

October 9, 2020

Via RRC CASES & Courier

Ms. Kari French
Director, Oversight & Safety Division
Railroad Commission of Texas
1701 N. Congress Avenue, 9th Floor
Austin, TX 78701

Re: Gas Utilities Docket No. 00004865; *Statement of Intent to Increase and Consolidate Gas Utility Rates Within the Unincorporated Areas Served by Universal Natural Gas, LLC d/b/a Universal Natural Gas, Inc., Consumers Gas Company, LLC d/b/a Consumers Gas Company, Inc., EnerTex NB, LLC, and Gas Energy, LLC*


Dear Ms. French:

Universal Natural Gas, LLC d/b/a Universal Natural Gas, Inc. (“UniGas”), Consumers Gas Company, LLC d/b/a Consumers Gas Company, Inc. (“Consumers”), EnerTex NB, LLC (“EnerTex”), and Gas Energy, LLC (“Gas Energy”), hereby electronically file their *Statement of Intent to Increase and Consolidate Gas Utility Rates within the Unincorporated Areas Served by Universal Natural Gas, LLC d/b/a Universal Natural Gas, Inc., Consumers Gas Company, LLC d/b/a Consumers Gas Company, Inc., EnerTex NB, LLC, and Gas Energy, LLC* and supporting exhibits (the “Statement of Intent”). In addition to the e-filing, we are providing four physical copies of the Statement of Intent as well as four electronic copies on flash drives for delivery to you via courier.

If you have questions regarding this matter, please feel free to contact the undersigned.

Respectfully submitted,

Vinson & Elkins LLP


Michael J. Tomsu

ATTORNEYS FOR UNIVERSAL NATURAL GAS, LLC D/B/
A UNIVERSAL NATURAL GAS, INC., CONSUMERS
GAS COMPANY, LLC D/B/A CONSUMERS GAS COMPANY,
INC., ENERTEX NB, LLC, AND GAS ENERGY, LLC

Enclosures

cc: Mark Evarts, RRC Market Oversight Section Director

GAS UTILITIES DOCKET NO. 00004865

STATEMENT OF INTENT TO	§	
INCREASE AND CONSOLIDATE	§	
GAS UTILITY RATES WITHIN	§	BEFORE THE
THE UNINCORPORATED AREAS	§	
SERVED BY UNIVERSAL	§	RAILROAD COMMISSION
NATURAL GAS, LLC d/b/a	§	
UNIVERSAL NATURAL GAS, INC.,	§	OF TEXAS
CONSUMERS GAS COMPANY,	§	
LLC d/b/a CONSUMERS GAS	§	
COMPANY, INC., ENERTEX NB,	§	
LLC, AND GAS ENERGY, LLC	§	

**STATEMENT OF INTENT TO INCREASE AND CONSOLIDATE GAS UTILITY
RATES WITHIN THE UNINCORPORATED AREAS SERVED BY
UNIVERSAL NATURAL GAS, LLC D/B/A UNIVERSAL NATURAL GAS, INC.,
CONSUMERS GAS COMPANY, LLC D/B/A CONSUMERS GAS COMPANY, INC.,
ENERTEX NB, LLC, AND GAS ENERGY, LLC**

Universal Natural Gas, LLC d/b/a Universal Natural Gas, Inc. (“UniGas”), Consumers Gas Company, LLC d/b/a Consumers Gas Company, Inc. (“Consumers”), EnerTex NB, LLC (“EnerTex”), and Gas Energy, LLC (“Gas Energy”) (each an “Applicant”, and together, “Applicants”), each of which is a “gas utility” under Texas Utilities Code § 101.003(7), jointly file this Statement of Intent to increase and consolidate their rates in unincorporated areas of Texas, pursuant to Section 102.051 and Subchapter C of Chapter 104 of the Texas Utilities Code as well as the rules of the Gas Services Department of the Railroad Commission of Texas (“Commission”).

Applicants are affiliated companies that each provide regulated natural gas distribution service in unincorporated areas of Texas. Applicants are also affiliates of Texas Gas Utilities Services, Inc. (“Texas Gas”), a separate entity that provides centralized management and operations services to each Applicant. Applicants and Texas Gas are members of the family of companies owned by Centric Gas Services, LLC (“Centric”).

In order to reduce regulatory and administrative complexity and simplify operations, Applicants seek to consolidate their corporate and regulatory structures—including all of their assets and liabilities—into UniGas as the surviving entity. For ease of reference, Applicants will refer to the desired consolidated gas distribution company entity as “Consolidated UniGas” and to the described transaction as the “LDC Consolidation.”¹ This proposed LDC Consolidation would establish system-wide rates and tariff provisions for all customers in unincorporated areas served by Applicants. It would reduce the number of regulated LDCs in the Centric family of companies under the Commission’s jurisdiction from four (4) to one (1). Applicants propose to use the existing EnerTex tariff, with some proposed modifications, to govern Consolidated UniGas’s services going forward. Therefore, Applicants propose to simultaneously increase and consolidate their gas utility rates within the unincorporated areas of Texas, which service territories currently include unincorporated areas of Comal, Grimes, Harris, Liberty, Montgomery and Walker Counties.² Applicants developed their proposed rates based on the cost of providing service to all customers served by Applicants.³

Applicants request that the proposed rate schedules and tariffs, attached as Exhibit A to this Statement of Intent and incorporated herein by reference, become effective on November 14, 2020, which is 36 days from the date of this filing. In support of these requests, Applicants respectfully shows as follows:

¹ Similarly, references to “system-wide” refer to Applicants’ collective systems that would be combined into Consolidated UniGas.

² This pleading uses the terms “unincorporated areas” and “environs” interchangeably. As of June 30, 2020, the end of Applicants’ test year, no Applicant provided gas utility service within an incorporated area of Texas.

³ Applicants subsequently plan to make rate filings with the municipalities of Bulverde and Magnolia, which will exercise original jurisdiction over the rates and services that will be provided within their respective incorporated areas. Those services are expected to commence later this year, and these municipalities have already approved initial rates and tariffs for such services within their respective boundaries.

I. INTRODUCTION AND SUMMARY OF THE RATE REQUEST

Applicants calculated the revenue requirement for this filing using the system-wide cost of providing service to all customers served by Applicants. During the historical test year ending June 30, 2020, Applicants did not provide any gas utility service to customers within any incorporated area of Texas. The new rates will affect all of Applicants' customers in unincorporated areas of Texas. Applicants' customers currently include residential, commercial/industrial, and independent school district customers. For the 12-month period ended June 30, 2020, Applicants' overall combined annual base revenue requirement on a system-wide basis totaled approximately \$7.902 million, as adjusted. The total base revenue Applicants received during the test year from unincorporated area customers, as adjusted, was approximately \$6.259 million, leaving a base revenue deficiency on a system-wide basis of approximately \$1.644 million.

Adoption of Applicants' proposed rates will increase Applicants' aggregate revenues, including miscellaneous fee revenues, on a system-wide basis by 15.50% (when including gas costs) or 24.95% (when excluding gas costs). Because the proposed rates will increase Applicants' total aggregate revenues within the unincorporated areas by more than 2.5%, the proposed rate increase constitutes a "major change" in rates as that term is defined by Texas Utilities Code § 104.101.

To the extent necessary or applicable, Applicants also request Commission approval under Texas Utilities Code § 104.006 for the proposed rates of Consolidated UniGas to exceed 115% of the average of all rates for similar services of all municipalities served by Applicants within the same county.⁴

⁴ As previously noted, Applicants have not provided any intra-municipal services as of the end of the test year. The initial rates approved in the municipalities to be served by Applicants are the same as the current environs rates for

The rate schedules and tariffs, attached hereto as Exhibit A to the Rate Filing Package and made a part hereof, evidence the rate changes proposed by Applicants. The proposed tariffs would be applicable to all unincorporated areas served by Applicants. As part of this rate filing, Applicants propose to consolidate their rates and tariffs into uniform, system-wide rates and tariffs for each customer class. Applicants propose to use the existing provisions in EnerTex's tariff, with some proposed modifications as shown in Exhibit A, to provide service to the following customer classes: residential; small commercial/industrial; mid commercial/industrial; mid-large commercial/industrial; and large commercial/industrial. These changes would eliminate the customer class for independent school districts currently reflected in UniGas's tariff, with those customers shifted to the applicable commercial and industrial customer class as determined by monthly consumption. These changes would also result in the elimination of UniGas's existing transmission tariff.

Applicants also request Commission approval of: depreciation rates for Consolidated UniGas as reflected in the depreciation study conducted by Mr. Dane A. Watson and attached to his testimony included in Exhibit D hereto; a new Weather Normalization Adjustment tariff provision similar to those of other Texas LDCs; and the recovery of reasonable rate case expenses associated with this filing through a surcharge on rates.⁵ This rate filing will also determine the prudence of Applicants' invested capital through June 30, 2020, and establish factors to be used in any future interim rate adjustment filing made pursuant to Section 104.301 of the Texas Utilities Code.

the applicable utility that would be providing service in the future (*e.g.*, \$4.75 per Mcf with a \$22.50 monthly customer charge for EnerTex residential service in Bulverde, which is located in Comal County, and \$2.42 per Mcf with a \$12.00 monthly customer charge for UniGas residential service in Magnolia, which is located in Montgomery County) upon commencement of those services. Those two municipalities also have each required a general base rate filing for those municipal services by no later than June 30, 2021.

⁵ The exact amount of rate case expenses will not be known until the case is complete.

Finally, Applicants request a Commission determination that the proposed LDC Consolidation transaction described herein and in the accompanying Direct Testimony of Mr. Robert S. Barnwell IV included in Exhibit D is consistent with the public interest pursuant to Texas Utilities Code § 102.051. Additional proposed revisions to Applicants' rate schedules and tariffs are detailed in Section III.E of this Statement of Intent.

II. JURISDICTION

Applicants are each a gas utility as that term is defined in § 101.003(7) of the Texas Utilities Code. Pursuant to Texas Utilities Code § 102.001(a), the Commission has exclusive original jurisdiction to approve the rates Applicants request for customers in the unincorporated areas of their service territories.

Pursuant to Texas Utilities Code § 102.051 *et seq.*, the Commission also has jurisdiction to consider the proposed consolidation transaction, make a public interest finding, and take the effect of the consolidation into account when approving rates. Consistent with such jurisdiction, Applicants propose the rates identified in Exhibit A for service in the unincorporated areas of Texas that are or may be served by Consolidated UniGas.

III. DETAILS OF PROPOSED CHANGES

A. Rate Filing Package

In addition to this Statement of Intent, Applicants' Rate Filing Package consists of the following:

- SOI Exhibit A – Proposed Changes to Rate Schedules and Tariffs
- SOI Exhibit B – Proposed Revenue Increase by Class
- SOI Exhibit C – Average Bill Impact by Class
- SOI Exhibit D – Direct Testimony
- SOI Exhibit E – Proposed Notice to Applicants' Customers

- SOI Exhibit F – Proposed Protective Order
- SOI Exhibit G – Cost of Service Schedules and Class Cost of Service Study
- SOI Exhibit H – Workpapers

B. Test Year

Applicants’ proposed cost of service, as set forth in this Statement of Intent and Rate Filing Package, is based on the 12-month period ended June 30, 2020, updated for known changes and conditions that are measurable with reasonable accuracy.

C. Effective Date

Applicants requests that the Commission order the proposed rates to be effective for service provided on and after November 14, 2020, the date that is 36 days after the filing of this Statement of Intent.

D. Class and Number of Customers Affected

The proposed changes to Applicants’ rate schedules will affect all customers in the unincorporated areas they each serve. The table below shows the approximate number of Applicants’ aggregate unincorporated area customers by class, as of June 30, 2020, that will be affected by the proposed rate changes.

Customer Class	Customer Count
Residential	17,133
Commercial/Industrial	276 ⁶
Independent School District ⁷	9

⁶ EnerTex’s tariff breaks down commercial/industrial customers into 4 customer sub-classes, and it currently serves customers in the Small and Mid sub-classes, but no customers in its Mid-Large or Large sub-classes. At test year end, if EnerTex’s existing tariff structure were applied across all four Applicants, approximately 255 of the 276 commercial/industrial customers would have been classified in Small sub-class with the remainder in the Mid sub-class.

⁷ While Applicants serve more than 9 schools, UniGas is the only LDC with a separate rate class for schools, and it served 9 schools at test year end. Consolidated UniGas proposes to remove this school customer class and move these customers into the applicable commercial/industrial subclass of Consolidated UniGas based on monthly consumption.

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

E. Proposed Rate Schedules and Tariffs

Applicants propose for Consolidated UniGas to (1) cancel all existing rate schedules and tariffs of UniGas, Consumers, and Gas Energy (including UniGas's existing transmission tariff for distribution sales⁸) and (2) adopt EnerTex's existing rate schedules and tariffs with the following proposed changes, which are attached to this Statement of Intent as Exhibit A and incorporated herein by reference:

- (a) *Rates for Residential Customers (Rate Schedule RES)*: For residential customers in unincorporated areas, Applicants propose a new system-wide rate for Consolidated UniGas shown in the attached tariff Rate Schedule RES.
- (b) *Rates for Commercial & Industrial Customers (Rate Schedule COMM)*: For commercial, industrial and other non-residential customers in unincorporated areas, Applicants propose system-wide rates for Consolidated UniGas using each of the four commercial and industrial sub-classes reflected in EnerTex's existing tariff structure: (i) Small customers (monthly consumption less than 150 Mcf); (ii) Mid customers (monthly consumption between 150-750 Mcf); (iii) Mid-Large customers (monthly consumption between 750-2,000 Mcf); and (iv) Large customers (monthly consumption over 2,000 Mcf). These changes are shown in the attached tariff Rate Schedule COMM.
- (c) *Weather Normalization Adjustment (Rate Schedule WNA)*: In proposed Rate Schedule WNA, Consolidated UniGas seeks adoption of a weather normalization adjustment ("WNA") provision applicable to all unincorporated area residential customers for the months of December, January and February, consistent with the WNA provisions in effect for other gas distribution utilities in Texas.
- (d) *Rate Case Expenses Surcharge*: Consolidated UniGas seek approval to recover all rate case expenses determined by the Commission to be reasonably incurred relating to this case.
- (e) *Pipeline Safety Inspection Fee (Rate Schedule PSF2019UG)*: The Pipeline Safety Fee would reflect the different fees per service line that may apply depending on the line's location in Applicants' existing service areas. (A single, system-wide

⁸ UniGas's sole customer under this tariff is another Applicant. Therefore this tariff will become inapplicable they combine into Consolidated UniGas.

pipeline safety inspection fee for Consolidated UniGas would be anticipated next year.)

- (f) *Miscellaneous Service Charges (Rate Schedule M)*: Consolidated UniGas seeks to adopt the miscellaneous service charges currently in effect for EnerTex, with some additional changes to reflect “actual cost” recovery rather than a specified dollar amount and an additional charge for appliance pilot lighting service.
- (g) *Line Extension Policy*: Applicants also seek approval for a line extension policy for Consolidated UniGas.

Applicants are not proposing any substantive changes to the other provisions of EnerTex’s existing tariff, including but not limited to: Purchased Gas Adjustment (Rate Schedule COG); Curtailment Plan (Rate Schedule UG489); and Quality of Service (Rate Schedules QSR_1, QSR_2, and QSR_3).

F. Effect of Proposed Rate Changes

The specific proposed changes to Applicants’ rates are shown in the following side-by-side comparison of existing and proposed monthly rates for environs customers of each existing utility, compared to the proposed system-wide environs monthly rate for Consolidated UniGas:

Customer Class	Existing Rate (UniGas)	Proposed Rate (Consolidated UniGas)
Residential		
Customer Charge	\$ 12.00	\$ 22.50
Volumetric Charge per Mcf	\$ 2.42	\$ 3.07
Commercial/Industrial – Small		
Customer Charge	\$ 25.00	\$ 45.00
Volumetric Charge per Mcf	\$ 2.42	\$ 2.65
Commercial/Industrial – Mid		
Customer Charge	\$ 25.00	\$ 350.00
Volumetric Charge per Mcf	\$ 2.42	\$ 2.22
Commercial/Industrial – Mid-Large		
Customer Charge	\$ 25.00	\$ 500.00
Volumetric Charge per Mcf	\$ 2.42	\$ 2.08
Commercial/Industrial – Large		
Customer Charge	\$ 25.00	\$ 750.00
Volumetric Charge per Mcf	\$ 2.42	\$ 1.36

Customer Class	Existing Rate (UniGas)	Proposed Rate (Consolidated UniGas)
School⁹		
Customer Charge	\$ 25.00	\$ 350.00
Volumetric Charge per Mcf	\$ 2.28	\$ 2.47

Customer Class¹⁰	Existing Rate (EnerTex)	Proposed Rate (Consolidated UniGas)
Residential		
Customer Charge	\$ 22.50	\$ 22.50
Volumetric Charge per Mcf	\$ 4.75	\$ 3.07
Commercial/Industrial – Small		
Customer Charge	\$ 45.00	\$ 45.00
Volumetric Charge per Mcf	\$ 1.85	\$ 2.65
Commercial/Industrial – Mid		
Customer Charge	\$ 350.00	\$ 350.00
Volumetric Charge per Mcf	\$ 1.55	\$ 2.22
Commercial/Industrial – Mid-Large		
Customer Charge	\$ 500.00	\$ 500.00
Volumetric Charge per Mcf	\$ 1.45	\$ 2.08
Commercial/Industrial – Large		
Customer Charge	\$ 750.00	\$ 750.00
Volumetric Charge per Mcf	\$ 0.95	\$ 1.36

Customer Class	Existing Rate (Consumers)	Proposed Rate (Consolidated UniGas)
Residential		
Customer Charge	\$ 13.00 ¹¹	\$ 22.50
Volumetric Charge per Mcf	\$ 3.55	\$ 3.07
Commercial/Industrial – Small		
Customer Charge	\$ 20.00	\$ 45.00
Volumetric Charge per Mcf	\$ 4.00	\$ 2.65
Commercial/Industrial – Mid		

⁹ Applicants propose to remove Schools as a stand-alone customer class for Consolidated UniGas. This analysis assumes these customers would be transferred to the “Commercial/Industrial – Mid” category, but their actual subclass within this customer class would depend on usage.

¹⁰ Consistent with EnerTex’s existing tariff, Applicants propose that Consolidated UniGas’s tariff contain four sub-classes of commercial, industrial and other non-residential customers, rather than one single commercial and industrial customer class as exists under the current tariffs of UniGas, Consumers, and Gas Energy.

¹¹ Applicable to the first meter at a customer’s service address. The second meter at a customer’s address incurs an additional \$7.00 monthly customer charge.

Customer Class	Existing Rate (Consumers)	Proposed Rate (Consolidated UniGas)
Customer Charge	\$ 20.00	\$ 350.00
Volumetric Charge per Mcf	\$ 4.00	\$ 2.22
Commercial/Industrial – Mid-Large		
Customer Charge	\$ 20.00	\$ 500.00
Volumetric Charge per Mcf	\$ 4.00	\$ 2.08
Commercial/Industrial – Large		
Customer Charge	\$ 20.00	\$ 750.00
Volumetric Charge per Mcf	\$ 4.00	\$ 1.36

Customer Class	Existing Rate (Gas Energy)	Proposed Rate (Consolidated UniGas)
Residential		
Customer Charge	\$ 13.68 ¹²	\$ 22.50
Volumetric Charge per Mcf	\$ 5.53	\$ 3.07
Commercial/Industrial – Small		
Customer Charge	\$ 21.05	\$ 45.00
Volumetric Charge per Mcf	\$ 5.53	\$ 2.65
Commercial/Industrial – Mid		
Customer Charge	\$ 21.05	\$ 350.00
Volumetric Charge per Mcf	\$ 5.53	\$ 2.22
Commercial/Industrial – Mid-Large		
Customer Charge	\$ 21.05	\$ 500.00
Volumetric Charge per Mcf	\$ 5.53	\$ 2.08
Commercial/Industrial – Large		
Customer Charge	\$ 21.05	\$ 750.00
Volumetric Charge per Mcf	\$ 5.53	\$ 1.36

Exhibit C shows the average bill impact by customer class.

¹² Applicable to the first meter at a customer's service address. The second meter at a customer's address incurs an additional \$7.37 monthly customer charge.

G. Witness Testimony

Attached as Exhibit D to the Statement of Intent is the direct testimony supporting Applicants' requested revenue requirement. The attached testimony includes the following witnesses:

- *Robert S. Barnwell IV* is President and Chief Executive Officer of Centric and Texas Gas. Mr. Barnwell's testimony provides background information on the Applicants and the events that have contributed to the need for rate cases and proposed consolidations. His testimony also includes information on the Applicants' capital structures, ongoing operations and investments, and affiliate considerations.
- *J. Ross Buttermore* is Chief Financial Officer of Centric and Texas Gas. Mr. Buttermore's testimony: addresses Applicants' compliance with various Commission rules; discusses the proposed consolidation; provides support for Applicants' capital structure, cost of debt, and various adjustments to test year data included in the requested cost of service; describes proposed revisions to the Cost Allocation and Assignment Manual; discusses proposed tariff revisions; and provides support for Applicants' request for rate case expenses.
- *Charles E. Loy* is a Principal at GDS Associates, Inc. Mr. Loy's testimony: presents the Applicants' revenue requirements model and rate filing schedules, which support the Applicants' proposed revenue requirement; presents the customer class cost of service study performed for Consolidated UniGas; addresses and supports the revenue increase and rate designs for the Applicants; and presents the resulting bill impacts.
- *Morey J. Villareal* is the Principal Consultant of Villareal & Associates, Inc. Mr. Villareal's testimony sponsors Applicants' compensation studies and the reasonableness of Applicants' compensation of their officers, employees, and directors.
- *Dane A. Watson* is Managing Partner of Alliance Consulting Group. Mr. Watson's testimony sponsors Applicants' proposed depreciation rates and underlying depreciation study.
- *Bruce H. Fairchild* is a Principal with Financial Concepts and Applications, Inc. Dr. Fairchild's testimony addresses and supports Applicants' requested return on equity, cost of debt, capital structure, and overall return on invested capital (weighted average cost of capital).

IV. REQUEST FOR PUBLIC INTEREST FINDING ON PROPOSED CONSOLIDATION UNDER TEXAS UTILITIES CODE § 102.051

Prior to this rate filing, Applicants entered into an agreement that, subject to Commission approval herein, would consolidate all of Applicants' assets and liabilities into UniGas as the sole

surviving entity. Applicants respectfully request that the Commission find that the proposed LDC Consolidation transaction described in this Statement and the attached testimony is consistent with the public interest pursuant to Texas Utilities Code § 102.051.

V. RATE CASE EXPENSES

Pursuant to Texas Utilities Code § 104.051 and Commission Rule § 7.5530, Applicants request recovery of all reasonable and necessary rate case expenses from affected customers in unincorporated areas through a surcharge to the final approved rates.

VI. PUBLIC NOTICE AND REQUEST FOR APPROVAL OF FORM OF NOTICE

Applicants will promptly undertake to notify the public of the proposed changes in their gas rates consistent with the requirements of Texas Utilities Code § 104.103 and Commission Rules §§ 7.230 and 7.235. The public notice that Applicants propose to provide regarding the proposed increase in, and consolidation of, rates is attached as Exhibit E to the Statement of Intent. Applicants asks that the Commission approve their proposed form of notice prior to providing notice to affected customers, and Applicants will submit proof of notice to the Commission promptly upon completion thereof.

VII. APPLICANTS' REPRESENTATIVES FOR NOTIFICATION

Applicants' authorized representatives are:

Robert S. Barnwell IV
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Officer
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VIII. REQUEST FOR APPROVAL OF PROTECTIVE ORDER

Applicants' 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, Applicants attach as Exhibit F to this Statement of Intent a proposed Protective Order and respectfully requests that the Commission issue an order approving the Protective Order. Subject to orders issued in this proceeding, Applicants have marked confidential material accordingly and will provide such confidential material upon execution of Exhibit A attached to the proposed Protective Order.

IX. CONCLUSION

Applicants respectfully request that the Commission: (1) approve rates and tariffs consistent with those proposed herein to become effective for service rendered on and after November 14, 2020; (2) approve new depreciation rates for Applicants as recommended in Mr. Watson's depreciation study; (3) approve the prudence of Applicants' capital investments through June 30, 2020; (4) find that the proposed LDC Consolidation described herein is consistent with the public interest under Texas Utilities Code § 102.051; (5) authorize Applicants to recover all reasonable rate case expenses incurred in connection with this Statement of Intent proceeding; and (6) grant such other and further relief to which the Applicants may be entitled.

Respectfully submitted,



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**ATTORNEYS FOR APPLICANTS,
UNIVERSAL NATURAL GAS, LLC,
CONSUMERS GAS COMPANY, LLC,
ENERTEX NB, LLC, AND
GAS ENERGY, LLC**

Dated: October 9, 2020

EXHIBIT A

EXHIBIT A

UNIVERSAL NATURAL GAS, LLC TARIFF FOR GAS SERVICE

PROPOSED TARIFF

UNIVERSAL NATURAL GAS, LLC
D/B/A UNIGAS
RESIDENTIAL SERVICE
RATE SCHEDULE RES

AVAILABILITY

This schedule is available to residential consumers receiving natural gas service from UNIGAS (hereinafter called "Company").

APPLICATION OF SCHEDULE

The Company will provide distribution service for the delivery of gas supply through the Company's facilities to eligible residential customers residing in single family or multi-unit residential dwellings in which each unit requires a separate connection and meter. Gas supplied hereunder is for the individual use of the Consumer at one point of delivery and shall not be resold or shared with others. If the Consumer has a written contract with Company, the terms and provision of such contract shall be controlling.

BASE MONTHLY RATE

For bills rendered on and after the effective date of this rate schedule, the monthly billing period rate for each customer receiving service under this rate schedule shall be the sum of the following:

Monthly Customer Charge:	\$22.50
All Gas Consumed at:	\$3.07 per MCF

PURCHASED GAS AND WEATHER NORMALIZATION ADJUSTMENTS

In addition to the BASE MONTHLY RATE charges above, each customer's bill will include a Purchased Gas Adjustment (Gas Cost Adjustment) which is equal to the estimated Weighted Average Cost of Gas for the period covered by the bill computed in accordance with Company's Purchased Gas Adjustment schedule in effect during the billing month. Each customer's bill will also include a Weather Normalization Adjustment during the months of December, January and February computed in accordance with Company's Weather Normalization Adjustment schedule in effect during these months.

TAXES

If applicable, in addition to the monthly charges above, each customer's bill will include a charge for an amount equivalent to the customer's proportional part of any governmental levies payable by the Company, exclusive of federal income taxes. The tax adjustment is calculated in accordance with the following formula: tax amount divided by volume (Mcf) billed that month equals tax adjustment, applied per Mcf. From time to time, any tax factor may be adjusted, if required, to account for any over- or under-recovery by the Company and to include an amount equivalent to the proportionate part of any new tax or any other governmental imposition, rental fee, or charge levied, assessed or imposed subsequent to the effective date of this tariff by any governmental authority, including districts, created under the laws of the State of Texas. The Company will also collect sales taxes where applicable. Additional Gross Receipts Taxes and/or Franchise Fees applicable within municipalities shall only be charged to customers within the incorporated areas.

FEE RIDERS

In addition to the base and volumetric rates above, each customer's bill will include an amount for riders calculated in accordance with the applicable riders:

Pipeline Safety Fee Recovery - Company will charge a surcharge to recover pipeline safety fees assessed by the Commission pursuant to Section 121.211 of the Texas Utilities Code and Commission Rule 16 TAC section 8.201. The surcharge will be charged not more often than once a year and will be billed following payment by the Company to the Commission, in accordance with the Commission's rules.

Rate Case Expense Recovery – Company will charge a surcharge to recover rate case expenses associated with Gas Utilities Docket No. _____, as approved by the Railroad Commission of Texas.

MISCELLANEOUS CHARGES

Customer is responsible for miscellaneous service charges in accordance with Schedule M – Miscellaneous Service Charges attached hereto.

**UNIVERSAL NATURAL GAS, LLC
D/B/A UNIGAS
COMMERCIAL & INDUSTRIAL SERVICE**

RATE SCHEDULE COMM

AVAILABILITY

This schedule is available to commercial & industrial and other non-residential (hereinafter called “C & I”) consumers receiving natural gas service from UNIGAS (hereinafter called "Company").

APPLICATION OF SCHEDULE

The Company will provide distribution service for the delivery of gas supply through the Company's facilities to eligible C & I customers in which each unit requires a separate connection and meter. Gas supplied hereunder is for the individual use of the Consumer at one point of delivery and shall not be resold or shared with others. If the Consumer has a written contract with Company, the terms and provision of such contract shall be controlling.

BASE MONTHLY RATE

For bills rendered on and after the effective date of this rate schedule, the monthly billing period rate for each customer receiving service under this rate schedule shall be the sum of the following:

<u>UNIGAS – C&I TARIFF MATRIX</u>				
<u>C&I CUSTOMER DESCRIPTION</u>	<u>MONTHLY CONSUMPTION CRITERIA</u>		<u>BASE C&I TARIFF RATES</u>	
	<u>Greater Than:</u>	<u>Less Than or Equal to:</u>	<u>Monthly Meter Charge</u>	<u>Commodity Charge</u>
C&I: General Small Commercial	0.0 Mcf/Mth.	150.0 Mcf/Mth.	\$45.00/Mth.	\$2.65/Mcf
C&I: General Mid Commercial	150.0 Mcf/Mth.	750.0 Mcf/Mth.	\$350.00/Mth.	\$2.22/Mcf
C&I: General Mid-Large Commercial	750.0 Mcf/Mth.	2,000 Mcf/Mth.	\$500.00/Mth.	\$2.08/Mcf

C&I: General	2,000 Mcf/Mth.	N/A	\$750.00/Mth.	\$1.36/Mcf
Large Commercial				

PURCHASED GAS ADJUSTMENT

In addition to the BASE MONTHLY RATE charges above, each customer's bill will include a Purchased Gas Adjustment (Gas Cost Adjustment) which is equal to the estimated Weighted Average Cost of Gas for the period covered by the bill computed in accordance with Company's Purchased Gas Adjustment schedule in effect during the billing month.

TAXES

If applicable, in addition to the monthly charges above, each customer's bill will include a charge for an amount equivalent to the customer's proportional part of any governmental levies payable by the Company, exclusive of federal income taxes. The tax adjustment is calculated in accordance with the following formula: tax amount divided by volume (Mcf) billed that month equals tax adjustment, applied per Mcf. From time to time, any tax factor may be adjusted, if required, to account for any over- or under-recovery by the Company and to include an amount equivalent to the proportionate part of any new tax or any other governmental imposition, rental fee, or charge levied, assessed or imposed subsequent to the effective date of this tariff by any governmental authority, including districts, created under the laws of the State of Texas. The Company will also collect sales taxes where applicable. Additional Gross Receipts Taxes and/or Franchise Fees applicable within municipalities shall only be charged to customers within the incorporated areas.

FEE RIDERS

In addition to the base and volumetric rates above, each customer's bill will include an amount for riders calculated in accordance with the applicable riders:

Pipeline Safety Fee Recovery - Company will charge a surcharge to recover pipeline safety fees assessed by the Commission pursuant to Section 121.211 of the Texas Utilities Code and Commission Rule 16 TAC section 8.201. The surcharge will be charged not more often than once a year and will be billed following payment by the Company to the Commission, in accordance with the Commission's rules.

Rate Case Expense Recovery – Company will charge a surcharge to recover rate case expenses associated with Gas Utilities Docket No. _____, as approved by the Railroad Commission of Texas.

MISCELLANEOUS CHARGES

Customer is responsible for miscellaneous service charges in accordance with Schedule M – Miscellaneous Service Charges attached hereto.

UNIVERSAL NATURAL GAS, LLC
D/B/A UNIGAS
WEATHER NORMALIZATION ADJUSTMENT (WNA)
RATE SCHEDULE WNA

The Weather Normalization Factor (WNF) is a factor that adjusts the Volumetric Fee for each 100 cubic feet (Ccf) of natural gas sold. The WNF is designed to refund over-collections and to surcharge for under-collections of revenue due to colder than normal or warmer than normal weather. In order to reflect weather variances in a timely and accurate manner, the WNF is calculated monthly and is based on monthly weather information for the three-month period beginning with December and ending with February. The Weather Normalization Factor shall apply only to residential customers, and for purposes of this WNF, the Company will designate residential customers into either the Conroe Area or New Braunfels/San Antonio Area, as applicable, based on meter location.

Formula. The WNF is calculated, as follows:

[Adjusted Heating Load plus Base Non-Heating Load] divided by Total Volumes Sold

Where: Adjusted Heating Load (Ccf) = Heating Load divided by HDD Factor

AvgHDD = Average heating degree-days for a calendar month as measured by the National Oceanic and Atmospheric Administration (NOAA) for the period 2009 through 2019 at their weather station in Conroe, Texas or San Antonio, Texas, as applicable. The AvgHDD values used to calculate the WNF are:

For the Conroe Weather Station: December 387, January 461.65, February 295.75

For the San Antonio Weather Station: December 321.9, January 373.99, February 237.05

Base Non-Heating Load (Ccf) = Base load factor x the number of bills issued for each class where base load factors are as follows:

Conroe Area Residential – 12.28 Ccf

New Braunfels/San Antonio Area Residential – 12.28 Ccf

Bills = Number of bills issued to customers for gas sold that month

HDD = A heating degree day is a measurement of demand for energy to heat houses and businesses. The WNF is based upon actual heating degree-days for a calendar month as measured by the NOAA at their weather station located in Conroe, Texas or San Antonio, Texas, as applicable.

HDD Factor (Heating Degree-Day Factor) = HDD divided by AvgHDD

Heating Load (Ccf) = Total Volumes Sold minus Base Non-Heating Load

Weather Normalization months = December, January, February

Report. Within 45 days from the last day in each Weather Normalization month, the company shall provide to the Commission, in spreadsheet format, one WNF Compliance Report per Weather Normalization month to demonstrate how the Company calculated the WNF for residential customers in each of the Conroe Area and New Braunfels/San Antonio Area, using the following format:

FORMAT FOR WNF COMPLIANCE REPORT

Line 1 AvgHDD

Lines 2-3 blank

Line 4 HDDs (for Conroe or San Antonio weather station, as applicable)

Lines 5-6 blank

Line 7 Bills

Line 8 blank

Line 9 Base Non-Heating Load (Ccf), which is Line 7 times applicable Base Non-Heating load factor by customer class

Line 10 blank

Line 11 Total Volumes Sold

Line 12 blank

Line 13 Heating Load (Ccf), which is Line 11 minus Line 9

Lines 14-15 blank

Line 16 HDD Factor, which is Line 4 divided by Line 1

Line 17 blank

Line 18 Adjusted Heating Load (Ccf), which is Line 13 divided by Line 16

Line 19 blank

Line 20 WNF, which is [(Line 18 plus Line 9) divided by Line 11]

Line 21-22 blank

Line 23 Volumetric Fee (\$ per Ccf)

Line 24 blank

Line 25 Adjusted Volumetric Fee (Line 23 times Line 20)

Line 26-27 blank

Line 28 Effect on revenue, which is [(Line 25 minus Line 23) x Line 11].

Each report shall have a column of data for each of the three Weather Normalization months, with fields populated for the latest and prior months in a winter season.

UNIVERSAL NATURAL GAS, LLC
D/B/A UNIGAS
RATE SCHEDULE COG

In addition to the BASE MONTHLY RATE charges, each customer's bill will include a Purchased Gas Adjustment (Gas Cost Adjustment or GCA) for the current billing cycle. This GCA applies to all customer classes.

Gas Cost Adjustment: The Adjusted Cost of Gas for the current billing cycle shall be computed to the nearest cent (\$0.01), and the Gas Cost Adjustment per MCF shall be applied to each MCF billed. Lost and unaccounted for gas (LUG) expense shall be allowed at the rate of five percent (5%) or the Company's actual LUG, whichever is smaller. The monthly adjustment shall be computed as follows when the weighted average cost of gas is known: $A = C (1 + (LUG) P) / S$ Where:

A = Adjusted Cost of Gas for the current billing cycle.

C = The weighted average cost of gas per MCF purchased by Company for the current billing cycle corrected for billing adjustments in previous periods.

P = The MCF volume of gas purchased during the most recent 12-month period ended June 30.

S = The MCF volume of gas sold during the most recent 12-month period ended June 30.

LUG = means Lost and Unaccounted for Gas and is defined as the smaller of 0.05 or $(P-S)/P$, for the most recent 12-month period ended June 30.

The Commodity Rate shall be adjusted each month as provided in the Gas Cost Adjustment. If the Company's current weighted average cost of gas purchased for resale is not known at the date the customer's bills are prepared, then Company shall calculate its current weighted average cost of gas purchased for resale as follows:

Step 1: Current Month Estimated Cost of Gas Calculation.

- A. Current Month's Estimated Total Gas Cost \$,
- B. Current Month's Estimated Purchase Volume MCF,
- C. Current Month's Estimated Cost of Gas per MCF \$,
- E. Adjusted Cost of Gas \$,
- F. Unaccounted for Gas Factor (LUG),
- G. Current Month's Estimated Adjusted Cost of Gas \$.

