personnel billed in excess of 12 hours on any given day to this case. No Nova Energy Consultants personnel incurred any airline, lodging, or meal expenses. No Nova Energy Consultants personnel charged for any luxury items. There are no instances of double billing for Nova Energy Consultants services.
8. Based on my experience relating to analysis of rate proceeding matters and the reasonableness of rate case expenses before the Railroad Commission of Texas, I conclude that: (1) Nova Energy Consultants' hourly rates are reasonable; and (2) the Nova Energy Consultants actual hours in this case are both reasonable and necessary.

"My name is Kevin W. O'Donnell. I am over eighteen years of age and my address is 1350-101 SE Maynard Rd., Cary NC 27511. I declare under penalty of perjury that the foregoing is true and correct."

Executed in Wake County, State of North Carolina, on the 27<sup>th</sup> of May, 2020,



Kevin W. O'Donnell

**GUD No. 10928, *Consolidated***  
**Proposal for Decision**  
**Attachment 4**  
**(Detailed Bill Impact )**

Texas Gas Service Company, a Division of ONE Gas, Inc.  
 Central-Gulf Service Area  
 Twelve Months Ended June 30, 2019  
 Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
 Att. Examiners RFI 1-3 Bill Impacts  
 CGSA  
 Page 1 of 2

Customer Class (Average Monthly Usage)	Current Average Monthly Bill with Gas Costs	Proposed Average Monthly Bill with Gas Costs	Proposed Monthly Change	Percentage Change with Gas Costs	Percentage Change without Gas Costs
(a)	(b)	(c)	(d)	(e)	(f)
<b><u>Sales Service: (1)</u></b>					
<b>Residential - Rate Option A</b>					
CTSA Incorporated - 18 Ccf	\$ 29.19	\$ 30.18	\$ 0.99	3.4%	4.2%
CTSA Environs - 18 Ccf	\$ 29.19	\$ 30.18	\$ 0.99	3.4%	4.2%
GCSA Incorporated - 18 Ccf	\$ 29.57	\$ 30.18	\$ 0.61	2.1%	6.0%
GCSA Environs - 45 Ccf	\$ 30.43	\$ 30.18	\$ (0.25)	-0.8%	1.8%
City of Beaumont - 45 Ccf	\$ 29.25	\$ 30.18	\$ 0.93	3.2%	7.7%
<b>Residential - Rate Option B</b>					
CTSA Incorporated - 45 Ccf	\$ 44.71	\$ 51.36	\$ 6.65	14.9%	26.5%
CTSA Environs - 45 Ccf	\$ 44.71	\$ 51.36	\$ 6.65	14.9%	26.5%
GCSA Incorporated - 45 Ccf	\$ 55.20	\$ 51.36	\$ (3.84)	-7.0%	-6.8%
GCSA Environs - 45 Ccf	\$ 54.73	\$ 51.36	\$ (3.37)	-6.2%	-5.5%
City of Beaumont - 45 Ccf	\$ 54.88	\$ 51.36	\$ (3.52)	-6.4%	-5.9%
<b>Commercial</b>					
CTSA Incorporated - 263 Ccf	\$ 203.73	\$ 207.90	\$ 4.17	2.0%	3.3%
CTSA Environs - 263 Ccf	\$ 203.73	\$ 207.90	\$ 4.17	2.0%	3.3%
GCSA Incorporated - 263 Ccf	\$ 239.47	\$ 207.90	\$ (31.57)	-13.2%	-20.4%
GCSA Environs - 263 Ccf	\$ 243.15	\$ 207.90	\$ (35.25)	-14.5%	-23.1%
City of Beaumont - 263 Ccf	\$ 237.85	\$ 207.90	\$ (29.95)	-12.6%	-19.2%
<b>Industrial</b>					
CTSA Incorporated and Environs - 2,569 Ccf	\$ 1,757.71	\$ 1,833.64	\$ 75.93	4.3%	10.7%
<b>Public Authority</b>					
CTSA Incorporated and Environs - 442 Ccf	\$ 334.74	\$ 341.50	\$ 6.76	2.0%	3.4%
GCSA Incorporated - 442 Ccf	\$ 390.42	\$ 341.50	\$ (48.92)	-12.5%	-19.5%
GCSA Environs - 442 Ccf	\$ 392.88	\$ 341.50	\$ (51.38)	-13.1%	-20.7%
<b>Public Schools Space Heating</b>					
CTSA Incorporated and Environs - 2,038 Ccf	\$ 1,269.39	\$ 1,280.03	\$ 10.64	0.8%	0.0%
<b>Compressed Natural Gas</b>					
CTSA Incorporated - 17 Ccf	\$ 201.64	\$ 201.73	\$ 0.09	0.0%	0.0%



Texas Gas Service Company, a Division of ONE Gas, Inc.  
 Central-Gulf Service Area  
 Twelve Months Ended June 30, 2019  
 Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
 Att. Examiners RFI 1-3 Bill Impacts  
 CGSA  
 Page 2 of 2

Customer Class (Average Monthly Usage)	Current Average Monthly Bill with Gas Costs	Proposed Average Monthly Bill with Gas Costs	Proposed Monthly Change	Percentage Change with Gas Costs	Percentage Change without Gas Costs
(a)	(b)	(c)	(d)	(e)	(f)
<b>Transportation Service:</b>					
<b>Commercial Transportation</b>					
CTSA Incorporated - 4,616 Ccf	\$ 2,803.50	\$ 2,875.55	\$ 72.05	2.6%	6.1%
CTSA Environs - 4,616 Ccf	\$ 2,803.50	\$ 2,875.55	\$ 72.05	2.6%	6.1%
GCSA Incorporated - 4,616 Ccf	\$ 3,378.83	\$ 2,875.55	\$ (503.28)	-14.9%	-29.0%
<b>Industrial Transportation</b>					
CTSA Incorporated and Environs - 14,681 Ccf	\$ 8,397.14	\$ 8,827.27	\$ 430.13	5.1%	17.6%
GCSA Incorporated -14,681 Ccf	\$ 12,693.43	\$ 8,827.27	\$ (3,866.16)	-30.5%	-58.6%
<b>Public Authority Transportation</b>					
CTSA Incorporated and Environs -1,580 Ccf	\$ 972.51	\$ 996.27	\$ 23.76	2.4%	5.5%
<b>Public School Space Heating Transportation</b>					
CTSA Incorporated and Environs - 1,225 Ccf	\$ 888.51	\$ 894.58	\$ 6.07	0.7%	0.0%
<b>Cogeneration Transportation</b>					
CTSA Incorporated - 323,832 Ccf	\$ 155,654.46	\$ 157,260.17	\$ 1,605.71	1.0%	0.0%
<b>Compressed Natural Gas Transportation</b>					
CTSA Incorporated and Environs - 28,168	\$ 14,318.55	\$ 14,458.22	\$ 139.67	1.0%	0.0%

(1) Bill impacts are based on a \$0.46 cost of gas and do not include revenue-related taxes and do not include the Conservation Adjustment Clause rate, which is applicable in the incorporated CTSA. Additionally, only classes with customers in the test year are included in the table.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
 Central-Gulf Service Area  
 Twelve Months Ended June 30, 2019  
 Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
 Att. Examiners RFI 1-3 Bill Impacts  
 CTSA  
 Page 1 of 1

Customer Class (Average Monthly Usage)	Current Average Monthly Bill with Gas Costs	Proposed Average Monthly Bill with Gas Costs	Proposed Monthly Change	Percentage Change with Gas Costs	Percentage Change without Gas Costs
(a)	(b)	(c)	(d)	(e)	(f)
<b><u>Sales Service: (1)</u></b>					
<b>Residential - Rate Option A</b>					
CTSA Incorporated - 18 Ccf	\$ 29.33	\$ 30.17	\$ 0.84	2.9%	4.0%
CTSA Environs - 18 Ccf	\$ 29.33	\$ 30.17	\$ 0.84	2.9%	4.0%
<b>Residential - Rate Option B</b>					
CTSA Incorporated - 45 Ccf	\$ 44.69	\$ 50.87	\$ 6.18	13.8%	25.5%
CTSA Environs - 45 Ccf	\$ 44.69	\$ 50.87	\$ 6.18	13.8%	25.5%
<b>Commercial</b>					
CTSA Incorporated - 263 Ccf	\$ 203.93	\$ 203.93	\$ -	0.0%	0.0%
CTSA Environs - 263 Ccf	\$ 203.93	\$ 203.93	\$ -	0.0%	0.0%
<b>Industrial</b>					
CTSA Incorporated and Environs - 2,569 Ccf	\$ 1,757.71	\$ 1,757.79	\$ 0.08	0.0%	0.0%
<b>Public Authority</b>					
CTSA Incorporated and Environs - 419 Ccf	\$ 321.57	\$ 321.73	\$ 0.16	0.0%	0.1%
<b>Public Schools Space Heating</b>					
CTSA Incorporated and Environs - 2,038 Ccf	\$ 1,269.39	\$ 1,269.39	\$ -	0.0%	0.0%
<b>Compressed Natural Gas</b>					
CTSA Incorporated - 17 Ccf	\$ 201.64	\$ 201.64	\$ -	0.0%	0.0%
<b><u>Transportation Service:</u></b>					
<b>Commercial Transportation</b>					
CTSA Incorporated - 4,322 Ccf	\$ 2,641.85	\$ 2,641.89	\$ 0.04	0.0%	0.0%
CTSA Environs - 4,322 Ccf	\$ 2,641.85	\$ 2,641.89	\$ 0.04	0.0%	0.0%
<b>Industrial Transportation</b>					
CTSA Incorporated and Environs - 14,726 Ccf	\$ 8,421.34	\$ 8,221.78	\$ (199.56)	-2.4%	-9.8%
<b>Public Authority Transportation</b>					
CTSA Incorporated and Environs -1,580 Ccf	\$ 972.51	\$ 973.11	\$ 0.60	0.1%	0.2%
<b>Public School Space Heating Transportation</b>					
CTSA Incorporated and Environs - 1,225 Ccf	\$ 888.51	\$ 888.51	\$ -	0.0%	0.0%
<b>Cogeneration Transportation</b>					
CTSA Incorporated - 323,832 Ccf	\$ 155,654.46	\$ 155,654.46	\$ -	0.0%	0.0%
<b>Compressed Natural Gas Transportation</b>					
CTSA Incorporated and Environs - 28,168	\$ 14,318.55	\$ 14,318.55	\$ -	0.0%	0.0%

(1) Bill impacts are based on a \$0.46 cost of gas and do not include revenue-related taxes and do not include the Conservation Adjustment Clause rate, which is applicable in the incorporated CTSA. Additionally, only classes with customers in the test year are included in the table.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
 Central-Gulf Service Area  
 Twelve Months Ended June 30, 2019  
 Updated for Known and Measurable Changes Through September 30, 2019

GUD No. 10928  
 Att. Examiners RFI 1-3 Bill Impacts  
 GCSA  
 Page 1 of 1

Description	Current Average Monthly Bill with Gas Costs	Proposed Average Monthly Bill with Gas Costs	Proposed Monthly Change	Percentage Change with Gas Costs	Percentage Change without Gas Costs
(a)	(b)	(c)	(d)	(e)	
<b>Sales Service: (1)</b>					
<b>Residential - Rate Option A</b>					
GCSA Incorporated - 17 Ccf	\$ 28.41	\$ 30.38	\$ 1.97	6.9%	9.8%
GCSA Environs - 17 Ccf	\$ 29.33	\$ 30.38	\$ 1.05	3.6%	5.0%
City of Beaumont - 17 Ccf	\$ 28.09	\$ 30.38	\$ 2.29	8.2%	11.6%
<b>Residential - Rate Option B</b>					
GCSA Incorporated - 45 Ccf	\$ 55.27	\$ 54.55	\$ (0.72)	-1.3%	-2.2%
GCSA Environs - 45 Ccf	\$ 54.80	\$ 54.55	\$ (0.25)	-0.5%	-0.8%
City of Beaumont	\$ 54.95	\$ 54.55	\$ (0.40)	-0.7%	-1.2%
<b>Commercial</b>					
GCSA Incorporated - 260 Ccf	\$ 237.87	\$ 234.09	\$ (3.78)	-1.6%	-3.5%
GCSA Environs - 260 Ccf	\$ 241.59	\$ 234.09	\$ (7.50)	-3.1%	-6.7%
City of Beaumont - 260 Ccf	\$ 236.25	\$ 234.09	\$ (2.16)	-0.9%	-2.0%
<b>Public Authority</b>					
GCSA Incorporated - 492 Ccf	\$ 421.38	\$ 419.27	\$ (2.11)	-0.5%	-1.2%
GCSA Environs - 492 Ccf	\$ 422.81	\$ 419.27	\$ (3.54)	-0.8%	-2.0%
<b><u>Transportation Service:</u></b>					
<b>Commercial Transportation</b>					
GCSA Incorporated -7,943 Ccf	\$ 5,595.22	\$ 5,584.03	\$ (11.19)	-0.2%	-0.6%
<b>Industrial Transportation</b>					
GCSA Incorporated - 14,309 Ccf	\$ 12,378.12	\$ 12,378.18	\$ 0.06	0.0%	0.0%

(1) Bill impacts are based on a \$0.50 cost of gas and do not include revenue-related taxes. Additionally, only classes with customers in the test year are included in the table.



**GUD No. 10928, *Consolidated***  
**Proposal for Decision**  
**Attachment 5**  
**(Excess Deferred Income Tax Credit (“EDIT”)**  
**Refund Information)**

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area**

**RATE SCHEDULE EDIT-RIDER**

**EXCESS DEFERRED INCOME TAX CREDIT**

**A. APPLICABILITY**

This Excess Deferred Income Tax Credit applies to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") currently in force in the Company's Central-Gulf Service Area within the incorporated and unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda (environs only), Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, 1Z, 2Z, 3Z, 4H, 4Z, C-1-ENV, CNG-1-ENV, T-1, and T-1-ENV.

**B. CALCULATION OF CREDIT**

The annual amortization of the regulatory liability for excess deferred income taxes resulting from the Tax Cuts and Jobs Act of 2017 and in compliance with GUD No. 10695, will be credited to customers annually on a one-time, per bill basis in February of each year and will show as a separate line item on the customer's bill until fully amortized. The initial credit will occur in September 2020.

EDIT CREDIT – The total amount, if any, of the credit in a given year will be determined by:

- The average rate assumption method ("ARAM") as required by the Tax Cuts and Jobs Act of 2017 Section 13001(d) for the protected portion of the regulatory liability for excess deferred income taxes; and
- A 4-year amortization for nonprotected property.

TRUE-UP ADJUSTMENT – The Excess Deferred Income Tax credit shall be trued-up annually. The True-Up Adjustment will be the difference between the amount of that year's EDIT Credit and the amount actually credited to customers.

EDIT CREDIT PER CUSTOMER – The EDIT credit per customer will be determined by allocating that year's credit, plus/minus any prior year true up adjustment, among the customer classes utilizing the same class revenue allocation as approved in the most recent general rate case, and then by dividing each class's portion by the number of customers in that class.

**C. EDIT CREDIT PER CUSTOMER**

Residential:	\$ 23.19
Commercial:	\$ 95.35
Industrial:	\$ 1,580.89
Public Authority:	\$ 191.42
Public Schools Space Heat:	\$ 191.42
Electrical Cogeneration:	\$ 191.42
Compressed Natural Gas:	\$ 1,100.18

Taxes: Plus applicable taxes and fees (including franchises fees) related to above.

**D. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

Initial Rate Schedule

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area**

**RATE SCHEDULE EDIT-RIDER**

**EXCESS DEFERRED INCOME TAX CREDIT  
(Continued)**

**E. ANNUAL FILING**

The Company shall make a filing with the Commission each year no later than December 31, including the following information:

1. the total dollar amount of that year's EDIT Credit;
2. the total dollar amount actually credited to customers;
3. true-up amount, if any, due to the difference between items a. and b., above;
4. the amount of the upcoming year's EDIT Credit;
5. the amounts of the upcoming year's EDIT Credit per Customer; and
6. Excel spreadsheet(s) detailing calculations of the amounts in 1 through 5.

**F. CONDITIONS**

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

EXCESS DEFERRED INCOME TAX CREDIT

A. APPLICABILITY

This Excess Deferred Income Tax Credit applies to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. (“Company”) currently in force in the Company's Central Texas Service Area within the incorporated and unincorporated areas of Austin, Bee Cave, Buda (environs only), Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, 1Z, 2Z, 3Z, 4H, 4Z, C-1-ENV, CNG-1-ENV, T-1, and T-1-ENV.

B. CALCULATION OF CREDIT

The annual amortization of the regulatory liability for excess deferred income taxes resulting from the Tax Cuts and Jobs Act of 2017 and in compliance with GUD No. 10695, will be credited to customers annually on a one-time, per bill basis in February of each year and will show as a separate line item on the customer’s bill until fully amortized. The initial credit will occur in September 2020.

EDIT CREDIT – The total amount, if any, of the credit in a given year will be determined by:

- The average rate assumption method (“ARAM”) as required by the Tax Cuts and Jobs Act of 2017 Section 13001(d) for the protected portion of the regulatory liability for excess deferred income taxes; and
- A 4-year amortization for nonprotected property.

TRUE-UP ADJUSTMENT – The Excess Deferred Income Tax credit shall be trued-up annually. The True-Up Adjustment will be the difference between the amount of that year’s EDIT Credit and the amount actually credited to customers.

EDIT CREDIT PER CUSTOMER – The EDIT credit per customer will be determined by allocating that year’s credit, plus/minus any prior year true up adjustment, among the customer classes utilizing the same class revenue allocation as approved in the most recent general rate case, and then by dividing each class’s portion by the number of customers in that class.

C. EDIT CREDIT PER CUSTOMER

Residential:	\$ 21.79
Commercial:	\$ 86.45
Industrial:	\$ 1,246.13
Public Authority:	\$ 188.82
Public Schools Space Heat:	\$ 188.82
Electrical Cogeneration:	\$ 188.82
Compressed Natural Gas:	\$ 1,077.35

Taxes: Plus applicable taxes and fees (including franchises fees) related to above.

D. OTHER ADJUSTMENTS

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central Texas Service Area**

**RATE SCHEDULE EDIT-RIDER**

**EXCESS DEFERRED INCOME TAX CREDIT**  
**(Continued)**

**E. ANNUAL FILING**

The Company shall make a filing with the Commission each year no later than December 31, including the following information:

1. the total dollar amount of that year's EDIT Credit;
2. the total dollar amount actually credited to customers;
3. true-up amount, if any, due to the difference between items a. and b., above;
4. the amount of the upcoming year's EDIT Credit;
5. the amounts of the upcoming year's EDIT Credit per Customer; and
6. Excel spreadsheet(s) detailing calculations of the amounts in 1 through 5.

**F. CONDITIONS**

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

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area

RATE SCHEDULE EDIT-RIDER

EXCESS DEFERRED INCOME TAX CREDIT

A. APPLICABILITY

This Excess Deferred Income Tax Credit applies to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc., currently in force in the Company's Gulf Coast Service Area within the incorporated and unincorporated areas of Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas: 10, 20, 30, 40, 1Z, 2Z, 3Z, 4Z, T-1, and T-1-ENV.

B. CALCULATION OF CREDIT

The annual amortization of the regulatory liability for excess deferred income taxes resulting from the Tax Cuts and Jobs Act of 2017 and in compliance with GUD No. 10695, will be credited to customers annually on a one-time, per bill basis in February of each year and will show as a separate line item on the customer’s bill until fully amortized. The initial credit will occur in September 2020.

EDIT CREDIT – The total amount, if any, of the credit in a given year will be determined by:

- The average rate assumption method (“ARAM”) as required by the Tax Cuts and Jobs Act of 2017 Section 13001(d) for the protected portion of the regulatory liability for excess deferred income taxes; and
- A 4-year amortization for nonprotected property.

TRUE-UP ADJUSTMENT – The Excess Deferred Income Tax credit shall be trued-up annually. The True-Up Adjustment will be the difference between the amount of that year’s EDIT Credit and the amount actually credited to customers.

EDIT CREDIT PER CUSTOMER – The EDIT credit per customer will be determined by allocating that year’s credit, plus/minus any prior year true up adjustment, among the customer classes utilizing the same class revenue allocation as approved in the most recent general rate case, and then by dividing each class’s portion by the number of customers in that class.

C. EDIT CREDIT PER CUSTOMER

Residential:	\$ 31.33
Commercial:	\$ 159.26
Industrial:	\$ 6,761.97
Public Authority:	\$ 210.02

Taxes: Plus applicable taxes and fees (including franchises fees) related to above.

D. OTHER ADJUSTMENTS

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Gulf Coast Service Area**

**RATE SCHEDULE EDIT-RIDER**

**EXCESS DEFERRED INCOME TAX CREDIT**  
**(Continued)**

**E. ANNUAL FILING**

The Company shall make a filing with the Commission each year no later than December 31, including the following information:

1. the total dollar amount of that year's EDIT Credit;
2. the total dollar amount actually credited to customers;
3. true-up amount, if any, due to the difference between items a. and b., above;
4. the amount of the upcoming year's EDIT Credit;
5. the amounts of the upcoming year's EDIT Credit per Customer; and
6. Excel spreadsheet(s) detailing calculations of the amounts in 1 through 5.

**F. CONDITIONS**

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

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Gulf Service Area  
Calculation of Annual EDIT Credit  
28-May-20

1	2018 EDIT Amortization	\$ 4,320,311
2	2019 Actual EDIT Credit	\$0
3	(Under) Over Credit	\$4,320,311
4	2019 EDIT Amortization	\$ 4,236,668
5	Total 2020 EDIT Credit Amount	<u>\$8,556,979</u>

	CUSTOMER CLASS	PERCENT OF REVENUES PER GUD No.	10928 (b)	TOTAL EDIT CREDIT (c)	MONTHLY BILLS (d)	EDIT CREDIT PER CUSTOMER (e)
	Gas Sales and Transportation					
6	Residential	79.790%		\$6,827,614	294,414	\$23.19
7	Commercial	16.130%		1,380,241	14,476	\$95.35
8	Public Authority	2.920%		249,864	1,305	\$191.42
9	Industrial	1.070%		91,560	58	\$1,580.89
10	CNG	0.090%		7,701	7	\$1,100.18
11	Grand Total	100.000%		<u>\$8,556,979</u>	<u>310,260</u>	

Environs BILL COUNT (f)	Environs EDIT CREDIT (g)
23,432	\$543,388
686	65,410
61	11,677
1	1,581
1	1,100
24,181	<u>\$623,156</u>

Incorporated BILL COUNT (h)	Incorporated EDIT CREDIT (i)
270,982	\$6,284,073
13,789	1,314,781
1,245	238,318
57	90,111
6	6,601
286,079	<u>\$7,933,883</u>



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Texas Service Area  
Calculation of Annual EDIT Credit  
28-May-20

1	2018 EDIT Amortization	\$ 3,451,105
2	2019 Actual EDIT Credit	<u>\$0</u>
3	(Under) Over Credit	\$3,451,105
4	2019 EDIT Amortization	<u>\$ 3,404,751</u>
5	Total 2020 EDIT Credit Amount	<u><u>\$6,855,856</u></u>

	CUSTOMER CLASS	PERCENT OF REVENUES PER GUD No.	10928 (b)	TOTAL EDIT CREDIT (c)	MONTHLY BILLS (d)	EDIT CREDIT PER CUSTOMER (e)
	Gas Sales and Transportation					
6	Residential	80.110%	80.110%	\$5,492,226	252,110	\$21.79
7	Commercial	15.930%	15.930%	1,092,138	12,633	\$86.45
8	Public Authority	2.870%	2.870%	196,763	1,042	\$188.82
9	Industrial	0.980%	0.980%	67,187	54	\$1,246.13
10	CNG	0.110%	0.110%	7,541	7	\$1,077.35
11	Grand Total	100.000%	100.000%	\$6,855,856	265,846	

Environs BILL COUNT (f)	Environs EDIT CREDIT (g)
22,290	\$485,699
658	56,884
57	10,763
1	1,246
1	1,077
23,007	\$555,669

Incorporated BILL COUNT (h)	Incorporated EDIT CREDIT (i)
229,820	\$5,007,778
11,975	1,035,239
986	186,177
53	66,045
6	6,464
242,840	\$6,301,702

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Gulf Coast Service Area  
Calculation of Annual EDIT Credit  
5/28/2020

1	2018 EDIT Amortization	\$ 869,206
2	2019 Actual EDIT Credit	\$0
3	(Under) Over Credit	\$869,206
4	2019 EDIT Amortization	\$ 831,918
5	Total 2020 EDIT Credit Amount	<u>\$1,701,124</u>

	CUSTOMER CLASS	PERCENT OF REVENUES PER GUD No. 10928	TOTAL EDIT CREDIT	MONTHLY BILLS	EDIT CREDIT PER CUSTOMER
			(c)	(d)	(e)
	Gas Sales and Transportation				
6	Residential	77.910%	\$1,325,345	42,304	\$31.33
7	Commercial	17.250%	293,444	1,843	\$159.26
8	Public Authority	3.250%	55,287	263	\$210.02
9	Industrial	1.590%	27,048	4	\$6,761.97
10	Grand Total	100.000%	\$1,701,124	44,414	

Environs BILL COUNT	Environs EDIT CREDIT	Environs BILL COUNT	Environs EDIT CREDIT
		(f)	(g)
1,142	\$35,779		
28	4,459		
4	840		
0	0		
1,174	\$41,078		

Incorporated BILL COUNT	Incorporated EDIT CREDIT	Incorporated BILL COUNT	Incorporated EDIT CREDIT
		(h)	(i)
41,162	\$1,289,605		
1,814	288,898		
259	54,395		
4	27,048		
43,239	\$1,659,946		

**GUD No. 10928, *Consolidated***  
**Proposal for Decision**  
**Attachment 6**  
**(Proposed Final Order)**

**BEFORE THE RAILROAD COMMISSION OF TEXAS**

<b>STATEMENT OF INTENT OF TEXAS</b>	<b>§</b>	
<b>GAS SERVICE COMPANY, A</b>	<b>§</b>	<b>HEARINGS DIVISION</b>
<b>DIVISION OF ONE GAS, INC., TO</b>	<b>§</b>	
<b>CHANGE GAS UTILITY RATES</b>	<b>§</b>	<b>GAS UTILITIES DOCKET</b>
<b>WITHIN THE UNINCORPORATED</b>	<b>§</b>	
<b>AREAS OF THE CENTRAL TEXAS</b>	<b>§</b>	<b>NO. 10928, CONSOLIDATED</b>
<b>SERVICE AREA AND THE GULF</b>	<b>§</b>	
<b>COAST SERVICE AREA</b>	<b>§</b>	

**PROPOSED 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 Chapter 551, *et seq.* The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

**FINDINGS OF FACT**

1. Texas Gas Services Company, a Division of ONE Gas, Inc. ("TGS") 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 December 20, 2019, TGS filed with the Commission a statement of intent to increase gas utility rates within the unincorporated areas of the Central Texas Service Area ("CTSA") and Gulf Coast Service Area ("GCSA") and within the City of Beaumont (the "SOI"). In the Statement of Intent, TGS requested approval to consolidate those existing service areas and the City of Beaumont to create the Central-Gulf Service Area ("CGSA"). That filing was docketed as GUD No. 10928.
3. The CTSA is comprised of the environs of Buda and the incorporated and environs areas of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum.
4. The CGSA is comprised of the environs of Beaumont and the incorporated and environs areas of Bayou Vista, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches.
5. TGS filed on December 20, 2019 a *Statement of Intent* to increase rates with each city within the CTSA and GCSA that have original jurisdiction and with the City of Beaumont.
6. On January 14, 2020, the Commission suspended the effective date for TGS's rate increase for 150 days.
7. On April 3, 2020, the parties filed a joint revised procedural schedule in which TGS agreed to extend the statutory deadline for Commission action to August 4, 2020.
8. For all customers located in each county containing territory affected by the proposed increase, TGS published a Public Notice of its SOI by direct mail, which was completed on March 9, 2020, in accordance with Tex. Util. Code §104.103(a) and 16 Tex. Admin. Code §§ 7.230 and 7.235.
9. The publication of notice meets the statutory and rule requirements of notice and provides sufficient information to ratepayers about the proposed rate increase in the SOI, in accordance with Tex. Util. Code §104.103(a) and 16 Tex. Admin. Code §§7.230 and 7.235.

10. Staff of the Railroad Commission ("Staff") timely intervened on December 30, 2019, and the presiding Administrative Law Judge ("ALJ") granted the motion on December 31, 2019.
11. TGS CTSA Cities and TGS CGSA Cities ("Cities") timely sought intervention through multiple motions filed or made on January 7 and February 18, 2020, and the presiding ALJ granted party status on January 8, January 27, and February 20, 2020. Cities is comprised of Austin, Bayou Vista, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, Texas.
12. The Gulf Coast Service Area Steering Committee ("GCSC") timely intervened on January 8, 2020, and the presiding ALJ granted the motion on January 10, 2020. The GCSC includes Beaumont, Groves, Nederland, Port Arthur, and Port Neches, Texas.
13. The rate case expense portion of the SOI filed by TGS on December 20, 2019 was initially severed as GUD NO. 10938, *Rate Case Expenses Severed from GUD No. 10928, consolidated, Statement of Intent Filed by Texas Gas Service Company, a Division of ONE Gas, Inc., ("TGS") to Change Gas Utility Rates Within the Unincorporated Areas of the Central Texas Service Area and Gulf Coast Service Area* on January 27, 2020.
14. TGS filed seven petitions for review to the Commission pursuant to Tex. Util. Code § 103.054, and those appeals were subsequently consolidated with the main GUD No. 10928 docket.
  - a. The cities of Lockhart on April 7, 2020, Luling on April 9, 2020, Gonzales on April 9, 2020, Dripping Springs on April 14, 2020, Yoakum on April 14, 2020, and Galveston on April 30, 2020 denied TGS's *Statement of Intent*. On May 7, 2020, TGS timely filed with the Commission a petition for review from their municipal actions. The case was docketed as GUD No. 10974, and a motion to consolidate was granted on May 18, 2020.
  - b. The city of Cuero denied TGS's *Statement of Intent* on April 13, 2020, and TGS file a timely appeal with the Commission on May 13, 2020. The case was docketed as GUD No. 10976, and a motion to consolidate was granted on May 18, 2020.
  - c. The city of Rollingwood denied TGS's *Statement of Intent* on May 15, 2020, and TGS file a timely appeal with the Commission on May 15, 2020. The case was docketed as GUD No. 10977, and a motion to consolidate was granted on May 19, 2020.
  - d. The cities of Westlake Hills on April 8, 2020, Bayou Vista on March 31, 2020, Kyle on April 7, 2020, and Shiner on April 6, 2020 denied TGS's *Statement of Intent*. TGS filed with the Commission a petition for review of their municipal actions on May 18, 2020. This case was docketed as GUD No. 10978. TGS was granted a good cause exception for its late filed appeal, and a motion to consolidate was granted on May 21, 2020.
  - e. The cities of Jamaica Beach and Lakeway denied TGS's *Statement of Intent* on May 20, 2020, and TGS file a timely appeal with the Commission on May 20, 2020. The case was docketed as GUD No. 10979, and a motion to consolidate was granted on May 22, 2020.
  - f. The city of Austin denied TGS's *Statement of Intent* on May 7, 2020. The cities of Sunset Valley and Bee Cave denied TGS's *Statement of Intent* on April 7, 2020 and April 28, 2020, respectively. TGS filed with the Commission a petition for review of their municipal actions on June 4, 2020. The case was docketed as GUD No. 10981. TGS timely appealed the City of Austin's actions and was granted a good cause exception for its late filed appeal to the municipal actions of the cities of Sunset Valley and Bee Cave. The ALJ granted TGS's motion to consolidate on June 9, 2020.
  - g. The cities of Beaumont, Groves, Nederland, and Nixon did not take action to approve or deny TGS's requested rate change prior to the June 5, 2020 statutory deadline for them to take final action. On June 11, 2020, TGS timely filed with the Commission a petition

for review of the cites' inaction. The case was docketed as GUD No. 10986, and a motion to consolidate was granted on June 16, 2020.

