

NORMAN | SANTOS

June 30, 2025


To the Honorable Mayors and Council Members:

Attached is a copy of the Statement of Intent of Texas Gas Service Company, a Division of ONE Gas, Inc. (“TGS” or the “Company”), to change gas utility rates within the incorporated areas of the Central-Gulf Service Area (“CGSA”), West North Service Area (“WNSA”) and Rio Grande Valley Service Area (“RGVSA”). In addition to the rate and tariff changes contained in the Statement of Intent, TGS is also requesting consolidation of the CGSA, WNSA and RGVSA into a single statewide jurisdiction. For that reason, the filing contains four sets of schedules that reflect: (1) combined service area data; (2) stand-alone CGSA data; (3) stand-alone WNSA data; and (4) stand-alone RGVSA data. The combined service area data provides the basis for the Company’s requested rates. The Company requests that the proposed rates and tariffs contained in the Statement of Intent become effective on August 19, 2025, which is 50 days from the date of this filing. No action on the part of the Cities is required to permit the Company’s proposed rates to take effect.

Simultaneous with this city-level filing, the Company is also making a Statement of Intent filing with the Railroad Commission of Texas for the unincorporated areas of the CGSA, WNSA and RGVSA in which it is requesting the same rates that are contained in the attached city-level filing. Although there is no requirement that the Company file testimony with a city-level Statement of Intent filing, the Company is providing the cities with a copy of the testimony that is being filed with the Commission.

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

Best regards,



Kate Norman

Attorney for Texas Gas Service Company

KWN:ssm
Attachment

cc: Judy Jenkins Hitchye
Stacey McTaggart

**TEXAS GAS SERVICE COMPANY, A DIVISION OF ONE GAS, INC.
STATEMENT OF INTENT TO CHANGE GAS UTILITY RATES WITHIN THE
INCORPORATED AREAS OF THE CENTRAL-GULF, WEST NORTH, AND
RIO GRANDE VALLEY SERVICE AREAS**

To All Cities Served by Texas Gas Service Company, a Division of ONE Gas, Inc., within the state of Texas:

Texas Gas Service Company (“TGS” or “the Company”), a Division of ONE Gas, Inc., (“ONE Gas”) and a “gas utility” under Texas Utilities Code § 101.003(7), respectfully files this Statement of Intent (“SOI”), pursuant to Subchapter C of Chapter 104 of the Texas Utilities Code and the rules of the Railroad Commission of Texas (“Commission”), to change gas utility rates within the incorporated areas served by the Company, which are listed in **Appendix A** hereto, and incorporated by reference.

As part of this SOI, the Company proposes to consolidate its currently designated service areas, which are the: Central-Gulf Service Area (“CGSA”), Rio Grande Valley Service Area (“RGVSA”), and West North Service Area (“WNSA”) into a single statewide jurisdiction. Consistent with this request to consolidate the service areas, the Company’s proposed rates were developed based on the cost of providing service to the entirety of TGS’s footprint in Texas.¹

The Company requests that the proposed rate schedules and tariffs for TGS, attached to this SOI as **Exhibit A**, and incorporated herein by reference, become effective on August 19, 2025, which is 50 days from the date of this filing. No action on the part of the cities is required to permit these proposed rates to take effect. In support of its request, the Company respectfully shows as follows:

¹ Contemporaneously with this filing, TGS is also filing a SOI to change rates for the unincorporated areas of the CGSA, RGVSA, and WNSA with the Commission.

I. INTRODUCTION AND SUMMARY OF THE RATE REQUEST

TGS calculated the revenue requirement for this filing using the systemwide cost of providing service to all customers within the incorporated and unincorporated areas served by TGS.² The new rates will affect all customers served by TGS. Current rate schedules include: small and large residential, small and large commercial,³ commercial transportation, industrial, industrial transportation, public authority, public authority transportation, irrigation, compressed natural gas, compressed natural gas transportation, electrical generation, electrical generation transportation, and unmetered gas light service.

For the 12-month period ended December 31, 2024, the Company's overall, combined revenue requirement for TGS, on a systemwide basis, totaled approximately \$458.8 million, as adjusted. The total revenue TGS received during the test year was approximately \$417.8 million, leaving a revenue deficiency on a combined basis of approximately \$41.1 million.

