

**BEFORE THE  
RAILROAD COMMISSION OF TEXAS**

|   |                                 |   |
|---|---------------------------------|---|
| <b>APPLICATION FILED BY TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC., 2013 GAS RELIABILITY INFRASTRUCTURE PROGRAM RATE ADJUSTMENT FOR THE UNINCORPORATED AREAS OF THE NORTH TEXAS SERVICE AREA.</b> | §<br>§<br>§<br>§<br>§<br>§<br>§ | <b>GAS UTILITIES DOCKET<br/>NO. 10387</b> |
|---|---------------------------------|---|

**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, a Division of ONE Gas, Inc., (TGS) is a "gas utility," as that term is defined in the TEXAS UTILITY CODE, and is subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. TGS owns and operates a natural gas distribution system known as the North Texas Service Area (NTSA).
3. On October 3, 2014, TGS filed an application for an annual interim rate adjustment (IRA) applicable to the unincorporated customers located in the NTSA.
4. TGS requested that the IRA for all customer classes become effective on December 2, 2014.
5. On October 7, 2014, the Commission suspended implementation of TGS' proposed IRA until January 16, 2015, which is 45 days following the 60<sup>th</sup> day after the application.
6. On January 2, 2015, TGS provided a letter, Exhibit A, voluntarily extending the jurisdictional deadline to January 31, 2015.

7. TEX. UTIL. CODE, §104.301 does not provide a remedy for parties that oppose an annual interim rate adjustment.
8. 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.
9. As of the date of this interim order, no comments or protests concerning this application have been received by the Commission.
10. 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.
11. This docket represents the third annual IRA for TGS in the NTSA since Gas Utilities Docket (GUD) No. 10094, the most recent rate case for the environs or unincorporated areas of TGS' NTSA.
12. 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.
13. 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, GUD No. 10094, without the necessity of filing a statement of intent rate case and without review by the Commission of TGS' comprehensive cost of service.

#### Applicability

14. This docket applies to only those rates over which the Commission has original jurisdiction, which includes the unincorporated areas of TGS' NTSA.
15. As of December 31, 2013, TGS had approximately 1,768 customers in the unincorporated areas of the NTSA. Of these, 1,561 are residential customers, 172 are commercial customers, 0 large volume commercial customers, 0 industrial customers, 1 is a large volume industrial customer, 34 are public authority customers, and 0 large volume public authority customers.

#### Most Recent Comprehensive Rate Case

16. TGS' most recent rate case for the area in which the IRA will be implemented is GUD No. 10094, *Statement of Intent Filed by Texas Gas Service Company to Change Rates within the Environs of the North Texas Service Area*.
17. GUD No. 10094 was filed on June 23, 2011.

18. The data used in GUD No. 10094 was based on a test-year ending December 31, 2010.
19. The Commission signed the GUD No. 10094 Final Order on June 26, 2012, and the rates became effective the same day.
20. The following chart shows the factors that were established in GUD No. 10094<sup>1</sup> to calculate the return on investment, depreciation expense, and incremental federal income taxes for TGS:

**Table 1.0**  
**Key IRA Factors**

|                                |         |
|--------------------------------|---------|
| Rate of Return – IRA Filings   | 8.5840% |
| Depreciation Rate <sup>2</sup> | Various |
| Federal Income Tax Rate        | 35%     |

Interim Rate Adjustment

21. 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 C.
22. 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. 10094, and subsequent approved interim rate adjustments.
23. In the first interim rate adjustment, GUD No. 10246, following the most recent rate case, GUD No. 10094, TGS adjusted its rates based on the difference between invested capital at the end of the most recent rate case test-year (December 31, 2010) and the invested capital at the end of the calendar year following the end of the most recent rate case test-year (December 31, 2011).
24. In the second interim rate adjustment, GUD No. 10309, following the most recent rate case, TGS adjusted its rates based on the difference between invested capital from test year end December 31, 2011 to test year end December 31, 2012.
25. In this docket, the third interim adjustment following the most recent rate case, TGS adjusted its rates based on the difference between invested capital from test year end December 31, 2012 to test year end December 31, 2013.

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<sup>1</sup> Docket No. 10094 Final Order.

<sup>2</sup> Schedule IRA – 9.

26. 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.
27. 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, GUD No. 10094.
28. 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 6.50%, which is less than 0.75% in excess of the 8.5840% allowed rate of return established in GUD No. 10094.
29. GUD No. 10094, TGS' most recent Statement of Intent rate case for the unincorporated areas of the NTSA and the basis for the key factors in an IRA calculation, was approved by the Commission on June 26, 2012. Customer Charges are shown in Table 2.0, Column B, below.
30. GUD No. 10246, TGS' first IRA for the unincorporated areas of the NTSA, was approved by the Commission on June 13, 2013. IRA adjustments to the Customer Charges are shown in Table 2.0, Column C, below.
31. GUD No. 10309, TGS' second IRA for the unincorporated areas of the NTSA, was approved by the Commission on February 4, 2014. IRA adjustments to the Customer Charges are shown in Table 2.0, Column D, below.
32. This docket, GUD No. 10387, is the *third* IRA application for the unincorporated areas of the NTSA. The proposed 2013 IRA adjustments are shown in Table 2.0, Column E, below.
33. Under TEX. UTIL. CODE § 7.7101(i), TGS must file a rate case, Statement of Intent, supporting the IRA's not later than 180 days after the fifth anniversary of the effective date of its initial IRA, or by December 10, 2018.
34. 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.
35. When the Customer Charge, the 2011 Interim Rate Adjustments, the 2012 Interim Rate Adjustments, and proposed 2013 Interim Rate Adjustments (Columns B, C, D and E) are added, the resulting customer charge for affected customer classes is shown in Table 2.0, Column F, below.

