THE RAILROAD COMMISSION OF TEXAS

STATEMENT OF INTENT OF EPCOR GAS TEXAS, INC., TO CHANGE GAS UTILITY RATES WITHIN THE UNINCORPORATED AREAS OF AUSTIN, COLORADO, GRIMES, HARRIS, MONTGOMERY, AND WALLER COUNTIES, TEXAS	§ § § § § §	**HEARINGS DIVISION** **GUD NO. 10988, *Consolidated***

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. EPCOR Gas Texas Inc. ("EPCOR Gas") is a gas utility as that term is defined in the Texas Utilities Code and is subject to the jurisdiction of the Railroad Commission of Texas ("Commission").
2. On June 29, 2020, EPCOR Gas filed a Statement of Intent to Change Gas Utility Rates within the Unincorporated Areas of Austin, Colorado, Grimes, Harris, Montgomery and Waller Counties, Texas. That filing was docketed as GUD No. 10988.
3. On July 1, 2020, EPCOR Gas filed a Statement of Intent with the City of Magnolia.
4. On June 30, 2020, EPCOR Gas voluntarily extended the effective date to August 5, 2020 to allow consideration of this docket at the next scheduled open meeting.
5. On August 4, 2020, the Commission suspended the implementation of EPCOR Gas's proposed rates for 150 days.
6. EPCOR Gas provided direct mail notice of its Statement of Intent to change rates to all affected customers.
7. The form and publication of the notice meets the statutory and rule requirements and provides sufficient information to ratepayers regarding the rate request in accordance with Tex. Util. Code § 104.103(a) and 16 Tex. Admin. Code §§ 7.230 and 7.235.
8. Commission Staff moved to intervene on July 6, 2020, and the motion was subsequently granted on July 9, 2020.
9. The City of Magnolia moved to intervene on July 23, 2020, and the motion was subsequently granted on July 23, 2020.
10. From August 14, 2020 through October 8, 2020, the Commission received 13 comment letters from the public, each voicing opposition to EPCOR Gas's proposed 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 Form was not mailed to customers who filed their comment on October 8, 2020, because the letter was received after the deadline for public comments.

b. On August 24, 2020, High Meadow Ranch Community Association ("High Meadow") timely filed the Form, and High Meadow was subsequently admitted as a protestant on September 8, 2020.

c. On August 27, 2020, Mr. Real Provencher and Mr. Frank Hicks ("Provencher and Hicks") timely filed the Form. Provencher and Hicks were subsequently admitted as protestants on September 21, 2020.

11. On July 29, 2020, the ALJ severed consideration of rate case expenses into GUD No. 10997, *Rate Case Expenses Severed from GUD No. 10988, Statement of Intent of EPCOR Gas Texas Inc., to Change Gas Utility Rates Within the Unincorporated Areas of Austin, Colorado, Grimes, Harris, Montgomery, and Waller Counties, Texas.*

12. On September 4, 2020, EPCOR Gas notified the Administrative Law Judge ("ALJ") that the parties had reached a settlement in principle and requested abatement of all procedural deadlines. The motion was granted on September 8, 2020.

13. On September 14, 2020, the ALJ issued the Notice of Hearing, which set the hearing on the merits to commence on October 21, 2020 ("Notice of Hearing").

14. On September 15, 2020, the Commission published the Notice of Hearing in *Gas Utilities Bulletin No. 1139.*

15. On September 28, 2020, the ALJ mailed to the governing bodies of affected municipalities and counties the Notice of Hearing in accordance with Tex. Util. Code § 104.105 (Determination of Propriety of Rate Change; Hearing).

16. On September 16, 2020, EPCOR Gas, the City of Magnolia, Staff, and High Meadow filed a Unanimous Settlement Agreement ("Settlement Agreement") which resolved all issues. Appended to the Order are **Attachment 1** (Rate Schedules and Tariffs for Unincorporated/Environs Customers) and **Attachment 2** (Net Plant and Depreciation Rates).

17. On October 2, 2020, Protestants Provencher and Hicks filed a Statement of Position that said they did not oppose the Settlement Agreement and are not requesting a hearing on this matter.

18. On October 12, 2020, GUD No. 10997, the rate case expenses docket, was consolidated with GUD No. 10988.

19. The hearing on the merits was held on October 21, 2020.

20. The evidentiary record closed on October 30, 2020.

21. EPCOR Gas maintains its books and records in accordance with the Federal Energy Regulatory Commission's ("FERC") Uniform System of Accounts prescribed for Natural Gas Companies.

22. EPCOR Gas 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.

23. The test year in this filing is based upon financial data for the twelve-month period ending December 31, 2019, adjusted for known and measurable changes through June 30, 2020.

24. A total revenue requirement for EPCOR Gas of $5,025,864 and a base revenue requirement of $4,954,277 are just and reasonable.

25. Net plant investment in the amount of $24,763,019 through June 30, 2020 and as presented in **Attachment 2** is prudent, used and useful, and just and reasonable.

26. The depreciation rates as presented in **Attachment 2** are just and reasonable.
27. The customer charges and volumetric rates and rate design as reflected and summarized in the table below are just and reasonable.

Table 1. Agreed Rates and Rate Design

Customer Charge	
Residential Primary (Unincorporated and Incorporated)	
250 Meters* >250 Meters**	$24.45 $29.50
Residential Secondary (Unincorporated and Incorporated)	
250 Meters	$12.23
Commercial (Unincorporated and Incorporated)	
250 Meters >250 Meters	$40.00 $55.00
Public Authority (Unincorporated and Incorporated)	
250 Meters >250 Meters	$40.00 $55.00
Volumetric Rate – All Customers	
$1.1415 per Ccf	

* Meter capacity up to 250 cubic feet per hour.
** Meter capacity greater than 250 cubic feet per hour.

28. The following capital structure, cost of debt, cost of equity, weighted cost of capital, and overall rate of return are just and reasonable and should be used in future Interim Rate Adjustment ("IRA") filings made pursuant to Tex. Util. Code § 104.301 for EPCOR Gas:

Table 2. Capital Structure

Class of Capital	**Percent**	**Cost**	**After Tax Weighted Cost of Capital**	**Pre-Tax Weighted Cost of Capital**
Long-Term Debt	41.00%	4.87%	1.997%	1.997%
Common Equity	59.00%	9.45%	5.576%	7.058%
Weighted Average Cost of Capital	100.00%		7.572%	9.055%

29. Consistent with the Settlement Agreement, it is just and reasonable to require that in future IRA adjustments EPCOR Gas use the following factors until changed by a subsequent rate proceeding.
    a. The capital structure and related components as shown in **Finding of Fact No. 28**.
    b. For any initial IRA filing, the system-wide net plant in service amount shall be $24,763,019 as presented in **Attachment 2**.
    c. For any initial IRA filing and for any subsequent IRA filings, the depreciation rate for each account shall be those shown in **Attachment 2**.
    d. For any initial IRA filing, the charges as shown in **Finding of Fact No. 27** above will be the starting rate to which any IRA adjustment is applied.

e. 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.

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.

Residential Primary	Residential Secondary	Commercial	Public Authority
86.18%	0.19%	13.14%	0.50%

30. The revenue requirement of $5,025,864 reflects a corporate income tax rate of 21%, which is consistent with the changes to the Federal Tax Code resulting from the Tax Cuts and Jobs Act of 2017.