If approved, the requested rates will increase TGS's revenues by \$41.1 million, which is an increase of 7.07% (including gas costs), or 9.83% (excluding gas costs). Because the proposed changes will increase TGS's total aggregate revenues by more than 2.5%, the proposed rate changes constitute a "major change" in rates as that term is defined by Texas Utilities Code § 104.101. Additionally, the proposed rates will not exceed 115% of the average of all rates for similar services of all municipalities served by the Company within the same county.

As part of this SOI, the Company is requesting: (1) Commission approval of new depreciation rates for Direct and Division distribution and general plant; (2) a finding that the expenses for COVID-19 that are contained in regulatory assets authorized by the Commission, are

² The Company's cost to serve Fort Bliss was included in the calculation of the Company's revenue requirement; however, those costs are fully allocated to Fort Bliss and recovered under the Company's existing contracts with Fort Bliss. Therefore, the proposed systemwide rates do not include any costs incurred to serve Fort Bliss.

³ The currently designated WNSA has a single Commercial Customer class.

reasonable, necessary and accurate; (3) a prudence determination for capital investment made in Texas through December 31, 2024, including capital investment in the Company's Interim Rate Adjustment ("IRA") filings made since the last rate cases in the CGSA, RGVSA, and WNSA, pursuant to Texas Utilities Code § 104.301; (4) approval of the form of notice for the proposed Rate Schedule PIT; and (5) approval to recover the reasonable rate case expenses associated with this filing through a surcharge on rates, as provided by law. The exact amount of the rate case expenses will not be known until the case is complete.

The rate schedules and tariffs, attached hereto as **Exhibit A** to the Rate Filing Package, and made a part hereof, support the rate changes proposed by the Company. The proposed TGS rate schedules and tariffs would be applicable to all incorporated and unincorporated areas served by TGS, if consolidation is approved.

If the new tariffs are approved, the Company will need to withdraw the existing CGSA, RGVSA, and WNSA tariffs to reflect the new TGS rates and/or related changes necessary to reflect consolidation. Additionally, the Company is proposing: (1) a new Customer Assistance rate design and related rate schedules; (2) revisions to the Rules of Service and T-Terms to include new definitions; (3) revisions to the Cost of Gas clause for consistency with all Company areas of service; (4) additional revisions to the Company's rate schedules and tariffs as proposed and detailed in Section E of this SOI; and (5) combining the Commercial, Industrial, Public Authority and Compressed Natural Gas ("CNG") rate on the Transportation Schedule into one Transportation rate and adding a new Electric Generation rate design and rate schedule.

II. JURISDICTION

TGS 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 have original jurisdiction to set the rates TGS requests for customers within their respective incorporated areas. Consistent with such

jurisdiction, the proposed rates identified in **Exhibit A** are applicable to the Company's natural gas service within the incorporated areas of TGS.

III. CONSOLIDATION OF SERVICE AREAS

The Company is proposing to consolidate the existing service areas into a single statewide jurisdiction served by TGS. The CGSA, RGVSA, and WNSA are currently separate service areas comprised of the incorporated areas listed in **Appendix A** to this SOI and their associated environs. While the Company's past practice has been to develop separate rates based on the individual costs of service of the CGSA, RGVSA, and WNSA, the Company seeks in this SOI (consistent with several prior Commission decisions for TGS), to consolidate these three service areas and to use a systemwide cost of service for TGS. The Company's proposed rates for all of its customers are based on the systemwide cost of providing service to customers throughout the entirety of Texas.

If the Company's consolidation request is not approved, the Company requests approval of new base rates for the CGSA, RGVSA, and WNSA, based on the separate cost of service schedules for each service area that are included in this SOI filing.

