

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

APPLICATION OF TEXAS GAS SERVICE COMPANY TEST YEAR 2010 ANNUAL INTERIM RATE ADJUSTMENT FOR UNINCORPORATED AREAS OF THE RIO GRANDE VALLEY SERVICE AREA.	§ § § §	GAS UTILITIES DOCKET NO. 10127
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INTERIM RATE ADJUSTMENT ORDER

Notice of Open Meeting to consider this Order was duly posted with the Secretary of State within the time period provided by law pursuant to TEX. GOV'T CODE ANN. Chapter 551 (Vernon 2010). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

FINDINGS OF FACT

Background

1. Texas Gas Service Company (TGS) is a "gas utility," as that term is defined in the TEXAS UTILITY CODE, and is subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. Texas Gas Service Company (TGS), owns and operates a natural gas distribution system known as the Rio Grande Valley (RGV) system.
3. On November 2, 2011, TGS filed an application for an annual interim rate adjustment (IRA) applicable to the unincorporated customers located in the RGV service area.
4. TGS requested that the IRA for all customer classes become effective on January 1, 2012.
5. On November 4, 2011, the Commission suspended implementation of TGS' proposed IRA until February 15, 2012, which is 45 days following the 60th day after the application.
6. Neither TEX. UTIL. CODE § 104.301 (Vernon 2010) nor 16 TEX. ADMIN. CODE § 7.7101 (2010) provide the opportunity for parties to intervene in the Commission's review of an application for an annual IRA.
7. 16 TEX. ADMIN. CODE § 7.7101 (2010) allows written comments or a protest, concerning the proposed IRA, to be filed with the Gas Services Division.

8. As of the date of this interim order, no comments or protests concerning this application have been received by the Commission.
9. This docket represents the fifth annual IRA for TGS in the RGV service area since GUD No. 9708.
10. Until promulgation of TEX. UTIL. CODE § 104.301 (Vernon 2010), a utility could not increase its rates subject to the Commission's jurisdiction without filing with the Commission a formal statement of intent rate case, including a comprehensive cost of service rate review.
11. The proposed IRA will allow TGS an opportunity to recover, subject to refund, a return on investment, depreciation expense, and related taxes on the incremental cost of infrastructure investment since its last rate case, without the necessity of filing a statement of intent rate case and without review by the Commission of TGS' comprehensive cost of service.

Applicability

12. This docket applies to only those rates over which the Commission has original jurisdiction, which includes the unincorporated areas of the RGV system.
13. As of December 31, 2010, TGS had approximately 3,681 customers in the unincorporated RGV service area. Of these, 3,411 were residential customers, 180 were commercial and church customers, 15 were industrial customers, 49 were public authority customers, and 26 were transportation customers.

Most Recent Comprehensive Rate Case

14. TGS' most recent rate case for the area in which the IRA will be implemented is GUD No. 9708, *Statement of Intent filed by Texas Gas Service Company to Change the Rates in the Environs of the Rio Grande Valley Service Area*.
15. GUD No. 9708 was filed on November 17, 2006.
16. The data used in GUD No. 9708 was based on a test-year ending September 30, 2005.
17. The Commission signed the GUD No. 9708 Final Order on April 10, 2007 and the rates became effective the same day.
18. The following chart shows the factors that were established in GUD No. 9708¹ to calculate the return on investment, depreciation expense, and incremental federal income taxes for TGS:

¹ Docket No. 9708 Final Order, Finding of Fact Nos. 20, 21.

Table 1.0
Key IRA Factors

Rate of Return – IRA Filings	8.055%
Rate of Return – Earnings Monitoring Reports	8.4%
Depreciation Rate, composite	3.4714%
Federal Income Tax Rate	35%

Interim Rate Adjustment

19. TGS seeks approval from the Commission for an adjustment to its revenue, based on incremental net utility plant investment, with regard to the following components: return on investment; depreciation expense; ad valorem taxes; revenue related taxes; and federal income taxes, Exhibit B.
20. The revenue amounts to be recovered through the proposed annual IRA for TGS are incremental to the revenue requirement established in the most recent rate case for TGS for the area in which the IRA is to be implemented, GUD No. 9708, as adjusted.
21. TGS calculated and presented all incremental values for investment, accumulated depreciation, return on investment, depreciation expense, ad valorem taxes, and incremental federal income taxes for the twelve-months ended December 31, 2010. Revenue related taxes are not included in TGS's calculation of the IRA. An existing rate schedule that was established by the final Order in GUD No. 9708 is applied to all revenues, including revenues that result from an IRA.
22. The value of TGS' invested capital is equal to the original cost of the investment at the time the investment was first dedicated to public use minus the accumulated depreciation related to that investment.
23. TGS is required to use the same factors to calculate the interim return on investment, depreciation expense, and incremental federal income tax as those established or used in the final order setting rates for TGS in the most recent rate case for the area in which the IRA is to be implemented.
24. TGS filed the Commission's Annual Earnings Monitoring Report (EMR) as required by 16 TEX. ADMIN. CODE § 7.7101 (2010). The Company's actual rate of return is 7.23%, which is less than 0.75% in excess of the 8.745% allowed rate of return established in **GUD No. 9708**.
25. Gas Utilities Docket No. 9708, TGS' most recent Statement of Intent rate case for the unincorporated RGV service area and the basis for the key factors in an Interim Rate Adjustment (IRA) calculation, was approved by the Commission on April 10, 2007. Customer Charges are shown in Column B, below.

26. Gas Utilities Docket No. 9800, TGS' *first* IRA application for the unincorporated RGV service area, was approved by the Commission on July 29, 2008. The 2006 IRA adjustments are shown in Column C, below.
27. Gas Utilities Docket No. 9871, TGS' *second* IRA application for the unincorporated RGV service area, was approved by the Commission on July 14, 2009. The 2007 IRA adjustments are shown in Column D, below.
28. Gas Utilities Docket No. 9996, TGS' *third* IRA application for the unincorporated RGV service area, was approved by the Commission on December 14, 2010. The 2008 IRA adjustments are shown in Column E, below.
29. Gas Utilities Docket No. 10035, TGS' *fourth* IRA application for the unincorporated RGV service area, was approved by the Commission on March 8, 2011. The 2009 IRA adjustments are shown in Column F, below.
30. This docket, Gas Utilities Docket No. 10127, is the *fifth* IRA application for the unincorporated RGV service area. The proposed 2010 IRA adjustments are shown in Column G, below.
31. Under TEX. UTIL. CODE § 7.7101(l), TGS must file a rate case supporting the IRA's not later than 180 days after the fifth anniversary of the date of its initial IRA, or by January 25, 2013.
32. Under TEX. ADMIN. CODE § 7.7101(j), "any change in investment and related expenses and revenues that have been included in any interim rate adjustment shall be fully subject to review for reasonableness and prudence" in the next rate case. Per TEX. ADMIN. CODE § 7.7101(i), "all amounts collected from customers under an interim rate adjustment tariff" are subject to refund until the conclusion of the next rate case.
33. When the current Customer Charge, past, current, and proposed Interim Rate Adjustments (Columns B, C, D, E, F and G) are added, the resulting customer charge for affected customer classes is shown in Column H, Table 2.0 below.

