

Heather Robertson-Caraway

From: Dembowski, Denise E. <Denise.Dembowski@onegas.com>
Sent: Thursday, July 22, 2021 5:50 PM
To: 'Aledo City Secretary'; Heather Robertson-Caraway; 'Bryson City Secretary'; 'Graford City Secretary'; 'Graham City Secretary'; 'Hudson Oaks City Secretary'; 'Jacksboro City Secretary'; 'Millsap City Manager'; 'Mineral Wells City Clerk'; 'Weatherford City Secretary'; 'Willow Park City Secretary'
Cc: Irby, Wyatt E.; Houle, Stephanie G.; McTaggart, Stacey L.; Michels, Marie J.; Scalf, David G.
Subject: Rate Adjustment Settlement to Texas Gas Service Company's 2021 NTSA Cities COSA filing (dated 4/29/2021)
Attachments: 2021 NTSA Incorporated COSA Settlement Letter to NTSA Cities.pdf; 2021 NTSA Incorporated COSA Settlement tariffs for NTSA Cities.pdf

Email sent "Read Receipt" and "Delivery Receipt"

Dear Honorable Mayors and Members of the City Councils:

The Company worked with the City of Weatherford to negotiate a decrease to the Company's initial COSA filing amount. In recognition of this settlement, TGS will voluntarily reduce the proposed COSA rate increase for all the NTSA Cities. Please find attached a letter explaining the settlement terms and revised tariffs reflecting lower service rates than originally proposed in the COSA filing dated April 29, 2021. The Company will implement these rates for all cities within the North Texas Service Area, effective the first billing cycle of August 2021 (meters read on and after July 28, 2021). No action is required for these revisions to become effective.

Please confirm receipt of this email by a reply email to TGS.

Should you have any questions, please feel free to contact me at 512-370-8359 or Stephanie Houle at 512-370-8273 .

Sincerely,

Denise Dembowski

Manager - Rates & Regulatory Analysis
Texas Gas Service Company, a Division of ONE Gas, Inc.
1301 South MoPac Expressway, Suite 400
Austin, TX 78746
www.texasgasservice.com

Office: 512-370-8359

E-mail: DDembowski@txgas.com



1301 S Mopac, Suite 400, Austin, TX 78746 | onegas.com



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Denise Dembowski
1301 S. Mopac, Suite 400
Austin, TX 78746
512-370-8359
denise.dembowski@onegas.com

July 22, 2021

The Honorable Mayors and Members of the
City Councils of the following Texas Cities:
Aledo, Breckenridge, Bryson, Graford, Graham,
Hudson Oaks, Jacksboro, Millsap, Mineral Wells,
Weatherford and Willow Park, Texas

Re: Rate adjustment settlement for Texas Gas Service Company, a Division of ONE Gas, Inc.

Dear Honorable Mayors and Members of the City Councils:

This letter is to inform you of the recent settlement of Texas Gas Service Company, a Division of ONE Gas, Inc.'s ("Company") 2021 Cost of Service Adjustment ("COSA") that was filed on April 29, 2021.

The Company worked with the City of Weatherford to negotiate a decrease to the Company's initial COSA filing amount. The proposed increase in the filing would have resulted in a monthly bill increase of \$6.79 for a residential customer using an average of 37 Ccf of gas per month. Instead, the residential customers in the Company's North Texas Service Area cities will experience a monthly bill increase of \$5.00 for average residential use of 37 Ccf of gas per month.

Revised tariffs are necessary to finalize the negotiated bill increase amount and are being provided with this letter. These rates will become effective the first billing cycle of August 2021 (meters read on and after July 28, 2021). The Company will implement these rates for all cities within the North Texas Service Area even if no action is taken by a City.

The COSA filing proposed to increase the customer charge and volumetric rates in the Cities by an overall revenue requirement increase of \$2,212,728. A residential customer using an average of 37 Ccf of gas per month would experience a monthly bill increase of \$6.79 per month.

In negotiations with the City of Weatherford, TGS agreed to reduce the COSA filing's overall revenue requirement increase from \$2,212,728 to \$1,631,290. A residential customer using an average of 37 Ccf of gas per month would experience a monthly bill increase of \$5.00 per month.

In recognition of this settlement, TGS will voluntarily reduce the proposed COSA rate increase to \$1,631,290 for all the NTSA Cities. To ensure that your city realizes this benefit, the Company seeks to implement revised tariffs (see attached) reflecting lower service rates than those proposed in the COSA filing dated April 29, 2021. These rates will become effective the first billing cycle of August 2021 (meters read on and after July 28, 2021).

No action is required by the City for these revisions to become effective. If you have any questions, please do not hesitate to contact me at 512-370-8359.



Sincerely,

A handwritten signature in cursive script that reads "Denise Dembowski".

Denise Dembowski
Manager, Rates and Regulatory Analysis

Attachment

RESIDENTIAL SERVICE RATE

APPLICABILITY

Applicable to a residential customer or builder in a single dwelling, or in a dwelling unit of a multiple dwelling or residential apartment, for domestic purposes. A residential consumer includes an individually-metered residential unit or dwelling that is operated by a public housing agency acting as an administrator of public housing programs under the direction of the U.S. Department of Housing and Urban Development and builders prior to sale or re-sale of a property for domestic purposes. This rate is only available to full requirements customers of Texas Gas Service Company, a Division of ONE Gas, Inc.