31. EPCOR Gas fully complied with all requirements set forth in the Gas Utilities Accounting Order (February 27, 2018) and Order Nunc Pro Tunc (March 20, 2018) issued in GUD No. 10695.

32. This docket resolves all issues regarding EPCOR Gas's Excess Deferred Income Taxes ("EDIT") resulting from the reduction in the federal corporate income tax rate due to the Tax Cuts and Jobs Act of 2017.

33. The consolidation of Alamo Pipeline LLC ("Alamo") and Pinehurst Construction LLC ("Pinehurst") into EPCOR Gas is in the public interest pursuant to Texas Utilities Code § 102.051.

34. EPCOR Gas has established that all affiliate services and related expenses in the amount of $278,878 are reasonable and necessary costs of providing gas utility services and the prices charged to EPCOR Gas are no higher than the prices charged by the supplying affiliate to other affiliates or divisions of EPCOR Gas or to a non-affiliated person for the same item or class of items.

35. A decrease of the EPCOR Gas's payment to Goliad Midstream Energy, LLC ("Goliad") for charges related to the aggregation of gas supplies on behalf of EPCOR Gas from $1.35 per Mcf to $0.10 per Mcf is a reasonable and necessary costs of providing gas utility services and the reduced price charged to EPCOR Gas is no higher than the prices charged by Goliad to other affiliates or divisions of EPCOR Gas or to a non-affiliated person for the same item or class of items.

36. It is in the public interest and satisfies all requirements of Texas Utilities Code §102.051 for EPCOR Gas to eliminate the $3.41 per Mcf transport charge previously charged to customers for use of the Alamo Pipeline upon the implementing the rates approved in this Order.

37. It is reasonable that EPCOR Gas collect the Pipeline Safety and Regulatory Program Fee surcharge pursuant to 16 Tex. Admin. Code § 8.201 as an annual fee.

38. It is reasonable that EPCOR Gas file an annual Pipeline Safety and Regulatory Program Compliance Filing with Staff no later than ninety (90) days after the last billing cycle in which the Pipeline Safety and Regulatory Program Fee is billed to customers.

39. EPCOR Gas has established that affiliate expenses in the amount of $278,878 included in the Company's filing are just and reasonable and consistent with Tex. Util. Code § 104.055(b)(1). Acceptance of the treatment of affiliate expenses is the product of compromise and settlement and is not of precedential value in any other proceeding.

40. EPCOR Gas and the City of Magnolia represent their reasonable rate cases expenses incurred through August 31, 2020 and the estimated rate case expenses incurred through completion of this case in the table below:

Table 4. Rate Case Expenses

	Required Regulatory Expenses	Litigation Expenses	Estimate to Completion	Total
EPCOR Gas	$195,278.74	$173,213.50	$28,290.76	$ 396,783
Magnolia	$ 0.00	$ 52,217.00	$ 6,000.00	$ 58,217
Total	$195,278.74	$225,430.50	$34,290.76	**$ 455,000**

41. EPCOR Gas has established that its actual and estimated rate case expenses totaling $396,783, which consists of $195,278.74 in regulatory expenses, $173,213.50 in litigation expenses, and $28,290.76 in estimated expenses, are just and reasonable.

42. City of Magnolia has established that its actual and estimated rate case expenses totaling $58,217, which consists of $52,217 in ligation expenses of $6,000.00 in estimated expenses, are just and reasonable.

43. It is reasonable that EPCOR Gas and the City of Magnolia 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 total actual expenses exceed $455,000.

44. EPCOR Gas provided evidence establishing 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) other factors taken into account in setting the amount of compensation.

45. Use of a surcharge is a reasonable mechanism for recovering EPCOR Gas's rate case expenses and a 60-month recovery period is reasonable in this case.

46. Consistent with the Settlement Agreement, EPCOR Gas will reimburse the City of Magnolia the amount of rate case expenses set forth above within thirty (30) days of the issuance of this order authorizing recovery of those expenses.

47. Good cause exists to recover EPCOR Gas's litigation and estimated expenses equally from all customers, including customers within the incorporated and unincorporated areas of EPCOR Gas's service area. 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 EPCOR Gas's service area. Recovery of these expenses is also necessary in the interest of justice.

48. Good cause exists to recover City of Magnolia's litigation and estimated expenses equally from all customers, including customers within the incorporated and unincorporated areas of EPCOR Gas's service area, because the City of Magnolia's participation in GUD No. 10988 resulted in the Settlement Agreement, which benefits all such customers, and doing so is necessary in the interest of justice.

49. It is reasonable to obtain equal recovery of rate case expenses arising from this proceeding on a system-wide basis from incorporated and unincorporated customers in EPCOR Gas's service area.
50. It is reasonable that EPCOR Gas 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.
51. The tariffs for the environs that follow this Final Order as **Attachment 1** are just and reasonable

Conclusions of Law

1. EPCOR Gas 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. Under Tex. Util. Code § 102.001, the Commission has exclusive original jurisdiction over the rates and services of a gas utility that distributes natural gas in areas outside of a municipality and over the rates and services of a gas utility that transmits, transports, delivers, or sells natural gas to a gas utility that distributes the gas to the public.
3. The Commission has jurisdiction over EPCOR Gas's Statement of Intent under Tex. Util. Code §§ 102.001, 104.001, and 104.201.
4. The consolidation of Alamo into EPCOR Gas satisfies the public interest as set forth under Tex. Util. Code § 102.051(b).
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. Tex. Util. Code § 104.107 provides the Commission's authority to suspend the operation of the schedule of proposed rates for 150 days from the date the schedule would otherwise go into effect.
7. In accordance with Tex. Util. Code § 104.103 and 16 Tex. Admin. Code §§ 7.230 and 7.235, adequate notice was properly provided.
8. EPCOR Gas filed its *Statement of Intent to Change Gas Utility Rates within the Unincorporated Areas of Austin, Colorado, Grimes, Harris, Montgomery, and Waller Counties, Texas* in accordance with Tex. Util. Code§ 104.102 and 16 Tex. Admin. Code §§ 7.205 and 7.210.
9. EPCOR Gas has established that its books and records conform with 16 Tex. Admin. Code § 7.310 and thus, EPCOR Gas is entitled to the presumption that the amounts included therein are reasonable and necessary in accordance with 16 Tex. Admin. Code § 7.503.
10. The revenue, rates, rate design, and service charges identified in the schedules attached to this Order as **Attachment 1** are just and reasonable, are not unreasonably preferential, prejudicial, or discriminatory, and are sufficient, equitable, and consistent in application to each class of consumer, as required by Tex. Util. Code §§ 101.002, *et seq.*.
11. The overall revenues as established by the findings of fact and attached schedules are reasonable; fix an overall level of revenues for EPCOR Gas that will permit it 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.