Table 2.0
RGV Service Area Customer Charges and Interim Rate Adjustments (IRA)

A	B	C	D	E	F	G	H
Customer Type	Customer Charge	2006 IRA	2007 IRA	2008 IRA	2009 IRA	<i>Proposed</i> 2010 IRA	Total Charge
Residential	\$9.50	\$0.58	\$0.36	\$0.38	\$0.56	\$0.70	\$12.08
Church	\$12.50	\$3.92	\$2.33	\$2.40	\$3.57	\$4.45	\$29.17
Commercial	\$25.00	\$3.92	\$2.33	\$2.40	\$3.57	\$4.45	\$41.67
Industrial	\$50.00	\$10.95	\$5.90	\$1.73	\$2.58	\$2.86	\$74.02

Public Authority	\$30.00	\$3.53	\$2.18	\$2.34	\$3.48	\$3.98	\$45.51
T-1 Transportation	\$50.00	\$47.35	\$30.47	\$27.34	\$40.61	\$46.65	\$242.42
T-2 Transportation	\$250.00	\$47.35	\$30.47	\$27.34	\$40.61	\$46.65	\$442.42
Docket Nos.	9708	9800	9871	9996	10035	10127	

Note: Applicable to the unincorporated RGV Service Area

34. TGS filed its Annual Project Report as required by 16 TEX. ADMIN. CODE § 7.7101 (2010).
 1. Net capital additions included in this docket total \$ 6,591,427.¹
 2. Gross capital project additions totaled \$ 5,434,299.²
 3. Safety-related improvements/infrastructure projects totaled \$ 5,266,345, or 96.23% of total additions.
 4. Integrity testing projects totaled \$ 167,954, or 3.77% of total additions.³
35. TGS is required to allocate the revenue to be collected through the IRA among its customer classes in the same manner as the cost of service was allocated among its customer classes in its most recent rate case for the area in which the IRA is to be implemented.
36. TGS' proposed the IRA as a flat rate to be applied to the monthly Customer Charge rather than to the usage rate.
37. The follow allocation among customer classes is used to allocated the interim rate adjustment, table 3.0 below:

Table 3.0
Revenue Requirement Allocation for the unincorporated RGV Service Area

Customer Class	Allocation Factors
Residential	0.6822
Commercial	0.2347
Industrial	0.0021
Public Authority	0.0330
Standard – Regular (T-1)	0.0227
Standard – Large (T-2)	0.0254
Total System	1.0000

38. TGS is required to show its annual IRA on its customers' monthly billing statements as a surcharge.

¹ Schedule IRA – 10.

² *Id*

³ TGS' Response to Staff's RFI No. 1-3.

39. The proposed IRA does not require an evidentiary proceeding; rather, TEX. UTIL. CODE § 104.301 (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.7101 (2010) require the regulatory authority to review a utility's method of calculating the IRA.
40. Due process protections are deferred until TGS files its next full statement of intent rate case.

Notice

41. The Company provided adequate notice to TGS' RGV service area customers on December 15, 2011.

Comprehensive Rate Case Required

42. The Company is not required to initiate a rate case supporting a statement of intent, at the time it applies for an IRA.
43. Under 16 TEX. ADMIN. CODE § 7.7101 (I) (2010) a gas utility that implements an IRA and does not file a rate case before the fifth anniversary of the date its initial IRA became effective is required to file a rate case not later than the 180th day after that anniversary. TGS is required to file a statement of intent rate case not later than January 25, 2013.

Review of Interim Rate Adjustment

44. TGS presented its IRA calculation using the factors approved in GUD No. 9708 for rate of return, depreciation, and federal income tax.
45. TGS' proposed IRA is \$ 800,778 based on an incremental net utility plant investment increase of \$ 5,608,759¹, of which \$ 55,869 is attributed to the unincorporated area.
46. TGS proposed allocation methodology complies with TEX. UTIL. CODE § 104.301 (Vernon 2010), and with 16 TEX. ADMIN. CODE § 7.7101 (2010).

Reimbursements of Expense

47. As provided for in the statute and the rule, a gas utility that implements an IRA is required to reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.
48. After the Commission has finally acted on TGS' application for an IRA, the Director of the Gas Services Division will estimate TGS' proportionate share of the Commission's annual costs related to the processing of such applications.

¹ Schedule IRA -- 3.

49. In making the estimate of TGS' proportionate share of the Commission's annual costs related to the processing of such applications, the Director will take into account the number of utilities the Commission reasonably expects to file for IRAs during the fiscal year, and the costs expected to be incurred in processing such applications.
50. TGS is required to reimburse the Commission for the amount determined by the Director of the Gas Services Division, within thirty days after receipt of notice of the amount of the reimbursement.

CONCLUSIONS OF LAW

1. Texas Gas Service Company (TGS) is a "gas utility" as defined in TEX. UTIL. CODE ANN. § 101.003(7) (Vernon 2010) and § 121.001 (Vernon 2010), and is therefore subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. The Commission has jurisdiction over TGS' applications for IRAs for incremental changes in investment, and the subject matter of this case under TEX. UTIL. CODE ANN. §102.001, §104.001, §104.002, and §104.301 (Vernon 2010).
3. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 2010), the Commission has exclusive original jurisdiction over the rates and services of a gas utility that distributes natural gas in areas outside of a municipality and over the rates and services of a gas utility that transmits, transports, delivers, or sells natural gas to a gas utility that distributes the gas to the public.
4. Under the provisions of the TEX. UTIL. CODE ANN. § 104.301 (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.7101 (2010), TGS is required to seek Commission approval before implementing an IRA tariff to TGS' customers.
5. TGS filed its application for an IRA for changes in investment in accordance with the provisions of TEX. UTIL. CODE ANN. § 104.301 (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.7101 (2010).
6. TGS' application for an IRA was processed in accordance with the requirements of TEX. UTIL. CODE ANN. § 104.301 (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.7101 (2010).
7. In accordance with 16 TEX. ADMIN. CODE § 7.315 (2010), within thirty days of the effective date of any change to rates or services, TGS is required to file with the Gas Services Division of the Commission its revised tariffs.
8. TGS may not charge any rate that has not been successfully filed and accepted as a tariff filing electronically pursuant to TEX. UTIL. CODE ANN. §§ 102.151 and 104.002 (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.315 (2010).