IV. DETAILS OF PROPOSED CHANGES

A. Rate Filing Package

In addition to this SOI, the Rate Filing Package consists of the following:

- | | |
|-----------------|-------------------------------------|
| • SOI Exhibit A | Proposed Rate Schedules and Tariffs |
| • SOI Exhibit B | Proposed Revenue Change by Class |
| • SOI Exhibit C | Average Bill Impact by Class |
| • SOI Exhibit D | Direct Testimony |
| • SOI Exhibit E | Proposed Notice |
| • SOI Exhibit F | Proposed Protective Agreement |
| • SOI Exhibit G | Cost of Service Schedules |
| • SOI Exhibit H | Workpapers |

B. Test Year

The Company's proposed cost of service, as set forth in this SOI and Rate Filing Package, is based on the 12-month period ended December 31, 2024, updated for known changes and conditions that are measurable with reasonable accuracy.

C. Effective Date

The Company requests that the proposed rates be effective for meters read on and after August 19, 2025.

D. Class and Number of Customers Affected

The proposed changes to the Company's rate schedules will affect all TGS customers. The table below shows the approximate number of existing customers by class who will be affected by the proposed rate changes:

Customer Class	CGSA Customers		RGVSA Customers		WNSA Customers	
	Incorporated	Environs	Incorporated	Environs	Incorporated	Environs
Small Residential	202,594	24,158	33,788	2,029	154,319	18,003
Large Residential	78,883	9,406	22,042	1,324	107,323	12,521
Commercial	—	—	—	—	16,057	1,105
Small Commercial	9,576	359	2,610	114	—	—
Large Commercial	3,104	116	1,282	56	—	—
Industrial	19	1	22	15	32	3
Public Authority	758	53	442	53	1,276	146
Unmetered Gas Light	1	—	—	—	—	—
Commercial Transportation	296	11	23	4	21	—
Industrial Transportation	17	11	16	17	9	4
Public Authority Transportation	481	10	3	3	10	—
Compressed Natural Gas Transportation	3	1	—	—	4	—
Electric Generation Transportation	1	—	—	—	—	—

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

E. Proposed Rate Schedules and Tariffs

The Company seeks approval of the proposed TGS rate schedules, attached to this SOI as **Exhibit A**, and incorporated herein by reference. The following identifies the proposed revisions to rate schedules and tariffs:

1. Proposed addition of new Rate Schedules 16 and 1W. These schedules create a Customer Assistance tariff for residential customers who qualify for a reduced rate.
2. Proposed Rate Schedules 20, 25, 2Y and 2Z designate 20 and 2Z as Small Commercial, and 25 and 2Y Large Commercial rate schedules, applicable statewide.
3. Proposed rate schedules include rate changes as reflected in the direct testimony of Company witness Paul H. Raab.
4. All proposed TGS rate schedules include revisions to reflect statewide application to all incorporated and unincorporated areas served by the Company and to reflect a Common Billing Pressure for all customers of 14.65 pounds per square inch (psi).
5. All proposed Incorporated TGS rate schedules for General Sales and Transportation Customers include revisions to the “Other Adjustments” section to:
 - a. reference the Economic Development Rate (EDR) that is applicable only to the cities of: Aledo, Andrews, Anthony, Barstow, Borger, Breckenridge, Bryson, Clint, Crane, Dell City, El Paso, Graford, Graham, Horizon City, Hudson Oaks, Jacksboro, McCamey, Millsap, Mineral Wells, Monahans, Pecos, Pyote, San Elizario, Skellytown, Socorro, Thorntonville, Vinton, Weatherford, Wickett, Willow Park and Wink, Texas; and
 - b. remove references to Rate Schedules CAC and 1C applicable only in the existing CGSA, Rate Schedule URI-RIDER applicable only in the existing WNSA, and Rate Schedules EEP and 1EE applicable only in the existing RGVSA.
6. The Cost of Gas Clauses 1-INC and 1-ENV have been updated to: add clarifying language to the Cost of Gas definition to specify that the Customer Rate Relief Component is not applicable to some areas and that the “revenue associated fee” is applicable to Weatherford, Texas only; add clarifying language to the Cost of Purchased Gas definition in the incorporated schedules to specify that it shall also include the cost of gas withdrawn from storage; add clarifying language to the Customer Rate Relief Component definition to specify that this rate is not applicable to some areas; add definitions for “FERC Intervention Costs,” “Non-Utility Transactions” and “Uncollectible Cost of Gas”; add new Section G, Non-Utility Transactions; and, to add a reference to the FERC Intervention Costs to Section I. Annual Reconciliation Report.