12. The revenue, rates, rate design, and service charges proposed will not yield to EPCOR Gas 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.
13. The rates established in this docket 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.
14. The rates established in this case comply with the affiliate transaction standard set out in Tex. Util. Code § 104.055.
15. EPCOR Gas has fully complied with all requirements set forth in the Gas Utilities Accounting Order (Feb. 27, 2018) and Order Nunc Pro Tunc (March 20, 2018) issued in GUD No. 10695.
16. EPCOR Gas capital investment in the amount of $24,763,019 through June 30, 2020 is reasonable and prudent and consistent with Tex. Util. Code, Chapter 104 and 16 Tex. Admin. Code § 7.7101.
17. An overall revenue requirement of $5,025,864 and a base revenue requirement of $4,954,277 for EPCOR Gas is just and reasonable and permits EPCOR Gas a reasonable opportunity to earn a reasonable return on EPCOR Gas's invested capital used and useful in providing service to the public in excess of its reasonable and necessary operating expenses.
18. In accordance with 16 Tex. Admin. Code § 7.7101, EPCOR Gas may adjust its revenue in future IRA filings based on the difference between values of the investment amounts only by the constant factors set in this docket for: return on investment; depreciation expenses, for those individual rates for each FERC account; ad valorem taxes; revenue related taxes; and federal income tax.
19. The rate schedules and tariffs reflected in this Order as **Attachment 1** are consistent with applicable statutory and Commission requirements.
20. EPCOR Gas 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 Final Order.

IT IS THEREFORE ORDERED that the proposed schedule of rates, as outlined in this Order and appended as **Attachment 1**, is hereby **APPROVED**.

IT IS FURTHER ORDERED that the rates, rate design, and service charges established in the findings of fact, conclusions of law, and as shown in the tariffs for environs customers in **Attachment 1** are **APPROVED**.

IT IS FURTHER ORDERED that the factors established for future Interim Rate Adjustments in **Finding of Fact No. 29** are **APPROVED**.

IT IS FURTHER ORDERED that EPCOR Gas file an annual Rate Case Expense Compliance Filing with Staff detailing recovery of rate case expenses as described in proposed **Finding of Fact 50** 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 EPCOR Gas file an annual Pipeline Safety and Regulatory Program Compliance Filing with Staff no later than ninety (90) days after the last billing cycle in which the Pipeline Safety and Regulatory Program Fee is billed to customers.

IT IS FURTHER ORDERED that, the terms of the Settlement Agreement as it relates to the unincorporated areas and as outlined in this order are hereby **APPROVED**.

IT IS FURTHER ORDERED that within thirty (30) days of this Final Order, in accordance with 16 Tex. Admin. Code § 7.315, EPCOR Gas SHALL electronically file its rate schedules applicable to the unincorporated areas in proper form that accurately reflect the rates in **Attachment 1** approved in this Final Order.

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

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

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

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

SIGNED on December 8, 2020.

RAILROAD COMMISSION OF TEXAS

DocuSigned by:
Christi Craddick
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CHAIRMAN CHRISTI CRADDICK

DocuSigned by:
Ryan Sitton
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COMMISSIONER RYAN SITTON

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COMMISSIONER WAYNE CHRISTIAN

ATTEST:

DocuSigned by:
Callie Farrar
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SECRETARY

GUD No. 10988, *Consolidated*

Final Order

Attachment 1

(Rate Schedules and Tariffs)

EPCOR Gas Texas Inc. **RATE SCHEDULE R1-ENV**

RESIDENTIAL ENVIRONS 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 EPCOR Gas Texas Inc. ("EPCOR").

TERRITORY

Environs of the EPCOR's Service Area, includes the unincorporated areas of Alleyton environs, Bellville environs, Chappell Hill environs, Columbus environs, Eagle Lake environs, Hempstead environs, Hockley environs, Magnolia environs, Montgomery environs, Navasota environs, Pinehurst environs, Prairie View environs, Sealy environs, Tomball environs, and Waller environs.

COST OF SERVICE RATE

During each monthly billing period:

For Residential Primary Meters	
250 Meters (capacity up to 250 cubic feet per hour):	
Monthly Customer Charge, applies per meter, per month	\$24.45 plus
Volumetric Fee	\$1.1415 per Ccf

For Residential Primary Meters	
>250 Meters (capacity greater than 250 cubic feet per hour):	
Monthly Customer Charge, applies per meter, per month	\$29.50 plus
Volumetric Fee	\$1.1415 per Ccf

CUSTOMER BILLS

EPCOR's bills are rendered monthly to customers. Each bill shall include the following:

- Monthly Customer Charge,
- Volumetric Fee, as adjusted by the Weather Normalization Factor, if applicable,
- Cost of Gas,
- Tax Adjustment, if applicable,
- Rate Case Expense Surcharge, if applicable
- Miscellaneous Service fees, if applicable,
- Deposit fees or credits, if applicable,
- Line Extension charges, if applicable,
- Pipeline Safety and Regulatory Program Surcharge, once annually.

The Monthly Customer Charge is the minimum amount included on a customer bill.

<u>Supersedes Rate Schedule Dated</u>

RESIDENTIAL ENVIRONS
SERVICE RATE
(Continued)

EPCOR bills the Volumetric Fee in hundreds of cubic feet (Ccf). The due date for remittance of a payment to EPCOR shall be not less than 15 days after the date the bill is issued, in accordance with 16 TEX. ADMIN. CODE Section 7.45(4)(A).

EPCOR late payment fee applicable to bill payments received after the due date is zero ($0.00).

Tax Adjustment. Any applicable Taxes including ad Valorem Taxes and State Franchise Taxes affecting the Cost of Service shall be reflected as separate line items specifically identifying the tax on Customer invoices, and shall be reported to the Commission. The tax adjustment shall be an amount equivalent to the proportionate part of an existing tax or new tax or any governmental imposition, rental fee, or charge levied, assessed or imposed subsequent to the effective date of this tariff.

Formula. The tax adjustment is calculated in accordance with the following formula:

Tax Amount
Divided by
Volume (Ccf) billed that month
Equals
Tax adjustment, applied per Ccf.

In this formula, the Volume (Ccf) billed refers to the volume of gas sold during the usage month that the adjustment is included on customer bills.

Reconciliation. Within 45 days after applying a tax adjustment and collecting the adjustment, the Company shall provide the Commission a reconciliation detailing the calculation of the adjustment and reconciling the amounts collected. If the reconciliation reflects either an over-recovery or an under-recovery of revenues of more than $0.50 per customer, such amount shall be carried forward and applied in the next billing cycle. If the over-recovery or an under-recovery of revenues is less than $0.50 per customer, the Company shall carry-forward the amount until the next application of the tax adjustment.

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 GAS.

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

Pipeline Safety and Regulatory Program Rider: The billing shall reflect adjustments in accordance with provisions of the Pipeline Safety and Regulatory Program Rider, Rate Schedule PSR.

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 in accordance with the provisions of the Rate Schedule Tax.

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

RESIDENTIAL SECONDARY ENVIRONS SERVICE RATE

APPLICABILITY

Applicable to a residential customer that has a separate meter installed to handle the purchase of gas for purposes other than standard uses. These include, but are not limited to, hot tubs, pool heaters, emergency generators, and fire pits. The second meter is needed due to the peak consumption rate of these additional items in some instances. This rate is only available to full requirements customers of EPCOR Gas Texas Inc. ("EPCOR").