9. In accordance with TEX. UTIL. CODE ANN. § 104.301(a) (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.7101(a) (2010), the filing date of TGS' most recent rate case, in which there is a final order setting rates for the area in which the IRA will apply, was no more than two years prior to the date TGS filed its initial IRA.
10. TGS is required, under TEX. UTIL. CODE ANN. § 104.301(e) (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.7101(d) (2010), to file with the Commission an annual project report, including the cost, need, and customers benefited by the change in investment, and describing the investment projects completed and placed in service during the preceding calendar year and the investments retired or abandoned during the preceding calendar year.
11. TGS shall include in all future annual IRA filings, relocation project reports that provide additional information about relocation project costs included in investment projects, in the same format as required in this docket.
12. TGS is required, under TEX. UTIL. CODE ANN. § 104.301(f) (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.7101(e) (2010), to file with the Commission an annual earnings-monitoring report demonstrating TGS' earnings during the preceding calendar year.
13. TGS is required, under 16 TEX. ADMIN. CODE § 7.7101(h) (2010), to recalculate its approved IRA annually and is required to file an application for an annual adjustment no later than 60 days prior to the one-year anniversary of the proposed implementation date of the previous IRA application.
14. In accordance with 16 TEX. ADMIN. CODE § 7.7101(i) (2010), all amounts collected from customers under TGS' IRA tariffs or rate schedules are subject to refund. The issues of refund amounts, if any, and whether interest should be included on refunded amounts and, if so, the rate of interest, shall be addressed in the rate case a gas utility files or the Commission initiates after the implementation of an IRA and shall be the subjects of specific findings of fact in the Commission's final order setting rates.
15. In accordance with 16 TEX. ADMIN. CODE § 7.7101(j) (2010), in the rate case that TGS files or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall be fully subject to review for reasonableness and prudence. Upon issuance of a final order setting rates in the rate case that TGS files or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall no longer be subject to review for reasonableness or prudence.
16. The Commission has authority to suspend the implementation of the IRA, under TEX. UTIL. CODE ANN. § 104.301(a) (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.7101(e) (2010).
17. TGS provided adequate notice, in accordance with TEX. UTIL. CODE ANN. § 104.301(a) (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.7101(b) (2010).

18. TGS' application for an IRA, as proposed, complies with all provisions of TEX. UTIL. CODE ANN. § 104.301 (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.7101 (2010).
19. TGS' IRA set forth in the findings of fact and conclusions of law in this Order comply with the provisions of TEX UTIL. CODE ANN. § 104.301 (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.7101 (2010).
20. In accordance with TEX. UTIL. CODE ANN. § 104.301(h) (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.7101(l) (2010), TGS shall file a comprehensive rate case for the areas in which the IRA is implemented, no later than the 180th day after the fifth anniversary of the date its initial IRA became effective, or January 25, 2013.
21. The Commission has authority, under TEX. UTIL. CODE ANN. § 104.301(j) (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.7101(m) (2010), to recover from TGS the proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.

IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS THAT Texas Gas Service Company's IRA for the Rio Grande Valley service area, as requested, and to the extent recommended to be approved in the findings of fact and conclusions of law, are **HEREBY APPROVED**, subject to refund, to be effective for bills rendered on or after the date of this order.

IT IS FURTHER ORDERED THAT TGS **SHALL** file with the Commission no later than January 25, 2013, a statement of intent to change rates as required under TEX. UTIL. CODE ANN. § 104.301(h) (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.7101(l) (2010).

IT IS FURTHER ORDERED THAT within 30 days of this order TGS **SHALL** electronically file its IRA tariff, Exhibit A, in proper form that accurately reflect the rates approved by the Commission in this Order.

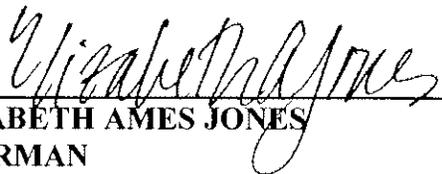
IT IS FURTHER ORDERED THAT TGS **SHALL** not charge any rate that has not been electronically filed and accepted by the Commission as a tariff.

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

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

SIGNED this 24th day of January, 2012.

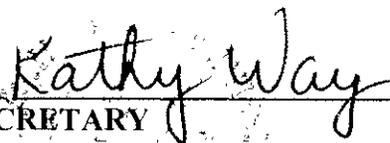
RAILROAD COMMISSION OF TEXAS


ELIZABETH AMES JONES
CHAIRMAN


DAVID PORTER
COMMISSIONER


BARRY T. SMITHERMAN
COMMISSIONER

ATTEST


SECRETARY



GUD No. 10127

**Exhibit A
Tariff**

INTERIM RATE ADJUSTMENT TARIFF 2006, 2007, 2008, 2009 and 2010

A. APPLICABILITY

This Interim Rate Adjustment (IRA) applies to all general service rate schedules of Texas Gas Service Company (Company) currently in force in the unincorporated areas of Rio Grande Valley Service Area. Applicable rate schedules include 1Z, 2Z, 3Z, 4Z, T-1 and T-2.

B. BILLING

The following Interim Rate Adjustments (IRA-2006 and IRA-2007 and IRA-2008 and IRA-2009 and IRA-2010) will be added to the applicable Rate Schedule Customer Charge for each monthly billing period:

Rate Schedule	Customer Class	Current Customer Charge	2006 Interim Rate Adjustment	2007 Interim Rate Adjustment	2008 Interim Rate Adjustment	2009 Interim Rate Adjustment	2010 Interim Rate Adjustment	Total
1Z	Residential	\$9.50	\$0.58	\$0.36	\$0.38	\$0.56	\$0.70	\$12.08
2Z	Church	\$12.50	\$3.92	\$2.33	\$2.40	\$3.57	\$4.45	\$29.17
2Z	Commercial	\$25.00	\$3.92	\$2.33	\$2.40	\$3.57	\$4.45	\$41.67
3Z	Industrial	\$50	\$10.95	\$5.90	\$1.73	\$2.58	\$2.86	\$74.02
4Z	Public Authority	\$30	\$3.53	\$2.18	\$2.34	\$3.48	\$3.98	\$45.51
T-1	T-1 Transportation	\$50	\$47.35	\$30.47	\$27.34	\$40.61	\$46.65	\$242.42
T-2	T-2 Transportation	\$250	\$47.35	\$30.47	\$27.34	\$40.61	\$46.65	\$442.42
	Docket numbers	9708	9800	9871	9996	10035	10127	

All applicable fees and taxes will be added to the above rate.

GUD No. 10127

**Exhibit B
Schedules**

SUMMARY

TEXAS GAS SERVICE COMPANY
RIO GRANDE VALLEY SERVICE AREA
TWELVE MONTH PERIOD ENDING DECEMBER 31, 2010
ENVIRONS GRIP FILING

Line No	Description	12/31/2009 Previous Year (b)	12/31/2010 Current Year (c)	Reference (d)
1	Net Investment	\$ 47,891,580	\$ 53,500,340	(b) IRA-7 line 50 col (f), (c) IRA-8 line 50 col (f)
2	Increase in Net Investment		\$ 5,608,759	IRA-9 line 50 col (f)
3	Authorized Return on Capital		8.0550%	IRA-15 line 6
4				
5	Change in Return on Net Investment		\$ 451,786	Line 2 + Line 3
6	Change in Depreciation Expense		\$ 145,010	IRA-10 line 50 col (g) plus IRA-13 line 50 col (g)
7	Change in Federal, Revenue and Other Taxes		\$ 203,982	IRA-5 line 13 col (g) plus IRA-6 line 20
8	Change in Revenue Requirement		\$ 800,778	Sum of Lines 5 - 7
9				
10	Annual Number of Bills		831,552	
11	Increase Per Bill Per Month		See Below	
12	(to be applied to monthly customer charge or initial block rate, check on)			
13	<input checked="" type="checkbox"/> Monthly Customer Charge			
14	<input type="checkbox"/> Initial Block Rate			
15				