Step 2: Correction of Prior Month's Estimated GCA.

- H. Prior Month's Actual Total Gas Cost,
- I. Prior Month's Actual Total Purchase Volume (MCF),
- J. Prior Month's Actual Cost of Gas per MCF (H/I),
- K. Base Cost of Gas per MCF,
- L. Adjusted Cost of Gas per MCF (J-K),
- M. Unaccounted for Gas Factor (LUG),
- N. Prior Month's Actual GCA per MCF (LxM) \$,
- O. Prior Month's Estimated Cost of Gas per MCF (G) \$,
- P. Difference per MCF (N-O) \$,
- Q. Prior Month's Actual Sales Volume (MCF),
- R. Total Amount <Over>/Under Collected (PxQ) \$.

Step 3: Current Month's GCA Calculation.

- G. Current Month's Estimated Cost of Gas per MCF \$,
- R. Amount <Over>/Under Collected in Prior Month \$,
- S. Current Month's Actual Sales Volume (MCF),
- T. Adjustment per MCF (R/S),
- U. Current Month's Estimated GCA (G+T)

UNIVERSAL NATURAL GAS, LLC**D/B/A UNIGAS****RATE SHEET****RATE SCHEDULE PSF2019UG**

The Company will pass on the one-time customer charge for the Pipeline Safety Inspection Fee for each service line reported to be in service at the end of calendar year 2019, pursuant to Texas Utilities Code 121.211 and the Commission's Rules and Regulations. This Fee shall equal the Pipeline Safety Inspection Fee applicable to each service line in the territory previously served by the predecessor company prior to corporate consolidation, as follows: \$0.99 (Universal Natural Gas, LLC); \$0.99 (Consumers Gas Company, LLC); \$0.98 (Gas Energy, LLC); and \$0.72 (EnerTex NB, LLC). The Pipeline Safety Inspection Fee is based on the amount of \$1.00 per service line, as specified by the Railroad Commission of Texas.

UNIVERSAL NATURAL GAS, LLC
D/B/A UNIGAS
RATE SHEET

RATE SCHEDULE UG489 – CURTAILMENT PLAN

Docket No. 489 ORDER RELATING TO THE APPROVAL BY THE COMMISSION OF CURTAILMENT PROGRAMS FOR NATURAL GAS TRANSPORTED AND SOLD WITHIN THE STATE OF TEXAS

After due notice the Railroad Commission of Texas on the 30th day of November, 1972, heard testimony and requested written curtailment priorities from representatives of investor owned and municipal gas utilities companies, private industry consumers and others responsible for directing available natural gas supplies to the consumers of natural gas in the State of Texas.

WHEREAS, pursuant to the authority granted to the Railroad Commission of Texas in Article 6050 to 6066, inclusive, R.C.S., as amended; and

WHEREAS, the Commission has determined the need for a curtailment program to assure effective control of the flow of natural gas to the proper destinations to avoid suffering and hardship of domestic consumers; and

WHEREAS, the Commission has determined a need to make natural gas available to all gas consumers on a reasonable but limited basis during times of needed curtailment to the end that the public will be best served; and

WHEREAS, the Commission has determined that the transportation delivery and/or sale of natural gas in the State of Texas for any purpose other than human need consumption will be curtailed to whatever extent and for whatever periods the Commission may find necessary for the primary benefit of human needs customers (domestic and commercial consumption) and such small industries as cannot practically be curtailed without curtailing human needs.

IT IS THEREFORE, ORDERED BY THE RAILROAD COMMISSION OF TEXAS that the following rules relating to the approval by the Commission of curtailment programs for gas transported and sold within the State of Texas shall apply to all parties responsible for directing available and future natural gas supplies to the consumers of natural gas in the State of Texas.

RULE 1.

Every natural gas utility, as that term is defined in Article 6050, R.C.S. of Texas, as amended, intrastate operations only, shall file with the Railroad Commission on or before Feb. 12, 1973, its curtailment program. The Commission may approve the program without a hearing; set the matter for a public hearing on its own motion or on the motion of any affected customer of said utility.

The curtailment program to be filed shall include, in verified form, the following information:

A. Volume of gas reserves attached to its system together with a brief description of each separate source of gas reserves setting forth the following:

1. the name of the supplier,
2. the term of each contract in years, and the years remaining on said contract,
3. the volume of recoverable reserve contracted for, and
4. rated deliverability of such reserves in MCF.

B. Capacity and location of underground storage, if any, attached to its system with a statement of whether the company's storage balance is above or below its desired level for this time, and, if below, what plans has the company made to restore the balance.

C. Peak day and average daily deliverability on an annual basis of its wells, gas plants and underground storage attached to its system.

D. Peak day capacity of its system.

E. Forecast of additions to reserves for each of the next two succeeding years.

F. Location and size of the line pipes, compressor stations, operating maximum line pressures, and a map showing delivery points along the system.

G. Disposition of all gas entering its system, with names of all customers other than residential customers and volumes delivered to each during the past calendar year. Identify those customers using 3,000 MCF gas per day, or more, which are under a service contract, and if such contract includes an "Interruptible Service" clause, and if so, attach a reproduced copy of the relevant provisions of such contract.

H. Steps taken in past years, being taken at the present, and to be taken to alleviate curtailments.

RULE 2.

Until such time as the Commission has specifically approved a utilities curtailment program, the following priorities in descending order shall be observed:

- A. Deliveries for residences, hospitals, schools, churches and other human needs customers.
- B. Deliveries of gas to small industrials and regular commercial loads (defined as those customers using less than 3,000 MCF per day) and delivery of gas for use as pilot lights or in accessory or auxiliary equipment essential to avoid serious damage to industrial plants.
- C. Large users of gas for fuel or as a raw material where an alternate cannot be used and operation and plant production would be curtailed or shut down completely when gas is curtailed.
- D. Large users of gas for boiler fuel or other fuel users where alternate fuels can be used. This category is not to be determined by whether or not a user has actually installed alternate fuel facilities, but whether or not an alternate fuel "could" be used.
- E. Interruptible sales made subject to interruption or curtailment at Seller's sole discretion under contracts or tariffs which provide in effect for the sale of such gas as Seller may be agreeable to selling and Buyer may be agreeable to buying from time to time.

RULE 3.

Each gas utility that has obtained Commission approval of a curtailment program shall conduct operations in compliance with such program.

So long as any gas utility which has obtained Commission approval of a curtailment program continues to curtail deliveries to its customers, except as provided by contract or those customers included in Part E of Rule 2 above, it (a) shall file on or before April 1 of each year, under oath, the information called for in Rule 1, for the preceeding year, and (b) shall not, without Commission approval, make sales of gas to any new customers or increase volumes sold to existing customers, except those new or existing customers defined in Parts A & B of Rule 2 above.

IT IS FURTHER ORDERED that this cause be held open for such other and further orders as may be deemed necessary.

ENTERED AT AUSTIN, TEXAS, this 5th day of January, 1973.

UNIVERSAL NATURAL GAS , LLC**D/B/A UNIGASRATE SCHEDULE - LINE EXTENSION POLICY****Line Extension and/or Re-Route Policy: Actual Cost**

Gas main, service line, and yard line installations, re-routes, or extensions shall be made at Company's expense only where the probable use of all facilities necessary for such service will provide a reasonable and compensatory return to Company on the value of such facilities. In all other cases, Company may require, on a consistent and non-discriminatory basis, pre-payment, reimbursement, or adequate security for all Actual Cost of extending its existing pipeline system to serve a new customer. "Yard line" includes customer-owned gas lines installed on customer's side of the meter at customer request. Such gas line extensions shall be made only under the following conditions:

- A. Individual Residential – Company shall only be required to extend distribution mains up to fifty (50) feet for any individual residential customer if such customer, at a minimum, uses gas for unsupplemented space heating and water heating or an equivalent load. Tapping of Company main and any length of gas mains in excess of the first 50 feet, or service lines, yard lines, and meter set required for the establishment of service, shall be charged to customer at Actual Cost.
- B. Developers of Residential and/or Business Subdivisions -- upon execution of Company's Natural Gas System Development and Distribution Agreement, or under special circumstances where, in Company's opinion, such form is not appropriate, upon execution of a special agreement providing for satisfactory conditions for reimbursement to Company for Company's Actual Cost of the necessary gas line extension(s) and related facilities, including gas mains, service lines, meters and regulators.
- C. Other Commercial, Industrial or other non-residential locations – Tapping of Company main and any length of gas mains, services lines, or yard lines required for the establishment of service shall be charged to customer at Actual Cost.

UNIVERSAL NATURAL GAS, LLC

D/B/A UNIGAS

RATE SCHEDULE QSR_1 - QUALITY OF SERVICE

RULE Section 7.45 Quality of Service (as supplemented herein);

For gas utility service to residential and small commercial customers, the following minimum service standards shall be applicable in unincorporated areas. In addition, each gas distribution utility is ordered to amend its service rules to include said minimum service standards within the utility service rules applicable to residential and small commercial customers within incorporated areas, but only to the extent that said minimum service standards do not conflict with standards lawfully established within a particular municipality for a gas distribution utility. Said gas distribution utility shall file service rules incorporating said minimum service standards with the Railroad Commission and with the municipalities in the manner prescribed by law.

(1) Continuity of service.

(A) Service interruptions.

(i) Every gas utility shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the utility shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of customers are affected.

(ii) Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.

(iii) In the event of national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

(B) Record of interruption. Except for momentary interruptions which do not cause a major disruption of service, each utility shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of interruptions, date, time

duration, location, approximate number of customers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.

(C) Report to commission. The commission shall be notified in writing within 48 hours of interruptions in service affecting the entire system or any major division thereof lasting more than four hours. The notice shall also state the cause of such interruptions. If any service interruption is reported to the commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this paragraph.

(2) Customer relations.

(A) Information to customers. Each utility shall:

(i) maintain a current set of maps showing the physical locations of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately describe the utility's facilities. These maps, or such other maps as may be required by the regulatory authority, shall be kept by the utility in a central location and will be available for inspection by the regulatory authority during normal working hours. Each business office or service center shall have available up-to-date maps, plans, or records of its immediate area, with such other information as may be necessary to enable the utility to advise applicants and others entitled to the information as to the facilities available for serving that locality;

(ii) assist the customer or applicant in selecting the most economical rate schedule;

(iii) in compliance with applicable law or regulations, notify customers affected by a change in rates or schedule or classification;

(iv) post a notice in a conspicuous place in each business office of the utility where applications for service are received informing the public that copies of the rate schedules and rules relating to the service of the utility as filed with the commission are available for inspection;

(v) upon request inform its customers as to the method of reading meters;

(vi) provide to new customers, at the time service is initiated or as an insert in the first billing, a pamphlet or information packet containing the following information. This

information shall be provided in English and Spanish as necessary to adequately inform the customers; provided, however, the regulatory authority upon application and a showing of good cause may exempt the utility from the requirement that the information be provided in Spanish:

(I) the customer's right to information concerning rates and services and the customer's right to inspect or obtain at reproduction cost a copy of the applicable tariffs and service rules;

(II) the customer's right to have his or her meter checked without charge under paragraph (7) of this section, if applicable;

(III) the time allowed to pay outstanding bills;

(IV) grounds for termination of service;

(V) the steps the utility must take before terminating service;

(VI) how the customer can resolve billing disputes with the utility and how disputes and health emergencies may affect termination of service;

(VII) information on alternative payment plans offered by the utility;

(VIII) the steps necessary to have service reconnected after involuntary termination;

(IX) the appropriate regulatory authority with whom to register a complaint and how to contact such authority;

(X) the hours, addresses, and telephone numbers of utility offices where bills may be paid and information may be obtained; and

(XI) the customer's right to be instructed by the utility how to read his or her meter;

(vii) at least once each calendar year, notify customers that information is available upon request, at no charge to the customer, concerning the items listed in clause (vi)(I) - (XI) of this subparagraph. This notice may be accomplished by use of a billing insert or a printed statement upon the bill itself.

(B) Customer complaints. Upon complaint to the utility by residential or small commercial customers either at its office, by letter, or by telephone, the utility shall promptly make a suitable investigation and advise the complainant of the results thereof. It shall keep a record of all complaints which shall show the name and address of the complainant, the date and nature of the complaint, and the adjustment or disposition thereof for a period of one year subsequent to the final disposition of the complaint.

(C) Utility response. Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a customer, the utility shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response must be made by the next working day. The utility must make a final and complete response within 15 days from the date of the complaint, unless additional time is granted within the 15-day period. The commission encourages all customer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of each utility; however, telephone communications will be acceptable.

(D) Deferred payment plan. The utility is encouraged to offer a deferred payment plan for delinquent residential accounts. If such a plan is offered, it shall conform to the following guidelines:

(i) Every deferred payment plan entered into due to the customer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the customer pays current bills and a reasonable amount of the outstanding bill and agrees to pay the balance in reasonable installments until the bill is paid.

(ii) For purposes of determining reasonableness under these rules, the following shall be considered: size of delinquent account; customer's ability to pay; customer's payment history; time that the debt has been outstanding; reasons why debt has been outstanding; and other relevant factors concerning the circumstances of the customer.

(iii) A deferred payment plan, if reduced to writing, offered by a utility shall state, immediately preceding the space provided for the customer's signature and in bold-face print at least two sizes larger than any other used, that: If you are not satisfied with this agreement, do not sign. If you are satisfied with this agreement, you give up

your right to dispute the amount due under the agreement except for the utility's failure or refusal to comply with the terms of this agreement.

(iv) A deferred payment plan may include a one-time 5.0% penalty for late payment on the original amount of the outstanding bill with no prompt payment discount allowed except in cases where the outstanding bill is unusually high as a result of the utility's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.

(v) If a customer for utility service has not fulfilled terms of a deferred payment agreement or refuses to sign the same if it is reduced to writing, the utility shall have the right to disconnect pursuant to disconnection rules herein and, under such circumstances, it shall not be required to offer a subsequent negotiation of a deferred payment agreement prior to disconnection.

(vi) Any utility which institutes a deferred payment plan shall not refuse a customer participation in such a program on the basis of race, color, creed, sex, marital status, age, or any other form of discrimination prohibited by law.

(E) Delayed payment of bills by elderly persons.

(i) Applicability. This subparagraph applies only to:

(I) a utility that assesses late payment charges on residential customers and that suspends service before the 26th day after the date of the bill for which collection action is taken;

(II) utility bills issued on or after August 30, 1993; and

(III) an elderly person, as defined in clause (ii) of this subparagraph, who is a residential customer and who occupies the entire premises for which a delay is requested.

(ii) Definitions.

(I) Elderly person--A person who is 60 years of age or older.

(II) Utility - A gas utility or municipally owned utility, as defined in Texas Utilities Code, Sections 101.003(7), 101.003(8), and 121.001 - 121.006.

(iii) An elderly person may request that the utility implement the delay for either the most recent utility bill or for the most recent utility bill and each subsequent utility bill.

(iv) On request of an elderly person, a utility shall delay without penalty the payment date of a bill for providing utility services to that person until the 25th day after the date on which the bill is issued.

(v) The utility may require the requesting person to present reasonable proof that the person is 60 years of age or older.

(vi) Every utility shall notify its customers of this delayed payment option no less often than yearly. A utility may include this notice with other information provided pursuant to subparagraph (A) of this paragraph.

(3) Refusal of service.

(A) Compliance by applicant. Any utility may decline to serve an applicant for whom service is available from previously installed facilities until such applicant has complied with the state and municipal regulations and approved rules and regulations of the utility on file with the commission governing the service applied for or for the following reasons.

(i) Applicant's facilities inadequate. If the applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given.

(ii) For indebtedness. If the applicant is indebted to any utility for the same kind of service as that applied for; provided, however, that in the event the indebtedness of the applicant for service is in dispute, the applicant shall be served upon complying with the applicable deposit requirement.

(iii) Refusal to make deposit. For refusal to make a deposit if applicant is required to make a deposit under these rules.

(B) Applicant's recourse. In the event that the utility shall refuse to serve an applicant under the provisions of these rules, the utility must inform the applicant of the basis of its refusal and that the applicant may file a complaint with the municipal regulatory authority or commission, whichever is appropriate.

(C) Insufficient grounds for refusal to serve. The following shall not constitute sufficient cause for refusal of service to a present customer or applicant:

- (i) delinquency in payment for service by a previous occupant of the premises to be served;
- (ii) failure to pay for merchandise or charges for nonutility service purchased from the utility;
- (iii) failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;
- (iv) violation of the utility's rules pertaining to operation of nonstandard equipment or unauthorized attachments which interfere with the service of others unless the customer has first been notified and been afforded reasonable opportunity to comply with these rules;
- (v) failure to pay a bill of another customer as guarantor thereof unless the guarantee was made in writing to the utility as a condition precedent to service; and
- (vi) failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill.

(4) Discontinuance of service.

(A) The due date of the bill for utility service shall not be less than 15 days after issuance, or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

(B) A utility may offer an inducement for prompt payment of bills by allowing a discount in the amount of 5.0% for payment of bills within 10 days after their issuance. This provision shall not apply where it conflicts with existing orders or ordinances of the appropriate regulatory authority.

(C) A customer's utility service may be disconnected if the bill has not been paid or a deferred payment plan pursuant to paragraph (2)(D) of this section has not been entered into within five working days after the bill has become delinquent and proper notice has been given. Proper notice consists of a deposit of the disconnect notice in the United States mail, postage

prepaid or hand delivery of the disconnect notice to the customer at least five working days prior to the stated date of disconnection, with the words Termination Notice or similar language prominently displayed on the notice. Emailed disconnect notices may be provided in addition to deposit of the disconnect notice in the United States mail, postage prepaid or hand delivery to the customer. The notice shall be provided in English and Spanish as necessary to adequately inform the customer, and shall include the date of termination, the hours, address, and telephone number where payment may be made, and a statement that if a health or other emergency exists, the utility may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency.

(D) Utility service may be disconnected for any of the following reasons:

- (i) failure to pay a delinquent account or failure to comply with the terms of a deferred payment plan for installment payment of a delinquent account;
- (ii) violation of the utility's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the customer and the customer is provided with a reasonable opportunity to remedy the situation;
- (iii) failure to comply with deposit or guarantee arrangements where required by paragraph (5) of this section;
- (iv) without notice where a known dangerous condition exists for as long as the condition exists;
- (v) tampering with the utility company's meter or equipment or bypassing the same.

(E) Utility service may not be disconnected for any of the following reasons:

- (i) delinquency in payment for service by a previous occupant of the premises;
- (ii) failure to pay for merchandise or charges for nonutility service by the utility;
- (iii) failure to pay for a different type or class of utility service unless fee for such service is included on the same bill;
- (iv) failure to pay the account of another customer as guarantor thereof, unless the utility has in writing the guarantee as a condition precedent to service;

(v) failure to pay charges arising from an underbilling occurring due to any misapplication of rates more than six months prior to the current billings;

(vi) failure to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due;

(vii) failure to pay an estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the utility is unable to read the meter due to circumstances beyond its control.

(F) Unless a dangerous condition exists, or unless the customer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel of the utility are not available to the public for the purpose of making collections and reconnecting service.

(G) No utility may abandon a customer without written approval from the regulatory authority.

(H) No utility may discontinue service to a delinquent residential customer permanently residing in an individually metered dwelling unit when that customer establishes that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if the service is discontinued. Any customer seeking to avoid termination of service under this section must make a written request supported by a written statement from a licensed physician. Both the request and the statement must be received by the utility not more than five working days after the date of delinquency of the bill. The prohibition against service termination provided by this section shall last 20 days from the date of receipt by the utility of the request and statement or such lesser period as may be agreed upon by the utility and the customer. The customer who makes such request shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.

(5) Applicant deposit.

(A) Establishment of credit for residential applicants. Each utility may require a residential applicant for service to satisfactorily establish credit but such establishment of credit shall not relieve the customer from complying with rules for prompt payment of bills. Subject to these rules, a residential applicant shall not be required to pay a deposit:

(i) if the residential applicant has been a customer of any utility for the same kind of service within the last two years and is not delinquent in payment of any such utility service account and during the last 12 consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment;

(ii) if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required; or

(iii) if the residential applicant furnishes in writing a satisfactory credit rating by appropriate means, including, but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the utility, or ownership of substantial equity.

(B) Reestablishment of credit. Every applicant who has previously been a customer of the utility and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay all his amounts due the utility or execute a written deferred payment agreement, if offered, and reestablish credit as provided in subparagraph (A) of this paragraph.

(C) Amount of deposit and interest for residential service, and exemption from deposit.

(i) Each gas utility shall waive any deposit requirement for residential service for an applicant who has been determined to be a victim of family violence as defined in Texas Family Code, 71.004, by a family violence center, by treating medical personnel, by law enforcement agency personnel, or by a designee of the Attorney General in the Crime Victim Services Division of the Office of the Attorney General. This determination shall be evidenced by the applicant's submission of a certification letter developed by the Texas Council on Family Violence and made available on its web site.

(ii) The required deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings. If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the utility may

disconnect service under the standard disconnection procedure for failure to comply with deposit requirements.

(iii) All applicants for residential service who are 65 years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the utility or another utility for the same utility service which accrued within the last two years. No cash deposit shall be required of such applicant under these conditions.

(iv) Each utility which requires deposits to be made by its customers shall pay a minimum interest on such deposits according to the rate as established by law. If refund of deposit is made within 30 days of receipt of deposit, no interest payment is required. If the utility retains the deposit more than 30 days, payment of interest shall be made retroactive to the date of deposit.

(I) Payment of interest to the customer shall be annually or at the time the deposit is returned or credited to the customer's account.

(II) The deposit shall cease to draw interest on the date it is returned or credited to the customer's account.

(D) Deposits for temporary or seasonal service and for weekend or seasonal residences. The utility may require a deposit sufficient to reasonably protect it against the assumed risk, provided such a policy is applied in a uniform and nondiscriminatory manner.

(E) Records of deposits.

(i) The utility shall keep records to show:

(I) the name and address of each depositor;

(II) the amount and date of the deposit; and

(III) each transaction concerning the deposit.

(ii) The utility shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.

(iii) A record of each unclaimed deposit must be maintained for at least four years, during which time the utility shall make a reasonable effort to return the deposit.

(F) Refund of deposit.

(i) If service is not connected or after disconnection of service, the utility shall promptly and automatically refund the customer's deposit plus accrued interest on the balance, if any, in excess of the unpaid bills for service furnished. The transfer of service from one premise to another within the service area of the utility shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless permitted by these rules.

(ii) When the customer has paid bills for service for 12 consecutive residential bills without having service disconnected for nonpayment of bill and without having more than two occasions in which a bill was delinquent and when the customer is not delinquent in the payment of the current bills, the utility shall promptly and automatically refund the deposit plus accrued interest to the customer in the form of cash or credit to a customer's account.

(G) Upon sale or transfer of utility or company. Upon the sale or transfer of any public utility or operating units thereof, the seller shall file with the commission under oath, in addition to other information, a list showing the names and addresses of all customers served by such utility or unit who have to their credit a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon.

(H) Complaint by applicant or customer. Each utility shall direct its personnel engaged in initial contact with an applicant or customer for service seeking to establish or reestablish credit under the provisions of these rules to inform the customer, if dissatisfaction is expressed with the utility's decision, of the customer's right to file a complaint with the regulatory authority thereon.

(6) Billing.

(A) Bills for gas service shall be rendered monthly, unless otherwise authorized or unless service is rendered for a period less than a month. Bills shall be rendered as promptly as possible following the reading of meters.

(B) The customer's bill must show all the following information whether it is issued through the United States mail or electronic methods. The information must be arranged and displayed in such a manner as to allow the customer to compute his bill with the applicable rate schedule. The applicable rate schedule must be mailed to the customer on request of the customer. A utility may exhaust its present stock of nonconforming bill forms before compliance is required by this section:

- (i) if the meter is read by the utility, the date and reading of the meter at the beginning and end of the period for which rendered;
- (ii) the number and kind of units billed;
- (iii) the applicable rate schedule title or code;
- (iv) the total base bill;
- (v) the total of any adjustments to the base bill and the amount of adjustments per billing unit;
- (vi) the date by which the customer must pay the bill to get prompt payment discount;
- (vii) the total amount due before and after any discount for prompt payment within a designated period;
- (viii) a distinct marking to identify an estimated bill.

(C) Where there is good reason for doing so, estimated bills may be submitted, provided that an actual meter reading is taken at least every six months. For the second consecutive month in which the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read otherwise, the utility must provide the customer with a postcard and request that the customer read the meter and return the card to the utility if the meter is of a type that can be read by the customer without significant inconvenience or special tools or equipment. If such a postcard is not received by the utility in time for billing, the utility may estimate the meter reading and render the bill accordingly.

(D) Disputed bills.

- (i) In the event of a dispute between the customer and the utility regarding the bill, the utility must forthwith make such investigation as is required by the particular case and

report the results thereof to the customer. If the customer wishes to obtain the benefits of clause (ii) of this subparagraph, notification of the dispute must be given to the utility prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the utility shall inform the customer of the complaint procedures of the appropriate regulatory authority.

(ii) Notwithstanding any other subsection of this section, the customer shall not be required to pay the disputed portion of the bill which exceeds the amount of that customer's average usage for the billing period at current rates until the earlier of the following: resolution of the dispute or the expiration of the 60-day period beginning on the day the disputed bill is issued. For purposes of this section only, the customer's average usage for the billing period shall be the average of the customer's usage for the same billing period during the preceding two years. Where no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar customers and under similar conditions.

(7) Meters.

(A) Meter requirements.

(i) Use of meter. All gas sold by a utility must be charged for by meter measurements, except where otherwise provided for by applicable law, regulation of the regulatory authority, or tariff.

(ii) Installation by utility. Unless otherwise authorized by the regulatory authority, each utility must provide and install and will continue to own and maintain all meters necessary for measurement of gas delivered to its customers.

(iii) Standard type. No utility may furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.

(B) Meter records. Each utility must keep the following records:

(i) Meter equipment records. Each utility must keep a record of all its meters, showing the customer's address and date of the last test.

(ii) Records of meter tests. All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a customer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, the date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.

(iii) Meter readings--meter unit location. In general, each meter must indicate clearly the units of service for which charge is made to the customer.

(iv) Meter tests on request of customer.

(I) Each utility must, upon request of a customer, make a test of the accuracy of the meter serving that customer. The utility must inform the customer of the time and place of the test and permit the customer or his authorized representative to be present if the customer so desires. If no such test has been performed within the previous four years for the same customer at the same location, the test is to be performed without charge. If such a test has been performed for the same customer at the same location within the previous four years, the utility is entitled to charge a fee for the test not to exceed \$15 or such other fee for the testing of meters as may be set forth in the utility's tariff properly on file with the regulatory authority. The customer must be properly informed of the result of any test on a meter that serves him.

(II) Notwithstanding subclause (I) of this clause, if the meter is found to be more than nominally defective, to either the customer's or the utility's disadvantage, any fee charged for a meter test must be refunded to the customer. More than nominally defective means a deviation of more than 2.0% from accurate registration.

(v) Bill adjustments due to meter error.

(I) If any meter test reveals a meter to be more than nominally defective, the utility must correct previous readings consistent with the inaccuracy found in the meter for the period of either:

(-a-) the last six months; or

(-b-) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to be made. This requirement for a correction may be foregone by the utility if the error is to the utility's disadvantage.

(II) If a meter is found not to register for any period of time, the utility may make a charge for units used but not metered for a period not to exceed three months previous to the time the meter is found not to be registering. The determination of amounts used but not metered is to be based on consumption during other like periods by the same customer at the same location, when available, and on consumption under similar conditions at the same location or of other similarly situated customers, when not available.

(8) New construction.

(A) Standards of construction. Each utility is to construct, install, operate, and maintain its plant, structures, equipment, and lines in accordance with the provisions of such codes and standards as are generally accepted by the industry, as modified by rule or regulation of the regulatory authority or otherwise by law, and in such manner to best accommodate the public and to prevent interference with service furnished by other public utilities insofar as practical.

(B) Line extension and construction charges. Every utility must file its extension policy. The policy must be consistent, nondiscriminatory, and is subject to the approval of the regulatory authority. No contribution in aid of construction may be required of any customer except as provided for in extension policy.

(C) Response to request for service. Every gas utility must serve each qualified applicant for service within its service area as rapidly as practical. As a general policy, those applications not involving line extensions or new facilities should be filled within seven working days. Those applications for individual residential service requiring line extensions should be filled within 90 days unless unavailability of materials or other causes beyond the control of the utility result in unavoidable delays. In the event that residential service is delayed in excess of 90 days after an applicant has met credit requirements and made satisfactory arrangements for

payment of any required construction charges, a report must be made to the regulatory authority listing the name of the applicant, location, and cause for delay. Unless such delays are due to causes which are reasonably beyond the control of the utility, a delay in excess of 90 days may be found to constitute a refusal to serve.

UNIVERSAL NATURAL GAS, LLC
D/B/A UNIGAS
MISCELLANEOUS SERVICE CHARGES
RATE SCHEDULE M

APPLICATION

The service charges listed below are in addition to any other charges under the Company's Tariff for Gas Service and will be applied for the condition described. Normal business hours are Monday through Friday, 8:30 AM – 4:30 PM Central Time. After business hours are considered outside of normal business hours including weekends and holidays. For purposes of this Schedule M, “Actual Cost” means those costs that Company incurs to perform the miscellaneous services requested and shall include, but in no event be limited to, the cost of materials, cost of labor, allocated overhead costs, permit costs, right-of-way acquisition costs, and any other costs, including all applicable taxes, associated with the miscellaneous services provided by Company. Actual Cost also includes, where necessary, an allowance for inventory loss or consumed materials. Actual Cost specifically excludes Company profit. Company shall provide a breakdown of costs by category for any Miscellaneous Services provided in Customer’s subsequent bill.

MISCELLANEOUS SERVICE CHARGES

M-1 Application for Service: \$35.00

A charge shall be made for new customer account set-up, and credit inquiry, including special meter reading

M-2 Connection Charge During Normal Business Hours: Actual Cost

During normal business hours, for each reconnection of gas service where service has been discontinued at the same premises for any reason, for the initial inauguration of service, and for each inauguration of service when the billable party has changed, subject to the following exceptions:

- (a) Whenever gas service has been temporarily interrupted because of System outage or service work done by Company; or
- (b) For any reason deemed necessary for Company operations.

NOTE: The charges will also apply in the event that the connection or reconnection cannot be made because there is an issue on the builder’s or customer’s premises, including, but not

limited to inability to access the premises, failure of the appliances to meet required specifications, or failure of customer piping to pass a pressure test.

M-3 Connection Charge After Business Hours: Actual Cost

After standard business hours, there shall be a charge for applicable services set forth in M-2.

NOTE: The charge will also apply in the event that the connection or reconnection cannot be made because there is an issue on the builder's or customer's premises, including, but not limited to inability to access the premises, failure of the appliances to meet required specifications, or failure of customer piping to pass a pressure test.

M-4 Field Read of Meter – Special: \$35.00

A charge shall be made for special meter readings requested by Customer such as termination of service, meter re-read, etc.

M-5 Charge for Temporary Discontinuance of Service, Residential: \$35.00

Whenever service has been temporarily disconnected at the request of the customer, this charge plus the appropriate Connection Charge will be made to reestablish such service for that customer at the same address.

M-6 Charge for Temporary Discontinuance of Service, Commercial and Industrial: \$60.00

Whenever service has been temporarily disconnected at the request of the customer, this charge plus the appropriate Connection Charge will be made to reestablish such service for that customer at the same address.

M-7 Charge for Meter Testing: Actual Cost

The Company shall, upon request of a customer, make a test of the accuracy of the meter serving that customer. The Company shall inform the customer of the time and place of the test and permit the customer or his authorized representative to be present if the customer so desires. The customer must be properly informed of the result of any test on that customer's meter. If no such test has been performed within the previous four (4) years for the same customer at the same location, the test shall be performed without charge. If such test has been performed for the same customer at the same location within the previous four (4) years, the Company will charge the Meter Testing Fee if the meter is not more than 2% out of calibration.

M-8 Change Regulator Pressure and Additional Regulators: \$50.00/Actual Cost

A \$50.00 charge shall be made to change the pressure of the regulator upstream of Customer's meter due to an increase in pressure required by Customer. Additional regulators required to

reduce pressure downstream of Customer's meter, as may be required by customer's specific requirements, shall be charged at Actual Cost.

M-9 Change Meter Location: Actual Cost

A charge shall be made when Company personnel cannot gain unlimited access to its meter at all times due to actions taken by customer.

M-10 Collection Call or Missed Appointment: \$35.00

Collection Call, trip charge or Missed Appointment (Per Trip)

M-11 Returned Check Charges, Returned ACH, Declined Credit Card: \$35.00

A charge shall be made for returned check handling charges for each check returned unpaid, ACH returned unpaid or declined, or declined credit card for any reason.

M-12 New Construction Service Deposits – Residential: \$75

A Deposit may be required based on credit inquiry results and/or after disconnection for non-payment, subject to Railroad Commission of Texas rules. If a Deposit is required, then service may not be initiated or restored until the Deposit and other applicable fees have been paid.

M-13 Residential Customer Deposit: AFTER a history has been established

Customer Service Deposits shall not exceed one-sixth of the customer's annual billings where there is at least twelve months of billing history. If the customer has less than twelve months billing history then the amount of the Customer Service Deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings. If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required to be paid within five days. If such additional deposit is not made, the utility may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements. All applicants for residential service who are 65 years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the utility or another utility for the same utility service which accrued within the last two years and no cash deposit shall be required of such applicant under these conditions.

M-14 New Construction Small Commercial Deposit: \$250

For purposes of these Miscellaneous Service Charges, "Small Commercial" customers are defined as businesses, other than industrial customers, consuming less than 15 MCF per monthly billing period. A Deposit shall be required for all Small Commercial customers. The

Deposit shall be held and regulatory interest shall be paid thereon during the continuation of service to the customer.

M-15 Small Commercial Customer Deposit: AFTER a history has been established

Customer Service Deposits shall not exceed one-sixth of the Small Commercial customer's annual billings where there is at least twelve months of billing history. If the customer has less than twelve months billing history then the amount of the Customer Service Deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings. If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the utility may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements.

M-16 Large Commercial & Industrial Customer Deposit: Variable

For purposes of these Miscellaneous Service Charges, a "Large Commercial or Industrial Customer" is defined as any commercial or industrial customer consuming more than 15 MCF of gas in any monthly billing period. The initial Deposit shall be based on Company's estimate of the Customer's highest gas consumption month (based on type and size of business) and shall be equal to 2 times the net bill for such month. After 12 months' billing history has been accumulated, an additional or reduced Deposit equal to 2 times the net bill for the highest consumption month in the most recent 12 month period shall be required from the Customer. The Deposit shall be held and regulatory interest shall be paid thereon during the continuation of service to the customer.

M-17 Tampering Charge: \$175.00

A Tampering Charge shall be made for unauthorized connection, reconnection, restoration of gas service or other tampering with Company metering lines and/or facilities or a theft of gas service by a person on the customer's premises, including but not limited to altering the meter index reading and removing a Company lock (the "Tampering Offense Rule"). Service may not be restored until all charges related to violation of the Tampering Offense Rule, including stolen gas, have been paid in full.

A. The following additional charges shall be made by Company for violation of the Tampering Offense Rule:

1. First offense: Company shall collect an additional service deposit equal to twice the Customer's highest gas bill for the previous 12 months, or lesser period if the Customer has less than 12 months' history.
2. Second offense: If within 12 months following a first offense, Customer is found to have committed a second offense, then Company shall terminate gas service at Customer's service address.

M-18 Repair Damaged Meters & Regulators:

A. The following charges shall be paid by customer when the damage to a residential meter and related equipment is proximately caused by customer and requires replacement, repair and/or re-installation of the damaged item:

1. Damage to Cover and/or non-electronic Index: Actual Cost, plus
2. Damage to automated meter reading instruments: Actual Cost, plus
3. Additional damage to meter set (including, but not limited to: riser, regulator, fittings, locks, and meter): Actual Cost.

B. Damages to commercial and industrial meters, regulators, indexes, automated meter reading equipment and related facilities and equipment when the damage is caused by customer or customer's employee's agents or contractors shall be at Actual Cost.

M-19 Tap and Meter Setting Fee - Residential Customers: \$325.00 and Actual Cost

The Tap Fee to provide an initial tap into the Company's distribution system for the establishment of service at a Residential location includes up to 15 feet of ¾" service line under dry conditions and excludes bores, rocky ground, trees, other utilities, and other obstacles. Customer shall be charged an additional sum for the Actual Cost of making its tap and installing up to 15 feet of ¾" service line in the event that bores, rocky ground, trees, other utilities, and other obstacles are encountered. The charge also includes installation and setting of a standard residential meter (250 cfh @ 4 ounces or 2 PSIG outlet pressure at customer's election) together with regulator, riser, fittings, and pressure test of customer piping. Installation of required service line beyond the first 15 feet shall be at Actual Cost. All other capacity and delivery pressure requirements are at Actual Cost to be approved and paid by the Customer in advance of work, unless otherwise subject to a separate agreement.