TERRITORY

Environs of the EPCOR's Service Area, includes the unincorporated areas of Alleyton environs, Bellville environs, Chappell Hill environs, Columbus environs, Eagle Lake environs, Hempstead environs, Hockley environs, Magnolia environs, Montgomery environs, Navasota environs, Pinehurst environs, Prairie View environs, Sealy environs, Tomball environs, and Waller environs.

COST OF SERVICE RATE

During each monthly billing period:

For Residential Secondary Meters
250 Meters (capacity up to 250 cubic feet per hour):

Monthly Customer Charge applies, per meter, per month	$12.23, plus
Volumetric Fee	$1.1415 per Ccf

CUSTOMER BILLS

EPCOR's bills are rendered monthly to customers. Each bill shall include the following:

- Monthly Customer Charge,
- Volumetric Fee, as adjusted by the Weather Normalization Factor, if applicable,
- Cost of Gas,
- Tax Adjustment, if applicable,
- Rate Case Expense Surcharge, if applicable
- Miscellaneous Service fees, if applicable,
- Deposit fees or credits, if applicable,
- Line Extension charges, if applicable,
- Pipeline Safety and Regulatory Program Surcharge, once annually.

The Monthly Customer Charge is the minimum amount included on a customer bill.

EPCOR bills the Volumetric Fee in hundreds of cubic feet (Ccf). The due date for remittance of a payment to EPCOR shall be not less than 15 days after the date the bill is issued, in accordance with 16 TEX. ADMIN. CODE Section 7.45(4)(A).

EPCOR late payment fee applicable to bill payments received after the due date is zero ($0.00).

<u>Supersedes Rate Schedule Dated</u>

RESIDENTIAL SECONDARY ENVIRONS SERVICE RATE (Continued)

Tax Adjustment. Any applicable Taxes including ad Valorem Taxes and State Franchise Taxes affecting the Cost of Service shall be reflected as separate line items specifically identifying the tax on Customer invoices, and shall be reported to the Commission. The tax adjustment shall be an amount equivalent to the proportionate part of an existing tax or new tax or any governmental imposition, rental fee, or charge levied, assessed or imposed subsequent to the effective date of this tariff.

Formula. The tax adjustment is calculated in accordance with the following formula:

Tax Amount
Divided by
Volume (Ccf) billed that month
Equals
Tax adjustment, applied per Ccf.

In this formula, the Volume (Ccf) billed refers to the volume of gas sold during the usage month that the adjustment is included on customer bills.

Reconciliation. Within 45 days after applying a tax adjustment and collecting the adjustment, the Company shall provide the Commission a reconciliation detailing the calculation of the adjustment and reconciling the amounts collected. If the reconciliation reflects either an over-recovery or an under-recovery of revenues of more than $0.50 per customer, such amount shall be carried forward and applied in the next billing cycle. If the over-recovery or an under-recovery of revenues is less than $0.50 per customer, the Company shall carry-forward the amount until the next application of the tax adjustment

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 GAS.

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

Pipeline Safety and Regulatory Program Rider: The billing shall reflect adjustments in accordance with provisions of the Pipeline Safety and Regulatory Program Rider, Rate Schedule PSR.

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 in accordance with the provisions of the Rate Schedule Tax.

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

EPCOR Gas Texas Inc. **RATE SCHEDULE C-ENV**

COMMERCIAL ENVIRONS 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 EPCOR Gas Texas Inc. ("EPCOR").

TERRITORY

Environs of the EPCOR's Service Area, includes the unincorporated areas of Alleyton environs, Bellville environs, Chappell Hill environs, Columbus environs, Eagle Lake environs, Hempstead environs, Hockley environs, Magnolia environs, Montgomery environs, Navasota environs, Pinehurst environs, Prairie View environs, Sealy environs, Tomball environs, and Waller environs.

COST OF SERVICE RATE

During each monthly billing period:

For Commercial Meters	
250 Meters (capacity up to 250 cubic feet per hour):	
Monthly Customer Charge, applies per meter, per month	$40.00 plus
Volumetric Fee	$1.1415 per Ccf
For Commercial Meters	
>250 Meters (capacity greater than 250 cubic feet per hour):	
Monthly Customer Charge applies, per meter, per month	$55.00, plus
Volumetric Fee	$1.1415 per Ccf

CUSTOMER BILLS

EPCOR's bills are rendered monthly to customers. Each bill shall include the following:

- Monthly Customer Charge,
- Volumetric Fee, as adjusted by the Weather Normalization Factor, if applicable,
- Cost of Gas,
- Tax Adjustment, if applicable,
- Rate Case Expense Surcharge, if applicable
- Miscellaneous Service fees, if applicable,
- Deposit fees or credits, if applicable,
- Line Extension charges, if applicable,
- Pipeline Safety and Regulatory Program Surcharge, once annually.

The Monthly Customer Charge is the minimum amount included on a customer bill.

EPCOR bills the Volumetric Fee in hundreds of cubic feet (Ccf). The due date for remittance of a payment to EPCOR shall be not less than 15 days after the date the bill is issued, in accordance with 16 TEX. ADMIN. CODE Section 7.45(4)(A).

EPCOR late payment fee applicable to bill payments received after the due date is zero ($0.00).

Supersedes Rate Schedule Dated

COMMERCIAL ENVIRONS SERVICE RATE (Continued)

Tax Adjustment. Any applicable Taxes including ad Valorem Taxes and State Franchise Taxes affecting the Cost of Service shall be reflected as separate line items specifically identifying the tax on Customer invoices, and shall be reported to the Commission. The tax adjustment shall be an amount equivalent to the proportionate part of an existing tax or new tax or any governmental imposition, rental fee, or charge levied, assessed or imposed subsequent to the effective date of this tariff.

Formula. The tax adjustment is calculated in accordance with the following formula:

Tax Amount
Divided by
Volume (Ccf) billed that month
Equals
Tax adjustment, applied per Ccf.

In this formula, the Volume (Ccf) billed refers to the volume of gas sold during the usage month that the adjustment is included on customer bills.

Reconciliation. Within 45 days after applying a tax adjustment and collecting the adjustment, the Company shall provide the Commission a reconciliation detailing the calculation of the adjustment and reconciling the amounts collected. If the reconciliation reflects either an over-recovery or an under-recovery of revenues of more than $0.50 per customer, such amount shall be carried forward and applied in the next billing cycle. If the over-recovery or an under-recovery of revenues is less than $0.50 per customer, the Company shall carry-forward the amount until the next application of the tax adjustment

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 GAS.

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

Pipeline Safety and Regulatory Program Rider: The billing shall reflect adjustments in accordance with provisions of the Pipeline Safety and Regulatory Program Rider, Rate Schedule PSR.

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 in accordance with the provisions of the Rate Schedule Tax.

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

PUBLIC AUTHORITY ENVIRONS 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 EPCOR Gas Texas Inc. ("EPCOR").

TERRITORY

Environs of the EPCOR's Service Area, includes the unincorporated areas of Alleyton environs, Bellville environs, Chappell Hill environs, Columbus environs, Eagle Lake environs, Hempstead environs, Hockley environs, Magnolia environs, Montgomery environs, Navasota environs, Pinehurst environs, Prairie View environs, Sealy environs, Tomball environs, and Waller environs.