15. All municipal parties were aligned for purposes of discovery on January 27, 2020 pursuant to 16 Tex. Admin. Code § 1.56 (Alignment of Municipal Intervenors for Purposes of Discovery).
16. On February 18, 2020, a prehearing technical conference was held for TGS to present a general overview of its rate study schedules and its rate case design.
17. From March 2, 2020 through April 15, 2020, the Commission received five comment letters from the public, each voicing opposition to TGS's proposed rate amounts as contained in the Public Notice. All but one was mailed a "Complaint and Statement of Intent to Participate Form" (the "Form") in compliance with 16 Tex. Admin. Code § 7.240 (Statement of Intent to Participate).
  - a. The ALJ mailed the Form to Mr. Paul Wingstrom on March 3, 2020, to Ms. Heather Sin on March 9, 2020, and to Mr. John B. Worley and Mr. Fred Florence on April 22, 2020.
  - b. The Form was not mailed to Ms. Nancy Ojeda from Galveston, Texas, because she did not provide a return address.
  - c. The Commission received one Form from Ms. Sin, who chose to provide public comment at the June 2, 2020 hearing on the merits.
18. A city of Austin resident and TGS customer twice sought intervenor status, which were denied.
  - a. On February 11, 2020, Paul Robbins filed a letter with the Commission requesting party/intervenor status. The ALJ issued an interim ruling on March 18, 2020 denying party/intervenor status. At the time, the City of Austin retained original jurisdiction over TGS's rate request, Mr. Robbins lacked standing as an "affected person" within the meaning of Tex. Util. Code § 101.003(2)(b), and he failed to show he had a justiciable or administratively cognizable interest and therefore lacked standing. No interim appeal was filed.
  - b. On May 11, 2020, Mr. Robbins submitted a second request for party status in GUD No. 10928. The ALJ issued an interim ruling on May 27, 2020 denying the petition for leave to intervene because it was untimely filed. The order denying intervention noted that if the request had been filed in a timely manner, it would have been denied due to the Commission lacking jurisdiction, as the Commission was not exercising appellate jurisdiction over the denial actions of the City of Austin at the time Mr. Robbins filed his request to intervene, and Mr. Robbins lacking standing. No interim appeal was filed. Mr. Robbins was given the opportunity to provide public comment at the June 2, 2020 hearing.
19. On March 12, 2020, the ALJ issued the Notice of Hearing, which set the hearing on the merits to commence on April 15, 2020 ("Notice of Hearing").
20. On January 31, 2020, the Commission published the Notice of Hearing in *Gas Utilities Bulletin No. 1127*.
21. On March 24, 2020, the ALJ mailed the Notice of Hearing to the governing bodies of affected municipalities and counties in accordance with Tex. Util. Code § 104.105 (Determination of Propriety of Rate Change; Hearing).
22. On April 3, 2020, the parties filed a joint revised procedural schedule, which the ALJ approved with modifications and in which TGS agreed to extend the statutory deadline for Commission action to August 4, 2020

23. On March 13, 2020, the Governor of Texas declared a State of Disaster in all Texas counties related to the novel coronavirus (COVID-19). In-person hearings at the Commission were not conducted given the declaration and additional orders issued by the Governor as well as concerns for the health and safety for Commission employees and those appearing before the Commission.
24. The hearing on the merits, conducted via video conferencing on the Zoom platform, commenced on April 15, 2020 and concluded on June 2, 2020 (the "Hearing").
25. At the Hearing, Ms. Heather Sin and Mr. Paul Robbins, two City of Austin residents and TGS customers, provided unsworn public comment in opposition to TGS's proposed rate amounts.
26. The evidentiary record in this docket consists of the parties' exhibits admitted at the Hearing and on June 22, 2020. Also included in the evidentiary record, through official notice taken by the ALJ, are the proposed tariffs and calculations related to the Excess Deferred Income Taxes ("EDIT") Refund that will be provided to TGS customers in September 2020 and TGS's filings responding to Examiner Request for Information ("RFI") requests 1-1, 1-2, 1-3, 1-4, 1-5, 1-6, 1-7, 1-8, 1-9, and 1-10.
27. On June 11, 2020, the ALJ issued rulings that granted TGS' and Cities motions to seal certain highly-sensitive and confidential materials.
28. On June 26, 2020, the ALJ consolidated GUD No. 10938 (rate case expenses) back into the main SOI docket.
29. On June 26, 2020, the ALJ closed the evidentiary record.

#### ***Consolidation of Service Areas***

30. Consolidation of the CTS, GCSA, and City of Beaumont into a single CGSA is likely to result in numerous administrative and regulatory efficiencies, and those efficiencies will benefit CGSA customers.
31. Consolidation of the CTS, GCSA, and City of Beaumont into a single CGSA likely will reduce the number of cost-of-service analyses and rate-filing packages that TGS and the public must consider and address. This is more economical, efficient, and cost-effective for TGS and the public.
32. Consolidation of the CTS, GCSA, and City of Beaumont into a single CGSA likely will result in greater uniformity and consistency for TGS and its customers.
33. Consolidation of the CTS, GCSA, and City of Beaumont into a single CGSA better reflects TGS's existing centralized operations, management, and decision-making processes.
34. System-wide rates throughout the CGSA avoid unreasonable rate differences between customers and localities even when considering (1) the geographic distance between and among cities in the CGSA, (2) the climate or weather differences between and among cities in the CGSA, (3) the differences in gas consumption between and among cities in the CGSA, and (4) the rates of population and customer growth between and among cities in the CGSA.
35. Consolidation of the CTS, GCSA, and City of Beaumont into a single CGSA is appropriate and in the public interest.

#### ***Settlement Agreement***

36. On May 12, 2020, TGS, Staff, Cities, and GCSC (collectively, the "Parties") notified the ALJ they had reached an agreement in principle that resolved all issues in the proceeding except for TGS's request to consolidate the CTSA, GCSA, and City of Beaumont to create the Central-Gulf Service Area ("CGSA"). The parties agreed the City of Beaumont should be consolidated into the CGSA.



37. On May 29, 2020, the Parties filed the *Unanimous Settlement Agreement and Identification of Sole Issue in Dispute* (the "Settlement") and accompanying documents, which resolved all issues but the consolidation of the CTSA, GCSA, and the City of Beaumont. Due to the parties' agreement to litigate the service area consolidation issue, documents attached to the Settlement reflected terms and amounts for either consolidation or stand-alone service areas, pending the Commission's final decision on consolidation. Appended to the Order is **Attachment 1** (CGSA Rate Schedules and Tariffs), **Attachment 2** (CGSA Excess Deferred Income Tax Credit ("EDIT") Rate Schedule and Calculations), **Attachment 3** (CGSA Depreciation Rates), **Attachment 4** (CGSA Net Plant in Service), and **Attachment 5** (Share the Warmth).
38. The terms of the Settlement, including the terms that reflect consolidation of the CTSA and GCSA to create the CGSA, are just and reasonable.
39. Consistent with the Settlement, the City of Beaumont is consolidated into the GCSA.
40. TGS established it 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.
41. TGS established it 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.
42. The test-year in this filing is based upon the financial data for the twelve-month period ending June 30, 2020 adjusted for known and measurable changes through September 30, 2019, with capital investment extending to December 31, 2019.
43. The Settlement contemplates a \$10.3 million revenue increase from current revenues for the CGSA that is not tied to any specific item in TGS's underlying cost-of-service in the CGSA.
44. The \$10.3 million revenue increase represents a decrease of approximately \$5.37 million from the revenues requested in the original filing.
45. The proposed revenue increase of \$10.3 million from current revenues is just and reasonable.
46. It is reasonable that the proposed rates for the CGSA comply with the rate-setting requirements of Chapter 104 of the Texas Utilities Code.
47. It is reasonable that the proposed rates for the CGSA will be effective for bills rendered on or after August 4, 2020 and will affect the classes of customers in the CGSA, which are listed in **Table 1** below.
48. Consistent with the Settlement, the tariffs shall be implemented for consumption beginning on or after August 4, 2020 and will replace and supersede those tariffs currently in effect in the CTSA, GCSA, and City of Beaumont.
49. The rates and customer charges and volumetric rates set forth in the table below, and as reflected in **Attachment 1**, are just and reasonable for the CGSA.



**Table 1. CGSA Rate Design**

<b>Customer Classes</b>	<b>Customer Charge</b>	<b>Commodity Charge</b>	
Residential	\$ 16.00	\$0.32626	
Commercial	\$ 53.33	\$0.12679	
Commercial Transportation	\$265.33	\$0.12679	
Public Authority	\$ 81.70	\$0.12549	
Public Authority Transportation	\$104.70	\$0.12549	
Industrial	\$320.96	\$0.12707	
Industrial Transportation	\$520.96	\$0.12707	
Public School Space Heating	\$134.70	\$0.10012	
Public School Space Heating Transportation	\$234.70	\$0.10012	
Compressed Natural Gas	\$192.63	\$0.06684	
Compressed Natural Gas Transportation	\$217.63	\$0.06684	
Electrical Cogeneration	\$104.70	1st 5,000 Ccf	\$0.07720
		Next 35,000	\$0.06850
		Next 60,000	\$0.05524
		Over 100,000	\$0.04016
Electrical Cogeneration Transportation	\$104.70	1st 5,000 Ccf	\$0.07720
		Next 35,000	\$0.06850
		Next 60,000	\$0.05524
		Over 100,000	\$0.04016

50. The following capital structure, cost of debt, cost of equity, weighted cost of capital, overall rate of return, and pre-tax return for the CGSA are just and reasonable.

**Table 2. Cost of Capital**

<b>Class of Capital</b>	<b>Percent</b>	<b>Cost</b>	<b>Weighted Cost of Capital</b>	<b>Pre-tax Return</b>
Long-Term Debt	41%	4.53%	1.86%	1.86%
Common Equity	59%	9.50%	5.61%	7.09%
<b>Total</b>	<b>100%</b>		<b>7.46%</b>	<b>8.95%</b>

51. It is reasonable that the TGS will prepare a study of tiered residential rates for the next rate case filing for the CGSA.
52. Capital investment booked to plant through December 31, 2019, including investment identified in TGS's IRA filings is prudent. Specifically, the CGSA net plant of \$543,392,910, which reflects a net plant disallowance of \$205,619, is prudent.
53. Consistent with the Settlement, it is just and reasonable to require that any future interim rate adjustment (IRA) filings in the consolidated CGSA pursuant to Tex. Util. Code § 104.301 shall use the following factors until changed by a subsequent rate proceeding affecting rates in the service area:
- The capital structure and related components as shown in **Table 2** above.

- b. For the initial IRA filing and for all subsequent IRA filings, the depreciation rate for each account shall be as show in **Attachment 3** to the Final Order.
- c. For the initial IRA filings, the beginning balance of net plant in service in the CGSA is \$543,392,910, as presented in **Attachment 4**.
- d. For the initial IRA filings, the customer charges and commodity charges as noted in **Table 1** above will be the starting rates to which any IRA adjustment is applied
- e. Federal income taxes is calculated using a 21% rate, unless the federal income tax rate is changed, in which case the new rate will be applied.
- f. The base rate revenue allocation factors to spread any change in IRA increase/decrease to the appropriate customer classes are as follows:

**Table 3. Base Rate Allocation Factors**

Customer Class	Allocation
Residential	79.79%
Commercial	16.13%
Industrial	1.07%
Public Authority	2.92%
Compressed Nat. Gas	0.09%
<b>Total</b>	<b>100%</b>

- 54. TGS's capital investment booked to plant through December 31, 2019, including investment identified in TGS's Interim Rate Adjustment ("IRA") filings in **Findings of Fact No. 53** is prudent.
- 55. TGS's proposed class revenue allocation is just and reasonable.
- 56. To give effect to Texas Utilities Code § 104.059, the Parties agree that the base year level of pension-related and other post-employment benefits ("OPEB") expenses is as follows:

**Table 4. CGSA Pension and OPEB Expenses**

Description	Amount
Pension	\$1,638,623
OPEB	\$58,982

- 57. Utility Insurance Company ("UIC") is an affiliate of TGS that provides insurance coverage to TGS and allows TGS to access the reinsurance market. During the test year, UIC provides services to TGS.
- 58. ONE Gas Pipeline Company ("OPC") is an affiliate of TGS created to own the assets of ONEOK Transmission Company ("OTC"), which is a company acquired by ONE Gas. The assets consist of a natural gas pipeline system extending from Kyle, Texas to Cuero, Texas and connecting TGS's distribution system in the area to transmission pipelines.
- 59. The affiliate costs are \$1,401,986 of affiliate UIC expenses and \$672,410 for the 13-month average of UIC costs included in prepayments in rate base.
- 60. There are no OPC affiliate costs in the revenue requirement, because ONE Gas, Inc. acquired OPC on June 30, 2019, which is the day the test year ended. OPC was an affiliate of TGS after its acquisition, and OPC-related costs were used to determine a known and

- measurable adjustment to test year costs to reflect the inclusion of the OPC assets into the existing TGS system.
61. The costs related to UIC and OPC, as included in the revenue requirement amounts, are reasonable and necessary and recoverable consistent with the provisions in Tex. Util. Code § 104.055(b).
  62. TGS is the operating division of ONE Gas, Inc. ONE Gas acquired OPC, which TGS reported to the Commission in GUD No. 10877 pursuant to Texas Utilities Code § 102.051. ONE Gas's acquisition of OPC is in the public interest
  63. A reduction in rate base by \$2,481,514 for the negative acquisition adjustment on OPC plant and the amortization of the acquisition adjustment over 20 years, to be recognized below the line, are reasonable.
  64. On July 19, 2019, ONE Gas timely notified the Commission of a June 30, 2019 purchase transaction, whereby ONE Gas acquired ONEOK Transmission Company ("OTC") and its assets from ONEOK.
  65. TGS's request to transfer the OPC assets into TGS's existing system is reasonable.
  66. TGS has established that the services provided by its affiliates, specifically the UIC, to TGS are reasonable and necessary.
  67. The affiliate expenses included in TGS's filing are reasonable and necessary costs of providing gas utility service, and the prices charged to the CGSA are no higher than the prices charged by the supplying affiliate to other affiliates or divisions of TGS, or to a non-affiliated person for the same item or class of items.
  68. It is reasonable to establish the depreciation rates for distribution and general plant, as well as TGS Division plant and corporate plant depreciation rates, as reflected in **Attachment 3** for the CSGA, are just and reasonable.
  69. TGS established it has complied with the requirements set forth in the GUD No. 10695 Accounting Order (Feb. 27, 2018) and Order Nunc Pro Tunc (March 20, 2018) for the CTSA and GCSA and that its related filings were reasonable and accurate, subject to **Findings of Fact No. 78**.
  70. It is reasonable that cloud-based service computing implementation costs, which were previously capitalized to FERC Account 101, be capitalized to FERC Account 186 after December 15, 2019 and be subject to recovery as capital investment in IRA filings. Consistent with the Settlement, TGS will continue its treatment of amortizing implementation costs of cloud-based software over the same period as on-premise software, which is 13 years.
  71. TGS's proposed treatment of meals of \$25 per person per meal, exclusive of tip and tax, is reasonable in this docket and in future rate proceedings, including IRA filings.
  72. Hotel expenses, exclusive of taxes, up to \$175 per room per night are reasonable in this docket and in future rate proceedings, including IRA filings.
  73. It is reasonable that TGS's Pipeline Integrity Testing (PIT) Rider, through which TGS will annually recover the prior year's actual expenditures, is expected to average \$276,480 per year and that the rider applies only to the CTSA regardless of the outcome of the litigated consolidation issue.
  74. It is reasonable that TGS shall file an annual reconciliation with the regulatory authority on or before February 21st of each year and the regulatory authority shall complete its review of the reconciliation on or before March 21st of each year, so that TGS can implement the reconciled PIT Surcharges beginning with the first billing cycle for April of each succeeding year.

75. It is reasonable that TGS's Rate Schedule HARV-Rider, which is related to costs incurred to restore service following Hurricane Harvey, will recover \$489,389 over a two-year period, which reflects removal of \$225,000 of labor expense, and will apply only to the GCSA regardless of the outcome of the litigated consolidation issue.
76. It is reasonable that TGS shall file an annual reconciliation report on or before December 31st, commencing in 2020, with the Director of the Oversight and Safety Division at the Commission and reference Gas Utilities Docket No. 10928, Hurricane Harvey Surcharge Recovery Report. The report shall include: (1) the volumes used by month by customer class during the applicable period; (2) the amount of surcharge recovered, by month; and (3) the outstanding balance, by month.
77. It is reasonable that the Excess Deferred Income Tax ("EDIT") Rider, as applied to the consolidated CGSA, reflects the following:
  - a. Under "Calculation of Credit," after Section 13001(d) add, "for the protected portion of the regulatory liability for excess deferred income taxes;"
  - b. TGS will include the tax gross-up component (i.e., liability balances for both protected and unprotected EDIT) when determining the EDIT liability to be returned to customers as a result of the Act;
  - c. A four-year amortization period for unprotected EDIT; and
  - d. TGS's agreement to provide an initial EDIT refund in September 2020 for 2018 and 2019 amounts and then every February thereafter, with the refund for February 2021 consisting of amounts for calendar year 2020 in accordance with the EDIT Rider included in **Attachment 2**.
78. It is reasonable TGS make an annual filing with the Commission no later than December 31 to include the following information:
  - a. the total dollar amount of that year's EDIT Credit;
  - b. the total dollar amount actually credited to customers;
  - c. true-up amount, if any, due to the difference between items a. and b., above;
  - d. the amount of the upcoming year's EDIT Credit;
  - e. the amounts of the upcoming year's EDIT Credit per Customer; and
  - f. Excel spreadsheet(s) detailing calculations of the amounts in a through e.
79. The EDIT Rider included as part of **Attachment 2** is reasonable.
80. It is reasonable for the Rules of Service to the consolidated CGSA tariffs reflect the following:
  - a. In Section 7.1, the underlined language should be added: "This estimated amount shall be contributed by the Applicant to the Company before construction, unless the Applicant is a qualified Blanket Builder, or unless the cost of the service line was previously included in the main extension calculation under Section 8.1,"
81. It is reasonable that TGS will request an accounting order from the Commission under circumstances in which TGS incurs costs to restore service following a natural disaster or similar event, including providing notice to the cities, and provided that that, absent a city ordinance to the contrary, a Commission-approved accounting order will be applicable for incorporated and environs areas.
82. It is reasonable for TGS to work to increase awareness of the Share the Warmth customer assistance program and the opportunity for existing customers to make voluntary

contributions to the program. TGS's Share the Warmth commitment is also subject to the details provided in **Attachment 5**. Consistent with the Settlement, TGS will contribute \$120,000 annually to Share the Warmth customer assistance program until the next rate case and.

### **Rate Case Expenses**

83. The Settlement will significantly reduce the amount of reimbursable rate case expenses associated with this docket.
84. The Settlement included an agreement on rate case expenses related to this consolidated proceeding, GUD No. 10928, and to GUD No. 10844, *Statement of Intent of Texas Gas Service Company, a Division of ONE Gas, Inc., to Increase Rates to Recover Hurricane Harvey Response Costs Within the Gulf Coast Service Area*.
85. TGS has established that rate case expenses associated with GUD No. 10844 include \$30,240.81 in required regulatory expenses and \$68,626.65 in litigation expenses, which is a total of \$98,867.46. The litigation expenses include amounts TGS and participating cities incurred in the docket. There are no estimated expenses for GUD No. 10844.
86. It is reasonable that TGS recover \$78,867.46 in rate case expenses associated with GUD No. 10844, which reflects the parties' agreement in the Settlement for a \$20,000 reduction in total expenses to be recovered and that those expenses be recovered through Rate Schedule HARV-Rider.
87. It is reasonable for TGS to recover rate case expenses associated with GUD No. 10844, *Statement of Intent of Texas Gas Service Company, a Division of ONE Gas, Inc., to Increase Rates to Recover Hurricane Harvey Response Costs Within the Gulf Coast Service Area*, subject to a \$20,000 reduction in total expenses to be recovered. Those expenses, subject to the \$20,000 reduction, will be recovered through Rate Schedule HARV-Rider.
88. TGS, Cities, and GCSC represent their reasonable rate case expenses incurred through April 30, 2020 and the estimated rate case expenses incurred through completion of this case in the table below:

**Table 5. Rate Case Expenses**

	<b>Actual Regulatory Expenses</b>	<b>Actual Litigation Expenses</b>	<b>Estimated to Completion</b>	<b>Total Recoverable Expenses</b>
<b>TGS</b>	\$656,515.81	\$447,301.98	\$215,000.00	\$1,318,817.79
<b>Cities</b>	N/A	\$185,665.66	\$100,000.00	\$ 285,665.66
<b>GCSC</b>	N/A	\$ 98,652.00	\$ 9,000.00	\$ 107,652.00
<b>Total</b>	\$656,515.81	\$731,619.64	\$324,000.00	<b>\$1,712,135.45</b>

89. TGS has established that its total rate case expenses of \$1,318,817.79, which consists of \$656,515.81 in actual regulatory expenses, \$447,301.98 in actual litigation expenses, and \$215,000.00 in estimated expenses, are just and reasonable.
90. Cities has established that its total rate case expenses of \$285,665.66, which consists of \$185,665.66 in actual litigation expenses of \$100,000.00 in estimated expenses, are just and reasonable.
91. GCSC has established that its total rate case expenses of \$107,652.00, which consists of \$98,652.00 in actual litigation expenses of \$9,000.00 in estimated expenses, are just and reasonable.



92. The hourly rates charged by attorneys and consultants were reasonable rates charged by firms in cases addressing utility rate matters.
93. The attorneys and consultants did not charge any expenses for luxury items and did not incur any excessive airline, lodging, or meal expenses.
94. The amount of work completed and the time and labor required to accomplish the work were reasonable given the nature of the issues addressed.
95. 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.
96. It is reasonable that the recovery of \$1,712,135.45 in total rate case expenses be over an approximate 24-month period with the surcharge separately stated on each bill and that the surcharge shall be volume based.
97. Good cause exists to recover TGS required regulatory, litigation, and estimated expenses equally from all customers, including customers within the incorporated and unincorporated areas of the consolidated CGSA. 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 in the incorporated and unincorporated areas of the consolidated CGSA. Recovery of these expenses is also necessary in the interest of justice.
98. Good cause exists to recover Cities and GCSC and estimated expenses equally from all customers, including customers within the incorporated and unincorporated areas of the consolidated CGSA, because Cities and GCSC participation in GUD No. 10928 resulted in the Settlement, which benefits all such customers, and doing so is necessary in the interest of justice.
99. It is reasonable that TGS file annually, due on or before April 1, a Rate Case Expense Compliance Filing with the Commission Oversight and Safety Division, referencing GUD No. 10928. The compliance filing shall include the volumes used by month by customer class during the applicable period, the amount of rate case expense recovered by month, and the outstanding balance by month as set out in the approved Rate Schedule RCE-ENV and Rate Schedule RCE, which are both in **Attachment 1**.
100. It is reasonable that TGS, Cities, and GCSC 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 estimated rate case expenses to actual rate case expenses. In no case shall the total actual expenses exceed \$1,712,135.45, which includes the actual expenses submitted to the Commission as of May 2020, plus the approved estimated expenses of \$324,000.
101. It is reasonable that TGS 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 until and including the calendar year end in which the rate case expenses are fully recovered.
102. It is just and reasonable that the rate case expense volumetric surcharge recovery rate be \$0.00437 per Ccf.
103. It is reasonable for TGS to reimburse the Commission-approved amount of rate case expenses within 30 days of the issuance of an Order authorizing recovery of those expenses to Cities and GCSC.
104. The tariffs attached to this Final Order are just and reasonable.

## CONCLUSIONS OF LAW

1. TGS 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 Commission.
2. The Commission has jurisdiction over TGS and TGS's *Statement of Intent* under Tex. Util. Code §§ 102.001, 103.022, 103.054, 103.055, 104.001, 104.001 and 104.201.
3. Under Tex. Util. Code §102.001, the Commission has exclusive original jurisdiction over the rates and services of a gas utility for within the environs of the CTSA, GCSA, and the City of Beaumont.
4. The Commission has exclusive appellate jurisdiction under Tex. Util. Code §§102.001(b) and 103.001, *et seq.* 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 §103.051 to the following cities: Austin, Bayou Vista, Beaumont, Bee Cave, Cuero, Dripping Springs, Galveston, Groves, Gonzales, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Rollingwood, Shiner, Sunset Valley, Westlake Hills, and Yoakum.
5. This proceeding was conducted in accordance with the requirements of Tex. Util. Code §§101.001 *et seq.*, and the Administrative Procedure Act, Tex. Gov't Code §§ 2001.001 *et seq.*
6. The proposed rates constitute a major change as defined by Tex. Util. Code § 104.101.
7. Tex. Util. Code §104.107 authorizes the Commission to suspend the operation of the schedule of proposed rates for 150 days from the date the schedule would otherwise go into effect.
8. Proper notice was given consistent with Tex. Util. Code §104.103 and 16 Tex. Admin. Code §§ 7.230 and 7.235.
9. TGS filed its SOI in accordance with Tex. Util. Code §104.102 and 16 Tex. Admin. Code §§ 7.205 and 7.210.
10. Consolidation of the CTSA, GCSA, and City of Beaumont into a single Central-Gulf Service Area ("CGSA") is just and reasonable and in the public interest.
11. The Commission has broad discretion in matters of geographic rate design including the setting of system-wide rates for a consolidated service area.
12. TGS met its burden of proof in accordance with the provisions of Tex. Util. Code §104.008 on the elements of its requested rate increase identified in this Order.
13. The revenue, rates, rate design, and service charges for the consolidated CGSA, as 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 the Texas Utilities Code.
14. The overall revenues for the consolidated CGSA as established by the findings of fact and attached schedules are reasonable; fix an overall level of revenues for TGS that will permit TGS 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 § 104.051; and otherwise comply with Chapter 104 of the Texas Utilities Code.
15. The revenue, rates, rate design, and service charges proposed for the consolidated CGSA will not yield to TGS 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 § 104.052.

16. The rates established in this docket for the consolidated CGSA comport with the requirements of Tex. Util. Code §104.053 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.
17. The rates established in this case for the consolidated CGSA comply with the affiliate transaction standard set out in Tex. Util. Code § 104.055.
18. TGS, Cities, and GCSC met their burden in proving the reasonableness of their rate case expenses pursuant to Tex. Util. Code §103.022(b).
19. TGS 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.
20. The jurisdiction of the Commission in these consolidated cases does not extend to municipalities that are not parties to this proceeding. Tex. Util. Code §§ 102.001 and 103.055.
21. TGS has complied with the requirements set forth in the GUD No. 10695 Accounting Order (Feb. 27, 2018) and Order Nunc Pro Tunc (March 20, 2018).
22. TGS has established that TGS's books and records conform with 16 Tex. Admin. Code § 7.310 to utilize FERC's USOA prescribed for Natural Gas Companies, and CenterPoint 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 rates, rate design, and service charges for the consolidated CGSA established in the findings of fact, conclusions of law, and as shown in **Attachment 1** are hereby **APPROVED**.

**IT IS FURTHER ORDERED** that the proposed schedule of rates for the CGSA as reflected in the Order and in **Attachment 1** are hereby **APPROVED**.

**IT IS FURTHER ORDERED** that consolidation of the City of Beaumont into the GCSA is **APPROVED**.

**IT IS FURTHER ORDERED** that consolidation of the CTSA, GCSA, and the City of Beaumont to create the CGSA is hereby **APPROVED**

**IT IS FURTHER ORDERED** that the factors established for future IRAs in **Findings of Fact No. 53** are **APPROVED**.

**IT IS FURTHER ORDERED** that TGS shall reimburse Cities and GCSC their 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 TGS file an annual Rate Case Expense Compliance Filing with Staff detailing recovery of rate case expenses as described in **Findings of Fact No. 101** within ninety (90) days after each calendar year end until and including the calendar year end in which the rate case expenses are fully recovered.

**IT IS FURTHER ORDERED** that within thirty (30) days of this Final Order, in accordance with 16 Tex. Admin. Code § 7.315, TGS shall electronically file its rate schedules in proper form that accurately reflect the rates in **Attachment 1** 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 TGS shall be subject to refund unless and until TGS'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 the terms under the Settlement, as reflected in this Final Order, is hereby **APPROVED**.

**IT IS FURTHER ORDERED** that TGS refund, over a four-year period, unprotected EDIT resulting from the Tax Cuts and Jobs Act. The EDIT refund will appear on the customer's bill as a separate line item.