**Table 2.0**  
**North Texas Service Area Customer Charges and Interim Rate Adjustments (IRA)**

| Customer Class         | Customer Charge (GUD 10094) | IRA – 2011 (GUD 10246) | IRA - 2012 (GUD 10309) | IRA – 2013 (GUD 10387) | New Customer Charge |
|------------------------|-----------------------------|------------------------|------------------------|------------------------|---------------------|
| A                      | B                           | C                      | D                      | E                      | F                   |
| Residential            | \$ 10.75                    | \$ 2.33                | \$ 2.19                | \$ 1.80                | \$ 17.07            |
| Commercial             | \$ 22.50                    | \$ 7.80                | \$ 7.36                | \$ 6.05                | \$ 43.71            |
| Large Commercial       | \$ 400.00                   | \$ 204.84              | \$ 190.42              | \$ 157.95              | \$ 953.21           |
| Industrial             | \$ 50.00                    | \$ 50.35               | \$ 39.89               | \$ 31.49               | \$ 171.73           |
| Large Industrial       | \$ 400.00                   | \$ 74.72               | \$ 61.49               | \$ 55.47               | \$ 591.68           |
| Public Authority       | \$ 40.00                    | \$ 18.59               | \$ 17.43               | \$ 13.80               | \$ 89.82            |
| Large Public Authority | \$ 400.00                   | \$ 284.69              | \$ 253.67              | \$ 211.53              | \$ 1,149.89         |
|                        |                             |                        |                        |                        |                     |

36. TGS filed its Annual Project Report as required by 16 TEX. ADMIN. CODE § 7.7101 (2010).
- Net capital additions included in this docket totaled \$ 4,513,451.<sup>1</sup>
  - Gross capital project additions totaled \$ 49,611,667.<sup>2</sup>
  - Safety-related improvements/infrastructure projects are 83.48% of total net additions.<sup>3</sup>
  - Integrity testing projects are 0.00% of total net additions.<sup>4</sup>
  - Distribution Integrity Management Program (DIMP) projects are included in Safety-related projects and total the 83.48% of total net additions.<sup>5</sup>
  - Pipeline Integrity Management Program (IMP) projects are 0.00% of the total net additions.<sup>6</sup>
  - TGS does not have a formal Steel Pipe Replacement Program (SPRP), however steel pipe replacement projects are included in Safety-related projects. Within TGS' DIMP project, 79.04% of the mains replaced were steel and 70.53% of the services replaced were steel.<sup>7</sup>

<sup>1</sup> Schedule IRA – 3 and IRA - 9.

<sup>2</sup> Schedule IRA – 8.

<sup>3</sup> Response to Staff's RFI No. 1-18.

<sup>4</sup> Response to Staff's RFI No. 1-19.

<sup>5</sup> Response to Staff's RFI No. 1-20.

<sup>6</sup> Response to Staff's RFI No. 1-21.

<sup>7</sup> Response to Staff's RFI No. 1-22.

37. 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, GUD No. 10094.
38. TGS proposed the IRA as a flat rate to be applied to the monthly Customer Charge rather than to the usage rate.
39. The following allocation among customer classes is used to allocate the interim rate adjustment, Table 3.0 below:

**Table 3.0**  
**Revenue Requirement Allocation for the unincorporated areas**  
**of the North Texas Service Area**

| Customer Class         | Allocation Factors |
|------------------------|--------------------|
| Residential            | 0.5752             |
| Commercial             | 0.2652             |
| Large Commercial       | 0.0676             |
| Industrial             | 0.0042             |
| Large Industrial       | 0.0037             |
| Public Authority       | 0.0674             |
| Large Public Authority | 0.0145             |
| Total                  | 0.9978*            |

\*The customer class allocation percentage does not equal 100%. It is an error in the allocation approved in GUD No. 10094. A correction cannot be made until the next Statement of Intent rate case.

40. TGS is required to show its annual IRA on its customers' monthly billing statements as a surcharge.
41. 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.
42. Due process protections are deferred until TGS files its next full statement of intent rate case.

Notice

43. The Company provided adequate notice to customers via direct mailing in the unincorporated areas of TGS' NTSA on October 28, 2014.

Comprehensive Rate Case Required

44. The Company is not required to initiate a rate case supporting a statement of intent, at the time it applies for an IRA.
45. 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 December 10, 2018.

#### Review of Interim Rate Adjustment

46. TGS presented its IRA calculation using the factors approved in GUD No. 10094 for rate of return, depreciation, and federal income tax.
47. TGS' 2013 IRA is \$539,756, based on an incremental net utility plant investment increase of \$4,513,451<sup>1</sup>, of which approximately \$52,516 is attributed to the unincorporated area.
48. TGS will only recover \$538,568 of the \$539,756 system wide total change in revenue requirement as a result of an error in GUD No. 10094 customer class allocation.
49. The resulting effect of the error in calculating the customer class allocations in GUD No. 10094 attributable to the environs is approximately \$115; TGS will recover \$52,401 of the \$52,516.
50. 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

51. 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.
52. 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.
53. 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.