TERRITORY

The incorporated areas of the North Texas Service Area which include Aledo, Breckenridge, Bryson, Graford, Graham, Hudson Oaks, Jacksboro, Millsap, Mineral Wells, Weatherford and Willow Park, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$15.44 plus
All Ccf per monthly billing period at	\$0.67101 per Ccf

OTHER ADJUSTMENTS

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

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

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

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

Rate Schedule RCE: Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider.

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

CONDITIONS

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

COMMERCIAL SERVICE RATE

APPLICABILITY

Applicable to commercial consumers and to consumers not otherwise specifically provided for under any other rate schedule. This rate is only available to full requirements customers of Texas Gas Service Company, a Division of ONE Gas, Inc.

TERRITORY

The incorporated areas of the North Texas Service Area which include Aledo, Breckenridge, Bryson, Graford, Graham, Hudson Oaks, Jacksboro, Millsap, Mineral Wells, Weatherford and Willow Park, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$47.80 plus
All Ccf per monthly billing period at	\$0.68165 per Ccf

OTHER ADJUSTMENTS

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

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

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

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

Rate Schedule RCE: Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider.

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

CONDITIONS

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

INDUSTRIAL SERVICE RATE

APPLICABILITY

Applicable to any qualifying industrial customer whose primary business activity at the location served is included in one of the following classifications of the Standard Industrial Classification Manual of the U.S. Government.

Division B - Mining - all Major Groups

Division D - Manufacturing - all Major Groups

Divisions E and J - Utility and Government - facilities generating power for resale only

TERRITORY

The incorporated areas of the North Texas Service Area which include Aledo, Breckenridge, Bryson, Graford, Graham, Hudson Oaks, Jacksboro, Millsap, Mineral Wells, Weatherford and Willow Park, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$308.59 plus
All Ccf per monthly billing period at	\$0.62874 per Ccf

OTHER ADJUSTMENTS

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

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

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

Rate Schedule RCE: Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider.

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

CONDITIONS

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

PUBLIC AUTHORITY SERVICE RATE

APPLICABILITY

Applicable to any qualifying public authority, public and parochial schools and colleges, and to all facilities operated by Governmental agencies not specifically provided for in other rate schedules or special contracts. This rate is only available to full requirements customers of Texas Gas Service Company, a Division of ONE Gas, Inc.

TERRITORY

The incorporated areas of the North Texas Service Area which include Aledo, Breckenridge, Bryson, Graford, Graham, Hudson Oaks, Jacksboro, Millsap, Mineral Wells, Weatherford and Willow Park, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$101.32 plus
All Ccf per monthly billing period at	\$0.61329 per Ccf

OTHER ADJUSTMENTS

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

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

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

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

Rate Schedule RCE: Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider.

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

CONDITIONS

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

TRANSPORTATION SERVICE RATE

APPLICABILITY

Applicable to customers who have elected Transportation Service not otherwise specifically provided for under any other rate schedule.

Service under this rate schedule is available for the transportation of customer-owned natural gas through the Company's distribution system. The customer must arrange with its gas supplier to have the customer's gas delivered to one of the Company's existing receipt points for transportation by the Company to the customer's facilities at the customer's delivery point. The receipt points shall be specified by the Company at its reasonable discretion, taking into consideration available capacity, operational constraints, and integrity of the distribution system.

AVAILABILITY

Natural gas service under this rate schedule is available to any individually metered, non-residential customer for the transportation of customer owned natural gas through the Company's North Texas distribution system which includes the incorporated areas of Aledo, Breckenridge, Bryson, Graford, Graham, Hudson Oaks, Jacksboro, Millsap, Mineral Wells, Weatherford, and Willow Park, Texas. Such service shall be provided at any point on the Company's System where adequate capacity and gas supply exists, or where such capacity and gas supply can be provided in accordance with the applicable rules and regulations and at a reasonable cost as determined by the Company in its sole opinion.

COST OF SERVICE RATE

During each monthly billing period, a customer charge per meter per month listed by customer class as follows:

All Classes \$ 250.00 per month

Plus – All Ccf per monthly billing period listed by customer class as follows:

Commercial	-	\$0.57978 per Ccf
Industrial	-	\$0.55395 per Ccf
Public Authority	-	\$0.54101 per Ccf

TRANSPORTATION SERVICE RATE
(Continued)

ADDITIONAL CHARGES

- 1) A charge will be made each month to recover the cost of taxes paid to the State of Texas pursuant to Texas Utilities Code, Chapter 122 as such may be amended from time to time which are attributable to the transportation service performed hereunder.
- 2) A charge will be made each month to recover the cost of any applicable franchise fees paid to the cities.
- 3) In the event the Company incurs a demand or reservation charge from its gas supplier(s) or transportation providers in the unincorporated areas of the North Texas Service Area, the customer may be charged its proportionate share of the demand or reservation charge based on benefit received by the customer.
- 4) Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider RCE.
- 5) The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT.
- 6) The billing shall reflect adjustments in accordance with provisions of the Excess Deferred Income Taxes Rider, Rate Schedule EDIT Rider.

SUBJECT TO

- 1) Tariff T-TERMS, General Terms and Conditions for Transportation.
- 2) Transportation of natural gas hereunder may be interrupted or curtailed at the discretion of the Company in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other higher priority customers served. The curtailment priority of any customer served under this schedule shall be the same as the curtailment priority established for other customers served pursuant to the Company's rate schedule which would otherwise be available to such customer.
- 3) Subject to all applicable laws and orders, and the Company's rules and regulations on file with the regulatory authority.