COST OF SERVICE RATE

During each monthly billing period:

For Public Authority Meters	
250 Meters (capacity up to 250 cubic feet per hour):	
Monthly Customer Charge, applies per meter, per month	$40.00 plus
Volumetric Fee	$1.1415 per Ccf
For Public Authority Meters	
>250 Meters (capacity greater than 250 cubic feet per hour):	
Monthly Customer Charge applies, per meter, per month	$55.00 plus
Volumetric Fee	$1.1415 per Ccf

CUSTOMER BILLS

EPCOR's bills are rendered monthly to customers. Each bill shall include the following:

- Monthly Customer Charge,
- Volumetric Fee, as adjusted by the Weather Normalization Factor, if applicable,
- Cost of Gas,
- Tax Adjustment, if applicable,
- Rate Case Expense Surcharge, if applicable
- Miscellaneous Service fees, if applicable,
- Deposit fees or credits, if applicable,
- Line Extension charges, if applicable,
- Pipeline Safety and Regulatory Program Surcharge, once annually.

The Monthly Customer Charge is the minimum amount included on a customer bill.

EPCOR bills the Volumetric Fee in hundreds of cubic feet (Ccf). The due date for remittance of a payment to EPCOR shall be not less than 15 days after the date the bill is issued, in accordance with 16 TEX. ADMIN. CODE Section 7.45(4)(A).

EPCOR late payment fee applicable to bill payments received after the due date is zero ($0.00).

<u>Supersedes Rate Schedule Dated</u>

PUBLIC AUTHORITY ENVIRONS
SERVICE RATE
(Continued)

Tax Adjustment. Any applicable Taxes including ad Valorem Taxes and State Franchise Taxes affecting the Cost of Service shall be reflected as separate line items specifically identifying the tax on Customer invoices, and shall be reported to the Commission. The tax adjustment shall be an amount equivalent to the proportionate part of an existing tax or new tax or any governmental imposition, rental fee, or charge levied, assessed or imposed subsequent to the effective date of this tariff.

Formula. The tax adjustment is calculated in accordance with the following formula:

Tax Amount
Divided by
Volume (Ccf) billed that month
Equals
Tax adjustment, applied per Ccf.

In this formula, the Volume (Ccf) billed refers to the volume of gas sold during the usage month that the adjustment is included on customer bills.

Reconciliation. Within 45 days after applying a tax adjustment and collecting the adjustment, the Company shall provide the Commission a reconciliation detailing the calculation of the adjustment and reconciling the amounts collected. If the reconciliation reflects either an over-recovery or an under-recovery of revenues of more than $0.50 per customer, such amount shall be carried forward and applied in the next billing cycle. If the over-recovery or an under-recovery of revenues is less than $0.50 per customer, the Company shall carry-forward the amount until the next application of the tax adjustment

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 GAS.

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

Pipeline Safety and Regulatory Program Rider: The billing shall reflect adjustments in accordance with provisions of the Pipeline Safety and Regulatory Program Rider, Rate Schedule PSR.

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 in accordance with the provisions of the Rate Schedule Tax.

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

COST OF GAS COMPONENT RATE SCHEDULE

EPCOR Gas Texas Inc. ("EPCOR") shall include on each customer bill the reasonable and necessary cost of gas purchased by EPCOR.

The following definitions apply to this Cost of Gas Tariff:

Cost of Gas. The total calculation, under this Cost of Gas Tariff, consisting of the commodity cost, purchase/sales ratio, a reconciliation component, and related fees and taxes.

Cost of Purchased Gas. The weighted average cost of gas purchased by EPCOR from all sources, calculated by summing the cost of gas purchased and applicable third party charges, then, dividing that sum by total volumes purchased.

Purchases / Sales Ratio. A ratio determined by dividing the total volumes purchased for customers during the twelve month period ending June 30 by the sum of volumes sold to customers. For the purpose of this computation, all volumes shall be stated at 1.465 pound-force per square inch absolute (psia). Such ratio shall in no event exceed 1.0526 i.e. 1/(1- 0.05) unless expressly authorized by the applicable regulatory authority.

Reconciliation Account. The account maintained by EPCOR to ensure that, over time, EPCOR will neither over-collect nor under-collect revenues as a result of the operation of this Cost of Gas Tariff. Entries shall be made monthly to reflect:

- the total amounts paid to EPCOR's suppliers for natural gas applicable to general service customers, as recorded in the company's books and records,

- revenues produced by the operation of this Cost of Gas Tariff,

- refunds, payments, or charges provided for herein or as approved by the regulatory authority.

Reconciliation Audit. An annual review by EPCOR of its books and records for each twelve-month period ending with the June accounting month to determine the amount of over-collection or under-collection occurring during that twelve month period. The reconciliation audit conducted by EPCOR shall determine:

- the total amount paid for gas purchased by EPCOR to provide service to its general service customers during the period,

- the revenues received from operation of the provision of this Cost of Gas Tariff, reduced by the amount of revenue-associated fees and taxes paid on those revenues,

- the total amount of refunds made to customers during the period and any other revenues or credits received by EPCOR as a result of relevant gas purchases or operation of this Cost of Gas Tariff,

- an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of five (5) percent of purchases.

Reconciliation Component. The amount to be returned to or recovered from customers each month on customer bills covering usage for September through May, as a result of EPCOR's reconciliation audit.

Supersedes Rate Schedule Dated

COST OF GAS COMPONENT
RATE SCHEDULE
(Continued)

Determination and application of the reconciliation component. If the reconciliation audit reflects either an over-recovery or an under-recovery of revenues, such amount shall be divided by the general service customer sales volumes, for the period beginning with the preceding October billing cycle through the June billing cycle. The reconciliation component, so determined to collect any revenue shortfall or to return any excess revenue, shall be applied for a nine (9) month period beginning with the next October billing cycle and continuing through the next June billing cycle at which time it will terminate until a new reconciliation component is determined.

Surcharge or Refund Procedures. In the event that the rates and charges of EPCOR's suppliers are retroactively reduced, and a refund of any previous payment is made to EPCOR, EPCOR shall make a similar refund to its general service customers. Similarly, EPCOR may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. If the payment or refund related to gas purchased by EPCOR is for a period of twelve consecutive months or longer, the total amount recovered or refunded shall be divided by the general services sales made to general service customers during this applicable period. With regard to amounts received or paid that are applicable to periods less than twelve consecutive months, EPCOR shall refund or collect such amounts using one of the following three methods:

-over the same period of time as the over-charge or under-charge occurred,

-over the same number of units sold during the period of the over-charge or undercharge, or

-include the entire amount in the reconciliation account. Refunds or charges shall be entered into the reconciliation account as they are collected from or returned to customers. For the purpose of the Report discussed in the section below, 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 the section on Surcharge or Refund Procedures, above.

Report. By August 31 of each year, EPCOR shall file with the Commission, an annual Cost of Gas Reconciliation Report. The annual reconciliation report shall include, but not necessarily be limited to:

-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;

-a tabulation of gas volumes sold to general service customers and the related Cost of Gas Tariff revenues;

-a summary of all other costs and refunds made during the year and the status of the reconciliation account.