**IT IS FURTHER ORDERED** that TGS shall provide an initial EDIT refund to customers in September 2020 for 2018 and 2019 amounts and then every February thereafter, with the refund for February 2021 consisting of amounts for calendar year 2020 in accordance with the EDIT Rider included in Attachment 1.

**IT IS FURTHER ORDERED** that TGS make an annual filing with the Commission no later than December 31 that comports with the details in **Attachment 2**.

**IT IS FURTHER ORDERED** that the Hurricane Harvey Surcharge rate (HARV-Rider) apply only to the GCSA and will recover \$489,789 over a two-year period. TGS shall file an annual reconciliation report on or before December 31st, commencing in 2020. TGS shall file the report with the Commission, addressed to the Director of the Oversight and Safety Division and referencing Gas Utilities Docket No. 10928, Hurricane Harvey Surcharge Recovery Report. The report shall include: (1) the volumes used by month by customer class during the applicable period; (2) the amount of surcharge recovered, by month; and (3) the outstanding balance, by month.

**IT IS FURTHER ORDERED** that the Pipeline Integrity Testing (PIT) Rider apply only to the CTSA.

**IT IS FURTHER ORDERED** that TGS shall file on or before February 1 after each calendar year a compliance filing with the Commission showing all PIT expenses incurred during the previous calendar year and verifying the prior year's collections and any under recoveries accruing to date under the PIT Rider. Prior to the effective date of the PIT Rider and on or before February 1<sup>st</sup> of each succeeding year while this Rider is in effect, TGS shall also file an addendum to this rider with the Commission, (a) identifying the PIT Surcharges that will be applied during the ensuing 12-month recovery period from April 1 through March 31, and (b) providing the underlying data and calculations on which each PIT Surcharge for that period is based.

**IT IS FURTHER ORDERED** that TGS shall provide, on or before March 31 after each calendar year, written notice to each affected customer of (a) the PIT Surcharge that will be applied during the ensuing 12-month period from April 1 through March 31, and (b) the effect the PIT Surcharge is expected to have on the average monthly bill for each affected customer class. TGS also shall certify annually with the Commission that notice has been provided to customers in this manner.

**IT IS FURTHER ORDERED** TGS will request an accounting order from the Commission under circumstances in which TGS incurs costs to restore service following a natural disaster or similar event, including providing notice to the cities, and provided that the Parties agree that, absent a city ordinance to the contrary, a Commission-approved accounting order will be applicable for incorporated and environs areas.

**IT IS FURTHER ORDERED** that any incremental change in rates approved by this Final Order and implemented by TGS shall be subject to refund unless and until TGS'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**.

This Order will not be final and effective until twenty (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 of 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 ninety (90) days from the date the Order is served on the parties.

**SIGNED** on August 4, 2020.

**RAILROAD COMMISSION OF TEXAS**

---

**CHAIRMAN WAYNE CHRISTIAN**

---

**COMMISSIONER CHRISTI CRADDICK**

---

**COMMISSIONER RYAN SITTON**

**ATTEST:**

---

**SECRETARY**

**GUD No. 10928, *Consolidated***  
**Proposed Final Order**  
**Attachment 1**  
**(CGSA Rate Schedules and Tariffs)**

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule 1-ENV  
Page 1 of 4****COST OF GAS CLAUSE****A. APPLICABILITY**

This Cost of Gas Clause shall apply to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") in all unincorporated areas of its Central-Gulf Service Area including Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

**B. DEFINITIONS**

1. Cost of Gas - The rate per billing unit or the total calculation under this clause, consisting of the Commodity Cost, the Reconciliation Component, any surcharges or refunds, Uncollectible Cost of Gas, and the revenue associated fees and taxes.
2. Commodity Cost - The Cost of Purchased Gas multiplied by the Purchase/Sales Ratio plus an adjustment for any known and quantifiable under or over collection prior to the end of the reconciliation period.
3. Cost of Purchased Gas - The estimated cost for gas purchased by the Company from its suppliers or the estimated weighted average cost for gas purchased by the Company from all sources where applicable. Such cost shall include not only the purchase cost of natural gas but shall also include all reasonable costs for services such as gathering, treating, processing, transportation, capacity and/or supply reservation, storage, balancing including penalties, and swing services necessary for the movement of gas to the Company's city gate delivery points. The cost of purchased gas may also include costs related to the purchase and transportation of Renewable Natural Gas (RNG). Renewable Natural Gas is the term used to describe pipeline-quality biomethane produced from biomass. The cost of purchased gas shall not include the cost of financial instruments unless the use of such financial instruments is approved in advance and in writing by the Director of the Oversight and Safety Division of the Railroad Commission of Texas. Such approval would be requested as part of the Company's annual gas purchase plan, which shall be submitted annually to the Commission no later than June 15.
4. Reconciliation Component - The amount to be returned to or recovered from customers each month from October through June as a result of the Reconciliation Audit.
5. Reconciliation Audit - An annual review of the Company's books and records for each 12-month period ending with the production month of June to determine the amount of over or under collection occurring during such 12-month period. The audit shall determine: (a) the total amount paid for gas purchased by the Company (per Section B(3) above) to provide service to its general service customers during the period, including prudently incurred gains or losses on the approved use of natural gas financial instruments; (b) the revenues received from operation of the provisions of this Cost of Gas Clause reduced by the amount of revenue associated fees and taxes paid by the Company on those revenues; (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause; (d) the total amount accrued for imbalances under the transportation rate schedule(s) net of fees and applicable taxes; (e) the total amount of Uncollectible Cost of Gas during the period; and (f) an adjustment, if necessary, to remove lost and unaccounted for gas costs during the period for volumes in excess of 5 percent of purchases.

**Supersedes Rate Schedule Dated**

1 dated September 8, 2017 (Unincorporated Areas of the Central Texas Service Area)

1-ENV (GALV) dated May 9, 2016 (Unincorporated Areas of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-ENV (SJC) dated May 9, 2016 (Unincorporated Areas of Groves, Nederland, Port Arthur, and Port Neches, TX)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule 1-ENV  
Page 2 of 4****COST OF GAS CLAUSE  
(Continued)**

6. Purchase/Sales Ratio - A ratio determined by dividing the total volumes purchased for general service customers during the 12 month period ending June 30 by the sum of the volumes sold to general service customers. For the purpose of this computation all volumes shall be stated at 14.65 psia. Such ratio as determined shall in no event exceed 1.0526 i.e.  $1/(1 - 0.05)$  unless expressly authorized by the applicable Regulatory Authority.
7. Reconciliation Account - The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of the Cost of Gas Clause. Entries shall be made monthly to reflect: (a) the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records (per Section B(3) above), including prudently incurred gains or losses on the use of approved natural gas financial instruments; (b) the revenues produced by the operation of this Cost of Gas Clause; (c) refunds, payments, or charges provided for herein or as approved by the regulatory authority; (d) amounts accrued pursuant to the treatment of imbalances under any transportation rate schedule(s); (e) total amount of Uncollectible Cost of Gas during the period; and (f) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of 5 percent of purchases.
8. Uncollectible Cost of Gas – The amounts actually written off after the effective date of this rate schedule related to cost of gas will be tracked along with any subsequent recovery/credits related to the Cost of Gas Clause. Annually the charge offs minus recoveries will be included in the annual reconciliation and factored into the resulting reconciliation component.

**C. COST OF GAS**

In addition to the cost of service as provided under its general service rate schedules, the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each customer bill.

**D. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT**

If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section E below, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather, growth, and conservation for the period beginning with the October billing cycle through the June billing cycle preceding the filing of the Reconciliation Audit. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied, subject to refund, for a 9 month period beginning with the October billing cycle and continuing through the next June billing cycle at which time it will terminate.

**E. INTEREST ON FUNDS**

Concurrently with the Reconciliation Audit, the Company shall determine the amount by which the Cost of Gas was over or under collected for each month within the period of audit. The Company shall debit or credit to the Reconciliation Account for each month of the reconciliation period: (1) an amount equal to the outstanding over collected balance multiplied by interest of 6 percent per annum compounded monthly; or (2) an amount equal to the outstanding under collected balance multiplied by interest of 6 percent per annum

**Supersedes Rate Schedule Dated**

1 dated September 8, 2017 (Unincorporated Areas of the Central Texas Service Area)

1-ENV (GALV) dated May 9, 2016 (Unincorporated Areas of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-ENV (SJC) dated May 9, 2016 (Unincorporated Areas of Groves, Nederland, Port Arthur, and Port Neches, TX)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule 1-ENV  
Page 3 of 4****COST OF GAS CLAUSE  
(Continued)**

compounded monthly. The Company shall also be allowed to recover a carrying charge calculated based on the arithmetic average of the beginning and ending balance of gas in storage inventory for the prior calendar month times the authorized rate of return.

**F. SURCHARGE OR REFUND PROCEDURES**

In the event that the rates and charges of the Company's supplier are retroactively reduced and a refund of any previous payments is made to the Company, the Company shall make a similar refund to its general service customers. Similarly, the Company may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. Any surcharge or refund amount will be included in the Reconciliation Account.

Refunds or charges shall be entered into the Reconciliation Account as they are collected from or returned to the customers. For the purpose of this Section F, the entry shall be made on the same basis used to determine the refund or charge component of the Cost of Gas and shall be subject to the calculation set forth in Section (E) Interest on Funds, above.

**G. COST OF GAS STATEMENT**

The Company shall file a Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. The Cost of Gas Statement shall set forth: (a) the estimated Cost of Purchased Gas; (b) that cost multiplied by the Purchase/Sales Ratio; (c) the amount of the Cost of Gas caused by any surcharge or refund; (d) the Reconciliation Component; (e) the revenue associated fees and taxes to be applied to revenues generated by the Cost of Gas; (f) the Cost of Gas calculation, including gains and losses from approved hedging activities for the month; and (g) the beginning and ending date of the billing period. The statement shall include all data necessary for the Regulatory Authority to review and verify the calculations of the Cost of Gas.

**H. 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 12 months ending June 30.
2. A tabulation of gas units sold to general service customers and related Cost of Gas Clause revenues.
3. A tabulation of all other costs and refunds made during the year and their effect on the Cost of Gas Clause to date.

**Supersedes Rate Schedule Dated**

1 dated September 8, 2017 (Unincorporated Areas of the Central Texas Service Area)

1-ENV (GALV) dated May 9, 2016 (Unincorporated Areas of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-ENV (SJC) dated May 9, 2016 (Unincorporated Areas of Groves, Nederland, Port Arthur, and Port Neches, TX)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule 1-ENV  
Page 4 of 4****COST OF GAS CLAUSE  
(Continued)**

4. A description of the hedging activities conducted each month during the 12 months ending June 30, including the types of transaction used, resulting gains and losses, any changes in the hedging program implemented during the period and the rationale for the changes. The report should include the customer impact of hedging activities stated as costs to the average residential and commercial customer during the period.
5. 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 balances 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.
6. A tabulation of uncollectible cost of gas during the period and its effect on the Cost of Gas Clause to date.

This report shall be filed concurrently with the Cost of Gas Statement for October. If the Regulatory Authority thereafter determines that an adjustment to the Reconciliation Component is required, such adjustment shall be included in the Reconciliation Component for the next annual Reconciliation Audit following the date of such determination.

Supersedes Rate Schedule Dated

1 dated September 8, 2017 (Unincorporated Areas of the Central Texas Service Area)

1-ENV (GALV) dated May 9, 2016 (Unincorporated Areas of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-ENV (SJC) dated May 9, 2016 (Unincorporated Areas of Groves, Nederland, Port Arthur, and Port Neches, TX)

Meters Read On and After

TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule 1-INC  
Page 1 of 4****COST OF GAS CLAUSE****A. APPLICABILITY**

This Cost of Gas Clause shall apply to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") in all incorporated areas of its Central-Gulf Service Area including Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

**B. DEFINITIONS**

1. Cost of Gas - The rate per billing unit or the total calculation under this clause, consisting of the Commodity Cost, the Reconciliation Component, any surcharges or refunds, Uncollectible Cost of Gas, and the revenue associated fees and taxes.
2. Commodity Cost - The Cost of Purchased Gas multiplied by the Purchase/Sales Ratio plus an adjustment for any known and quantifiable under or over collection prior to the end of the reconciliation period.
3. Cost of Purchased Gas - The estimated cost for gas purchased by the Company from its suppliers or the estimated weighted average cost for gas purchased by the Company from all sources where applicable. Such cost shall include not only the purchase cost of natural gas, but shall also include all reasonable costs for services such as gathering, treating, processing, transportation, capacity and/or supply reservation, storage, balancing including penalties, and swing services necessary for the movement of gas to the Company's city gate delivery points. The cost of purchased gas may also include costs related to the purchase and transportation of Renewable Natural Gas (RNG). Renewable Natural Gas is the term used to describe pipeline-quality biomethane produced from biomass. The cost of purchased gas shall also include gains and losses from the utilization of natural gas financial instruments that are executed by the Company for the purpose of mitigating price volatility. Companies affiliated with the Company shall not be allowed to charge fees for transactions related to natural gas financial instruments utilized for purposes in this Cost of Gas Clause and hence cannot realize a profit in this regard.
4. Reconciliation Component - The amount to be returned to or recovered from customers each month from October through June as a result of the Reconciliation Audit.
5. Reconciliation Audit - An annual review of the Company's books and records for each 12-month period ending with the production month of June to determine the amount of over or under collection occurring during such 12-month period. The audit shall determine: (a) the total amount paid for gas purchased by the Company (per Section B(3) above) to provide service to its general service customers during the period, including prudently incurred gains or losses on the use of natural gas financial instruments; (b) the revenues received from operation of the provisions of this Cost of Gas Clause reduced by the amount of revenue associated fees and taxes paid by the Company on those revenues; (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause; (d) the total amount accrued

**Supersedes Rate Schedule Dated**

1-INC dated September 8, 2017 (Cities of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, TX)

1-INC (GALV) dated May 9, 2016 (Cities of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-INC (SJC) dated May 9, 2016 (Cities of Groves, Nederland, Port Arthur, and Port Neches, TX)

1-INC dated May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule 1-INC  
Page 2 of 4****COST OF GAS CLAUSE  
(Continued)**

for imbalances under the transportation rate schedule(s) net of fees and applicable taxes; (e) the total amount of Uncollectible Cost of Gas during the period; and (f) an adjustment, if necessary, to remove lost and unaccounted for gas costs during the period for volumes in excess of 5 percent of purchases.

6. Purchase/Sales Ratio - A ratio determined by dividing the total volumes purchased for general service customers during the 12-month period ending June 30 by the sum of the volumes sold to general service customers. For the purpose of this computation all volumes shall be stated at 14.65 psia. Such ratio as determined shall in no event exceed 1.0526 i.e.  $1/(1 - 0.05)$  unless expressly authorized by the applicable Regulatory Authority.
7. Reconciliation Account - The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of the Cost of Gas Clause. Entries shall be made monthly to reflect: (a) the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records (per Section B(3) above), including prudently incurred gains or losses on the use of natural gas financial instruments; (b) the revenues produced by the operation of this Cost of Gas Clause; (c) refunds, payments, or charges provided for herein or as approved by the regulatory authority; (d) amounts accrued pursuant to the treatment of imbalances under any transportation rate schedule(s), (e) total amount of Uncollectible Cost of Gas during the period; and (f) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of 5 percent of purchases.
8. Uncollectible Cost of Gas – The amounts actually written off after the effective date of this rate schedule related to cost of gas will be tracked along with any subsequent recovery/credits related to the Cost of Gas Clause. Annually the charge offs minus recoveries will be included in the annual reconciliation and factored into the resulting reconciliation component.

**C. COST OF GAS**

In addition to the cost of service as provided under its general service rate schedules, the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each customer bill.

**D. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT**

If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section E below, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather, growth, and conservation for the period beginning with the October billing cycle through the June billing cycle preceding the filing of the Reconciliation Audit. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied, subject to refund, for a 9 month period beginning with the October billing cycle and continuing through the next June billing cycle at which time it will terminate.

**Supersedes Rate Schedule Dated**

1-INC dated September 8, 2017 (Cities of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, TX)

1-INC (GALV) dated May 9, 2016 (Cities of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-INC (SJC) dated May 9, 2016 (Cities of Groves, Nederland, Port Arthur, and Port Neches, TX)

1-INC dated May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule 1-INC  
Page 3 of 4****COST OF GAS CLAUSE  
(Continued)****E. INTEREST ON FUNDS**

Concurrently with the Reconciliation Audit, the Company shall determine the amount by which the Cost of Gas was over or under collected for each month within the period of audit. The Company shall debit or credit to the Reconciliation Account for each month of the reconciliation period: (1) an amount equal to the outstanding over collected balance multiplied by interest of 6 percent per annum compounded monthly; or (2) an amount equal to the outstanding under collected balance multiplied by interest of 6 percent per annum compounded monthly. The Company shall also be allowed to recover a carrying charge calculated based on the arithmetic average of the beginning and ending balance of gas in storage inventory for the prior calendar month times the authorized rate of return.

**F. SURCHARGE OR REFUND PROCEDURES**

In the event that the rates and charges of the Company's supplier are retroactively reduced and a refund of any previous payments is made to the Company, the Company shall make a similar refund to its general service customers. Similarly, the Company may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. Any surcharge or refund amount will be included in the Reconciliation Account.

Refunds or charges shall be entered into the Reconciliation Account as they are collected from or returned to the customers. For the purpose of this Section F, the entry shall be made on the same basis used to determine the refund or charge component of the Cost of Gas and shall be subject to the calculation set forth in Section (E) Interest on Funds, above.

**G. COST OF GAS STATEMENT**

The Company shall file a Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. The Cost of Gas Statement shall set forth: (a) the estimated Cost of Purchased Gas; (b) that cost multiplied by the Purchase/Sales Ratio; (c) the amount of the Cost of Gas caused by any surcharge or refund; (d) the Reconciliation Component; (e) the revenue associated fees and taxes to be applied to revenues generated by the Cost of Gas; (f) the Cost of Gas calculation, including gains and losses from hedging activities for the month; and (g) the beginning and ending date of the billing period. The statement shall include all data necessary for the Regulatory Authority to review and verify the calculations of the Cost of Gas.

**H. ANNUAL RECONCILIATION REPORT**

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

Supersedes Rate Schedule Dated

1-INC dated September 8, 2017 (Cities of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, TX)

1-INC (GALV) dated May 9, 2016 (Cities of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-INC (SJC) dated May 9, 2016 (Cities of Groves, Nederland, Port Arthur, and Port Neches, TX)

1-INC dated May 22, 2019 (City of Beaumont)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule 1-INC  
Page 4 of 4****COST OF GAS CLAUSE  
(Continued)**

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 12 months ending June 30.
2. A tabulation of gas units sold to general service customers and related Cost of Gas Clause revenues.
3. A tabulation 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 hedging activities conducted each month during the 12 months ending June 30, including the types of transaction used, resulting gains and losses, any changes in the hedging program implemented during the period and the rationale for the changes. The report should include the customer impact of hedging activities stated as costs to the average residential and commercial customer during the period.
5. 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 balances 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.
6. A tabulation of uncollectible cost of gas during the period and its effect on the Cost of Gas Clause to date.

This report shall be filed concurrently with the Cost of Gas Statement for October. If the Regulatory Authority thereafter determines that an adjustment to the Reconciliation Component is required, such adjustment shall be included in the Reconciliation Component for the next annual Reconciliation Audit following the date of such determination.

Supersedes Rate Schedule Dated

1-INC dated September 8, 2017 (Cities of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, TX)

1-INC (GALV) dated May 9, 2016 (Cities of Bayou Vista, Galveston, and Jamaica Beach, TX)

1-INC (SJC) dated May 9, 2016 (Cities of Groves, Nederland, Port Arthur, and Port Neches, TX)

1-INC dated May 22, 2019 (City of Beaumont)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE 1Z****RESIDENTIAL SERVICE RATE****APPLICABILITY**

Applicable to a residential customer or builder 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 and builders prior to sale or re-sale of a property for domestic 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-Gulf Service Area, which includes the unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$16.00 plus

All Ccf per monthly billing period @ \$0.32626 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area**

**RATE SCHEDULE 1Z**

**RESIDENTIAL SERVICE RATE  
(Continued)**

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 2Z****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-Gulf Service Area, which includes the unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$53.33 plus

All Ccf per monthly billing period @ \$0.12679 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

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

Supersedes Rate Schedule Dated  
June 14, 2019(Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area**

**RATE SCHEDULE 2Z**

**COMMERCIAL SERVICE RATE**  
**(Continued)**

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
June 14, 2019(Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE 3Z****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 for resale only

**TERRITORY**

Environs of the Central-Gulf Service Area, which includes the unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$320.96 plus

All Ccf per monthly billing period @ \$0.12707 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

Supersedes Rate Schedule Dated

June 14, 2019 (Central Texas Service Area)

September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After

TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area**

**RATE SCHEDULE 3Z**

**INDUSTRIAL SERVICE RATE  
(Continued)**

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 4Z****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-Gulf Service Area, which includes the unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$81.70 plus

All Ccf per monthly billing period @ \$0.12549 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

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

Supersedes Rate Schedule Dated

June 14, 2019 (Central Texas Service Area)

September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area**

**RATE SCHEDULE 4Z**

**PUBLIC AUTHORITY SERVICE RATE  
(Continued)**

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 4H****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-Gulf Service Area, which includes the unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$134.70 plus

All Ccf per monthly billing period @ \$0.10012 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area**

**RATE SCHEDULE 4H**

**PUBLIC SCHOOLS SPACE HEATING SERVICE RATE  
(Continued)**

**CONDITIONS**

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

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area

RATE SCHEDULE 7Z

UNMETERED GAS LIGHT SERVICE RATE

APPLICABILITY

Applicable to any Customer on Texas Gas Service Company, a Division of ONE Gas, Inc.’s system requiring natural gas service for gas lighting only, without the use of metering device. Gas service is only available to Customers utilizing standard gas lighting equipment manufactured with an orifice burner assembly or equivalent that is intended for lighting of sidewalks and other walk ways. The Company, in its sole discretion, shall determine if Customer’s lighting equipment qualifies for this tariff and shall contract with Customer for the appropriate monthly charge based upon Customer’s complete installation of gas lighting equipment. Gas service under this rate schedule is available only with the Company as the sole supplier of gas for Customer and is not available for resale to others or for standby or supplemental service. 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-Gulf Service Area which includes the unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

COST OF SERVICE RATE

The total hourly rated consumption of all gas lighting equipment included, expressed in Ccf at the location, shall be multiplied by 730 for gas lighting equipment that runs continuously or 365 for gas lighting equipment with a light sensor, to determine the average monthly consumption of the service. The result, rounded to the next highest Ccf, shall then be billed the rates provided in this rate schedule:

Residential	\$ 0.32626 per Ccf
Commercial	\$ 0.12679 per Ccf
Industrial	\$ 0.12707 per Ccf
Public Authority	\$ 0.12549 per Ccf

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-ENV.

Taxes: Plus applicable taxes and fees related to above.

CONDITIONS

The Customer shall ensure that the installation of lighting equipment conforms to industry safety standards. The Company reserves the right to review Customer’s installation of lighting equipment from time to time to determine if it conforms to terms and conditions as set forth in this tariff and the executed service agreement with the Customer. Customer shall notify Company in writing within 30 days of any change in number of gas lights or other material changes made to the gas lighting installation.

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

Initial Rate Schedule

Meters Read on and After  
TBD

RATE SCHEDULE 10

RESIDENTIAL SERVICE RATE

APPLICABILITY

Applicable to a residential customer or builder 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 and builders prior to sale or re-sale of a property for domestic purposes. This rate is only available to full requirements customers of Texas Gas Service Company, a Division of ONE Gas, Inc.

TERRITORY

The incorporated areas of the Central-Gulf Service Area which includes Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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	\$16.00 plus
All Ccf per monthly billing period @	\$0.32626 per Ccf

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-INC.

Conservation Adjustment: The billing shall reflect adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC and Rate Schedule 1C, if applicable.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

<u>Supersedes Rate Schedule Dated</u>	<u>Meters Read On and After</u>
June 3, 2019 (Austin Only)	TBD
June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)	
July 29, 2019 (Gulf Coast Service Area)	
May 22, 2019 (City of Beaumont)	

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 10****RESIDENTIAL SERVICE RATE**  
**(Continued)**

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

**CONDITIONS**

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

**Supersedes Rate Schedule Dated**

June 3, 2019 (Austin Only)  
June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)  
July 29, 2019 (Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 20****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**

The incorporated areas of the Central-Gulf Service Area which includes Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$53.33 plus

All Ccf per monthly billing period @ \$0.12679 per Ccf

**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-INC.

Conservation Adjustment: The billing shall reflect adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC and Rate Schedule 1C, if applicable.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

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

**Supersedes Rate Schedule Dated**

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

July 29, 2019 (Gulf Coast Service Area)

May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area**

**RATE SCHEDULE 20**

**COMMERCIAL SERVICE RATE**  
**(Continued)**

**CONDITIONS**

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

Supersedes Rate Schedule Dated

June 3, 2019 (Austin Only)  
June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)  
July 29, 2019 (Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 30****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 for resale only

**TERRITORY**

The incorporated areas of the Central-Gulf Service Area which includes Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$320.96 plus

All Ccf per monthly billing period @ \$0.12707 per Ccf

**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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**Supersedes Rate Schedule Dated**

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

July 29, 2019 (Gulf Coast Service Area)

May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 30****INDUSTRIAL SERVICE RATE**  
**(Continued)****CONDITIONS**

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

**Supersedes Rate Schedule Dated**

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

July 29, 2019 (Gulf Coast Service Area)

May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 40****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**

The incorporated areas of the Central-Gulf Service Area which includes Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$81.70 plus

All Ccf per monthly billing period @ \$0.12549 per Ccf

**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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

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

**Supersedes Rate Schedule Dated**

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

July 29, 2019 (Gulf Coast Service Area)

May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE 40****PUBLIC AUTHORITY SERVICE RATE**  
**(Continued)****CONDITIONS**

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

**Supersedes Rate Schedule Dated**

June 3, 2019 (Austin Only)  
June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)  
July 29, 2019 (Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

RATE SCHEDULE 48

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

The incorporated areas of the Central-Gulf Service Area which includes, Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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	\$134.70 plus
All Ccf per monthly billing period @	\$0.10012 per Ccf

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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.

Taxes: Plus applicable taxes and fees (including franchise fees) related to the above.

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

<u>Supersedes Rate Schedule Dated</u>	<u>Meters Read On and After</u>
June 3, 2019 (Austin Only)	TBD
June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)	

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area**

**RATE SCHEDULE 48**

**PUBLIC SCHOOLS SPACE HEATING SERVICE RATE**  
**(Continued)**

**CONDITIONS**

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

Supersedes Rate Schedule Dated

June 3, 2019 (Austin Only)

June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

Meters Read On and After

TBD



**UNMETERED GAS LIGHT SERVICE RATE**

**APPLICABILITY**

Applicable to any Customer on Texas Gas Service Company, a Division of ONE Gas, Inc.’s system requiring natural gas service for gas lighting only, without the use of metering device. Gas service is only available to Customers utilizing standard gas lighting equipment manufactured with an orifice burner assembly or equivalent that is intended for lighting of sidewalks and other walk ways. The Company, in its sole discretion, shall determine if Customer’s lighting equipment qualifies for this tariff and shall contract with Customer for the appropriate monthly charge based upon Customer’s complete installation of gas lighting equipment. Gas service under this rate schedule is available only with the Company as the sole supplier of gas for Customer and is not available for resale to others or for standby or supplemental service. This rate is only available to full requirements customers of Texas Gas Service Company, a Division of ONE Gas, Inc.

**TERRITORY**

The incorporated areas of the Central-Gulf Service Area which includes Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

**COST OF SERVICE RATE**

The total hourly rated consumption of all gas lighting equipment included, expressed in Ccf at the location, shall be multiplied by 730 for gas lighting equipment that runs continuously or 365 for gas lighting equipment with a light sensor, to determine the average monthly consumption of the service. The result, rounded to the next highest Ccf, shall then be billed the rates provided in this rate schedule:

Residential	\$ 0.32626 per Ccf
Commercial	\$ 0.12679 per Ccf
Industrial	\$ 0.12707 per Ccf
Public Authority	\$ 0.12549 per Ccf

**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-INC.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**CONDITIONS**

The Customer shall ensure that the installation of lighting equipment conforms to industry safety standards. The Company reserves the right to review Customer’s installation of lighting equipment from time to time to determine if it conforms to terms and conditions as set forth in this tariff and the executed service agreement with the Customer. Customer shall notify Company in writing within 30 days of any change in number of gas lights or other material changes made to the gas lighting installation.

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

Initial Rate Schedule	<u>Meters Read on and After</u>
	TBD

ELECTRICAL COGENERATION RATE

APPLICABILITY

Service under this rate schedule is available to any customers of Texas Gas Service Company, a Division of ONE Gas, Inc., (the “Company”) 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

The incorporated areas of the Central-Gulf Service Area, which includes, Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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		\$ 104.70 plus
For the First	5,000 Ccf/Month	\$ 0.07720 per Ccf
For the Next	35,000 Ccf/Month	\$ 0.06850 per Ccf
For the Next	60,000 Ccf/Month	\$ 0.05524 per Ccf
All Over	100,000 Ccf/Month	\$ 0.04016 per Ccf

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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE NO. C-1****Page 2 of 2****ELECTRICAL COGENERATION RATE**  
**(Continued)****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.

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.

Supersedes Rate Schedule Dated  
June 3, 2019 (Austin Only)  
June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE C-1-ENV  
Page 1 of 2****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-Gulf Service Area, which includes the unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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		\$ 104.70 plus
For the First	5,000 Ccf/Month	\$0.07720 per Ccf
For the Next	35,000 Ccf/Month	\$0.06850 per Ccf
For the Next	60,000 Ccf/Month	\$0.05524 per Ccf
All Over	100,000 Ccf/Month	\$0.04016 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.

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

Taxes: Plus applicable taxes and fees related to above.

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE C-1-ENV  
Page 2 of 2****ELECTRICAL COGENERATION RATE  
(Continued)****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.

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.