Current and Proposed Bill Information - With Gas Cost					
		Current	Proposed	Difference	% Change
21	Residential Customers				
22	Average Monthly Bill @ 6 Mcf	\$ 48.05	\$ 48.75	\$ 0.70	1.5%
23	Average Monthly Bill @ 1.7 Mcf*	\$ 21.77	\$ 22.47	\$ 0.70	3.2%
24					
25	Commercial Customers				
26	Average Monthly Bill @ 30 Mcf	\$ 215.03	\$ 219.47	\$ 4.45	2.1%
27	Average Monthly Bill @ 41.7 Mcf*	\$ 284.37	\$ 288.82	\$ 4.45	1.6%
28					
29	Industrial Customers				
30	Average Monthly Bill @ 300 Mcf	\$ 1,844.31	\$ 1,847.17	\$ 2.86	0.2%
31	Average Monthly Bill @ 154.5 Mcf*	\$ 983.15	\$ 986.01	\$ 2.86	0.3%
32					
33	Public Authority				
34	Average Monthly Bill @ 30 Mcf	\$ 223.06	\$ 227.04	\$ 3.98	1.8%
35	Average Monthly Bill @ 27.5 Mcf*	\$ 207.94	\$ 211.91	\$ 3.98	1.9%
36					
37	Church				
38	Average Monthly Bill @ 30 Mcf	\$ 202.53	\$ 206.97	\$ 4.45	2.2%
39	Average Monthly Bill @ 2.1 Mcf*	\$ 37.17	\$ 41.61	\$ 4.45	12.0%

Current and Proposed Bill Information - Without Gas Cost					
		Current	Proposed	Difference	% Change
43	Residential Customers				
44	Average Monthly Bill @ 6 Mcf	\$ 21.19	\$ 21.89	\$ 0.70	3.3%
45	Average Monthly Bill @ 1.7 Mcf*	\$ 14.16	\$ 14.86	\$ 0.70	4.9%
46					
47	Commercial Customers				
48	Average Monthly Bill @ 30 Mcf	\$ 80.72	\$ 85.16	\$ 4.45	5.5%
49	Average Monthly Bill @ 41.7 Mcf*	\$ 97.68	\$ 102.13	\$ 4.45	4.6%
50					
51	Industrial Customers				
52	Average Monthly Bill @ 300 Mcf	\$ 501.21	\$ 504.07	\$ 2.86	0.6%
53	Average Monthly Bill @ 154.5 Mcf*	\$ 292.35	\$ 295.21	\$ 2.86	1.0%
54					
55	Public Authority				
56	Average Monthly Bill @ 30 Mcf	\$ 88.75	\$ 92.73	\$ 3.98	4.5%
57	Average Monthly Bill @ 27.5 Mcf*	\$ 84.82	\$ 88.79	\$ 3.98	4.7%
58					
59	Church				
60	Average Monthly Bill @ 30 Mcf	\$ 68.22	\$ 72.66	\$ 4.45	6.5%
61	Average Monthly Bill @ 2.1 Mcf*	\$ 27.76	\$ 32.21	\$ 4.45	16.0%
62					
63	Transportation				
64	Regular (T-1) Average Monthly Bill @ 500 Mcf*	\$ 648.42	\$ 695.07	\$ 46.65	7.2%
65	Large (T-2) Average Monthly Bill @ 6,000 Mcf*	\$ 1,814.17	\$ 1,860.82	\$ 46.65	2.6%

*Average Bill usage per GUD 9708 filing.
Average bills exclude revenue related taxes and are computed using a 12 month average Cost of Gas for CY 2010

REVENUE RELATED AND OTHER TAXES

TEXAS GAS SERVICE COMPANY
 RIO GRANDE VALLEY SERVICE AREA
 TWELVE MONTH PERIOD ENDING DECEMBER 31, 2010
 ENVIRONS GRIP FILING

Line No.	Description	12 Month End			12 Month End		
		Total	Adjustments (1)	(at Present Rates)	Adjustments (2)	As Adjusted (at Proposed Rates)	Change
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Non Revenue - Related						
2	Ad Valorem Tax	\$ 564,782	\$ 54,213	\$ 618,995	\$ 61,584	\$ 680,580	\$ 61,584
3	Revenue - Related						
4	State Gross Receipts - Tax	Note 3	Note 3	Note 3	Note 3	Note 3	Note 3
5	Local Gross Receipts - Tax	Note 3	Note 3	Note 3	Note 3	Note 3	Note 3
6	Railroad Commission - Gas Utility Tax	Note 3	Note 3	Note 3	Note 3	Note 3	Note 3
7	Total Revenue Related Taxes	Note 3	Note 3	Note 3	Note 3	Note 3	Note 3
8	TOTAL TAXES OTHER THAN INCOME	\$ 564,782	\$ 54,213	\$ 618,995	\$ 61,584	\$ 680,580	\$ 61,584
9							
10							
11							
12							
13							
14							
15							
16							
17	Note 1: Adjustment amount is the amount filed in the Company's 2009 IRA, (GUD 10035)						
18	Note 2: Adjustment is the net change in investment multiplied by the ad valorem effective rate factor based on property tax payments paid in Calendar Year 2010. Also see Company's Schedule 5.						
19	Note 3: Revenue related taxes are collected separately on the Customer's bill and are not part of the Company's revenue requirement.						

FEDERAL INCOME TAX

TEXAS GAS SERVICE COMPANY
 RIO GRANDE VALLEY SERVICE AREA
 TWELVE MONTH PERIOD ENDING DECEMBER 31, 2010
 ENVIRONS GRIP FILING

Line No.	Description	Prior Year (1) (b)	Amount (c)	Current Year (2) (d)	Amount (e)
1	Return on Investment				
2	Invested Capital (Rate Base)	\$ 47,891,580	\$	\$ 53,500,340	
3	Rate of Return	8.0550%		8.0550%	
4	Return on Investment		\$ 3,857,667		\$ 4,309,452
5					
6	Interest Expense				
7	Invested Capital (Rate Base)	\$ 47,891,580	\$	\$ 53,500,340	
8	Weighted Cost of Debt	3.340%		3.3400%	
9	Interest Expense		\$ 1,599,579		\$ 1,786,911
10					
11	After Tax Income		\$ 2,258,088		\$ 2,522,541
12					
13	Gross- Up Factor		1.538		1.538
14					
15	Before Tax Return		\$ 3,473,981		\$ 3,880,832
16					
17	Federal Income Tax Rate		35%		35%
18					
19	Federal Income Tax		\$ 1,215,893		\$ 1,358,291
20	CHANGE IN FEDERAL INCOME TAX		\$ 142,398		

Notes:

1. Original Column Heading changed from YEAR 1
2. Original Column Heading changed from YEAR 2

INVESTMENT DETAIL - PREVIOUS

TEXAS GAS SERVICE COMPANY
 RIO GRANDE VALLEY SERVICE AREA
 PER MOST RECENT RATE CASE - GUD DOCKET NO. 9708 AND IRA Filings - GUD DOCKET NO. 9800, 9871, 9996, & 10035 (1)
 ENVIRONS GRIP FILING