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<sup>1</sup> Schedule IRA – 3.

54. 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 electronically filed and accepted as a tariff filing 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 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.
12. 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.
13. 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.
14. 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.
15. 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).
16. TGS provided adequate notice of its IRA, in accordance with TEX. UTIL. CODE ANN. § 104.301(a) (Vernon 2010) and 16 TEX. ADMIN. CODE § 7.7101(b) (2010).
17. 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).

18. 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).
19. 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 December 10, 2018.
20. 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 unincorporated areas of the North Texas Service Area, as requested, and to the extent recommended to be approved in the findings of fact and conclusions of law, is **HEREBY APPROVED**, subject to refund, to be effective for bills rendered on or after the date of this order.

**IT IS FURTHER ORDERED THAT** Texas Gas Service Company **SHALL** file with the Commission no later than December 10, 2018, 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 Texas Gas Service Company **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** Texas Gas Service Company **SHALL** not charge any rate that has not been electronically filed and accepted by the Commission as a tariff.

**IT IS FURTHER ORDERED THAT** Texas Gas Service Company **SHALL** reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism. The amount of this reimbursement shall be determined by the Director of the 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.

**GUD NO. 10387**

**EXHIBIT A**

**Extension Letter**



# Texas Gas Service.

A Division of ONE Gas

Judy Jenkins, Managing Attorney  
1301 S. Mopac, Suite 400  
Austin, TX 78746  
512-370-8273 • judy.jenkins@onegas.com

January 2, 2015

Ms. Erin Cromleigh  
Financial Analyst  
Gas Service Division  
Railroad Commission of Texas  
1701 N. Congress Ave.  
Austin, Texas 78701

RECEIVED  
R.R.C. OF TEXAS  
JAN 02 2015  
GAS SERVICES DIVISION  
AUSTIN, TEXAS

Re: *GUD No. 10387; APPLICATION FILED BY TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.'S 2013 GAS RELIABILITY INFRASTRUCTURE PROGRAM RATE ADJUSTMENT FOR THE UNINCORPORATED AREAS OF THE NORTH TEXAS SERVICE AREA.*

Dear Ms. Cromleigh:

Texas Gas Service Company ("TGS") by this letter informs the Examiner that TGS hereby voluntarily extends the Commission's jurisdictional deadline in the above-referenced matter until January 31, 2015, to allow the Commission to consider this docket at the January 27, 2015, Conference.

Please contact me with any questions or concerns.

Best Regards,

Judy Jenkins  
Managing Attorney

cc:  
Mark Evarts  
Mark Brock  
Kate Norman

**GUD NO. 10387**

**EXHIBIT B**

**Tariffs**

RESIDENTIAL SERVICE RATE

APPLICABILITY

Applicable to a residential customer in a single dwelling, or in a dwelling unit of a multiple dwelling or residential apartment, for domestic purposes.

TERRITORY

All customers served by the Company in the unincorporated areas of Weatherford, Aledo, Hudson Oaks, Willow Park, Mineral Wells, Graford, Millsap, Breckenridge, Graham, Jacksboro, Bryson, Jermyn, Palo Pinto, Perrin, Whitt, Possum Kingdom, and Punkin Center, Texas.

COST OF SERVICE RATE

During each monthly billing period:

|                                |                                |
|--------------------------------|--------------------------------|
| A Customer Charge of           | \$ 10.75 plus                  |
| Interim Rate Adjustments (IRA) | \$ 6.32 per month (Footnote 1) |
| Total Customer Charge          | \$ 17.07                       |

All Ccf per monthly biling period @ \$ .29090 per Ccf

OTHER ADJUSTMENTS

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

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

Interim Rate Adjustment: The basic rates for cost of service set forth above shall be adjusted to include the amount of the Interim Rate Adjustment in accordance with the provisions of Rate Schedule IRA-ENV.

Taxes: Plus applicable taxes and fees related to above.

CONDITIONS

1. Subject to all applicable laws and orders, and the Company's Rules and Regulations on file with the regulatory authority.
2. Residential service shall have priority in supply.

Footnote 1: 2011 IRA - \$2.33; 2012 IRA - \$2.19; 2013 IRA - \$1.80

Supersedes Same Sheet Dated:  
February 10, 2014

Meters Read On and After

COMMERCIAL SERVICE RATE

APPLICABILITY

Applicable to commercial consumers and to consumers not otherwise specifically provided for under any other rate schedule, with monthly usage of 2,900 Ccf or less, on average.

TERRITORY

All customers served by the Company in the unincorporated areas of Weatherford, Aledo, Hudson Oaks, Willow Park, Mineral Wells, Graford, Millsap, Breckenridge, Graham, Jacksboro, Bryson, Jermyn, Palo Pinto, Perrin, Whitt, Possum Kingdom, and Punkin Center, Texas.

COST OF SERVICE RATE

During each monthly billing period:

|                               |                                 |
|-------------------------------|---------------------------------|
| A Customer Charge of          | \$ 22.50 plus                   |
| Interim Rate Adjustment (IRA) | \$ 21.21 per month (Footnote 1) |
| Total Customer Charge         | \$ 43.71                        |
| <br>                          |                                 |
| All Ccf at                    | \$ 0.28200 per Ccf              |

OTHER ADJUSTMENTS

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

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

Interim Rate Adjustment: The basic rates for cost of service set forth above shall be adjusted to include the amount of the Interim Rate Adjustment in accordance with the provisions of Rate Schedule IRA-ENV.

