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January 23, 2023

Re: Statement of Intent of Texas Gas Service Company, a division of ONE Gas, Inc., to Change Rates Within the Incorporated Areas of the North Texas Service Area

To the Honorable Mayors and Council Members of the following Texas Cities:

Aledo, Breckenridge, Bryson, Graford, Graham, Hudson Oaks, Jacksboro, Millsap, Mineral Wells, Weatherford and Willow Park

Texas Gas Service Company, a division of ONE Gas, Inc., (“TGS” or the “Company”), is a gas utility as that term is defined in § 101.003(7) of the Texas Utilities Code. Pursuant to Texas Utilities Code § 103.001, the cities within the North Texas Service Area (“NTSA”) have original jurisdiction to set the rates TGS requests for customers within their respective incorporated areas. TGS respectfully files this Statement of Intent to decrease gas utility rates within the incorporated areas of the NTSA, which include the cities of, Aledo, Breckenridge, Bryson, Graford, Graham, Hudson Oaks, Jacksboro, Millsap, Mineral Wells, Weatherford and Willow Park, Texas (“NTSA Cities”).

This Statement of Intent filing results from the recent decision the Railroad Commission of Texas (“Commission”) issued in Docket OS-22-00009896. That Commission proceeding was the result of the Company’s Statement of Intent filings made on June 30, 2022, in which TGS sought to increase rates within the unincorporated and incorporated areas of its West Texas Service Area (“WTSA”), Borger Skellytown Service Area (“BSSA”) and the unincorporated areas of the NTSA. Each Statement of Intent was filed with the relevant regulatory authority having original jurisdiction over the gas utility rates charged by the Company to customers within those areas. The Company provided a courtesy copy of the Statement of Intent filing to each of the NTSA Cities on or about June 30, 2022. The Company made the rate filings pursuant to the provisions of Subchapter C of Chapter 104 of the Texas Utilities Code and the rules of the Oversight & Safety Division of the Commission. The Company provided notice of the Statement of Intent through direct mail to all customers within the incorporated areas of the NTSA.

As part of the June 30, 2022 rate filing, the Company proposed to consolidate the WTSA, BSSA and NTSA into a new service area called the West North Service Area (“WNSA”). Consistent with the request to consolidate the service areas, the Company’s proposed rates were developed based on providing service to the entire WNSA, including the NTSA Cities. Calculating rates based on the system-wide cost of providing service to the new WNSA results in a rate reduction for the NTSA Cities. In the Commission’s Final Order signed on January 18, 2023, the Commission approved the Company’s proposed consolidation and creation of the new, combined

WNSA and the setting of rates based on the cost to serve the entire WNSA. The rates the Company proposes to implement within the NTSA Cities through this Statement of Intent are consistent with the rates the Commission approved in Docket OS-22-00009896. Finally, just as the Commission did for the incorporated and unincorporated areas of the WTSA and BSSA and the unincorporated areas of the NTSA, the Company requests that the NTSA Cities approve rates reflecting consolidation on behalf of the NTSA Cities.

If approved, the proposed rates will decrease TGS’s revenues in the NTSA by approximately \$5,431,848, which is a decrease of 25.6% including gas costs or a decrease of 39.9% excluding gas costs. Because the proposed changes will decrease TGS’s total aggregate revenues within the NTSA, the proposed rate decrease does not constitute a “major change” in rates as that term is defined by Texas Utilities Code § 104.101. The proposed changes to the Company’s rate schedules will affect all customers in the incorporated areas of the NTSA. The table below shows the approximate number of customers in the NTSA incorporated areas by class who will be affected by the proposed rate changes:

Customer Class	Number of Customers
Residential	12,631
Commercial	1,793
Commercial Transportation	-
Industrial	8
Industrial Transportation	-
Public Authority	180
Public Authority Transportation	-
Electrical Cogeneration	-
Electrical Cogeneration Transportation	-
Compressed Natural Gas	-
Compressed Natural Gas Transportation	-
(Reclassified from Commercial)	-
Compressed Natural Gas Transportation (Reclassified from Public Authority)	-

Exhibits B and C, attached, show the amount of the proposed decrease and the effect of the proposed decrease on an average bill for each class of customers.