Line No	NARUC Account No. (a)	Note: (see note tab) (b)	FERC Account No. (c)	F.E.R.C. Account Titles (1) (d)	Original Cost (e)	RRC Approved Depreciation Rate (f)	Annual Depreciation (g)	Accumulated Depreciation (h)	Net Plant (i)
1				2. PRODUCTION AND GATHERING PLANT					
2	325		325	Land & Land Rights	\$ 19,656	0.0%	\$ -	\$ -	\$ 19,656
3	327		327	Field Compress Station Structures	4,695	5.0%	235	(320)	4,374
4	328		328	Field Meas/Reg Station Structures	2,640	5.0%	132	(180)	2,460
5	329		329	Other Structures	1	5.0%	0	-	1
6	332		332	Field Lines	543,422	5.0%	27,171	(37,047)	506,375
7	333		333	Field Compressor Station Equip	562	5.0%	28	(38)	524
8	334		334	Field Meas/Reg Station Equipment	74,634	5.0%	3,732	(5,088)	69,546
9	336		336	Purification Equipment	1,486	5.0%	74	(101)	1,385
10	337		337	Other Equipment	21,746	5.0%	1,087	(1,482)	20,264
11				Total Production and Gathering Plant	\$ 668,842		\$ 32,459	\$ (44,257)	\$ 624,584
12									
13				4. TRANSMISSION PLANT					
14	365		365	Land & Land Rights	\$ 41,200	0.0%	\$ -	\$ -	\$ 41,200
15	366		366	Structures & Improvements	154,928	2.5%	3,873	(18,184)	136,744
16	367		367	Mains	6,862,387	2.5%	171,560	166,644	7,029,031
17	368		368	Compressor Station Equip	22,693	2.5%	567	(4,512)	18,181
18	369		369	Measure/Reg. Station Equipment	2,706,966	2.5%	67,674	309,803	3,016,769
19	371		371	Other Equipment	146,333	2.5%	3,658	21,088	167,421
20				Total Transmission Plant	\$ 9,934,507		\$ 247,333	\$ 474,840	\$ 10,409,347
21									
22				5 DISTRIBUTION PLANT					
23	374		374	Land & Land Rights	\$ 40,409	0.0%	\$ -	\$ (38,048)	\$ 2,361
24	375		375	Structures & Improvements	166,154	3.5%	5,815	(70,607)	95,547
25	376		376	Mains	33,262,431	3.5%	1,164,185	(10,679,390)	22,583,041
26	377		377	Compressor Station Equipment	-	3.5%	-	-	-
27	378		378	Meas. & Reg. Station - General	2,769,028	3.5%	96,916	(608,881)	2,160,147
28	379		379	Meas. & Reg. Station - C.G.	426,935	3.5%	14,943	(73,990)	352,945
29	380		380	Services	17,344,124	3.5%	607,044	(9,124,866)	8,219,258
30	381		381	Meters	7,153,347	3.5%	250,367	(5,684,835)	1,468,512
31	383		383	Meter Installations	4,113	3.5%	144	-	4,113
32	385		385	House Regulators	6,866,407	3.5%	240,324	(7,749,894)	(883,487)
33	386		386	Indust. Meas. & Reg. Stat. Equipment	309,686	3.5%	10,839	(35,672)	274,015
34	387		387	Other Property on Customer Premises	6,144	3.5%	215	(5,690)	454
35				Other Equipment	206,871	3.5%	7,240	(356,254)	(149,383)
36				Total Distribution Plant	\$ 68,555,649		\$ 2,398,033	\$ (34,428,125)	\$ 34,127,524
37									
38				6. GENERAL PLANT					
38	389		389	Land & Land Rights	\$ 127,368	0.0%	\$ -	\$ -	\$ 127,368
39	390		390	Structures & Improvements	1,278,380	4.5%	57,527	(594,775)	683,605
40	391		391	Office Furniture & Equipment	621,897	9.0%	55,971	(283,487)	338,410
41	392		392	Transportation Equipment	846,284	0.0%	-	(267,533)	578,751
42	393		393	Stores Equipment	33,551	9.0%	3,020	(18,923)	14,628
43	394		394	Tools, Shop & Garage Equipment	1,191,492	9.0%	107,234	(409,860)	781,632
44	395		395	Laboratory Equip (CNG)	-	0.0%	-	-	-
45	396		396	Power Operated Equipment	229,033	0.0%	-	(338,166)	(109,133)
46	397		397	Communication Equipment	465,745	9.0%	41,917	(152,416)	313,329
47	398		398	Miscellaneous General Plant	4,792	9.0%	431	(3,257)	1,535
48				Total General plant	\$ 4,798,542		\$ 266,100	\$ (2,068,417)	\$ 2,730,125
49									
50				Total Orig Cost Plant in Service	\$ 83,957,540		\$ 2,943,925	\$ (36,065,960)	\$ 47,891,580

Notes.

53 1 Adjusted to include changes since last rate case (GUD 9708) and through the Company's 2006, 2007, 2008 & 2009 Interim Rate Adjustment Filings (GUD 9800, 9871, 9996, 10035, respectively)

INVESTMENT DETAIL - CURRENT

TEXAS GAS SERVICE COMPANY
RIO GRANDE VALLEY SERVICE AREA
TWELVE MONTH PERIOD ENDING DECEMBER 31, 2010
ENVIRONS GRIP FILING