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

RULES OF SERVICE

CENTRAL-GULF SERVICE AREA

Incorporated and Unincorporated Areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda (environs only), Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, TX

Effective for Meters Read On and After  
TBD

Supersedes and Replaces “Incorporated Central Texas Service Area” (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX) dated October 26, 2016;

“Incorporated Central Texas Service Area” (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX) dated January 6, 2017;

“Unincorporated Areas of the Central Texas Service Area” dated November 23, 2016;

“Incorporated and Unincorporated Gulf Coast Service Area” dated May 9, 2016;

“Incorporated Areas of Beaumont, TX” dated May 22, 2019

Communications Regarding this Tariff  
Should Be Addressed To:

Texas Gas Service Company, a Division of ONE Gas, Inc.  
5613 Avenue F  
Austin, Texas 78751

OR

Texas Gas Service Company, a Division of ONE Gas, Inc.  
4201 39<sup>th</sup> Street  
Port Arthur, TX 77642

OR

Texas Gas Service Company, a Division of ONE Gas, Inc.  
402 33<sup>rd</sup> Street  
Galveston, TX 77750

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

## TABLE OF CONTENTS

Section	Description
1	General Statement
2	Reserved for Future Rules
3	Rates and Utility Charges
4	Conditions of Service
5	Initiation of Service
6	Metering and Delivery of Gas
7	Installation of Equipment
8	Extension of Facilities
9	Customer Owned Systems
10	Security Deposits
11	Gas Measurement
12	Meter Reading and Accuracy
13	Billing and Payment of Bills
14	Quality of Gas
15	Service Work
16	Maintenance of Equipment
17	Discontinuance of Service
18	Re-establishment of Service
19	Notice
20	Average Bill Calculation Plan
21	Fees and Cash Deposits

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

GENERAL STATEMENT

1.1 TARIFF APPLICABILITY

Texas Gas Service Company, a Division of ONE Gas, Inc. is a gas utility operating within the State of Texas. This Tariff applies to Texas Gas Service Company, a Division of ONE Gas, Inc.'s Central-Gulf Service Area, comprising the Cities and environs of Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, and the environs of Buda, Texas. This Tariff supersedes and replaces all tariffs previously approved and applied in the Central Texas, Gulf Coast Service Areas and the City of Beaumont.

Service under this Tariff is subject to the original jurisdiction of the municipalities in the Central-Gulf Service Area and the Railroad Commission of Texas. The Company will provide service to any person and/or business within its service area in accordance with the rates, terms and conditions provided for in its Tariff and regulations.

1.2 RATE SCHEDULES

All Customers shall be served under rate schedules filed with the municipality or Railroad Commission of Texas. Customers shall be assigned to rate schedules in accordance with the class of the particular Customer, the usage which will be made of the gas and that Customer's volume requirements. The Company shall advise an Applicant or Customer regarding the most advantageous rate for his or her usage if more than one rate is applicable. A Customer assigned to a rate schedule shall remain on that schedule for a minimum of one year except that an assignment made in error may be corrected immediately. In the event of a question regarding the Customer's classification, the questions shall be resolved by reference to the coding of the Customer's primary business in the latest edition of the Standard Industrial Classification Manual of the United States Government's Office Management and Budget.

1.3 DEFINITIONS

The following definitions shall apply to the indicated words as used in this Tariff:

Adder: Shall mean the Company's incremental cost to purchase natural gas.

Aggregation Areas: Shall mean aggregation pools established by the Company within geographic, operational, administrative, and/or other appropriate parameters, for the purposes of nominating and imbalances.

Agricultural Service: Service to Consumers engaged in agricultural production.

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

Automated Meter Reading (AMR): The process of remotely reading a gas meter.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Average Day Usage:</u>	The gas demand of a given Customer for gas in any one month divided by 30. Gas demand is considered to be equivalent to consumption during each billing month, provided however, that when service has been curtailed, demand shall be considered to be actual consumption plus estimated curtailment during the period.
<u>Blanket Builder:</u>	A builder or someone acting for a builder who is invoiced for the installation of service lines.
<u>Btu:</u>	Shall mean British thermal unit(s) and shall be computed 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 shall not be corrected for real water vapor as obtained by means commonly acceptable to the industry, and "MMBtu" shall mean one million (1,000,000) Btu.
<u>Commercial Service:</u>	Service to Consumers engaged primarily in the sale or furnishing of goods and services and any usage not otherwise provided for.
<u>Commission or The Commission:</u>	The Railroad Commission of Texas.
<u>Company:</u>	Texas Gas Service Company, a Division of ONE Gas, Inc.
<u>Consumer:</u>	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.)
<u>Consumption Period:</u>	Shall mean a volumetric billing period.
<u>Customer:</u>	Any person or organization now being billed for gas service whether used by him or her, or by others.
<u>Cumulative Tolerance Limit:</u>	Shall mean the percent of aggregate historical annual deliveries of a Qualified Supplier's Aggregation Area pool of customers for the most recent year ended on June 30. The Company, at its sole discretion, may make adjustments to the Cumulative Tolerance Limit.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Day or Gas Day:</u>	Shall mean the 24-hour period commencing at 9:00 a.m. (central clock time) on one calendar day and ending at 9:00 a.m. (central clock time) the following calendar day.
<u>Dekatherm (Dth):</u>	Shall mean 1,000,000 Btu's (1 MMBtu). This unit will be on a dry basis.
<u>Domestic Service:</u>	Service to any Consumer which consists of gas service used directly for heating, air conditioning, cooking, water heating and similar purposes whether in a single or multiple dwelling unit.
<u>Electrical Cogeneration Service:</u>	Service to Consumers who use natural gas for the purpose of generating electricity. This service uses 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.
<u>Electronic Document:</u>	Any document sent electronically via email or the internet.
<u>Electronic Flow Measurement (EFM):</u>	An electronic means of obtaining readings on a gas meter.
<u>Electronic Fund Transfer (EFT):</u>	The process to convert a paper check or electronic bill payment request to an electronic transfer. Paper checks received by Company or their agents are destroyed.
<u>Electronic Radio Transponder (ERT):</u>	A device that assists with remotely reading a gas meter.
<u>Excess Flow Valve (EFV):</u>	A safety device installed below ground inside the natural gas service line between the main and the meter intended to reduce the risk of accidents in limited situations.
<u>Expedited Service:</u>	Customer request for same day service or service during non-business hours for connection or reconnection of gas service.
<u>Gas or Natural Gas:</u>	Shall mean 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.
<u>General Rate Schedule:</u>	A rate schedule available to all Customers of the appropriate class or classes for usages indicated therein.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Industrial Service:</u>	Service to Consumers engaged primarily in a process which changes raw or unfinished materials into another form of product. This classification shall embrace all Consumers included in Division A (except Major Groups 01 and 02) and Division D of the Standard Industrial Classification Manual.
<u>Irrigation or Irrigation Pumping Service:</u>	(SIC Division A - Major Group 01) who use gas for operating engine-driven pumping equipment.
<u>Mcf:</u>	Shall mean one thousand (1,000) cubic feet of Gas.
<u>Month:</u>	Shall mean 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.
<u>Monthly Tolerance Limit:</u>	Shall mean five percent (5%) of the aggregate deliveries for a Qualified Suppliers Aggregation Area pool of customers for such month.
<u>Optional Rate Schedule:</u>	A General Rate Schedule which may be selected by a Customer in lieu of another general schedule but which may require installation of special equipment.
<u>Overtime Rate:</u>	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 the Company's normal business hours.
<u>Payment in Kind (PIK):</u>	Shall mean a reimbursement for lost and unaccounted for gas.
<u>PDA:</u>	Shall mean a predetermined allocation method.
<u>Pipeline System:</u>	Shall mean the current existing utility distribution facilities of the Company located in the State of Texas.
<u>Point of Delivery:</u>	Shall mean the point or points where gas is delivered from the Pipeline System to Customer.
<u>Point of Receipt:</u>	Shall mean the point or points where the Company shall receive Gas into the Pipeline System from Customer.
<u>Point Operator:</u>	Shall mean the person or entity that controls the Point of Receipt or Point of Delivery.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

GENERAL STATEMENT (Continued)

1.3 DEFINITIONS (Continued)

<u>Qualified Supplier:</u>	Shall mean an approved supplier of natural gas for transportation to customers through the Company's pipeline system.
<u>Regulatory Authority:</u>	The City Council or equivalent municipal governing body of each respective city in the Central-Gulf Service Area, or the Railroad Commission of Texas, as applicable.
<u>Service Area:</u>	The area receiving gas utility service provided by the Company under the terms of this Tariff.
<u>Special Rate Schedule:</u>	A rate schedule designed for a specific Customer.
<u>System:</u>	Any group of interconnected pipelines and appurtenances owned or operated by the Company and independent from any other such group of facilities.
<u>Tariff:</u>	Shall mean 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.
<u>Temporary Service:</u>	Any service which will not be utilized continuously at the same location for a period of two or more years.
<u>Transportation Form:</u>	Shall mean the Company approved selection of transportation service document.
<u>Transportation Rate Schedule:</u>	A rate schedule designed for service to any Customer for the transportation of Customer-owned natural gas through the Company's distribution system.
<u>Transportation Service:</u>	The transportation by the Company of natural gas owned by someone other than the Company through the Company's distribution system.
<u>Week:</u>	Shall mean a period of seven (7) consecutive Days beginning at 9:00 a.m. Central clock time on each Monday and ending at the same time on the next succeeding Monday.
<u>Year:</u>	Shall mean 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.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

Section 2. [Reserved for future rules]

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

Section 3: RATES AND UTILITY CHARGES

Please see current Rate Schedules on file with each applicable Regulatory Authority.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

CONDITION OF SERVICE

4.1 PROVISION OF SERVICE

The Company will provide gas service to any person or organization located within the Central-Gulf Service Area from the Company's facilities or in certain cases, the facilities of its supplier, in accordance with the provisions of this Tariff including Rate Schedules and Rules of Service.

4.2 FEES AND CHARGES

All fees and charges made by the Company to provide and maintain utility services as provided for in this Tariff. If the Customer elects transportation service, the commodity cost of gas shall be determined between the Customer and the Customer's selected supplier.

4.3 RESALE OF GAS

Gas delivered by the Company shall not be redelivered or resold for the use thereof by others unless otherwise expressly agreed to in writing by the Company - except, however, that those Customers receiving gas for redistribution to the Customer's tenants may separately meter each tenant's distribution point for the purpose of prorating the Customer's actual amount of gas delivered among the various tenants on a per unit basis.

4.4 CONTINUITY OF SERVICE

a) Service interruptions

- i) The Company shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Company will reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Customers is affected.
- ii) The Company shall make reasonable provisions to meet emergencies resulting from failure of service and will 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 emergency or local disaster resulting in disruption of normal service, the Company 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.

- b) Record of interruption. Except for momentary interruptions which do not cause a major disruption of service, the Company 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, if applicable.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

CONDITION OF SERVICE (Continued)

4.4 CONTINUITY OF SERVICE (Continued)

- c) Report to Railroad Commission of Texas. 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 continuous hours. The notice shall also state the Company's belief as to 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.
- d) The procedure under which curtailments of service will be made is described in the Curtailment Plan on file with the Railroad Commission of Texas.
- e) The Company does not guarantee uninterrupted service to any Customer and shall not be liable for damages resulting from any loss of service to any Customer.

4.5 AVAILABILITY OF TARIFF

A copy of this Tariff including all applicable rates can be requested through TGS's customer service number at 1-800-700-2443 (non-emergency number) or requested under the 'Contact Us' section of [www.texasgasservice.com](http://www.texasgasservice.com). Upon the request of any Customer or Applicant, the Company shall make copies of the Tariff which may be purchased by the Customer or Applicant through TGS's customer service. The Company may charge a fee for each copy not in excess of the Company's reasonable cost to reproduce the material.

4.6 CUSTOMER INFORMATION

The Company shall make available, during normal business hours, such additional information on Rates and Services as any Customer or Applicant may reasonably request. Upon any Customer's request, the Company shall inform the Customer how to read the Customer's meter. The Company shall annually provide each Customer with notice of the availability of a concise description in English and Spanish of the Customer's rights and the Company's obligations under this Tariff. A new Customer shall be provided with an informational brochure in the mail after requested service initiation or included with the first bill mailed.

4.7 CUSTOMER COMPLAINTS

Upon receipt of a complaint, either in writing or by telephone, from the Regulatory Authority on behalf of a Customer, the Company will make a suitable investigation and advise the Regulatory Authority and complainant of the results thereof. An initial response must be made by the next business day. The Company 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. Each complainant shall be advised of his or her right to file the complaint with the Regulatory Authority if not satisfied by the Company.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

CONDITION OF SERVICE (Continued)

4.8 LIMITATION OF LIABILITY

The Customer assumes all responsibility for all facilities and their installation, maintenance, operation, functionality, testing and condition thereof on the Customer's side of the point of delivery of gas to the property of the Customer or to the premises of the Consumer, as defined in Section 6.2. The Company is not liable to a Customer, and Customer shall indemnify, hold harmless, and defend the Company and its employees or agents from any and all claims or liability for personal injury, damage to property, or any incidental, consequential, business interruption, or other economic damages or losses in any manner directly or indirectly connected to, arising from, or caused by acts or omissions of any person or party on the Customer's side of said point of delivery, as defined in Section 6.2.

The Company shall be liable to the Customer or Consumer only for personal injury or property damages from or caused directly by the negligent acts or omissions of the Company or its employees occurring on the Company's side of the point of delivery. The Company shall not be liable or responsible for personal injury, property damages, or any other loss or damages arising from or caused by the negligent or intentional act or omission of any person, other than an employee of the Company, who adjusts, repairs, disconnects, changes, alters, or tampers with the Company's meter or facilities in any way.

The Company shall be liable to third parties only for personal injury or property damage directly arising from the negligence or gross negligence of the Company or its employees when acting within the scope of their employment.

In no event shall the Company or its employees be liable for incidental, consequential, business interruption, or other economic damages or losses of Customer, Consumer, or third parties in any manner, directly or indirectly, arising from, caused by, or growing out of the interruption or termination of gas utility service.

The Customer shall make or procure conveyance to the Company of perpetual right-of-way across the property owned or controlled by the Customer that is satisfactory to the Company, provides clear access to Company's facilities, and enables the Company to provide service to Customer's property or the premises of the Consumer.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

## INITIATION OF SERVICE

### 5.1 REGULAR SERVICE

Application for service can be made by telephone or through the internet. Each Applicant must comply with the appropriate requirements of this Tariff before service shall be instituted. No written agreement shall be required for residential service under the standard provisions of this Tariff; commencement of service by the Company and the use of gas service by the Customer shall be evidence of such agreement. Any Customer requesting service under any special provision of this Tariff must execute a written agreement for service in the form prescribed by the Company designating those provisions which shall apply. Each Applicant may be required to produce two forms of verifiable identification; one being a government-issued identification card bearing a photograph of Applicant; and verifiable proof of their right to occupy a specific service address as of a specific date of occupancy.

### 5.2 SPECIAL CONTRACTS

Under certain special conditions, the Company may agree to rates, terms or conditions of service other than those provided in this Tariff. Such service must be established under the terms of a special contract or service agreement. To the extent that the provisions of any special contract are at variance with this Tariff, the provisions of the contract shall apply.

### 5.3 TEMPORARY SERVICE

Temporary Service shall be furnished under the same rate schedules applicable to regular service of a similar kind.

### 5.4 FEES AND CHARGES

The Company shall charge a non-refundable fee to each Applicant to compensate for the cost involved in initiation or reconnection of service or when service is transferred from one name to another at any location, or whenever a meter is reset or relocated on the same premises at the request of the Customer, all as specified in Section 21.1 of this Tariff.

Whenever the Applicant requests expedited service, the Company will accomplish the work as expeditiously as possible and the Customer will be charged at the Company's approved rate for service work. Expedited service and the charges therefore shall be made only on request of the Applicant. Whenever service is furnished from the facilities of a third party and the Company must pay any special fees to that third party, the Company may, at its option, pass that charge plus 20 percent for handling through to the Applicant requesting service. See Section 21.1 relating to fees for the above.

### 5.5 ESTABLISHMENT OF CREDIT

Each Applicant for service shall be required to make a security deposit in accordance with Section 10 of this Tariff to establish and maintain satisfactory credit. These deposits shall be computed in the same manner for the same class of service, provided however, that a deposit shall be waived if:

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

INITIATION OF SERVICE (Continued)

5.5 ESTABLISHMENT OF CREDIT (Continued)

- a) The Applicant has been a Customer for the same kind of service within the last two years and did not have more than one occasion in which a bill for service from any such utility service account was delinquent and no disconnection for non-payment was made;
- b) The Applicant furnishes an acceptable letter of credit;
- c) The Applicant demonstrates a satisfactory credit rating by presentation of satisfactory credit references capable of quick, inexpensive verification (applicable to residential Customers only);
- d) The Applicant is 65 years of age or older and has no outstanding balance for natural gas utility service which accrued within the last two years (applicable to residential Customers only);
- e) The application is made for or guaranteed by an agency of the federal, state or local government; or
- f) The Applicant has been determined to be a victim of family violence as defined by TEX. FAM. CODE ANN., §71.004. This determination shall be evidenced by the applicant/s submission of a certification letter developed by the Texas Council on Family Violence (made available on its Web site).

5.6 GROUNDS FOR REFUSAL TO SERVE

The Company may refuse service to any Applicant for any of the following reasons:

- a) Failure to pay fees, advances or contributions or to make any deposit required for service under this Tariff;
- b) Failure of the Applicant to furnish any service or meter location specified for service under this Tariff;
- c) Existence of an unsafe condition such as a leak in the Applicant's piping system which, in Company's sole opinion, may endanger life or property;
- d) The Applicant is indebted to the Company for the same class of utility service at the same or another service location within the Company's system; or
- e) Delinquency in payment for gas service by another occupant if that person still resides at the premises to be served.

The right to refuse service shall terminate when the Applicant has complied with the Company's requirements or corrected the cause for the refusal to serve.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

INITIATION OF SERVICE (Continued)

5.7 REASONABLE TIME

The Company shall have a reasonable amount of time to institute service following application therefore or execution of an agreement for service. The time may vary depending on approvals and permits required, the extent of the facilities to be built, and the Company's workload at the time.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

METERING AND DELIVERY OF GAS

6.1 METER LOCATION

The Company shall have the sole right to determine the location of the meter in accordance with the needs of the service.

Each Applicant shall furnish and subsequently maintain a suitable location on his or her premises for the Company's meter and related facilities at a point selected by the Company. Meters shall be located where they will be safely accessible for reading and service, adequately ventilated, and not subject to damage. Meters shall not be located within any enclosed area unless the enclosure is solely intended as a meter house. It may be necessary for the Company to install bollards or guard posts around the meters for safety.

6.2 POINT OF DELIVERY

The point of delivery of gas sold by the Company to the Customer shall be at the outlet side of the Company's meter, provided that in those cases in which the Customer owns a section of the underground pipe between the Customer's property line and the meter, the point of delivery shall be at the property line. The title of all gas sold by the Company to the Consumer shall pass from the Company at the point of delivery. The point(s) of delivery and point(s) of redelivery for Transportation Service shall be as provided in the contract entered into between the Customer and the Company.

6.3 MULTIPLE METERS

Each Customer or group of Customers located on the same lot or tract of land may be served from a single meter location. The Company may, at its option, permit additional meter locations to simplify installation of facilities or provide better service. Whenever more than one meter location is permitted for the same Customer, the Company shall bill the usage through each meter separately, provided that any combined billings in effect at the time of adoption of this Tariff may be continued until the affected Customer discontinues service or upon order by the Regulatory Authority.

6.4 CONNECTION TO COMPANY FACILITIES

No Consumer shall make any connection or alteration of any kind on any of the Company's facilities upstream of the Company's meter or shall permit any other person to make such connection or alteration.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

INSTALLATION OF EQUIPMENT

7.1 EQUIPMENT FURNISHED BY THE COMPANY

The Company shall furnish and install at its expense, the service pipe from the Company's existing main to the property line nearest the meter and the equipment related thereto, including meter valve and service regulator. Whenever the meter is located at any point other than the property line, the Company shall determine the estimated cost of that portion of the service between the property line and the meter set. This estimate shall be based on the size and footage to be installed and charged in accordance with Section 8 and other applicable provisions of this Tariff. This estimated amount shall be contributed by the Applicant to the Company before construction, unless the Applicant is a qualified Blanket Builder, or unless the cost of the service line was previously included in the main extension calculation under Section 8.1. Although affixed to or buried in the Customer's property, the entire service and meter set shall become the property of the Company and shall be operated and maintained by the Company.

7.2 EQUIPMENT FURNISHED BY THE APPLICANT

The Applicant shall furnish and install at his or her expense, all piping and equipment required to conduct and utilize the gas furnished, from the outlet of the meter set to the point(s) of utilization and those portions of the service line and meter set not furnished by the Company as described in Section 7.1 above. The adequacy, safety and compliance with applicable codes and ordinances shall be the responsibility of the Applicant and no action of the Company in accordance with this Tariff shall release the Applicant of the responsibility for the facilities installed by him or her.

7.3 STATUTES, CODES, AND ORDINANCES

All piping and installations owned by the Applicant shall comply with all applicable legal requirements, whether federal, state, county, municipal, or otherwise, and shall be properly designed for the pressures and volumes to be handled. In those locations where there are no applicable state or local requirements, the applicable provisions of the National Fuel Gas Code 54; ANSI Z223.1 and any amendments thereto shall apply.

7.4 CHECKS AND TESTS

The Company shall have the right to check new installations prior to initiation of service and to make any test of the Applicant's facilities it deems necessary, at no charge to the customer.

7.5 REFUSAL TO SERVE

The Company shall refuse service to any Applicant who refuses entry for observation or whose facilities do not comply with the applicable provisions of this Tariff. The right to refuse service shall terminate with the correction of the condition(s) which was cause for refusal. Initiation of service, however, shall not be considered to be acceptance or approval by the Company of such facilities.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

## EXTENSION OF FACILITIES

### 8.1 EXTENSION OF MAINS

The Company shall install the necessary facilities to provide service to Applicants whose premises are located beyond the Company's existing distribution facilities in accordance with the provisions of this Section. The expenditure for such extensions must either be cost justified or the Applicant(s) and Company must mutually agree to terms that justify the installation.

### 8.2 DESIGN AND COST OF FACILITIES

As soon as practical after an application for service is received, the Company shall determine the extent of the facilities required to serve the new customer and the cost thereof. This cost shall include all amounts to be spent for system improvements necessary to deliver the required gas, such as mains, regulator and meter stations, upgrading and/or reinforcement, all in accordance with the Company's current practice. Whenever the Company chooses to install facilities of greater capacity than would be required to serve the new customer for which the application is being made or to permit supply from another source, the estimate of costs shall be based on only the size and capacity normally used to serve requirements similar to that of the Applicant.

### 8.3 ALLOWANCE FOR NEW BUSINESS

The Company shall also determine the number of existing permanent Customers located along the route of the extension expected to be served therefrom. To be included, the occupant of each premise must request service and demonstrate capability for using such service through a major gas burning appliance. Single or groups of individually owned mobile homes shall be included only if the wheels and hitch have been removed from each mobile home and/or substantial improvements have been made to the property. Mobile home parks may be served either through a master meter or individual meters served by a Company-owned system, provided that required mains can be installed and dedicated streets or rights-of-way have been provided to the Company for installation of facilities as evidenced by agreement executed on the Company's form. An allowance to be determined by the Company may be given for each Customer whose premises exist at the time of application to be served from the proposed main extension. In order to qualify for this allowance, the Customer must file an application and agree to initiate gas service upon completion of the Company's facilities.

### 8.4 ADVANCES

The mutually agreed upon terms will determine the amount of advance required. The Applicant shall have 30 calendar days after notification of the amount required to execute an extension agreement on the Company's form and pay the required advance. At the end of that time, the Company may revise its estimates to reflect any changes in costs or conditions which will affect the amount of the advance. The Company may waive collection of any advance based on an economic analysis of the project.

### 8.5 CONSTRUCTION OF FACILITIES

As soon as practical after the advance has been paid or it has been determined that no advance will be required, the Company shall begin construction of the required facilities and thereafter prosecute the



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

EXTENSION OF FACILITIES (Continued)

8.5 CONSTRUCTION OF FACILITIES (Continued)

work with reasonable diligence. The Company shall not be responsible for delays in the construction of the facilities occasioned by events or conditions reasonably beyond the Company's control. Whenever the construction of the new facilities requires the acquisition of rights-of-way across the Applicant(s) land(s), these rights-of-way shall be provided by the Applicant(s) in the Company's name and on its form at no cost to the Company (except for fees involved in the recording of documents).

8.6 REVIEW OF ADVANCES

The Company shall review each extension agreement on the first anniversary of the signing of that agreement. Upon the Applicant(s) request if the extension provided for in the agreement has not been installed through no fault of the Company, the agreement shall be considered to be terminated and a complete refund made to the Applicant(s). Once the extension has been installed and service has been initiated, the Company shall thereafter review the extension agreement at its second through fifth execution date. At each review, the number of Customers then served directly from the extension shall be compared with the number served on the last prior anniversary date. A refund, shall be given for each additional Customer served, based on mutually agreed upon terms provided that the total of the refunds given does not exceed the cost of the extension of facilities.

8.7 REFUND LIMITATIONS

The Company may, at its sole option, make a refund at any time. In no case, however, shall a refund be given unless the number of Customers then served is greater than the number for whom refunds have previously been given. No refund shall be given which shall cause the total refunds to be greater than the total amount of the advance. No interest shall be paid on any advance made under the provisions of this Section. At the end of the five year period, any remaining amount of the advance shall be retained by the Company as a contribution in aid of construction.

8.8 DELIVERY OF REFUNDS

Upon Applicant(s) request, when a refund is due, a check in the appropriate amount and a letter setting forth the method of calculation of the refund and the balance remaining un-refunded shall be made to the person or business in whose name the extension agreement is made or to his or her assignee. If that letter is returned undelivered, the check shall be cancelled and the next review made without regard to that refund. All sums described in this Section which are returned undelivered and remain unclaimed in the Company's possession for a period of six months following expiration of the five year period of the extension agreement shall be retained by the Company and considered a contribution in aid of construction.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

CUSTOMER-OWNED SYSTEMS

9.1 INDIVIDUALLY METERED SYSTEMS

The Company shall not render service to any Customer through a meter not connected to a system owned by the Company or one of the Company's suppliers.

9.2 MASTER METERS

The Company shall provide service through a master meter into the piping systems of others to be distributed to more than one Consumer, except when the gas served is resold to those Consumers on either a commodity or separate cost of service basis; provided, however, that those Customers purchasing gas for redistribution to the Customer's own tenants only on the Customer's premises may separately meter each tenant distribution point for the purpose of prorating the Consumer's actual purchase price of gas delivered among the various tenants on a per unit basis, and further provided that the provisions of this Section 9 shall not preclude the Company from supplying natural gas to a third party for resale to the public as fuel for natural gas powered vehicles (NGV's).

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

## SECURITY DEPOSITS

### 10.1 REQUIREMENTS

The Company shall require a security deposit from any present or prospective Customer in accordance with Sections 5.5 and 18.1 of this Tariff to guarantee payment of bills, and from any present Customer who during the last 12 consecutive months has on more than one occasion paid their utility bill after becoming delinquent. However, the deposit requirement may, at the option of the Company be based on annual usage experienced at the particular address with application of one-sixth of the annual amount as determined as the required deposit. 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. The deposit shall be refunded to residential Customers in the form of cash or credit to a customer's account when the Customer has paid 12 consecutive bills without having service disconnected for non-payment, and without having one or more occasion in which a bill was delinquent or a payment was returned, and the Customer is not currently delinquent.

### 10.2 RECEIPTS

The Company shall maintain such records as may be necessary to permit any Customer to receive any deposit return to which he or she is entitled without presentation of the receipt. A record of any unclaimed deposits shall be maintained by the Company for at least 4 years.

### 10.3 INTEREST

The Company shall pay interest on all security deposits for the time held at the rate as set by the Public Utility Commission annually except when

- a) The deposit is held 30 days or less;
- b) Notice is sent to the Customer's last known address that the deposit is no longer required;
- c) The service to which the deposit relates has been discontinued; or
- d) All or any part of the deposit has been applied to a delinquent account.

Interest on deposits earned during the preceding year shall be paid to the Customer annually. Payment shall be made either by check or as a credit on the monthly bill at the Company's option.

### 10.4 RETURN OF DEPOSITS

Deposits on residential accounts returned to the Customer in accordance with Section 10.1 above shall be applied in the first calendar quarter following the month in which the good payment record is established. Whenever the deposit of any Customer is returned to the Customer, the Company shall pay all previously unpaid interest with the payment.

### 10.5 ACCEPTABLE FORMS OF DEPOSIT

Any one of the following forms of credit security may be accepted from Customers and Applicants for service:

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

SECURITY DEPOSITS (Continued)

10.5 ACCEPTABLE FORMS OF DEPOSIT (Continued)

- a) A cash deposit of as much as one-sixth (1/6) the estimated annual billings for service requested; but no less than the minimum deposit set forth in Section 21.2;
- b) For commercial customers only, a nontransferable, irrevocable letter of credit from an established financial institution, payable for as much as one-sixth (1/6) the estimated annual billings for services requested and, which can be drawn on for a minimum of two (2) years; but no less than the minimum deposit set forth in Section 21.2; or
- c) For commercial customers only, a surety bond issued by a reputable insurance company which can be drawn on for a minimum of 2 years .

10.6 FRANCHISE AGREEMENTS

To the extent the terms of a franchise agreement are inconsistent with this Section, the terms of the franchise agreement controls. Applicable to customers inside the corporate limits of an incorporated municipality that imposes a municipal franchise fee to Company for the gas service provided to Customer.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service AreaGAS MEASUREMENT11.1 PRESSURE

The standard serving and measurement pressure shall be 4 ounces (0.25 psig) or 7" Water Column above the standard atmospheric pressure in the area served. The atmospheric pressure and standard serving pressure determined to be the average in the cities and environs of the Central-Gulf Service Area are listed below.