PIPELINE SAFETY AND REGULATORY PROGRAM RATE SCHEDULE

Pipeline Safety and Regulatory Program Tariff

Applicability. All customers in the EPCOR Gas service territory.

Fee. Once annually, EPCOR Gas Texas Inc. ("EPCOR") shall remit to the Commission the fee required in 16 TEX. ADMIN. CODE Section 8.201.

Surcharge. During the next billing cycle following EPCOR remittance to the Commission of the fee, EPCOR shall include on its customers' bills a Pipeline Safety and Regulatory Program Surcharge, to the extent authorized in 16 TEX. ADMIN. CODE Section 8.201.

Formula. The Rule 8.201 surcharge is calculated in accordance with the following formula:

Rule 8.201(b) fee assessed by the Commission on EPCOR
Divided by
Number of meters billed
Equals
Rule 8.201(b)(3) surcharge, applied per customer meter, once annually

In this formula, the number of meters billed refers to the number of meters billed during the billing month that precedes the month the Rule 8.201(b)(3) surcharge is included on customer bills.

The pipeline safety fee for 2020 was a one-time fee of $0.86 per bill for each bill issued in April 2020.

Compliance Report. The Company shall file an annual pipeline safety fee (PSF) report no later than 90 days after the last billing cycle in which the pipeline safety and regulatory program fee surcharge is billed to customers. The Company shall file the report with the Railroad Commission of Texas addressed to the Director of Oversight and Safety Division, Gas Services Department, referencing Gas Utilities Docket No.10988, and titling the report "Pipeline Safety Fee Recovery Report". The report shall include the following:

a) the pipeline safety 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 the surcharge was billed to customers; and
d) the total amount collected from customers from the surcharge.

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

Supersedes Rate Schedule Dated

RATE CASE EXPENSE SURCHARGE
RATE SCHEDULE

Rate Case Expense Surcharge.

Applicability. All customers in the EPCOR Gas service territory.

The Rate Case Expense (RCE) Surcharge shall be in effect beginning on or after the date of the Railroad Commission of Texas's (Commission) Final Order in Gas Utilities Docket No. 10988 and will continue for approximately five years until all of the rate case expense recovery approved in the Final Order is fully recovered.

The surcharge rate shall be $0.0301 per Ccf.

This surcharge is in addition to other rates and surcharges set forth in this tariff.

Compliance Report. 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. 10988. 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

TAX ADJUSTMENT RATE SCHEDULE

APPLICABILITY

Any applicable Taxes including ad Valorem Taxes and State Franchise Taxes affecting the Cost of Service shall be reflected as separate line items specifically identifying the tax on Customer invoices, and shall be reported to the Commission. The tax adjustment shall be an amount equivalent to the proportionate part of an existing tax or new tax or any governmental imposition, rental fee, or charge levied, assessed or imposed subsequent to the effective date of this tariff.

Formula.

The tax adjustment is calculated in accordance with the following formula:

Tax Amount
Divided by
Volume (Ccf) billed that month
Equals
Tax adjustment, applied per Ccf.

In this formula, the Volume (Ccf) billed refers to the volume of gas sold during the usage month that the adjustment is included on customer bills.

Reconciliation. Within 45 days after applying a tax adjustment and collecting the adjustment, the Company shall provide the Commission a reconciliation detailing the calculation of the adjustment and reconciling the amounts collected. If the reconciliation reflects either an over-recovery or an under-recovery of revenues of more than $0.50 per customer, such amount shall be carried forward and applied in the next billing cycle. If the over-recovery or an under-recovery of revenues is less than $0.50 per customer, the Company shall carry-forward the amount until the next application of the tax adjustment.

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RULE §7.45 Quality of Service

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

(1) Continuity of service.

(A) Service interruptions.

(i) Every gas utility shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the utility shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of customers are affected.

(ii) Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.

(iii) In the event of national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

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

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

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QUALITY OF SERVICE RULES
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(continued)

(2) Customer relations.

(A) Information to customers. Each utility shall:

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

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

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

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

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

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

(I) the customer's right to information concerning rates and services and the customer's right to inspect or obtain at reproduction cost a copy of the applicable tariffs and service rules;

(II) the customer's right to have his or her meter checked without charge under paragraph (7) of this section, if applicable;

(III) the time allowed to pay outstanding bills;

(IV) grounds for termination of service;

(V) the steps the utility must take before terminating service;

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(continued)

(VI) how the customer can resolve billing disputes with the utility and how disputes and health emergencies may affect termination of service;

(VII) information on alternative payment plans offered by the utility;

(VIII) the steps necessary to have service reconnected after involuntary termination;

(IX) the appropriate regulatory authority with whom to register a complaint and how to contact such authority;

(X) the hours, addresses, and telephone numbers of utility offices where bills may be paid and information may be obtained; and

(XI) the customer's right to be instructed by the utility how to read his or her meter;

(vii) at least once each calendar year, notify customers that information is available upon request, at no charge to the customer, concerning the items listed in clause (vi)(I) - (XI) of this subparagraph. This notice may be accomplished by use of a billing insert or a printed statement upon the bill itself.

(B) Customer complaints. Upon complaint to the utility by residential or small commercial customers either at its office, by letter, or by telephone, the utility shall promptly make a suitable investigation and advise the complainant of the results thereof. If shall keep a record of all complaints which shall show the name and address of the complainant, the date and nature of the complaint, and the adjustment or disposition thereof for a period of one year subsequent to the final disposition of the complaint.

(C) Utility response. Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a customer, the utility shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response must be made by the next working day. The utility must make a final and complete response within 15 days from the date of the complaint, unless additional time is granted within the 15-day period. The commission encourages all customer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of each utility; however, telephone communications will be acceptable.

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

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

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(continued)

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

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

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

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

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

(E) Delayed payment of bills by elderly persons.

(i) Applicability. This subparagraph applies only to:

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

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

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

(ii) Definitions.

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

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

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(continued)

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

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

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

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

(3) Refusal of service.

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

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

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

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

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

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

(i) delinquency in payment for service by a previous occupant of the premises to be served;

(ii) failure to pay for merchandise or charges for nonutility service purchased from the utility;

(iii) failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;

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(continued)

(iv) violation of the utility's rules pertaining to operation of nonstandard equipment or unauthorized attachments which interfere with the service of others unless the customer has first been notified and been afforded reasonable opportunity to comply with these rules;

(v) failure to pay a bill of another customer as guarantor thereof unless the guarantee was made in writing to the utility as a condition precedent to service; and

(vi) failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill.

(4) Discontinuance of service.

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

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

(C) A customer's utility service may be disconnected if the bill has not been paid or a deferred payment plan pursuant to paragraph (2)(D) of this section has not been entered into within five working days after the bill has become delinquent and proper notice has been given. Proper notice consists of a deposit in the United States mail, postage prepaid, or hand delivery to the customer at least five working days prior to the stated date of disconnection, with the words "Termination Notice" or similar language prominently displayed on the notice. The notice shall be provided in English and Spanish as necessary to adequately inform the customer, and shall include the date of termination, the hours, address, and telephone number where payment may be made, and a statement that if a health or other emergency exists, the utility may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency.

