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October 12, 2020

The City Secretaries and/or City Managers 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 and/or City Manager:

Enclosed you will find a **copy of Texas Gas Service Company's Rate Case Expense Surcharge (RCE) tariff** on file with the Railroad Commission of Texas. Pursuant to the consolidation rate case filed December 20, 2019 and approved via Railroad Commission of Texas GUD No. 10928 Final Order signed August 4, 2020, this rate schedule is applicable for **all incorporated Central-Gulf service area customers**. Effective with meters read on and after September 29, 2020, a volumetric **RCE surcharge is \$0.00437 per Ccf** for gas sales and standard transportation customers. This rate will be in effect until all approved rate case expenses are recovered.

No action is required on your part; however, these tariffs should be kept on file with the city (town, etc.). **This filing is made in compliance 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 at (512) 370-8280.

Sincerely,

Christy Bell
Rates Analyst
Rates and Regulatory Affairs

RATE CASE EXPENSE SURCHARGE

A. APPLICABILITY

The Rate Case Expense Surcharge (RCE) rate as set forth in Section (B) below is implemented pursuant to City Ordinances, other regulatory approval or by operation of law. This rate shall apply to the following rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. ("Company") in the incorporated areas served in the Central-Gulf Service Area including 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: 10, 20, 30, 40, 48, C-1, CNG-1, and T-1.

B. RCE RATE

All Ccf during each billing period: \$0.00437 per Ccf

This rate will be in effect until all approved and expended rate case expenses are recovered under the applicable rate schedules. The Company will recover \$1,388,135.45 in actual expense and up to \$324,000 in estimated expense, not to exceed actual expense. The Rate Case Expense Surcharge will be a separate line item on the bill.

C. OTHER ADJUSTMENTS

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

D. CONDITIONS

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