TGS proposes the following rate schedules and tariffs, which are consistent with the rate schedules and tariffs the Commission approved in Docket OS-22-00009896 and which are attached to this Statement of Intent as Exhibit A and incorporated herein by reference:

1. All proposed WNSA tariffs include a revision to reflect application to the WNSA, except for the Cost of Gas Clauses, which will remain separate for the WTSA, BSSA and NTSA.

2. All proposed Rate Schedules for General Sales and Transportation Customers include a revision to the “Other Adjustments” section to remove references to Rate Schedule EDIT-Rider, add references to Rate Schedules URI-Rider, RCE, RCE-Env, and PSF, and remove references to standby charges under “Conditions.”
3. Residential Rate Schedules 10, 15, 1Y and 1Z: Add residential builders to the “Applicability” sections, designate Rate Schedules 10 and 1Z as Small Residential and add new 15 and 1Y Large Residential rate schedules.
4. Industrial Rate Schedules 30 and 3Z: Revisions to the “Applicability” section to revise the description of industrial customers.
5. Unmetered Gas Light Rate Schedules 70 and 7Z: New rate schedules that provide a mechanism to provide unmetered gas service to customers for gas lighting only.
6. Rate Schedules C-1 and C-1-ENV: New rate schedules for NTSA for electrical cogeneration service.
7. Rate Schedules CNG-1 and CNG-1-ENV: New rate schedules for compressed natural gas service to be used as motor fuel for non-residential customers.
8. Transportation Rate Schedules T-1, T-1-ENV and T-TERMS: Add rates for Compressed Natural Gas and Electrical Cogeneration service; include definitions for commercial, electrical cogeneration, and industrial service under “Definitions”; add Section 1.3 to clarify Customer and Company rights and responsibilities; make an administrative correction in section 1.5(d); add clarifying language to section 1.6(d) to address upstream pipeline costs that may be incurred by the Company; and add Section 1.8 regarding Liability Limitations.
9. Cost of Gas Clauses 1-INC and 1-ENV: Add clarifying language to section B.3 to include other renewable sources of natural gas; add clarifying language to sections B, D, E, F and I to make consistent with approved Cost of Gas clauses in GUD Nos. 10656, 10739, 10766, and 10928; include language for the use of financial instruments in sections B.3, B.6, B.8, H, and I.5 in the incorporated tariff to make consistent with the recently approved cost of gas clause in GUD No. 10928.
10. Rate Schedule WNA: Updated weather factors for each class consistent with weather normalization calculation in this case.

11. Rate Schedule PIT-RIDER: New rate schedule for NTSA for recovery of pipeline integrity testing costs.
12. Rate Schedules RCE and RCE-ENV: Provides a mechanism to recover all reasonable rate case expenses incurred by the Company and cities in connection with the Statement of Intent filings that have been made with the cities and the Commission.
13. Rules of Service: Revisions for consistency with the Commission's Quality of Service Rules. In addition, the Company proposes:
 - a. Updating § 1.3, Definitions, so all definitions are consistent with definitions in the approved Rules of Service from GUD Nos. 10739, 10766, and 10928 as well as add a definition for "electrical cogeneration service," while removing definition for "power generation service" to establish consistency with terminology used across all proposed WNSA tariffs;
 - b. Revisions to § 3 to include language for the availability of rate schedules on the Company's website;
 - c. Revisions to § 4.4 to remove a reference to the Company's curtailment plans and § 4.4(iv) to include curtailment language consistent with the new Commission Rule 7.455;
 - d. Revisions to § 4.9 to add language regarding force majeure situations to the limitation of liability provision;
 - e. Revision to § 4.6, § 7.4, § 7.7, § 9.1 and § 9.6 to provide for electronic billing and notice;
 - f. Revisions to § 9.9 (previously § 20.1) to update the language to reflect the current plan description for Average Payment Plan;
 - g. Revisions to the table in § 13.1 (previously § 11.1) to include all WNSA atmospheric and standard serving pressures;
 - h. Revisions to § 15 (previously § 21), Fees and Deposits, to establish greater consistency for service fees and deposits among the Company's service areas; and
 - i. Withdraw the rules of service addenda WTSA-Env 7-45; WTSA-Env 7-46; WTSA-EFV; NTSA-Env 7-46 and BSSA-Env 7-46, as these provisions have been included within the proposed WNSA Rules of Service in Sections 7.5, 7.7 and 8.3(f).
14. Withdraw Rate Schedule EDIT-Rider.