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

(i) failure to pay a delinquent account or failure to comply with the terms of a deferred payment plan for installment payment of a delinquent account;

(ii) violation of the utility's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the customer and the customer is provided with a reasonable opportunity to remedy the situation;

(iii) failure to comply with deposit or guarantee arrangements where required by paragraph (5) of this section;

(iv) without notice where a known dangerous condition exists for as long as the condition exists;

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(continued)

(v) tampering with the utility company's meter or equipment or bypassing the same.

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

(i) delinquency in payment for service by a previous occupant of the premises;

(ii) failure to pay for merchandise or charges for nonutility service by the utility;

(iii) failure to pay for a different type or class of utility service unless fee for such service is included on the same bill;

(iv) failure to pay the account of another customer as guarantor thereof, unless the utility has in writing the guarantee as a condition precedent to service;

(v) failure to pay charges arising from an underbilling occurring due to any misapplication of rates more than six months prior to the current billings;

(vi) failure to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due;

(vii) failure to pay an estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the utility is unable to read the meter due to circumstances beyond its control.

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

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

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

(5) Applicant deposit.

ENVIRONS
QUALITY OF SERVICE RULES
RATE SCHEDULE
(continued)

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

(i) if the residential applicant has been a customer of any utility for the same kind of service within the last two years and is not delinquent in payment of any such utility service account and during the last 12 consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment;

(ii) if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required; or

(iii) if the residential applicant furnishes in writing a satisfactory credit rating by appropriate means, including, but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the utility, or ownership of substantial equity.

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

(C) Amount of deposit and interest for residential service, and exemption from deposit.

(i) Each gas utility shall waive any deposit requirement for residential service for an applicant who has been determined to be a victim of family violence as defined in Texas Family Code, §71.004, by a family violence center, by treating medical personnel, by law enforcement agency personnel, or by a designee of the Attorney General in the Crime Victim Services Division of the Office of the Attorney General. This determination shall be evidenced by the applicant's submission of a certification letter developed by the Texas Council on Family Violence and made available on its web site.

(ii) The required deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings. If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the utility may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements.

(iii) All applicants for residential service who are 65 years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the utility or another

ENVIRONS
QUALITY OF SERVICE RULES
RATE SCHEDULE
(continued)

utility for the same utility service which accrued within the last two years. No cash deposit shall be required of such applicant under these conditions.

(iv) Each utility which requires deposits to be made by its customers shall pay a minimum interest on such deposits according to the rate as established by law. If refund of deposit is made within 30 days of receipt of deposit, no interest payment is required. If the utility retains the deposit more than 30 days, payment of interest shall be made retroactive to the date of deposit.

(I) Payment of interest to the customer shall be annually or at the time the deposit is returned or credited to the customer's account.

(II) The deposit shall cease to draw interest on the date it is returned or credited to the customer's account.

(D) Deposits for temporary or seasonal service and for weekend or seasonal residences. The utility may require a deposit sufficient to reasonably protect it against the assumed risk, provided such a policy is applied in a uniform and nondiscriminatory manner.

(E) Records of deposits.

(i) The utility shall keep records to show:

(I) the name and address of each depositor;

(II) the amount and date of the deposit; and

(III) each transaction concerning the deposit.

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

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

(F) Refund of deposit.

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

ENVIRONS
QUALITY OF SERVICE RULES
RATE SCHEDULE
(continued)

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

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

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

(6) Billing.

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

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

(i) if the meter is read by the utility, the date and reading of the meter at the beginning and end of the period for which rendered;

(ii) the number and kind of units billed;

(iii) the applicable rate schedule title or code;

(iv) the total base bill;

(v) the total of any adjustments to the base bill and the amount of adjustments per billing unit;

(vi) the date by which the customer must pay the bill to get prompt payment discount;

(vii) the total amount due before and after any discount for prompt payment within a designated period;

ENVIRONS
QUALITY OF SERVICE RULES
RATE SCHEDULE
(continued)

(viii) a distinct marking to identify an estimated bill.

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

(D) Disputed bills.

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

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

(7) Meters.

(A) Meter requirements.

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

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

(iii) Standard type. No utility may furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not

ENVIRONS
QUALITY OF SERVICE RULES
RATE SCHEDULE
(continued)

necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.

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

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

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

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

(iv) Meter tests on request of customer.

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

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

(v) Bill adjustments due to meter error.

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

(-a-) the last six months; or

(-b-) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to

ENVIRONS
QUALITY OF SERVICE RULES
RATE SCHEDULE
(continued)

be made. This requirement for a correction may be foregone by the utility if the error is to the utility's disadvantage.

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

(8) New construction.

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

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

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

EPCOR Gas Texas Inc. **RATE SCHEDULE MISC-ENV**

ENVIRONS
MISCELLANEOUS SERVICE CHARGES

Initiation and Restoration of Service

Initiation of service, $45.00 per trip

Restoration of service, after termination for non-payment or for a leak on a customer-owned facility, $45.00 per trip

Restoration of service, after service turn-off at request of customer or customer's agent, $45.00 per trip

Restoration of service, following a system disruption due to a natural disaster or area emergency, $0.00 per trip

Turn-Off Service

Turn-off service, after termination for non-payment or for a leak on a customer-owned facility, $45.00 per turn-off

Turn-off service, at request of customer or customers' agent, $45.00 per turn-off

Turn-off service, following a system disruption due to a natural disaster or an area emergency, $0.00 per turn-off

Meter Testing

Remove existing meter for testing as requested by customer (including setting a suitable replacement at existing tap), when no such test has been performed on the meter in four (4) or more years or when meter is found to be more than nominally defective per 16 TAC Section7.45(7)(B)(iv)(II) $0.00.

Customer Service Agent charge associated with meter testing requested by the customer, only if the meter has been tested within the past four (4) years and, upon retesting, meter is found to correctly record usage, Actual cost, up to $26.23 per hour.

Field Service Technician charge and vehicle operations costs associated with meter testing requested by the customer only if the meter has been tested within the past four (4) years and,

ENVIRONS
MISCELLANEOUS SERVICE CHARGES
(Continued)

upon retesting, meter is found to correctly record usage Actual cost, up to $30.84 per hour, maximum of $89.95 per trip

Change customer meter, $75.00 per trip, plus materials

Change residential meter location, $350.00 first meter, plus materials

Additional meters in manifold, $55.00 per meter

Meter Re-Read

When requested by customer, if the meter has not been tested in more than four years or when the meter is found to be more than nominally defective, $0.00.

When requested by customer, if the meter has been tested within four years and the prior meter read is found to be correct, $35.00 per trip.

Return check charge, $30.00 per return

Collection call, $35.00 per trip

Deposit Tariff

Application. EPCOR Gas Texas Inc. (EPCOR) may require a customer deposit from a customer that does not have acceptable credit bureau or other utility report of good standing.

Formula. If a customer is required to make a deposit, the amount of the deposit shall not exceed an amount equivalent to one-sixth of the customer`s estimated annual billings. If there is no billing history on the customer`s account, then the one-sixth rule will be applied to the customer`s account based on similarly-situated customers located in the geographic area.

Exemptions. EPCOR shall not require a person who is exempt from deposit requirements to make a deposit, as outlined in 16 TEX. ADMIN. CODE Section7.45(5)(C).