7. Transportation Rate Schedules T-1 and T-1-ENV: include rate changes as reflected in the testimony of Mr. Raab; update the Cost of Service Rate to include all Transportation customers (excluding Electric Generation) and to remove references to the individual rates for Commercial Transportation, Industrial Transportation, Public Authority Transportation, Compressed Natural Gas Transportation and Electric Generation Transportation customers; and include recovery of any applicable local taxes or fees paid to the cities.
8. Transportation Rate Schedules T-EGEN and T-EGEN-ENV are proposed to create an Electric Generation Transportation rate design and rate tariff, separate from Rate Schedules T-1 and T-1-ENV; include a demand charge based upon the customer's maximum daily quantity; and include a requirement for customers to install and maintain electronic flow measurement equipment.
9. Transportation Rate Schedule T-Terms are updated to include applicability to all incorporated cities and unincorporated areas served by TGS and definitions are updated to reflect the addition of CNG Service and Public Authority Service.
10. Rate Schedule WNA contains an update to include applicability for Residential Customer Assistance Service, Rate Schedules 16 and 1W; update of the weather factors for each class consistent with the weather normalization calculation proposed in this case; and clarifying language to help customers understand the applicability of Weather Factors (WF).
11. Rate Schedules RCE-TGS and RCE-TGS-ENV are updated to provide a mechanism to recover all reasonable rate case expenses incurred by the Company and participating cities in connection with SOI filings made with the cities and the Commission.
12. Rate Schedule CRR, "Customer Rate Relief" contains an updated Applicability section and header to show applicability statewide, with the exception of specified areas, which has already been approved by the Commission in Docket No. OS-21-00007061.
13. Proposed Rate Schedules PIT and PIT-Rider provide a mechanism for recovery of costs incurred to comply with the Commission's Pipeline Integrity Assessment and Management Plan Rule, Rule § 8.101.
14. Rules of Service: Proposed Rules of Service reflect the existing, approved versions of the Rules of Service in the Company's currently designated service areas and reflect the following additional Company proposals:
 - a. Updating the cover page and § 1.1 (Tariff Applicability) to include all incorporated and unincorporated areas served by the Company;
 - b. Updating § 1.3 (Definitions) to include definitions and terminology in the Rules of Service for the terms: Atmospheric Pressure, Common Billing Pressure, Compressed Natural Gas Service, Constant Factor, Public Authority Service,

Safe Access and Standard Serving Pressure. The definition for “Electric Generation Service” was expanded to now apply to a larger group of non-residential customers and the definition for “Service Area” was removed;

- c. Addition of § 4.2 (Use of Natural Gas Equipment and Appliances) to include language for the “Use of Natural Gas Equipment” and “Appliances;”
- d. Revisions to § 5.5 (Fees and Charges) to add clarifying language regarding to the Company’s ability to provide Expedited Service at the customer’s request;
- e. Revisions to § 6.1 (Compliance by Applicant) to add clarifying language regarding the Company’s ability to refuse service in any situation that is unsafe for personnel, customers or the general public;
- f. Revisions to §§ 4.1 (Provision of Service), 6.1 (Compliance by Applicant), 7.4 (Reasons for Disconnection), 7.9 (Right of Entry to Disconnect Service), 10.2 (Customer Owned Facilities), 12.3 (Meter Location) and 12.7 (Access to the Meter) to reflect the requirement that Company personnel have Safe Access to Company assets;
- g. Revisions to § 9.3 (Estimated Bills) to expand Company and customer options for capturing meter reads when the meter is not accessible;
- h. Additions to § 10.2 (Company-Owned Facilities) to enhance language regarding: the prohibition against tampering with any Company-owned facilities and the requirement for reasonable precautions when engaging in activities around or near Company-owned facilities. This update also includes the requirement for customers to call 811 before any customer-initiated digging projects;
- i. Revisions to § 10.6 (Materials or Equipment Furnished by the Applicant) to add clarifying language;
- j. Additions to § 10.7 (Relocation of Company Facilities) to clarify responsibility for relocation expenses due to customer encroachment;
- k. Revisions to § 10.8 to add clarifying language regarding the replacement of Customer-owned piping;
- l. Additions to § 11 (Extension of Facilities) include language regarding cost justifications for line extensions and cost treatment for residential multi-family line extensions; the addition of clarifying language regarding the construction of facilities in §§ 11.5 and 11.6; updates and clarifying language regarding advances and refunds in §§ 11.7, 11.8 and 11.9;
- m. Revisions to § 13 (Pressure) to add language regarding “Common Billing Pressure” and an update to the table in § 13.1 to now include the “Constant Factor” for all incorporated and unincorporated jurisdictions;