Cities and their Environs	Atmospheric Pressure PSIA	Standard Serving Pressure PSIA
Austin	14.40	14.65
Bayou Vista	14.70	14.95
Beaumont	14.70	14.95
Bee Cave	14.40	14.65
Buda	14.40	14.65
Cedar Park	14.40	14.65
Cuero	14.48	14.73
Dripping Springs	14.40	14.65
Galveston	14.70	14.95
Gonzales	14.48	14.73
Groves	14.70	14.95
Jamaica Beach	14.70	14.95
Kyle	14.40	14.65
Lakeway	14.40	14.65
Lockhart	14.48	14.73
Luling	14.48	14.73
Nederland	14.70	14.95
Nixon	14.48	14.73
Port Arthur	14.70	14.95
Port Neches	14.70	14.95
Rollingwood	14.40	14.65
Shiner	14.48	14.73
Sunset Valley	14.40	14.65
Yoakum	14.48	14.73
West Lake Hills	14.40	14.65

The Consumer and the Company may, at the Company's option, agree to a higher serving pressure. Service regulators shall be set as close as practical to the standard serving pressure under a load condition of approximately 10 percent of meter capacity. Increases in serving pressure because of the inadequacy of the Consumer's facilities shall not be permitted.

11.2 UNIT OF MEASUREMENT

The standard unit of measurement shall be one hundred cubic feet (Ccf). A cubic foot shall be defined as the amount of gas which occupies a volume of one cubic foot at the standard serving pressure and at a temperature of 60 degrees Fahrenheit.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

GAS MEASUREMENT (Continued)

11.2 UNIT OF MEASUREMENT (Continued)

Whenever the Company delivers gas at any pressure other than the standard serving pressure, volumes shall be corrected to the standard serving pressure in the manner provided in this Tariff, provided however, that such correction may be made to any other standard provided in the rate schedules or special agreement under which the Customer is served. The Company may, at its sole option, waive the correction of measurement for temperature deviation.

11.3 BILLING UNIT

Unless otherwise specified on the rate schedules or by special agreement, Customers shall be billed on the basis of Ccf measured at or corrected to the standard serving pressure. The index of the meter shall be the sole determinant of volumes passing through the meter. Whenever the meter reads directly in hundreds or smaller units, a reading of one-half a billing unit or more (500 Ccf or more) shall be considered a whole billing unit. Readings of less than one-half a unit shall be disregarded for billing. In those cases in which heating value is used as the billing unit, the calculation of the heating value in BTU's shall be made in accordance with Section 11.7 of this Tariff.

11.4 PRESSURE CORRECTION - STANDARD METERING

Whenever gas is delivered to any Customer served under a rate schedule which provides for standard metering, the Company shall correct actual volumes measured to volumes which would have been measured if the gas had been delivered at the standard serving pressure. Corrections shall be made by one of the following methods.

- a) The Company may install pressure or pressure and temperature compensating measurement equipment whenever the cost of this equipment is justified by the volumes served. Such measurements shall be equipped with devices which mechanically or electronically correct the actual measured volumes in accordance with Boyle's Law. Variations in actual atmospheric pressure shall not be considered.

The Company may use factor billing whenever the volumes to be delivered are too small to justify special metering. The factor shall be determined by dividing the actual serving pressure by the standard serving pressure, both expressed in absolute units based on the standard atmospheric pressure in the area as specified in Section 11.1 hereof. This factor shall be applied to the measured volumes to determine the correct number of billing units.

11.5 METERING - SPECIAL POSITIVE DISPLACEMENT

Whenever gas is delivered to any Customer served under a rate schedule which provides for special metering and positive displacement or turbine type metering is used, all volumes shall be determined in accordance with the recommendations of the manufacturer of the meter. Meters may be read in actual volumes which shall then be corrected to the standard billing unit or may be furnished with devices designed to correct the actual volumes to the standard billing units. The following criteria shall be used in the correction of volumes or design and calibration of correcting devices:

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

GAS MEASUREMENT (Continued)

11.5 METERING - SPECIAL POSITIVE DISPLACEMENT (Continued)

- a) Pressure correction shall be made in accordance with Boyle's Law. Calculations based on pressure reading on a continuously recording chart shall use the average pressure indicated thereon applied to the measured volumes. Correcting devices shall be set at the specified serving pressure and the service regulators shall be adjusted as close to that pressure as practical. Corrections for deviations from Boyle's Law ("supercompressibility") may be made whenever the volumes delivered justify the cost of making such corrections.
- b) The flowing temperature of the gas shall be assumed to be 60 degrees Fahrenheit unless temperature correction is provided. Corrections shall be made in accordance with Charles' Law.
- c) Whenever a continuously recording instrument is used, the average temperature indicated thereon shall be applied to the measured volumes. The specific gravity of the gas shall be assumed to be the value last indicated by test or reported by the upstream pipeline supplier prior to the installation of the metering facilities. Whenever subsequent reports or tests indicate significant changes in gravity, volume calculations shall be changed prospectively to reflect the new gravity.

11.6 METERING - SPECIAL ORIFICE

Whenever gas is delivered to any Customer served under a rate schedule with provisions for special metering and orifice metering is used, all volumes shall be determined in accordance with the recommendations for measuring gas contained in the American Gas Association's Gas Measurement Committee Report No. 3, Orifice Metering of Natural Gas (1992), and subsequent revisions thereof. Orifice meter charts shall be calculated using a standard integrating device or other method recognized in the industry. The following criteria shall be used in the correction of volumes or design and calibration of orifice metering:

- a) Correction for deviation of gas from Boyle's Law shall be made in accordance with Report No. 3.
- b) Temperature of gas passing the meter shall be assumed to be 60 degrees Fahrenheit unless suitable equipment has been installed to measure actual flowing temperature. The arithmetical average of the temperature recorded during each meter charge period while the gas is flowing shall be used in the computations of volumes during the period.
- c) The standard atmospheric pressure for the area served shall be used for measurement irrespective of any variation in the actual barometric pressure.
- d) The specific gravity of the gas shall be assumed to be the value last obtained in a spot test made with a gravity balance, impact type unit or other acceptable method. Tests shall be made as frequently as found necessary to assure accurate measurement.

11.7 BTU MEASUREMENT

The heating value of gas for use in billing shall be defined as the gross thermal value of one cubic foot of gas at a pressure of 14.73 psia and temperature of 60 degrees Fahrenheit on a dry basis.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

GAS MEASUREMENT (Continued)

11.7 BTU MEASUREMENT (Continued)

The number of billing units delivered shall be determined by multiplying the heating value determined in accordance with this Section by the volumes delivered during the period, expressed in the same units and measured at, or corrected to 14.73 psia and 60 degrees Fahrenheit, and multiplying by the factor necessary to convert the heating value/measurement units to the billing units provided in the appropriate rate schedule. The heating value of the gas shall be determined using one of the following methods:

- a) Processing a continuous sample of the main stream at the meter location through a recording calorimeter of a standard type;
- b) Analysis of gas samples accumulated from the main stream at the meter location in a sample bottle of an approved type;
  - i) passing the sample through a recording calorimeter of a standard type;
  - ii) passing the sample through a flow calorimeter of a standard type; or
  - iii) passing the sample through a chromatograph to determine the chemical composition and calculating the total heating value from the sum of the constituents.

11.8 CUSTOMER-OWNED METERS

A Customer may install and operate a meter or any other device to measure gas volumes, pressure, temperature, BTU content or specific gravity downstream of the point of delivery. Unless expressly otherwise agreed to by the Company and Customer, however, the Company's meter and equipment shall be the sole determinant of volumes for Company's billing purposes.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

METER READING AND ACCURACY

12.1 METER READING

Meters shall be read as nearly as may be practical on the same day of each calendar month. Whenever a reading of a general service meter is missed or the meter is not registering, the Company shall estimate the amount of gas used during the period. Such estimates shall be based on either -

- a) That Customer's use of gas during the same period(s) in previous years;
- b) That Customer's normal use of gas during preceding months; or
- c) The use of a similar Customer for the period missed.

If practical, an actual reading shall be made after two consecutive estimated bills. All meters in Special Service shall be read at least once a month. Whenever such a meter fails to register or is misread, the amount of gas used during the preceding period shall be estimated using data applicable to that Special Service Customer only. The Company will make a special reading of any meter upon request and payment of a service charge will be made in accordance with Section 21.1. The time of the special reading shall be agreed upon with the Customer so that he or she may be present. If the original reading was in error (subject to consumption between the two readings) the service charge will be refunded to the Customer.

12.2 ACCESS TO THE METER

The Customer shall permit the Company safe access to the meter at all reasonable times for reading thereof and at all reasonable times for reading, maintenance, testing, or replacement of the meter. Upon the Customer's failure or refusal to grant such access, the Company may issue a written notice to the Customer, advising them the situation must be corrected and access granted within 5 working days and that failure to do so can result in the disconnection of service and removal of the meter. Additional fees may apply and will be assessed to such Customer as specified in Section 21.1.

12.3 METER ACCURACY

The accuracy limit of all Company meters is established at two percent (2%) fast or slow. Any meter found to be registering outside of the limits of accuracy shall immediately be removed or repaired. As long as the meter is operating within the limits of accuracy, it shall be the conclusive determination as to the quantities of gas delivered to the Customer on whose service it is set.

12.4 METER TESTING AT CUSTOMER REQUESTS

The Company shall have the right to remove and/or test the meter used to determine the quantity of gas delivered. The Customer may request that the Company make a special test of the meter through which he or she is served. Requests for such tests shall be made in writing and the Company shall have 10 days after receipt of the request to remove the meter for testing or to test the meter in place. Tests on removed meters shall be conducted within a reasonable time. If the test is to be performed after the period of presumed accuracy listed by the manufacturer or if the test is to be performed for a residential or small commercial Customer for whom no such test has been performed within the previous four (4) years for the same Customer at the same location, no service charge will be assessed. Otherwise, the Customer shall pay a service charge for such test as specified in Section 21.1.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

METER READING AND ACCURACY (Continued)

12.5 BILLING ADJUSTMENTS - GENERAL SERVICE

Whenever it has been determined that a meter reading and the subsequent billing has been in error, the Company shall recalculate the affected bill(s). If the date and amount of the error can be definitely fixed, the Company shall refund or may bill the affected Customer for the entire difference between the actual bills rendered and the amount which should have been billed. If a meter is found to have registered inaccurately (such as a meter found to be registering fast or slow), the Company shall refund or bill an amount equal to the difference between the actual bills rendered and the amount which would have been billed if the meter was 100 percent accurate during the time since the last previous test or six months, whichever is less. If the meter is found not to have registered, then the rebilling shall be limited to a three-month period 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. Undercharges billed to the Customer may be repaid in a series of equal installments over a reasonable period of time. This Section shall not apply to meter errors found as a result of routine testing in the Company's or its designee's meter shop.

12.6 PROVISIONS FOR SPECIAL SERVICE

The following modifications shall apply to the provisions of this Section for all Special Service rate schedules and service under special written agreements:

- a) Orifice and turbine meters shall be tested at least four times per year at intervals not to exceed 120 days. Should the Customer so elect, tests shall be made in the presence of his or her representative.
- b) Whenever a meter is found to be registering above or below the limits of accuracy, adjustment of the bill (either up or down) shall be limited to the monthly billing subsequent to the last meter test. The adjustment shall be made upon the basis of the best data available, using the first of the following methods, whichever is most appropriate:
  - i) by using registration of Customer's check meter(s);
  - ii) by correcting the error, if the percentage of error is ascertainable by calibration test or mathematical calculation; or
  - iii) by estimating the quantity of gas delivered by comparison with deliveries during the preceding period under similar conditions when accurate registration was obtained.

12.7 PERIODIC TESTS

The Company shall make periodic tests of meters, associated devices and instruments to assure their accuracy. Such tests shall be scheduled within the calendar year or earlier, when the interval is stated in years; or within the calendar month, or earlier when the interval is stated in months. The basic periodic test interval shall be no longer than provided for in the manufacturer's recommendations, a copy of which is available upon request.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

BILLING AND PAYMENT OF BILLS

13.1 RENDERING OF BILLS

Bills for all service shall be rendered monthly as promptly as feasible after the meter has been read. Bills shall be due and payable in full on or before the due date, which shall be stated on the face of the bill and shall not be earlier than fifteen (15) days after the bill is mailed (including electronic mail). Bills shall be considered to have been rendered when deposited in the United States Mail with postage prepaid thereon or, when the customer has elected to receive billings via electronic mail, when the electronic document has been sent. Payment shall be considered received when the correct amount has been received through a company authorized payment method. If not paid by the date due, the bill shall be considered delinquent.

13.2 BILLING PERIOD

Bills shall be rendered at regular monthly intervals unless otherwise authorized or unless service is rendered for a period of less than a month.

13.3 ESTIMATED BILLS

In the event any meter cannot be read at the end of the billing period, the Company shall bill the Customer on the basis of an estimated consumption determined in accordance with Section 12.1 of this Tariff. The next bill based on actual reading after an estimated bill shall make any corrections necessary to bring the Customer's account to a current status for the actual consumption.

13.4 DISPUTED BILLS

- a) In the event of a dispute between the Customer and the Company regarding the bill, the Company will make such investigation as is required by the particular case and report the results to the Customer. If the Customer wishes to obtain the benefits of subsection b) of this Section, notification of the dispute must be given to the Company prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the Company shall inform the Customer of the complaint procedures of the appropriate regulatory authority.
- b) 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.

13.5 PAYMENT RE-PROCESSING FEE

The Company may charge or add to the Customer's account and collect a fee (as provided in Section 21.1 d) to recover costs for reprocessing any payment, including paper check, electronic transfer payment, and debit and credit card payment, that has been rejected or returned to the Company by the bank for any reason other than bank error.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

BILLING AND PAYMENT OF BILLS (Continued)

13.6 E-STATEMENTS

The Customer may at its option receive bills and notices via electronic mail, thereby eliminating paper bills and notices.

13.7 PAYMENT OPTIONS

The Company, at its option and discretion, may contract with payment vendors to provide various payment options and authorize these vendors to accept payments from Customers on the Company's behalf. Payment options may be electronic, telephonic, in person, or by mail and may include automatic bank draft, credit/debit card, check or cash. Contracted payment vendors may charge Customers an additional fee of the use of that payment option and shall be solely responsible for collecting that fee from the Customer.

13.8 DEFERRED PAYMENT PLANS

The Company, at its sole discretion, may offer a deferred payment plan for delinquent Customer accounts. Deferred payment plans shall conform to the following guidelines:

- a) 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.
- b) For purposes of determining reasonableness, the following shall be considered:
  - i) size of delinquent account;
  - ii) Customer's ability to pay;
  - iii) Customer's payment history;
  - iv) time that the debt has been outstanding;
  - v) reasons why debt has been outstanding; and
  - vi) other relevant factors concerning the circumstances of the Customer.
- c) A deferred payment plan, if reduced to writing 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 Company's failure or refusal to comply with the terms of this agreement."
- d) A deferred payment plan may include a one-time late payment penalty up to but no more than 5% of 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 Company's error (such as an

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.

- e) If a Customer has not fulfilled terms of a deferred payment agreement or refuses to sign the same if it is reduced to writing, the Company shall have the right to disconnect pursuant to disconnection rules in Section 17.2 of this Tariff and, under such circumstances, it shall not be required to offer a subsequent negotiation of a deferred payment agreement prior to disconnection.
- f) The Company shall not refuse a Customer participation in a deferred payment plan on the basis of race, color, creed, sex, marital status, age, or any other form of discrimination prohibited by law.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

QUALITY OF GAS

14.1 HEATING VALUE

Gas delivered to Consumers in all service areas shall have an average gross heating value of at least 900 British Thermal Units per cubic foot measured when saturated with water vapor at a pressure of 14.73 psia and temperature of 60 degrees Fahrenheit. Gas of lesser heating value may be delivered for short periods, providing that the average heating value for the calendar month in which the reduction occurs is equal to or greater than the standard and that the burning characteristics of the gas are not significantly altered.

14.2 CHARACTER OF GAS

All gas furnished to Consumers in the Central-Gulf Service Area shall be of merchantable quality suitable for use in standard gas burning appliances. Merchantable quality shall mean that the gas must be commercially free from dust, resins, water and hydrocarbons in liquid form at the pressure and temperature at which the gas is delivered.

14.3 ODORIZATION

All gas shall be odorized with a chemical odorant at a sufficient rate to make it readily detectable. Gas containing enough natural odorant as prescribed by the Railroad Commission of Texas need not be odorized unless the odorant level drops below the acceptable level.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

SERVICE WORK

15.1 CERTAIN SERVICES PROVIDED AT NO CHARGE

When a Customer or Consumer smells or detects natural gas and contacts the Company, the Company shall provide to the Consumer at no-charge to the Customer or Consumer leakage and pressure investigations to ensure that unsafe conditions do not exist. Where leakage or unsafe conditions are determined by the Company to be in the Customer's or Consumer's piping or equipment, the Customer or Consumer will be so advised and service will be discontinued until such time that all leakage and other unsafe conditions have been properly corrected by the Customer or Consumer. In addition, when service is initiated, gas air adjustments on a standard domestic and commercial gas range and water heater will be made.

Any other work performed on any Consumer's appliances or housepiping will be on a charge basis.

15.2 OTHER SERVICE

The Company may have personnel available for and may undertake other service work on the Consumer's premises on a charge basis, as time permits. Charges shall be made at the Company's standard rate in the Service Area and such work and the associated revenues and costs shall be considered non-utility.

15.3 EXPEDITED SERVICE

A Customer may request an expedited service. Charges may apply. (See Section 21 – Fees and Deposits)

15.4 NO ACCESS

A fee may be charged to a Customer who requests a specific time for service, if the Company agrees to the time, sends appropriate personnel to the appointed location and the Customer is not present to allow access to the premises. (See Section 21 – Fees and Deposits)

15.5 MATERIALS OR EQUIPMENT FURNISHED BY THE COMPANY

The Company shall furnish and install the service pipe, and equipment related thereto, including meter valve and service regulator, from the Company's main to the Customer's meter. Although affixed to or buried in the Customer's property, the entire service line and meter set shall become the property of the Company and shall be operated and maintained by the Company.

15.6 MATERIALS OR EQUIPMENT FURNISHED BY THE APPLICANT

The Applicant shall furnish and install at his or her expense all piping, conversions of existing equipment, and appliances required to conduct and utilize the gas furnished by the Company. The adequacy, safety, and compliance with applicable codes and ordinances of piping, conversion equipment and appliances shall remain the responsibility of the Applicant and no action of the Company in accordance with this Tariff shall release the Applicant of the responsibility to furnish and install the facilities required by this Section.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

SERVICE WORK (Continued)

15.7 CODES AND ORDINANCES

All piping, installations, and conversion equipment owned by the Applicant shall comply with all applicable federal, state, and city ordinances and shall be properly designed for the pressures and volumes to be handled. Where there are no appropriate ordinances, the applicable provisions of the National Fuels Gas Code 54; ANSI Z223.1, and any amendments thereto shall apply.

15.8 INSPECTIONS AND TESTS

The Company shall have the right to inspect new installations and/or conversions of appliances and equipment prior to initiation of service and to require any test or repair of the Applicant's facilities it deems necessary, at no charge to the customer.

15.9 REFUSAL TO SERVE

The Company shall refuse service to any Applicant who refuses Company or Company's representatives access to or entry for observation or whose facilities do not comply with the applicable provision of this Tariff. The right to refuse service shall terminate upon satisfactory correction of the condition that was the cause for refusal. Initiation of service, however, shall not be considered acceptance or approval by the Company of such facilities.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

MAINTENANCE OF EQUIPMENT

16.1 MAINTENANCE BY COMPANY

The Company shall maintain all facilities owned by it and shall be responsible for the safe conduct and handling of the gas until it passes the point of delivery. The Company's representative shall have the right to enter the Customer's premises at any reasonable time, in the event of an emergency at any time, to read the meter or make any necessary inspection, repair, adjustment, or replacement of any property owned by the Company.

16.2 MAINTENANCE BY THE CUSTOMER

The Customer shall maintain all facilities owned by him or her and shall be responsible for the safe conduct and handling of the gas after it passes the point of delivery. The Customer shall remove, repair or adjust any Customer-owned property which may pose a threat of damage to the property of the Company. The Customer shall take all reasonable means to assure that no one other than an employee of the Company shall adjust, repair, disconnect or change the meter or other Company facilities in any way. In case of loss or damage to the Company's property from the negligence or willful acts of the Customer or Consumer or the Customer's or Consumer's representatives, the Customer will reimburse the Company for all costs of repairing or replacing the damaged property, including any costs of collection such as attorney's fees.

16.3 LEAKS - RIGHT TO DISCONNECT FOR

The Customer or Consumer shall give the Company notice of any leaking or escaping gas as soon as it is detected. Upon receipt of this notice, the Company shall investigate the matter as promptly as feasible under the circumstances. If the Company's test indicates leakage in the Customer's or Consumer's facilities, the Company shall have the right to disconnect service immediately until the Customer or Consumer has had the condition corrected. If leakage is found to be from Company owned facilities, the Company shall have the right to disconnect service for a reasonable period of time until it can be corrected by the Company. The Company shall have the right to disconnect service immediately if any of the Customer's or Consumer's appliances or equipment is, in the Company's opinion, operating in an unsafe manner.

16.4 FACILITIES CURRENTLY OWNED BY THE CUSTOMER

Any facilities downstream of the meter installed by the Customer shall remain the property and responsibility of the Customer. Whenever the condition of the facility is such that replacement is required, the work shall be done by the Company pursuant to the provisions of Section 16.7 of this Tariff. New facilities will continue to be installed pursuant to Sections 7.1 and 7.2 of this Tariff.

16.5 RESPONSIBILITY

Nothing in this Section shall make the Company responsible for the safe upkeep of any Customer or Consumer-owned facilities.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

MAINTENANCE OF EQUIPMENT (Continued)

16.6 RELOCATION OF COMPANY FACILITIES

- a) A charge of not more than actual cost may be made for relocating a meter or other Company equipment on the same premises at the request of the Customer or Consumer.
- b) If the Company shall for its own convenience and not for the safety or convenience of the Customer, change the point of delivery or change the location of its equipment on private property, the Company shall bear the expense.

16.7 REPLACEMENT OF CUSTOMER-OWNED PIPING

- a) When repair or replacement of Customer-owned piping becomes necessary due to deterioration of the line, damage to the line (except when caused by Customer or Customer's agent), relocation of the Company's distribution main, or for other safety reasons, the Company will relocate Customer's meter to the exterior of the building wall, as close as possible to the existing stub out (where piping exits the structure), and will replace the service piping up to the stub out. The Company will own and be responsible for all service piping from the main line to the meter, and Customer will own and be responsible for all piping from the meter to the building.
- b) The Customer may be billed for all costs of the meter relocate and pipeline replacement.
- c) In the absence of any provision contained in a deed of dedication authorizing the Company to install the service piping and meter on Customer's premises, the owner of the premises shall execute an agreement establishing the meter location, authorizing the Company to install or replace the line, and granting Company access for such work. If the Customer or owner of the premises refuses to give Company personnel or Company authorized personnel appropriate access to the property for purposes of installation, the Customer will retain responsibility for his/her facilities and shall bear the expense of any replacement or repairs.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

DISCONTINUANCE OF SERVICE

17.1 BY CUSTOMER

The Customer shall be responsible for all charges for gas service from the time Customer gives notice of the intention to discontinue service until the Company has read the meter, or for five working days from the date of such notice, whichever is the shorter period of time.

17.2 FOR NON-PAYMENT

The Company shall have the right to discontinue service to any Customer for non-payment of bills or other charges authorized by this Tariff or the applicable rate schedules, following the due date specified in Section 13.1 hereof. Before discontinuing service for non-payment, the Company shall mail a separate written notice to the Customer in English and Spanish with the words “TERMINATION NOTICE” or similar language prominently displayed. This notice shall include a telephone number to contact the Company, the amount of the delinquent bill and the date by which the bill must be paid to avoid disconnection, and a statement of how to contact the Company in case of illness or other emergency. If a representative of the Company makes an attempt to collect a past due amount, a collection fee per visit shall be assessed to such Customers as specified in Section 21.1.

No Customer shall be disconnected for non-payment:

- a) Within a period of 5 working days after mailing of the notice or the day following the date indicated in the notice, whichever is the later time.
- b) After full payment of the delinquent bill except when there is not sufficient time to advise Company's service personnel of receipt of the payment.
- c) Before 7:00 AM or after 7:00 PM on any day or on Friday, Saturday, Sunday, Holiday, or day before a holiday unless Company personnel are available the following day for the purpose of making collections or reconnecting service.
- d) If within 5 working days after the date of delinquency of the bill the Company receives a written request from the Customer not to discontinue service for health reasons and the request is accompanied by a written statement from a licensed physician. Upon receipt of such request, the Company will suspend termination of service for a period up to 20 days. The Customer shall sign a deferred payment plan agreement which provides for payment of such service along with timely payments for subsequent monthly billings.

17.3 EXTREME WEATHER EMERGENCY

Except where there is a known dangerous condition or a use of natural gas service in a manner that is dangerous or unreasonably interferes with service to others, the Company shall not disconnect natural gas service to:

- a) A delinquent residential customer during an extreme weather emergency. An extreme weather emergency means a day when the previous day's highest temperature did not exceed 32 degrees Fahrenheit and the temperature is predicted to remain at or below that level for the next 24 hours according to the nearest National Weather Station for the county where the customer takes service.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

DISCONTINUANCE OF SERVICE (Continued)

17.3 EXTREME WEATHER EMERGENCY (Continued)

- b) A delinquent residential customer for a billing period in which the Company receives a written pledge, letter of intent, purchase order, or other written notification from an energy assistance provider that it is forwarding sufficient payment to continue service.
- c) A delinquent residential customer on a weekend day, unless personnel or agents of the Company are available for the purpose of receiving payment or making connections and reconnecting service.

The Company shall defer collection of the full payment of bills that are due during an extreme weather emergency until after the emergency is over and shall work with customers to establish a payment schedule for deferred bills.

Beginning in the September or October billing periods, the Company shall give notice as follows:

- a) The Company shall provide a copy of Railroad Commission of Texas Rule 7.460, Suspension of Gas Utility Service Disconnection During an Extreme Weather Emergency, to the social service agencies that distribute funds from the Low Income Home Energy Assistance Program within the Company's service areas.
- b) The Company shall provide a copy of Railroad Commission of Texas Rule 7.460, Suspension of Gas Utility Service Disconnection During an Extreme Weather Emergency, to any other social service agency of which the Company is aware that provides financial assistance to low income customers in the Company's service areas.
- c) The Company shall provide a copy of Railroad Commission of Texas Rule 7.460, Suspension of Gas Utility Service Disconnection During an Extreme Weather Emergency, to all residential customers of the Company and customers who are owners, operators or managers of master metered systems. Owners, operators or managers of master metered systems shall provide a copy of this rule to all their customers.

17.4 SPECIAL CONDITIONS

The Company shall have the right to discontinue service to any Consumer for any of the following reasons:

- a) Without notice for the presence of what the Company considers to be an unsafe condition on the Consumer's premises or if an emergency exists;
- b) Without notice for willful destruction or damage to or tampering with the Company's property by the Consumer or by others with knowledge or negligence of the Consumer;
- c) Within 5 working days after written notice if the Consumer uses his or her equipment in any way which causes or creates a potential for adverse affect on the Company's service to others;
- d) Without notice if failure to curtail by such Consumer endangers the supply to Consumers in Priority Class A or B;

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

DISCONTINUANCE OF SERVICE (Continued)

17.4 SPECIAL CONDITIONS (Continued)

- e) 5 working days after written notice from the Company for refusal to grant Company personnel or its designee's access to the Consumer's premises at any reasonable time for any lawful purpose;
- f) 5 working days after written notice from the Company for use, sale or delivery of gas in violation of the provisions of this Tariff or violation of any applicable laws, orders or ordinances, provided that disconnection may be made without notice if the violation creates an unsafe condition;
- g) For Customers acquiring their own supplies of gas, the Company may discontinue service upon request of a Supplier, provided however, that the Supplier represents to the Company that notice has been given to the Customer by the Supplier of delinquency in payment at least five working days prior to Supplier's request for disconnection, and provided that Supplier agrees to indemnify and hold harmless the Company from any potential resulting liability;
- h) If a Customer fails to uphold the terms of a deferred payment plan; or
- i) Within 5 working days after written or electronic notice, for Consumers enrolled in e-bill, that any payment including paper check, electronic transfer payment, and debit or credit card payment, that has been rejected or returned to the Company by the bank.

17.5 RIGHT OF ENTRY

The Company shall have the right to enter the Consumer's premises at any reasonable time to shut off service in accordance with this Tariff and to remove its meter and any other Company property. If the Company is required to take legal action to enforce its rights hereunder, the Company shall be entitled to recover all of its necessary expenses and fees including, but not limited to attorneys' fees, police escort fees and/or the cost to relocate the meter at the Customer's expense.

17.6 ABANDONMENT OF SERVICE

Unless requested by the Customer, service shall not be abandoned (permanent disconnection of any Customer other than a temporary Customer) without permission of the Regulatory Authority. Failure of the Customer to request reinstitution of service within a reasonable period of time after disconnection shall be considered a request for permanent discontinuance of service.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

RE-ESTABLISHMENT OF SERVICE

18.1 FOR NON-PAYMENT

When service has been disconnected for non-payment, the Company shall require that the Customer pay the total amount of his or her account then due plus the prescribed reconnect fee or make satisfactory arrangements for that payment before service is reinstituted. In addition, the Company shall require that the Customer re-establish satisfactory credit in accordance with Section 5 of this Tariff.

18.2 FOR OTHER REASONS

If disconnection has been made by the Company for reasons other than non-payment, service shall not be reinstated until the condition for which it was terminated has been corrected to the Company's satisfaction. The Customer shall also be required to pay a reconnect fee before service is turned on. When service has been disconnected at the Customer's request for a period of one year or more, the request for service shall be treated as a new application. When service has been disconnected for less than one year, the request shall be treated in the same manner as a disconnection for non-payment.