ENVIRONS
MISCELLANEOUS SERVICE CHARGES
(Continued)

Deposit refunds. EPCOR shall automatically refund each deposit, with interest, to customers who meet the requirements in 16 TEX. ADMIN. CODE Section7.45(5)(F).

Deposit practices. EPCOR has adopted the deposit practices in the Commissions Quality of Service Rule at 16 TEX. ADMIN. CODE Section7.45(5).

EPCOR GAS TEXAS INC. **RATE SCHEDULE WNA**

WEATHER NORMALIZATION ADJUSTMENT CLAUSE RATE SCHEDULE

The Weather Normalization Factor (WNF) is a factor that adjusts the Volumetric Fee for each 100 cubic feet (Ccf) of natural gas sold. The WNF is designed to refund over-collections and to surcharge for under-collections of revenue due to colder than normal or warmer than normal weather. In order to reflect weather variances in a timely and accurate manner, the WNF is calculated monthly and is based on monthly weather information for the three-month period beginning with December and ending with February. The Weather Normalization Factor shall apply only to residential, residential secondary, commercial, and public authority customers.

Formula. The WNF is calculated, as follows:

[Adjusted Heating Load plus Base Non-Heating Load] divided by Total Volumes Sold

Where: Adjusted Heating Load (Ccf) = Heating Load divided by HDD Factor

AvgHDD = Average heating degree-days for a calendar month as measured by the National Oceanic and Atmospheric Administration (NOAA) for the period 2009 through 2019 at their weather station in Conroe, Texas. The AvgHDD values used to calculate the WNF are: December 387, January 486, February 317.

Base Non-Heating Load (Ccf) = Base load factor x the number of bills issued for each class where base load factors are as follows:
Residential: 17
Residential Secondary: 7
Commercial: 318
Public Authority: 29

Bills = Number of bills issued to customers for gas sold that month

HDD = A heating degree day is a measurement of demand for energy to heat houses and businesses. The WNF is based upon actual heating degree-days for a calendar month as measured by the NOAA at their weather station located in Conroe, Texas.

HDD Factor (Heating Degree-Day Factor) = HDD divided by AvgHDD

Heating Load (Ccf) = Total Volumes Sold minus Base Non-Heating Load

Weather Normalization months = December, January, February

WEATHER NORMALIZATION ADJUSTMENT CLAUSE
RATE SCHEDULE
(Continued)

Report. Within 45 days from the last day in each Weather Normalization month, the company shall provide to the Commission, in spreadsheet format, one WNF Compliance Report per month to demonstrate how the company calculated the WNF, using the following format:

FORMAT FOR WNF COMPLIANCE REPORT
Line 1 AvgHDD
Lines 2-3 blank
Line 4 HDDs (for Conroe weather station)
Lines 5-6 blank
Line 7 Bills
Line 8 blank
Line 9 Base Non-Heating Load (Ccf), which is Line 7 times applicable Base Non-Heating load factor by customer class
Line 10 blank
Line 11 Total Volumes Sold
Line 12 blank
Line 13 Heating Load (Ccf), which is Line 11 minus Line 9
Lines 14-15 blank
Line 16 HDD Factor, which is Line 4 divided by Line 1
Line 17 blank
Line 18 Adjusted Heating Load (Ccf), which is Line 13 divided by Line 16
Line 19 blank
Line 20 WNF, which is [(Line 18 plus Line 9) divided by Line 11)]
Line 21-22 blank
Line 23 Volumetric Fee ($ per Ccf)
Line 24 blank
Line 25 Adjusted Volumetric Fee (Line 23 times Line 20)
Line 26-27 blank
Line 28 Effect on revenue, which is [(Line 25 minus Line 23) x Line 11)].

Each report shall have a column of data for each of the three Weather Normalization months, with fields populated for the latest and prior months in a winter season.

EPCOR GAS TEXAS INC.
LINE EXTENSION POLICY

Line Extension Policy.

All pipes, 100 feet or less. EPCOR Gas Texas Inc. (EPCOR) charge for installation and extension of new pipes, under normal conditions, not larger than two inches in outside diameter and not more than 100 feet in length is $0.00.

All pipes, more than 100 feet. For installation and extension of new pipes, under normal conditions, not larger than two inches in outside diameter, after the first 100 feet, EPCOR charges the actual cost.

All pipe larger than two inches in outside diameter. For installation and extension of new pipes under normal conditions, EPCOR charges the actual cost.

Reporting requirement. EPCOR shall provide a copy of its most current line extension policy to the Commission, addressed to the Director of the Oversight and Safety Division, Gas Services Department. No contribution in aid of construction will be required of any customer except as provided for in EPCOR`s line extension policy filed with the Commission, as set forth in 16 TEX. ADMIN. CODE Section 7.45(8)(B).

GUD No. 10988, *Consolidated*

Final Order

Attachment 2

(Net Plant and Depreciation)

EPCOR Gas Texas Inc.
Net Plant and Depreciation Rates by Account
Test Year Ending December 31, 2019

Line No.	FERC Account	Account Description	Plant Balance	Accumulated Depreciation	Net Plant	Depreciation Rate
	(a)	(b)	(c)	(d)	(e) = (c) - (d)	(f)
1		***Intangible Plant***				
2	301.00	Franchises and Consents	$ 1,607	$ 1,307	$ 300	0.00%
3		Subtotal: Intangible Plant	1,607	1,307	300	
4		***Transmission Plant***				
5	365.00	Land and Land Rights	81,116	-	81,116	0.00%
6	367.00	Mains	1,134,610	492,632	641,978	1.33%
7	369.00	Measuring and Reg. Stat. Equipment	335,575	187,914	147,661	1.49%
8	370.00	Communication Equipment	9,213	9,213	-	*(a)*
9		Subtotal: Transmission Plant	1,560,514	689,759	870,755	
10		***Distribution Plant***				
11	374.00	Land and Land Rights	47,901	-	47,901	0.00%
12	376.00	Mains	20,541,818	4,430,389	16,111,429	1.83%
13	379.00	Measure & Regulator Station - City Gates	2,831,795	678,895	2,152,900	2.51%
14	380.00	Services	2,182,879	424,538	1,758,341	2.40%
15	381.00	Meters	2,852,923	1,287,802	1,565,121	3.36%
16	383.00	House Regulators	367,594	145,467	222,127	3.47%
17		Subtotal: Distribution Plant	28,824,909	6,967,090	21,857,819	
18		***General Plant***				
19	389.00	Land	289,822	-	289,822	0.00%
20	390.00	Structures and Improvements	1,172,730	-	1,172,730	2.00%
21	391.00	Office Furniture & Equipment	227,640	36,664	190,977	3.22%
22	392.00	Transportation Equipment	438,551	326,500	112,051	2.47%
23	392.10	Transportation Equipment	454,910	327,286	127,624	15.96%
24	397.00	Communication Equipment	253,099	214,023	39,075	5.55%
25	398.00	Miscellaneous Equipment	1,016,918	915,052	101,866	2.33%
26		Subtotal: General Plant	3,853,669	1,819,525	2,034,145	
27		**TOTAL**	**$ 34,240,700**	**$ 9,477,681**	**$ 24,763,019**	

(a) If new assets are added a 10% rate should be used.