M-20 Tap and Meter Setting Fee - Small and Large Commercial and Industrial Customers: \$400.00 and Actual Cost

Fee to provide initial tap into the Company's distribution system for the establishment of service at a Commercial, Industrial or other non-residential location. Customer shall be charged an additional sum for the Actual Cost of the service line, meter cost and setting the meter and required pressure regulation equipment, valves, fittings and materials. Customer shall approve and pay such Actual Costs in advance of work.

M-21 Line Extension and/or Re-Route Policy: Actual Cost

Gas main, service line, and yard line installations, re-routes, or extensions shall be made at Company's expense only where the probable use of all facilities necessary for such service will provide a reasonable and compensatory return to Company on the value of such facilities. In all other cases, Company may require, on a consistent and non-discriminatory basis, pre-payment, reimbursement, or adequate security for all Actual Cost of extending its existing pipeline system to serve a new customer. "Yard line" includes customer-owned gas lines installed on customer's side of the meter at customer request. Such gas line extensions shall be made only under the following conditions:

(A) Individual Residential – Company shall only be required to extend distribution mains up to fifty (50) feet for any individual residential customer if such customer, at a minimum, uses gas for unsupplemented space heating and water heating or an equivalent load. Tapping of Company main as well as any length of gas mains in excess of the first 50 feet, or service lines and meter set required for the establishment of service shall be charged to customer at Actual Cost.

(B) Developers of Residential and/or Business Subdivisions -- upon execution of Company's Natural Gas System Development and Distribution Agreement, or under special circumstances where, in Company's opinion, such form is not appropriate, upon execution of a special agreement providing for satisfactory conditions for reimbursement to Company for Company's Actual Cost of the necessary gas line extension and related facilities, including gas mains, service lines, meters and regulators.

(C) Other Commercial, Industrial or other non-residential locations – Tapping of Company main and any length of gas mains, or services lines required for the establishment of service shall be charged to customer at Actual Cost.

M-22 Law Enforcement Escort Fee or Animal Control Fee

The greater of \$200.00 or Actual Cost shall be charged if the Company determines that any visit to a customer's premises requires Company personnel to be accompanied by a law enforcement official or animal control official.

M-23 History Research Fee: \$30.00 Per Request

A fee shall be charged for services related to account history research and Customer accounting/billing history documentation for each calendar year or partial year.

M-24 Upgrading a Meter: Actual Cost

Customer shall pay the Actual Cost to upgrade a meter upon request of customer or a change in customer usage requirements.

M-25 Stand-By Generator Recovery of Connection Cost: Actual Cost

A charge shall be made so that the company can be reimbursed for the Actual Cost of installing and acquiring the regulator, service line, and meter required to provide natural gas to a stand-by gas generator.

M-26 Excess Flow Valve: Actual Cost

A charge shall be made for the installation of an excess flow valve. The excess flow valve will be installed on the service line on the upstream side of the customer's meter.

M-27 Light Customer's Appliance Pilot Lights at Customer's Request: \$50.00 (First Appliance); plus \$25.00 for Each Additional Appliance

If requested by Customer, a charge shall be made for Company to light pilot lights in one or more of Customer's appliances (excluding re-lighting due to gas outage caused by Company).

-END OF SCHEDULE M-

EXHIBIT A

ENERTEX NB, LLC TARIFF FOR GAS SERVICE

REDLINE

~~ENERTEX NB~~ UNIVERSAL NATURAL GAS, LLC**D/B/A ~~ENERTEX~~ UNIGAS****RESIDENTIAL SERVICE****RATE SCHEDULE RES****AVAILABILITY**

This schedule is available to residential consumers receiving natural gas service from ~~ENERTEX~~ UNIGAS (hereinafter called "Company").

APPLICATION OF SCHEDULE

The Company will provide distribution service for the delivery of gas supply through the Company's facilities to eligible residential customers residing in single family or multi-unit residential dwellings in which each unit requires a separate connection and meter. Gas supplied hereunder is for the individual use of the Consumer at one point of delivery and shall not be resold or shared with others. If the Consumer has a written contract with Company, the terms and provision of such contract shall be controlling.

BASE MONTHLY RATE

For bills rendered on and after the effective date of this rate schedule, the monthly billing period rate for each customer receiving service under this rate schedule shall be the sum of the following:

Monthly Customer Charge: \$22.50

All Gas Consumed at: \$~~4.75~~ 3.07 per MCF

PURCHASED GAS AND WEATHER NORMALIZATION ADJUSTMENTS

In addition to the BASE MONTHLY RATE charges above, each customer's bill will include a Purchased Gas Adjustment (Gas Cost Adjustment) which is equal to the estimated Weighted Average Cost of Gas for the period covered by the bill computed in accordance with ~~ENERTEX'S~~ Company's Purchased Gas Adjustment schedule in effect during the billing month. Each customer's bill will also include a Weather Normalization Adjustment during the months of December, January and February

computed in accordance with Company's Weather Normalization Adjustment schedule in effect during these months.

TAXES

If applicable, in addition to the monthly charges above, each customer's bill will include a charge for an amount equivalent to the customer's proportional part of any governmental levies payable by the Company, exclusive of federal income taxes. The tax adjustment is calculated in accordance with the following formula: tax amount divided by volume (Mcf) billed that month equals tax adjustment, applied per Mcf. From time to time, any tax factor may be adjusted, if required, to account for any over- or under-recovery by the Company and to include an amount equivalent to the proportionate part of any new tax or any other governmental imposition, rental fee, or charge levied, assessed or imposed subsequent to the effective date of this tariff by any governmental authority, including districts, created under the laws of the State of Texas. The Company will also collect sales taxes where applicable. Additional Gross Receipts Taxes and/or Franchise Fees applicable within municipalities shall only be charged to customers within the incorporated areas.

FEE RIDERS

In addition to the base and volumetric rates above, each customer's bill will include an amount for riders calculated in accordance with the applicable riders:

Pipeline Safety Fee Recovery - Company will charge a surcharge to recover pipeline safety fees assessed by the Commission pursuant to Section 121.211 of the Texas Utilities Code and Commission Rule 16 TAC section 8.201. The surcharge will be charged not more often than once a year and will be billed following payment by the Company to the Commission, in accordance with the Commission's rules.

Rate Case Expense Recovery – Company will charge a surcharge to recover rate case expenses associated with Gas Utilities Docket No. _____, as approved by the Railroad Commission of Texas.

MISCELLANEOUS CHARGES

Customer is responsible for miscellaneous service charges in accordance with Schedule M – Miscellaneous Service Charges attached hereto.

~~RULES AND REGULATIONS~~

~~Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations, as such rules may be amended from time to time. A copy of the Company's General Rules and Regulations may be obtained from Company's office located at 9750 FM 1488, Magnolia, Texas 77354.~~

~~ENERTEX NB~~ UNIVERSAL NATURAL GAS, LLC**D/B/A ~~ENERTEX~~ UNIGAS****COMMERCIAL & INDUSTRIAL SERVICE****RATE SCHEDULE COMM****AVAILABILITY**

This schedule is available to commercial & industrial and other non-residential (hereinafter called “C & I”) consumers receiving natural gas service from ~~ENERTEX~~-UNIGAS (hereinafter called "Company").

APPLICATION OF SCHEDULE

The Company will provide distribution service for the delivery of gas supply through the Company's facilities to eligible C & I customers in which each unit requires a separate connection and meter. Gas supplied hereunder is for the individual use of the Consumer at one point of delivery and shall not be resold or shared with others. If the Consumer has a written contract with Company, the terms and provision of such contract shall be controlling.

BASE MONTHLY RATE

For bills rendered on and after the effective date of this rate schedule, the monthly billing period rate for each customer receiving service under this rate schedule shall be the sum of the following:

<u>ENERTEX <u>UNIGAS</u> – C&I TARIFF MATRIX</u>				
<u>C&I CUSTOMER DESCRIPTION</u>	<u>MONTHLY CONSUMPTION</u>		<u>BASE C&I TARIFF RATES</u>	
	<u>CRITERIA</u>		<u>Monthly Meter</u>	<u>Commodity Charge</u>
	<u>Greater Than:</u>	<u>Less</u>	<u>Charge</u>	
	<u>Than <u>or Equal to:</u></u>			
C&I: General Small Commercial	0.0 Mcf/Mth.	150.0 Mcf/Mth.	\$45.00/Mth.	\$1.85 <u>2.65</u> /Mcf
C&I: General Mid Commercial	150.0 Mcf/Mth.	750.0 Mcf/Mth.	\$350.00/Mth.	\$1.55 <u>2.22</u> /Mcf

C&I: General Mid-Large Commercial	750.0 Mcf/Mth.	2,000 Mcf/Mth.	\$500.00/Mth.	\$1.45 <u>2.08</u> /Mcf
C&I: General Large Commercial	2,000 Mcf/Mth.	N/A	\$750.00/Mth.	\$0.95 <u>1.36</u> /Mcf

PURCHASED GAS ADJUSTMENT

In addition to the BASE MONTHLY RATE charges above, each customer's bill will include a Purchased Gas Adjustment (Gas Cost Adjustment) which is equal to the estimated Weighted Average Cost of Gas for the period covered by the bill computed in accordance with ~~ENERTEX'S~~ Company's Purchased Gas Adjustment schedule in effect during the billing month.

TAXES

If applicable, in addition to the monthly charges above, each customer's bill will include a charge for an amount equivalent to the customer's proportional part of any governmental levies payable by the Company, exclusive of federal income taxes. The tax adjustment is calculated in accordance with the following formula: tax amount divided by volume (Mcf) billed that month equals tax adjustment, applied per Mcf. From time to time, any tax factor may be adjusted, if required, to account for any over- or under-recovery by the Company and to include an amount equivalent to the proportionate part of any new tax or any other governmental imposition, rental fee, or charge levied, assessed or imposed subsequent to the effective date of this tariff by any governmental authority, including districts, created under the laws of the State of Texas. The Company will also collect sales taxes where applicable. Additional Gross Receipts Taxes and/or Franchise Fees applicable within municipalities shall only be charged to customers within the incorporated areas.

FEE RIDERS

In addition to the base and volumetric rates above, each customer's bill will include an amount for riders calculated in accordance with the applicable riders:

Pipeline Safety Fee Recovery - Company will charge a surcharge to recover pipeline safety fees assessed by the Commission pursuant to Section 121.211 of the Texas Utilities Code and Commission

Rule 16 TAC section 8.201. The surcharge will be charged not more often than once a year and will be billed following payment by the Company to the Commission, in accordance with the Commission's rules.

Rate Case Expense Recovery – Company will charge a surcharge to recover rate case expenses associated with Gas Utilities Docket No. _____, as approved by the Railroad Commission of Texas.

MISCELLANEOUS CHARGES

Customer is responsible for miscellaneous service charges in accordance with Schedule M – Miscellaneous Service Charges attached hereto.

~~RULES AND REGULATIONS~~

~~Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations, as such rules may be amended from time to time. A copy of the Company's General Rules and Regulations may be obtained from Company's office located at 9750 FM 1488, Magnolia, Texas 7735~~

UNIVERSAL NATURAL GAS, LLC

D/B/A UNIGAS

WEATHER NORMALIZATION ADJUSTMENT (WNA)

RATE SCHEDULE WNA

The Weather Normalization Factor (WNF) is a factor that adjusts the Volumetric Fee for each 100 cubic feet (Ccf) of natural gas sold. The WNF is designed to refund over-collections and to surcharge for under-collections of revenue due to colder than normal or warmer than normal weather. In order to reflect weather variances in a timely and accurate manner, the WNF is calculated monthly and is based on monthly weather information for the three-month period beginning with December and ending with February. The Weather Normalization Factor shall apply only to residential customers, and for purposes of this WNF, the Company will designate residential customers into either the Conroe Area or New Braunfels/San Antonio Area, as applicable, based on meter location.

Formula. The WNF is calculated, as follows:

[Adjusted Heating Load plus Base Non-Heating Load] divided by Total Volumes Sold

Where: Adjusted Heating Load (Ccf) = Heating Load divided by HDD Factor

AvgHDD = Average heating degree-days for a calendar month as measured by the National Oceanic and Atmospheric Administration (NOAA) for the period 2009 through 2019 at their weather station in Conroe, Texas or San Antonio, Texas, as applicable. The AvgHDD values used to calculate the WNF are:

For the Conroe Weather Station: December 387, January 461.65, February 295.75

For the San Antonio Weather Station: December 321.9, January 373.99, February 237.05

Base Non-Heating Load (Ccf) = Base load factor x the number of bills issued for each class where base load factors are as follows:

Conroe Area Residential – 12.28 Ccf

New Braunfels/San Antonio Area Residential – 12.28 Ccf

Bills = Number of bills issued to customers for gas sold that month

HDD = A heating degree day is a measurement of demand for energy to heat houses and businesses. The WNF is based upon actual heating degree-days for a calendar month as measured by the NOAA at their weather station located in Conroe, Texas or San Antonio, Texas, as applicable.

HDD Factor (Heating Degree-Day Factor) = HDD divided by AvgHDD

Heating Load (Ccf) = Total Volumes Sold minus Base Non-Heating Load

Weather Normalization months = December, January, February

Report. Within 45 days from the last day in each Weather Normalization month, the company shall provide to the Commission, in spreadsheet format, one WNF Compliance Report per Weather Normalization month to demonstrate how the Company calculated the WNF for residential customers in each of the Conroe Area and New Braunfels/San Antonio Area, using the following format:

FORMAT FOR WNF COMPLIANCE REPORT

Line 1 AvgHDD

Lines 2-3 blank

Line 4 HDDs (for Conroe or San Antonio weather station, as applicable)

Lines 5-6 blank

Line 7 Bills

Line 8 blank

Line 9 Base Non-Heating Load (Ccf), which is Line 7 times applicable Base Non-Heating load factor by customer class

Line 10 blank

Line 11 Total Volumes Sold

Line 12 blank

Line 13 Heating Load (Ccf), which is Line 11 minus Line 9

Lines 14-15 blank

Line 16 HDD Factor, which is Line 4 divided by Line 1

Line 17 blank

Line 18 Adjusted Heating Load (Ccf), which is Line 13 divided by Line 16

Line 19 blank

Line 20 WNF, which is [(Line 18 plus Line 9) divided by Line 11]

Line 21-22 blank

Line 23 Volumetric Fee (\$ per Ccf)

Line 24 blank

Line 25 Adjusted Volumetric Fee (Line 23 times Line 20)

Line 26-27 blank

Line 28 Effect on revenue, which is [(Line 25 minus Line 23) x Line 11].

Each report shall have a column of data for each of the three Weather Normalization months, with fields populated for the latest and prior months in a winter season.

~~ENERTEX NB~~ UNIVERSAL NATURAL GAS, LLC**D/B/A ~~ENERTEX~~ UNIGAS****RATE SCHEDULE COG**

In addition to the BASE MONTHLY RATE charges, each customer's bill will include a Purchased Gas Adjustment (Gas Cost Adjustment or GCA) for the current billing cycle. [This GCA applies to all customer classes.](#)

Gas Cost Adjustment: The Adjusted Cost of Gas for the current billing cycle shall be computed to the nearest cent (\$0.01), and the Gas Cost Adjustment per MCF shall be applied to each MCF billed. Lost and unaccounted for gas (LUG) expense shall be allowed at the rate of five percent (5%) or the Company's actual LUG, whichever is smaller. The monthly adjustment shall be computed as follows when the weighted average cost of gas is known: $A = C (1 + (LUG) P) / S$ Where:

A = Adjusted Cost of Gas for the current billing cycle.

C = The weighted average cost of gas per MCF purchased by Company for the current billing cycle corrected for billing adjustments in previous periods.

P = The MCF volume of gas purchased during the most recent 12-month period ended June 30.

S = The MCF volume of gas sold during the most recent 12-month period ended June 30.

LUG = means Lost and Unaccounted for Gas and is defined as the smaller of 0.05 or $(P-S)/P$, for the most recent 12-month period ended June 30.

The Commodity Rate shall be adjusted each month as provided in the Gas Cost Adjustment. If the Company's current weighted average cost of gas purchased for resale is not known at the date the customer's bills are prepared, then Company shall calculate its current weighted average cost of gas purchased for resale as follows:

Step 1: Current Month Estimated Cost of Gas Calculation.

- A. Current Month's Estimated Total Gas Cost \$,
- B. Current Month's Estimated Purchase Volume MCF,
- C. Current Month's Estimated Cost of Gas per MCF \$,
- E. Adjusted Cost of Gas \$,
- F. Unaccounted for Gas Factor (LUG),
- G. Current Month's Estimated Adjusted Cost of Gas \$.

Step 2: Correction of Prior Month's Estimated GCA.

- H. Prior Month's Actual Total Gas Cost,
- I. Prior Month's Actual Total Purchase Volume (MCF),
- J. Prior Month's Actual Cost of Gas per MCF (H/I),
- K. Base Cost of Gas per MCF,
- L. Adjusted Cost of Gas per MCF (J-K),
- M. Unaccounted for Gas Factor (LUG),
- N. Prior Month's Actual GCA per MCF (LxM) \$,
- O. Prior Month's Estimated Cost of Gas per MCF (G) \$,
- P. Difference per MCF (N-O) \$,
- Q. Prior Month's Actual Sales Volume (MCF),
- R. Total Amount <Over>/Under Collected (PxQ) \$.

Step 3: Current Month's GCA Calculation.

- G. Current Month's Estimated Cost of Gas per MCF \$,
- R. Amount <Over>/Under Collected in Prior Month \$,
- S. Current Month's Actual Sales Volume (MCF),
- T. Adjustment per MCF (R/S),
- U. Current Month's Estimated GCA (G+T)

~~ENERTEX NB~~UNIVERSAL NATURAL GAS, LLC**D/B/A UNIGAS~~ENERTEX~~****RATE SHEET****RATE SCHEDULE ~~PSF2019ETX~~PSF2019UG**

The Company will pass on the one-time customer charge for the Pipeline Safety Inspection Fee ~~in the amount of \$0.72~~ for each service line reported to be in service at the end of calendar year 2019, pursuant to ~~the~~ Texas Utilities Code 121.211 ~~of~~ and the Commission's Rules and Regulations. This Fee shall equal the Pipeline Safety Inspection Fee applicable to each service lines in the territory previously served by the predecessor company prior to corporate consolidation, as follows: \$0.99 (Universal Natural Gas, LLC); \$0.99 (Consumers Gas Company, LLC); \$0.98 (Gas Energy, LLC); and \$0.72 (EnerTex NB, LLC). ~~That~~ The Pipeline Safety Inspection Ffee is based on the amount of \$1.00 per service line, as specified by the Railroad Commission of Texas.

~~ENERTEX NB~~ UNIVERSAL NATURAL GAS, LLC

D/B/A ~~ENERTEX~~ UNIGAS

RATE SHEET

RATE SCHEDULE UGETX489 – CURTAILMENT PLAN

Docket No. 489 ORDER RELATING TO THE APPROVAL BY THE COMMISSION OF CURTAILMENT PROGRAMS FOR NATURAL GAS TRANSPORTED AND SOLD WITHIN THE STATE OF TEXAS

After due notice the Railroad Commission of Texas on the 30th day of November, 1972, heard testimony and requested written curtailment priorities from representatives of investor owned and municipal gas utilities companies, private industry consumers and others responsible for directing available natural gas supplies to the consumers of natural gas in the State of Texas.

WHEREAS, pursuant to the authority granted to the Railroad Commission of Texas in Article 6050 to 6066, inclusive, R.C.S., as amended; and

WHEREAS, the Commission has determined the need for a curtailment program to assure effective control of the flow of natural gas to the proper destinations to avoid suffering and hardship of domestic consumers; and

WHEREAS, the Commission has determined a need to make natural gas available to all gas consumers on a reasonable but limited basis during times of needed curtailment to the end that the public will be best served; and

WHEREAS, the Commission has determined that the transportation delivery and/or sale of natural gas in the State of Texas for any purpose other than human need consumption will be curtailed to whatever extent and for whatever periods the Commission may find necessary for the primary benefit of human needs customers (domestic and commercial consumption) and such small industries as cannot practically be curtailed without curtailing human needs.

IT IS THEREFORE, ORDERED BY THE RAILROAD COMMISSION OF TEXAS that the following rules relating to the approval by the Commission of curtailment programs for gas transported and sold within the State of Texas shall apply to all parties responsible for directing available and future natural gas supplies to the consumers of natural gas in the State of Texas.

RULE 1.

Every natural gas utility, as that term is defined in Article 6050, R.C.S. of Texas, as amended, intrastate operations only, shall file with the Railroad Commission on or before Feb. 12, 1973, its curtailment program. The Commission may approve the program without a hearing; set the matter for a public hearing on its own motion or on the motion of any affected customer of said utility.

The curtailment program to be filed shall include, in verified form, the following information:

A. Volume of gas reserves attached to its system together with a brief description of each separate source of gas reserves setting forth the following:

1. the name of the supplier,
2. the term of each contract in years, and the years remaining on said contract,
3. the volume of recoverable reserve contracted for, and
4. rated deliverability of such reserves in MCF.

B. Capacity and location of underground storage, if any, attached to its system with a statement of whether the company's storage balance is above or below its desired level for this time, and, if below, what plans has the company made to restore the balance.

C. Peak day and average daily deliverability on an annual basis of its wells, gas plants and underground storage attached to its system.

D. Peak day capacity of its system.

E. Forecast of additions to reserves for each of the next two succeeding years.

F. Location and size of the line pipes, compressor stations, operating maximum line pressures, and a map showing delivery points along the system.

G. Disposition of all gas entering its system, with names of all customers other than residential customers and volumes delivered to each during the past calendar year. Identify those customers using 3,000 MCF gas per day, or more, which are under a service contract, and if such contract includes an "Interruptible Service" clause, and if so, attach a reproduced copy of the relevant provisions of such contract.

H. Steps taken in past years, being taken at the present, and to be taken to alleviate curtailments.

RULE 2.

Until such time as the Commission has specifically approved a utilities curtailment program, the following priorities in descending order shall be observed:

- A. Deliveries for residences, hospitals, schools, churches and other human needs customers.
- B. Deliveries of gas to small industrials and regular commercial loads (defined as those customers using less than 3,000 MCF per day) and delivery of gas for use as pilot lights or in accessory or auxiliary equipment essential to avoid serious damage to industrial plants.
- C. Large users of gas for fuel or as a raw material where an alternate cannot be used and operation and plant production would be curtailed or shut down completely when gas is curtailed.
- D. Large users of gas for boiler fuel or other fuel users where alternate fuels can be used. This category is not to be determined by whether or not a user has actually installed alternate fuel facilities, but whether or not an alternate fuel "could" be used.
- E. Interruptible sales made subject to interruption or curtailment at Seller's sole discretion under contracts or tariffs which provide in effect for the sale of such gas as Seller may be agreeable to selling and Buyer may be agreeable to buying from time to time.

RULE 3.

Each gas utility that has obtained Commission approval of a curtailment program shall conduct operations in compliance with such program.

So long as any gas utility which has obtained Commission approval of a curtailment program continues to curtail deliveries to its customers, except as provided by contract or those customers included in Part E of Rule 2 above, it (a) shall file on or before April 1 of each year, under oath, the information called for in Rule 1, for the preceeding year, and (b) shall not, without Commission approval, make sales of gas to any new customers or increase volumes sold to existing customers, except those new or existing customers defined in Parts A & B of Rule 2 above.

IT IS FURTHER ORDERED that this cause be held open for such other and further orders as may be deemed necessary.

ENTERED AT AUSTIN, TEXAS, this 5th day of January, 1973.

UNIVERSAL NATURAL GAS ~~ENERTEX NB~~, LLC

D/B/A ~~ENERTEX~~UNIGAS

RATE SCHEDULE - LINE EXTENSION POLICY

~~1233—Tap Company Main and first 15 feet of 3/4 inch PE Residential service line under dry conditions \$100.00, except that bores, rocky ground, trees, other utilities, and other obstacles shall be charged at additional cost~~

~~1234—Installation of Residential services lines over 15 feet in length, gas mains, and yard lines on Bid Basis. Must be approved by Customer in advance of work~~

~~1235—Tap Company Main for the establishment of service at Commercial, Industrial or other non-residential locations \$400.00. Services lines, gas mains, and yard lines on Bid Basis which must be approved by Customer in advance of work~~

Line Extension and/or Re-Route Policy: Actual Cost

Gas main, service line, and yard line installations, re-routes, or extensions shall be made at Company's expense only where the probable use of all facilities necessary for such service will provide a reasonable and compensatory return to Company on the value of such facilities. In all other cases, Company may require, on a consistent and non-discriminatory basis, pre-payment, reimbursement, or adequate security for all Actual Cost of extending its existing pipeline system to serve a new customer. "Yard line" includes customer-owned gas lines installed on customer's side of the meter at customer request. Such gas line extensions shall be made only under the following conditions:

- A. Individual Residential – Company shall only be required to extend distribution mains up to fifty (50) feet for any individual residential customer if such customer, at a minimum, uses gas for unsupplemented space heating and water heating or an equivalent load. Tapping of Company main and any length of gas mains in excess of the first 50 feet, or service lines, yard lines, and meter set required for the establishment of service, shall be charged to customer at Actual Cost.
- B. Developers of Residential and/or Business Subdivisions -- upon execution of Company's Natural Gas System Development and Distribution Agreement, or under special circumstances where, in Company's opinion, such form is not appropriate, upon execution of

a special agreement providing for satisfactory conditions for reimbursement to Company for Company's Actual Cost of the necessary gas line extension(s) and related facilities, including gas mains, service lines, meters and regulators.

C. Other Commercial, Industrial or other non-residential locations – Tapping of Company main and any length of gas mains, services lines, or yard lines required for the establishment of service shall be charged to customer at Actual Cost.

~~ENERTEX NB~~UNIVERSAL NATURAL GAS, LLC**D/B/A ~~ENERTEX~~UNIGAS****RATE SCHEDULE QSR_1 - QUALITY OF SERVICE**

RULE Section 7.45 Quality of Service (as supplemented herein);

For gas utility service to residential and small commercial customers, the following minimum service standards shall be applicable in unincorporated areas. In addition, each gas distribution utility is ordered to amend its service rules to include said minimum service standards within the utility service rules applicable to residential and small commercial customers within incorporated areas, but only to the extent that said minimum service standards do not conflict with standards lawfully established within a particular municipality for a gas distribution utility. Said gas distribution utility shall file service rules incorporating said minimum service standards with the Railroad Commission and with the municipalities in the manner prescribed by law.

(1) Continuity of service.

(A) Service interruptions.

(i) Every gas utility shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the utility shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of customers are affected.

(ii) Each utility shall make reasonable provisions to meet emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.

(iii) In the event of national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

(B) Record of interruption. Except for momentary interruptions which do not cause a major disruption of service, each utility shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of interruptions, date, time

duration, location, approximate number of customers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.

(C) Report to commission. The commission shall be notified in writing within 48 hours of interruptions in service affecting the entire system or any major division thereof lasting more than four hours. The notice shall also state the cause of such interruptions. If any service interruption is reported to the commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this paragraph.

(2) Customer relations.

(A) Information to customers. Each utility shall:

- (i) maintain a current set of maps showing the physical locations of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately describe the utility's facilities. These maps, or such other maps as may be required by the regulatory authority, shall be kept by the utility in a central location and will be available for inspection by the regulatory authority during normal working hours. Each business office or service center shall have available up-to-date maps, plans, or records of its immediate area, with such other information as may be necessary to enable the utility to advise applicants and others entitled to the information as to the facilities available for serving that locality;
- (ii) assist the customer or applicant in selecting the most economical rate schedule;
- (iii) in compliance with applicable law or regulations, notify customers affected by a change in rates or schedule or classification;
- (iv) post a notice in a conspicuous place in each business office of the utility where applications for service are received informing the public that copies of the rate schedules and rules relating to the service of the utility as filed with the commission are available for inspection;
- (v) upon request inform its customers as to the method of reading meters;
- (vi) provide to new customers, at the time service is initiated or as an insert in the first billing, a pamphlet or information packet containing the following information. This

information shall be provided in English and Spanish as necessary to adequately inform the customers; provided, however, the regulatory authority upon application and a showing of good cause may exempt the utility from the requirement that the information be provided in Spanish:

(I) the customer's right to information concerning rates and services and the customer's right to inspect or obtain at reproduction cost a copy of the applicable tariffs and service rules;

(II) the customer's right to have his or her meter checked without charge under paragraph (7) of this section, if applicable;

(III) the time allowed to pay outstanding bills;

(IV) grounds for termination of service;

(V) the steps the utility must take before terminating service;

(VI) how the customer can resolve billing disputes with the utility and how disputes and health emergencies may affect termination of service;

(VII) information on alternative payment plans offered by the utility;

(VIII) the steps necessary to have service reconnected after involuntary termination;

(IX) the appropriate regulatory authority with whom to register a complaint and how to contact such authority;

(X) the hours, addresses, and telephone numbers of utility offices where bills may be paid and information may be obtained; and

(XI) the customer's right to be instructed by the utility how to read his or her meter;

(vii) at least once each calendar year, notify customers that information is available upon request, at no charge to the customer, concerning the items listed in clause (vi)(I) - (XI) of this subparagraph. This notice may be accomplished by use of a billing insert or a printed statement upon the bill itself.

(B) Customer complaints. Upon complaint to the utility by residential or small commercial customers either at its office, by letter, or by telephone, the utility shall promptly make a suitable investigation and advise the complainant of the results thereof. It shall keep a record of all complaints which shall show the name and address of the complainant, the date and nature of the complaint, and the adjustment or disposition thereof for a period of one year subsequent to the final disposition of the complaint.

(C) Utility response. Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a customer, the utility shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response must be made by the next working day. The utility must make a final and complete response within 15 days from the date of the complaint, unless additional time is granted within the 15-day period. The commission encourages all customer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of each utility; however, telephone communications will be acceptable.

(D) Deferred payment plan. The utility is encouraged to offer a deferred payment plan for delinquent residential accounts. If such a plan is offered, it shall conform to the following guidelines:

(i) Every deferred payment plan entered into due to the customer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the customer pays current bills and a reasonable amount of the outstanding bill and agrees to pay the balance in reasonable installments until the bill is paid.

(ii) For purposes of determining reasonableness under these rules, the following shall be considered: size of delinquent account; customer's ability to pay; customer's payment history; time that the debt has been outstanding; reasons why debt has been outstanding; and other relevant factors concerning the circumstances of the customer.

(iii) A deferred payment plan, if reduced to writing, offered by a utility shall state, immediately preceding the space provided for the customer's signature and in bold-face print at least two sizes larger than any other used, that: If you are not satisfied with this agreement, do not sign. If you are satisfied with this agreement, you give up

your right to dispute the amount due under the agreement except for the utility's failure or refusal to comply with the terms of this agreement.

(iv) A deferred payment plan may include a one-time 5.0% penalty for late payment on the original amount of the outstanding bill with no prompt payment discount allowed except in cases where the outstanding bill is unusually high as a result of the utility's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.

(v) If a customer for utility service has not fulfilled terms of a deferred payment agreement or refuses to sign the same if it is reduced to writing, the utility shall have the right to disconnect pursuant to disconnection rules herein and, under such circumstances, it shall not be required to offer a subsequent negotiation of a deferred payment agreement prior to disconnection.

(vi) Any utility which institutes a deferred payment plan shall not refuse a customer participation in such a program on the basis of race, color, creed, sex, marital status, age, or any other form of discrimination prohibited by law.

(E) Delayed payment of bills by elderly persons.

(i) Applicability. This subparagraph applies only to:

(I) a utility that assesses late payment charges on residential customers and that suspends service before the 26th day after the date of the bill for which collection action is taken;

(II) utility bills issued on or after August 30, 1993; and

(III) an elderly person, as defined in clause (ii) of this subparagraph, who is a residential customer and who occupies the entire premises for which a delay is requested.

(ii) Definitions.

(I) Elderly person--A person who is 60 years of age or older.

(II) Utility - A gas utility or municipally owned utility, as defined in Texas Utilities Code, Sections 101.003(7), 101.003(8), and 121.001 - 121.006.

(iii) An elderly person may request that the utility implement the delay for either the most recent utility bill or for the most recent utility bill and each subsequent utility bill.

(iv) On request of an elderly person, a utility shall delay without penalty the payment date of a bill for providing utility services to that person until the 25th day after the date on which the bill is issued.

(v) The utility may require the requesting person to present reasonable proof that the person is 60 years of age or older.

(vi) Every utility shall notify its customers of this delayed payment option no less often than yearly. A utility may include this notice with other information provided pursuant to subparagraph (A) of this paragraph.

(3) Refusal of service.

(A) Compliance by applicant. Any utility may decline to serve an applicant for whom service is available from previously installed facilities until such applicant has complied with the state and municipal regulations and approved rules and regulations of the utility on file with the commission governing the service applied for or for the following reasons.

(i) Applicant's facilities inadequate. If the applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given.

(ii) For indebtedness. If the applicant is indebted to any utility for the same kind of service as that applied for; provided, however, that in the event the indebtedness of the applicant for service is in dispute, the applicant shall be served upon complying with the applicable deposit requirement.

(iii) Refusal to make deposit. For refusal to make a deposit if applicant is required to make a deposit under these rules.

(B) Applicant's recourse. In the event that the utility shall refuse to serve an applicant under the provisions of these rules, the utility must inform the applicant of the basis of its refusal and that the applicant may file a complaint with the municipal regulatory authority or commission, whichever is appropriate.

(C) Insufficient grounds for refusal to serve. The following shall not constitute sufficient cause for refusal of service to a present customer or applicant:

- (i) delinquency in payment for service by a previous occupant of the premises to be served;
- (ii) failure to pay for merchandise or charges for nonutility service purchased from the utility;
- (iii) failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;
- (iv) violation of the utility's rules pertaining to operation of nonstandard equipment or unauthorized attachments which interfere with the service of others unless the customer has first been notified and been afforded reasonable opportunity to comply with these rules;
- (v) failure to pay a bill of another customer as guarantor thereof unless the guarantee was made in writing to the utility as a condition precedent to service; and
- (vi) failure to pay the bill of another customer at the same address except where the change of customer identity is made to avoid or evade payment of a utility bill.

(4) Discontinuance of service.

(A) The due date of the bill for utility service shall not be less than 15 days after issuance, or such other period of time as may be provided by order of the regulatory authority. A bill for utility service is delinquent if unpaid by the due date.

(B) A utility may offer an inducement for prompt payment of bills by allowing a discount in the amount of 5.0% for payment of bills within 10 days after their issuance. This provision

shall not apply where it conflicts with existing orders or ordinances of the appropriate regulatory authority.

(C) A customer's utility service may be disconnected if the bill has not been paid or a deferred payment plan pursuant to paragraph (2)(D) of this section has not been entered into within five working days after the bill has become delinquent and proper notice has been given. Proper notice consists of a deposit of the disconnect notice in the United States mail, postage prepaid or hand delivery of the disconnect notice to the customer at least five working days prior to the stated date of disconnection, with the words Termination Notice or similar language prominently displayed on the notice. Emailed disconnect notices may be provided in addition to deposit of the disconnect notice in the United States mail, postage prepaid or hand delivery to the customer. The notice shall be provided in English and Spanish as necessary to adequately inform the customer, and shall include the date of termination, the hours, address, and telephone number where payment may be made, and a statement that if a health or other emergency exists, the utility may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency.

(D) Utility service may be disconnected for any of the following reasons:

- (i) failure to pay a delinquent account or failure to comply with the terms of a deferred payment plan for installment payment of a delinquent account;
- (ii) violation of the utility's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the customer and the customer is provided with a reasonable opportunity to remedy the situation;
- (iii) failure to comply with deposit or guarantee arrangements where required by paragraph (5) of this section;
- (iv) without notice where a known dangerous condition exists for as long as the condition exists;
- (v) tampering with the utility company's meter or equipment or bypassing the same.

(E) Utility service may not be disconnected for any of the following reasons:

- (i) delinquency in payment for service by a previous occupant of the premises;
- (ii) failure to pay for merchandise or charges for nonutility service by the utility;
- (iii) failure to pay for a different type or class of utility service unless fee for such service is included on the same bill;
- (iv) failure to pay the account of another customer as guarantor thereof, unless the utility has in writing the guarantee as a condition precedent to service;
- (v) failure to pay charges arising from an underbilling occurring due to any misapplication of rates more than six months prior to the current billings;
- (vi) failure to pay charges arising from an underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due;
- (vii) failure to pay an estimated bill other than a bill rendered pursuant to an approved meter reading plan, unless the utility is unable to read the meter due to circumstances beyond its control.

(F) Unless a dangerous condition exists, or unless the customer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel of the utility are not available to the public for the purpose of making collections and reconnecting service.

(G) No utility may abandon a customer without written approval from the regulatory authority.

(H) No utility may discontinue service to a delinquent residential customer permanently residing in an individually metered dwelling unit when that customer establishes that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if the service is discontinued. Any customer seeking to avoid termination of service under this section must make a written request supported by a written statement from a licensed physician. Both the request and the statement must be received by the utility not more than five working days after the date of delinquency of the bill. The prohibition against service termination provided by this section shall last 20 days from the date of receipt by the utility of the request and statement or such lesser period as may be agreed upon by the utility and the customer. The customer who makes such request shall sign an

installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.