Taxes: Plus applicable taxes and fees related to above.

CONDITIONS

1. Subject to all applicable laws and orders, and the Company's Rules and Regulations on file with the regulatory authority.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other consumers served.

Footnote 1: 2011 IRA - \$7.80; 2012 IRA - \$7.36; 2013 IRA - \$6.05

**LARGE VOLUME COMMERCIAL SERVICE RATE**

APPLICABILITY

Applicable to commercial customers and to customers not otherwise specifically provided for under any other rate schedule, with monthly usage greater than 2,900 Ccf, on average.

TERRITORY

All customers served by the Company in the unincorporated areas of Weatherford, Aledo, Hudson Oaks, Willow Park, Mineral Wells, Graford, Millsap, Breckenridge, Graham, Jacksboro, Bryson, Jermyn, Palo Pinto, Perrin, Whitt, Possum Kingdom, and Punkin Center, Texas.

COST OF SERVICE RATE

During each monthly billing period:

|                               |                                  |
|-------------------------------|----------------------------------|
| A Customer Charge of          | \$ 400.00 plus                   |
| Interim Rate Adjustment (IRA) | \$ 553.24 per month (Footnote 1) |
| Total Customer Charge         | \$ 953.21                        |

All Ccf at \$ 0.26200 per Ccf

OTHER ADJUSTMENTS

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

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

Interim Rate Adjustment: The basic rates for cost of service set forth above shall be adjusted to include the amount of the Interim Rate Adjustment in accordance with the provisions of Rate Schedule IRA-ENV.

Taxes: Plus applicable taxes and fees related to above.

CONDITIONS

1. Subject to all applicable laws and orders, and the Company's Rules and Regulations on file with the regulatory authority.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other customers served.

Footnote 1: 2011 IRA – 204.84; 2012 IRA - \$190.42; 2013 IRA - \$157.95

**INDUSTRIAL SERVICE RATE**

APPLICABILITY

Service under this rate schedule is available to any customer whose primary business activity at the location served is included in one of the following classifications of the Standard Industrial Classification Manual of the U.S. Government, with monthly usage of 2,900 Ccf or less, on average.

- Division B - Mining - all Major Groups
- Division D - Manufacturing - all Major Groups
- Divisions E and J - Utility and Government - facilities generating power for resale only.

TERRITORY

All customers served by the Company in the unincorporated areas of Weatherford, Aledo, Hudson Oaks, Willow Park, Mineral Wells, Graford, Millsap, Breckenridge, Graham, Jacksboro, Bryson, Jermyn, Palo Pinto, Perrin, Whitt, Possum Kingdom, and Punkin Center, Texas.

COST OF SERVICE RATE

During each monthly billing period:

|                               |                                  |
|-------------------------------|----------------------------------|
| A Customer Charge of          | \$ 50.00 plus                    |
| Interim Rate Adjustment (IRA) | \$ 121.73 per month (Footnote 1) |
| Total Customer Charge         | \$ 171.73                        |

All Ccf at \$ 0.24500 per Ccf

OTHER ADJUSTMENTS

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

Interim Rate Adjustment: The basic rates for cost of service set forth above shall be adjusted to include the amount of the Interim Rate Adjustment in accordance with the provisions of Rate Schedule IRA-ENV.

Taxes: Plus applicable taxes and fees related to above.

CONDITIONS

1. Subject to all applicable laws and orders, and the Company's Rules and Regulations on file with the regulatory authority.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other consumers served.

Footnote 1: 2011 IRA - \$50.35; 2012 IRA - \$39.89; 2013 IRA - \$31.49

**LARGE VOLUME INDUSTRIAL SERVICE RATE**

APPLICABILITY

Service under this rate schedule is available to any customer whose primary business activity at the location served is included in one of the following classifications of the Standard Industrial Classification Manual of the U.S. Government, with monthly usage greater than 2,900 Ccf, on average.

- Division B - Mining – all Major Groups
- Division D - Manufacturing - all Major Groups
- Divisions E and J - Utility and Government - facilities generating power for Resale only.

TERRITORY

All customers served by the Company in the unincorporated areas of Weatherford, Aledo, Hudson Oaks, Willow Park, Mineral Wells, Graford, Millsap, Breckenridge, Graham, Jacksboro, Bryson, Jermyn, Palo Pinto, Perrin, Whitt, Possum Kingdom, and Punkin Center, Texas.

COST OF SERVICE RATE

During each monthly billing period:

|                               |                                  |
|-------------------------------|----------------------------------|
| A Customer Charge of          | \$ 400.00 plus                   |
| Interim Rate Adjustment (IRA) | \$ 191.69 per month (Footnote 1) |
| Total Customer Charge         | \$ 591.68                        |

All Ccf at \$ 0.22500 per Ccf

OTHER ADJUSTMENTS

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

Interim Rate Adjustment: The basic rates for cost of service set forth above shall be adjusted to include the amount of the Interim Rate Adjustment in accordance with the provisions of Rate Schedule IRA-ENV.

Taxes: Plus applicable taxes and fees related to above.