18.3 RECONNECTION

The Company shall restore service as soon as feasible after receipt of a reconnection request and compliance with the requirements of this Section. The Company shall charge a non-refundable reconnection fee for all Customers in accordance with Section 21.1. The restoration of service will be accomplished as expeditiously as scheduling permits. If the Customer requests service after hours or earlier than reconnection would otherwise be scheduled, the Company shall offer expedited service in accordance with Section 21.1. Customer shall be advised that an additional fee will be charged and must agree to pay such charge. In the event the Company is required to make more than one call because the reason for disconnection has not been properly corrected, the reconnect fee may be charged for each call made. No fee shall be charged for any reconnection made after disconnection due to Company's operation. See Section 21.1 for fees.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

NOTICE

19.1 GENERAL

Notice is required for all matters in this Tariff other than billing and payment of bills, which shall be deemed to have been given by the Customer when a letter with postage prepaid has been deposited in the United States Mail addressed to the Company at the office specified on the front sheet of this Tariff, and to the Customer when addressed to Customer at his or her last known service address, or to either party when directly communicated to the other party in person or by telephone.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

AVERAGE BILL CALCULATION PLAN or AVERAGE PAYMENT PLAN

20.1 DESCRIPTION-RESIDENTIAL

Any residential Customer may elect to participate in the Company's Average Payment Plan, also known as the Average Bill Calculation Plan ("ABC/APP Plan"), or as such ABC/APP Plan may be modified from time to time for payment of charges for gas service. In the event the Company modifies the ABC/APP Plan, the Company shall notify individual Customers of those changes when the Customer requests enrollment. In general, the conditions under which a Customer may participate in the ABC/APP Plan are set forth below:

- a) The Company reserves the right to adjust the monthly ABC/APP Plan payments of any Customer at any time for changes in conditions or rates;
- b) The Company shall advise each Customer in the ABC/APP Plan of the monthly ABC/APP Plan payment to be paid by the Customer. Each participating Customer will receive a regular monthly gas bill which will reflect actual consumption and charges for that billing month and the amount of any debit or credit balance before the payment of that month's ABC/APP Plan payment. The Customer shall continue to pay the monthly ABC/APP Plan payment amount each month for gas service, notwithstanding the current gas service charge shown on the bill;
- c) In addition to the monthly ABC/APP Plan amount, any other charges incurred by the Customer shall be paid monthly when due;
- d) Interest shall neither be charged to the Customer on accrued ABC/APP Plan debit balances nor paid by the Company on accrued ABC/APP Plan credit balances;
- e) Any amount due the Customer or the Company will be settled and paid at the time a Customer, for any reason, ceases to be a participant in the ABC/APP Plan;
- f) Any Customer's participation in the ABC/APP Plan may be discontinued by the Company if the monthly plan payment has not been paid on or before the due date of the monthly plan payment;
- g) If any Customer in the ABC/APP Plan shall cease, for any reason, to participate in the ABC/APP Plan, then the Company may deny that Customer's reentry into the ABC/APP Plan until the following year.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service AreaFEES AND DEPOSITS21.1 FEES

All fees and charges shall be adjusted by taxes and fees (including franchise fees) where applicable. In the incorporated areas of Bayou Vista, Cuero, Galveston, Gonzales, Groves, Jamaica Beach, Lockhart, Luling, Nederland, Nixon, Port Arthur, Shiner and Yoakum only, all fees and charges (excluding advances, contributions in aid of construction and deposits) shall be adjusted by the amount which represents the actual gross receipts, occupation, revenue taxes and franchise fees paid by Texas Gas Service Company, a Division of ONE Gas, Inc.

a) Initiation of Service:

- i) Connect: (Section 5.4) \$35.00

A connection fee shall be charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when a meter is set and/or gas turned on.

- ii) Read-In: (Section 5.4) \$15.00

A read-in fee shall be charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when only a meter reading is required.

- iii) Special Handling & Expedited Service: (Sections 5.4 and 15.3)

In addition to initiation of service fee above, a fee may be charged to any Applicant whose request to initiate service cannot be worked during normal business hours or requires special handling. Applicant must be advised that an additional fee will be charged and must agree to pay such charge. These charges include:

- 1) Special Handling \$15.00

The Company may, at Applicant or Customer's request, provide special handling in order to meet the Applicant or Customer's requirements. Special handling does not include calling the Applicant/Customer in advance or A.M. or P.M. scheduling

- 2) Expedited Service and Overtime Rate \$60.00

The Applicant or Customer's request for expedited service may be scheduled at any time to fit the Company's work schedule, and an Expedited Service charge shall be collected. The Company shall not be obligated to provide Expedited Service when the personnel and resources to do so are not reasonably available.

- b) Services - Others As stated below

Whenever service is furnished from the facilities of others and the Company must pay any special fees to the supplying Company, the Applicant may be requested to reimburse the Company for such charge.



Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service AreaFEES AND DEPOSITS (Continued)21.1 FEES (Continued)c) Customer Requested Meter Test: (Section 12.4)

Positive Displacement	<u>Charge</u>
Up to 1500 cubic feet per hour	\$150.00
Over 1500 cubic feet per hour	\$200.00

## Orifice Meters

All sizes	\$200.00
-----------	----------

d) Payment Re-processing Fee: (Section 13.5) \$25.00e) Collection Fee: (Section 17.2) \$15.00

A Collection Fee shall be charged to any Customer whose failure to respond to a termination notice necessitates the dispatch of a Company representative to attempt collection of payment from Customer.

f) Reconnect Fees: (Section 18.3) \$35.00

A reconnect fee shall be charged to any Customer whose service is terminated and then re-initiated unless terminated in error by the Company. This fee is the same as the Standard Initiation Fee charged for new service.

(i) Regular Labor and After Hours Rates	\$45.00 (Regular) \$60.00 (After Hours)
---	--

Charge for non-routine services including but not limited to repeat high bill investigations and building meter loops.

g) Special Read: (Section 12.1) \$15.00

A special read fee shall be charged for customer requested reading of a meter of which estimated billing has been made. This is not in connection with Section 12.4.

h) Meter Exchange (Customer Request): (Section 16.6) \$150.00

A fee will be charged for customers requested meter exchanges when a meter is working properly or is done for the customer's convenience.

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service AreaFEES AND DEPOSITS (Continued)21.1 FEES (Continued)

- i) Meter Tampering – Residential: (Section 16.2) \$150.00

A fee will be charged to repeat customers who knowingly tamper with Company property (i.e. broken meter locks, broken stop cocks, tampered meter dials, and broken meter blind seals).

- j) Unauthorized Consumption: (Section 16.2) \$30 plus expenses

Charges for the replacement of an illegally broken meter seal or locking device to the Customer who could be reasonably expected to benefit from gas service received through said meter.

- k) No Access Fee: (Section 15.4) \$15.00

A fee charged to a Customer who schedules an appointment but fails to appear.

- l) Meter Removal Fee: (Section 12.2) \$25.00

- m) Account Research Fee: \$20.00/hr

A fee will be charged for Customer account information requiring research of accounting/billing information.

- n) Police Escort Fee: (Section 17.4) As stated below

A fee charged when the Company is required to use law enforcement personnel to escort it into locked sites or sites requiring animal control in order for the Company to access a meter. Company will charge the stated amounts or current rate charged by the entity providing the police escort for this service.

- o) Excess Flow Valve Installation Fee: \$400.00

Pursuant to Code of Federal Regulations, §192.383(d) a fee for installation of an excess flow valve (EFV) will be assessed when a Customer requests such installation on the Customer's service line. The EFV will be installed at a date mutually agreeable to both Company and Customer, but after January 1, 2018. The Company reserves the sole right to conduct any required maintenance that may result from the installation. The customer shall be assessed a one-time installation fee.

FEES AND DEPOSITS (Continued)21.2 DEPOSITS

- a) Advances: (Section 8.4) As stated below

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Rules of Service – Central-Gulf Service Area

Estimated expenditure to serve the premises of new business beyond the existing distribution facilities of the Company.

b)	<u>Customer Deposits:</u> (Section 10.1)	As stated below
	Minimum deposit residential:	\$75.00
	Minimum non residential deposit:	\$250.00

## **COMPRESSED NATURAL GAS SERVICE RATE**

### **APPLICABILITY**

Applicable to any non-residential customer of Texas Gas Service Company, a Division of ONE Gas, Inc., (the "Company") 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**

The incorporated areas of the Central-Gulf Service Area which includes Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$192.63 plus

All Ccf per monthly billing period @ \$0.06684 per Ccf

### **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-INC.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**COMPRESSED NATURAL GAS SERVICE RATE**  
**(Continued)****CONDITIONS**

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

The Company's Average Payment Plan, also known as the Average Bill Calculation Plan (ABC/APP Plan), is not available to customers served on this rate schedule.

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.

Supersedes Rate Schedule Dated  
June 3, 2019 (Austin Only)  
June 14, 2019 (All Other Inc. Areas, Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE CNG-1-ENV  
Page 1 of 2****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 Texas Gas Service Company, a Division of ONE Gas, Inc. (the "Company") beyond normal meter sales pressure.

**TERRITORY**

Environs of the Central-Gulf Service Area, which includes the unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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 \$ 192.63 plus

All Ccf per monthly billing period @ \$0.06684 per Ccf

**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-ENV.

Excess Deferred Income Taxes Rider: The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.

Hurricane Harvey Surcharge Rider: The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

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

Rate Case Expense Rider: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.

Taxes: Plus applicable taxes and fees related to above.

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE CNG-I-ENV**  
**Page 2 of 2****COMPRESSED NATURAL GAS SERVICE RATE**  
**(Continued)****CONDITIONS**

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

The Company's Average Payment Plan, also known as the Average Bill Calculation Plan (ABC/APP Plan), is not available to customers served on this rate schedule.

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

The Customer's compressor station is subject to inspection by Company engineers.

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE EDIT-RIDER****EXCESS DEFERRED INCOME TAX CREDIT****A. APPLICABILITY**

This Excess Deferred Income Tax Credit applies to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") currently in force in the Company's Central-Gulf Service Area within the incorporated and unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda (environs only), Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, 1Z, 2Z, 3Z, 4H, 4Z, C-1-ENV, CNG-1-ENV, T-1, and T-1-ENV.

**B. CALCULATION OF CREDIT**

The annual amortization of the regulatory liability for excess deferred income taxes resulting from the Tax Cuts and Jobs Act of 2017 and in compliance with GUD No. 10695, will be credited to customers annually on a one-time, per bill basis in February of each year and will show as a separate line item on the customer's bill until fully amortized. The initial credit will occur in September 2020.

EDIT CREDIT – The total amount, if any, of the credit in a given year will be determined by:

- The average rate assumption method ("ARAM") as required by the Tax Cuts and Jobs Act of 2017 Section 13001(d) for the protected portion of the regulatory liability for excess deferred income taxes; and
- A 4-year amortization for nonprotected property.

TRUE-UP ADJUSTMENT – The Excess Deferred Income Tax credit shall be trued-up annually. The True-Up Adjustment will be the difference between the amount of that year's EDIT Credit and the amount actually credited to customers.

EDIT CREDIT PER CUSTOMER – The EDIT credit per customer will be determined by allocating that year's credit, plus/minus any prior year true up adjustment, among the customer classes utilizing the same class revenue allocation as approved in the most recent general rate case, and then by dividing each class's portion by the number of customers in that class.

**C. EDIT CREDIT PER CUSTOMER**

Residential:	\$
Commercial:	\$
Industrial:	\$
Public Authority:	\$
Public Schools Space Heat:	\$

Taxes: Plus applicable taxes and fees (including franchises fees) related to above.

**D. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.



**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE EDIT-RIDER****EXCESS DEFERRED INCOME TAX CREDIT  
(Continued)****E. ANNUAL FILING**

The Company shall make a filing with the Commission each year no later than December 31, including the following information:

- a. the total dollar amount of that year's EDIT Credit;
- b. the total dollar amount actually credited to customers;
- c. true-up amount, if any, due to the difference between items a. and b., above;
- d. the amount of the upcoming year's EDIT Credit; and
- e. the amounts of the upcoming year's EDIT Credit per Customer.

**F. CONDITIONS**

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

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE HARV-RIDER****HURRICANE HARVEY SURCHARGE****A. APPLICABILITY**

The Hurricane Harvey Surcharge rate as set forth in Section (B) below is for the recovery of losses incurred by the Company as a direct result of Hurricane Harvey and not recoverable from any other source. The rate shall apply to the following gas sales and standard transportation rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. currently in force in the Company's Central-Gulf Service Area within the incorporated and unincorporated areas of Bayou Vista, Beaumont, Galveston, Groves, Jamaica Beach, Nederland, Port Arthur, and Port Neches, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, 1Z, 2Z, 3Z, 4H, 4Z, C-1-ENV, CNG-1-ENV, T-1, and T-1-ENV.

**B. SURCHARGE RATE**

All Ccf during each billing period: \$0.01141 per Ccf

This rate will be in effect until all approved and expended Hurricane Harvey costs and associated rate case expenses are recovered under the applicable rate schedules.

**C. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

**D. CONDITIONS**

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

**E. COMPLIANCE**

TGS shall file a reconciliation report annually on or before December 31<sup>st</sup>, commencing in 2020. TGS shall file the report with the Commission, addressed to the Director of the Oversight and Safety Division and referencing Gas Utilities Docket No. 10928, Hurricane Harvey Surcharge Recovery Report. The report shall include:

- The volumes used by month by customer class during the applicable period,
- The amount of surcharge recovered, by month
- The outstanding balance, by month

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

Initial Rate Schedule

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE PFI  
Page 1 of 3****PIPELINE INTEGRITY TESTING (PIT) RIDER****PURPOSE**

The purpose of this Pipeline Integrity Testing Rider is to promote the public interest in pipeline safety by enabling Texas Gas Service Company, a Division of ONE Gas, Inc. (the “Company”) to recover the reasonable and necessary Pipeline Integrity Safety Testing expenses incurred by the Company during the prior year (including contractor costs but excluding the labor cost of Texas Gas Service Company employees. These legally mandated operating and maintenance expenses shall be recovered through a separate monthly volumetric charge (the Pipeline Integrity Testing or “PIT” Surcharge) that shall be shown as a separate line item on the customer’s monthly bill and calculated for each customer class as described below. Capital expenditures associated with the Pipeline Integrity Program shall continue to be recovered through base rates and any interim rate adjustments implemented pursuant to Section 104.301 of the Gas Utility Regulatory Act.

**APPLICABILITY**

This Rider shall be applied to all gas sales and transportation customers within the service territory designated below, except special contract customers.

**TERRITORY**

This Rider shall apply to the following gas sales and standard transportation rate schedules of the Company's Central-Gulf Service Area (“CGSA”) within the incorporated and unincorporated areas of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas and in the environs area of Buda, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, 1Z, 2Z, 3Z, 4H, 4Z, C-1-ENV, CNG-1-ENV, T-1, and T-1-ENV.

**QUALIFYING EXPENSES**

This Rider applies only to the legally mandated safety testing of the Company’s transmission lines in the CGSA under the Pipeline Integrity Safety Testing Program. The operating and maintenance expense items that qualify for recovery under this Rider shall include the contractor costs associated with land and leak survey, permitting, and job order preparation and completion; the clearing of right-of-way; any needed notifications to adjacent businesses and residences; traffic control equipment and personnel; Direct Current Voltage Gradient (“DCVG”), Close Interval (“CI”), and other surveys to ensure the integrity of the pipeline system; any required rigid bypasses; flushing of the lines and testing and disposal of the flush water; hydrostatic testing of the lines and analysis and disposal of the test water; any required “pigging” of the lines in connection with safety testing; any required x-ray welding; metallurgical testing of the pipeline or components thereof; site restoration, painting, and clean-up; expenses associated with providing a supply of compressed natural gas (“CNG”) to ensure uninterrupted service to customers during testing; and any other operating and maintenance expenses reasonably necessary to safely and effectively perform required safety testing of the Company’s pipelines in the CGSA. Neither capital expenditures by the Company, nor the labor cost of Texas Gas Service Company employees, shall be recovered under this Rider.

**Supersedes Rate Schedule Dated**

**October 26, 2016** (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)

**January 6, 2017** (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)

**November 23, 2016** (Unincorporated Areas of the Central Texas Service Area)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE PFI  
Page 2 of 3****PIPELINE INTEGRITY TESTING (PIT) RIDER  
(Continued)****CALCULATION OF PIT SURCHARGES**

The Pipeline Integrity Testing Surcharges established under this Rider shall be designed so as to recover the Total Testing Expense incurred in the prior year for Pipeline Integrity Safety Testing, except that qualifying expenses incurred in 2019 and 2020 shall be included for recovery in the first filing, and shall be calculated as follows:

The Total Annual Testing Expense shall be divided by the estimated average annual usage to produce the annual PIT Surcharge.

$$\text{PIT Surcharge} = \frac{\text{Total Annual Testing Expense}}{\text{Estimated Annual Usage}}$$

Based upon customer data for the prior calendar year and any other relevant factors, the estimated annual usage may be revised annually to account for customer growth, and the resulting revised PIT Surcharge shall be applied to each class for the ensuing 12-month recovery period.

**ANNUAL RECONCILIATION**

After completion of each annual recovery period, the total revenues collected under this Rider for that year shall be reconciled against the revenues previously calculated to be collected for that year, and the PIT Surcharge for each class shall be adjusted upward or downward so that the Company recovers any underrecoveries or refunds any overrecoveries that may have accrued under the Rider, plus monthly interest on those underrecoveries or overrecoveries at the cost of long-term debt approved in the Company's most recent general rate case in which rates were set for application to customers in the CGSA. The reconciliation shall be filed with the regulatory authority on or before February 21st of each year, and the regulatory authority shall complete its review of the reconciliation on or before March 21st of each year, so that the Company can implement the reconciled PIT Surcharges beginning with the first billing cycle for April of each succeeding year.

Supersedes Rate Schedule Dated  
October 26, 2016 (Cities of Austin, Bee  
 Cave, Cedar Park, Dripping Springs, Kyle,  
 Lakeway, Rollingwood, Sunset Valley,  
 and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero,  
 Gonzales, Lockhart, Luling, Nixon,  
 Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas  
 of the Central Texas Service Area)

Meters Read On and After  
 TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE PF  
Page 3 of 3****PIPELINE INTEGRITY TESTING (PIT) RIDER  
(Continued)****DEFERRED ACCOUNTING**

The Company is authorized and directed to defer, as a regulatory asset, all Pipeline Integrity Safety Testing expenses incurred during the testing cycle starting on January 1, 2016 and all revenues specifically collected under this Rider shall be applied to the deferred expense account. The Company shall not earn a return on any regulatory asset created under this provision, and no such regulatory asset shall be included in the Company's invested capital (rate base) for ratemaking purposes.

**ANNUAL REPORT & APPLICABLE PSCC**

On or before February 21st after each calendar year, the Company shall file a report with the Commission and the CGSA Cities showing all Pipeline Integrity Safety Testing expenses incurred during the previous calendar year and verifying the prior year's collections and any underrecoveries or overrecoveries accruing to date under this Rider. The report shall separately identify and list such expenses by account number and project number. Prior to the effective date of this Rider and on or before February 21st of each succeeding year while this Rider is in effect, the Company shall also file an Addendum to this Rider with the Commission and the CGSA Cities (a) identifying the PIT Surcharges that will be applied during the ensuing 12-month recovery period from April 1st through March 31st, and (b) providing the underlying data and calculations on which each PIT Surcharge for that period is based.

**NOTICE TO AFFECTED CUSTOMERS**

In addition to the annual report and Addendum to this Rider required above, the Company shall provide, on or before March 31st after each calendar year, written notice to each affected customer of (a) the PIT Surcharge that will be applied during the ensuing 12-month period from April 1st through March 31st, and (b) the effect the PIT Surcharge is expected to have on the average monthly bill for each affected customer class. The written notice shall be provided in both English and Spanish, shall be the only information contained on the piece of paper on which it is printed, and may be provided either by separate mailing or by insert included with the Company's monthly billing statements. The Company shall also file an affidavit annually with the Commission and the CGSA Cities certifying that notice has been provided to customers in this manner. The notice shall be presumed to be complete three calendar days after the date the separate mailing or billing statement is deposited in a postage-paid, properly addressed wrapper in a post office or official depository under care of the United States Postal Service. The initial notice shall be filed with, reviewed, and approved by the regulatory authority, and each subsequent notice shall follow the same format as that of the approved initial notice.

Supersedes Rate Schedule Dated  
October 26, 2016 (Cities of Austin, Bee  
 Cave, Cedar Park, Dripping Springs, Kyle,  
 Lakeway, Rollingwood, Sunset Valley,  
 and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero,  
 Gonzales, Lockhart, Luling, Nixon,  
 Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas  
 of the Central Texas Service Area)

Meters Read On and After  
 TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE PIT-RIDER****PIPELINE INTEGRITY TESTING (PIT) SURCHARGE RIDER****A. APPLICABILITY**

The Pipeline Integrity Testing Surcharge (PIT) rate as set forth in Section (B) below is for the recovery of costs associated with pipeline integrity testing as defined in Rate Schedule PIT. This rate shall apply to the following gas sales and standard transportation rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. currently in force in the Company's Central-Gulf Service Area ("CGSA") within the incorporated and unincorporated areas of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas and in the environs area of Buda, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, T-1, 1Z, 2Z, 3Z, 4Z, 4H, C-1-ENV, CNG-1-ENV and T-1-ENV.

**B. PIT RATE**

\$0.XXXXX per Ccf

This rate will be in effect until all approved and expended pipeline integrity testing expenses are recovered under the applicable rate schedules.

**C. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchises fees) related to above.

**D. CONDITIONS**

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

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**All Service Areas****RATE SCHEDULE PSF**  
**Page 1 of 3****PIPELINE SAFETY AND REGULATORY PROGRAM FEES****TEXAS ADMINISTRATIVE CODE****TITLE 16** ECONOMIC REGULATION**PART 1** RAILROAD COMMISSION OF TEXAS**CHAPTER 8** PIPELINE SAFETY REGULATIONS**SUBCHAPTER C** REQUIREMENTS FOR GAS PIPELINES ONLY**Rule §8.201** **Pipeline Safety and Regulatory Program Fees**

(a) Application of fees. Pursuant to Texas Utilities Code, §121.211, the Commission establishes a pipeline safety and regulatory program fee, to be assessed annually against operators of natural gas distribution pipelines and pipeline facilities and natural gas master metered pipelines and pipeline facilities subject to the Commission's jurisdiction under Texas Utilities Code, Title 3. The total amount of revenue estimated to be collected under this section does not exceed the amount the Commission estimates to be necessary to recover the costs of administering the pipeline safety and regulatory programs under Texas Utilities Code, Title 3, excluding costs that are fully funded by federal sources for any fiscal year.

(b) Natural gas distribution systems. The Commission hereby assesses each operator of a natural gas distribution system an annual pipeline safety and regulatory program fee of \$1.00 for each service (service line) in service at the end of each calendar year as reported by each system operator on the U.S. Department of Transportation (DOT) Gas Distribution Annual Report, Form PHMSA F7100.1-1 due on March 15 of each year.

- (1) Each operator of a natural gas distribution system shall calculate the annual pipeline safety and regulatory program total to be paid to the Commission by multiplying the \$1.00 fee by the number of services listed in Part B, Section 3, of Form PHMSA F7100.1-1, due on March 15 of each year.
- (2) Each operator of a natural gas distribution system shall remit to the Commission on March 15 of each year the amount calculated under paragraph (1) of this subsection.
- (3) Each operator of a natural gas distribution system shall recover, by a surcharge to its existing rates, the amount the operator paid to the Commission under paragraph (1) of this subsection. The surcharge:

(A) shall be a flat rate, one-time surcharge;

Supersedes Same Sheet Dated  
March 29, 2019

Meters Read On and After  
March 27, 2020



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**All Service Areas****RATE SCHEDULE PSF**  
**Page 2 of 3****PIPELINE SAFETY AND REGULATORY PROGRAM FEES**  
**(Continued)**

- (B) shall not be billed before the operator remits the pipeline safety and regulatory program fee to the Commission;
- (C) shall be applied in the billing cycle or cycles immediately following the date on which the operator paid the Commission;
- (D) shall not exceed \$1.00 per service or service line (*For the calendar year 2019 annual pipeline safety and regulatory program fee, billed effective with meters read on and after March 27, 2020, Texas Gas Service Company, a Division of ONE Gas, Inc. will bill all customers a one-time customer charge per bill of \$1.00, based on \$1.00 per service line*); and
- (E) shall not be billed to a state agency, as that term is defined in Texas Utilities Code, §101.003.
- (4) No later than 90 days after the last billing cycle in which the pipeline safety and regulatory program fee surcharge is billed to customers, each operator of a natural gas distribution system shall file with the Commission's Oversight and Safety Division a report showing:
- (A) the pipeline safety and regulatory program fee amount paid to the Commission;
- (B) the unit rate and total amount of the surcharge billed to each customer;
- (C) the date or dates on which the surcharge was billed to customers; and
- (D) the total amount collected from customers from the surcharge.
- (5) Each operator of a natural gas distribution system that is a utility subject to the jurisdiction of the Commission pursuant to Texas Utilities Code, Chapters 101 - 105, shall file a generally applicable tariff for its surcharge in conformance with the requirements of §7.315 of this title (relating to Filing of Tariffs).
- (6) Amounts recovered from customers under this subsection by an investor-owned natural gas distribution system or a cooperatively owned natural gas distribution system shall not be included in the revenue or gross receipts of the system for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122, nor shall such amounts be subject to a sales and use tax imposed by Chapter 151, Tax Code, or Subtitle C, Title 3, Tax Code.
- (c) Natural gas master meter systems. The Commission hereby assesses each natural gas master meter system an annual pipeline safety and regulatory program fee of \$100 per master meter system.
- (1) Each operator of a natural gas master meter system shall remit to the Commission the annual pipeline safety and regulatory program fee of \$100 per master meter system no later than June 30 of each year.



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**All Service Areas****RATE SCHEDULE PSF**  
**Page 3 of 3****PIPELINE SAFETY AND REGULATORY PROGRAM FEES**  
**(Continued)**

- (2) The Commission shall send an invoice to each affected natural gas master meter system operator no later than April 30 of each year as a courtesy reminder. The failure of a natural gas master meter system operator to receive an invoice shall not exempt the natural gas master meter system operator from its obligation to remit to the Commission the annual pipeline safety and regulatory program fee on June 30 each year.
- (3) Each operator of a natural gas master meter system shall recover as a surcharge to its existing rates the amounts paid to the Commission under paragraph (1) of this subsection.
- (4) No later than 90 days after the last billing cycle in which the pipeline safety and regulatory program fee surcharge is billed to customers, each natural gas master meter system operator shall file with the Oversight and Safety Division a report showing:
- (A) the pipeline safety and regulatory program fee amount paid to the Commission;
  - (B) the unit rate and total amount of the surcharge billed to each customer;
  - (C) the date or dates on which the surcharge was billed to customers; and
  - (D) the total amount collected from customers from the surcharge.
- (d) Late payment penalty. If the operator of a natural gas distribution system or a natural gas master meter system does not remit payment of the annual pipeline safety and regulatory program fee to the Commission within 30 days of the due date, the Commission shall assess a late payment penalty of 10 percent of the total assessment due under subsection (b) or (c) of this section, as applicable, and shall notify the operator of the total amount due to the Commission.

**Source Note:** The provisions of this §8.201 adopted to be effective September 8, 2003, 28 TexReg 7682; amended to be effective November 24, 2004, 29 TexReg 10733; amended to be effective May 15, 2005, 30 TexReg 2849; amended to be effective December 19, 2005, 30 TexReg 8428; amended to be effective April 18, 2007, 32 TexReg 2136; amended to be effective November 12, 2007, 32 TexReg 8121; amended to be effective September 21, 2009, 34 TexReg 6446; amended to be effective August 30, 2010, 35 TexReg 7743; amended to be effective November 14, 2011, 36 TexReg 7663; amended to be effective November 11, 2013, 38 TexReg 7947; amended to be effective January 6, 2020, 45 TexReg 121

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE RCE****RATE CASE EXPENSE SURCHARGE****A. APPLICABILITY**

The Rate Case Expense Surcharge (RCE) rate as set forth in Section (B) below is implemented pursuant to City Ordinances, other regulatory approval or by operation of law. This rate shall apply to the following rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") in the incorporated areas served in the Central-Gulf Service Area including Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, and T-1.

**B. RCE RATE**

All Ccf during each billing period: \$0.00437 per Ccf

This rate will be in effect until all approved and expended rate case expenses are recovered under the applicable rate schedules. The Company will recover \$\_\_\_\_\_ in actual expense and up to \$\_\_\_\_\_ in estimated expense, not to exceed actual expense. The Rate Case Expense Surcharge will be a separate line item on the bill.

**C. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchises fees) related to above.

**D. CONDITIONS**

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

Initial Rate Schedule

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****RATE SCHEDULE RCE-ENV****RATE CASE EXPENSE SURCHARGE****A. APPLICABILITY**

The Rate Case Expense ("RCE") Surcharge rate as set forth in Section (B) below is pursuant to Gas Utilities Docket No. 10928 : Statement of Intent Filed by Texas Gas Service Company, a Division of ONE Gas, Inc. to Increase Gas Utility Rates Within the Unincorporated Areas of the Central Texas Service Area and Gulf Coast Service Area and, Final Order Finding of Fact No. . This rate shall apply to the following rate schedules of the Company in the unincorporated areas served in the Central-Gulf Service Area including Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas: 1Z, 2Z, 3Z, 4H, 4Z, C-1-ENV, CNG-1-ENV, and T-1-ENV.

**B. RCE RATE**

All Ccf during each billing period:       \$0.00437 per Ccf

This rate will be in effect until all approved and expended rate case expenses are recovered under the applicable rate schedules. The Company will recover \$\_\_\_\_\_ in actual expense and up to \$\_\_\_\_\_ in estimated expense, not to exceed actual expense. The Rate Case Expense Surcharge will be a separate line item on the bill.