(5) Applicant deposit.

(A) Establishment of credit for residential applicants. Each utility may require a residential applicant for service to satisfactorily establish credit but such establishment of credit shall not relieve the customer from complying with rules for prompt payment of bills. Subject to these rules, a residential applicant shall not be required to pay a deposit:

(i) if the residential applicant has been a customer of any utility for the same kind of service within the last two years and is not delinquent in payment of any such utility service account and during the last 12 consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment;

(ii) if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required; or

(iii) if the residential applicant furnishes in writing a satisfactory credit rating by appropriate means, including, but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the utility, or ownership of substantial equity.

(B) Reestablishment of credit. Every applicant who has previously been a customer of the utility and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay all his amounts due the utility or execute a written deferred payment agreement, if offered, and reestablish credit as provided in subparagraph (A) of this paragraph.

(C) Amount of deposit and interest for residential service, and exemption from deposit.

(i) Each gas utility shall waive any deposit requirement for residential service for an applicant who has been determined to be a victim of family violence as defined in Texas Family Code, 71.004, by a family violence center, by treating medical personnel, by law enforcement agency personnel, or by a designee of the Attorney

General in the Crime Victim Services Division of the Office of the Attorney General. This determination shall be evidenced by the applicant's submission of a certification letter developed by the Texas Council on Family Violence and made available on its web site.

(ii) The required deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings. If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the utility may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements.

(iii) All applicants for residential service who are 65 years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the utility or another utility for the same utility service which accrued within the last two years. No cash deposit shall be required of such applicant under these conditions.

(iv) Each utility which requires deposits to be made by its customers shall pay a minimum interest on such deposits according to the rate as established by law. If refund of deposit is made within 30 days of receipt of deposit, no interest payment is required. If the utility retains the deposit more than 30 days, payment of interest shall be made retroactive to the date of deposit.

(I) Payment of interest to the customer shall be annually or at the time the deposit is returned or credited to the customer's account.

(II) The deposit shall cease to draw interest on the date it is returned or credited to the customer's account.

(D) Deposits for temporary or seasonal service and for weekend or seasonal residences. The utility may require a deposit sufficient to reasonably protect it against the assumed risk, provided such a policy is applied in a uniform and nondiscriminatory manner.

(E) Records of deposits.

(i) The utility shall keep records to show:

- (I) the name and address of each depositor;
- (II) the amount and date of the deposit; and
- (III) each transaction concerning the deposit.

(ii) The utility shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.

(iii) A record of each unclaimed deposit must be maintained for at least four years, during which time the utility shall make a reasonable effort to return the deposit.

(F) Refund of deposit.

(i) If service is not connected or after disconnection of service, the utility shall promptly and automatically refund the customer's deposit plus accrued interest on the balance, if any, in excess of the unpaid bills for service furnished. The transfer of service from one premise to another within the service area of the utility shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless permitted by these rules.

(ii) When the customer has paid bills for service for 12 consecutive residential bills without having service disconnected for nonpayment of bill and without having more than two occasions in which a bill was delinquent and when the customer is not delinquent in the payment of the current bills, the utility shall promptly and automatically refund the deposit plus accrued interest to the customer in the form of cash or credit to a customer's account.

(G) Upon sale or transfer of utility or company. Upon the sale or transfer of any public utility or operating units thereof, the seller shall file with the commission under oath, in addition to other information, a list showing the names and addresses of all customers served by such utility or unit who have to their credit a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon.

(H) Complaint by applicant or customer. Each utility shall direct its personnel engaged in initial contact with an applicant or customer for service seeking to establish or reestablish credit under the provisions of these rules to inform the customer, if dissatisfaction is expressed with the utility's decision, of the customer's right to file a complaint with the regulatory authority thereon.

(6) Billing.

(A) Bills for gas service shall be rendered monthly, unless otherwise authorized or unless service is rendered for a period less than a month. Bills shall be rendered as promptly as possible following the reading of meters.

(B) The customer's bill must show all the following information whether it is issued through the United States mail or electronic methods. The information must be arranged and displayed in such a manner as to allow the customer to compute his bill with the applicable rate schedule. The applicable rate schedule must be mailed to the customer on request of the customer. A utility may exhaust its present stock of nonconforming bill forms before compliance is required by this section:

- (i) if the meter is read by the utility, the date and reading of the meter at the beginning and end of the period for which rendered;
- (ii) the number and kind of units billed;
- (iii) the applicable rate schedule title or code;
- (iv) the total base bill;
- (v) the total of any adjustments to the base bill and the amount of adjustments per billing unit;
- (vi) the date by which the customer must pay the bill to get prompt payment discount;
- (vii) the total amount due before and after any discount for prompt payment within a designated period;
- (viii) a distinct marking to identify an estimated bill.

(C) Where there is good reason for doing so, estimated bills may be submitted, provided that an actual meter reading is taken at least every six months. For the second consecutive month in which the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read otherwise, the utility must provide the customer with a postcard and request that the customer read the meter and return the card to the utility if the meter is of a type that can be read by the customer without significant inconvenience or special tools or equipment. If such a postcard is not received by the utility in time for billing, the utility may estimate the meter reading and render the bill accordingly.

(D) Disputed bills.

(i) In the event of a dispute between the customer and the utility regarding the bill, the utility must forthwith make such investigation as is required by the particular case and report the results thereof to the customer. If the customer wishes to obtain the benefits of clause (ii) of this subparagraph, notification of the dispute must be given to the utility prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the utility shall inform the customer of the complaint procedures of the appropriate regulatory authority.

(ii) Notwithstanding any other subsection of this section, the customer shall not be required to pay the disputed portion of the bill which exceeds the amount of that customer's average usage for the billing period at current rates until the earlier of the following: resolution of the dispute or the expiration of the 60-day period beginning on the day the disputed bill is issued. For purposes of this section only, the customer's average usage for the billing period shall be the average of the customer's usage for the same billing period during the preceding two years. Where no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar customers and under similar conditions.

(7) Meters.

(A) Meter requirements.

(i) Use of meter. All gas sold by a utility must be charged for by meter measurements, except where otherwise provided for by applicable law, regulation of the regulatory authority, or tariff.

(ii) Installation by utility. Unless otherwise authorized by the regulatory authority, each utility must provide and install and will continue to own and maintain all meters necessary for measurement of gas delivered to its customers.

(iii) Standard type. No utility may furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.

(B) Meter records. Each utility must keep the following records:

(i) Meter equipment records. Each utility must keep a record of all its meters, showing the customer's address and date of the last test.

(ii) Records of meter tests. All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a customer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, the date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.

(iii) Meter readings--meter unit location. In general, each meter must indicate clearly the units of service for which charge is made to the customer.

(iv) Meter tests on request of customer.

(I) Each utility must, upon request of a customer, make a test of the accuracy of the meter serving that customer. The utility must inform the customer of the time and place of the test and permit the customer or his authorized representative to be present if the customer so desires. If no such test has been performed within the previous four years for the same customer at the same location, the test is to be performed without charge. If such a test has been

performed for the same customer at the same location within the previous four years, the utility is entitled to charge a fee for the test not to exceed \$15 or such other fee for the testing of meters as may be set forth in the utility's tariff properly on file with the regulatory authority. The customer must be properly informed of the result of any test on a meter that serves him.

(II) Notwithstanding subclause (I) of this clause, if the meter is found to be more than nominally defective, to either the customer's or the utility's disadvantage, any fee charged for a meter test must be refunded to the customer. More than nominally defective means a deviation of more than 2.0% from accurate registration.

(v) Bill adjustments due to meter error.

(I) If any meter test reveals a meter to be more than nominally defective, the utility must correct previous readings consistent with the inaccuracy found in the meter for the period of either:

(-a-) the last six months; or

(-b-) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to be made. This requirement for a correction may be foregone by the utility if the error is to the utility's disadvantage.

(II) If a meter is found not to register for any period of time, the utility may make a charge for units used but not metered for a period not to exceed three months previous to the time the meter is found not to be registering. The determination of amounts used but not metered is to be based on consumption during other like periods by the same customer at the same location, when available, and on consumption under similar conditions at the same location or of other similarly situated customers, when not available.

(8) New construction.

(A) Standards of construction. Each utility is to construct, install, operate, and maintain its plant, structures, equipment, and lines in accordance with the provisions of such codes and standards as are generally accepted by the industry, as modified by rule or regulation of the regulatory authority or otherwise by law, and in such manner to best accommodate the public and to prevent interference with service furnished by other public utilities insofar as practical.

(B) Line extension and construction charges. Every utility must file its extension policy. The policy must be consistent, nondiscriminatory, and is subject to the approval of the regulatory authority. No contribution in aid of construction may be required of any customer except as provided for in extension policy.

(C) Response to request for service. Every gas utility must serve each qualified applicant for service within its service area as rapidly as practical. As a general policy, those applications not involving line extensions or new facilities should be filled within seven working days. Those applications for individual residential service requiring line extensions should be filled within 90 days unless unavailability of materials or other causes beyond the control of the utility result in unavoidable delays. In the event that residential service is delayed in excess of 90 days after an applicant has met credit requirements and made satisfactory arrangements for payment of any required construction charges, a report must be made to the regulatory authority listing the name of the applicant, location, and cause for delay. Unless such delays are due to causes which are reasonably beyond the control of the utility, a delay in excess of 90 days may be found to constitute a refusal to serve.

~~ENERTEX NB~~ UNIVERSAL NATURAL GAS, LLC**D/B/A ~~ENERTEX~~ UNIGAS****MISCELLANEOUS SERVICE CHARGES****RATE SCHEDULE M****APPLICATION**

The service charges listed below are in addition to any other charges under the Company's Tariff for Gas Service and will be applied for the condition described. Normal business hours are Monday through Friday, 8:30 AM – 4:30 PM Central Time. After business hours are considered outside of normal business hours including weekends and holidays. For purposes of this Schedule M, “Actual Cost” means those costs that Company incurs to perform the miscellaneous services requested and shall include, but in no event be limited to, the cost of materials, cost of labor, allocated overhead costs, permit costs, right-of-way acquisition costs, and any other costs, including all applicable taxes, associated with the miscellaneous services provided by Company. Actual Cost also includes, where necessary, an allowance for inventory loss or consumed materials. Actual Cost specifically excludes Company profit. Company shall provide a breakdown of costs by category for any Miscellaneous Services provided in Customer’s subsequent bill.

MISCELLANEOUS SERVICE CHARGES**M-1 Application for Service: ~~\$35.00.~~**

A charge shall be made for new customer account set-up, and credit inquiry, including special meter reading

M-2 Connection Charge During Normal Business Hours ~~(Normal business hours are Monday through Friday, 8:30 AM – 4:30 PM Central Time):~~ Actual Cost ~~\$50.00.~~

During normal business hours, for each reconnection of gas service where service has been discontinued at the same premises for any reason, for the initial inauguration of service, and for each inauguration of service when the billable party has changed, subject to the following exceptions:

- (a) Whenever gas service has been temporarily interrupted because of System outage or service work done by Company; or
- (b) For any reason deemed necessary for Company operations.

NOTE: The charges will also apply in the event that the connection or reconnection cannot be made because there is an issue on the builder's or customer's premises, including, but not limited to inability to access the premises, failure of the appliances to meet required specifications, or failure of customer piping to pass a pressure test.

M-3 Connection Charge After Business Hours: ~~(After business hours are considered outside of normal business hours including weekends and holidays): \$90.00~~ **Actual Cost.**

After standard business hours, there shall be a charge for applicable services set forth in M-23.

NOTE: The charge will also apply in the event that the connection or reconnection cannot be made because there is an issue on the builder's or customer's premises, including, but not limited to inability to access the premises, failure of the appliances to meet required specifications, or failure of customer piping to pass a pressure test.

M-4 Field Read of Meter – Special: \$35.00.

A charge shall be made for special meter readings requested by Customer such as termination of service, meter re-read, etc.

M-5 Charge for Temporary Discontinuance of Service, Residential: \$35.00.

Whenever service has been temporarily disconnected at the request of the customer, this charge plus the appropriate Connection Charge will be made to reestablish such service for that customer at the same address.

M-6 Charge for Temporary Discontinuance of Service, Commercial and Industrial: \$60.00.

Whenever service has been temporarily disconnected at the request of the customer, this charge plus the appropriate Connection Charge will be made to reestablish such service for that customer at the same address.

M-7 Charge for Meter Testing: ~~\$50.00 plus shipping cost~~ Actual Cost.

The Company shall, upon request of a customer, make a test of the accuracy of the meter serving that customer. The Company shall inform the customer of the time and place of the test and permit the customer or his authorized representative to be present if the customer so desires. The customer must be properly informed of the result of any test on that customer's meter. If no such test has been performed within the previous four (4) years for the same customer at the same location, the test shall be performed without charge. If such test has been

performed for the same customer at the same location within the previous four (4) years, the Company will charge the Meter Testing Fee if the meter is not more than 2% out of calibration.

M-8 Change Regulator Pressure and Additional Regulators: \$50.00/Actual Cost

A \$50.00 charge shall be made to change the pressure of the regulator upstream of Customer's meter due to an increase in pressure required by Customer. Additional regulators required to reduce pressure downstream of Customer's meter, as may be required by customer's specific requirements, shall be charged at ~~\$50.00 each plus a~~ Actual ~~installation e~~ Cost.

M-9 Change Meter Location: ~~Actual Cost.~~

A charge shall be made when Company personnel cannot gain unlimited access to its meter at all times due to actions taken by customer.

M-10 Collection Call or Missed Appointment: ~~\$35.00.~~

Collection Call, trip charge or Missed Appointment (Per Trip)

M-11 Returned Check Charges, Returned ACH, Declined Credit Card: ~~\$35.00.~~

A charge shall be made for returned check handling charges for each check returned unpaid, ACH returned unpaid or declined, or declined credit card for any reason.

M-12 New Construction Service Deposits – Residential: ~~\$75.~~

A Deposit may be required based on credit inquiry results and/or after disconnection for non-payment, subject to Railroad Commission of Texas rules. If a Deposit is required, then service may not be initiated or restored until the Deposit and other applicable fees have been paid.

M-13 Residential Customer Deposit: ~~AFTER a history has been established.~~

Customer Service Deposits shall not exceed one-sixth of the customer's annual billings where there is at least twelve months of billing history. If the customer has less than twelve months billing history then the amount of the Customer Service Deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings. If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required to be paid within ~~two~~ five days. If such additional deposit is not made, the utility may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements. All applicants for residential service who are 65 years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the utility or another utility for the same utility

service which accrued within the last two years. ~~No~~ and no cash deposit shall be required of such applicant under these conditions.

M-14 New Construction Small Commercial Deposit: \$250.

For purposes of these Miscellaneous Service Charges, “Small Commercial” customers are defined as businesses, other than industrial customers, consuming less than 15 MCF per monthly billing period. A Deposit shall be required for all ~~s~~S~~mall~~ ~~e~~C~~ommercial~~ customers. The Deposit shall be held and regulatory interest shall be paid thereon during the continuation of service to the customer.

M-15 Small Commercial Customer Deposit: AFTER a history has been established.

Customer Service Deposits shall not exceed one-sixth of the Small Commercial customer's annual billings where there is at least twelve months of billing history. If the customer has less than twelve months billing history then the amount of the Customer Service Deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings. If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the utility may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements.

M-16 Large Commercial & Industrial Customer Deposit: Variable.

For purposes of these Miscellaneous Service Charges, ~~A~~-a “Large Commercial or Industrial Customer” is defined as any commercial or industrial customer consuming more than 15 MCF of gas in any monthly billing period. The initial Deposit shall be based on Company’s estimate of the Customer’s highest gas consumption month (based on type and size of business) and shall be equal to 2 times the net bill for such month. After 12 months’ billing history has been accumulated, an additional or reduced Deposit equal to 2 times the net bill for the highest consumption month in the most recent 12 month period shall be required from the Customer. The Deposit shall be held and regulatory interest shall be paid thereon during the continuation of service to the customer.

M-17 Tampering Charge: \$175.00.

A Tampering Charge shall be made for unauthorized connection, reconnection, restoration of gas service or other tampering with Company metering lines and/or facilities or a theft of gas service by a person on the customer's premises, including but not limited to altering the meter

index reading and ~~cutting-off~~removing a Company lock (the “Tampering Offense Rule”). Service may not be restored until all charges related to violation of the ~~T~~Tampering Offense Rule, including stolen gas, have been paid in full.

A. The following additional charges shall be made by Company for violation of the Tampering Offense Rule:

1. First offense: Company shall collect an additional service deposit equal to twice the Customer’s highest gas bill for the previous 12 months, or lesser period if the Customer has less than 12 months’ history.
2. Second offense: If within 12 months following a first offense, Customer is found to have committed a second offense, then Company shall terminate gas service at Customer’s service address.

M-18 Repair Damaged Meters & Regulators:

A. The following charges shall be paid by customer when the damage to a residential meter and related equipment is proximately caused by customer and requires replacement, repair and/or re-installation of the damaged item:

1. Damage to Cover and/or non-electronic Index: Actual Cost~~\$75.00~~, plus
2. Damage to automated meter reading instruments: ~~\$150.00~~Actual Cost, plus
3. Additional damage to meter set (including, but not limited to: riser, regulator, fittings, locks, and meter):- Actual Cost~~-including materials, labor and other costs.~~

B. Damages to commercial and industrial meters, regulators, indexes, automated meter reading equipment and related facilities and equipment when the damage is caused by customer or customer’s employee’s agents or contractors shall be at Actual Cost~~-including materials, labor and other costs.~~

M-19 Tap and Meter Setting Fee - Residential Customers: \$325.00 and Actual Cost.

The Tap Fee to provide an initial tap into the Company's distribution system for the establishment of service at a Residential location includes up to 15 feet of ¾” service line under dry conditions and excludes bores, rocky ground, trees, other utilities, and other obstacles. Customer shall be charged an additional sum for the Aactual Ccost of making its tap and installing up to 15 feet of ¾” service line in the event that bores, rocky ground, trees, other utilities, and other obstacles are encountered. The charge also includes installation and setting of a standard residential meter (250 cfh @ 4 ounces or 2 PSIG outlet pressure at

customer's election) together with regulator, riser, fittings, and pressure test of customer piping. Installation of required service line beyond the first 15 feet shall be at Actual Cost. All other capacity and delivery pressure requirements are at Actual cost ~~Cost including material and labor~~ to be approved and paid by the Customer in advance of work, unless otherwise subject to a separate agreement.

M-20 Tap and Meter Setting Fee - Small and Large Commercial and Industrial Customers: \$400.00 and Actual Cost.

Fee to provide initial tap into the Company's distribution system for the establishment of service at a Commercial, Industrial or other non-residential location. Customer shall be charged an additional sum for the Actual Cost ~~This fee excludes~~ the service line, meter cost and setting the meter and required pressure regulation equipment, valves, fittings ~~and materials.~~ Customer shall approve and pay such Actual Costs ~~which shall be approved and paid by the Customer~~ in advance of work.

M-21 Line Extension and/or Re-Route Policy: Actual Cost

Gas main, service line, and yard line installations, re-routes, or extensions shall be made at Company's expense only where the probable use of all facilities necessary for such service will provide a reasonable and compensatory return to Company on the value of such facilities. In all other cases, Company may require, on a consistent and non-discriminatory basis, pre-payment, reimbursement, or adequate security for all Actual Cost of extending its existing pipeline system to serve a new customer. "Yard line" includes customer-owned gas lines installed on customer's side of the meter at customer request. Such gas line extensions shall be made only under the following conditions:

(A) Individual Residential – Company shall only be required to extend distribution mains up to fifty (50) feet for any individual residential customer if such customer, at a minimum, uses gas for unsupplemented space heating and water heating or an equivalent load. Tapping of Company main as well as any length of gas mains in excess of the first 50 feet, or service lines and meter set required for the establishment of service shall be charged to customer at Actual Cost.

(B) Developers of Residential and/or Business Subdivisions -- upon execution of Company's Natural Gas System Development and Distribution Agreement, or under special circumstances where, in Company's opinion, such form is not appropriate,

upon execution of a special agreement providing for satisfactory conditions for reimbursement to Company for Company's Actual Cost of the necessary gas line extension and related facilities, including gas mains, service lines, meters and regulators.

(C) Other Commercial, Industrial or other non-residential locations – Tapping of Company main and any length of gas mains, or services lines required for the establishment of service shall be charged to customer at Actual Cost.

~~Line Extension and/or Re-Route Policy: Installation, extension of new mains, extension of service lines, or re-routing of existing mains and service lines shall be charged at cost (to include labor, materials and other costs) and shall be approved and paid by Customer in advance of work.~~

M-22 Law Enforcement Escort Fee or Animal Control Fee

The greater of \$200.00 or ~~actual cost~~Actual Cost shall be charged if the Company determines that any visit to a customer's premises requires Company personnel to be accompanied by a law enforcement official or animal control official.

M-23 History Research Fee: \$30.00 Per Request.

A fee shall be charged for services related to account history research and Customer accounting/billing history documentation for each calendar year or partial year.

M-24 Upgrading a Meter: Actual Cost.

~~A charge shall be made~~Customer shall pay the Actual Cost to upgrade a ~~customer's~~ meter upon request of customer or a change in customer usage requirements.

M-25 Stand-By Generator Recovery of Connection Cost: Actual Cost.

A charge shall be made so that the company can be reimbursed for the ~~Aactual cost~~Cost of installing and acquiring the regulator, service line, and meter required to provide natural gas to a stand-by gas generator.

M-26 Excess Flow Valve: Actual Cost.

A charge shall be made for the installation of an excess flow valve. The excess flow valve will be installed on the service line on the upstream side of the customer's meter.

M-27 Light Customer's Appliance Pilot Lights at Customer's Request: \$50.00 (First Appliance); plus \$25.00 for Each Additional Appliance

If requested by Customer, a charge shall be made for Company to light pilot lights in one or more of Customer's appliances (excluding re-lighting due to gas outage caused by Company).

-END OF SCHEDULE M-

EXHIBIT A

CONSUMERS GAS COMPANY, INC. TARIFF FOR GAS SERVICE

REDLINE

CONSUMERS GAS COMPANY, INC.**RATE SHEET****RATE SCHEDULE C1**

~~COMMERCIAL CUSTOMERS APPLICATION OF SCHEDULE: This schedule is applicable to all commercial customers receiving individually metered gas service in the Companys service area in the western portion Montgomery County, and the eastern portions Waller and Grimes Counties, Texas. Natural gas supplied hereunder is for the individual use of the customer at one point of delivery and shall not be resold or shared with others. Where service of the type desired by customer is not already available at the proposed service location, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished. Service under this schedule shall be furnished in accordance with the Commissions Special Rules of Practice and Procedure and Substantive Rules and the Companys General Rules and Regulations, as such rules may be amended from time to time.~~

~~COMMERCIAL CUSTOMER SERVICE CHARGE: \$20.00 per month or portion thereof.~~

~~PAYMENT: All bills shall be rendered on the gross basis. All bills shall be delinquent unless payment is received within fifteen (15) days from the date of the bill. The difference between the gross and net monthly rates, representing a discount, shall be allowed for payment of bills received in the Companys offices within ten (10) days from the date of the bill.~~

~~DEFINITIONS AND ADJUSTMENTS: Commercial Customer: Any consumer engaging in business, professional, institutional or other non-residential activity, supplied at an individually metered point of delivery. This classification includes stand-by electrical power generating equipment.~~

~~CONSUMERS GAS COMPANY, INC.~~**~~RATE SHEET~~****~~RATE SCHEDULE C GROSS MONTHLY RATE~~**

~~The Gross Monthly Rate for each commercial customer for gas service and all consumption each month shall be composed of the following:~~

~~1) \$20.00 Customer Service Charge(s); plus~~

~~2) The Commodity Charge, which is composed of the Adjusted Cost of Gas, plus a Commercial Capacity Charge of \$4.00 per MCF.~~

CONSUMERS GAS COMPANY, INC.**RATE SHEET****RATE SCHEDULE COST OF GAS**

The Adjusted Cost of Gas for the current billing cycle shall be computed to the nearest cent (\$0.01) as follows:

$A = C(1 + (LUG))$ Where: A = Adjusted Cost of Gas for the current billing cycle. C = The weighted average cost of gas per MCF purchased by Company for the current billing cycle corrected for billing adjustments in previous periods. P = The MCF volume of gas purchased during the most recent 12-month period ended June 30. S = The MCF volume of gas sold during the most recent 12-month period ended June 30. LUG = means (Lost and Unaccounted for Gas) and is defined as the smaller of 0.05 or $(P - S)/P$, for the most recent 12-month period ended June 30.

~~CONSUMERS GAS COMPANY, INC.~~**~~RATE SHEET~~****~~RATE SCHEDULE TAXADJ~~****~~TAX ADJUSTMENT CLAUSE:~~**

~~The Company will pass on Municipal and County Taxes to the Local Customers by adding to each Local Customers monthly bill a separate line item identified as Franchise Adjustment, an amount calculated on an equal per meter basis (as nearly as may be possible in practice, minimizing any over or under collections) determined in accordance with the provisions set forth below. As used herein, the terms Municipal Tax and County Tax refers to any and all privilege, occupation, franchise meter, gross receipts or other tax or assessment of whatever kind and by whatever name (except ad valorem taxes) now and at any time hereafter levied on the Company. Local Customers refers to each and every residential and commercial customer within the geographical boundaries or taxing authority of the taxing government entity.~~

~~CONSUMERS GAS COMPANY, INC.~~**~~RATE SHEET~~****~~RATE SCHEDULE PSF2019~~**ConB****

~~The Company will pass on the one time customer charge for the Pipeline Safety Inspection Fee in the amount of \$0.99 for each service line reported to be in service at the end of calendar year 2019, pursuant to the Texas Utilities Code 121.211 of the Commission's Rules and Regulations. That fee is based on the \$1.00 per service line.~~

~~CONSUMERS GAS COMPANY, INC.~~

~~RATE SHEET~~

~~RATE SCHEDULE Net Monthly Rate¹~~

~~The Net Monthly Rate is the Gross Monthly Rate excluding the Adjusted Cost of Gas discounted by 5%.~~

~~CONSUMERS GAS COMPANY, INC.~~~~RATE SHEET~~~~489—CURTAILMENT PLAN~~

~~Docket No. 489 ORDER RELATING TO THE APPROVAL BY THE COMMISSION OF CURTAILMENT PROGRAMS FOR NATURAL GAS TRANSPORTED AND SOLD WITHIN THE STATE OF TEXAS~~

~~After due notice the Railroad Commission of Texas on the 30th day of November, 1972, heard testimony and requested written curtailment priorities from representatives of investor owned and municipal gas utilities companies, private industry consumers and others responsible for directing available natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~WHEREAS, pursuant to the authority granted to the Railroad Commission of Texas in Article 6050 to 6066, inclusive, R.C.S., as amended; and~~

~~WHEREAS, the Commission has determined the need for a curtailment program to assure effective control of the flow of natural gas to the proper destinations to avoid suffering and hardship of domestic consumers; and~~

~~WHEREAS, the Commission has determined a need to make natural gas available to all gas consumers on a reasonable but limited basis during times of needed curtailment to the end that the public will be best served; and~~

~~WHEREAS, the Commission has determined that the transportation delivery and/or sale of natural gas in the State of Texas for any purpose other than human need consumption will be curtailed to whatever extent and for whatever periods the Commission may find necessary for the primary benefit of human needs customers (domestic and commercial consumption) and such small industries as cannot practically be curtailed without curtailing human needs.~~

~~IT IS THEREFORE, ORDERED BY THE RAILROAD COMMISSION OF TEXAS that the following rules relating to the approval by the Commission of curtailment programs for gas transported and sold within the State of Texas shall apply to all parties responsible for directing available and future natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~RULE 1.~~

~~Every natural gas utility, as that term is defined in Article 6050, R.C.S. of Texas, as amended, intrastate operations only, shall file with the Railroad Commission on or before Feb. 12, 1973, its curtailment program. The Commission may approve the program without a hearing; set the matter for a public hearing on its own motion or on the motion of any affected customer of said utility.~~

~~The curtailment program to be filed shall include, in verified form, the following information:~~

~~A. Volume of gas reserves attached to its system together with a brief description of each separate source of gas reserves setting forth the following:~~

- ~~1. the name of the supplier,~~
- ~~2. the term of each contract in years, and the years remaining on said contract,~~
- ~~3. the volume of recoverable reserve contracted for, and~~
- ~~4. rated deliverability of such reserves in MCF.~~

- ~~B. Capacity and location of underground storage, if any, attached to its system with a statement of whether the company's storage balance is above or below its desired level for this time, and, if below, what plans has the company made to restore the balance.~~
- ~~C. Peak day and average daily deliverability on an annual basis of its wells, gas plants and underground storage attached to its system.~~
- ~~D. Peak day capacity of its system.~~
- ~~E. Forecast of additions to reserves for each of the next two succeeding years.~~
- ~~F. Location and size of the line pipes, compressor stations, operating maximum line pressures, and a map showing delivery points along the system.~~
- ~~G. Disposition of all gas entering its system, with names of all customers other than residential customers and volumes delivered to each during the past calendar year. Identify those customers using 3,000 MCF gas per day, or more, which are under a service contract, and if such contract includes an "Interruptible Service" clause, and if so, attach a reproduced copy of the relevant provisions of such contract.~~
- ~~H. Steps taken in past years, being taken at the present, and to be taken to alleviate curtailments.~~

~~RULE 2.~~

~~Until such time as the Commission has specifically approved a utilities curtailment program, the following priorities in descending order shall be observed:~~

- ~~A. Deliveries for residences, hospitals, schools, churches and other human needs customers.~~
- ~~B. Deliveries of gas to small industrials and regular commercial loads (defined as those customers using less than 3,000 MCF per day) and delivery of gas for use as pilot lights or in accessory or auxiliary equipment essential to avoid serious damage to industrial plants.~~
- ~~C. Large users of gas for fuel or as a raw material where an alternate cannot be used and operation and plant production would be curtailed or shut down completely when gas is curtailed.~~
- ~~D. Large users of gas for boiler fuel or other fuel users where alternate fuels can be used. This category is not to be determined by whether or not a user has actually installed alternate fuel facilities, but whether or not an alternate fuel "could" be used.~~
- ~~E. Interruptible sales made subject to interruption or curtailment at Seller's sole discretion under contracts or tariffs which provide in effect for the sale of such gas as Seller may be agreeable to selling and Buyer may be agreeable to buying from time to time.~~

~~RULE 3.~~

~~Each gas utility that has obtained Commission approval of a curtailment program shall conduct operations in compliance with such program.~~

~~So long as any gas utility which has obtained Commission approval of a curtailment program continues to curtail deliveries to its customers, except as provided by contract or those customers included in Part E of Rule 2 above, it (a) shall file on or before April 1 of each year, under oath, the information called for in Rule 1, for the preceeding year, and (b) shall not, without Commission approval, make sales of gas to any new customers or increase volumes sold to existing customers, except those new or existing customers defined in Parts A & B of Rule 2 above.~~

~~IT IS FURTHER ORDERED that this cause be held open for such other and further orders as may be deemed necessary.~~

~~ENTERED AT AUSTIN, TEXAS, this 5th day of January, 1973.~~

CONSUMERS GAS COMPANY, INC.**RATE SHEET****LINE EXTENSION POLICY**

~~Gas Main Extensions: Company shall extend its gas mains to provide new or additional service and shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. Gas main extensions shall be made at Company's expense only where the probable expected use of all facilities necessary for such service and paid for by Company will provide a reasonable and compensatory return to Company on the value of such facilities. Otherwise, gas main extensions shall be made only under the following conditions: (1) Individual Residential and Commercial Consumers — upon payment of the fee for and execution of a Gas Main Extension Contract between Company and Consumer; (2) Developers of Residential or Business Subdivisions — upon execution of Company's Gas Main Extension Contract or Predevelopment Gas Main Extension Contract, or under special circumstances where, in Company's opinion, such forms are not appropriate, upon execution of a special agreement providing for reimbursement to Company for cost of the necessary gas main extension; (3) Large Volume Consumers — upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.~~

~~CONSUMERS GAS COMPANY, INC.~~**~~RATE SHEET~~****~~QUALITY OF SERVICE~~****~~PART 1 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~****~~1. — DEFINITIONS~~**

~~(a) — Consumer, Consumer and Applicant are used interchangeably and mean a person or organization utilizing services or who wants to utilize services of Universal Natural Gas, Inc.~~

~~(b) — Company means Universal Natural Gas, Inc., its successors and assigns.~~

~~(c) — Cubic Foot of Gas: Unless otherwise expressly provided by rate schedule or written contract (or agreement), the amount of gas necessary to fill a cubic foot of space when the gas is at a gauge pressure of four (4) ounces above atmospheric pressure of 14.65 psia at 60 Fahrenheit.~~

~~(d) — Service Line: The pipe and attached fittings which convey gas from Company's mains to the property line of Consumer's premises.~~

~~(e) — Yard Line: The pipe and attached fittings which convey gas from the Consumer's property line to and including the stopcock on the riser for the Consumer's meter.~~

~~(f) — Consumer's Housepiping: All pipe and attached fittings which convey gas from the outlet side of the meter to the Consumer's connection for gas appliances.~~

~~(g) — Point of Delivery: The point where the gas is measured for delivery into Consumer's piping.~~

~~2. — APPLICATION OF RULES~~

~~(a) — Unless otherwise expressly stated, these rules apply to all Consumers regardless of classification, except insofar as they are changed by or are in conflict with any statute of the State of Texas, valid municipal ordinance, valid final order of any court or of the Railroad Commission of Texas, or written contract executed by Company, in which case such statute, ordinance, order or contract shall control to the extent that it is applicable to the consumer(s) in question. Whenever possible, these rules shall be construed harmoniously with such laws, contracts, ordinances, and orders.~~

~~(b) — The use of gas service shall constitute an agreement by the Consumer to utilize such service in accordance with the applicable rules of the Company as set forth herein.~~

~~(c) — These rules, and all subsequently enacted rules, may be abrogated, modified, or added to in whole or in part, by the company and such rules as abrogated, modified, or added to, shall become effective when filed with the appropriate regulatory authority.~~

~~3. — CLASSIFICATION FOR RATE AND CONTRACT PURPOSES For purposes of determining rates, Consumers shall be classified as either Residential, Commercial or Large Volume Consumers as defined in Company's applicable rate schedules. Service by Company to~~

~~Consumers classified herein as Residential and Commercial is available without a written contract between Consumer and Company at the standard rates and charges applicable to such Consumers from time to time. Company shall have no obligation to deliver more than 5,000 cubic feet of gas in any day to~~

~~any Consumer not having a written gas sales contract with Company. A contract may be required from Large Volume Consumers using less than 5,000 cubic feet per day, provided this requirement shall be uniformly applied to all such Consumers within each municipal rate jurisdiction. In the case of existing Consumers, the maximum gas usage during any one day shall be obtained from records of the Company, except in cases where the existing Consumer will be purchasing increased volumes of gas from Company because of expansions or for any other reason, in which event the Company may estimate usage by such Consumer. Also in the case of new Consumers, the Company may estimate usage by the Consumer. Any such estimates made by Company shall be binding on Consumer in determining rate classification and whether or not a contract is required. Company's obligation to provide service to any Large Volume Consumer is contingent upon Company's determination that there will be an adequate supply of gas to serve such Large Volume Consumer, and that existing facilities are of adequate capacity and suitable pressure.~~

~~4.—— LIMITATION OF USE All gas delivered through Company's meters is for use only at the point of delivery and shall not be redelivered or resold to others without Company's written consent.~~

~~5.—— SERVICE CONNECTIONS~~

~~(a)—— Tap Charge: Unless otherwise prohibited by applicable ordinance or rule, Company may impose a reasonable charge for the connection of a new Consumer to its distribution mains. The service areas where a tap charge is to be collected and the amount and conditions under which such charge will be imposed are set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(b)—— Service Line: Company shall install and maintain all service lines and, to the extent permitted by applicable ordinance or rule, shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. A service line may be used to supply a single building or single group of buildings which may or may not be located on a single lot, such as a group of factory buildings, hospital buildings, or institutional buildings, all under one ownership or control. However, gas service supplied to Consumer for use at separate lots physically divided by other private or public property (including streets, alleys and other public ways) must be separately metered and billed. More than one service line to supply a Consumer's premises may be constructed by agreement between Company and Consumer.~~

~~(c)—— Yard Line: Company shall install yard lines if so requested by Consumer. To the extent permitted by applicable ordinance or rule, Company shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(d) — Housepiping: Consumer shall be responsible for installing and maintaining Consumer's housepiping. Company may refuse service to any consumer whose housepiping is inadequate or unsafe, but Company shall have no responsibility for inspecting or testing Consumer's housepiping, determining whether or not Consumer has complied with applicable safety codes, or in any way establishing or enforcing housepiping specifications. Information relating to piping may be obtained at the Company's local offices.~~