CONDITIONS

1. Subject to all applicable laws and orders, and the Company's Rules and Regulations on file with the regulatory authority.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other consumers served.

Footnote 1: 2011 IRA – \$74.72; 2012 IRA - \$61.49; 2013 IRA - \$55.47

## PUBLIC AUTHORITY SERVICE RATE

APPLICABILITY

Applicable to all 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, with monthly usage of 2,900 Ccf or less, on average.

TERRITORY

All customers served by the Company in the unincorporated areas of Weatherford, Aledo, Hudson Oaks, Willow Park, Mineral Wells, Graford, Millsap, Breckenridge, Graham, Jacksboro, Bryson, Jermyn, Palo Pinto, Perrin, Whitt, Possum Kingdom, and Punkin Center, Texas.

COST OF SERVICE RATE

During each monthly billing period:

|                               |                                 |
|-------------------------------|---------------------------------|
| A Customer Charge of          | \$ 40.00 plus                   |
| Interim Rate Adjustment (IRA) | \$ 49.82 per month (Footnote 1) |
| Total Customer Charge         | \$ 89.82                        |

All Ccf at \$ 0.27490 per Ccf

OTHER ADJUSTMENTS

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

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

Interim Rate Adjustment: The basic rates for cost of service set forth above shall be adjusted to include the amount of the Interim Rate Adjustment in accordance with the provisions of Rate Schedule IRA-ENV.

Taxes: Plus applicable taxes and fees related to above.

CONDITIONS

1. Subject to all applicable laws and orders, and the Company's Rules and Regulations on file with the regulatory authority.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other consumers served.

Footnote 1: 2011 IRA – \$18.59; 2012 IRA - \$17.43; 2013 IRA - \$13.80

Supersedes Same Sheet Dated:  
February 10, 2014

Meters Read On and After

**LARGE VOLUME PUBLIC AUTHORITY SERVICE RATE**

APPLICABILITY

Applicable to all 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, with monthly usage greater than 2,900 Ccf, on average.

TERRITORY

All customers served by the Company in the unincorporated areas of Weatherford, Aledo, Hudson Oaks, Willow Park, Mineral Wells, Graford, Millsap, Breckenridge, Graham, Jacksboro, Bryson, Jermyn, Palo Pinto, Perrin, Whitt, Possum Kingdom, and Punkin Center, Texas.

COST OF SERVICE RATE

During each monthly billing period:

|                               |                                  |
|-------------------------------|----------------------------------|
| A Customer Charge of          | \$ 400.00 plus                   |
| Interim Rate Adjustment (IRA) | \$ 749.91 per month (Footnote 1) |
| Total Customer Charge         | \$ 1,149.89                      |

All Ccf at \$ 0.25490 per Ccf

OTHER ADJUSTMENTS

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

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

Interim Rate Adjustment: The basic rates for cost of service set forth above shall be adjusted to include the amount of the Interim Rate Adjustment in accordance with the provisions of Rate Schedule IRA-ENV.

Taxes: Plus applicable taxes and fees related to above.

CONDITIONS

1. Subject to all applicable laws and orders, and the Company's Rules and Regulations on file with the regulatory authority.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other customers served.

Footnote 1: 2011 IRA – \$ 284.69; 2012 IRA - \$253.67; 2013 IRA - \$211.53

**GUD NO. 10387**

**EXHIBIT C**

**Schedules**

SUMMARY

TEXAS GAS SERVICE COMPANY  
 NORTH TEXAS SERVICE AREA  
 FOR THE PERIOD BEGINNING JANUARY 1, 2013 AND ENDING DECEMBER 31, 2013  
 ENVIRONS GRIP FILING