In the interest of providing a complete set of WNSA tariffs, the Company is also including Rate Schedule PIT and Rate Schedule PSF, which are not changing, and Tapping Fee rate schedules, Rate Schedule E-5, Rate Schedule Uri Rider and Rate Schedule EDR, none of which are applicable to the NTSA Cities.

The Company requests that the rate schedules and tariffs for the WNSA, which would include the NTSA Cities, attached to this Statement of Intent as Exhibit A and incorporated herein by reference, become effective for meters read on and after February 27, 2023, which is 35 days from the date of this filing. Exhibits B and C, attached, show the amount of the proposed decrease and the effect of the proposed decrease on an average bill for each class of customers. Rate case expenses related to the implementation of new rates will be addressed following resolution of this Statement of Intent.

If you have any questions, please do not hesitate to contact me.

Respectfully submitted,



Stacey McTaggart
Director, Rates and Regulatory Analysis

Attachments

Received for filing the ___ day of January 2023.

By: _____

EXHIBIT A

EXHIBIT B

Line No.	Description	Bills	Volumes		Customer Charge	Usage Charges	Calculated Revenue at Recommended Rates	
			(b)	(c)			(d)	(e)
1	Residential - Small	92,867			\$ 16.50	\$	1,532,306	
2		All Ccf		1,978,163		0.46668 \$	923,169	
3	Residential - Large	76,090			\$ 33.00	\$	2,510,970	
4		All Ccf		4,301,264		0.01668 \$	71,745	
5	Residential Total							\$ 5,038,190
6								
7	Commercial	23,448			\$ 75.00	\$	1,758,632	
8		All Ccf		6,198,077		0.09394 \$	582,247	
9								
10	Commercial Total							\$ 2,340,879
11								
12	Industrial	96			\$ 850.00	\$	81,600	
13		All Ccf		237,283		0.11486 \$	27,254	
14	Industrial Total							\$ 108,854
15								
16	Public Authority	2,532			\$ 200.00	\$	506,423	
17		All Ccf		1,433,677		\$ 0.13511 \$	193,704	
18	Public Authority Total							\$ 700,127
19								
20	<u>Total Revenue - All Classes</u>							
21								
22	Recommended Rate Revenue							\$ 8,188,050
23	Current Rate Revenue							\$ 13,619,898
24	Revenue Change							\$ (5,431,848)
25						7593020.21		
26	Schedule A - Revenue Deficiency					-25.6%		-39.9%

EXHIBIT C

AVERAGE BILL IMPACT BY CLASS (INCLUDING COST OF GAS)

Description (a)	Year-Round Average Bill			
	Current (b)	Recommended (c)	Change	
			Dollars (d)	% (e)
Sales Service: (1) (2)				
Residential - Small				
NTSA Incorporated	\$ 44.59	\$ 37.72	\$ (6.87)	-15.41%
Residential - Large				
NTSA Incorporated	\$ 82.35	\$ 56.80	\$ (25.55)	-31.03%
Commercial				
NTSA Incorporated	\$ 322.38	\$ 189.21	\$ (133.17)	-41.31%
Industrial				
NTSA Incorporated	\$ 3,591.72	\$ 2,336.37	\$ (1,255.35)	-34.95%
Public Authority				
NTSA Incorporated	\$ 863.21	\$ 562.96	\$ (300.25)	-34.78%

(1) Bill impacts are shown for those schedules with customers during the test year. The test year cost of gas in each area is included in the bill calculations. Bills under current and recommended rates do not include revenue-related taxes. These taxes vary across different locations in the service area.

(2) Bills are based on the following average usage levels:

	WNSA Year-Round
Residential - Small	24
Residential - Large	55
Commercial	225
Industrial	2,813
Public Authority	662
Municipal Water Pumping	657
School and Municipal	6,194