**C. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees related to above.

**D. CONDITIONS**

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

**E. COMPLIANCE**

The Company shall file an annual rate case expense reconciliation report within 90 days after each calendar year end until and including the calendar year end in which the rate case expenses are fully recovered. The Company shall file the report with the Railroad Commission of Texas addressed to the Director of Oversight and Safety Division, Gas Services Department and referencing Gas Utilities Docket No. 10928 Rate Case Expense Recovery Report. The report shall detail the monthly collections for RCE surcharge by customer class and show the outstanding balance. Reports for the Commission should be filed electronically at GUD\_Compliance@rrc.texas.gov or at the following address:

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

Initial Rate Schedule

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE T-1**  
**Page 1 of 3****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 Texas Gas Service Company, a Division of ONE Gas, Inc.'s (the "Company") 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 Central-Gulf Service Area distribution system which includes the incorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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	\$ 265.33 per month
Industrial	\$ 520.96 per month
Public Authority	\$ 104.70 per month
Public Schools Space Heat	\$ 234.70 per month
Compressed Natural Gas	\$ 217.63 per month
Electrical Cogeneration	\$ 104.70 per month

**Supersedes Rate Schedule Dated**

June 3, 2019 (Central Texas Service Area - Austin Only)  
June 14, 2019 (Central Texas Service Area - All Other Incorporated Areas)  
July 29, 2019 (Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE T-F****Page 2 of 3****TRANSPORTATION SERVICE RATE**  
**(Continued)**

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

Commercial	-	\$ 0.12679 per Ccf
Industrial	-	\$ 0.12707 per Ccf
Public Authority	-	\$ 0.12549 per Ccf
Public Schools Space Heat	-	\$ 0.10012 per Ccf
Compressed Natural Gas	-	\$ 0.06684 per Ccf
Electrical Cogeneration		
For the First 5,000Ccf/month		\$ 0.07720 per Ccf
For the Next 35,000 Ccf/month		\$ 0.06850 per Ccf
For the Next 60,000 Ccf/month		\$ 0.05524 per Ccf
All Over 100,000 Ccf/month		\$ 0.04016 per Ccf

**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) A charge will be made each month to recover the cost of any applicable franchise fees paid to the cities.
- 3) In the event the Company incurs a demand or reservation charge from its gas supplier(s) or transportation providers in the incorporated areas of the Central-Gulf Service Area, the customer may be charged its proportionate share of the demand or reservation charge based on benefit received by the customer.
- 4) The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE.
- 5) The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT, if applicable.
- 6) The billing of commercial transportation shall reflect adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC and Rate Schedule 1C, if applicable.
- 7) The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.
- 8) The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

**Supersedes Rate Schedule Dated**

June 3, 2019 (Central Texas Service Area - Austin Only)

June 14, 2019 (Central Texas Service Area - All Other Incorporated Areas)

July 29, 2019 (Gulf Coast Service Area)

May 22, 2019 (City of Beaumont)

**Meters Read On and After**

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE T-1****Page 3 of 3****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.

Supersedes Rate Schedule Dated

June 3, 2019 (Central Texas Service Area - Austin Only)

June 14, 2019 (Central Texas Service Area - All Other Incorporated Areas)

July 29, 2019 (Gulf Coast Service Area)

May 22, 2019 (City of Beaumont)

Meters Read On and After

TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule T-1-ENV  
Page 1 of 3****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 Texas Gas Service Company, a Division of ONE Gas, Inc.'s (the "Company") 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-Gulf Service Area distribution system which includes the environs of Austin, Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, 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	\$ 265.33 per month
Industrial	\$ 520.96 per month
Public Authority	\$ 104.70 per month
Public Schools Space Heat	\$ 234.70 per month
Compressed Natural Gas	\$ 217.63 per month
Electrical Cogeneration	\$ 104.70 per month

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule T-1-ENV  
Page 2 of 3****TRANSPORTATION SERVICE RATE  
(Continued)**

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

Commercial	-	\$ 0.12679 per Ccf
Industrial	-	\$ 0.12707 per Ccf
Public Authority	-	\$ 0.12549 per Ccf
Public Schools Space Heat	-	\$ 0.10012 per Ccf
Compressed Natural Gas	-	\$ 0.06684 per Ccf
Electrical Cogeneration	-	
For the First 5,000Ccf/month		\$ 0.07720 per Ccf
For the Next 35,000 Ccf/month		\$ 0.06850 per Ccf
For the Next 60,000 Ccf/month		\$ 0.05524 per Ccf
All Over 100,000 Ccf/month		\$ 0.04016 per Ccf

**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-Gulf Service Area, the customer may be charged its proportionate share of the demand or reservation charge based on benefit received by the customer.
- 3) The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider, Rate Schedule RCE-ENV.
- 4) The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT, if applicable.
- 5) The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT-Rider.
- 6) The billing shall reflect adjustments in accordance with provisions of the Hurricane Harvey Surcharge Rider, Rate Schedule HARV-Rider, if applicable.

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule T-1-ENV  
Page 3 of 3****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.

Supersedes Rate Schedule Dated  
June 14, 2019 (Central Texas Service Area)  
September 26, 2019 (Gulf Coast Service Area)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area****Rate Schedule T-TERMS  
Page 1 of 7****GENERAL TERMS AND CONDITIONS  
FOR TRANSPORTATION SERVICE****1.1 REQUIREMENTS FOR TRANSPORTATION SERVICE**

Nothing shall be deemed to supersede the respective rights and obligations of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") and Customer as provided by Texas statutes, rules, and/or regulations. The Company reserves the right to seek modification or termination of transportation service or any of the tariffs to which it applies and the unilateral right to seek regulatory approval to make any changes to, or to supersede, the rates, charges and terms of transportation service.

**1.2 DEFINITIONS**

The following definitions shall apply to the indicated words as used in this Tariff:

<u>Adder:</u>	Shall mean the Company's incremental cost to purchase natural gas.
<u>Aggregation Areas:</u>	Shall mean aggregation pools established by the Company within geographic, operational, administrative, and/or other appropriate parameters, for the purposes of nominating and imbalances.
<u>Btu:</u>	Shall mean British thermal unit(s) and shall be computed on a temperature base of 60° Fahrenheit and at the standard pressure base of the applicable service area and on a gross-real-dry basis and shall not be corrected for real water vapor as obtained by means commonly acceptable to the industry, and "MMBtu" shall mean 1,000,000 Btu.
<u>Commercial Service:</u>	Service to Consumers engaged primarily in the sale or furnishing of goods and services and any usage not otherwise provided for.
<u>Commission or The Commission:</u>	The Railroad Commission of Texas.
<u>Company:</u>	Texas Gas Service Company, a Division of ONE Gas, Inc.
<u>Consumption Period:</u>	Shall mean a volumetric billing period.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central Texas Service Area)  
May 9, 2016 (Incorporated and Unincorporated Areas of the Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
 TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****Rate Schedule T-TERMS**  
**Page 2 of 7****GENERAL TERMS AND CONDITIONS  
FOR TRANSPORTATION SERVICE  
(Continued)**Cumulative Tolerance Limit:

Shall mean the percent of aggregate historical annual deliveries of a Qualified Supplier's Aggregation Area pool of customers for the most recent year ended on June 30. The Company, at its sole discretion, may make adjustments to the Cumulative Tolerance Limit.

Customer:

Any person or organization now being billed for gas service whether used by him or her, or by others.

Day or Gas Day:

Shall mean the 24-hour period commencing at 9:00 a.m. (Central Standard Time) on one calendar day and ending at 9:00 a.m. (Central Standard Time) the following calendar day.

Dekatherm (Dth):

Shall mean 1,000,000 Btu's (1 MMBtu). This unit will be on a dry basis.

Electrical Cogeneration Service:

Service to Consumers who use natural gas for the purpose of generating electricity. This service uses 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.

Electronic Flow Measurement (EFM):

A device that remotely reads a gas meter.

Gas or Natural Gas:

Shall mean 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.

Industrial Service:

Service to Consumers engaged primarily in a process which changes raw or unfinished materials into another form of product. This classification shall embrace all Consumers included in Division A (except Major Groups 01 and 02) and Division D of the Standard Industrial Classification Manual.

Mcf:

Shall mean 1,000 cubic feet of Gas.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central Texas Service Area)  
May 9, 2016 (Incorporated and Unincorporated Areas of the Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****Rate Schedule T-TERMS**  
**Page 3 of 7****GENERAL TERMS AND CONDITIONS  
FOR TRANSPORTATION SERVICE  
(Continued)**

<u>Month:</u>	Shall mean the period beginning at 9:00 a.m. Central Standard Time on the first Day of each calendar month and ending at 9:00 a.m. Central Standard Time on the first Day of the next succeeding calendar month.
<u>Monthly Tolerance Limit:</u>	Shall mean 5% of the aggregate deliveries for a Qualified Suppliers Aggregation Area pool of customers for such month.
<u>Payment in Kind (PIK):</u>	Shall mean a reimbursement for lost and unaccounted for gas.
<u>PDA:</u>	Shall mean a predetermined allocation method.
<u>Pipeline System:</u>	Shall mean the current existing utility distribution facilities of Company located in the State of Texas.
<u>Point of Delivery:</u>	Shall mean the point or points where gas is delivered from the Pipeline System to Customer.
<u>Point of Receipt:</u>	Shall mean the point or points where Company shall receive Gas into the Pipeline System from Customer.
<u>Point Operator:</u>	Shall mean the person or entity that controls the Point of Receipt or Point of Delivery.
<u>Qualified Supplier:</u>	Shall mean an approved supplier of natural gas for transportation to customers through the Company's pipeline system.
<u>Regulatory Authority:</u>	The City Council or equivalent municipal governing body of each respective city in the Central-Gulf Service Area, or the Railroad Commission of Texas, as applicable.
<u>Service Area:</u>	The area receiving gas utility service provided by the Company under the terms of this Tariff.
<u>Tariff:</u>	Shall mean 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 Company or the services provided hereunder.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central Texas Service Area)  
May 9, 2016 (Incorporated and Unincorporated Areas of the Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****Rate Schedule T-TERMS**  
**Page 4 of 7****GENERAL TERMS AND CONDITIONS**  
**FOR TRANSPORTATION SERVICE**  
**(Continued)**

<u>Transportation Form:</u>	Shall mean the Company approved selection of transportation service document.
<u>Transportation Rate Schedule:</u>	A rate schedule designed for service to any Customer for the transportation of Customer-owned natural gas through the Company's distribution system.
<u>Transportation Service:</u>	The transportation by the Company of natural gas owned by someone other than the Company through the Company's distribution system.
<u>Week:</u>	Shall mean a period of 7 consecutive Days beginning at 9:00 a.m. Central Standard Time on each Monday and ending at the same time on the next succeeding Monday.
<u>Year:</u>	Shall mean a period of 365 consecutive Days, or 366 consecutive Days when such period includes a February 29.

**1.3 COMPANY'S RESPONSIBILITY**

Company shall deliver to Customer, at the Point of Delivery, volumes of gas, as received from designated Qualified Supplier, for the Customer, at a mutually agreed upon Point of Receipt, less Payment in Kind (PIK).

- a) In no event shall Company be required to expand, modify, construct, rearrange, or change the operations of the Pipeline System in order to receive gas from or on behalf of Customer or in order to deliver gas to Customer at any existing Points of Delivery. Company reserves the right in its sole discretion to remove, relocate, expand, or rebuild, without approval of Customer, any portion of the Pipeline System. Customer shall make no alterations, additions, or repairs to or on the Pipeline System.

**1.4 CUSTOMER'S RESPONSIBILITY**

Customer, by selecting service under a transportation service rate schedule by completing a Transportation Form, warrants and agrees that:

- a) Gas received by Company for the Customer shall be free from all adverse claims, liens, and encumbrances;
- b) Customer shall indemnify and hold Company harmless from and against all suits, actions, causes of action, claims and demands, including attorneys' fees and costs, arising from or out of any adverse claims by third parties claiming ownership of, or an interest in said gas caused by the failure to provide clear title to the gas;

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park,  
Dripping Springs, Kyle, Lakeway, Rollingwood,  
Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart,  
Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central  
Texas Service Area)  
May 9, 2016 (Incorporated and Unincorporated Areas  
of the Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****Rate Schedule T-TERMS**  
**Page 5 of 7****GENERAL TERMS AND CONDITIONS**  
**FOR TRANSPORTATION SERVICE**  
**(Continued)**

- c) Customer acknowledges Company shall not be responsible in any way for damages or claims relating to the Customer's gas or the facilities of the Customer or others containing such gas prior to receipt into Company's facilities or after delivery to the Customer;
- d) Customer must provide Company with a signed Transportation Form identifying its Qualified Supplier. Customer may designate no more than one Qualified Supplier. This authorization shall be in a form agreeable to Company and shall remain in effect until a signed replacement is received by Company;
- e) Customer acknowledges the Qualified Supplier's responsibilities under Section 1.5;
- f) Transportation Service is not available for a term less than 12 months. Termination of transportation service may, at the Company's sole discretion, delay Customer's request to resume transportation service;
- g) Electronic flow measurement (EFM) may be required for Customers under transportation service, at the Company's sole discretion. The Customer may be required to reimburse the Company for any cost related to the installation of the EFM as well as provide for or reimburse the Company for any ongoing maintenance, repair, or communications costs; and
- h) In the event Customer's source of gas supply is terminated by Customer's Qualified Supplier due to non-payment or other reasons, or if customer is otherwise unable to continue as a transportation customer, Customer may, upon the first of the month after 30 calendar days advance notice to Company, obtain service from Company under the general sales tariff applicable to Customer. Prior to commencing such service, Company may, in its sole discretion, require Customer to post a deposit or bond.

**1.5 QUALIFIED SUPPLIER'S RESPONSIBILITY**

Qualified Supplier shall act on behalf of the Customer to procure gas supplies, deliver gas supplies plus Payment in Kind volume, into mutually agreed upon Points of Receipt and shall act as the Customer's agent with respect to nominations, operational notices and resolution of imbalances.

- a) Qualified Suppliers shall aggregate their Customers' volumes for balancing purposes, into Aggregation Areas, as determined, in the Company's sole discretion.
- b) Qualified Supplier shall submit nominations to the Company's gas scheduling department, in accordance with their currently effective nomination process, which can be provided to the parties upon request. Customer and Qualified Supplier shall exercise commercially reasonable best efforts to deliver to the Pipeline System Dths of gas that Company is to deliver from the Pipeline System to Customer during any particular Hour, Day, Week and Month, including but not limited to volumes needed for peak Day usage for Customer's facilities. Qualified Supplier shall not intentionally nominate more or less gas than is anticipated for consumption by Customer(s), except as may be needed for balancing purposes to the extent Company accepts such nomination.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park,  
 Dripping Springs, Kyle, Lakeway, Rollingwood,  
 Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart,  
 Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central  
 Texas Service Area)  
May 9, 2016 (Incorporated and Unincorporated Areas  
 of the Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
 TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area**

**Rate Schedule T-TERMS**  
**Page 6 of 7**

**GENERAL TERMS AND CONDITIONS**  
**FOR TRANSPORTATION SERVICE**  
**(Continued)**

- c) Before the start of the Gas Day, the Point Operator and Company shall establish a predetermined allocation (PDA) method to specify how gas received or delivered by Company shall be allocated in accordance with confirmed nominations at such point. Only one PDA methodology shall be applied per allocation period.
- d) Daily Quantity of Transportation Service Gas: Company shall receive and deliver gas hereunder as nearly as practicable at uniform hourly and daily rates of flow. It is recognized that it may be physically impracticable, because of measurement, gas control limitations and other operating conditions, to stay in zero imbalance each hour and each day; therefore, the daily and hourly quantities received may, due to the aforementioned reasons, vary above or below the daily and hourly quantities delivered. If the quantities received and the quantities delivered hereunder should create an imbalance at the end of any hour, Day, Week, or Month, then Company and Customer shall adjust receipts and/or deliveries at any time to the end that the quantities received and delivered shall be kept as near to zero imbalance as practicable.
- e) Quality of Transportation Service Gas: The gas procured by a Qualified Supplier, for receipt by Company, shall conform to the standards prescribed in Company's applicable rate schedules, Agreements, and applicable local, state or federal laws, rules and/or regulations.

**1.6 IMBALANCES**

Qualified Supplier shall, to the extent practicable, not deliver into the Pipeline System more or less Dths of Gas than Company delivers to the Aggregation Area of Customers, at the Points of Delivery, during a Consumption Period. The following imbalance provisions shall be applied to the Qualified Supplier for its Aggregation Area of Customers.

- a) If Company receives less Dths of Gas than are delivered to the Aggregate Area Customers at the Points of Delivery in excess of the Monthly Tolerance Limit or Cumulative Tolerance Limit in any particular Consumption Period, then Qualified Supplier shall purchase such under-delivered volumes at 105% of the applicable index, plus the Adder.
- b) If Company receives more Dths of Gas than are delivered to the Aggregate Area Customers at the Points of Delivery in excess of the Monthly Tolerance Limit or Cumulative Tolerance Limit in any particular Consumption Period, Qualified Supplier shall sell such excess Gas to Company at 95% of the applicable index.
- c) The applicable index and Adder will be defined in the Qualified Supplier Agreement and amended from time to time.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park,  
Dripping Springs, Kyle, Lakeway, Rollingwood,  
Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart,  
Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central  
Texas Service Area)  
May 9, 2016 (Incorporated and Unincorporated Areas  
of the Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****Rate Schedule T-TERMS**  
**Page 7 of 7****GENERAL TERMS AND CONDITIONS**  
**FOR TRANSPORTATION SERVICE**  
**(Continued)**

- d) A proportional share of any upstream pipeline transportation service charges and penalties incurred by the Company, that in whole or in part, are the result of Qualified Supplier's scheduling and/or managing the upstream transportation of the Customer's gas to Company's interconnection point(s) with the upstream pipeline(s). Proceeds from this charge will be credited to the Reconciliation Account. The Company will bill Qualified Supplier for these charges and penalties manually on a separate bill. Payment shall be required in accordance with applicable Rules of Service.
- e) The Company will provide monthly imbalance statements along with calculations of the charges in accordance with the aforementioned provisions to the Qualified Supplier each month.
- f) Payments for imbalance settlements will be due each month within 15 business days of the imbalance statement date. The Company may elect at its sole discretion to accrue the imbalance settlement provisions each month and only require periodic settlement rather than monthly payments.
- g) On or about 15 days after the Company receives necessary volumetric information from other parties for each Consumption Period after commencement of Gas receipts and deliveries hereunder, Company shall render to the Qualified Supplier a statement for the preceding Consumption Period showing the total Dths of Gas received and delivered and each Point of Receipt and Point of Delivery. If information necessary for statement purposes is in the possession of Customer, Customer shall furnish such information to Company on or before the 6th Day of the Month in which the statement requiring such data is to be rendered.
- h) Both parties hereto shall have the right at any and all reasonable times within 24 months from the time period in question, to examine the books and records of the other to the extent necessary to verify the accuracy of any statement, computation, or demand made hereunder.

Supersedes Rate Schedules Dated  
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park,  
 Dripping Springs, Kyle, Lakeway, Rollingwood,  
 Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart,  
 Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the Central  
 Texas Service Area)  
May 9, 2016 (Incorporated and Unincorporated Areas  
 of the Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
 TBD



**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE WNA**  
**Page 1 of 2****WEATHER NORMALIZATION ADJUSTMENT CLAUSE****APPLICABILITY**

The Weather Normalization Adjustment Clause (WNA) shall apply to the following general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. (the "Company") in the incorporated and unincorporated areas served in the Central-Gulf Service Area including Austin, Bayou Vista, Beaumont, Bee Cave, Buda (environs only), Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum, Texas: Rate Schedules 10, 1Z, 20, 2Z, 40, 4Z, 48 and 4H. The WNA shall be effective during the September through May billing cycles.

**PURPOSE**

The WNA refunds over-collections or surcharges under-collections of revenue due to colder or warmer than normal weather, as established in the Company's most recent rate filing.

**WNA MECHANISM**

In order to reflect weather effects in a timely and accurate manner, the WNA adjustment shall be calculated separately for each billing cycle and rate schedule. The weather factor, determined for each rate schedule in the most recent rate case, shows the effect of one heating degree day on consumption for that rate schedule. During each billing cycle, the 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. This WNA volume adjustment is priced at the current cost of service rate per Ccf to determine a WNA revenue adjustment, which is spread to the customers in the billing cycle on a prorata basis. The WNA for each billing cycle and rate schedule shall be based on the following formula:

$$\text{WNA Rate} = \frac{\text{WNAD}}{\text{CV}}, \quad \text{where}$$

WNAD = Weather Normalization Adjustment Dollars to be collected from each billing cycle and rate schedule. This factor shall be based on the following formula:

Supersedes Rate Schedule Dated  
October 26, 2016 (Cities of Austin, Bee Cave,  
 Cedar Park, Dripping Springs, Kyle, Lakeway,  
 Rollingwood, Sunset Valley, and West Lake Hills, TX)  
January 6, 2017 (Cities of Cuero, Gonzales,  
 Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)  
November 23, 2016 (Unincorporated Areas of the  
 Central Texas Service Area)  
May 9, 2016 (Gulf Coast Service Area)  
May 22, 2019 (City of Beaumont)

Meters Read On and After  
 TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area****RATE SCHEDULE WNA**  
**Page 2 of 2****WEATHER NORMALIZATION ADJUSTMENT CLAUSE**  
**(Continued)**

WNAD = (HDD Diff \* CB \* WF) \* COS rate, where

HDD Diff = (Normal HDD – Actual HDD), the difference between normal and actual heating degree days for the billing period.

CB = Number of customers billed for the billing period.

WF = Weather factor determined for each rate schedule in the most recent rate case.

Austin, Bee Cave, Buda (environs only), Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills:

Residential 0.15498; Commercial 0.38392; Public Authority 1.94154; Public Schools 3.95052

Weather Station: KATT

Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum:

Residential 0.14213; Commercial 0.21988; Public Authority 0.95317

Weather Station: KSAT

Bayou Vista, Galveston, and Jamaica Beach:

Residential 0.18569; Commercial 0.44273; Public Authority 3.44053

Weather Station: KGLS

Beaumont, Groves, Nederland, Port Arthur, and Port Neches:

Residential 0.17379; Commercial 0.28946; Public Authority 2.28489

Weather Station: KBPT

CV = Current Volumes for the billing period.

**FILING WITH THE CITIES AND THE RAILROAD COMMISSION OF TEXAS (RRC)**

The Company will file monthly reports showing the rate adjustments for each applicable rate schedule. Supporting documentation will be made available for review upon request. By each October 1, the Company will file with the Cities and the RRC an annual report verifying the past year's WNA collections or refunds.

**Supersedes Rate Schedule Dated**

**October 26, 2016** (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)

**January 6, 2017** (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)

**November 23, 2016** (Unincorporated Areas of the Central Texas Service Area)

**May 9, 2016** (Gulf Coast Service Area)

**May 22, 2019** (City of Beaumont)

**Meters Read On and After**

TBD

**GUD No. 10928, *Consolidated***

**Proposed Final Order**

**Attachment 2**

**(CGSA Excess Deferred Income Tax Credit  
("EDIT") Rate Schedule and Calculations)**

**Texas Gas Service Company, a Division of ONE Gas, Inc.**  
**Central-Gulf Service Area**

**RATE SCHEDULE EDIT-RIDER**

**EXCESS DEFERRED INCOME TAX CREDIT**

**A. APPLICABILITY**

This Excess Deferred Income Tax Credit applies to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") currently in force in the Company's Central-Gulf Service Area within the incorporated and unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda (environs only), Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, 1Z, 2Z, 3Z, 4H, 4Z, C-1-ENV, CNG-1-ENV, T-1, and T-1-ENV.

**B. CALCULATION OF CREDIT**

The annual amortization of the regulatory liability for excess deferred income taxes resulting from the Tax Cuts and Jobs Act of 2017 and in compliance with GUD No. 10695, will be credited to customers annually on a one-time, per bill basis in February of each year and will show as a separate line item on the customer's bill until fully amortized. The initial credit will occur in September 2020.

EDIT CREDIT – The total amount, if any, of the credit in a given year will be determined by:

- The average rate assumption method ("ARAM") as required by the Tax Cuts and Jobs Act of 2017 Section 13001(d) for the protected portion of the regulatory liability for excess deferred income taxes; and
- A 4-year amortization for nonprotected property.

TRUE-UP ADJUSTMENT – The Excess Deferred Income Tax credit shall be trued-up annually. The True-Up Adjustment will be the difference between the amount of that year's EDIT Credit and the amount actually credited to customers.

EDIT CREDIT PER CUSTOMER – The EDIT credit per customer will be determined by allocating that year's credit, plus/minus any prior year true up adjustment, among the customer classes utilizing the same class revenue allocation as approved in the most recent general rate case, and then by dividing each class's portion by the number of customers in that class.

**C. EDIT CREDIT PER CUSTOMER**

Residential:	\$ 23.19
Commercial:	\$ 95.35
Industrial:	\$ 1,580.89
Public Authority:	\$ 191.42
Public Schools Space Heat:	\$ 191.42
Electrical Cogeneration:	\$ 191.42
Compressed Natural Gas:	\$ 1,100.18

Taxes: Plus applicable taxes and fees (including franchises fees) related to above.

**D. OTHER ADJUSTMENTS**

Taxes: Plus applicable taxes and fees (including franchise fees) related to above.

Initial Rate Schedule

Meters Read On and After  
TBD

**Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central-Gulf Service Area**

**RATE SCHEDULE EDIT-RIDER**

**EXCESS DEFERRED INCOME TAX CREDIT  
(Continued)**

**E. ANNUAL FILING**

The Company shall make a filing with the Commission each year no later than December 31, including the following information:

1. the total dollar amount of that year's EDIT Credit;
2. the total dollar amount actually credited to customers;
3. true-up amount, if any, due to the difference between items a. and b., above;
4. the amount of the upcoming year's EDIT Credit;
5. the amounts of the upcoming year's EDIT Credit per Customer; and
6. Excel spreadsheet(s) detailing calculations of the amounts in 1 through 5.

**F. CONDITIONS**

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

Texas Gas Service Company, a Division of ONE Gas, Inc.  
Central Gulf Service Area  
Calculation of Annual EDIT Credit  
28-May-20

1	2018 EDIT Amortization	\$ 4,320,311
2	2019 Actual EDIT Credit	\$0
3	(Under) Over Credit	\$4,320,311
4	2019 EDIT Amortization	\$ 4,236,668
5	Total 2020 EDIT Credit Amount	<u>\$8,556,979</u>

	CUSTOMER CLASS	PERCENT OF REVENUES PER GUD No. 10928	(b)	TOTAL EDIT CREDIT	(c)	MONTHLY BILLS	(d)	EDIT CREDIT PER CUSTOMER	(e)
	Gas Sales and Transportation								
6	Residential	79.790%		\$6,827,614		294,414		\$23.19	
7	Commercial	16.130%		1,380,241		14,476		\$95.35	
8	Public Authority	2.920%		249,864		1,305		\$191.42	
9	Industrial	1.070%		91,560		58		\$1,580.89	
10	CNG	0.090%		7,701		7		\$1,100.18	
11	Grand Total	100.000%		\$8,556,979		310,260			

Environs BILL COUNT	Environs EDIT CREDIT	(f)	(g)
23,432	\$543,388		
686	65,410		
61	11,677		
1	1,581		
1	1,100		
24,181	\$623,156		

Incorporated BILL COUNT	Incorporated EDIT CREDIT	(h)	(i)
270,982	\$6,284,073		
13,789	1,314,781		
1,245	238,318		
57	90,111		
6	6,601		
286,079	\$7,933,883		

**GUD No. 10928, *Consolidated***  
**Proposed Final Order**  
**Attachment 3**  
**(CGSA Depreciation Rates)**

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**

**CENTRAL-GULF SERVICE AREA**

**TWELVE MONTHS ENDED JUNE 30, 2019**

**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - SERVICE AREA DIRECT - CONSOLIDATED**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
<u>INTANGIBLE PLANT</u>		
1	(301) Organization	4.00%
2	(301) Organization - OPC	6.67%
3	(302) Franchises & Consents	4.02%
4	(303) Misc. Intangible	4.06%
5	(303) Misc. Intangible- OPC	0.00%
6	Total Intangible Plant	
<u>GATHERING AND TRANSMISSION PLANT</u>		
7	(325) Land & Land Rights	0.00%
8	(327) Field Comprss Station Strcutres	0.00%
9	(328) Field Meas/Reg Station Structures	0.00%
10	(329) Other Structures	0.00%
11	(332) Field Lines	0.00%
12	(333) Field Compressor Station Equip	0.00%
13	(334) Field Meas/Reg Station Equipment	0.00%
14	(336) Purification Equipment	0.00%
15	(337) Other Equip	0.00%
16	(365) Land & Land Rights	0.00%
17	(365.1) Land - OPC	0.00%
18	(365.2) Rights of Way - OPC	1.30%
19	(366) Meas/Reg Station Structures	0.00%
20	(366.1) Compressor Station Stru - OPC	4.04%
21	(367) Mains	1.75%
22	(367) Mains - OPC	1.75%
23	(368) Compressor Station Equip	0.00%
24	(369) Measure/Reg. Station Equipment	1.83%
25	(369) Measuring & Regulating - OPC	1.83%
26	(369.1) Measuring Station Equip - OPC	2.62%
27	(371) Other Equipment	0.00%
28	(371) Other Transmission Eq - OPC	2.62%
29	Total Gathering and Transmission Plant	
<u>DISTRIBUTION PLANT</u>		
30	(374) Land & Land Rights	0.00%
31	(374.1) Land & Land Rights	0.00%
32	(374.2) Land & Land Rights	0.00%
33	(375.1) Structures & Improvements	1.71%
34	(375.2) Other Distr Systems Struct	2.38%
35	(376) Mains	1.73%
36	(376.9) Mains - Cathodic Protection Anodes	6.67%
37	(377) Compressor Station Equipment	0.00%
38	(378) Meas. & Reg. Station - General	1.97%



**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**CENTRAL-GULF SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - SERVICE AREA DIRECT - CONSOLIDATED**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
39	(379) Meas. & Reg. Station - C.G.	1.69%
40	(380) Services	2.24%
41	(381) Meters	4.04%

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**

**CENTRAL-GULF SERVICE AREA**

**TWELVE MONTHS ENDED JUNE 30, 2019**

**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - SERVICE AREA DIRECT - CONSOLIDATED**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
42	(382) Meter Installations	0.00%
43	(383) House Regulators	2.55%
44	(385) Indust. Meas. & Reg. Stat. Equipment	1.87%
45	(386) Other Property on Customer Premises	-0.16%
46	(387) Meas. & Reg. Stat. Equipment	1.95%
47	Total Distribution Plant	
<u>GENERAL PLANT</u>		
48	(389) Land & Land Rights	0.00%
49	(389.1) Land & Land Rights	0.00%
50	(390) Structures & Improvements	0.00%
51	(390.1) Structures & Improvements	2.46%
52	(390.2) Leasehold Improvements	14.88%
53	(391) Office Furniture & Equipment	6.67%
54	(391.1) Office Furniture & Equipment	6.67%
55	(391.1) Office Furniture & Fixt - OPC	6.67%
56	(391.9) Computer & Equipment	14.29%
57	(392) Transportation Equipment	8.49%
58	(393) Stores Equipment	6.67%
59	(394) Tools, Shop & Garage	6.67%
60	(394.1) Tools, Shop & Garage	6.67%
61	(394.1) Tools - OPC	6.67%
62	(395) CNG Equipment	0.00%
63	(396) Major Work Equipment	5.46%
64	(397) Communication Equipment	6.67%
65	(398) Miscellaneous General Plant	6.67%
66	Total General Plant	