| Line No | Description  | 12/31/2012      | 12/31/2013    | Reference  |
|---------|--|-----------------|---------------|--|
|         |  | Previous Year * | Current Year  |  |
|         | (a)  | (b)             | (c)           | (d)  |
| 1       | Net Investment   | \$ 38,811,369   | \$ 43,324,819 | (b) IRA-7 line 75 col (h), (c) IRA-8 line 75 col (h) |
| 2       | Increase in Net Investment   |                 | \$ 4,513,451  | IRA-8 lines 75 col (h)                               |
| 3       |  |                 |               |  |
| 4       | Authorized Return on Capital   |                 | 8.584%        | IRA-15 line 6 col (d)                                |
| 5       |  |                 |               |  |
| 6       | Change in Return on Net Investment   |                 | \$ 387,435    | Line 2 * Line 4                                      |
| 7       | Change in Depreciation Expense   |                 | \$ (631)      | IRA-9 line 75 col (f)                                |
| 8       | Change in Federal, Revenue and Other Taxes   |                 | \$ 152,952    | IRA-5 line 13 col (g) plus IRA-6 line 20 col (c)     |
| 9       | Change in Revenue Requirement  |                 | \$ 539,756    | Sum of Lines 6 - 8                                   |
| 10      |  |                 |               |  |
| 11      | Annual Number of Bills   |                 | 198,894       |  |
| 12      | Increase Per Bill Per Month  |                 | See Below     |  |
| 13      | (to be applied to monthly customer charge or initial block rate, check on)   |                 |               |  |
| 14      | <input checked="" type="checkbox"/> Monthly Customer Charge  |                 |               |  |
| 15      | <input type="checkbox"/> Initial Block Rate  |                 |               |  |
| 16      |  |                 |               |  |
| 17      | * Please note the difference between the Net Investment balance in GUD 10309 and the current GUD 10387 filing is the amount of the 8.209 Regulatory Asset of \$136,863 |                 |               |  |
| 18      | <hr/>  |                 |               |  |
| 19      | Current and Proposed Bill Information - With Gas Cost  |                 |               |  |
| 20      |  |                 |               |  |
| 21      |  | Current         | Proposed      | Difference % Change                                  |
| 22      | Residential  |                 |               |  |
| 23      | Average Monthly Bill @ 4.1Mcf  | \$ 45.62        | \$ 47.42      | \$ 1.80 4.0%   |
| 24      |  |                 |               |  |
| 25      | Commercial   |                 |               |  |
| 26      | Average Monthly Bill @ 18.9 Mcf  | \$ 175.88       | \$ 181.93     | \$ 6.05 3.4%   |
| 27      |  |                 |               |  |
| 28      | Large Commercial   |                 |               |  |
| 29      | Average Monthly Bill @ 608.8 Mcf   | \$ 5,125.65     | \$ 5,283.61   | \$ 157.95 3.1%                                       |
| 30      |  |                 |               |  |
| 31      | Industrial   |                 |               |  |
| 32      | Average Monthly Bill @ 181.1 Mcf   | \$ 1,397.62     | \$ 1,429.10   | \$ 31.49 2.3%  |
| 33      |  |                 |               |  |
| 34      | Large Industrial   |                 |               |  |
| 35      | Average Monthly Bill @ 148.5 Mcf   | \$ 1,537.55     | \$ 1,593.02   | \$ 55.47 3.6%  |
| 36      |  |                 |               |  |
| 37      | Public Authority   |                 |               |  |
| 38      | Average Monthly Bill @ 51.3 Mcf  | \$ 447.53       | \$ 461.33     | \$ 13.80 3.1%  |
| 39      |  |                 |               |  |
| 40      | Large Public Authority   |                 |               |  |
| 41      | Average Monthly Bill @ 928.7 Mcf   | \$ 7,478.27     | \$ 7,689.79   | \$ 211.53 2.8%                                       |
| 42      |  |                 |               |  |
| 43      |  |                 |               |  |
| 44      |  |                 |               |  |
| 45      | Current and Proposed Bill Information - Without Gas Cost   |                 |               |  |
| 46      |  |                 |               |  |
| 47      |  | Current         | Proposed      | Difference % Change                                  |
| 48      | Residential  |                 |               |  |
| 49      | Average Monthly Bill @ 4.1Mcf  | \$ 27.20        | \$ 29.00      | \$ 1.80 6.6%   |
| 50      |  |                 |               |  |
| 51      | Commercial   |                 |               |  |
| 52      | Average Monthly Bill @ 18.9 Mcf  | \$ 90.96        | \$ 97.01      | \$ 6.05 6.7%   |
| 53      |  |                 |               |  |
| 54      | Large Commercial   |                 |               |  |
| 55      | Average Monthly Bill @ 608.8 Mcf   | \$ 2,390.32     | \$ 2,548.27   | \$ 157.95 6.6%                                       |
| 56      |  |                 |               |  |
| 57      | Industrial   |                 |               |  |
| 58      | Average Monthly Bill @ 181.1 Mcf   | \$ 583.94       | \$ 615.42     | \$ 31.49 5.4%  |
| 59      |  |                 |               |  |
| 60      | Large Industrial   |                 |               |  |
| 61      | Average Monthly Bill @ 148.5 Mcf   | \$ 870.34       | \$ 925.81     | \$ 55.47 6.4%  |
| 62      |  |                 |               |  |
| 63      | Public Authority   |                 |               |  |
| 64      | Average Monthly Bill @ 51.3 Mcf  | \$ 217.04       | \$ 230.84     | \$ 13.80 6.4%  |
| 65      |  |                 |               |  |
| 66      | Large Public Authority   |                 |               |  |
| 67      | Average Monthly Bill @ 928.7 Mcf   | \$ 3,305.62     | \$ 3,517.14   | \$ 211.53 6.4%                                       |
| 68      |  |                 |               |  |

70  
 71  
 72  
 73 Average bills exclude revenue related taxes. The Cost of Gas is computed using a 12 month average for CY 2013

REVENUE RELATED AND OTHER TAXES

TEXAS GAS SERVICE COMPANY  
 NORTH TEXAS SERVICE AREA  
 FOR THE PERIOD BEGINNING JANUARY 1, 2013 AND ENDING DECEMBER 31, 2013  
 ENVIRON'S GRIP FILING