- n. Revisions to § 15 (Service Fees and Deposits Amounts) to update service fees and deposits to reflect recent approvals among the Company's service areas and to move fees closer to actual Company costs; and
- o. Addition of § 16 (Tapping Fees) to be consistent with the approved Quality of Service Rules in the existing WNSA.

F. Effect of Proposed Rate Changes

The specific proposed changes to the Company's rates are shown in the following side-by-side comparison of existing and proposed rates for all customers:

	Incorporated and Unincorporated/Environs Current Rates						
Customer Class	CGSA Incorporated Rates	CGSA Environs Rates	RGVSA Incorporated Rates	RGVSA Environs Rates	WNSA Incorporated Rates	WNSA Environs Rates	Proposed TGS Rates
Residential							
No. of Small Customers Affected	202,594	24,158	33,788	2,029	154,319	18,003	—
Small Customer Charge	\$21.36	\$21.36	\$23.64	\$23.64	\$21.85	\$21.85	\$29.50
Small Volumetric Charge (per Ccf)	\$0.87646	\$0.87646	\$2.02007	\$2.02007	\$0.46668	\$0.46668	\$0.67553
No. of Large Customers Affected	78,883	9,406	22,042	1,324	107,323	12,521	—
Large Customer Charge	\$33.36	\$33.36	\$38.64	\$38.64	\$38.35	\$38.35	\$39.50
Large Volumetric Charge (per Ccf)	\$0.46737	\$0.46737	\$0.63545	\$0.63545	\$0.01668	\$0.01668	\$0.31189
Customer Assistance Program (Up to 30,000 qualifying customers)							
No. of Customers Affected	—	—	—	—	—	—	—
Customer Charge	—	—	—	—	—	—	\$22.13
Volumetric Charge (per Ccf)	—	—	—	—	—	—	\$0.55000

	Incorporated and Unincorporated/Environs Current Rates						
Customer Class	CGSA Incorporated Rates	CGSA Environs Rates	RGVSA Incorporated Rates	RGVSA Environs Rates	WNSA Incorporated Rates	WNSA Environs Rates	Proposed TGS Rates
Commercial							
Customers Affected ⁴	—	—	—	—	16,057	1,105	
Customer Charge					\$92.73	\$92.73	
Volumetric Charge (per Ccf)					\$0.09394	\$0.09394	
No. of Small Customers Affected	9,576	359	2,610	114	—	—	—
Small Customer Charge	\$72.88	\$72.88	\$120.32	\$120.32	-	-	\$75.00
Small Volumetric Charge (per Ccf)	\$0.27930	\$0.27930	\$0.63855	\$0.63855	-	-	\$0.43589
No. of Large Customers Affected	3,104	116	1,282	56	—	—	—
Large Customer Charge	\$87.88	\$87.88	\$275.32	\$275.32	-	-	\$150.00
Large Volumetric Charge (per Ccf)	\$0.22985	\$0.22985	\$0.26655	\$0.26655	-	-	\$0.13589
Commercial Transportation							
No. of Customers Affected	296	11	23	4	21	—	—
Customer Charge	\$320.96	\$320.96	\$545.32	\$545.32	\$517.73	\$517.73	\$500.00
Volumetric Charge (per Ccf)	\$0.12679	\$0.12679	\$0.10770	\$0.10770	\$0.09394	\$0.09394	\$0.08831
Industrial							
No. of Customers Affected	19	1	22	15	32	3	—
Customer Charge	\$1,033.21	\$1,033.21	\$1,234.53	\$1,234.53	\$1,295.93	\$1,295.93	\$1,250.00
Volumetric Charge (per Ccf)	\$0.14569	\$0.14569	\$0.28220	\$0.28220	\$0.11486	\$0.11486	\$0.11849

⁴ WNSA currently has only one Commercial customer class, and TGS proposes to create Small and Large Commercial Customer classes with the rates noticed herein.