~~(e) — Gas Main Extensions: Company shall extend its gas mains to provide new or additional service and shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. Gas main extensions shall be made at Company's expense only where the probable expected use of all facilities necessary for such service and paid for by Company will provide a reasonable and compensatory return to Company on the value of such facilities. Otherwise, gas main extensions shall be made only under the following conditions:~~

~~(1) Individual Residential and Commercial Consumers — upon payment of the fee for gas main extension set out in the Schedule of Miscellaneous Service Charges or upon execution of a Gas Main Extension Contract between Company and Consumer.~~

~~(2) — Developers of Residential or Business Subdivisions — upon execution of Company's Gas Main Extension Contract or Predevelopment Gas Main Extension Contract, or under special circumstances where, in Company's opinion, such forms are not appropriate, upon execution of a special agreement providing for reimbursement to Company for cost of the necessary gas main extension.~~

~~(3) — Large Volume Consumers — upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.~~

~~6. — ADDITIONAL CHARGES RELATING TO GAS SERVICE~~

~~Charges for services other than delivering natural gas may be made in accordance with the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~7. — APPLICATION FOR SERVICE~~

~~Where no written contract for service is necessary, any application by telephone, in person, or in writing may be made to request initiation of service. Upon request, Consumer shall provide information necessary for purposes of rate classification, billing, and determining whether a deposit will be required.~~

~~8. — REFUSAL TO INSTITUTE SERVICE AND TERMINATION OF SERVICE.~~

~~(a) Refusal of Service.~~

~~(1) Compliance by Applicant. The Company may decline to serve an applicant for whom service is available from previously installed facilities until such applicant has complied with the state and municipal rules, regulations or laws, and with approved rules and regulations of the Company on~~

~~file with the appropriate regulatory authority governing the service applied for, or for the following reasons:~~

~~(A) — the applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given;~~

~~(B) — the applicant is indebted to any utility company for the same kind of service as that applied for; provided, however, that in the event the indebtedness of the applicant for service is in dispute, the applicant shall be served upon complying with the applicable deposit requirement;~~

~~(C) — the applicant refuses to make a deposit if applicant is required to make a deposit under these rules;~~

~~(D) — where an unsafe condition exists at any point on Consumer's premises;~~

~~(E) — for use of gas in violation of Company's rules;~~

~~(F) — in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~(G) — when Company's property on the Consumer's premises is tampered with, damaged or destroyed.~~

~~(2) Applicant's Recourse. In the event that the Company shall refuse to serve an applicant under the provisions of these rules, the Company shall inform the applicant of the basis of its refusal and that the applicant may file a complaint with the appropriate regulatory authority thereon.~~

~~(3) Insufficient Grounds for Refusal to Serve. The following shall not constitute sufficient cause for refusal of service to a present residential or commercial Consumer or applicant:~~

~~(A) — delinquency in payment for service by a previous occupant of the premises to be served;~~

~~(B) — failure to pay for merchandise or charges for non-utility service purchased from the Company;~~

~~(C) — failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;~~

~~(D) — violation of the Company's rules pertaining to the operation of nonstandard equipment of unauthorized attachments, which interfere with the service of others, unless the Consumer has first been notified and been afforded reasonable opportunity to comply with these rules;~~

~~(E) — failure to pay a bill of another Consumer as guarantor thereof, unless the guarantee was made in writing to the Company as a condition precedent to service; and~~

~~(F) — failure to pay the bill of another Consumer at the same address except where the change of Consumer identity is made to avoid or evade payment of a utility bill.~~

~~(b) Discontinuance of Service.~~

~~(1) Bills are due and payable when rendered; the bill shall be past due not less than 15 days after issuance or such other period of time as may be provided by order of the appropriate regulatory authority. A bill for utility service is delinquent if unpaid by the due date.~~

~~(2) The Company may offer an inducement for prompt payment of bills by allowing a discount in the amount of 5% for payment within 10 days of their issuance. In the event of any inconsistency between these Rules and Regulations and the applicable rate tariff, the rate tariff shall control.~~

~~(3) A Consumer's utility service may not be terminated unless the Company has made a reasonable effort to offer the Consumer the option of paying a delinquent bill in installments. A Consumer's utility service may be disconnected if the bill has not been paid or a suitable written arrangement for payment in installments entered into within 5 working days after the bill has become delinquent and if proper notice has been given. Proper notice shall consist of a mailing or hand delivery thereof at least five working days prior to a stated date of disconnection. Said notice shall be provided in English (and Spanish, if the Company has any Spanish speaking Consumers) and shall include:~~

~~a) the words Disconnect Notice or similar language prominently displayed;~~

~~b) the reason service is to be terminated;~~

~~c) what Consumer must do to prevent termination;~~

~~d) in the case of a past due bill, the amount past due and the hours, address, and telephone number where payment may be made; and~~

~~e) a statement that if a health or other emergency exists, the Company may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency.~~

~~f) Utility service may be disconnected for any of the following reasons:~~

~~g) failure to pay a delinquent account or failure to comply with the terms of a written agreement for installment payment of a delinquent account;~~

~~h) violation of the Company's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the Consumer and the Consumer is provided with a reasonable opportunity to remedy the situation;~~

~~i) failure to comply with deposit or guarantee arrangements where required by these rules and regulations;~~

~~j) without notice where a known dangerous condition exists for as long as the condition exists;~~

~~k) tampering with the Company's meter or equipment or bypassing the same;~~

~~l) for use of gas in violation of Company's rules;~~

~~m) in the event Consumer's premises are vacated;~~

~~n) in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~o) when Company's property on the Consumer's premises is tampered with, damaged or destroyed;~~

~~p) for use of gas in violation of any law, ordinance or regulation;~~

~~q) for fraudulent misrepresentation in relation to the consumption of gas or any other fraud practiced by Consumer, with regard to the matters referred to in these rules or Consumer's contract.~~

~~(5) Utility service may not be disconnected for any of the following reasons:~~

~~r) delinquency in payment for service by a previous occupant of the premises;~~

~~s) failure to pay for merchandise or charges for non-utility service by the Company;~~

~~t) failure to pay for a different type or class of utility service unless the fee for such service is included on the same bill;~~

~~u) failure to pay the account of another Consumer as guarantor thereof, unless the Company has in writing the guarantee as condition precedent to service;~~

~~v) failure to pay charges arising from any underbilling occurring due to any misapplication of rates more than six months prior to the current billing;~~

~~w) failure to pay charges arising from any underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due; and~~

~~x) failure to pay an estimated bill other than a bill rendered pursuant to any approved meter reading plan, unless the Company is unable to read the meter due to circumstances beyond its control.~~

~~(6) — Unless a dangerous condition exists, or unless the Consumer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel of the Company are not available to the public for the purpose of making collections and reconnecting service.~~

~~(7) — The Company shall not abandon a Consumer without written approval from the regulatory authority.~~

~~(8) — The Company shall not discontinue service to a delinquent residential Consumer permanently residing in an individually metered dwelling unit when that Consumer establishes that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if service is discontinued. Any Consumer seeking to avoid termination of service under this provision must make a written request to the Company supported by a written statement from a licensed physician. Both the request and the statement must be received by the Company within five working days of the issuance of the utility bill. The~~

~~prohibition against service termination as provided herein shall last twenty (20) days from the date of receipt by the Company of the request and statement or such lesser period as may be agreed upon by the Company and the Consumer. The Consumer who makes such request shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.~~

~~(9) — The Railroad Commission of Texas (RRC) regulates all natural gas utilities in Texas. The RRC has adopted Emergency Rule 7. 60 (valid through April 30, 2001) to insure that gas consumers are not disconnected due to failure to pay their gas bills when the temperature is so cold that it could affect the customer's health. Rule 7. 60 can be summarized as follows: a) Except where there is a known dangerous condition or a use of natural gas in a manner that is dangerous or unreasonably interferes with service to others, a provider (UniGas) shall not disconnect natural gas service to: b) Any customer on a day when the previous day's temperature in the county where the customer takes service fell below 40 degrees F. and the National Weather Service predicts that the temperature in that county will fall below that level during the next 24 hours; or c) A delinquent residential customer for a billing period in which the provider receives a pledge, letter of intent, purchase order, or other notification from an energy assistance provider that it is forwarding sufficient payment to continue service; or d) A delinquent residential customer on a day, or on a day immediately preceding a day, when personnel of the provider are not available for the purpose of receiving payment or making collections and reconnecting service.~~

~~(0) — Residential customers of UniGas may avoid disconnection of gas service (where Rule 7. 60 does not apply) for failure to pay a delinquent gas bill in the following ways:~~

~~a) — The customer can execute a deferred payment agreement. Under that agreement, the residential customer has the option to pay her delinquent bill in not more than three (3) equal installments without interest, provided that it is the customer's first delinquent bill in the preceding twelve (12) months. Under the Plan, current bills must be paid before they become delinquent.~~

~~b) — The customer can give notice to the provider (UniGas) that disconnection of gas service would cause a person at the customer's residence to become seriously ill or more seriously ill, provided that the customer executes a deferred payment agreement (see previous paragraph) and provides a written request not to disconnect service supported by a written statement from a licensed medical doctor. This will have the effect of suspending disconnection of gas service for twenty (20) days (assuming Rule 7. 60 is not otherwise applicable).~~

~~9. — LOCATION OF METERS~~

~~Wherever practical and if requested by the Consumer, all new meter installations shall be installed near the building in which Consumer's gas appliances are located. All meters shall be accessible at all times for inspection, reading, and change out for testing. Whenever the Company shall permanently discontinue the delivery of gas to any of Consumer's premises, it shall have the right at any reasonable time thereafter to enter upon the premises and remove its meter and related equipment.~~

~~10. METER TESTS AND BILL ADJUSTMENTS WITH RESPECT TO METER ACCURACY~~

~~(a) Meter Requirement.~~

~~(1) — Use of meter. All gas sold by the Company shall be charged for my meter measurements, except where otherwise provided for by applicable law, regulation of the regulatory authority or tariff.~~

~~(2) — Installation by Company. Unless otherwise authorized by the regulatory authority, the Company shall provide and install and will continue to own and maintain all meters necessary for measurement of gas delivered to its Consumers.~~

~~(3) — Standard type. The Company shall not furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.~~

~~(b) Meter records:~~

~~The Company shall keep the following records:~~

~~(1) — Meter equipment records.~~

~~The Company shall keep a record of all its meters, showing the Consumer's address and date of the last test.~~

~~(2) — Records of meter tests:~~

~~All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a Consumer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, and date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.~~

~~(c) Meter readings:~~

~~(1) Meter unit location:~~

~~In general, each meter must indicate clearly the units of service for which charge is made to the Consumer.~~

~~(d) Test for Accuracy:~~

~~(1) — The Company shall, upon request of a Consumer make a test of the accuracy of the meter serving that Consumer. The Company shall inform the Consumer of the time and place of the test, and permit the Consumer or his authorized representative to be present if the Consumer so desires. If no such test has been performed within the previous four years for the same Consumer at the same location, the test shall be performed without charge. If such a test has been performed for the same Consumer at the same location within the previous four years, the Company may charge a fee for the test as set forth in the Company's tariff properly on file with the regulatory authority. The Consumer must be properly informed of the result of any test on a meter that serves him.~~

~~(2) — Notwithstanding Paragraph (1), above, if the meter is found to be more than nominally defective, to either Consumer's or the Company's disadvantage, any fee charged for a meter test must be refunded to the Consumer. More than nominally defective means a deviation of more than 2% from accurate registration.~~

~~(3) — If any meter test requested by a Consumer reveals a meter to be more than nominally defective, the Company shall correct previous readings consistent with the inaccuracy found in the meter for the period of either (i) the last six months, or (ii) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to be made. This requirement for a correction may be waived by the Company if the error is to the Company's disadvantage.~~

~~(4) — If a meter is found not to register for any period of time, the Company may make a charge for units used but not metered, for a period not to exceed three months previous to the time the meter is found not be registering. — The determination of amounts used but not metered is to be based on consumption during other like periods by the same Consumer at the same location when available, and on consumption under similar conditions at the same location or of other similarly situated Consumers when not available.~~

~~(e) Meter Exchange.~~

~~(1) The Company follows the practice of testing and repairing its meters on periodic schedules in accordance with good operating practice. the periodic meter test interval is based on the results of accuracy tests of its meters randomly sampled of varying ages. The period of presumed accuracy is the period during which not less than 70% of the randomly sampled meters exhibit accuracy in the range of 2% fast to 2% slow.~~

~~QSGRR2 — PART 2 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~

~~11. DEPOSITS FROM CONSUMERS TO GUARANTEE PAYMENTS OF BILLS~~

~~(a) Establishment of Credit for Residential Applicants.~~

~~(1) The Company may require a residential applicant for service to satisfactorily establish credit but such establishment of credit shall not relieve the Consumer from complying with rules for prompt payment of bills. Subject to these rules, a residential applicant shall not be required to make a deposit;~~

~~(A) — if the residential applicant has been a Consumer of any utility for the same kind of service within the last two years and is not delinquent in payment of any such utility service account and during the last twelve consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment; or~~

~~(B) — if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required; —~~

~~(C) if the residential applicant demonstrates a satisfactory credit rating by appropriate means, including but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the utility, or ownership of substantial equity.~~

~~(b) Re-establishment of credit.~~

~~Every applicant who has previously been a Consumer of the Company and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay all amounts due the Company or execute a written deferred payment agreement, if offered, and reestablish credit as provided herein.~~

~~(c) Amount of deposit and interest for residential service and exemption from deposit.~~

~~(1) — The required residential deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings (rounded up to the nearest \$5.00). If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the Company may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements. Estimated Annual Billings as such term is used in this Section shall be either (i) the 12-month billing history at the service address involved (if a billing history is available for the service address), or (ii) the average annual residential bill in the Division serving the Consumer (if a billing history is not available at the service address); provided, that such average annual residential bill determined pursuant to clause ii hereof, shall be determined periodically but no less frequently than annually.~~

~~(2) — All applicants for residential service who are sixty five years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the Company or another utility for the same utility service which accrued within the last two years. No cash deposit shall be required of such applicant under these conditions.~~

~~(3) — The Company shall pay a minimum interest on such deposits according to the rate as established by law; provided, if refund of deposit is made within thirty days of receipt of deposit, no interest payment shall be made. If the Company retains the deposit more than thirty days, payment of interest shall be made retroactive to the date of deposit.~~

~~(A) — payment of interest to the Consumer shall be annually or at the time the deposit is returned or credited to the Consumer's account.~~

~~(B) — the deposit shall cease to draw interest on the date it is returned or credited to the Consumer's account.~~

~~(d) — For commercial and large volume Consumers, Company may require a deposit where the applicant is unable to establish good credit by standards generally accepted as evidence of credit worthiness. The amount of any deposit, where required, shall be in an amount sufficient to protect Company but shall not exceed the amount of the estimated highest two (2) months' billing. Interest shall be paid at the legal rate on all deposits. Deposits shall be refunded after three (3) years of prompt payment, with refund including any interest to be made in cash or by credit to the~~

~~Consumer's bill. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to initial service without a deposit and otherwise has a record of prompt payment.~~

~~(e) — Deposits for temporary or seasonal service and for weekend or seasonal residences. The Company may require a deposit sufficient to reasonably protect it against the assumed risk, provided, such a policy is applied in a uniform and nondiscriminatory manner.~~

~~(f) — Records of deposits.~~

~~(1) The Company shall keep records to show:~~

~~(A) — the name and address of each depositor;~~

~~(B) — the amount and date of the deposit; and~~

~~(C) — each transaction concerning the deposit.~~

~~(2) The Company shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.~~

~~(3) A record of each unclaimed deposit shall be maintained for at least four years, during which time the Company shall make a reasonable effort to return the deposit.~~

~~(g) Refund of deposit.~~

~~(1) — If service is not connected or after disconnection of service, the Company shall promptly and automatically refund the Consumer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The transfer of service from one premises to another within the service area of the Company shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless permitted by these rules.~~

~~(2) — When the residential Consumer has paid bills for service for twelve consecutive residential bills without having service disconnected for nonpayment of bills and without having more than two occasions in which a bill was delinquent and when the Consumer is not delinquent in the payment of the current bills, the Company shall promptly and automatically refund the deposit plus accrued interest to the Consumer in the form of cash or credit to a Consumer's account. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to install service without a deposit and otherwise has a record of prompt payment.~~

~~(h) Upon sale or transfer of Company.~~

~~Upon the sale or transfer of the Company or operating units thereof, the Company shall file with the Commission under oath, in addition to other information, a list showing the names and addresses of all Consumers served by the Company or unit who have to their credit a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon.~~

~~(i) Complaint by applicant or Consumer.~~

~~The Company shall direct its personnel engaged in initial contact with an applicant or Consumer for service seeking to establish or re-establish credit under the provisions of these rules to inform the Consumer, if dissatisfaction is expressed with the Company decision, of the Consumer's right to file a complaint with the regulatory authority thereon.~~

~~12. — DISCONTINUANCE BY CONSUMER~~

~~A Consumer who wishes to discontinue the use of gas (provided he otherwise has the right to do so) must give notice of his intent to do so to Company at its nearest office. Consumer shall be obligated to pay for all service which is rendered by the Company (including applicable minimum charges therefor) prior to time Company receives such notice.~~

~~13. — RECORDS OF GAS SUPPLIED~~

~~Company shall keep accurate records of the amount of gas registered by its meters, and such records shall be accepted at all times and in all places as prima facie evidence of the true amount of gas consumed.~~

~~14. — ESCAPING GAS~~

~~Immediate notice must be given to Company by Consumer of any escaping gas on Consumer's premises. No flame shall be taken near the point where gas is escaping and as an added precaution, the gas should immediately be shut off at the meter by Consumer. Company shall not be liable for any damage or loss caused by the escape of gas from Consumer's housepiping or Consumer's appliances.~~

~~15. — DAMAGE AND REPAIR TO AND TAMPERING WITH COMPANY'S FACILITIES~~

~~Consumer shall immediately notify Company in the event of damage to Company's property on Consumer's premises. Consumer shall not permit anyone other than authorized employee of Company to adjust, repair, connect, or disconnect, or in any way tamper with the meter, lines or any other equipment of Company used in serving Consumer's premises.~~

~~16. ACCESS TO PREMISES~~

~~The Company's representatives shall have the right at all reasonable hours to enter upon the premises and property of Consumer to read the meter; and to remove, to inspect, or to make necessary repairs and adjustment to, or replacements of, service lines, meter loop, and any property of the Company located thereon, and for any other purpose connected with Company's operation. The Company's representatives shall have the right at all times to enter upon the premises and property of Consumer in emergencies pertaining to Company's service. All dogs and other animals which might hinder the performance of such operations on the Consumer's property shall be kept away from such operations by the Consumer upon notice by the Company representatives of their intention to enter upon the Consumer's premises.~~

~~17. NON-LIABILITY~~

~~(a) — The Company shall not be liable for any loss or damage caused by variation in gas pressure, defects in pipes, connection and appliances, escape or leakage of gas, sticking of valves or regulators, or for any other loss or damage not caused by the Company's negligence arising out of or incident to the furnishing of gas to any Consumer.~~

~~(b) — Company shall not be liable for any damage or injury resulting from gas or its use after such gas leaves the point of delivery other than damage caused by the fault of the Company in the manner of installation of the service lines, in the manner in which such service lines are repaired by the Company, and in the negligence of the Company in maintaining its meter loop. All other risks after the gas left the point of delivery shall be assumed by the Consumer, his agents, servants, employees, or other persons.~~

~~(c) — The Company agrees to use reasonable diligence in rendering continuous gas service to all Consumers, but the Company does not guarantee such service and shall not be liable for damages resulting from any interruption to such service.~~

~~(d) — Company shall not be liable for any damage or loss caused by stoppage or curtailment of the gas supply pursuant to order of a governmental agency having jurisdiction over Company or Company's suppliers, or caused by an event of force majeure. The term force majeure as employed herein means acts of God; strikes, lockouts, or other industrial disturbances; acts of the public enemy; wars; blockages; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of the government, either federal or state, civil or military; civil disturbances; explosions; breakage or accident to machinery or lines of pipe; freezing of wells or lines of pipe; shortage of gas supply, whether resulting from inability or failure of a supplier to deliver gas; partial or entire failure of natural gas wells or gas supply; depletion of gas reserves; and any other causes; whether of the kind herein enumerated or otherwise.~~

~~18. TEMPORARY INTERRUPTION OF SERVICE~~

~~(a) — The Company shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Company shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Consumers are affected.~~

~~(b) — The Company shall make reasonable provisions to meet emergencies resulting from failure of service, and shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.~~

~~In the event of national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other Consumers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.~~

~~(1) — Record of interruption.~~

~~Except for momentary interruptions which do not cause a major disruption of service, the Company shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of such interruptions, date, time duration, location, approximate~~

~~number of Consumers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.~~

~~(2) — Report to Commission.~~

~~The Commission shall be notified in writing within forty eight hours of interruptions in service affecting the entire system or any major division thereof lasting more than four hours. The notice shall also state the cause of such interruptions. If any service interruption is reported to the Commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this paragraph.~~

~~19. — WAIVER OF RULES~~

~~No agent or representative of the Company is authorized to add to, alter, waive, or otherwise change any of the foregoing rules except by agreement in writing signed by an officer in the Company.~~

~~20. — BILLING~~

~~(a) Bills for gas service shall be rendered monthly, unless otherwise authorized or unless service is rendered for a period less than a month. Bills shall be rendered as promptly as possible following the reading of meters.~~

~~(b) The Consumer's bill must show all the following information:~~

~~(1) — If the meter is read by the Company, the date and reading of the meter at the beginning and end of the period for which rendered;~~

~~(2) — The number and kind of units billed;~~

~~(3) — The applicable rate schedule, title or code;~~

~~(4) — The total base bill;~~

~~(5) — The total of any adjustments to the base bill and the amount of adjustments per billing unit;~~

~~(6) — The date by which the Consumer must pay the bill in order to avoid penalty;~~

~~(7) — The total amount due after addition of any penalty for nonpayment within a designated period; and~~

~~(8) — A distinct marking to identify an estimated bill. The information required above shall be arranged and displayed in such a manner as to allow the Consumer to compute his bill with the applicable rate schedule. The applicable rate schedule must be mailed to the Consumer on request of the Consumer. The Company may exhaust its stock of non-conforming bill forms existing on the effective date hereof before compliance is required with this section.~~

~~(c) Where there is a good reason for doing so, estimated bills may be submitted provided that an actual meter reading is taken at least every six months. For the second consecutive month in which~~

~~the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read otherwise, the Company shall provide the Consumer with a postcard and request that the Consumer read the meter and return the card to the utility if the meter is of a type that can be read by the Consumer without significant inconvenience or special tools or equipment. If such a postcard is not received by the Company in time for billing, the Company may estimate the meter reading and render the bill accordingly.~~

~~(d) Disputed bills.~~

~~(1) — In the event of a dispute between the Consumer and the Company regarding the bill, the Company shall forthwith make such investigation as is required by the particular case and report the results thereof to the Consumer. If the Consumer wishes to obtain the benefit of subsection (2) hereunder, notification of the dispute must be given to the Company prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the Company shall inform the Consumer of the complaint procedures of the appropriate regulatory authority.~~

~~(2) — Notwithstanding any other provisions of these rules and regulations, the Consumer shall not be required to pay the disputed portion of the bill which exceeds the amount of that Consumer's average usage for the billing period at current rates until the earlier of the following:~~

~~(1) — resolution of the dispute; or~~

~~(2) — the expiration of the sixty day period beginning on the day the disputed bill is issued. For purposes of this section only, the Consumer's average usage for the billing period shall be the average of the Consumer's usage for the same billing period during the preceding two years. Where no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar Consumers and under similar conditions.~~

~~21. NEW CONSTRUCTION~~

~~(a) — Standards of construction. The Company shall construct, install, operate, and maintain its plant, structures, equipment and lines in accordance with the provisions of such codes and standards as are generally accepted by the industry, as modified by rule or regulation of the regulatory authority, or otherwise by law, and in such manner to best accommodate the public and to prevent interference with service furnished by other public utilities insofar as practical.~~

~~(b) — Response to request for residential and commercial service. The Company shall serve each qualified residential and commercial applicant for service within its service area as rapidly as practical. As a general policy, those applications not involving line extensions or new facilities should be filled within seven working days from the date all antecedent requirements are met. Those applications for individual residential service requiring line extensions should be filled within ninety days unless unavailability of materials, insufficient pipeline capacity, or other causes beyond the control of the Company result in unavoidable delays. In the event that residential service is delayed in excess of ninety days after an applicant has met credit requirements and made satisfactory arrangements for payment of any required construction charges, a report must be made to the regulatory authority listing the name of the applicant, location, and cause for delay. Unless such delays are due to causes which are reasonably beyond the control of the Company, a delay in excess of ninety days may be found to constitute a refusal to serve.~~

~~22. CURTAILMENT POLICY~~

~~The Company adopts and shall adhere to the curtailment program set forth in Rule 2 of Texas Railroad Commission Gas Utilities Division Docket No. 489 as well as all other rules and regulations adopted from time to time by governmental agencies having authority over the operations of Company.~~

~~23. CONSUMER RELATIONS~~

~~(a) Information to Consumers.~~

~~The Company shall:~~

~~(1) — Maintain a current set of maps showing the physical location of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately describe the utility's facilities. These maps, or such other maps as may be required by the regulatory authority, shall be kept by the Company in a central location and will be available for inspection by the regulatory authority during normal working hours. Each business office or service center shall have available up to date maps, plans or records of its immediate area, with such other information as may be necessary to enable the utility to advise applicants and other entitled to the information as to the facilities available for serving that locality;~~

~~(2) — Assist the Consumer or applicant in selecting the most economical rate schedule;~~

~~(3) — In compliance with applicable law or regulations, notify Consumers affected by a change in rates or schedule or classification;~~

~~(4) — Post a notice in a conspicuous place in each business office of the utility where applications for service are received informing the public that copies of the current rate schedules and rules relating to the service of the Company, as filed with the Commission, are available for inspection;~~

~~(5) — Furnish such additional information on rates and services as the Consumer may reasonably request;~~

~~(6) — Upon request, inform its Consumers as to the method of reading meters; and~~

~~(7) — As required by law or the rules of the appropriate regulatory authority, provide its Consumers with Consumer service information. A sample of the Consumer Service Information mail-out is attached hereto. At least once each calendar year, the Company shall notify its Consumers that Consumer service information is available on request and without charge.~~

~~(b) Consumer Complaints.~~

~~Upon complaint to the Company by residential or small commercial Consumers either at its office, by letter, or by telephone, the Company shall promptly make a suitable investigation and advise the complainant of the results thereof. The Company shall make its initial response to the Consumer no later than the end of the business day following the date of the complaint. The Company shall keep a record of all complaints which shall show the name and address of the~~

~~complainant, the date and nature of the complaint, and the adjustment and disposition thereof for a period of two years subsequent to the final disposition of the complaint.~~

~~(c) Company Response.~~

~~Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a Consumer, the Company shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response shall be made not later than the next business day following receipt of the complaint. The Commission encourages all Consumer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of the Company.~~

~~(d) Deferred Payment Plan.~~

~~The Company may, but is not required to, offer a written deferred payment plan for delinquent residential accounts. If such a plan is offered, it shall conform to the following guidelines:~~

~~(1) — Every deferred payment plan entered into due to the Consumer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the Consumer pays current bills and a reasonable amount of the outstanding bill and agrees to pay the balance in reasonable installments until the bill is paid.~~

~~(2) — For purposes of determining reasonableness under these rules the following shall be considered: size of delinquent account; Consumer's ability to pay; Consumer's payment history; time that the debt has been outstanding; reasons why the debt has been outstanding; and other relevant factors concerning the circumstances of the Consumer.~~

~~(3) — A deferred payment plan offered by the Company shall state, immediately preceding the space provided for the Consumer's signature and in bold face print at least two sizes larger than any other used, that If you are not satisfied with this agreement, do not sign. If you are satisfied with this agreement, you give up your right to dispute the amount due under the agreement except for the utility's failure or refusal to comply with the terms of this agreement.~~

~~(4) — A deferred payment plan may include a one time five percent penalty for late payment on the original amount of the outstanding bill except in cases where the outstanding bill is unusually high as a result of the Company's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.~~

~~(5) — If a Consumer for utility service has not fulfilled terms of a deferred payment agreement or refuses to sign the same, the Company shall have the right to disconnect pursuant to disconnection rules herein and, under such circumstance, it shall not be required to offer a subsequent negotiation of a deferred payment plan prior to disconnection.~~

~~(6) — If the Company institutes a deferred payment plan it shall not refuse a Consumer participation in such a program on the basis of race, color, creed, sex or marital status.~~

GAS ENERGY, LLC
RATE SHEET
MISCELLANEOUS SERVICE CHARGES
RATE SCHEDULE M

292533	ms-1	<p>New Residential and Commercial Service: Includes installation of the meter, regulator and associated parts with the appropriate delivery capacity and pressure, and a pressure test of Customer's piping, as follows:</p> <p>a) Up to 250 CF/H Meter with up to 4 1/2 oz. Delivery Pressure \$350.00</p> <p>b) Over 250 to 450 CF/H Meter at 5 PSIG Delivery Pressure \$575.00</p> <p>c) Over 450 to 1,100 CF/H Meter at 5 PSIG Delivery Pressure \$1,150.00</p> <p>d) Over 1,100 to 3,000 CF/H Meter at 5 PSIG Delivery Pressure \$2,250.00</p> <p>e) Over 3,000 to 7,500 CF/H Meter at 5 PSIG Delivery Pressure \$3,950.00</p> <p>f) All Other Capacity and Delivery Pressure Applications At Cost</p> <p>Note: All delivery pressures and capacities are subject to pressure and capacity limitations of Company facilities.</p>
292534	ms-2	Tap Company Main (dry, no bores or obstacles) \$80.00
292535	ms-3	First 15 feet of service line (3/4 inch pipe, dry, no bores or obstacles) \$175.00
292536	ms-4	Turning Service Off (Per Trip) \$50.00
292537	ms-5	Restore Service: a) Unlock or turn on meter to restore service (includes Customer Piping pressure test) \$80.00
292538	ms-6	Collection Call or Missed Appointment (Per Trip) \$25.00
292539	ms-7	<p>Change meter for special test at Customer's request (Minimum) \$75.00</p> <p>Note: See Company Quality of Service Rules for payment responsibility</p>
292540	ms-8	Returned check charge \$35.00
292541	ms-9	Application for Gas Service, including account set up and credit inquiry \$50.00
292542	ms-10	Special meter reading at Customer's request \$25.00
292543	ms-11	Transfer Service at an existing service address, including special meter reading and processing Application for Gas Service (Paid by Transferee) \$50.00

292544	ms-12	Additional Customer piping pressure test due to failure to pass previous test (per Trip) \$50.00
292545	ms-13	Light Customer's appliance pilot lights at customer's request (excludes relighting due to gas outage): a) First appliance \$50.00 b) Each additional appliance \$25.00
292546	ms-14	Repair or replace damaged meter installation (Minimum) \$350.00
292547	ms-15	Change meter size, delivery pressure, and/or location due to change in Customer service requirements, and/or inability of Company Personnel to access meter At all times due to actions taken by Customer (Minimum) \$300.00
292548	ms-16	Installation of service lines over 15 feet in length, gas mains, and yard lines At Cost* *Must be approved by Customer in advance of work.

CONSUMERS GAS COMPANY, INC.**RATE SHEET****RATE SCHEDULE R1**

~~RESIDENTIAL CUSTOMERS APPLICATION OF SCHEDULE: This schedule is applicable to all residential customers receiving individually metered gas service in the Companys service area in the western portion Montgomery County, and the eastern portions Waller and Grimes Counties, Texas. Natural gas supplied hereunder is for the individual use of the customer at one point of delivery and shall not be resold or shared with others. Where service of the type desired by customer is not already available at the proposed service location, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished. Service under this schedule shall be furnished in accordance with the Commissions Special Rules of Practice and Procedure and Substantive Rules and the Companys General Rules and Regulations, as such rules may be amended from time to time.~~

~~RESIDENTIAL CUSTOMER SERVICE CHARGE:~~

- ~~1. First Meter at Customers Service Address: \$13.00 per month or portion thereof.~~
- ~~2. Second Meter at Customers Service Address: \$7.00 per month or portion thereof.~~

~~PAYMENT: All bills shall be rendered on the gross basis. All bills shall be delinquent unless payment is received within fifteen (15) days from the date of the bill. The difference between the gross and net monthly rates, representing a discount, shall be allowed for payment of bills received in the Companys offices within ten (10) days from the date of the bill.~~

~~DEFINITIONS AND ADJUSTMENTS: Residential Customer: An individually metered, single, private dwelling and its appurtenances, used for household appliances, fireplaces, gas lights, water heating, cooking and heating for the personal comfort and convenience of those persons residing therein. This classification excludes standby electrical power generating equipment.~~

~~CONSUMERS GAS COMPANY, INC.~~**~~RATE SHEET~~****~~RATE SCHEDULE R-GROSS MONTHLY RATE~~**

~~The Gross Monthly Rate for each residential customer for gas service and all consumption each month shall be composed of the following:~~

~~1) \$13.00 Customer Service Charge(s); plus~~

~~2) The Commodity Charge, which is composed of the Adjusted Cost of Gas, plus a Residential Capacity Charge of \$3.55 per MCF.~~

CONSUMERS GAS COMPANY, INC.**RATE SHEET****RATE SCHEDULE COST OF GAS**

The Adjusted Cost of Gas for the current billing cycle shall be computed to the nearest cent (\$0.01) as follows:

$A = C(1 + (LUG))$ Where: A = Adjusted Cost of Gas for the current billing cycle. C = The weighted average cost of gas per MCF purchased by Company for the current billing cycle corrected for billing adjustments in previous periods. P = The MCF volume of gas purchased during the most recent 12-month period ended June 30. S = The MCF volume of gas sold during the most recent 12-month period ended June 30. LUG = means (Lost and Unaccounted for Gas) and is defined as the smaller of 0.05 or $(P - S)/P$, for the most recent 12-month period ended June 30.