| Line No. | Description                           | (a)    | Total<br>(b) | Adjustments<br>(c) | 12 Month End<br>As Adjusted<br>(at Present Rates)<br>(d) | Adjustments (1)<br>(e) | 12 Month End<br>As Adjusted<br>(at Proposed Rates)<br>(f) | Change<br>(g) |
|----------|---------------------------------------|--------|--------------|--------------------|--|------------------------|---|---------------|
| 1        | Non Revenue - Related                 |        |              |                    |  |                        |   |               |
| 2        |                                       |        |              |                    |  |                        |   |               |
| 3        | Ad Valorem Tax                        | \$     | 196,913      | \$                 | 32,652   | \$                     | 229,565   | \$            |
| 4        |                                       |        |              |                    |  |                        |   |               |
| 5        | Revenue - Related                     |        |              |                    |  |                        |   |               |
| 6        |                                       |        |              |                    |  |                        |   |               |
| 7        | State Gross Receipts - Tax            | Note 2 |              | Note 2             |  | Note 2                 |   | Note 2        |
| 8        | Local Gross Receipts - Tax            | Note 2 |              | Note 2             |  | Note 2                 |   | Note 2        |
| 9        | Railroad Commission - Gas Utility Tax | Note 2 |              | Note 2             |  | Note 2                 |   | Note 2        |
| 10       |                                       |        |              |                    |  |                        |   |               |
| 11       | Total Revenue Related Taxes           | Note 2 |              | Note 2             |  | Note 2                 |   | Note 2        |
| 12       |                                       |        |              |                    |  |                        |   |               |
| 13       | TOTAL TAXES OTHER THAN INCOME         | \$     | 196,913      | \$                 | 32,652   | \$                     | 229,565   | \$            |
| 14       |                                       |        |              |                    |  |                        |   |               |
| 15       |                                       |        |              |                    |  |                        |   |               |
| 16       |                                       |        |              |                    |  |                        |   |               |
| 17       |                                       |        |              |                    |  |                        |   |               |
| 18       |                                       |        |              |                    |  |                        |   |               |
| 19       |                                       |        |              |                    |  |                        |   |               |

Note 1: Adjustment is the net change in investment multiplied by the ad valorem effective rate factor based on property tax payments paid in Calendar Year 2013. Also see Company's ICR Sch 5 in Attachment B.  
 Note 2: 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  
 NORTH TEXAS SERVICE AREA  
 FOR THE PERIOD BEGINNING JANUARY 1, 2013 AND ENDING DECEMBER 31, 2013  
 ENVIRONS GRIP FILING

| Line No. | Description                  | Prior Year <sup>a</sup> | Amount       | Current Year <sup>b</sup> | Amount       |
|----------|------------------------------|-------------------------|--------------|---------------------------|--------------|
|          | (a)                          | (b)                     | (c)          | (d)                       | (e)          |
| 1        | Return on Investment         |                         |              |                           |              |
| 2        | Invested Capital (Rate Base) | \$ 38,811,369           |              | \$ 43,324,819             |              |
| 3        | Rate of Return               | 8.5840%                 |              | 8.5840%                   |              |
| 4        | Return on Investment         |                         | \$ 3,331,568 |                           | \$ 3,719,002 |
| 5        |                              |                         |              |                           |              |
| 6        | Interest Expense             |                         |              |                           |              |
| 7        | Invested Capital (Rate Base) | \$ 38,811,369           |              | \$ 43,324,819             |              |
| 8        | Weighted Cost of Debt        | 3.050%                  |              | 3.0500%                   |              |
| 9        | Interest Expense             |                         | \$ 1,183,747 |                           | \$ 1,321,407 |
| 10       |                              |                         |              |                           |              |
| 11       | After Tax Income             |                         | \$ 2,147,821 |                           | \$ 2,397,595 |
| 12       |                              |                         |              |                           |              |
| 13       | Gross- Up Factor             |                         | 1.538        |                           | 1.538        |
| 14       |                              |                         |              |                           |              |
| 15       | Before Tax Return            |                         | \$ 3,304,340 |                           | \$ 3,688,608 |
| 16       |                              |                         |              |                           |              |
| 17       | Federal Income Tax Rate      |                         | 35%          |                           | 35%          |
| 18       |                              |                         |              |                           |              |
| 19       | Net Income Tax Expense       |                         | \$ 1,156,519 |                           | \$ 1,291,013 |
| 20       | CHANGE IN FEDERAL INCOME TAX |                         | \$ 134,494   |                           |              |

WEIGHTED AVERAGE COST OF CAPITAL

TEXAS GAS SERVICE COMPANY  
 NORTH TEXAS SERVICE AREA  
 FOR THE PERIOD BEGINNING JANUARY 1, 2013 AND ENDING DECEMBER 31, 2013  
 ENVIRONS GRIP FILING

Per Last Rate Case:  
 Docket No. 10094

| Line No. | Description                | Investment Balance<br>(a) | Percent of Total<br>(b) | Cost<br>(c) | Weighted Cost<br>(d) |
|----------|----------------------------|---------------------------|-------------------------|-------------|----------------------|
| 1        | Common Equity              | \$ 11,896,128             | 0.5100                  | 10.850%     | 5.53400%             |
| 2        | Preferred Stock            |                           |                         |             |                      |
| 3        | Preferred Trust Securities |                           |                         |             |                      |
| 4        | Long-Term Debt             | \$ 11,429,614             | 0.4900                  | 6.220%      | 3.05000%             |
| 5        | Short-Term Debt            |                           |                         |             |                      |
| 6        | Total                      | \$ 23,325,742             | 100%                    |             | 8.58400%             |