Line No	NARUC Account No (a)	Note (see note lab) (b)	FERC Account No (c)	F.E.R.C. Account Titles (1) (d)	Original Cost (e)	RRC Approved Depreciation Rate (f)	Annual Depreciation (2) (g)	Accumulated Depreciation (h)	Net Plant (i)
1				2 PRODUCTION AND GATHERING PLANT					
2	325		325	Land & Land Rights	\$ 19,656	0.0%	\$ -	\$ -	\$ 19,656
3	327		327	Field Compress Station Structures	-	5.0%	-	-	-
4	328		328	Field Meas/Reg Station Structures	2,640	5.0%	132	(312)	2,328
5	329		329	Other Structures	1	5.0%	0	-	1
6	332		332	Field Lines	543,422	5.0%	27,171	(64,219)	479,204
7	333		333	Field Compressor Station Equip	-	5.0%	-	-	-
8	334		334	Field Meas/Reg Station Equipment	74,634	5.0%	3,732	(8,820)	65,814
9	336		336	Purification Equipment	1,486	5.0%	74	(175)	1,310
10	337		337	Other Equipment	21,746	5.0%	1,087	(2,569)	19,177
11				Total Production and Gathering Plant	\$ 663,585		\$ 32,196	\$ (76,095)	\$ 587,490
12									
13				4 TRANSMISSION PLANT					
14	365		365	Land & Land Rights	\$ 41,200	0.0%	\$ -	\$ -	\$ 41,200
15	366		366	Structures & Improvements	152,618	2.5%	3,815	(22,561)	130,057
16	367		367	Mains	7,543,447	2.5%	188,586	771,003	8,314,450
17	368		368	Compressor Station Equip	21,597	2.5%	540	(4,580)	17,017
18	369		369	Measure/Reg Station Equipment	3,071,008	2.5%	76,775	524,284	3,595,292
19	371		371	Other Equipment	146,333	2.5%	3,658	17,738	164,072
20				Total Transmission Plant	\$ 10,976,203		\$ 273,375	\$ 1,285,865	\$ 12,262,068
21									
22				5 DISTRIBUTION PLANT					
23	374		374	Land & Land Rights	\$ 40,409	0.0%	\$ -	\$ (38,048)	\$ 2,361
24	375		375	Structures & Improvements	167,629	3.5%	5,867	(71,369)	96,260
25	376		376	Mains	34,435,672	3.5%	1,205,249	(10,801,500)	23,634,172
26	377		377	Compressor Station Equipment	-	3.5%	-	-	-
27	378		378	Meas & Reg Station - General	2,863,423	3.5%	100,220	(616,601)	2,246,822
28	379		379	Meas & Reg Station - C.G	667,773	3.5%	23,372	(72,673)	595,100
29	380		380	Services	18,468,904	3.5%	646,412	(8,716,519)	9,752,385
30	381		381	Meters	7,389,209	3.5%	258,622	(5,650,246)	1,738,964
				382 Meter Installations	4,168	3.5%	146	(3,062)	1,107
31	383		383	House Regulators	6,975,948	3.5%	244,158	(7,587,488)	(611,540)
32	385		385	Indust Meas. & Reg Stat Equipment	330,344	3.5%	11,562	(38,433)	291,911
33	386		386	Other Property on Customer Premises	6,144	3.5%	215	(5,755)	389
34	387		387	Other Equipment	206,871	3.5%	7,240	(314,942)	(108,071)
35				Total Distribution Plant	\$ 71,556,493		\$ 2,503,063	\$ (33,916,634)	\$ 37,639,860
36									
37				6 GENERAL PLANT					
38	389		389	Land & Land Rights	\$ 127,368	0.0%	\$ -	\$ -	\$ 127,368
39	390		390	Structures & Improvements	1,271,512	4.5%	57,218	(611,890)	659,623
40	391		391	Office Furniture & Equipment	655,658	9.0%	59,009	(353,004)	302,654
41	392		392	Transportation Equipment	1,068,126	0.0%	-	(173,071)	895,055
42	393		393	Stores Equipment	33,551	9.0%	3,020	(21,315)	12,236
43	394		394	Tools, Shop & Garage Equipment	1,272,720	9.0%	114,545	(496,165)	776,556
44	395		395	Laboratory Equip (CNG)	-	0.0%	-	-	-
45	396		396	Power Operated Equipment	267,180	0.0%	-	(373,638)	(106,458)
46	397		397	Communication Equipment	511,983	9.0%	46,078	(169,327)	342,656
47	398		398	Miscellaneous General Plant	4,792	9.0%	431	(3,577)	1,216
48				Total General plant	\$ 5,212,889		\$ 280,307	\$ (2,201,987)	\$ 3,010,903
49									
50				Total Org Cost Plant in Service	\$ 88,409,171		\$ 3,068,936	\$ (34,908,831)	\$ 53,500,340

Notes

- 1 Only applicable FERC functions are included in the report
- 2 Estimated Annual depreciation based on Dec. 31, 2010 balances

INVESTMENT DETAIL
(INVESTMENT TO BE RECOVERED THROUGH INTERIM FILING)
TEXAS GAS SERVICE COMPANY
RIO GRANDE VALLEY SERVICE AREA
TWELVE MONTH PERIOD ENDING DECEMBER 31, 2010
ENVIRONS GRIP FILING

Line No.	NARUC Account No (a)	Note: (see note tab) (b)	FERC Account No (c)	F.E.R.C. Account Titles (1) (d)	Original Cost (e)	RRC Approved Depreciation Rate (f)	Annual Depreciation (g)	Accumulated Depreciation (2) (h)	Net Plant (i)
1				2. PRODUCTION AND GATHERING PLANT					
2	325		325	Land & Land Rights	\$ -	0.0%	\$ -	\$ -	\$ -
3	327		327	Field Compress Station Structures	(4,695)	5.0%	(235)	320	(4,374)
4	328		328	Field Meas/Reg Station Structures	0	5.0%	-	(132)	(132)
5	329		329	Other Structures	0	5.0%	-	-	-
6	332		332	Field Lines	0	5.0%	-	(27,171)	(27,171)
7	333		333	Field Compressor Station Equip	(562)	5.0%	(28)	38	(524)
8	334		334	Field Meas/Reg Station Equipment	0	5.0%	-	(3,732)	(3,732)
9	336		336	Purification Equipment	0	5.0%	-	(74)	(74)
10	337		337	Other Equipment	0	5.0%	-	(1,087)	(1,087)
11				Total Production and Gathering Plant	\$ (5,257)		\$ (263)	\$ (31,838)	\$ (37,095)
12									
13				4. TRANSMISSION PLANT					
14	365		365	Land & Land Rights	\$ -	0.0%	\$ -	\$ -	\$ -
15	366		366	Structures & Improvements	(2,311)	2.5%	(58)	(4,377)	(6,687)
16	367		367	Mains	681,060	2.5%	17,026	604,359	1,285,419
17	368		368	Compressor Station Equip	(1,096)	2.5%	(27)	(65)	(1,164)
18	369		369	Measura/Reg Station Equipment	364,042	2.5%	9,101	214,481	578,523
19	371		371	Other Equipment	-	2.5%	-	(3,350)	(3,350)
20				Total Transmission Plant	\$ 1,041,696		\$ 26,042	\$ 811,045	\$ 1,852,740
21									
22				5. DISTRIBUTION PLANT					
23	374		374	Land & Land Rights	\$ -	0.0%	\$ -	\$ -	\$ -
24	375		375	Structures & Improvements	1,475	3.5%	52	(762)	713
25	376		376	Mains	1,173,241	3.5%	41,063	(122,110)	1,051,131
26	377		377	Compressor Station Equipment	0	3.5%	-	-	-
27	378		378	Meas. & Reg Station - General	94,395	3.5%	3,304	(7,720)	86,675
28	379		379	Meas & Reg. Station - C.G.	240,838	3.5%	8,429	1,317	242,155
29	380		380	Services	1,124,760	3.5%	39,367	408,347	1,533,127
30	381		381	Meters	235,863	3.5%	8,255	34,589	270,452
31	382		382	Meter Installations	55	3.5%	2	(3,062)	(3,007)
32	383		383	House Regulators	109,541	3.5%	3,834	162,407	271,947
33	385		385	Indust. Meas. & Reg. Stat. Equipment	20,657	3.5%	723	(2,761)	17,896
34	386		386	Other Property on Customer Premises	0	3.5%	-	(65)	(65)
35	387		387	Other Equipment	0	3.5%	-	41,312	41,312
36				Total Distribution Plant	\$ 3,000,844		\$ 105,030	\$ 511,492	\$ 3,512,336
37									
38				6. GENERAL PLANT					
38	389		389	Land & Land Rights	\$ -	0.0%	\$ -	\$ -	\$ -
39	390		390	Structures & Improvements	(6,868)	4.5%	(309)	(17,115)	(23,982)
40	391		391	Office Furniture & Equipment	33,761	9.0%	3,039	(69,517)	(35,756)
41	392		392	Transportation Equipment	221,842	0.0%	-	94,462	316,304
42	393		393	Stores Equipment	0	9.0%	-	(2,392)	(2,392)
43	394		394	Tools, Shop & Garage Equipment	61,228	9.0%	7,311	(86,305)	(5,076)
44	395		395	Laboratory Equip (CNG)	0	0.0%	-	-	-
45	396		396	Power Operated Equipment	38,147	0.0%	-	(35,473)	2,675
46	397		397	Communication Equipment	46,237	9.0%	4,161	(16,911)	29,327
47	398		398	Miscellaneous General Plant	0	9.0%	-	(319)	(319)
48				Total General plant	\$ 414,348		\$ 14,201	\$ (133,570)	\$ 280,778
49									
50				Total Orig Cost Plant in Service	\$ 4,451,631		\$ 145,010	\$ 1,157,128	\$ 5,608,759
51									
52	Notes.				\$ 4,451,631				
53	1			Only applicable FERC functions are included in the report					
	2			Accumulated Depreciation is the difference between balances in column (h) on IRA-8 and IRA-7					