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**

**CENTRAL-GULF SERVICE AREA**

**TWELVE MONTHS ENDED JUNE 30, 2019**

**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - TGS DIVISION**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
<u>INTANGIBLE PLANT</u>		
1	(301) Organization	0.00%
2	(302) Franchises & Consents	0.00%
3	(303) Misc. Intangible	0.00%
4	Total Intangible Plant	
<u>GATHERING AND TRANSMISSION PLANT</u>		
5	(325) Land & Land Rights	0.00%
6	(327) Field Comprss Station Strcutres	0.00%
7	(328) Field Meas/Reg Station Structures	0.00%
8	(329) Other Structures	0.00%
9	(332) Field Lines	0.00%
10	(333) Field Compressor Station Equip	0.00%
11	(334) Field Meas/Reg Station Equipment	0.00%
12	(336) Purification Equipment	0.00%
13	(337) Other Equip	0.00%
14	(365) Land & Land Rights	0.00%
15	(366) Meas/Reg Station Structures	0.00%
16	(367) Mains	0.00%
17	(368) Compressor Station Equip	0.00%
18	(369) Measure/Reg. Station Equipment	0.00%
19	(371) Other Equipment	0.00%
20	Total Gathering and Transmission Plant	
<u>DISTRIBUTION PLANT</u>		
21	(374) Land & Land Rights	0.00%
22	(375.1) Structures & Improvements	0.00%
23	(376) Mains	0.00%
24	(377) Compressor Station Equipment	0.00%
25	(378) Meas. & Reg. Station - General	0.00%
26	(379) Meas. & Reg. Station - C.G.	0.00%
27	(380) Services	0.00%
28	(381) Meters	0.00%
29	(382) Meter Installations	0.00%
30	(383) House Regulators	0.00%
31	(385) Indust. Meas. & Reg. Stat. Equipment	0.00%
32	(386) Other Property on Customer Premises	0.00%
33	(387) Meas. & Reg. Stat. Equipment	0.00%
34	Total Distribution Plant	

GENERAL PLANT

35	(389) Land & Land Rights	0.00%
36	(390.1) Structures & Improvements	2.59%
37	(390.2) Leasehold Equipment	17.39%
38	(391.1) Office Furniture & Fixtures	6.67%
39	(391.2) Data Processing Equipment	0.00%
40	(391.3) Office Machines	0.00%
41	(391.4) Audio Visual Equipment	0.00%
42	(391.6) Purchased Software	0.00%
43	(391.9) Computer & Equipment	14.29%
44	(392.6) Aircraft	0.00%
45	(394) Tools	6.67%
46	(394.2) Shop Equipment	0.00%
47	(397) Communication Equipment	6.67%
48	(398) Miscellaneous General Plant	6.67%
49	Total General Plant	

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**

**CENTRAL-GULF SERVICE AREA**

**TWELVE MONTHS ENDED JUNE 30, 2019**

**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - CORPORATE**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
<u>INTANGIBLE PLANT</u>		
1	(301) Organization	0.00%
2	(302) Franchises & Consents	0.00%
3	(303) Misc. Intangible	0.00%
4	Total Intangible Plant	
<u>GATHERING AND TRANSMISSION PLANT</u>		
5	(325) Land & Land Rights	0.00%
6	(327) Field Comprss Station Strucutres	0.00%
7	(328) Field Meas/Reg Station Structures	0.00%
8	(329) Other Structures	0.00%
9	(332) Field Lines	0.00%
10	(333) Field Compressor Station Equip	0.00%
11	(334) Field Meas/Reg Station Equipment	0.00%
12	(336) Purification Equipment	0.00%
13	(337) Other Equip	0.00%
14	(365) Land & Land Rights	0.00%
15	(366) Meas/Reg Station Structures	0.00%
16	(367) Mains	0.00%
17	(368) Compressor Station Equip	0.00%
18	(369) Measure/Reg. Station Equipment	0.00%
19	(371) Other Equipment	0.00%
20	Total Gathering and Transmission Plant	
<u>DISTRIBUTION PLANT</u>		
21	(374) Land & Land Rights	0.00%
22	(375.1) Structures & Improvements	0.00%
23	(376) Mains	0.00%
24	(377) Compressor Station Equipment	0.00%
25	(378) Meas. & Reg. Station - General	0.00%
26	(379) Meas. & Reg. Station - C.G.	0.00%
27	(380) Services	0.00%
28	(381) Meters	0.00%
29	(382) Meter Installations	0.00%
30	(383) House Regulators	0.00%
31	(385) Indust. Meas. & Reg. Stat. Equipment	0.00%
32	(386) Other Property on Customer Premises	0.00%
33	(387) Meas. & Reg. Stat. Equipment	0.00%

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**

**CENTRAL-GULF SERVICE AREA**

**TWELVE MONTHS ENDED JUNE 30, 2019**

**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**DEPRECIATION AND AMORTIZATION RATES - CORPORATE**

LINE NO.	DESCRIPTION	ANNUAL DEPR/AMORT RATES
34	Total Distribution Plant	
	<u>GENERAL PLANT</u>	
35	(389) Land & Land Rights	0.00%
36	(390.1) Structures & Improvements	2.01%
37	(390.2) Leasehold Improvements	13.01%
38	(391.1) Office Furniture & Equipment	6.67%
39	(391.19) Airplane Hanger Furniture	6.67%
40	(391.2) Data Processing Equipment	0.00%
41	(391.3) Office Machines	5.00%
42	(391.4) Audio Visual Equipment	20.00%
43	(391.5) Artwork	0.00%
44	(391.6) Purchased Software	7.69%
45	(391.6) Banner Software	7.69%
46	(391.6) PowerPlant System	7.69%
47	(391.6) Riskworks	7.69%
48	(391.6) Maximo	7.69%
49	(391.6) Dynamic Risk Assessment	7.69%
50	(391.6) Concur Project	7.69%
51	(391.6) Journey-Employee Count	7.69%
52	(391.6) Journey-Employee-ODC Dstrigas	7.69%
53	(391.6) Ariba Software	7.69%
54	(391.6) Accounts Payable Software	7.69%
55	(391.8) Micro Computer Software	20.00%
56	(391.81) Aircraft Computer Equipment	0.00%
57	(391.9) Computer & Equipment	0.00%
58	(392.6) Aircraft	6.28%
59	(394) Tools	0.00%
60	(394.1) Tools	0.00%
61	(394.2) Shop Equipment	0.00%
62	(396) Major Work Equipment	0.00%
63	(397) Communication Equipment	5.00%
64	(397.2) Telephone Equipment	0.00%
65	(398) Miscellaneous General Plant	0.00%
66	Total General Plant	

**GUD No. 10928, *Consolidated***  
**Proposed Final Order**  
**Attachment 4**  
**(CGSA Net Plant in Service)**

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**CENTRAL-GULF SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**PLANT IN SERVICE - SERVICE AREA DIRECT**

LINE NO.	DESCRIPTION	Plant In Service	CCNC	Reserves	NET PLANT
		DIRECT ADJUSTED AT ACCT 1010 12/31/2019	DIRECT ADJUSTED AT 12/31/2019 ACCT 1060	DIRECT ADJUSTED ACCTS 1080100 & 1110 AT12/31/2019	
		(l)	(i)	(n)	
<u>INTANGIBLE PLANT</u>					
1	(301) Organization	\$56,257	\$0	(\$44,740)	
2	(301) Organization- OPC	1,307	0	(770)	
3	(302) Franchises & Consents	393,474	0	(394,901)	
4	(303) Misc. Intangible	739,593	0	(724,253)	
5	(303) Misc. Intangible- OPC	14,336	0	(14,336)	
6	(303.1) Misc. Intangible			0	
7	Total Intangible Plant	\$1,204,966	\$0	(\$1,178,999)	
<u>GATHERING AND TRANSMISSION PLANT</u>					
8	(325) Land & Land Rights	\$0	\$0	\$0	
9	(327) Field Comprss Station Strcutres	0	0	0	
10	(328) Field Meas/Reg Station Structures	0	0	0	
11	(329) Other Structures	0	0	0	
12	(332) Field Lines	0	0	0	
13	(333) Field Compressor Station Equip	0	0	0	
14	(334) Field Meas/Reg Station Equipment	0	0	0	
15	(336) Purification Equipment	0	0	0	
16	(337) Other Equip	0	0	0	
17	(365) Land & Land Rights	0	0	0	
18	(365.1) Land - OPC	89,637	0	0	
19	(365.2) Rights of Way - OPC	2,446	0	(2,140)	
20	(366) Meas/Reg Station Structures	0	0	0	
21	(366.1) Compressor Station Structure - OPC	2,346	0	(2,346)	
22	(367) Mains	3,986,195	1,383,735	(881,900)	
23	(367) Mains -OPC	6,907,892	0	(2,391,474)	
24	(368) Compressor Station Equip	0	0	0	
25	(369) Measure/Reg. Station Equipment	211,577	2,125,754	(98,857)	
26	(369) Measure/Reg. Station Equipment - OPC	132,499	0	(65,463)	
27	(369.1) Measuring Station Equipment - OPC	810,700	0	(547,849)	
28	(371) Other Equipment	0	0	0	
29	(371) Other Equipment - OPC	45,840	0	(11,657)	
30	Total Gathering and Transmission Plant	\$12,189,131	\$3,509,489	(\$4,001,686)	
<u>DISTRIBUTION PLANT</u>					
31	(374) Land & Land Rights	\$0	\$0	(\$255)	
32	(374.1) Land & Land Rights	19,503	0		
33	(374.2) Land & Land Rights	95,672	14,851	(9,440)	
	(375) Structures & Improvements		0	(23,965)	
34	(375.1) Structures & Improvements	44,795	(916)	(5,562)	
35	(375.2) Other Distr Systems Struct	4,141	916	33,450	
36	(376) Mains	266,104,328	47,205,547	(69,796,295)	
37	(376.9) Mains - Cathodic Protection Anodes	26,308,139	121,820	(9,076,393)	
38	(377) Compressor Station Equipment	0	0	0	
39	(378) Meas. & Reg. Station - General	10,475,013	3,113,370	(2,834,950)	
40	(379) Meas. & Reg. Station - C.G.	2,577,593	248,266	(709,490)	
41	(380) Services	184,605,821	4,817,418	(37,685,344)	
42	(380.1) Ind Service Line Equip	8,569	16,935		
43	(380.2) Comm Service Line Equip	21,332	231,867		



**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.**  
**CENTRAL-GULF SERVICE AREA**  
**TWELVE MONTHS ENDED JUNE 30, 2019**  
**UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019**

**PLANT IN SERVICE - SERVICE AREA DIRECT**

LINE NO.	DESCRIPTION	Plant In Service	CCNC	Reserves	NET PLANT
		DIRECT ADJUSTED AT ACCT 1010 12/31/2019	DIRECT ADJUSTED AT 12/31/2019 ACCT 1060	DIRECT ADJUSTED ACCTS 1080100 & 1110 AT12/31/2019	
		(l)	(i)	(n)	
	(380.4) Yard Lines-Customer Svc	0	51,577		
	(380.6) Services - Tie-Ins Total	0	0		
44	(381) Meters	65,519,292	382,424	(25,554,494)	
45	(382) Meter Installations	0	17,551	(10,238)	
46	(383) House Regulators	9,172,496	63,865	(4,025,431)	
47	(385) Indust. Meas. & Reg. Stat. Equipment	13,360,367	1,074,139	(4,458,571)	
48	(386) Other Property on Customer Premises	1,063,249	0	(1,052,175)	
49	(387) Meas. & Reg. Stat. Equipment	0	0	0	
50	Total Distribution Plant	\$579,380,311	\$57,359,627	(\$155,209,152)	
	<u>GENERAL PLANT</u>				
51	(389) Land & Land Rights	\$0	\$0	\$3,573	
52	(389.1) Land & Land Rights	48,883	0		
53	(390) Structures & Improvements	0	0	0	
54	(390.1) Structures & Improvements	4,633,733	211,664	(252,297)	
55	(390.2) Leasehold Improvements	1,190,235	179,002	(1,078,808)	
56	(391) Office Furniture & Equipment	0	0	0	
57	(391.1) Office Furniture & Equipment	946,652	236	(510,509)	
58	(391.1) Office Furniture & Equipment - OPC	14,671	0	(14,671)	
	(391.4) Audio Visual Equipment Total	0	0		
59	(391.9) Computer & Equipment	972,232	0	(762,033)	
60	(392) Transportation Equipment	13,129,136	735,013	(4,879,991)	
	(392.2) Pickup Trucks & Vans	0	0		
61	(393) Stores Equipment	8,809	0	(8,148)	
62	(394) Tools, Shop & Garage	6,771,463	152,286	(2,588,208)	
63	(394.1) Tools	110,591	9,007		
64	(394.1) Tools - OPC	483	0	(483)	
65	(395) CNG Equipment	0	0	37,480	
66	(396) Major Work Equipment	1,560,721	399,123	(856,371)	
67	(397) Communication Equipment	18,246,798	508,294	(7,853,407)	
68	(398) Miscellaneous General Plant	130,360	0	(82,334)	
69	Total General Plant	\$47,764,766	\$2,194,625	(\$18,846,207)	
70	Total Orig Cost Plant in Service	\$640,539,174	\$63,063,741	(\$179,236,045)	\$524,366,870
71	Division Net Plant				\$2,167,863
72	Corporate Allocated Net Plant				\$16,858,177
73	GRAND TOTAL NET PLANT				\$543,392,910

## WKP C.b

## TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.

## CENTRAL-GULF SERVICE AREA

## TWELVE MONTHS ENDED JUNE 30, 2019

## UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019

## PLANT IN SERVICE - TGS DIVISION

LINE NO.	DESCRIPTION	Plant In Service TGS DIVISION ADJUSTED ACCT 1010 AT 12/31/2019 (o)	CCNC TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019 (f)	Reserves TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019 (i)
	<u>INTANGIBLE PLANT</u>			
1	(301) Organization	\$0	\$0	\$0
2	(302) Franchises & Consents	0	0	0
3	(303) Misc. Intangible	0	0	0
4	(303.1) Misc. Intangible			0
5	Total Intangible Plant	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	<u>GATHERING AND TRANSMISSION PLANT</u>			
6	(325) Land & Land Rights	\$0	\$0	\$0
7	(327) Field Comprss Station Strcutres	0	0	0
8	(328) Field Meas/Reg Station Structures	0	0	0
9	(329) Other Structures	0	0	0
10	(332) Field Lines	0	0	0
11	(333) Field Compressor Station Equip	0	0	0
12	(334) Field Meas/Reg Station Equipment	0	0	0
13	(336) Purification Equipment	0	0	0
14	(337) Other Equip	0	0	0
15	(365) Land & Land Rights	0	0	0
16	(366) Meas/Reg Station Structures	0	0	0
17	(367) Mains	0	0	0
18	(368) Compressor Station Equip	0	0	0
19	(369) Measure/Reg. Station Equipment	0	0	0
20	(371) Other Equipment	0	0	0
21	Total Gathering and Transmission Plant	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	<u>DISTRIBUTION PLANT</u>			
22	(374) Land & Land Rights	\$0	\$434,697	\$0
23	(374.2) Land & Land Rights			0
24	(375) Structures & Improvements	0	0	0

**WKP C.b****TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.****CENTRAL-GULF SERVICE AREA****TWELVE MONTHS ENDED JUNE 30, 2019****UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019****PLANT IN SERVICE - TGS DIVISION**

LINE NO.	DESCRIPTION	Plant In Service	CCNC	Reserves
		TGS DIVISION ADJUSTED ACCT 1010 AT 12/31/2019	TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019	TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019
		(o)	(f)	(i)
25	(375.1) Structures & Improvements	0	0	
26	(375.2) Other Distr Systems Struct	0	0	0
27	(376) Mains	0	0	0
28	(376.9) Mains - Cathodic Protection Anodes	0	0	0
29	(377) Compressor Station Equipment	0	0	0
30	(378) Meas. & Reg. Station - General	0	0	0
31	(379) Meas. & Reg. Station - C.G.	0	0	0
32	(380) Services	0	0	0
33	(380.1) Ind Service Line Equip	0	0	
34	(380.2) Comm Service Line Equip	0	0	
35	(380.4) Yard Lines-Customer Svc	0	0	
36	(381) Meters	0	0	0
37	(382) Meter Installations	0	0	0
38	(383) House Regulators	0	0	0
39	(385) Indust. Meas. & Reg. Stat. Equipment	0	0	0
40	(386) Other Property on Customer Premises	0	0	0
41	(387) Meas. & Reg. Stat. Equipment	0	0	0
42	Total Distribution Plant	\$0	\$434,697	\$0
<u>GENERAL PLANT</u>				
43	(389) Land & Land Rights	\$0	\$0	\$0
44	(390.1) Structures & Improvements	73,670	3,001,147	(23,228)
45	(390.2) Leasehold Equipment	106,600	0	(107,526)
46	(391.1) Office Furniture & Fixtures	438,158	0	(270,743)
47	(391.2) Data Processing Equipment	0	0	0
48	(391.3) Office Machines	0	0	0
49	(391.4) Audio Visual Equipment	0	0	0
50	(391.6) Purchased Software	0	0	0
51	(391.9) Computer & Equipment	2,192,582	0	(1,603,600)

**WKP C.b****TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.****CENTRAL-GULF SERVICE AREA****TWELVE MONTHS ENDED JUNE 30, 2019****UPDATED FOR KNOWN AND MEASURABLE CHANGES THROUGH SEPTEMBER 30, 2019****PLANT IN SERVICE - TGS DIVISION**

LINE NO.	DESCRIPTION	Plant In Service	CCNC	Reserves
		TGS DIVISION ADJUSTED ACCT 1010 AT 12/31/2019	TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019	TGS DIVISION ADJUSTED ACCT 1060 AT 12/31/2019
		(o)	(f)	(i)
52	(392.6) Aircraft	0	0	0
53	(394) Tools	20,066	0	(9,348)
54	(394.1) Tools	0	0	
55	(394.2) Shop Equipment	0	0	0
56	(396) Major Work Equipment	0	0	
56	(397) Communication Equipment	1,080,882	0	(670,595)
57	(398) Miscellaneous General Plant	0	0	0
58	Total General Plant	<u>\$3,911,958</u>	<u>\$3,001,147</u>	<u>(\$2,685,039)</u>
59	Total Orig Cost Plant in Service	\$3,911,958	\$3,435,844	(\$2,685,039)
60	Allocation Factor to Service Area	<u>46.4931%</u>	<u>46.4931%</u>	<u>46.4931%</u>
1	Total Allocated Plant In Service	<u>\$1,818,791</u>	<u>\$1,597,431</u>	<u>(\$1,248,358)</u>

## WKP C.c

TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.  
CENTRAL-GULF SERVICE AREA  
TWELVE MONTHS ENDED JUNE 30, 2019

## PLANT IN SERVICE - CORPORATE

Plant In Service					CCNC		Reserves			
LINE NO.	DESCRIPTION	CORPORATE ADJUSTED ACCT 1010 AT 12/31/2019	ALLOCATION TO TGS	CORPORATE TEST YEAR ADJUSTED AS ALLOCATED	CORPORATE ADJUSTED ACCT 1060 AT 12/31/2019	ALLOCATION TO TGS	CORPORATE TEST YEAR ADJUSTED AS ALLOCATED	CORPORATE ADJUSTED ACCTS 1080100 & 1110 AT 12/31/2019	ALLOCATION TO TGS	CORPORATE TEST YEAR ADJUSTED AS ALLOCATED
		(s)	(t)	(u)	(f)	(g)	(h)	(h)	(i)	(j)
<u>INTANGIBLE PLANT</u>										
1	(301) Organization	\$0			\$0			\$0		
2	(302) Franchises & Consents	0			0			0		
3	(303) Misc. Intangible	0			0			0		
4	(303.1) Misc. Intangible							0		
5	Total Intangible Plant	\$0			\$0			\$0		
<u>GATHERING AND TRANSMISSION PLANT</u>										
6	(325) Land & Land Rights	\$0			\$0			\$0		
7	(327) Field Comprss Station Structures	0			0			0		
8	(328) Field Meas/Reg Station Structures	0			0			0		
9	(329) Other Structures	0			0			0		
10	(332) Field Lines	0			0			0		
11	(333) Field Compressor Station Equip	0			0			0		
12	(334) Field Meas/Reg Station Equipment	0			0			0		
13	(336) Purification Equipment	0			0			0		
14	(337) Other Equip	0			0			0		
15	(365) Land & Land Rights	0			0			0		
16	(366) Meas/Reg Station Structures	0			0			0		
17	(367) Mains	0			0			0		
18	(368) Compressor Station Equip	0			0			0		
19	(369) Measure/Reg. Station Equipment	0			0			0		
20	(371) Other Equipment	0			0			0		
21	Total Gathering and Transmission Plant	\$0			\$0			\$0		
<u>DISTRIBUTION PLANT</u>										
22	(374) Land & Land Rights	\$0			\$0			\$0		
23	(374.2) Land & Land Rights							0		
24	(375) Structures & Improvements	0						0		
25	(375.1) Structures & Improvements				0			0		
26	(375.2) Other Distr Systems Struct				0			0		
27	(376) Mains	0						0		
28	(376.9) Mains - Cathodic Protection Anodes							0		
29	(377) Compressor Station Equipment	0			0			0		
30	(378) Meas. & Reg. Station - General	0			0			0		

WKP C.c

TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.  
 CENTRAL-GULF SERVICE AREA  
 TWELVE MONTHS ENDED JUNE 30, 2019

PLANT IN SERVICE - CORPORATE

Plant In Service										CCNC		Reserves	
LINE NO.	DESCRIPTION	CORPORATE		CORPORATE TEST		CORPORATE ADJUSTED ACCT		CORPORATE TEST YEAR		CORPORATE ADJUSTED ACCTS		CORPORATE TEST YEAR ADJUSTED	
		ADJUSTED ACCT 10/10 AT 12/31/2019	ALLOCATION TO TGS	AS ADJUSTED	AS ADJUSTED	1060 AT 12/31/2019	ALLOCATION TO TGS	ADJUSTED AS	ADJUSTED AS	1080100 & 1110 AT 12/31/2019	ALLOCATION TO TGS	AS ADJUSTED	AS ADJUSTED
		(s)	(t)	(u)	(h)	(f)	(g)	(h)		(h)	(i)	(j)	
31	(379) Meas. & Reg. Station - C.G.	0				0				0			
32	(380) Services	0				0				0			
33	(380.1) Ind Service Line Equip												
34	(380.2) Comm Service Line Equip	0				0							
35	(380.4) Yard Lines-Customer Svc					0							
36	(381) Meters	0				0				0			
37	(382) Meter Installations	0				0				0			
38	(383) House Regulators	0				0				0			
39	(385) Indust. Meas. & Reg. Stat. Equipment	0				0				0			
40	(386) Other Property on Customer Premise	0				0				0			
41	(387) Meas. & Reg. Stat. Equipment	0				0				0			
42	Total Distribution Plant	\$0				\$0				\$0			
GENERAL PLANT													
43	(389) Land & Land Rights	\$0	25.01%	0		\$0	25.01%	\$0		\$0	25.01%	\$0	
44	(390.1) Structures & Improvements	41,164	25.01%	10,295		0	25.01%	0		(845)	25.01%	(211)	
45	(390.2) Leasehold Improvements	5,567,600	25.01%	1,392,457		46,575	25.01%	11,648		(2,288,860)	25.01%	(572,444)	
46	(391.1) Office Furniture & Equipment	3,612,563	25.01%	903,502		0	25.01%	0		(918,873)	25.01%	(229,810)	
47	(391.19) Airplane Hanger Furniture	0	25.01%	0		0	25.01%	0		0	25.01%	0	
48	(391.2) Data Processing Equipment	0	25.01%	0		0	25.01%	0		0	25.01%	0	
49	(391.3) Office Machines	36,237	25.01%	9,063		0	25.01%	0		(14,780)	25.01%	(3,696)	
50	(391.4) Audio Visual Equipment	1,084,093	25.01%	271,132		0	25.01%	0		135,462	25.01%	33,879	
51	(391.5) Artwork	0	25.01%	0		0	25.01%	0		0	25.01%	0	
52	(391.6) Purchased Software	87,580,223	25.01%	21,903,814		15,775,629	25.01%	3,945,485		(29,390,226)	25.01%	(7,350,496)	
53	(391.6) Banner Software	5,471,603	30.41%	1,663,919		0	30.41%	0		(1,397,680)	30.41%	(425,036)	
54	(391.6) PowerPlant System	870,000	24.02%	208,931		0	24.02%	0		(378,334)	24.02%	(90,857)	
55	(391.6) Riskworks	0	0.00%	0		0	0.00%	0		0	0.00%	0	
56	(391.6) Maximo	4,573,482	24.71%	1,130,044		0	24.71%	0		(2,317,729)	24.71%	(572,679)	
57	(391.6) Dynamic Risk Assessment	0	0.00%	0		0	0.00%	0		0	0.00%	0	
58	(391.6) Concur Project	47,648	27.95%	13,318		0	27.95%	0		(47,648)	27.95%	(13,318)	
59	(391.6) Journey-Employee-ODC Distrigas	69,568,284	25.01%	17,399,028		0	25.01%	0		(27,610,504)	25.01%	(6,905,387)	
60	(391.6) Journey-Employee Count	1,848,836	27.95%	516,769		0	27.95%	0		(869,166)	27.95%	(242,941)	
61	(391.6) Ariba Software	0	30.96%	0		0	30.96%	0		0	30.96%	0	
62	(391.6) Accounts Payable Software	903,328	30.96%	279,633		0	30.96%	0		(158,900)	30.96%	(49,189)	
63	(391.8) Micro Computer Software	16,187,204	25.01%	4,048,420		0	25.01%	0		(4,191,893)	25.01%	(1,048,392)	

## WKP C.c

TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.  
CENTRAL-GULF SERVICE AREA  
TWELVE MONTHS ENDED JUNE 30, 2019

## PLANT IN SERVICE - CORPORATE

		Plant In Service		CCNC		Reserves	
LINE NO.	DESCRIPTION	CORPORATE ADJUSTED ACCT 1010 AT 12/31/2019		CORPORATE TEST YEAR ADJUSTED AS ALLOCATED		CORPORATE ADJUSTED ACCTS 1080100 & 1110 AT 12/31/2019	
		(s)	(t)	(u)	(f)	(g)	(h)
64	(391.81) Aircraft Computer Equipment	0	25.01%	0	0	25.01%	0
65	(391.9) Computer & Equipment	0	25.01%	0	0	25.01%	0
66	(392.6) Aircraft	0	25.01%	0	0	25.01%	0
67	(394) Tools	0	25.01%	0	0	25.01%	0
68	(394.1) Tools	0	25.01%	0	0	25.01%	0
69	(394.2) Shop Equipment	0	25.01%	0	0	25.01%	0
70	(396) Major Work Equipment	0	25.01%	0	0	25.01%	0
71	(397) Communication Equipment	102,489	25.01%	25,632	0	25.01%	(2,987)
72	(397.2) Telephone Equipment	0	25.01%	0	0	25.01%	0
73	(398) Miscellaneous General Plant	0	25.01%	0	0	25.01%	0
74	Total General Plant	\$197,494,752	25.20%	49,775,956	\$15,822,203	25.01%	(\$69,461,920)
							(\$17,473,565)
75	Total Orig Cost Plant in Service			\$49,775,956			
							(\$17,473,565)
76	Allocation Factor to Service Area			46.4931%			46.4931%
77	Total Allocated Plant In Service			\$23,142,385			(\$8,124,002)

**GUD No. 10928, *Consolidated***  
**Proposed Final Order**  
**Attachment 5**  
**(Share the Warmth)**



Texas Gas Service, a Division of ONE Gas, Inc.  
Central-Gulf Rate Case TYE June 30, 2019  
Updated for Known and Measurable Changes through Sept. 30, 2019

Exhibit E  
Page 1 of 1

### Detailed Share the Warmth Terms

TGS will make contributions in the CGSA to Share the Warmth of \$120,000 annually until the next general rate case in the CGSA if the Commission approves consolidation. If the Commission does not approve consolidation, TGS will contribute \$100,000 annually to Share the Warmth for the CTSA and \$20,000 annually to Share the Warmth for the GCSA. TGS will also endeavor to increase awareness of the Share the Warmth Program among its CGSA customers to promote increased customer contributions. TGS will produce at least one bill insert per year to customers, increase mentions on social media, increase visibility on the TGS website, increase training of its customer service representatives at its call centers, and make improvements in delivering messages to customers who receive bills via electronic (paperless) means.

TGS will issue a joint news release with the program administrators each fall, bringing awareness to the Share the Warmth Program and inviting support.

The purpose of TGS's contribution is not to replace other sources of customer support, but to provide resources in addition to existing resources. (i.e., Travis County contributed \$111,000 of its own General Fund utility assistance program in 2019.)

The first contribution from Texas Gas Service will occur on November 1, 2020. Prior to that date, a committee will meet and review the amount of funds expended on natural gas utility assistance by Travis County and the Catholic Charities of Central Texas (the Program Administrators) in the preceding calendar year. This Committee will include a representative from the Travis County Health and Human Service Department, City of Austin Telecommunications and Regulatory Affairs department, Texas Gas Service and a representative from Catholic Charities of Central Texas.

This committee will also convene in the fall of 2020 to review the current contracts and guidelines between TGS and Travis County and TGS and Catholic Charities. The committee will review eligibility requirements, maximum contribution amounts, number of times a year a customer is eligible for assistance and make recommendations for changes in the Share the Warmth Program so that Share the Warmth will complement and support existing programs to the best of their ability.

On November 1, 2021, TGS will make another \$1200,000 contribution to the Programs for the CGSA if consolidation is approved (or \$100,000 for the CTSA and \$20,000 for the GCSA, if consolidation is not approved) if all funds for Share the Warmth, CEAP (Consolidated Energy Assistance Program) and for the Program Administrators have been expended. If all funds have not been expended, then TGS's contribution will be reduced to an amount that will meet the expected need. This amount will be determined by the Committee.

This process will continue each year until the next general rate case in the CGSA (or CTSA and GCSA if consolidation is not approved).