	Incorporated and Unincorporated/Environs Current Rates						
Customer Class	CGSA Incorporated Rates	CGSA Environs Rates	RGVSA Incorporated Rates	RGVSA Environs Rates	WNSA Incorporated Rates	WNSA Environs Rates	Proposed TGS Rates
Industrial Transportation							
No. of Customers Affected	17	11	16	17	9	4	—
Customer Charge	\$1,233.21	\$1,233.21	\$1,384.53	\$1,384.53	\$1,495.93	\$1,495.93	\$500.00
Volumetric Charge (per Ccf)	\$0.14569	\$0.14569	\$0.08722	\$0.08722	\$0.11486	\$0.11486	\$0.08831
Public Authority							
No. of Customers Affected	758	53	442	53	1,276	146	—
Customer Charge	\$181.93	\$181.93	\$243.91	\$243.91	\$253.05	\$253.05	\$200.00
Volumetric Charge (per Ccf)	\$0.13768	\$0.13768	\$0.16208	\$0.16208	\$0.13511	\$0.13511	\$0.13745
Public Authority Transportation							
No. of Customers Affected	481	10	3	3	10	—	—
Customer Charge	\$204.93	\$204.93	\$2,543.91	\$2,543.91	\$553.05	\$553.05	\$500.00
Volumetric Charge (per Ccf)	\$0.13768	\$0.13768	\$0.00840	\$0.00840	\$0.13511	\$0.13511	\$0.08831
Electric Generation Transportation							
No. of Customers Affected	1	—	—	—	—	—	—
Customer Charge	\$201.64	\$201.64	\$545.32	\$545.32	\$717.73	\$717.73	\$1,000.00
Demand Charge MDQ/month							\$0.72542
Volumetric Charge (per Ccf)							
Usage Rates (Year-Round)							
All Ccf	—	—	\$0.10770	\$0.10770	—	—	\$0.02000
First 5,000 Ccf	\$0.07724	\$0.07724	—	—	—	—	—
Next 35,000	\$0.06853	\$0.06853	—	—	—	—	—
Next 60,000	\$0.05527	\$0.05527	—	—	—	—	—
All Over 100,000	\$0.04018	\$0.04018	—	—	—	—	—
Volumetric Charge (per Ccf)							
Usage Rates (October - April)							

	Incorporated and Unincorporated/Environs Current Rates						
Customer Class	CGSA Incorporated Rates	CGSA Environs Rates	RGVSA Incorporated Rates	RGVSA Environs Rates	WNSA Incorporated Rates	WNSA Environs Rates	Proposed TGS Rates
All Ccf	—	—	—	—	—	—	—
First 5,000 Ccf	—	—	—	—	\$0.05260	\$0.05260	—
Next 95,000	—	—	—	—	\$0.04260	\$0.04260	—
Next 300,000	—	—	—	—	\$0.03260	\$0.03260	—
All Over 400,000	—	—	—	—	\$0.02260	\$0.02260	—
Volumetric Charge (per Ccf)							
Usage Rates (May-September)							
All Ccf	—	—	—	—	—	—	—
First 5,000 Ccf	—	—	—	—	\$0.04259	\$0.04259	—
Next 95,000	—	—	—	—	\$0.03258	\$0.03258	—
Next 300,000	—	—	—	—	\$0.02259	\$0.02259	—
All Over 400,000	—	—	—	—	\$0.01258	\$0.01258	—
Compressed Natural Gas							
No. of Customers Affected	—	—	—	—	—	—	—
Customer Charge	\$746.15	\$746.15	—	—	\$1,955.67	\$1,955.67	\$320.00
Volumetric Charge (per Ccf)	\$0.07817	\$0.07817	—	—	\$0.08643	\$0.08643	\$0.08831
Compressed Natural Gas Transportation							
No. of Customers Affected	3	1	—	—	4	—	—
Customer Charge	\$771.15	\$771.15	—	—	\$2,255.67	\$2,255.67	\$500.00
Volumetric Charge (per Ccf)	\$0.07817	\$0.07817	—	—	\$0.08643	\$0.08643	\$0.08831
Unmetered Gas Light							
No. of Customers Affected	1	—	—	—	—	—	—
Customer Charge	—	—	—	—	—	—	—
Residential Volumetric Charge (per Ccf)	\$0.87646	\$0.87646	\$2.02007	\$2.02007	\$0.46668	\$0.46668	\$0.67553
Commercial Volumetric Charge (per Ccf)	\$0.27930	\$0.27930	\$0.63855	\$0.63855	\$0.09394	\$0.09394	\$0.43589