ALLOCATION OF INVESTMENT RECOVERY

TEXAS GAS SERVICE COMPANY  
 NORTH TEXAS SERVICE AREA  
 FOR THE PERIOD BEGINNING JANUARY 1, 2013 AND ENDING DECEMBER 31, 2013  
 ENVIRONS GRIP FILING

| Allocation Factors Per Rate Case - Docket No. 10094 |               |
|---|---------------|
| Residential   | 0.5752        |
| Commercial  | 0.2652        |
| Large Commercial                                    | 0.0676        |
| Industrial  | 0.0042        |
| Large Industrial                                    | 0.0037        |
| Public Authority                                    | 0.0674        |
| Large Public Authority                              | 0.0145        |
| Standard Transportation                             | 0.0000        |
| Total System  | <u>0.9978</u> |

| Allocation Factors Requested in this filing |               |
|---|---------------|
| Residential                                 | 0.5752        |
| Commercial                                  | 0.2652        |
| Large Commercial                            | 0.0676        |
| Industrial                                  | 0.0042        |
| Large Industrial                            | 0.0037        |
| Public Authority                            | 0.0674        |
| Large Public Authority                      | 0.0145        |
| Standard Transportation                     | 0.0000        |
| Total System                                | <u>0.9978</u> |

| New Investment Recovery Distribution |               |                   |
|--------------------------------------|---------------|-------------------|
| Requested Recovery Amount            |               | \$ 539,756        |
| Residential                          | 0.5752        | 310,468           |
| Commercial                           | 0.2652        | 143,143           |
| Large Commercial                     | 0.0676        | 36,487            |
| Industrial                           | 0.0042        | 2,267             |
| Large Industrial                     | 0.0037        | 1,997             |
| Public Authority                     | 0.0674        | 36,380            |
| Large Public Authority               | 0.0145        | 7,826             |
| Standard Transportation              | 0.0000        | 0                 |
| Total System                         | <u>0.9978</u> | <u>\$ 538,568</u> |

TEXAS GAS SERVICE COMPANY  
 NORTH TEXAS SERVICE AREA  
 INTERIM COST RECOVERY AND RATE ADJUSTMENT  
 CHANGES FROM JANUARY 1, 2013 THROUGH DECEMBER 31, 2013

CHANGE IN CUSTOMER CHARGE BY CUSTOMER CLASS

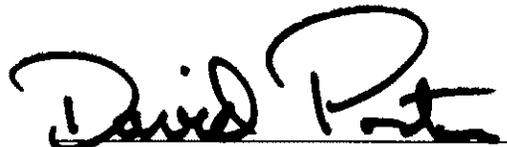
| LINE NO.              | CUSTOMER CLASS                | REVENUES PER RATE CASE TYE 12/31/2010<br>(a) | PERCENT OF REVENUES PER RATE CASE TYE 12/31/2010<br>(b) | REV. REQ. INCREASE (SCH 1)<br>(c) | ANNUAL BILLS CY 2013<br>(d) | CUSTOMER CHARGE INCREASE<br>(e) | Environs BILL COUNT CY 2013<br>(f) | Environs REQUIRED INCREASE<br>(g) |
|-----------------------|-------------------------------|--|---|-----------------------------------|-----------------------------|---------------------------------|------------------------------------|-----------------------------------|
| Gas Sales.            |                               |  |   |                                   |                             |                                 |                                    |                                   |
| 1                     | Residential                   | \$3,973,843                                  | 57.52%  | \$310,468                         | 172,233                     | \$1.80                          | 18,733                             | \$33,768                          |
| 2                     | Commercial                    | \$1,824,109                                  | 26.52%  | \$143,143                         | 23,648                      | \$6.05                          | 2,062                              | \$12,481                          |
| 3                     | Large Volume Commercial       | \$465,392                                    | 6.76%   | \$36,487                          | 231                         | \$157.95                        | 0                                  | \$0                               |
| 4                     | Industrial                    | \$29,118                                     | 0.42%   | \$2,267                           | 72                          | \$31.49                         | 0                                  | \$0                               |
| 5                     | Large Volume Industrial       | \$25,693                                     | 0.37%   | \$1,997                           | 36                          | \$55.47                         | 12                                 | \$666                             |
| 6                     | Public Authority              | \$463,553                                    | 6.74%   | \$36,380                          | 2,637                       | \$13.80                         | 406                                | \$5,601                           |
| 7                     | Large Volume Public Authority | \$99,617                                     | 1.45%   | \$7,826                           | 37                          | \$211.53                        | 0                                  | \$0                               |
| <u>Transportation</u> |                               |  |   |                                   |                             |                                 |                                    |                                   |
| 8                     | Standard (T-1)                | 0  | 0.00%   | \$0                               | 0                           | \$0                             | 0                                  | \$0                               |
| Grand Total           |                               | \$6,881,325                                  | 99.78%  | \$539,756                         | 198,894                     |                                 | 21,213                             | \$52,516                          |

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 27th day of January, 2015.

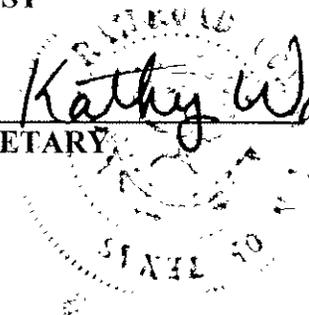
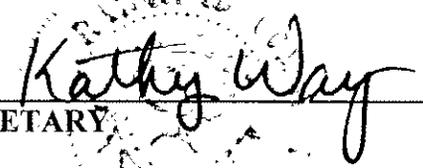
RAILROAD COMMISSION OF TEXAS

  
CHRISTI CRADDICK  
CHAIRMAN

  
DAVID PORTER  
COMMISSIONER

  
RYAN SITTON  
COMMISSIONER

ATTEST

  
  
SECRETARY