~~CONSUMERS GAS COMPANY, INC.~~**~~RATE SHEET~~****~~RATE SCHEDULE TAXADJ~~****~~TAX ADJUSTMENT CLAUSE:~~**

~~The Company will pass on Municipal and County Taxes to the Local Customers by adding to each Local Customers monthly bill a separate line item identified as Franchise Adjustment, an amount calculated on an equal per meter basis (as nearly as may be possible in practice, minimizing any over or under collections) determined in accordance with the provisions set forth below. As used herein, the terms Municipal Tax and County Tax refers to any and all privilege, occupation, franchise meter, gross receipts or other tax or assessment of whatever kind and by whatever name (except ad valorem taxes) now and at any time hereafter levied on the Company. Local Customers refers to each and every residential and commercial customer within the geographical boundaries or taxing authority of the taxing government entity.~~

~~CONSUMERS GAS COMPANY, INC.~~**~~RATE SHEET~~****~~RATE SCHEDULE PSF2019~~**ConB****

~~The Company will pass on the one time customer charge for the Pipeline Safety Inspection Fee in the amount of \$0.99 for each service line reported to be in service at the end of calendar year 2019, pursuant to the Texas Utilities Code 121.211 of the Commission's Rules and Regulations. That fee is based on the \$1.00 per service line.~~

~~CONSUMERS GAS COMPANY, INC.~~

~~RATE SHEET~~

~~RATE SCHEDULE Net Monthly Rate¹~~

~~The Net Monthly Rate is the Gross Monthly Rate excluding the Adjusted Cost of Gas discounted by 5%.~~

~~CONSUMERS GAS COMPANY, INC.~~~~RATE SHEET~~~~489—CURTAILMENT PLAN~~

~~Docket No. 489 ORDER RELATING TO THE APPROVAL BY THE COMMISSION OF CURTAILMENT PROGRAMS FOR NATURAL GAS TRANSPORTED AND SOLD WITHIN THE STATE OF TEXAS~~

~~After due notice the Railroad Commission of Texas on the 30th day of November, 1972, heard testimony and requested written curtailment priorities from representatives of investor owned and municipal gas utilities companies, private industry consumers and others responsible for directing available natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~WHEREAS, pursuant to the authority granted to the Railroad Commission of Texas in Article 6050 to 6066, inclusive, R.C.S., as amended; and~~

~~WHEREAS, the Commission has determined the need for a curtailment program to assure effective control of the flow of natural gas to the proper destinations to avoid suffering and hardship of domestic consumers; and~~

~~WHEREAS, the Commission has determined a need to make natural gas available to all gas consumers on a reasonable but limited basis during times of needed curtailment to the end that the public will be best served; and~~

~~WHEREAS, the Commission has determined that the transportation delivery and/or sale of natural gas in the State of Texas for any purpose other than human need consumption will be curtailed to whatever extent and for whatever periods the Commission may find necessary for the primary benefit of human needs customers (domestic and commercial consumption) and such small industries as cannot practically be curtailed without curtailing human needs.~~

~~IT IS THEREFORE, ORDERED BY THE RAILROAD COMMISSION OF TEXAS that the following rules relating to the approval by the Commission of curtailment programs for gas transported and sold within the State of Texas shall apply to all parties responsible for directing available and future natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~RULE 1.~~

~~Every natural gas utility, as that term is defined in Article 6050, R.C.S. of Texas, as amended, intrastate operations only, shall file with the Railroad Commission on or before Feb. 12, 1973, its curtailment program. The Commission may approve the program without a hearing; set the matter for a public hearing on its own motion or on the motion of any affected customer of said utility.~~

~~The curtailment program to be filed shall include, in verified form, the following information:~~

~~A. Volume of gas reserves attached to its system together with a brief description of each separate source of gas reserves setting forth the following:~~

- ~~1. the name of the supplier,~~
- ~~2. the term of each contract in years, and the years remaining on said contract,~~
- ~~3. the volume of recoverable reserve contracted for, and~~
- ~~4. rated deliverability of such reserves in MCF.~~

- ~~B. Capacity and location of underground storage, if any, attached to its system with a statement of whether the company's storage balance is above or below its desired level for this time, and, if below, what plans has the company made to restore the balance.~~
- ~~C. Peak day and average daily deliverability on an annual basis of its wells, gas plants and underground storage attached to its system.~~
- ~~D. Peak day capacity of its system.~~
- ~~E. Forecast of additions to reserves for each of the next two succeeding years.~~
- ~~F. Location and size of the line pipes, compressor stations, operating maximum line pressures, and a map showing delivery points along the system.~~
- ~~G. Disposition of all gas entering its system, with names of all customers other than residential customers and volumes delivered to each during the past calendar year. Identify those customers using 3,000 MCF gas per day, or more, which are under a service contract, and if such contract includes an "Interruptible Service" clause, and if so, attach a reproduced copy of the relevant provisions of such contract.~~
- ~~H. Steps taken in past years, being taken at the present, and to be taken to alleviate curtailments.~~

~~RULE 2.~~

~~Until such time as the Commission has specifically approved a utilities curtailment program, the following priorities in descending order shall be observed:~~

- ~~A. Deliveries for residences, hospitals, schools, churches and other human needs customers.~~
- ~~B. Deliveries of gas to small industrials and regular commercial loads (defined as those customers using less than 3,000 MCF per day) and delivery of gas for use as pilot lights or in accessory or auxiliary equipment essential to avoid serious damage to industrial plants.~~
- ~~C. Large users of gas for fuel or as a raw material where an alternate cannot be used and operation and plant production would be curtailed or shut down completely when gas is curtailed.~~
- ~~D. Large users of gas for boiler fuel or other fuel users where alternate fuels can be used. This category is not to be determined by whether or not a user has actually installed alternate fuel facilities, but whether or not an alternate fuel "could" be used.~~
- ~~E. Interruptible sales made subject to interruption or curtailment at Seller's sole discretion under contracts or tariffs which provide in effect for the sale of such gas as Seller may be agreeable to selling and Buyer may be agreeable to buying from time to time.~~

~~RULE 3.~~

~~Each gas utility that has obtained Commission approval of a curtailment program shall conduct operations in compliance with such program.~~

~~So long as any gas utility which has obtained Commission approval of a curtailment program continues to curtail deliveries to its customers, except as provided by contract or those customers included in Part E of Rule 2 above, it (a) shall file on or before April 1 of each year, under oath, the information called for in Rule 1, for the preceeding year, and (b) shall not, without Commission approval, make sales of gas to any new customers or increase volumes sold to existing customers, except those new or existing customers defined in Parts A & B of Rule 2 above.~~

~~IT IS FURTHER ORDERED that this cause be held open for such other and further orders as may be deemed necessary.~~

~~ENTERED AT AUSTIN, TEXAS, this 5th day of January, 1973.~~

CONSUMERS GAS COMPANY, INC.**RATE SHEET****LINE EXTENSION POLICY**

~~Gas Main Extensions: Company shall extend its gas mains to provide new or additional service and shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. Gas main extensions shall be made at Company's expense only where the probable expected use of all facilities necessary for such service and paid for by Company will provide a reasonable and compensatory return to Company on the value of such facilities. Otherwise, gas main extensions shall be made only under the following conditions: (1) Individual Residential and Commercial Consumers—upon payment of the fee for and execution of a Gas Main Extension Contract between Company and Consumer; (2) Developers of Residential or Business Subdivisions—upon execution of Company's Gas Main Extension Contract or Predevelopment Gas Main Extension Contract, or under special circumstances where, in Company's opinion, such forms are not appropriate, upon execution of a special agreement providing for reimbursement to Company for cost of the necessary gas main extension; (3) Large Volume Consumers—upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.~~

~~CONSUMERS GAS COMPANY, INC.~~**~~RATE SHEET~~****~~QUALITY OF SERVICE~~****~~PART 1 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~****~~1. — DEFINITIONS~~**

~~(a) — Consumer, Consumer and Applicant are used interchangeably and mean a person or organization utilizing services or who wants to utilize services of Universal Natural Gas, Inc.~~

~~(b) — Company means Universal Natural Gas, Inc., its successors and assigns.~~

~~(c) — Cubic Foot of Gas: Unless otherwise expressly provided by rate schedule or written contract (or agreement), the amount of gas necessary to fill a cubic foot of space when the gas is at a gauge pressure of four (4) ounces above atmospheric pressure of 14.65 psia at 60 Fahrenheit.~~

~~(d) — Service Line: The pipe and attached fittings which convey gas from Company's mains to the property line of Consumer's premises.~~

~~(e) — Yard Line: The pipe and attached fittings which convey gas from the Consumer's property line to and including the stopcock on the riser for the Consumer's meter.~~

~~(f) — Consumer's Housepiping: All pipe and attached fittings which convey gas from the outlet side of the meter to the Consumer's connection for gas appliances.~~

~~(g) — Point of Delivery: The point where the gas is measured for delivery into Consumer's piping.~~

~~2. — APPLICATION OF RULES~~

~~(a) — Unless otherwise expressly stated, these rules apply to all Consumers regardless of classification, except insofar as they are changed by or are in conflict with any statute of the State of Texas, valid municipal ordinance, valid final order of any court or of the Railroad Commission of Texas, or written contract executed by Company, in which case such statute, ordinance, order or contract shall control to the extent that it is applicable to the consumer(s) in question. Whenever possible, these rules shall be construed harmoniously with such laws, contracts, ordinances, and orders.~~

~~(b) — The use of gas service shall constitute an agreement by the Consumer to utilize such service in accordance with the applicable rules of the Company as set forth herein.~~

~~(c) — These rules, and all subsequently enacted rules, may be abrogated, modified, or added to in whole or in part, by the company and such rules as abrogated, modified, or added to, shall become effective when filed with the appropriate regulatory authority.~~

~~3. — CLASSIFICATION FOR RATE AND CONTRACT PURPOSES For purposes of determining rates, Consumers shall be classified as either Residential, Commercial or Large Volume Consumers as defined in Company's applicable rate schedules. Service by Company to~~

~~Consumers classified herein as Residential and Commercial is available without a written contract between Consumer and Company at the standard rates and charges applicable to such Consumers from time to time. Company shall have no obligation to deliver more than 5,000 cubic feet of gas in any day to~~

~~any Consumer not having a written gas sales contract with Company. A contract may be required from Large Volume Consumers using less than 5,000 cubic feet per day, provided this requirement shall be uniformly applied to all such Consumers within each municipal rate jurisdiction. In the case of existing Consumers, the maximum gas usage during any one day shall be obtained from records of the Company, except in cases where the existing Consumer will be purchasing increased volumes of gas from Company because of expansions or for any other reason, in which event the Company may estimate usage by such Consumer. Also in the case of new Consumers, the Company may estimate usage by the Consumer. Any such estimates made by Company shall be binding on Consumer in determining rate classification and whether or not a contract is required. Company's obligation to provide service to any Large Volume Consumer is contingent upon Company's determination that there will be an adequate supply of gas to serve such Large Volume Consumer, and that existing facilities are of adequate capacity and suitable pressure.~~

~~4.—— LIMITATION OF USE All gas delivered through Company's meters is for use only at the point of delivery and shall not be redelivered or resold to others without Company's written consent.~~

~~5.—— SERVICE CONNECTIONS~~

~~(a)—— Tap Charge: Unless otherwise prohibited by applicable ordinance or rule, Company may impose a reasonable charge for the connection of a new Consumer to its distribution mains. The service areas where a tap charge is to be collected and the amount and conditions under which such charge will be imposed are set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(b)—— Service Line: Company shall install and maintain all service lines and, to the extent permitted by applicable ordinance or rule, shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. A service line may be used to supply a single building or single group of buildings which may or may not be located on a single lot, such as a group of factory buildings, hospital buildings, or institutional buildings, all under one ownership or control. However, gas service supplied to Consumer for use at separate lots physically divided by other private or public property (including streets, alleys and other public ways) must be separately metered and billed. More than one service line to supply a Consumer's premises may be constructed by agreement between Company and Consumer.~~

~~(c)—— Yard Line: Company shall install yard lines if so requested by Consumer. To the extent permitted by applicable ordinance or rule, Company shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(d) — Housepiping: Consumer shall be responsible for installing and maintaining Consumer's housepiping. Company may refuse service to any consumer whose housepiping is inadequate or unsafe, but Company shall have no responsibility for inspecting or testing Consumer's housepiping, determining whether or not Consumer has complied with applicable safety codes, or in any way establishing or enforcing housepiping specifications. Information relating to piping may be obtained at the Company's local offices.~~

~~(e) — Gas Main Extensions: Company shall extend its gas mains to provide new or additional service and shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. Gas main extensions shall be made at Company's expense only where the probable expected use of all facilities necessary for such service and paid for by Company will provide a reasonable and compensatory return to Company on the value of such facilities. Otherwise, gas main extensions shall be made only under the following conditions:~~

~~(1) Individual Residential and Commercial Consumers — upon payment of the fee for gas main extension set out in the Schedule of Miscellaneous Service Charges or upon execution of a Gas Main Extension Contract between Company and Consumer.~~

~~(2) — Developers of Residential or Business Subdivisions — upon execution of Company's Gas Main Extension Contract or Predevelopment Gas Main Extension Contract, or under special circumstances where, in Company's opinion, such forms are not appropriate, upon execution of a special agreement providing for reimbursement to Company for cost of the necessary gas main extension.~~

~~(3) — Large Volume Consumers — upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.~~

~~6. — ADDITIONAL CHARGES RELATING TO GAS SERVICE~~

~~Charges for services other than delivering natural gas may be made in accordance with the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~7. — APPLICATION FOR SERVICE~~

~~Where no written contract for service is necessary, any application by telephone, in person, or in writing may be made to request initiation of service. Upon request, Consumer shall provide information necessary for purposes of rate classification, billing, and determining whether a deposit will be required.~~

~~8. — REFUSAL TO INSTITUTE SERVICE AND TERMINATION OF SERVICE.~~

~~(a) Refusal of Service.~~

~~(1) Compliance by Applicant. The Company may decline to serve an applicant for whom service is available from previously installed facilities until such applicant has complied with the state and municipal rules, regulations or laws, and with approved rules and regulations of the Company on~~

~~file with the appropriate regulatory authority governing the service applied for, or for the following reasons:~~

~~(A) — the applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given;~~

~~(B) — the applicant is indebted to any utility company for the same kind of service as that applied for; provided, however, that in the event the indebtedness of the applicant for service is in dispute, the applicant shall be served upon complying with the applicable deposit requirement;~~

~~(C) — the applicant refuses to make a deposit if applicant is required to make a deposit under these rules;~~

~~(D) — where an unsafe condition exists at any point on Consumer's premises;~~

~~(E) — for use of gas in violation of Company's rules;~~

~~(F) — in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~(G) — when Company's property on the Consumer's premises is tampered with, damaged or destroyed.~~

~~(2) Applicant's Recourse. In the event that the Company shall refuse to serve an applicant under the provisions of these rules, the Company shall inform the applicant of the basis of its refusal and that the applicant may file a complaint with the appropriate regulatory authority thereon.~~

~~(3) Insufficient Grounds for Refusal to Serve. The following shall not constitute sufficient cause for refusal of service to a present residential or commercial Consumer or applicant:~~

~~(A) — delinquency in payment for service by a previous occupant of the premises to be served;~~

~~(B) — failure to pay for merchandise or charges for non-utility service purchased from the Company;~~

~~(C) — failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;~~

~~(D) — violation of the Company's rules pertaining to the operation of nonstandard equipment of unauthorized attachments, which interfere with the service of others, unless the Consumer has first been notified and been afforded reasonable opportunity to comply with these rules;~~

~~(E) — failure to pay a bill of another Consumer as guarantor thereof, unless the guarantee was made in writing to the Company as a condition precedent to service; and~~

~~(F) — failure to pay the bill of another Consumer at the same address except where the change of Consumer identity is made to avoid or evade payment of a utility bill.~~

~~(b) Discontinuance of Service.~~

~~(1) Bills are due and payable when rendered; the bill shall be past due not less than 15 days after issuance or such other period of time as may be provided by order of the appropriate regulatory authority. A bill for utility service is delinquent if unpaid by the due date.~~

~~(2) The Company may offer an inducement for prompt payment of bills by allowing a discount in the amount of 5% for payment within 10 days of their issuance. In the event of any inconsistency between these Rules and Regulations and the applicable rate tariff, the rate tariff shall control.~~

~~(3) A Consumer's utility service may not be terminated unless the Company has made a reasonable effort to offer the Consumer the option of paying a delinquent bill in installments. A Consumer's utility service may be disconnected if the bill has not been paid or a suitable written arrangement for payment in installments entered into within 5 working days after the bill has become delinquent and if proper notice has been given. Proper notice shall consist of a mailing or hand delivery thereof at least five working days prior to a stated date of disconnection. Said notice shall be provided in English (and Spanish, if the Company has any Spanish speaking Consumers) and shall include:~~

~~a) the words Disconnect Notice or similar language prominently displayed;~~

~~b) the reason service is to be terminated;~~

~~c) what Consumer must do to prevent termination;~~

~~d) in the case of a past due bill, the amount past due and the hours, address, and telephone number where payment may be made; and~~

~~e) a statement that if a health or other emergency exists, the Company may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency.~~

~~f) Utility service may be disconnected for any of the following reasons:~~

~~g) failure to pay a delinquent account or failure to comply with the terms of a written agreement for installment payment of a delinquent account;~~

~~h) violation of the Company's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the Consumer and the Consumer is provided with a reasonable opportunity to remedy the situation;~~

~~i) failure to comply with deposit or guarantee arrangements where required by these rules and regulations;~~

~~j) without notice where a known dangerous condition exists for as long as the condition exists;~~

~~k) tampering with the Company's meter or equipment or bypassing the same;~~

~~l) for use of gas in violation of Company's rules;~~

~~m) in the event Consumer's premises are vacated;~~

~~n) in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~o) when Company's property on the Consumer's premises is tampered with, damaged or destroyed;~~

~~p) for use of gas in violation of any law, ordinance or regulation;~~

~~q) for fraudulent misrepresentation in relation to the consumption of gas or any other fraud practiced by Consumer, with regard to the matters referred to in these rules or Consumer's contract.~~

~~(5) Utility service may not be disconnected for any of the following reasons:~~

~~r) delinquency in payment for service by a previous occupant of the premises;~~

~~s) failure to pay for merchandise or charges for non-utility service by the Company;~~

~~t) failure to pay for a different type or class of utility service unless the fee for such service is included on the same bill;~~

~~u) failure to pay the account of another Consumer as guarantor thereof, unless the Company has in writing the guarantee as condition precedent to service;~~

~~v) failure to pay charges arising from any underbilling occurring due to any misapplication of rates more than six months prior to the current billing;~~

~~w) failure to pay charges arising from any underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due; and~~

~~x) failure to pay an estimated bill other than a bill rendered pursuant to any approved meter reading plan, unless the Company is unable to read the meter due to circumstances beyond its control.~~

~~(6) — Unless a dangerous condition exists, or unless the Consumer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel of the Company are not available to the public for the purpose of making collections and reconnecting service.~~

~~(7) — The Company shall not abandon a Consumer without written approval from the regulatory authority.~~

~~(8) — The Company shall not discontinue service to a delinquent residential Consumer permanently residing in an individually metered dwelling unit when that Consumer establishes that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if service is discontinued. Any Consumer seeking to avoid termination of service under this provision must make a written request to the Company supported by a written statement from a licensed physician. Both the request and the statement must be received by the Company within five working days of the issuance of the utility bill. The~~

~~prohibition against service termination as provided herein shall last twenty (20) days from the date of receipt by the Company of the request and statement or such lesser period as may be agreed upon by the Company and the Consumer. The Consumer who makes such request shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.~~

~~(9) — The Railroad Commission of Texas (RRC) regulates all natural gas utilities in Texas. The RRC has adopted Emergency Rule 7. 60 (valid through April 30, 2001) to insure that gas consumers are not disconnected due to failure to pay their gas bills when the temperature is so cold that it could affect the customer's health. Rule 7. 60 can be summarized as follows: a) Except where there is a known dangerous condition or a use of natural gas in a manner that is dangerous or unreasonably interferes with service to others, a provider (UniGas) shall not disconnect natural gas service to: b) Any customer on a day when the previous day's temperature in the county where the customer takes service fell below 40 degrees F. and the National Weather Service predicts that the temperature in that county will fall below that level during the next 24 hours; or c) A delinquent residential customer for a billing period in which the provider receives a pledge, letter of intent, purchase order, or other notification from an energy assistance provider that it is forwarding sufficient payment to continue service; or d) A delinquent residential customer on a day, or on a day immediately preceding a day, when personnel of the provider are not available for the purpose of receiving payment or making collections and reconnecting service.~~

~~(0) — Residential customers of UniGas may avoid disconnection of gas service (where Rule 7. 60 does not apply) for failure to pay a delinquent gas bill in the following ways:~~

~~a) — The customer can execute a deferred payment agreement. Under that agreement, the residential customer has the option to pay her delinquent bill in not more than three (3) equal installments without interest, provided that it is the customer's first delinquent bill in the preceding twelve (12) months. Under the Plan, current bills must be paid before they become delinquent.~~

~~b) — The customer can give notice to the provider (UniGas) that disconnection of gas service would cause a person at the customer's residence to become seriously ill or more seriously ill, provided that the customer executes a deferred payment agreement (see previous paragraph) and provides a written request not to disconnect service supported by a written statement from a licensed medical doctor. This will have the effect of suspending disconnection of gas service for twenty (20) days (assuming Rule 7. 60 is not otherwise applicable).~~

~~9. — LOCATION OF METERS~~

~~Wherever practical and if requested by the Consumer, all new meter installations shall be installed near the building in which Consumer's gas appliances are located. All meters shall be accessible at all times for inspection, reading, and change out for testing. Whenever the Company shall permanently discontinue the delivery of gas to any of Consumer's premises, it shall have the right at any reasonable time thereafter to enter upon the premises and remove its meter and related equipment.~~

~~10. METER TESTS AND BILL ADJUSTMENTS WITH RESPECT TO METER ACCURACY~~

~~(a) Meter Requirement.~~

~~(1) — Use of meter. All gas sold by the Company shall be charged for my meter measurements, except where otherwise provided for by applicable law, regulation of the regulatory authority or tariff.~~

~~(2) — Installation by Company. Unless otherwise authorized by the regulatory authority, the Company shall provide and install and will continue to own and maintain all meters necessary for measurement of gas delivered to its Consumers.~~

~~(3) — Standard type. The Company shall not furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.~~

~~(b) Meter records:~~

~~The Company shall keep the following records:~~

~~(1) — Meter equipment records.~~

~~The Company shall keep a record of all its meters, showing the Consumer's address and date of the last test.~~

~~(2) — Records of meter tests:~~

~~All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a Consumer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, and date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.~~

~~(c) Meter readings:~~

~~(1) Meter unit location:~~

~~In general, each meter must indicate clearly the units of service for which charge is made to the Consumer.~~

~~(d) Test for Accuracy:~~

~~(1) — The Company shall, upon request of a Consumer make a test of the accuracy of the meter serving that Consumer. The Company shall inform the Consumer of the time and place of the test, and permit the Consumer or his authorized representative to be present if the Consumer so desires. If no such test has been performed within the previous four years for the same Consumer at the same location, the test shall be performed without charge. If such a test has been performed for the same Consumer at the same location within the previous four years, the Company may charge a fee for the test as set forth in the Company's tariff properly on file with the regulatory authority. The Consumer must be properly informed of the result of any test on a meter that serves him.~~

~~(2) — Notwithstanding Paragraph (1), above, if the meter is found to be more than nominally defective, to either Consumer's or the Company's disadvantage, any fee charged for a meter test must be refunded to the Consumer. More than nominally defective means a deviation of more than 2% from accurate registration.~~

~~(3) — If any meter test requested by a Consumer reveals a meter to be more than nominally defective, the Company shall correct previous readings consistent with the inaccuracy found in the meter for the period of either (i) the last six months, or (ii) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to be made. This requirement for a correction may be waived by the Company if the error is to the Company's disadvantage.~~

~~(4) — If a meter is found not to register for any period of time, the Company may make a charge for units used but not metered, for a period not to exceed three months previous to the time the meter is found not be registering. — The determination of amounts used but not metered is to be based on consumption during other like periods by the same Consumer at the same location when available, and on consumption under similar conditions at the same location or of other similarly situated Consumers when not available.~~

~~(e) Meter Exchange.~~

~~(1) The Company follows the practice of testing and repairing its meters on periodic schedules in accordance with good operating practice. the periodic meter test interval is based on the results of accuracy tests of its meters randomly sampled of varying ages. The period of presumed accuracy is the period during which not less than 70% of the randomly sampled meters exhibit accuracy in the range of 2% fast to 2% slow.~~

~~QSGRR2 — PART 2 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~

~~11. DEPOSITS FROM CONSUMERS TO GUARANTEE PAYMENTS OF BILLS~~

~~(a) Establishment of Credit for Residential Applicants.~~

~~(1) The Company may require a residential applicant for service to satisfactorily establish credit but such establishment of credit shall not relieve the Consumer from complying with rules for prompt payment of bills. Subject to these rules, a residential applicant shall not be required to make a deposit;~~

~~(A) — if the residential applicant has been a Consumer of any utility for the same kind of service within the last two years and is not delinquent in payment of any such utility service account and during the last twelve consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment; or~~

~~(B) — if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required; —~~

~~(C) if the residential applicant demonstrates a satisfactory credit rating by appropriate means, including but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the utility, or ownership of substantial equity.~~

~~(b) Re-establishment of credit.~~

~~Every applicant who has previously been a Consumer of the Company and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay all amounts due the Company or execute a written deferred payment agreement, if offered, and reestablish credit as provided herein.~~

~~(c) Amount of deposit and interest for residential service and exemption from deposit.~~

~~(1) — The required residential deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings (rounded up to the nearest \$5.00). If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the Company may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements. Estimated Annual Billings as such term is used in this Section shall be either (i) the 12-month billing history at the service address involved (if a billing history is available for the service address), or (ii) the average annual residential bill in the Division serving the Consumer (if a billing history is not available at the service address); provided, that such average annual residential bill determined pursuant to clause ii hereof, shall be determined periodically but no less frequently than annually.~~

~~(2) — All applicants for residential service who are sixty five years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the Company or another utility for the same utility service which accrued within the last two years. No cash deposit shall be required of such applicant under these conditions.~~

~~(3) — The Company shall pay a minimum interest on such deposits according to the rate as established by law; provided, if refund of deposit is made within thirty days of receipt of deposit, no interest payment shall be made. If the Company retains the deposit more than thirty days, payment of interest shall be made retroactive to the date of deposit.~~

~~(A) — payment of interest to the Consumer shall be annually or at the time the deposit is returned or credited to the Consumer's account.~~

~~(B) — the deposit shall cease to draw interest on the date it is returned or credited to the Consumer's account.~~

~~(d) — For commercial and large volume Consumers, Company may require a deposit where the applicant is unable to establish good credit by standards generally accepted as evidence of credit worthiness. The amount of any deposit, where required, shall be in an amount sufficient to protect Company but shall not exceed the amount of the estimated highest two (2) months' billing. Interest shall be paid at the legal rate on all deposits. Deposits shall be refunded after three (3) years of prompt payment, with refund including any interest to be made in cash or by credit to the~~

~~Consumer's bill. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to initial service without a deposit and otherwise has a record of prompt payment.~~

~~(e) — Deposits for temporary or seasonal service and for weekend or seasonal residences. The Company may require a deposit sufficient to reasonably protect it against the assumed risk, provided, such a policy is applied in a uniform and nondiscriminatory manner.~~

~~(f) — Records of deposits.~~

~~(1) The Company shall keep records to show:~~

~~(A) — the name and address of each depositor;~~

~~(B) — the amount and date of the deposit; and~~

~~(C) — each transaction concerning the deposit.~~

~~(2) The Company shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.~~

~~(3) A record of each unclaimed deposit shall be maintained for at least four years, during which time the Company shall make a reasonable effort to return the deposit.~~

~~(g) Refund of deposit.~~

~~(1) — If service is not connected or after disconnection of service, the Company shall promptly and automatically refund the Consumer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The transfer of service from one premises to another within the service area of the Company shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless permitted by these rules.~~

~~(2) — When the residential Consumer has paid bills for service for twelve consecutive residential bills without having service disconnected for nonpayment of bills and without having more than two occasions in which a bill was delinquent and when the Consumer is not delinquent in the payment of the current bills, the Company shall promptly and automatically refund the deposit plus accrued interest to the Consumer in the form of cash or credit to a Consumer's account. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to install service without a deposit and otherwise has a record of prompt payment.~~

~~(h) Upon sale or transfer of Company.~~

~~Upon the sale or transfer of the Company or operating units thereof, the Company shall file with the Commission under oath, in addition to other information, a list showing the names and addresses of all Consumers served by the Company or unit who have to their credit a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon.~~

~~(i) Complaint by applicant or Consumer.~~

~~The Company shall direct its personnel engaged in initial contact with an applicant or Consumer for service seeking to establish or re-establish credit under the provisions of these rules to inform the Consumer, if dissatisfaction is expressed with the Company decision, of the Consumer's right to file a complaint with the regulatory authority thereon.~~

~~12. — DISCONTINUANCE BY CONSUMER~~

~~A Consumer who wishes to discontinue the use of gas (provided he otherwise has the right to do so) must give notice of his intent to do so to Company at its nearest office. Consumer shall be obligated to pay for all service which is rendered by the Company (including applicable minimum charges therefor) prior to time Company receives such notice.~~

~~13. — RECORDS OF GAS SUPPLIED~~

~~Company shall keep accurate records of the amount of gas registered by its meters, and such records shall be accepted at all times and in all places as prima facie evidence of the true amount of gas consumed.~~

~~14. — ESCAPING GAS~~

~~Immediate notice must be given to Company by Consumer of any escaping gas on Consumer's premises. No flame shall be taken near the point where gas is escaping and as an added precaution, the gas should immediately be shut off at the meter by Consumer. Company shall not be liable for any damage or loss caused by the escape of gas from Consumer's housepiping or Consumer's appliances.~~

~~15. — DAMAGE AND REPAIR TO AND TAMPERING WITH COMPANY'S FACILITIES~~

~~Consumer shall immediately notify Company in the event of damage to Company's property on Consumer's premises. Consumer shall not permit anyone other than authorized employee of Company to adjust, repair, connect, or disconnect, or in any way tamper with the meter, lines or any other equipment of Company used in serving Consumer's premises.~~

~~16. ACCESS TO PREMISES~~

~~The Company's representatives shall have the right at all reasonable hours to enter upon the premises and property of Consumer to read the meter; and to remove, to inspect, or to make necessary repairs and adjustment to, or replacements of, service lines, meter loop, and any property of the Company located thereon, and for any other purpose connected with Company's operation. The Company's representatives shall have the right at all times to enter upon the premises and property of Consumer in emergencies pertaining to Company's service. All dogs and other animals which might hinder the performance of such operations on the Consumer's property shall be kept away from such operations by the Consumer upon notice by the Company representatives of their intention to enter upon the Consumer's premises.~~

~~17. NON-LIABILITY~~

~~(a) — The Company shall not be liable for any loss or damage caused by variation in gas pressure, defects in pipes, connection and appliances, escape or leakage of gas, sticking of valves or regulators, or for any other loss or damage not caused by the Company's negligence arising out of or incident to the furnishing of gas to any Consumer.~~

~~(b) — Company shall not be liable for any damage or injury resulting from gas or its use after such gas leaves the point of delivery other than damage caused by the fault of the Company in the manner of installation of the service lines, in the manner in which such service lines are repaired by the Company, and in the negligence of the Company in maintaining its meter loop. All other risks after the gas left the point of delivery shall be assumed by the Consumer, his agents, servants, employees, or other persons.~~

~~(c) — The Company agrees to use reasonable diligence in rendering continuous gas service to all Consumers, but the Company does not guarantee such service and shall not be liable for damages resulting from any interruption to such service.~~

~~(d) — Company shall not be liable for any damage or loss caused by stoppage or curtailment of the gas supply pursuant to order of a governmental agency having jurisdiction over Company or Company's suppliers, or caused by an event of force majeure. The term force majeure as employed herein means acts of God; strikes, lockouts, or other industrial disturbances; acts of the public enemy; wars; blockages; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of the government, either federal or state, civil or military; civil disturbances; explosions; breakage or accident to machinery or lines of pipe; freezing of wells or lines of pipe; shortage of gas supply, whether resulting from inability or failure of a supplier to deliver gas; partial or entire failure of natural gas wells or gas supply; depletion of gas reserves; and any other causes; whether of the kind herein enumerated or otherwise.~~

~~18. TEMPORARY INTERRUPTION OF SERVICE~~

~~(a) — The Company shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Company shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Consumers are affected.~~

~~(b) — The Company shall make reasonable provisions to meet emergencies resulting from failure of service, and shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.~~

~~In the event of national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other Consumers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.~~

~~(1) — Record of interruption.~~

~~Except for momentary interruptions which do not cause a major disruption of service, the Company shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of such interruptions, date, time duration, location, approximate~~

~~number of Consumers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.~~

~~(2) — Report to Commission.~~

~~The Commission shall be notified in writing within forty eight hours of interruptions in service affecting the entire system or any major division thereof lasting more than four hours. The notice shall also state the cause of such interruptions. If any service interruption is reported to the Commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this paragraph.~~

~~19. — WAIVER OF RULES~~

~~No agent or representative of the Company is authorized to add to, alter, waive, or otherwise change any of the foregoing rules except by agreement in writing signed by an officer in the Company.~~

~~20. — BILLING~~

~~(a) Bills for gas service shall be rendered monthly, unless otherwise authorized or unless service is rendered for a period less than a month. Bills shall be rendered as promptly as possible following the reading of meters.~~

~~(b) The Consumer's bill must show all the following information:~~

~~(1) — If the meter is read by the Company, the date and reading of the meter at the beginning and end of the period for which rendered;~~

~~(2) — The number and kind of units billed;~~

~~(3) — The applicable rate schedule, title or code;~~

~~(4) — The total base bill;~~

~~(5) — The total of any adjustments to the base bill and the amount of adjustments per billing unit;~~

~~(6) — The date by which the Consumer must pay the bill in order to avoid penalty;~~

~~(7) — The total amount due after addition of any penalty for nonpayment within a designated period; and~~

~~(8) — A distinct marking to identify an estimated bill. The information required above shall be arranged and displayed in such a manner as to allow the Consumer to compute his bill with the applicable rate schedule. The applicable rate schedule must be mailed to the Consumer on request of the Consumer. The Company may exhaust its stock of non-conforming bill forms existing on the effective date hereof before compliance is required with this section.~~

~~(c) Where there is a good reason for doing so, estimated bills may be submitted provided that an actual meter reading is taken at least every six months. For the second consecutive month in which~~

~~the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read otherwise, the Company shall provide the Consumer with a postcard and request that the Consumer read the meter and return the card to the utility if the meter is of a type that can be read by the Consumer without significant inconvenience or special tools or equipment. If such a postcard is not received by the Company in time for billing, the Company may estimate the meter reading and render the bill accordingly.~~

~~(d) Disputed bills.~~

~~(1) — In the event of a dispute between the Consumer and the Company regarding the bill, the Company shall forthwith make such investigation as is required by the particular case and report the results thereof to the Consumer. If the Consumer wishes to obtain the benefit of subsection (2) hereunder, notification of the dispute must be given to the Company prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the Company shall inform the Consumer of the complaint procedures of the appropriate regulatory authority.~~

~~(2) — Notwithstanding any other provisions of these rules and regulations, the Consumer shall not be required to pay the disputed portion of the bill which exceeds the amount of that Consumer's average usage for the billing period at current rates until the earlier of the following:~~

~~(1) — resolution of the dispute; or~~

~~(2) — the expiration of the sixty day period beginning on the day the disputed bill is issued. For purposes of this section only, the Consumer's average usage for the billing period shall be the average of the Consumer's usage for the same billing period during the preceding two years. Where no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar Consumers and under similar conditions.~~

~~21. NEW CONSTRUCTION~~

~~(a) — Standards of construction. The Company shall construct, install, operate, and maintain its plant, structures, equipment and lines in accordance with the provisions of such codes and standards as are generally accepted by the industry, as modified by rule or regulation of the regulatory authority, or otherwise by law, and in such manner to best accommodate the public and to prevent interference with service furnished by other public utilities insofar as practical.~~

~~(b) — Response to request for residential and commercial service. The Company shall serve each qualified residential and commercial applicant for service within its service area as rapidly as practical. As a general policy, those applications not involving line extensions or new facilities should be filled within seven working days from the date all antecedent requirements are met. Those applications for individual residential service requiring line extensions should be filled within ninety days unless unavailability of materials, insufficient pipeline capacity, or other causes beyond the control of the Company result in unavoidable delays. In the event that residential service is delayed in excess of ninety days after an applicant has met credit requirements and made satisfactory arrangements for payment of any required construction charges, a report must be made to the regulatory authority listing the name of the applicant, location, and cause for delay. Unless such delays are due to causes which are reasonably beyond the control of the Company, a delay in excess of ninety days may be found to constitute a refusal to serve.~~

~~22. CURTAILMENT POLICY~~

~~The Company adopts and shall adhere to the curtailment program set forth in Rule 2 of Texas Railroad Commission Gas Utilities Division Docket No. 489 as well as all other rules and regulations adopted from time to time by governmental agencies having authority over the operations of Company.~~

~~23. CONSUMER RELATIONS~~

~~(a) Information to Consumers.~~

~~The Company shall:~~

~~(1) — Maintain a current set of maps showing the physical location of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately describe the utility's facilities. These maps, or such other maps as may be required by the regulatory authority, shall be kept by the Company in a central location and will be available for inspection by the regulatory authority during normal working hours. Each business office or service center shall have available up to date maps, plans or records of its immediate area, with such other information as may be necessary to enable the utility to advise applicants and other entitled to the information as to the facilities available for serving that locality;~~

~~(2) — Assist the Consumer or applicant in selecting the most economical rate schedule;~~

~~(3) — In compliance with applicable law or regulations, notify Consumers affected by a change in rates or schedule or classification;~~

~~(4) — Post a notice in a conspicuous place in each business office of the utility where applications for service are received informing the public that copies of the current rate schedules and rules relating to the service of the Company, as filed with the Commission, are available for inspection;~~

~~(5) — Furnish such additional information on rates and services as the Consumer may reasonably request;~~

~~(6) — Upon request, inform its Consumers as to the method of reading meters; and~~

~~(7) — As required by law or the rules of the appropriate regulatory authority, provide its Consumers with Consumer service information. A sample of the Consumer Service Information mail-out is attached hereto. At least once each calendar year, the Company shall notify its Consumers that Consumer service information is available on request and without charge.~~

~~(b) Consumer Complaints.~~

~~Upon complaint to the Company by residential or small commercial Consumers either at its office, by letter, or by telephone, the Company shall promptly make a suitable investigation and advise the complainant of the results thereof. The Company shall make its initial response to the Consumer no later than the end of the business day following the date of the complaint. The Company shall keep a record of all complaints which shall show the name and address of the~~

~~complainant, the date and nature of the complaint, and the adjustment and disposition thereof for a period of two years subsequent to the final disposition of the complaint.~~

~~(c) Company Response.~~

~~Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a Consumer, the Company shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response shall be made not later than the next business day following receipt of the complaint. The Commission encourages all Consumer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of the Company.~~

~~(d) Deferred Payment Plan.~~

~~The Company may, but is not required to, offer a written deferred payment plan for delinquent residential accounts. If such a plan is offered, it shall conform to the following guidelines:~~

~~(1) — Every deferred payment plan entered into due to the Consumer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the Consumer pays current bills and a reasonable amount of the outstanding bill and agrees to pay the balance in reasonable installments until the bill is paid.~~

~~(2) — For purposes of determining reasonableness under these rules the following shall be considered: size of delinquent account; Consumer's ability to pay; Consumer's payment history; time that the debt has been outstanding; reasons why the debt has been outstanding; and other relevant factors concerning the circumstances of the Consumer.~~

~~(3) — A deferred payment plan offered by the Company shall state, immediately preceding the space provided for the Consumer's signature and in bold face print at least two sizes larger than any other used, that If you are not satisfied with this agreement, do not sign. If you are satisfied with this agreement, you give up your right to dispute the amount due under the agreement except for the utility's failure or refusal to comply with the terms of this agreement.~~

~~(4) — A deferred payment plan may include a one time five percent penalty for late payment on the original amount of the outstanding bill except in cases where the outstanding bill is unusually high as a result of the Company's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.~~

~~(5) — If a Consumer for utility service has not fulfilled terms of a deferred payment agreement or refuses to sign the same, the Company shall have the right to disconnect pursuant to disconnection rules herein and, under such circumstance, it shall not be required to offer a subsequent negotiation of a deferred payment plan prior to disconnection.~~

~~(6) — If the Company institutes a deferred payment plan it shall not refuse a Consumer participation in such a program on the basis of race, color, creed, sex or marital status.~~

GAS ENERGY, LLC
RATE SHEET
MISCELLANEOUS SERVICE CHARGES
RATE SCHEDULE M

292533	ms-1	New Residential and Commercial Service: Includes installation of the meter, regulator and associated parts with the appropriate delivery capacity and pressure, and a pressure test of Customer's piping, as follows: a) Up to 250 CF/H Meter with up to 4 1/2 oz. Delivery Pressure \$350.00 b) Over 250 to 450 CF/H Meter at 5 PSIG Delivery Pressure \$575.00 c) Over 450 to 1,100 CF/H Meter at 5 PSIG Delivery Pressure \$1,150.00 d) Over 1,100 to 3,000 CF/H Meter at 5 PSIG Delivery Pressure \$2,250.00 e) Over 3,000 to 7,500 CF/H Meter at 5 PSIG Delivery Pressure \$3,950.00 f) All Other Capacity and Delivery Pressure Applications At Cost Note: All delivery pressures and capacities are subject to pressure and capacity limitations of Company facilities.
292534	ms-2	Tap Company Main (dry, no bores or obstacles) \$80.00
292535	ms-3	First 15 feet of service line (3/4 inch pipe, dry, no bores or obstacles) \$175.00
292536	ms-4	Turning Service Off (Per Trip) \$50.00
292537	ms-5	Restore Service: a) Unlock or turn on meter to restore service (includes Customer Piping pressure test) \$80.00
292538	ms-6	Collection Call or Missed Appointment (Per Trip) \$25.00
292539	ms-7	Change meter for special test at Customer's request (Minimum) \$75.00 Note: See Company Quality of Service Rules for payment responsibility
292540	ms-8	Returned check charge \$35.00
292541	ms-9	Application for Gas Service, including account set up and credit inquiry \$50.00
292542	ms-10	Special meter reading at Customer's request \$25.00
292543	ms-11	Transfer Service at an existing service address, including special meter reading and processing Application for Gas Service (Paid by Transferee) \$50.00

292544	ms-12	Additional Customer piping pressure test due to failure to pass previous test (per Trip) \$50.00
292545	ms-13	Light Customer's appliance pilot lights at customer's request (excludes relighting due to gas outage): a) First appliance \$50.00 b) Each additional appliance \$25.00
292546	ms-14	Repair or replace damaged meter installation (Minimum) \$350.00
292547	ms-15	Change meter size, delivery pressure, and/or location due to change in Customer service requirements, and/or inability of Company Personnel to access meter At all times due to actions taken by Customer (Minimum) \$300.00
292548	ms-16	Installation of service lines over 15 feet in length, gas mains, and yard lines At Cost* *Must be approved by Customer in advance of work.