		Incorporated and Unincorporated/Environs Current Rates					Proposed TGS Rates
Customer Class	CGSA Incorporated Rates	CGSA Environs Rates	RGVSA Incorporated Rates	RGVSA Environs Rates	WNSA Incorporated Rates	WNSA Environs Rates	
Industrial Volumetric Charge (per Ccf)	\$0.14569	\$0.14569	\$0.28220	\$0.28220	\$0.11486	\$0.11486	\$0.11849
Public Authority Volumetric Charge (per Ccf)	\$0.13768	\$0.13768	\$0.16208	\$0.16208	\$0.13511	\$0.13511	\$0.13745

Exhibit C shows the average bill impact by customer class.

G. Witness Testimony

Although not required, the Company is including as **Exhibit D** to this SOI, direct testimony supporting the Company’s requested revenue requirement. The attached includes the testimony of the following witnesses:

- **Jeff Husen - Vice-President of Rates and Regulatory Affairs for ONE Gas.** Mr. Husen provides an overview of the SOI filing, including an explanation of the relief TGS is requesting; supports the proposed consolidation of the TGS service areas into a single Texas jurisdiction; addresses the Company’s proposed revisions to customer assistance and related tariff options; addresses proposed revisions to the line extension policy in the Rules of Service; and sponsors the Company’s annual capital investment reports included with the Company’s IRA filings to support the Company’s requested prudence determination.
- **Alejandro Limón - Vice-President of Operations for TGS.** Mr. Limón provides an overview of operations in Texas; supports the proposed consolidation of the TGS service areas into a single statewide jurisdiction; addresses the reasonableness and necessity of capital investment and Operations and Maintenance (O&M) expenses; addresses ONE Gas’ response to COVID-19; and addresses the Company’s Pipeline Integrity Testing Program.
- **Anthony Brown - Manager of Rates and Regulatory Analysis for TGS.** Mr. Brown provides an overview of the cost of service and overall revenue requirement calculation and supports TGS’s Direct rate base and Direct expense adjustments; addresses the Company’s compliance with certain regulatory and statutory requirements; affiliate cost recovery issues related to Utility Insurance Company (“UIC”); the Company’s recovery of pipeline integrity testing costs; the Company’s request for recovery of rate case expenses; and describes the proposed TGS rate schedules and tariffs, as well as rate schedules and tariffs currently in effect for the CGSA, RGVSA, and WNSA.
- **Stacey McTaggart - Rates and Regulatory Director for TGS.** Ms. McTaggart addresses the Company’s request to consolidate all of its existing service areas—CGSA, RGVSA,

and WNSA—to implement statewide rates and tariffs; describes the Company’s request for an expanded customer assistance program and tariff and the recovery of associated costs; supports the Company’s request for recovery of credit card processing fees; addresses regulatory asset treatment of cloud-based computing costs; and revisions to the line extension policy in the Rules of Service.