INVESTMENT DETAIL - ADDITIONS

TEXAS GAS SERVICE COMPANY
RIO GRANDE VALLEY SERVICE AREA
TWELVE MONTH PERIOD ENDING DECEMBER 31, 2010
ENVIRONS GRIP FILING

Line No	NARUC Account No (a)	Note (see note tab) (b)	FERC Account No (c)	F E R C Account Titles (1) (d)	Original Cost (e)	RRC Approved Depreciation Rate (f)	Annual Depreciation (2) (g)	Accumulated Depreciation (3) (h)	Net Plant (i)
							(g) = (i) * (f)		
1				2 PRODUCTION AND GATHERING PLANT					
2	325		325	Land & Land Rights	\$ -	0.0%	\$ -	\$ -	\$ -
3	327		327	Field Compress Station Structures	-	5.0%	-	320	320
4	328		328	Field Meas/Reg Station Structures	-	5.0%	-	(132)	(132)
5	329		329	Other Structures	-	5.0%	-	-	-
6	332		332	Field Lines	-	5.0%	-	(27,171)	(27,171)
7	333		333	Field Compressor Station Equip	-	5.0%	-	38	38
8	334		334	Field Meas/Reg Station Equipment	-	5.0%	-	(3,732)	(3,732)
9	336		336	Purification Equipment	-	5.0%	-	(74)	(74)
10	337		337	Other Equipment	-	5.0%	-	(1,087)	(1,087)
11				Total Production and Gathering Plant	\$ -		\$ -	\$ (31,838)	\$ (31,838)
12									
13				4 TRANSMISSION PLANT					
14	365		365	Land & Land Rights	\$ -	0%	\$ -	\$ -	\$ -
15	366		366	Structures & Improvements	(0)	2.5%	(0)	(4,377)	(4,377)
16	367		367	Mains	997,454	2.5%	24,936	604,359	1,601,813
17	368		368	Compressor Station Equip	-	2.5%	-	(68)	(68)
18	369		369	Measure/Reg Station Equipment	562,521	2.5%	14,063	214,481	777,002
19	371		371	Other Equipment	-	2.5%	-	(3,350)	(3,350)
20				Total Transmission Plant	\$ 1,559,975		\$ 38,999	\$ 811,045	\$ 2,371,020
21									
22				5 DISTRIBUTION PLANT					
23	374		374	Land & Land Rights	\$ -	0%	\$ -	\$ -	\$ -
24	375		375	Structures & Improvements	2,634	3.5%	92	(762)	1,672
25	376		376	Mains	1,371,426	3.5%	48,000	(122,110)	1,249,316
26	377		377	Compressor Station Equipment	-	3.5%	-	-	-
27	378		378	Meas & Reg Station - General	123,464	3.5%	4,321	(7,720)	115,744
28	379		379	Meas & Reg Station - C G	244,618	3.5%	8,562	1,317	245,935
29	380		380	Services	1,177,324	3.5%	41,206	408,347	1,585,671
30	381		381	Meters	315,115	3.5%	11,029	34,589	349,704
31	382		382	Meter Installations	55	3.5%	2	(3,062)	(3,007)
32	383		383	House Regulators	109,567	3.5%	3,835	162,407	271,973
33	385		385	Indust Meas & Reg. Stat Equipment	21,404	3.5%	749	(2,761)	18,642
34	386		386	Other Property on Customer Premises	-	3.5%	-	(65)	(65)
35	387		387	Other Equipment	-	3.5%	-	41,312	41,312
36				Total Distribution Plant	\$ 3,365,606		\$ 117,796	\$ 511,492	\$ 3,877,098
37									
38				6 GENERAL PLANT					
39	389		389	Land & Land Rights	\$ -	0.0%	\$ -	\$ -	\$ -
40	390		390	Structures & Improvements	(0)	4.5%	(0)	(17,115)	(17,115)
41	391		391	Office Furniture & Equipment	36,337	9.0%	3,270	(69,517)	(33,180)
42	392		392	Transportation Equipment	287,845	0.0%	-	94,462	382,307
43	393		393	Stores Equipment	-	9.0%	-	(2,392)	(2,392)
44	394		394	Tools, Shop & Garage Equipment	81,970	9.0%	7,377	(86,305)	(4,335)
45	395		395	Laboratory Equip (CNG)	-	0.0%	-	-	-
46	396		396	Power Operated Equipment	56,328	0.0%	-	(35,473)	20,855
47	397		397	Communication Equipment	46,237	9.0%	4,161	(16,911)	29,327
48	398		398	Miscellaneous General Plant	-	9.0%	-	(319)	(319)
49				Total General plant	\$ 508,717		\$ 14,809	\$ (133,570)	\$ 375,147
50									
51				Total Orig Cost Plant in Service	\$ 5,434,299		\$ 171,605	\$ 1,157,128	\$ 6,591,427

Notes

- 1 Only applicable FERC functions are included in the report
- 2 Annual Depreciation calculated on plant additions
- 3 Accumulated Depreciation is the difference between balances in column (h) on IRA-8 and IRA-7

INVESTMENT DETAIL

TEXAS GAS SERVICE COMPANY
RIO GRANDE VALLEY SERVICE AREA
TWELVE MONTH PERIOD ENDING DECEMBER 31, 2010
ENVIRONS GRIP FILING
FOOTNOTES

1. Use for Footnotes

1. Only applicable FERC functions are included in the report
2. IRA-8 -Estimated Annual Depreciation based on Dec. 31, 2010 balances.
3. IRA-9 - Accumulated Depreciation is the difference between balances in column (h) on IRA-8 and IRA-7
4. IRA-10 - Annual Depreciation calculated on plant additions
5. IRA-10 - Accumulated Depreciation is the difference between balances in column (h) on IRA-8 and IRA-7
6. Meals have been excluded. See Investment Detail in Attachment B.