EXHIBIT A

UNIVERSAL NATURAL GAS, INC. TARIFF FOR GAS SERVICE

REDLINE

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~COMMERCIAL 121608~~

~~APPLICATION OF SCHEDULE—~~

~~This schedule is applicable to all commercial customers receiving gas service through a single meter in Montgomery, Walker and Houston Counties, Texas. Natural gas supplied is for the individual use of the customer at one point of delivery and shall not be resold or shared with others. Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations.~~

~~MONTHLY RATE—~~

~~The price payable by each commercial customer for all consumption each month shall be \$2.42 per MCF (Commodity Rate), subject to the Gas Cost Adjustment set forth below.~~

~~MONTHLY CUSTOMER OR METER CHARGE: \$25.00~~

~~PAYMENT: All bills shall be delinquent unless payment is received within fifteen (15) days from the date of the bill.~~

~~COST OF GAS ADJUSTMENT: The customer's bill shall be adjusted upward (downward) based on the Company's Cost of Gas Adjustment Clause.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~COG-121608~~

~~A.——APPLICABILITY——~~

~~This Cost of Gas Clause shall apply to all general service rate schedules of Universal Natural Gas, Inc. (The Company) in the Montgomery, Walker and Houston Counties, Texas.~~

~~B.——DEFINITIONS——~~

~~1.——Cost of Gas——The rate per billing unit or the total calculation under this clause, consisting of the commodity cost, a reconciliation component, and other purchased gas expenses.~~

~~2.——Commodity Cost——The Cost of Purchased Gas multiplied by the Purchase Sales Ratio.~~

~~3.——Cost of Purchased Gas——The estimated cost for gas purchased by the Company from its supplier or the estimated weighted average cost for gas purchased by the Company from all sources where applicable. Such cost shall include not only the purchase cost of natural gas, but shall also include all reasonable fees for services such as gathering, treating, processing, transportation, capacity and/or supply reservation fees, and storage necessary for the movement of gas to the Company's city gate delivery points.~~

~~4.——Reconciliation Component——The amount to be returned to or recovered from customers each month from October through June as a result of the Reconciliation Audit.~~

~~5.——Reconciliation Audit——An annual review of the Company's books and records for each twelve month period ending with the production month of June to determine the amount of over or under collection occurring during such twelve month period. The audit shall determine: (a) the total amount paid for gas purchased by the Company per Section B(3) Cost of Purchased Gas to provide service to its general service customers during the period, (b) the revenues received from operation of the provisions of this cost of gas clause, (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause, (d) the total amount accrued during the period for imbalances under the transportation rate schedule(s) net of franchise fees and applicable taxes, and (e) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of five (5) percent of purchases.~~

~~6.——Purchase/Sales Ratio——A ratio determined by dividing the total volumes purchased for general service customers during the twelve (12) month period ending June 30 by the sum of the volumes sold to general service customers during the same period. For the purpose of this computation all volumes shall be stated at 14.65 psia. Such ratio as determined shall in no event exceed 5 percent lost and unaccounted for gas.~~

~~7.——Reconciliation Account——The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of the cost of gas clause.~~

~~Entries shall be made monthly to reflect, (a) the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records (per Section B(3), (b) the revenues produced by the operation of this Cost of Gas Clause, (c) refunds, payments, or charges provided for herein or as approved by the regulatory authority, (d) the total amount accrued during the period for imbalances under the transportation rate schedule(s) net of franchise fees and applicable taxes, (e) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of five (5) percent of purchases.~~

~~8. General Service Customers those customers served under general service rate schedules.~~

~~C. COST OF GAS In addition to the cost of service as provided under its general service rate schedules, the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each customer bill.~~

~~D. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section E PAYMENT FOR FUNDS, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather for the period beginning with the October billing cycle last preceeding through the June billing cycle. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied for a nine (9) month period beginning with the next following October billing cycle and continuing through the next following June billing cycle at which time it will terminate until a new Reconciliation Component is determined~~

~~E. PAYMENT FOR FUNDS If, on the average, the Company had overcollected during the period, it shall credit into the Reconciliation Account during September an amount equal to the average balance multiplied by a percentage representing interest. This percentage shall be the same interest rate percentage that is set annually by the Public Utility Commission for Deposit Interest. If on the average, the Company had undercollected during the period, it shall debit into the Reconciliation Account during September an amount equal to the average balance multiplied by a percentage representing interest. This percentage shall be the same interest rate percentage that is set annually by the Public Utility Commission for Deposit Interest.~~

~~F. SURCHARGE OR REFUND PROCEDURES In the event that the rates and charges of the Company's supplier are retroactively reduced and a refund of any previous payments is made to the Company, the Company shall make a similar refund to its general service customers. Similarly, the Company may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. Any surcharge or refund amount will be included in the Reconciliation Account. Refunds or charges shall be entered into the Reconciliation Account as they are collected from or returned to the customers. For the purpose of this Section F, the entry shall be made on the same basis used to determine the refund or charge component of the Cost of Gas and shall be subject to the calculation set forth in Section (E) Payment for Funds.~~

~~G. COST OF GAS STATEMENT The Company shall file a Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. (The Company shall file such initial statement as soon as is reasonably possible). The Cost of Gas Statement shall set forth (a) the~~

~~estimated Cost of Purchased Gas; (b) that cost multiplied by the Purchase/Sales Ratio; (c) the amount of the cost of gas caused by any surcharge or refund; (d) the Reconciliation Component; and (e) the Cost of Gas calculation. The statement shall include all data necessary for the Regulatory Authority to review and verify the calculation of the Cost of Gas. The date on which billing using the Cost of Gas is to begin (bills prepared) is to be specified in the statement.~~

~~H. — ANNUAL RECONCILIATION REPORT — The Company shall file an Annual Reconciliation Report with the Regulatory Authority which shall include but not necessarily be limited to: 1. A tabulation of volumes of gas purchased and costs incurred listed by account or type of gas, supplier and source by month for the twelve months ending June 30. 2. A tabulation of gas units sold to general service customers and related Cost of Gas Clause revenues. 3. A description of all other costs and refunds made during the year and their effect on the Cost of Gas Clause to date. 4. A description of the imbalance payments made to and received from the Company's transportation customers within the service area, including monthly imbalances incurred, the monthly imbalances resolved, and the amount of the cumulative imbalance. The description should reflect the system imbalance and imbalance amount for each supplier using the Company's distribution system during the reconciliation period. This report shall be filed concurrently with the Cost of Gas Statement for October.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~489—CURTAILMENT PLAN~~

~~Docket No. 489 ORDER RELATING TO THE APPROVAL BY THE COMMISSION OF CURTAILMENT PROGRAMS FOR NATURAL GAS TRANSPORTED AND SOLD WITHIN THE STATE OF TEXAS~~

~~After due notice the Railroad Commission of Texas on the 30th day of November, 1972, heard testimony and requested written curtailment priorities from representatives of investor owned and municipal gas utilities companies, private industry consumers and others responsible for directing available natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~WHEREAS, pursuant to the authority granted to the Railroad Commission of Texas in Article 6050 to 6066, inclusive, R.C.S., as amended; and~~

~~WHEREAS, the Commission has determined the need for a curtailment program to assure effective control of the flow of natural gas to the proper destinations to avoid suffering and hardship of domestic consumers; and~~

~~WHEREAS, the Commission has determined a need to make natural gas available to all gas consumers on a reasonable but limited basis during times of needed curtailment to the end that the public will be best served; and~~

~~WHEREAS, the Commission has determined that the transportation delivery and/or sale of natural gas in the State of Texas for any purpose other than human need consumption will be curtailed to whatever extent and for whatever periods the Commission may find necessary for the primary benefit of human needs customers (domestic and commercial consumption) and such small industries as cannot practically be curtailed without curtailing human needs.~~

~~IT IS THEREFORE, ORDERED BY THE RAILROAD COMMISSION OF TEXAS that the following rules relating to the approval by the Commission of curtailment programs for gas transported and sold within the State of Texas shall apply to all parties responsible for directing available and future natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~RULE 1.~~

~~Every natural gas utility, as that term is defined in Article 6050, R.C.S. of Texas, as amended, intrastate operations only, shall file with the Railroad Commission on or before Feb. 12, 1973, its curtailment program. The Commission may approve the program without a hearing; set the matter for a public hearing on its own motion or on the motion of any affected customer of said utility.~~

~~The curtailment program to be filed shall include, in verified form, the following information:~~

~~A. Volume of gas reserves attached to its system together with a brief description of each separate source of gas reserves setting forth the following:~~

- ~~1. the name of the supplier;~~
- ~~2. the term of each contract in years, and the years remaining on said contract;~~
- ~~3. the volume of recoverable reserve contracted for, and~~

~~4. rated deliverability of such reserves in MCF.~~

~~B. Capacity and location of underground storage, if any, attached to its system with a statement of whether the company's storage balance is above or below its desired level for this time, and, if below, what plans has the company made to restore the balance.~~

~~C. Peak day and average daily deliverability on an annual basis of its wells, gas plants and underground storage attached to its system.~~

~~D. Peak day capacity of its system.~~

~~E. Forecast of additions to reserves for each of the next two succeeding years.~~

~~F. Location and size of the line pipes, compressor stations, operating maximum line pressures, and a map showing delivery points along the system.~~

~~G. Disposition of all gas entering its system, with names of all customers other than residential customers and volumes delivered to each during the past calendar year. Identify those customers using 3,000 MCF gas per day, or more, which are under a service contract, and if such contract includes an "Interruptible Service" clause, and if so, attach a reproduced copy of the relevant provisions of such contract.~~

~~H. Steps taken in past years, being taken at the present, and to be taken to alleviate curtailments.~~

~~RULE 2.~~

~~Until such time as the Commission has specifically approved a utilities curtailment program, the following priorities in descending order shall be observed:~~

~~A. Deliveries for residences, hospitals, schools, churches and other human needs customers.~~

~~B. Deliveries of gas to small industrials and regular commercial loads (defined as those customers using less than 3,000 MCF per day) and delivery of gas for use as pilot lights or in accessory or auxiliary equipment essential to avoid serious damage to industrial plants.~~

~~C. Large users of gas for fuel or as a raw material where an alternate cannot be used and operation and plant production would be curtailed or shut down completely when gas is curtailed.~~

~~D. Large users of gas for boiler fuel or other fuel users where alternate fuels can be used. This category is not to be determined by whether or not a user has actually installed alternate fuel facilities, but whether or not an alternate fuel "could" be used.~~

~~E. Interruptible sales made subject to interruption or curtailment at Seller's sole discretion under contracts or tariffs which provide in effect for the sale of such gas as Seller may be agreeable to selling and Buyer may be agreeable to buying from time to time.~~

~~RULE 3.~~

~~Each gas utility that has obtained Commission approval of a curtailment program shall conduct operations in compliance with such program.~~

~~So long as any gas utility which has obtained Commission approval of a curtailment program continues to curtail deliveries to its customers, except as provided by contract or those customers included in Part E of Rule 2 above, it (a) shall file on or before April 1 of each year, under oath, the information called for in Rule 1, for the preceeding year, and (b) shall not, without Commission approval, make sales of gas to any new customers or increase volumes sold to existing customers, except those new or existing customers defined in Parts A & B of Rule 2 above.~~

~~IT IS FURTHER ORDERED that this cause be held open for such other and further orders as may be deemed necessary.~~

~~ENTERED AT AUSTIN, TEXAS, this 5th day of January, 1973.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~QUALITY OF SERVICE~~

~~PART 1 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~

~~1. — DEFINITIONS~~

~~(a) — Consumer, Consumer and Applicant are used interchangeably and mean a person or organization utilizing services or who wants to utilize services of Universal Natural Gas, Inc.~~

~~(b) — Company means Universal Natural Gas, Inc., its successors and assigns.~~

~~(c) — Cubic Foot of Gas: Unless otherwise expressly provided by rate schedule or written contract (or agreement), the amount of gas necessary to fill a cubic foot of space when the gas is at a gauge pressure of four (4) ounces above atmospheric pressure of 14.65 psia at 60 Fahrenheit.~~

~~(d) — Service Line: The pipe and attached fittings which convey gas from Company's mains to the property line of Consumer's premises.~~

~~(e) — Yard Line: The pipe and attached fittings which convey gas from the Consumer's property line to and including the stopcock on the riser for the Consumer's meter.~~

~~(f) — Consumer's Housepiping: All pipe and attached fittings which convey gas from the outlet side of the meter to the Consumer's connection for gas appliances.~~

~~(g) — Point of Delivery: The point where the gas is measured for delivery into Consumer's piping.~~

~~2. — APPLICATION OF RULES~~

~~(a) — Unless otherwise expressly stated, these rules apply to all Consumers regardless of classification, except insofar as they are changed by or are in conflict with any statute of the State of Texas, valid municipal ordinance, valid final order of any court or of the Railroad Commission of Texas, or written contract executed by Company, in which case such statute, ordinance, order or contract shall control to the extent that it is applicable to the consumer(s) in question. Whenever possible, these rules shall be construed harmoniously with such laws, contracts, ordinances, and orders.~~

~~(b) — The use of gas service shall constitute an agreement by the Consumer to utilize such service in accordance with the applicable rules of the Company as set forth herein.~~

~~(c) — These rules, and all subsequently enacted rules, may be abrogated, modified, or added to in whole or in part, by the company and such rules as abrogated, modified, or added to, shall become effective when filed with the appropriate regulatory authority.~~

~~3. — CLASSIFICATION FOR RATE AND CONTRACT PURPOSES For purposes of determining rates, Consumers shall be classified as either Residential, Commercial or Large Volume Consumers as defined in Company's applicable rate schedules. Service by Company to Consumers classified herein as Residential and Commercial is available without a written contract between Consumer and Company at the standard rates and charges applicable to such Consumers from time to time. Company shall have no obligation to deliver more than 5,000 cubic feet of gas in any day to~~

~~any Consumer not having a written gas sales contract with Company. A contract may be required from Large Volume Consumers using less than 5,000 cubic feet per day, provided this requirement shall be uniformly applied to all such Consumers within each municipal rate jurisdiction. In the case of existing Consumers, the maximum gas usage during any one day shall be obtained from records of the Company, except in cases where the existing Consumer will be purchasing increased volumes of gas from Company because of expansions or for any other reason, in which event the Company may estimate usage by such Consumer. Also in the case of new Consumers, the Company may estimate usage by the Consumer. Any such estimates made by Company shall be binding on Consumer in determining rate classification and whether or not a contract is required. Company's obligation to provide service to any Large Volume Consumer is contingent upon Company's determination that there will be an adequate supply of gas to serve such Large Volume Consumer, and that existing facilities are of adequate capacity and suitable pressure.~~

~~4. — LIMITATION OF USE All gas delivered through Company's meters is for use only at the point of delivery and shall not be redelivered or resold to others without Company's written consent.~~

~~5. — SERVICE CONNECTIONS~~

~~(a) — Tap Charge: Unless otherwise prohibited by applicable ordinance or rule, Company may impose a reasonable charge for the connection of a new Consumer to its distribution mains. The service areas where a tap charge is to be collected and the amount and conditions under which such charge will be imposed are set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(b) — Service Line: Company shall install and maintain all service lines and, to the extent permitted by applicable ordinance or rule, shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. A service line may be used to supply a single building or single group of buildings which may or may not be located on a single lot, such as a group of factory buildings, hospital buildings, or institutional buildings, all under one ownership or control. However, gas service supplied to Consumer for use at separate lots physically divided by other private or public property (including streets, alleys and other public ways) must be separately metered and billed. More than one service line to supply a Consumer's premises may be constructed by agreement between Company and Consumer.~~

~~(c) — Yard Line: Company shall install yard lines if so requested by Consumer. To the extent permitted by applicable ordinance or rule, Company shall be entitled to make a reasonable charge~~

~~for such installation as set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(d) — Housepiping: Consumer shall be responsible for installing and maintaining Consumer's housepiping. Company may refuse service to any consumer whose housepiping is inadequate or unsafe, but Company shall have no responsibility for inspecting or testing Consumer's housepiping, determining whether or not Consumer has complied with applicable safety codes, or in any way establishing or enforcing housepiping specifications. Information relating to piping may be obtained at the Company's local offices.~~

~~(e) — Gas Main Extensions: Company shall extend its gas mains to provide new or additional service and shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. Gas main extensions shall be made at Company's expense only where the probable expected use of all facilities necessary for such service and paid for by Company will provide a reasonable and compensatory return to Company on the value of such facilities. Otherwise, gas main extensions shall be made only under the following conditions:~~

~~(1) Individual Residential and Commercial Consumers — upon payment of the fee for gas main extension set out in the Schedule of Miscellaneous Service Charges or upon execution of a Gas Main Extension Contract between Company and Consumer.~~

~~(2) — Developers of Residential or Business Subdivisions — upon execution of Company's Gas Main Extension Contract or Predevelopment Gas Main Extension Contract, or under special circumstances where, in Company's opinion, such forms are not appropriate, upon execution of a special agreement providing for reimbursement to Company for cost of the necessary gas main extension.~~

~~(3) — Large Volume Consumers — upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.~~

~~6. — ADDITIONAL CHARGES RELATING TO GAS SERVICE~~

~~Charges for services other than delivering natural gas may be made in accordance with the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~7. — APPLICATION FOR SERVICE~~

~~Where no written contract for service is necessary, any application by telephone, in person, or in writing may be made to request initiation of service. Upon request, Consumer shall provide information necessary for purposes of rate classification, billing, and determining whether a deposit will be required.~~

~~8. — REFUSAL TO INSTITUTE SERVICE AND TERMINATION OF SERVICE.~~

~~(a) Refusal of Service.~~

~~(1) Compliance by Applicant. The Company may decline to serve an applicant for whom service is available from previously installed facilities until such applicant has complied with the state and municipal rules, regulations or laws, and with approved rules and regulations of the Company on file with the appropriate regulatory authority governing the service applied for, or for the following reasons:~~

~~(A) — the applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given;~~

~~(B) — the applicant is indebted to any utility company for the same kind of service as that applied for; provided, however, that in the event the indebtedness of the applicant for service is in dispute, the applicant shall be served upon complying with the applicable deposit requirement;~~

~~(C) — the applicant refuses to make a deposit if applicant is required to make a deposit under these rules;~~

~~(D) — where an unsafe condition exists at any point on Consumer's premises;~~

~~(E) — for use of gas in violation of Company's rules;~~

~~(F) — in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~(G) — when Company's property on the Consumer's premises is tampered with, damaged or destroyed.~~

~~(2) Applicant's Recourse. In the event that the Company shall refuse to serve an applicant under the provisions of these rules, the Company shall inform the applicant of the basis of its refusal and that the applicant may file a complaint with the appropriate regulatory authority thereon.~~

~~(3) Insufficient Grounds for Refusal to Serve. The following shall not constitute sufficient cause for refusal of service to a present residential or commercial Consumer or applicant:~~

~~(A) — delinquency in payment for service by a previous occupant of the premises to be served;~~

~~(B) — failure to pay for merchandise or charges for non utility service purchased from the Company;~~

~~(C) — failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;~~

~~(D) — violation of the Company's rules pertaining to the operation of nonstandard equipment of unauthorized attachments, which interfere with the service of others, unless the Consumer has first been notified and been afforded reasonable opportunity to comply with these rules;~~

~~(E) — failure to pay a bill of another Consumer as guarantor thereof, unless the guarantee was made in writing to the Company as a condition precedent to service; and~~

~~(F) — failure to pay the bill of another Consumer at the same address except where the change of Consumer identity is made to avoid or evade payment of a utility bill.~~

~~(b) Discontinuance of Service.~~

~~(1) — Bills are due and payable when rendered; the bill shall be past due not less than 15 days after issuance or such other period of time as may be provided by order of the appropriate regulatory authority. A bill for utility service is delinquent if unpaid by the due date.~~

~~(2) — The Company may offer an inducement for prompt payment of bills by allowing a discount in the amount of 5% for payment within 10 days of their issuance. In the event of any inconsistency between these Rules and Regulations and the applicable rate tariff, the rate tariff shall control.~~

~~(3) — A Consumer's utility service may not be terminated unless the Company has made a reasonable effort to offer the Consumer the option of paying a delinquent bill in installments. — A Consumer's utility service may be disconnected if the bill has not been paid or a suitable written arrangement for payment in installments entered into within 5 working days after the bill has become delinquent and if proper notice has been given. Proper notice shall consist of a mailing or hand delivery thereof at least five working days prior to a stated date of disconnection. Said notice shall be provided in English (and Spanish, if the Company has any Spanish speaking Consumers) and shall include:~~

~~a) — the words Disconnect Notice or similar language prominently displayed;~~

~~b) — the reason service is to be terminated;~~

~~c) — what Consumer must do to prevent termination;~~

~~d) — in the case of a past due bill, the amount past due and the hours, address, and telephone number where payment may be made; and~~

~~e) a statement that if a health or other emergency exists, the Company may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency.~~

~~f) Utility service may be disconnected for any of the following reasons.~~

~~g) failure to pay a delinquent account or failure to comply with the terms of a written agreement for installment payment of a delinquent account;~~

~~h) violation of the Company's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the Consumer and the Consumer is provided with a reasonable opportunity to remedy the situation;~~

~~i) failure to comply with deposit or guarantee arrangements where required by these rules and regulations;~~

~~j) without notice where a known dangerous condition exists for as long as the condition exists;~~

~~k) tampering with the Company's meter or equipment or bypassing the same;~~

~~l) for use of gas in violation of Company's rules;~~

~~m) in the event Consumer's premises are vacated;~~

~~n) in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~o) when Company's property on the Consumer's premises is tampered with, damaged or destroyed;~~

~~p) for use of gas in violation of any law, ordinance or regulation;~~

~~q) for fraudulent misrepresentation in relation to the consumption of gas or any other fraud practiced by Consumer, with regard to the matters referred to in these rules or Consumer's contract.~~

~~(5) Utility service may not be disconnected for any of the following reasons:~~

~~r) delinquency in payment for service by a previous occupant of the premises;~~

~~s) failure to pay for merchandise or charges for non-utility service by the Company;~~

~~t) failure to pay for a different type or class of utility service unless the fee for such service is included on the same bill;~~

~~u) failure to pay the account of another Consumer as guarantor thereof, unless the Company has in writing the guarantee as condition precedent to service;~~

~~v) failure to pay charges arising from any underbilling occurring due to any misapplication of rates more than six months prior to the current billing;~~

~~w) failure to pay charges arising from any underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due; and~~

~~x) failure to pay an estimated bill other than a bill rendered pursuant to any approved meter reading plan, unless the Company is unable to read the meter due to circumstances beyond its control.~~

~~(6) — Unless a dangerous condition exists, or unless the Consumer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel of the Company are not available to the public for the purpose of making collections and reconnecting service.~~

~~(7) — The Company shall not abandon a Consumer without written approval from the regulatory authority.~~

~~(8) — The Company shall not discontinue service to a delinquent residential Consumer permanently residing in an individually metered dwelling unit when that Consumer establishes~~

~~that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if service is discontinued. Any Consumer seeking to avoid termination of service under this provision must make a written request to the Company supported by a written statement from a licensed physician. Both the request and the statement must be received by the Company within five working days of the issuance of the utility bill. The prohibition against service termination as provided herein shall last twenty (20) days from the date of receipt by the Company of the request and statement or such lesser period as may be agreed upon by the Company and the Consumer. The Consumer who makes such request shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.~~

~~(9) — The Railroad Commission of Texas (RRC) regulates all natural gas utilities in Texas. The RRC has adopted Emergency Rule 7. 60 (valid through April 30, 2001) to insure that gas consumers are not disconnected due to failure to pay their gas bills when the temperature is so cold that it could affect the customer's health. Rule 7. 60 can be summarized as follows: a) Except where there is a known dangerous condition or a use of natural gas in a manner that is dangerous or unreasonably interferes with service to others, a provider (UniGas) shall not disconnect natural gas service to: b) Any customer on a day when the previous day's temperature in the county where the customer takes service fell below 40 degrees F. and the National Weather Service predicts that the temperature in that county will fall below that level during the next 24 hours; or c) A delinquent residential customer for a billing period in which the provider receives a pledge, letter of intent, purchase order, or other notification from an energy assistance provider that it is forwarding sufficient payment to continue service; or d) A delinquent residential customer on a day, or on a day immediately preceding a day, when personnel of the provider are not available for the purpose of receiving payment or making collections and reconnecting service.~~

~~(0) — Residential customers of UniGas may avoid disconnection of gas service (where Rule 7. 60 does not apply) for failure to pay a delinquent gas bill in the following ways:~~

~~a) — The customer can execute a deferred payment agreement. Under that agreement, the residential customer has the option to pay her delinquent bill in not more than three (3) equal installments without interest, provided that it is the customer's first delinquent bill in the preceding twelve (12) months. Under the Plan, current bills must be paid before they become delinquent.~~

~~b) — The customer can give notice to the provider (UniGas) that disconnection of gas service would cause a person at the customer's residence to become seriously ill or more seriously ill, provided that the customer executes a deferred payment agreement (see previous paragraph) and provides a written request not to disconnect service supported by a written statement from a licensed medical doctor. This will have the effect of suspending disconnection of gas service for twenty (20) days (assuming Rule 7. 60 is not otherwise applicable).~~

~~9. — LOCATION OF METERS~~

~~Wherever practical and if requested by the Consumer, all new meter installations shall be installed near the building in which Consumer's gas appliances are located. All meters shall be accessible at all times for inspection, reading, and change out for testing. Whenever the Company shall permanently discontinue the delivery of gas to any of Consumer's premises, it shall have the right~~

~~at any reasonable time thereafter to enter upon the premises and remove its meter and related equipment.~~

~~10. METER TESTS AND BILL ADJUSTMENTS WITH RESPECT TO METER ACCURACY~~

~~(a) Meter Requirement.~~

~~(1) — Use of meter. All gas sold by the Company shall be charged for my meter measurements, except where otherwise provided for by applicable law, regulation of the regulatory authority or tariff.~~

~~(2) — Installation by Company. Unless otherwise authorized by the regulatory authority, the Company shall provide and install and will continue to own and maintain all meters necessary for measurement of gas delivered to its Consumers.~~

~~(3) — Standard type. The Company shall not furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.~~

~~(b) Meter records.~~

~~The Company shall keep the following records:~~

~~(1) — Meter equipment records.~~

~~The Company shall keep a record of all its meters, showing the Consumer's address and date of the last test.~~

~~(2) — Records of meter tests.~~

~~All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a Consumer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, and date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.~~

~~(c) Meter readings.~~

~~(1) Meter unit location.~~

~~In general, each meter must indicate clearly the units of service for which charge is made to the Consumer.~~

~~(d) Test for Accuracy.~~

~~(1) — The Company shall, upon request of a Consumer make a test of the accuracy of the meter serving that Consumer. The Company shall inform the Consumer of the time and place of the test,~~

~~and permit the Consumer or his authorized representative to be present if the Consumer so desires. If no such test has been performed within the previous four years for the same Consumer at the same location, the test shall be performed without charge. If such a test has been performed for the same Consumer at the same location within the previous four years, the Company may charge a fee for the test as set forth in the Company's tariff properly on file with the regulatory authority. The Consumer must be properly informed of the result of any test on a meter that serves him.~~

~~(2) — Notwithstanding Paragraph (1), above, if the meter is found to be more than nominally defective, to either Consumer's or the Company's disadvantage, any fee charged for a meter test must be refunded to the Consumer. More than nominally defective means a deviation of more than 2% from accurate registration.~~

~~(3) — If any meter test requested by a Consumer reveals a meter to be more than nominally defective, the Company shall correct previous readings consistent with the inaccuracy found in the meter for the period of either (i) the last six months, or (ii) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to be made. This requirement for a correction may be waived by the Company if the error is to the Company's disadvantage.~~

~~(4) — If a meter is found not to register for any period of time, the Company may make a charge for units used but not metered, for a period not to exceed three months previous to the time the meter is found not be registering. The determination of amounts used but not metered is to be based on consumption during other like periods by the same Consumer at the same location when available, and on consumption under similar conditions at the same location or of other similarly situated Consumers when not available.~~

~~(e) Meter Exchange.~~

~~(1) The Company follows the practice of testing and repairing its meters on periodic schedules in accordance with good operating practice. the periodic meter test interval is based on the results of accuracy tests of its meters randomly sampled of varying ages. The period of presumed accuracy is the period during which not less than 70% of the randomly sampled meters exhibit accuracy in the range of 2% fast to 2% slow.~~

~~QSGRR2 — PART 2 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~

~~11. DEPOSITS FROM CONSUMERS TO GUARANTEE PAYMENTS OF BILLS~~

~~(a) Establishment of Credit for Residential Applicants.~~

~~(1) The Company may require a residential applicant for service to satisfactorily establish credit but such establishment of credit shall not relieve the Consumer from complying with rules for prompt payment of bills. Subject to these rules, a residential applicant shall not be required to make a deposit;~~

~~(A) — if the residential applicant has been a Consumer of any utility for the same kind of service within the last two years and is not delinquent in payment of any such utility service account and~~

~~during the last twelve consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment; or~~

~~(B) — if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required; ———~~

~~(C) if the residential applicant demonstrates a satisfactory credit rating by appropriate means, including but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the utility, or ownership of substantial equity.~~

~~(b) Re-establishment of credit.~~

~~Every applicant who has previously been a Consumer of the Company and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay all amounts due the Company or execute a written deferred payment agreement, if offered, and reestablish credit as provided herein.~~

~~(c) Amount of deposit and interest for residential service and exemption from deposit.~~

~~(1) — The required residential deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings (rounded up to the nearest \$5.00). If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the Company may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements. Estimated Annual Billings as such term is used in this Section shall be either (i) the 12-month billing history at the service address involved (if a billing history is available for the service address), or (ii) the average annual residential bill in the Division serving the Consumer (if a billing history is not available at the service address); provided, that such average annual residential bill determined pursuant to clause ii hereof, shall be determined periodically but no less frequently than annually.~~

~~(2) — All applicants for residential service who are sixty-five years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the Company or another utility for the same utility service which accrued within the last two years. No cash deposit shall be required of such applicant under these conditions.~~

~~(3) — The Company shall pay a minimum interest on such deposits according to the rate as established by law; provided, if refund of deposit is made within thirty days of receipt of deposit, no interest payment shall be made. If the Company retains the deposit more than thirty days, payment of interest shall be made retroactive to the date of deposit.~~

~~(A) — payment of interest to the Consumer shall be annually or at the time the deposit is returned or credited to the Consumer's account.~~

~~(B) — the deposit shall cease to draw interest on the date it is returned or credited to the Consumer's account.~~

~~(d) — For commercial and large volume Consumers, Company may require a deposit where the applicant is unable to establish good credit by standards generally accepted as evidence of credit worthiness. The amount of any deposit, where required, shall be in an amount sufficient to protect Company but shall not exceed the amount of the estimated highest two (2) months' billing. Interest shall be paid at the legal rate on all deposits. Deposits shall be refunded after three (3) years of prompt payment, with refund including any interest to be made in cash or by credit to the Consumer's bill. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to initial service without a deposit and otherwise has a record of prompt payment.~~

~~(e) — Deposits for temporary or seasonal service and for weekend or seasonal residences. The Company may require a deposit sufficient to reasonably protect it against the assumed risk, provided, such a policy is applied in a uniform and nondiscriminatory manner.~~

~~(f) — Records of deposits.~~

~~(1) The Company shall keep records to show:~~

~~(A) — the name and address of each depositor;~~

~~(B) — the amount and date of the deposit; and~~

~~(C) — each transaction concerning the deposit.~~

~~(2) The Company shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.~~

~~(3) A record of each unclaimed deposit shall be maintained for at least four years, during which time the Company shall make a reasonable effort to return the deposit.~~

~~(g) Refund of deposit.~~

~~(1) — If service is not connected or after disconnection of service, the Company shall promptly and automatically refund the Consumer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The transfer of service from one premises to another within the service area of the Company shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless permitted by these rules.~~

~~(2) — When the residential Consumer has paid bills for service for twelve consecutive residential bills without having service disconnected for nonpayment of bills and without having more than two occasions in which a bill was delinquent and when the Consumer is not delinquent in the payment of the current bills, the Company shall promptly and automatically refund the deposit plus accrued interest to the Consumer in the form of cash or credit to a Consumer's account. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to install service without a deposit and otherwise has a record of prompt payment.~~

~~(h) Upon sale or transfer of Company.~~

~~Upon the sale or transfer of the Company or operating units thereof, the Company shall file with the Commission under oath, in addition to other information, a list showing the names and addresses of all Consumers served by the Company or unit who have to their credit a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon.~~

~~(i) Complaint by applicant or Consumer.~~

~~The Company shall direct its personnel engaged in initial contact with an applicant or Consumer for service seeking to establish or re-establish credit under the provisions of these rules to inform the Consumer, if dissatisfaction is expressed with the Company decision, of the Consumer's right to file a complaint with the regulatory authority thereon.~~

~~12. — DISCONTINUANCE BY CONSUMER~~

~~A Consumer who wishes to discontinue the use of gas (provided he otherwise has the right to do so) must give notice of his intent to do so to Company at its nearest office. Consumer shall be obligated to pay for all service which is rendered by the Company (including applicable minimum charges therefor) prior to time Company receives such notice.~~

~~13. — RECORDS OF GAS SUPPLIED~~

~~Company shall keep accurate records of the amount of gas registered by its meters, and such records shall be accepted at all times and in all places as prima facie evidence of the true amount of gas consumed.~~

~~14. — ESCAPING GAS~~

~~Immediate notice must be given to Company by Consumer of any escaping gas on Consumer's premises. No flame shall be taken near the point where gas is escaping and as an added precaution, the gas should immediately be shut off at the meter by Consumer. Company shall not be liable for any damage or loss caused by the escape of gas from Consumer's housepiping or Consumer's appliances.~~