- ***Eric Sanford - Manager of Rates and Regulatory Compliance for ONE Gas.*** Mr. Sanford supports certain TGS Division and Corporate capital investment that is included in the revenue requirement as well as Corporate depreciation and amortization expense.
- ***Keara Downum - Rates Analyst II of Rates and Regulatory Compliance for ONE Gas.*** Ms. Downum addresses the cost allocation methodology used to determine TGS’s share of allocated costs; discusses certain Corporate expense adjustments; and explains the Direct, TGS Division and Corporate expense adjustments related to payroll, employee benefits, and incentive compensation.
- ***Megan Gough - Director of Compensation for ONE Gas.*** Ms. Gough addresses the reasonableness of ONE Gas’ compensation philosophy and structure, as well as the related costs for base pay, incentive plans, and benefits.
- ***Cyndi King - Director of Treasury and Finance for ONE Gas.*** Ms. King supports the recovery of a return on the Company’s prepaid pension asset.
- ***Jaime Shelton - Director of Risk and Insurance for ONE Gas.*** Ms. Shelton describes ONE Gas’ captive insurance company, UIC.
- ***Kenneth Eakens - Director of Tax Compliance and Financial Reporting for ONE Gas.*** Mr. Eakens describes how the Internal Revenue Service’s Natural Gas Safe Harbor Method impacts the Company’s taxes and addresses the treatment of the Company’s Excess Deferred Income Taxes (EDIT).
- ***Timothy S. Lyons is a Partner with the firm ScottMadden, Inc.*** Mr. Lyons sponsors TGS’s lead-lag study that determines TGS’s cash working capital requirement to be included in rate base.
- ***Janet M. Simpson is an accountant and Managing Member of Utility Regulatory Consulting, LLC.*** Ms. Simpson presents TGS’s Accumulated Deferred Income Tax (ADIT) calculations.
- ***Dr. Ronald E. White is an engineer and President of Foster Associates Consultants, LLC.*** Dr. White sponsors a statewide study of the depreciation rates for TGS plant located in Texas and for common facilities used by TGS throughout the state.
- ***Dr. Bruce H. Fairchild is a financial accountant and former professor and regulator.*** Dr. Fairchild is a principal with Financial Concepts and Applications, Inc. Dr. Fairchild supports TGS’s requested return on equity, cost of debt, capital structure, and overall return on invested capital.

- ***Teresa Serna - Rates Specialist for TGS.*** Ms. Serna describes the class cost of service study and supports TGS's proposed class revenue allocation.
- ***Zane Drummond - Rates Analyst for TGS.*** Mr. Drummond supports TGS's revenue adjustments.
- ***Paul H. Raab is an independent economic consultant.*** Mr. Raab describes and supports TGS's proposed rate design.

V. **RATE CASE EXPENSES**

Pursuant to Texas Utilities Code § 104.051, TGS requests recovery of all reasonable and necessary rate case expenses from affected customers through a surcharge to the final approved rates.

VI. **PUBLIC NOTICE**

The Company will promptly undertake to notify the public of the proposed changes in its gas rates consistent with the requirements of Texas Utilities Code § 104.103. The public notice that the Company proposes to provide regarding the proposed change in rates for TGS is attached as **Exhibit E**, to the SOI. The Company will submit proof of notice promptly upon completion thereof along with a copy of the notice.

VII. **COMPANY REPRESENTATIVES FOR NOTIFICATION**

TGS's authorized representatives are:

Judy Jenkins Hitchye
 Stacey L. McTaggart
 Marie Michels
 Texas Gas Service Company
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and

Kate Norman
C. Glenn Adkins
Gene Montes
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Please serve all pleadings, motions, orders, and other documents filed in this proceeding upon TGS's authorized representatives at the above-stated addresses.

VIII. PROTECTIVE AGREEMENT

The Company's Rate Filing Package includes certain confidential materials. In addition, the scope of discovery in this case may require the production of additional confidential material. Accordingly, TGS attaches as **Exhibit F** to this SOI, a Protective Agreement to be used in this case. TGS will provide confidential material as applicable, upon execution of Exhibit A attached to the Protective Agreement.

IX. CONCLUSION

TGS requests that: (1) rates are approved for TGS consistent with those proposed herein, to become effective for meters read on and after August 19, 2025; (2) consolidation of the existing CGSA, RGVSA, and the WNSA is approved; (3) the Commission approve new depreciation rates for Direct and Division distribution and general plant; (4) the Commission find that expenses for COVID-19 that are contained in regulatory assets authorized by the Commission are reasonable, necessary and accurate; (5) capital investment made through December 31, 2024, including capital investment in the Company's IRA filings made since the last rate cases in the CGSA, RGVSA, and the WNSA pursuant to Texas Utilities Code § 104.301, is deemed prudent; (6) the form of