INVESTMENT DETAIL - RETIREMENTS

TEXAS GAS SERVICE COMPANY
RIO GRANDE VALLEY SERVICE AREA
TWELVE MONTH PERIOD ENDING DECEMBER 31, 2010
ENVIRONS GRIP FILING

Line No.	NARUC Account No (a)	Note: (see note tab) (b)	FERC Account No. (c)	F.E.R.C. Account Titles (1) (d)	Original Cost (e)	RRC Approved Depreciation Rate (f)	Annual Depreciation (g)	Accumulated Depreciation (h)	Net Plant (i)
1				2. PRODUCTION AND GATHERING PLANT					
2	325		325	Land & Land Rights	\$ -	0.0%	\$ -	\$ -	\$ -
3	327		327	Field Compress Station Structures	(4,695)	5.0%	(235)	4,695	-
4	328		328	Field Meas/Reg Station Structures	-	5.0%	-	-	-
5	329		329	Other Structures	-	5.0%	-	-	-
6	332		332	Field Lines	-	5.0%	-	-	-
7	333		333	Field Compressor Station Equip	(562)	5.0%	(28)	562	-
8	334		334	Field Meas/Reg Station Equipment	-	5.0%	-	-	-
9	336		336	Purification Equipment	-	5.0%	-	-	-
10	337		337	Other Equipment	-	5.0%	-	-	-
11				Total Production and Gathering Plant	<u>\$ (5,257)</u>		<u>\$ (263)</u>	<u>\$ 5,257</u>	<u>\$ -</u>
12									
13				4. TRANSMISSION PLANT					
14	365		365	Land & Land Rights	\$ -	0%	\$ -	\$ -	\$ -
15	366		366	Structures & Improvements	(2,311)	2.5%	(58)	2,311	-
16	367		367	Mains	(316,394)	2.5%	(7,910)	316,394	-
17	368		368	Compressor Station Equip	(1,096)	2.5%	(27)	1,096	-
18	369		369	Measure/Reg. Station Equipment	(198,479)	2.5%	(4,962)	198,479	-
19	371		371	Other Equipment	-	2.5%	-	-	-
20				Total Transmission Plant	<u>\$ (518,280)</u>		<u>\$ (12,957)</u>	<u>\$ 518,280</u>	<u>\$ -</u>
21									
22				5. DISTRIBUTION PLANT					
23	374		374	Land & Land Rights	\$ -	0%	\$ -	\$ -	\$ -
24	375		375	Structures & Improvements	(1,159)	3.5%	(41)	1,159	-
25	376		376	Mains	(198,186)	3.5%	(6,936)	198,186	-
26	377		377	Compressor Station Equipment	-	3.5%	-	-	-
27	378		378	Meas. & Reg. Station - General	(29,069)	3.5%	(1,017)	29,069	-
28	379		379	Meas. & Reg. Station - C.G.	(3,780)	3.5%	(132)	3,780	-
29	380		380	Services	(52,544)	3.5%	(1,839)	52,544	-
30	381		381	Meters	(79,252)	3.5%	(2,774)	79,252	-
31	383		383	House Regulators	(26)	3.5%	(1)	26	-
32	385		385	Indust. Meas. & Reg. Stat. Equipment	(746)	3.5%	(26)	746	-
33	386		386	Other Property on Customer Premises	-	3.5%	-	-	-
34	387		387	Other Equipment	-	3.5%	-	-	-
35				Total Distribution Plant	<u>\$ (364,762)</u>		<u>\$ (12,767)</u>	<u>\$ 364,762</u>	<u>\$ -</u>
36									
37				6. GENERAL PLANT					
38	389		389	Land & Land Rights	\$ -	0.0%	\$ -	\$ -	\$ -
39	390		390	Structures & Improvements	(6,868)	4.5%	(309)	6,868	-
40	391		391	Office Furniture & Equipment	(2,576)	9.0%	(232)	2,576	-
41	392		392	Transportation Equipment	(66,004)	0.0%	-	66,004	-
42	393		393	Stores Equipment	-	9.0%	-	-	-
43	394		394	Tools, Shop & Garage Equipment	(741)	9.0%	(67)	741	-
44	395		395	Laboratory Equip (CNG)	-	0.0%	-	-	-
45	396		396	Power Operated Equipment	(18,180)	0.0%	-	18,180	-
46	397		397	Communication Equipment	-	9.0%	-	-	-
47	398		398	Miscellaneous General Plant	-	9.0%	-	-	-
48				Total General plant	<u>\$ (94,369)</u>		<u>\$ (608)</u>	<u>\$ 94,369</u>	<u>\$ -</u>
49									
50				Total Orig Cost Plant in Service	<u>\$ (982,668)</u>		<u>\$ (26,594)</u>	<u>\$ 982,668</u>	<u>\$ -</u>

51 Notes
52 1. Only applicable FERC functions are included in the report
53

WEIGHTED AVERAGE COST OF CAPITAL

TEXAS GAS SERVICE COMPANY
 RIO GRANDE VALLEY SERVICE AREA
 TWELVE MONTH PERIOD ENDING DECEMBER 31, 2010
 ENVIRONS GRIP FILING

Per Last Rate Case :
 Docket No. 9708

Line No.	Description	Investment Balance (a)	Percent of Total (b)	Cost (c)	Weighted Cost (d)
1	Common Equity	\$ 14,846,868	46%	10.250%	4.7150%
2	Preferred Stock		0%		
3	Preferred Trust Securities		0%		
4	Long-Term Debt	\$ 17,428,933	54%	6.180%	3.3400%
5	Short-Term Debt		0%		
6	Total	\$ 32,275,801	100%		8.0550%

Note: GUD 9708 Final Order Finding of Fact 20 set allowable rate of return at 8.0550 percent for new investments made in the RGVSA for the purpose of filing a request for incremental rate adjustments pursuant to TEX. UTIL. CODE ANAL. §104.301 (Vernon Supp. 2006)

ALLOCATION OF INVESTMENT RECOVERY

TEXAS GAS SERVICE COMPANY
 RIO GRANDE VALLEY SERVICE AREA
 TWELVE MONTH PERIOD ENDING DECEMBER 31, 2010
 ENVIRONS GRIP FILING

Allocation Factors Per Rate Case - Docket No. : 9708	
Residential - Sch 10:	0.6822
Commercial and Church	0.2347
Industrial	0.0021
Public Authority	0.0330
Standard - Regular (T-1)	0.0227
Standard - Large (T-2)	0.0254
Total System	<u>1.0000</u>

Allocation Factors Requested in this filing	
Residential	0.6822
Commercial and Church	0.2347
Industrial	0.0021
Public Authority	0.0330
Standard - Regular (T-1)	0.0227
Standard - Large (T-2)	0.0254
Total System	<u>1.0000</u>

New Investment Recovery Distribution		
Requested Recovery Amount		\$ 800,778
Residential	0.6822	546,279
Commercial and Church	0.2347	187,912
Industrial	0.0021	1,652
Public Authority	0.0330	26,402
Standard - Regular (T-1)	0.0227	18,177
Standard - Large (T-2)	<u>0.0254</u>	<u>20,357</u>
Total System	1.00000	\$ 800,778