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February 7, 2022

The City Secretaries/Clerks of the following Texas cities:

Austin, Bayou Vista, Beaumont, Bee Cave, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas

Dear City Secretary/Clerk:

Enclosed you will find a **copy of Texas Gas Service Company, a Division of ONE Gas Inc.'s Excess Deferred Income Tax Credit (EDIT-RIDER) tariff** on file with the Railroad Commission of Texas ("Commission"). Pursuant to the consolidation rate case filed December 20, 2019 and approved via the Commission's Final Order issued on August 4, 2020 in GUD No. 10928, this rate schedule is **applicable to all Central-Gulf service area customers**. Effective with meters read on and after January 27, 2022, the **annual credits for excess accumulated deferred incomes taxes are detailed below per customer**. This means that each customer in the customer classes below will receive a one-time credit in the amount indicated on their February bill.

Residential:	\$ 7.32
Commercial:	\$ 30.08
Industrial:	\$ 498.71
Public Authority:	\$ 60.39
Public Schools Space Heat:	\$ 60.39
Electrical Cogeneration:	\$ 60.39
Compressed Natural Gas:	\$ 347.07

Until the Company's regulatory liability for excess deferred income taxes is fully amortized, each year these credits will be recalculated and an updated rate schedule will be distributed.

No action is required on your part; however, this tariff is being provided to your city to comply with Section 102.151 of the Texas Utilities Code **that requires the filing of all rate schedules with the regulatory authority**.

If you have any questions concerning this filing, please contact me via email at christy.bell@onegas.com.

Sincerely,

Christy Bell
Rates Analyst
Rates and Regulatory Affairs

EXCESS DEFERRED INCOME TAX CREDIT

A. APPLICABILITY

This Excess Deferred Income Tax Credit applies to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") currently in force in the Company's Central-Gulf Service Area within the incorporated and unincorporated areas of Austin, Bayou Vista, Beaumont, Bee Cave, Buda (environs only), Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Nederland, Nixon, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, 1Z, 2Z, 3Z, 4H, 4Z, C-1-ENV, CNG-1-ENV, T-1, and T-1-ENV.

B. CALCULATION OF CREDIT

The annual amortization of the regulatory liability for excess deferred income taxes resulting from the Tax Cuts and Jobs Act of 2017 and in compliance with GUD No. 10695, will be credited to customers annually on a one-time, per bill basis in February of each year and will show as a separate line item on the customer's bill until fully amortized. The initial credit will occur in September 2020.

EDIT CREDIT – The total amount, if any, of the credit in a given year will be determined by:

- The average rate assumption method ("ARAM") as required by the Tax Cuts and Jobs Act of 2017 Section 13001(d) for the protected portion of the regulatory liability for excess deferred income taxes; and
- A 4-year amortization for nonprotected property.

TRUE-UP ADJUSTMENT – The Excess Deferred Income Tax credit shall be trued-up annually. The True-Up Adjustment will be the difference between the amount of that year's EDIT Credit and the amount actually credited to customers.

EDIT CREDIT PER CUSTOMER – The EDIT credit per customer will be determined by allocating that year's credit, plus/minus any prior year true up adjustment, among the customer classes utilizing the same class revenue allocation as approved in the most recent general rate case, and then by dividing each class's portion by the number of customers in that class.

C. EDIT CREDIT PER CUSTOMER

Residential:	\$ 7.32
Commercial:	\$ 30.08
Industrial:	\$ 498.71
Public Authority:	\$ 60.39
Public Schools Space Heat:	\$ 60.39
Electrical Cogeneration:	\$ 60.39
Compressed Natural Gas:	\$ 347.07

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

D. OTHER ADJUSTMENTS

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

EXCESS DEFERRED INCOME TAX CREDIT
(Continued)

E. ANNUAL FILING

The Company shall make a filing with the Commission each year no later than December 31, including the following information:

- a. the total dollar amount of that year's EDIT Credit;
- b. the total dollar amount actually credited to customers;
- c. true-up amount, if any, due to the difference between items a. and b., above;
- d. the amount of the upcoming year's EDIT Credit; and
- e. the amounts of the upcoming year's EDIT Credit per Customer.

F. CONDITIONS

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