~~15. — DAMAGE AND REPAIR TO AND TAMPERING WITH COMPANY'S FACILITIES~~

~~Consumer shall immediately notify Company in the event of damage to Company's property on Consumer's premises. Consumer shall not permit anyone other than authorized employee of Company to adjust, repair, connect, or disconnect, or in any way tamper with the meter, lines or any other equipment of Company used in serving Consumer's premises.~~

~~16. ACCESS TO PREMISES~~

~~The Company's representatives shall have the right at all reasonable hours to enter upon the premises and property of Consumer to read the meter; and to remove, to inspect, or to make necessary repairs and adjustment to, or replacements of, service lines, meter loop, and any property of the Company located thereon, and for any other purpose connected with Company's operation.~~

~~The Company's representatives shall have the right at all times to enter upon the premises and property of Consumer in emergencies pertaining to Company's service. All dogs and other animals which might hinder the performance of such operations on the Consumer's property shall be kept away from such operations by the Consumer upon notice by the Company representatives of their intention to enter upon the Consumer's premises.~~

~~17. NON-LIABILITY~~

~~(a) — The Company shall not be liable for any loss or damage caused by variation in gas pressure, defects in pipes, connection and appliances, escape or leakage of gas, sticking of valves or regulators, or for any other loss or damage not caused by the Company's negligence arising out of or incident to the furnishing of gas to any Consumer.~~

~~(b) — Company shall not be liable for any damage or injury resulting from gas or its use after such gas leaves the point of delivery other than damage caused by the fault of the Company in the manner of installation of the service lines, in the manner in which such service lines are repaired by the Company, and in the negligence of the Company in maintaining its meter loop. All other risks after the gas left the point of delivery shall be assumed by the Consumer, his agents, servants, employees, or other persons.~~

~~(c) — The Company agrees to use reasonable diligence in rendering continuous gas service to all Consumers, but the Company does not guarantee such service and shall not be liable for damages resulting from any interruption to such service.~~

~~(d) — Company shall not be liable for any damage or loss caused by stoppage or curtailment of the gas supply pursuant to order of a governmental agency having jurisdiction over Company or Company's suppliers, or caused by an event of force majeure. The term force majeure as employed herein means acts of God; strikes, lockouts, or other industrial disturbances; acts of the public enemy; wars; blockages; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of the government, either federal or state, civil or military; civil disturbances; explosions; breakage or accident to machinery or lines of pipe; freezing of wells or lines of pipe; shortage of gas supply, whether resulting from inability or failure of a supplier to deliver gas; partial or entire failure of natural gas wells or gas supply; depletion of gas reserves; and any other causes; whether of the kind herein enumerated or otherwise.~~

~~18. TEMPORARY INTERRUPTION OF SERVICE~~

~~(a) — The Company shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Company shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Consumers are affected.~~

~~(b) — The Company shall make reasonable provisions to meet emergencies resulting from failure of service, and shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.~~

~~In the event of national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other Consumers to provide necessary~~

~~service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.~~

~~(1) — Record of interruption.~~

~~Except for momentary interruptions which do not cause a major disruption of service, the Company shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of such interruptions, date, time duration, location, approximate number of Consumers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.~~

~~(2) — Report to Commission.~~

~~The Commission shall be notified in writing within forty eight hours of interruptions in service affecting the entire system or any major division thereof lasting more than four hours. The notice shall also state the cause of such interruptions. If any service interruption is reported to the Commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this paragraph.~~

~~19. — WAIVER OF RULES~~

~~No agent or representative of the Company is authorized to add to, alter, waive, or otherwise change any of the foregoing rules except by agreement in writing signed by an officer in the Company.~~

~~20. — BILLING~~

~~(a) Bills for gas service shall be rendered monthly, unless otherwise authorized or unless service is rendered for a period less than a month. Bills shall be rendered as promptly as possible following the reading of meters.~~

~~(b) The Consumer's bill must show all the following information:~~

~~(1) — If the meter is read by the Company, the date and reading of the meter at the beginning and end of the period for which rendered;~~

~~(2) — The number and kind of units billed;~~

~~(3) — The applicable rate schedule, title or code;~~

~~(4) — The total base bill;~~

~~(5) — The total of any adjustments to the base bill and the amount of adjustments per billing unit;~~

~~(6) — The date by which the Consumer must pay the bill in order to avoid penalty;~~

~~(7) — The total amount due after addition of any penalty for nonpayment within a designated period; and~~

~~(8) — A distinct marking to identify an estimated bill. The information required above shall be arranged and displayed in such a manner as to allow the Consumer to compute his bill with the applicable rate schedule. The applicable rate schedule must be mailed to the Consumer on request of the Consumer. The Company may exhaust its stock of non-conforming bill forms existing on the effective date hereof before compliance is required with this section.~~

~~(c) Where there is a good reason for doing so, estimated bills may be submitted provided that an actual meter reading is taken at least every six months. For the second consecutive month in which the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read otherwise, the Company shall provide the Consumer with a postcard and request that the Consumer read the meter and return the card to the utility if the meter is of a type that can be read by the Consumer without significant inconvenience or special tools or equipment. If such a postcard is not received by the Company in time for billing, the Company may estimate the meter reading and render the bill accordingly.~~

~~(d) Disputed bills.~~

~~(1) — In the event of a dispute between the Consumer and the Company regarding the bill, the Company shall forthwith make such investigation as is required by the particular case and report the results thereof to the Consumer. If the Consumer wishes to obtain the benefit of subsection (2) hereunder, notification of the dispute must be given to the Company prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the Company shall inform the Consumer of the complaint procedures of the appropriate regulatory authority.~~

~~(2) — Notwithstanding any other provisions of these rules and regulations, the Consumer shall not be required to pay the disputed portion of the bill which exceeds the amount of that Consumer's average usage for the billing period at current rates until the earlier of the following:~~

~~(1) — resolution of the dispute; or~~

~~(2) — the expiration of the sixty day period beginning on the day the disputed bill is issued. For purposes of this section only, the Consumer's average usage for the billing period shall be the average of the Consumer's usage for the same billing period during the preceding two years. Where no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar Consumers and under similar conditions.~~

~~21. NEW CONSTRUCTION~~

~~(a) — Standards of construction. The Company shall construct, install, operate, and maintain its plant, structures, equipment and lines in accordance with the provisions of such codes and standards as are generally accepted by the industry, as modified by rule or regulation of the regulatory authority, or otherwise by law, and in such manner to best accommodate the public and to prevent interference with service furnished by other public utilities insofar as practical.~~

~~(b) — Response to request for residential and commercial service. The Company shall serve each qualified residential and commercial applicant for service within its service area as rapidly as practical. As a general policy, those applications not involving line extensions or new facilities should be filled within seven working days from the date all antecedent requirements are met.~~

~~Those applications for individual residential service requiring line extensions should be filled within ninety days unless unavailability of materials, insufficient pipeline capacity, or other causes beyond the control of the Company result in unavoidable delays. In the event that residential service is delayed in excess of ninety days after an applicant has met credit requirements and made satisfactory arrangements for payment of any required construction charges, a report must be made to the regulatory authority listing the name of the applicant, location, and cause for delay. Unless such delays are due to causes which are reasonably beyond the control of the Company, a delay in excess of ninety days may be found to constitute a refusal to serve.~~

~~22. CURTAILMENT POLICY~~

~~The Company adopts and shall adhere to the curtailment program set forth in Rule 2 of Texas Railroad Commission Gas Utilities Division Docket No. 489 as well as all other rules and regulations adopted from time to time by governmental agencies having authority over the operations of Company.~~

~~23. CONSUMER RELATIONS~~

~~(a) Information to Consumers:~~

~~The Company shall:~~

- ~~(1) — Maintain a current set of maps showing the physical location of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately describe the utility's facilities. These maps, or such other maps as may be required by the regulatory authority, shall be kept by the Company in a central location and will be available for inspection by the regulatory authority during normal working hours. Each business office or service center shall have available up-to-date maps, plans or records of its immediate area, with such other information as may be necessary to enable the utility to advise applicants and other entitled to the information as to the facilities available for serving that locality;~~
- ~~(2) — Assist the Consumer or applicant in selecting the most economical rate schedule;~~
- ~~(3) — In compliance with applicable law or regulations, notify Consumers affected by a change in rates or schedule or classification;~~
- ~~(4) — Post a notice in a conspicuous place in each business office of the utility where applications for service are received informing the public that copies of the current rate schedules and rules relating to the service of the Company, as filed with the Commission, are available for inspection;~~
- ~~(5) — Furnish such additional information on rates and services as the Consumer may reasonably request;~~
- ~~(6) — Upon request, inform its Consumers as to the method of reading meters; and~~
- ~~(7) — As required by law or the rules of the appropriate regulatory authority, provide its Consumers with Consumer service information. A sample of the Consumer Service Information~~

~~mail-out is attached hereto. At least once each calendar year, the Company shall notify its Consumers that Consumer service information is available on request and without charge.~~

~~(b) Consumer Complaints.~~

~~Upon complaint to the Company by residential or small commercial Consumers either at its office, by letter, or by telephone, the Company shall promptly make a suitable investigation and advise the complainant of the results thereof. The Company shall make its initial response to the Consumer no later than the end of the business day following the date of the complaint. The Company shall keep a record of all complaints which shall show the name and address of the complainant, the date and nature of the complaint, and the adjustment and disposition thereof for a period of two years subsequent to the final disposition of the complaint.~~

~~(c) Company Response.~~

~~Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a Consumer, the Company shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response shall be made not later than the next business day following receipt of the complaint. The Commission encourages all Consumer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of the Company.~~

~~(d) Deferred Payment Plan.~~

~~The Company may, but is not required to, offer a written deferred payment plan for delinquent residential accounts. If such a plan is offered, it shall conform to the following guidelines:~~

~~(1) — Every deferred payment plan entered into due to the Consumer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the Consumer pays current bills and a reasonable amount of the outstanding bill and agrees to pay the balance in reasonable installments until the bill is paid.~~

~~(2) — For purposes of determining reasonableness under these rules the following shall be considered: size of delinquent account; Consumer's ability to pay; Consumer's payment history; time that the debt has been outstanding; reasons why the debt has been outstanding; and other relevant factors concerning the circumstances of the Consumer.~~

~~(3) — A deferred payment plan offered by the Company shall state, immediately preceding the space provided for the Consumer's signature and in bold face print at least two sizes larger than any other used, that If you are not satisfied with this agreement, do not sign. If you are satisfied with this agreement, you give up your right to dispute the amount due under the agreement except for the utility's failure or refusal to comply with the terms of this agreement.~~

~~(4) — A deferred payment plan may include a one time five percent penalty for late payment on the original amount of the outstanding bill except in cases where the outstanding bill is unusually high as a result of the Company's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.~~

~~(5) — If a Consumer for utility service has not fulfilled terms of a deferred payment agreement or refuses to sign the same, the Company shall have the right to disconnect pursuant to disconnection rules herein and, under such circumstance, it shall not be required to offer a subsequent negotiation of a deferred payment plan prior to disconnection.~~

~~(6) — If the Company institutes a deferred payment plan it shall not refuse a Consumer participation in such a program on the basis of race, color, creed, sex or marital status.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~SERVICE CHARGES~~

235018	ms-1.1	Application for Service, Including special meter reading, account set up and credit inquiry. \$15.00
235019	ms-2.1	Restore Service After Termination for Non-Payment \$50.00
235020	ms-3.1	Restore Service After Cut Off by Customer or His Agent \$50.00
235021	ms-5.1	Change Meter for Special Test at Customer's Request \$45.00 NOTE: Change Meter for Special Test at Customer's Request(See Rules for special situations) If no such test has been performed within the previous four years for the same customer at the same location, the test is to be performed without charge. If such a test has been performed for the same customer at the same location within the previous four years, the utility is entitled to charge a fee for the test not to exceed \$15 or such other fee for the testing of meters as may be set forth in the utility's tariff properly on file with the regulatory authority. The customer must be properly informed of the result of any test on a meter that serves him.
235022	ms-7.1	Change meter size, delivery pressure, and/or location due to change in Customer service requirements, and/or inability of Company Personnel to access meter at all times due to actions taken by Customer: At Cost of Material and Labor to be approved by Customer in advance of work.
235023	ms-8.1	Repair Damaged Meters & Regulators: Damage to Top Cover and/or Index. \$25.00 Damage in excess of damage to cover and/or index \$50.00. NOTE: These charges may only be assessed to customer if the damage is caused by the customer.
235024	ms-9.1	Install, reroute or extend yard lines under normal conditions 1-1/4 or smaller (per foot) at cost. NOTE: This charge may only be assessed to customer if the damage is caused by customer.
235025	ms-10.1	Installation and extension of new mains and service lines under normal conditions: At cost
235026	ms-11.1	Tap Company Main (dry, no bores or obstacles) \$100.00

235027	ms12a.1	All other service work on customer's installations (No charge for leak check or bill inquiry): During Normal Hours (1 hour minimum) \$20.00 Each additional 1/2 hour (or part thereof) \$10.00
235028	ms-13a.1	All other service work on customer's installations (No charge for leak check or bill inquiry): After normal business hours (1 hour minimum) \$30.00 Each additional 1/2 hour (or part thereof) \$15.00
235029	ms-15.1	Collection Call or Missed Appointment \$25.00
235030	ms-16.1	Returned Check Charge \$25.00
235031	ms-17.1	Residential Customer deposit equal to 1/6th of estimated annual bill (if a billing history is not available).
235032	ms-18.1	Small Commercial Deposit equal to two times highest monthly bill or 1/6th of estimated annual bill (if a billing history is not available).
235033	ms-19.1	Non-Normal Line Extension Conditions—Additional charges for installation, rerouting, and extending mains, service and yard lines may be imposed in the following circumstances: road, sidewalk and under pavement bores (per foot) \$16.00. All bores requiring casing (per foot) \$22.00. Surveys required by governmental agencies at cost. Cost of easements at cost. Cost of over-sized pipe fittings and high-pressure equipment at cost. Third-party pipeline tap, meter, regulation and odorization costs at cost.
235034	ms-21.1	New Residential and Commercial Service: Includes installation of a 250 cfm meter at 4.5 oz. delivery pressure, up to 15 feet of 3/4 inch service line, regulator riser, fittings, and pressure test of Customers piping. All other capacity and delivery pressure requirements at cost including material and labor to be approved by Customer in advance of work. Note: all delivery pressure and capacities are subject to limitations of Company's facilities. \$50.00
235035	ms-22.1	Special meter reading at Customer's request \$25.00. NOTE: The charge will not be assessed if the volume billed on the customer's bill was estimated

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~RESIDENTIAL 121608~~

~~APPLICATION OF SCHEDULE—~~

~~This schedule is applicable to all residential customers receiving gas service through a single meter in Montgomery, Walker and Houston Counties, Texas. Natural gas supplied is for the individual use of the customer at one point of delivery and shall not be resold or shared with others. Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations.~~

~~MONTHLY RATE—~~

~~The price payable by each residential customer for all consumption each month shall be \$2.42 per MCF (Commodity Rate), subject to the Gas Cost Adjustment set forth below.~~

~~MONTHLY CUSTOMER OR METER CHARGE: \$12.00~~

~~PAYMENT: All bills shall be delinquent unless payment is received within fifteen (15) days from the date of the bill.~~

~~COST OF GAS ADJUSTMENT: The customer's bill shall be adjusted upward (downward) based on the Company's Cost of Gas Adjustment Clause.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~COG-121608~~

~~A.——APPLICABILITY——~~

~~This Cost of Gas Clause shall apply to all general service rate schedules of Universal Natural Gas, Inc. (The Company) in the Montgomery, Walker and Houston Counties, Texas.~~

~~B.——DEFINITIONS——~~

~~1.——Cost of Gas——The rate per billing unit or the total calculation under this clause, consisting of the commodity cost, a reconciliation component, and other purchased gas expenses.~~

~~2.——Commodity Cost——The Cost of Purchased Gas multiplied by the Purchase Sales Ratio.~~

~~3.——Cost of Purchased Gas——The estimated cost for gas purchased by the Company from its supplier or the estimated weighted average cost for gas purchased by the Company from all sources where applicable. Such cost shall include not only the purchase cost of natural gas, but shall also include all reasonable fees for services such as gathering, treating, processing, transportation, capacity and/or supply reservation fees, and storage necessary for the movement of gas to the Company's city gate delivery points.~~

~~4.——Reconciliation Component——The amount to be returned to or recovered from customers each month from October through June as a result of the Reconciliation Audit.~~

~~5.——Reconciliation Audit——An annual review of the Company's books and records for each twelve month period ending with the production month of June to determine the amount of over or under collection occurring during such twelve month period. The audit shall determine: (a) the total amount paid for gas purchased by the Company per Section B(3) Cost of Purchased Gas to provide service to its general service customers during the period, (b) the revenues received from operation of the provisions of this cost of gas clause, (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause, (d) the total amount accrued during the period for imbalances under the transportation rate schedule(s) net of franchise fees and applicable taxes, and (e) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of five (5) percent of purchases.~~

~~6.——Purchase/Sales Ratio——A ratio determined by dividing the total volumes purchased for general service customers during the twelve (12) month period ending June 30 by the sum of the volumes sold to general service customers during the same period. For the purpose of this computation all volumes shall be stated at 14.65 psia. Such ratio as determined shall in no event exceed 5 percent lost and unaccounted for gas.~~

~~7.——Reconciliation Account——The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of the cost of gas clause.~~

~~Entries shall be made monthly to reflect, (a) the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records (per Section B(3), (b) the revenues produced by the operation of this Cost of Gas Clause, (c) refunds, payments, or charges provided for herein or as approved by the regulatory authority, (d) the total amount accrued during the period for imbalances under the transportation rate schedule(s) net of franchise fees and applicable taxes, (e) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of five (5) percent of purchases.~~

~~8. General Service Customers those customers served under general service rate schedules.~~

~~C. COST OF GAS In addition to the cost of service as provided under its general service rate schedules, the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each customer bill.~~

~~D. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section E PAYMENT FOR FUNDS, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather for the period beginning with the October billing cycle last preceeding through the June billing cycle. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied for a nine (9) month period beginning with the next following October billing cycle and continuing through the next following June billing cycle at which time it will terminate until a new Reconciliation Component is determined~~

~~E. PAYMENT FOR FUNDS If, on the average, the Company had overcollected during the period, it shall credit into the Reconciliation Account during September an amount equal to the average balance multiplied by a percentage representing interest. This percentage shall be the same interest rate percentage that is set annually by the Public Utility Commission for Deposit Interest. If on the average, the Company had undercollected during the period, it shall debit into the Reconciliation Account during September an amount equal to the average balance multiplied by a percentage representing interest. This percentage shall be the same interest rate percentage that is set annually by the Public Utility Commission for Deposit Interest.~~

~~F. SURCHARGE OR REFUND PROCEDURES In the event that the rates and charges of the Company's supplier are retroactively reduced and a refund of any previous payments is made to the Company, the Company shall make a similar refund to its general service customers. Similarly, the Company may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. Any surcharge or refund amount will be included in the Reconciliation Account. Refunds or charges shall be entered into the Reconciliation Account as they are collected from or returned to the customers. For the purpose of this Section F, the entry shall be made on the same basis used to determine the refund or charge component of the Cost of Gas and shall be subject to the calculation set forth in Section (E) Payment for Funds.~~

~~G. COST OF GAS STATEMENT The Company shall file a Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. (The Company shall file such initial statement as soon as is reasonably possible). The Cost of Gas Statement shall set forth (a) the~~

~~estimated Cost of Purchased Gas; (b) that cost multiplied by the Purchase/Sales Ratio; (c) the amount of the cost of gas caused by any surcharge or refund; (d) the Reconciliation Component; and (e) the Cost of Gas calculation. The statement shall include all data necessary for the Regulatory Authority to review and verify the calculation of the Cost of Gas. The date on which billing using the Cost of Gas is to begin (bills prepared) is to be specified in the statement.~~

~~H. — ANNUAL RECONCILIATION REPORT — The Company shall file an Annual Reconciliation Report with the Regulatory Authority which shall include but not necessarily be limited to: 1. A tabulation of volumes of gas purchased and costs incurred listed by account or type of gas, supplier and source by month for the twelve months ending June 30. 2. A tabulation of gas units sold to general service customers and related Cost of Gas Clause revenues. 3. A description of all other costs and refunds made during the year and their effect on the Cost of Gas Clause to date. 4. A description of the imbalance payments made to and received from the Company's transportation customers within the service area, including monthly imbalances incurred, the monthly imbalances resolved, and the amount of the cumulative imbalance. The description should reflect the system imbalance and imbalance amount for each supplier using the Company's distribution system during the reconciliation period. This report shall be filed concurrently with the Cost of Gas Statement for October.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~489—CURTAILMENT PLAN~~

~~Docket No. 489 ORDER RELATING TO THE APPROVAL BY THE COMMISSION OF CURTAILMENT PROGRAMS FOR NATURAL GAS TRANSPORTED AND SOLD WITHIN THE STATE OF TEXAS~~

~~After due notice the Railroad Commission of Texas on the 30th day of November, 1972, heard testimony and requested written curtailment priorities from representatives of investor owned and municipal gas utilities companies, private industry consumers and others responsible for directing available natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~WHEREAS, pursuant to the authority granted to the Railroad Commission of Texas in Article 6050 to 6066, inclusive, R.C.S., as amended; and~~

~~WHEREAS, the Commission has determined the need for a curtailment program to assure effective control of the flow of natural gas to the proper destinations to avoid suffering and hardship of domestic consumers; and~~

~~WHEREAS, the Commission has determined a need to make natural gas available to all gas consumers on a reasonable but limited basis during times of needed curtailment to the end that the public will be best served; and~~

~~WHEREAS, the Commission has determined that the transportation delivery and/or sale of natural gas in the State of Texas for any purpose other than human need consumption will be curtailed to whatever extent and for whatever periods the Commission may find necessary for the primary benefit of human needs customers (domestic and commercial consumption) and such small industries as cannot practically be curtailed without curtailing human needs.~~

~~IT IS THEREFORE, ORDERED BY THE RAILROAD COMMISSION OF TEXAS that the following rules relating to the approval by the Commission of curtailment programs for gas transported and sold within the State of Texas shall apply to all parties responsible for directing available and future natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~RULE 1.~~

~~Every natural gas utility, as that term is defined in Article 6050, R.C.S. of Texas, as amended, intrastate operations only, shall file with the Railroad Commission on or before Feb. 12, 1973, its curtailment program. The Commission may approve the program without a hearing; set the matter for a public hearing on its own motion or on the motion of any affected customer of said utility.~~

~~The curtailment program to be filed shall include, in verified form, the following information:~~

~~A. Volume of gas reserves attached to its system together with a brief description of each separate source of gas reserves setting forth the following:~~

- ~~1. the name of the supplier;~~
- ~~2. the term of each contract in years, and the years remaining on said contract;~~
- ~~3. the volume of recoverable reserve contracted for, and~~

~~4. rated deliverability of such reserves in MCF.~~

~~B. Capacity and location of underground storage, if any, attached to its system with a statement of whether the company's storage balance is above or below its desired level for this time, and, if below, what plans has the company made to restore the balance.~~

~~C. Peak day and average daily deliverability on an annual basis of its wells, gas plants and underground storage attached to its system.~~

~~D. Peak day capacity of its system.~~

~~E. Forecast of additions to reserves for each of the next two succeeding years.~~

~~F. Location and size of the line pipes, compressor stations, operating maximum line pressures, and a map showing delivery points along the system.~~

~~G. Disposition of all gas entering its system, with names of all customers other than residential customers and volumes delivered to each during the past calendar year. Identify those customers using 3,000 MCF gas per day, or more, which are under a service contract, and if such contract includes an "Interruptible Service" clause, and if so, attach a reproduced copy of the relevant provisions of such contract.~~

~~H. Steps taken in past years, being taken at the present, and to be taken to alleviate curtailments.~~

~~RULE 2.~~

~~Until such time as the Commission has specifically approved a utilities curtailment program, the following priorities in descending order shall be observed:~~

~~A. Deliveries for residences, hospitals, schools, churches and other human needs customers.~~

~~B. Deliveries of gas to small industrials and regular commercial loads (defined as those customers using less than 3,000 MCF per day) and delivery of gas for use as pilot lights or in accessory or auxiliary equipment essential to avoid serious damage to industrial plants.~~

~~C. Large users of gas for fuel or as a raw material where an alternate cannot be used and operation and plant production would be curtailed or shut down completely when gas is curtailed.~~

~~D. Large users of gas for boiler fuel or other fuel users where alternate fuels can be used. This category is not to be determined by whether or not a user has actually installed alternate fuel facilities, but whether or not an alternate fuel "could" be used.~~

~~E. Interruptible sales made subject to interruption or curtailment at Seller's sole discretion under contracts or tariffs which provide in effect for the sale of such gas as Seller may be agreeable to selling and Buyer may be agreeable to buying from time to time.~~

~~RULE 3.~~

~~Each gas utility that has obtained Commission approval of a curtailment program shall conduct operations in compliance with such program.~~

~~So long as any gas utility which has obtained Commission approval of a curtailment program continues to curtail deliveries to its customers, except as provided by contract or those customers included in Part E of Rule 2 above, it (a) shall file on or before April 1 of each year, under oath, the information called for in Rule 1, for the preceeding year, and (b) shall not, without Commission approval, make sales of gas to any new customers or increase volumes sold to existing customers, except those new or existing customers defined in Parts A & B of Rule 2 above.~~

~~IT IS FURTHER ORDERED that this cause be held open for such other and further orders as may be deemed necessary.~~

~~ENTERED AT AUSTIN, TEXAS, this 5th day of January, 1973.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~QUALITY OF SERVICE~~

~~PART 1 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~

~~1. — DEFINITIONS~~

~~(a) — Consumer, Consumer and Applicant are used interchangeably and mean a person or organization utilizing services or who wants to utilize services of Universal Natural Gas, Inc.~~

~~(b) — Company means Universal Natural Gas, Inc., its successors and assigns.~~

~~(c) — Cubic Foot of Gas: Unless otherwise expressly provided by rate schedule or written contract (or agreement), the amount of gas necessary to fill a cubic foot of space when the gas is at a gauge pressure of four (4) ounces above atmospheric pressure of 14.65 psia at 60 Fahrenheit.~~

~~(d) — Service Line: The pipe and attached fittings which convey gas from Company's mains to the property line of Consumer's premises.~~

~~(e) — Yard Line: The pipe and attached fittings which convey gas from the Consumer's property line to and including the stopcock on the riser for the Consumer's meter.~~

~~(f) — Consumer's Housepiping: All pipe and attached fittings which convey gas from the outlet side of the meter to the Consumer's connection for gas appliances.~~

~~(g) — Point of Delivery: The point where the gas is measured for delivery into Consumer's piping.~~

~~2. — APPLICATION OF RULES~~

~~(a) — Unless otherwise expressly stated, these rules apply to all Consumers regardless of classification, except insofar as they are changed by or are in conflict with any statute of the State of Texas, valid municipal ordinance, valid final order of any court or of the Railroad Commission of Texas, or written contract executed by Company, in which case such statute, ordinance, order or contract shall control to the extent that it is applicable to the consumer(s) in question. Whenever possible, these rules shall be construed harmoniously with such laws, contracts, ordinances, and orders.~~

~~(b) — The use of gas service shall constitute an agreement by the Consumer to utilize such service in accordance with the applicable rules of the Company as set forth herein.~~

~~(c) — These rules, and all subsequently enacted rules, may be abrogated, modified, or added to in whole or in part, by the company and such rules as abrogated, modified, or added to, shall become effective when filed with the appropriate regulatory authority.~~

~~3. — CLASSIFICATION FOR RATE AND CONTRACT PURPOSES For purposes of determining rates, Consumers shall be classified as either Residential, Commercial or Large Volume Consumers as defined in Company's applicable rate schedules. Service by Company to Consumers classified herein as Residential and Commercial is available without a written contract between Consumer and Company at the standard rates and charges applicable to such Consumers from time to time. Company shall have no obligation to deliver more than 5,000 cubic feet of gas in any day to~~

~~any Consumer not having a written gas sales contract with Company. A contract may be required from Large Volume Consumers using less than 5,000 cubic feet per day, provided this requirement shall be uniformly applied to all such Consumers within each municipal rate jurisdiction. In the case of existing Consumers, the maximum gas usage during any one day shall be obtained from records of the Company, except in cases where the existing Consumer will be purchasing increased volumes of gas from Company because of expansions or for any other reason, in which event the Company may estimate usage by such Consumer. Also in the case of new Consumers, the Company may estimate usage by the Consumer. Any such estimates made by Company shall be binding on Consumer in determining rate classification and whether or not a contract is required. Company's obligation to provide service to any Large Volume Consumer is contingent upon Company's determination that there will be an adequate supply of gas to serve such Large Volume Consumer, and that existing facilities are of adequate capacity and suitable pressure.~~

~~4. — LIMITATION OF USE All gas delivered through Company's meters is for use only at the point of delivery and shall not be redelivered or resold to others without Company's written consent.~~

~~5. — SERVICE CONNECTIONS~~

~~(a) — Tap Charge: Unless otherwise prohibited by applicable ordinance or rule, Company may impose a reasonable charge for the connection of a new Consumer to its distribution mains. The service areas where a tap charge is to be collected and the amount and conditions under which such charge will be imposed are set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(b) — Service Line: Company shall install and maintain all service lines and, to the extent permitted by applicable ordinance or rule, shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. A service line may be used to supply a single building or single group of buildings which may or may not be located on a single lot, such as a group of factory buildings, hospital buildings, or institutional buildings, all under one ownership or control. However, gas service supplied to Consumer for use at separate lots physically divided by other private or public property (including streets, alleys and other public ways) must be separately metered and billed. More than one service line to supply a Consumer's premises may be constructed by agreement between Company and Consumer.~~

~~(c) — Yard Line: Company shall install yard lines if so requested by Consumer. To the extent permitted by applicable ordinance or rule, Company shall be entitled to make a reasonable charge~~

~~for such installation as set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(d) — Housepiping: Consumer shall be responsible for installing and maintaining Consumer's housepiping. Company may refuse service to any consumer whose housepiping is inadequate or unsafe, but Company shall have no responsibility for inspecting or testing Consumer's housepiping, determining whether or not Consumer has complied with applicable safety codes, or in any way establishing or enforcing housepiping specifications. Information relating to piping may be obtained at the Company's local offices.~~

~~(e) — Gas Main Extensions: Company shall extend its gas mains to provide new or additional service and shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. Gas main extensions shall be made at Company's expense only where the probable expected use of all facilities necessary for such service and paid for by Company will provide a reasonable and compensatory return to Company on the value of such facilities. Otherwise, gas main extensions shall be made only under the following conditions:~~

~~(1) Individual Residential and Commercial Consumers — upon payment of the fee for gas main extension set out in the Schedule of Miscellaneous Service Charges or upon execution of a Gas Main Extension Contract between Company and Consumer.~~

~~(2) — Developers of Residential or Business Subdivisions — upon execution of Company's Gas Main Extension Contract or Predevelopment Gas Main Extension Contract, or under special circumstances where, in Company's opinion, such forms are not appropriate, upon execution of a special agreement providing for reimbursement to Company for cost of the necessary gas main extension.~~

~~(3) — Large Volume Consumers — upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.~~

~~6. — ADDITIONAL CHARGES RELATING TO GAS SERVICE~~

~~Charges for services other than delivering natural gas may be made in accordance with the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~7. — APPLICATION FOR SERVICE~~

~~Where no written contract for service is necessary, any application by telephone, in person, or in writing may be made to request initiation of service. Upon request, Consumer shall provide information necessary for purposes of rate classification, billing, and determining whether a deposit will be required.~~

~~8. — REFUSAL TO INSTITUTE SERVICE AND TERMINATION OF SERVICE.~~

~~(a) Refusal of Service.~~

~~(1) Compliance by Applicant. The Company may decline to serve an applicant for whom service is available from previously installed facilities until such applicant has complied with the state and municipal rules, regulations or laws, and with approved rules and regulations of the Company on file with the appropriate regulatory authority governing the service applied for, or for the following reasons:~~

~~(A) — the applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given;~~

~~(B) — the applicant is indebted to any utility company for the same kind of service as that applied for; provided, however, that in the event the indebtedness of the applicant for service is in dispute, the applicant shall be served upon complying with the applicable deposit requirement;~~

~~(C) — the applicant refuses to make a deposit if applicant is required to make a deposit under these rules;~~

~~(D) — where an unsafe condition exists at any point on Consumer's premises;~~

~~(E) — for use of gas in violation of Company's rules;~~

~~(F) — in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~(G) — when Company's property on the Consumer's premises is tampered with, damaged or destroyed.~~

~~(2) Applicant's Recourse. In the event that the Company shall refuse to serve an applicant under the provisions of these rules, the Company shall inform the applicant of the basis of its refusal and that the applicant may file a complaint with the appropriate regulatory authority thereon.~~

~~(3) Insufficient Grounds for Refusal to Serve. The following shall not constitute sufficient cause for refusal of service to a present residential or commercial Consumer or applicant:~~

~~(A) — delinquency in payment for service by a previous occupant of the premises to be served;~~

~~(B) — failure to pay for merchandise or charges for non utility service purchased from the Company;~~

~~(C) — failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;~~

~~(D) — violation of the Company's rules pertaining to the operation of nonstandard equipment of unauthorized attachments, which interfere with the service of others, unless the Consumer has first been notified and been afforded reasonable opportunity to comply with these rules;~~

~~(E) — failure to pay a bill of another Consumer as guarantor thereof, unless the guarantee was made in writing to the Company as a condition precedent to service; and~~

~~(F) — failure to pay the bill of another Consumer at the same address except where the change of Consumer identity is made to avoid or evade payment of a utility bill.~~

~~(b) Discontinuance of Service.~~

~~(1) — Bills are due and payable when rendered; the bill shall be past due not less than 15 days after issuance or such other period of time as may be provided by order of the appropriate regulatory authority. A bill for utility service is delinquent if unpaid by the due date.~~

~~(2) — The Company may offer an inducement for prompt payment of bills by allowing a discount in the amount of 5% for payment within 10 days of their issuance. In the event of any inconsistency between these Rules and Regulations and the applicable rate tariff, the rate tariff shall control.~~

~~(3) — A Consumer's utility service may not be terminated unless the Company has made a reasonable effort to offer the Consumer the option of paying a delinquent bill in installments. — A Consumer's utility service may be disconnected if the bill has not been paid or a suitable written arrangement for payment in installments entered into within 5 working days after the bill has become delinquent and if proper notice has been given. Proper notice shall consist of a mailing or hand delivery thereof at least five working days prior to a stated date of disconnection. Said notice shall be provided in English (and Spanish, if the Company has any Spanish speaking Consumers) and shall include:~~

~~a) — the words Disconnect Notice or similar language prominently displayed;~~

~~b) — the reason service is to be terminated;~~

~~c) — what Consumer must do to prevent termination;~~

~~d) — in the case of a past due bill, the amount past due and the hours, address, and telephone number where payment may be made; and~~

~~e) a statement that if a health or other emergency exists, the Company may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency.~~

~~f) Utility service may be disconnected for any of the following reasons.~~

~~g) failure to pay a delinquent account or failure to comply with the terms of a written agreement for installment payment of a delinquent account;~~

~~h) violation of the Company's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the Consumer and the Consumer is provided with a reasonable opportunity to remedy the situation;~~

~~i) failure to comply with deposit or guarantee arrangements where required by these rules and regulations;~~

~~j) without notice where a known dangerous condition exists for as long as the condition exists;~~

~~k) tampering with the Company's meter or equipment or bypassing the same;~~

~~l) for use of gas in violation of Company's rules;~~

~~m) in the event Consumer's premises are vacated;~~

~~n) in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~o) when Company's property on the Consumer's premises is tampered with, damaged or destroyed;~~

~~p) for use of gas in violation of any law, ordinance or regulation;~~

~~q) for fraudulent misrepresentation in relation to the consumption of gas or any other fraud practiced by Consumer, with regard to the matters referred to in these rules or Consumer's contract.~~

~~(5) Utility service may not be disconnected for any of the following reasons:~~

~~r) delinquency in payment for service by a previous occupant of the premises;~~

~~s) failure to pay for merchandise or charges for non-utility service by the Company;~~

~~t) failure to pay for a different type or class of utility service unless the fee for such service is included on the same bill;~~

~~u) failure to pay the account of another Consumer as guarantor thereof, unless the Company has in writing the guarantee as condition precedent to service;~~

~~v) failure to pay charges arising from any underbilling occurring due to any misapplication of rates more than six months prior to the current billing;~~

~~w) failure to pay charges arising from any underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due; and~~

~~x) failure to pay an estimated bill other than a bill rendered pursuant to any approved meter reading plan, unless the Company is unable to read the meter due to circumstances beyond its control.~~

~~(6) — Unless a dangerous condition exists, or unless the Consumer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel of the Company are not available to the public for the purpose of making collections and reconnecting service.~~

~~(7) — The Company shall not abandon a Consumer without written approval from the regulatory authority.~~

~~(8) — The Company shall not discontinue service to a delinquent residential Consumer permanently residing in an individually metered dwelling unit when that Consumer establishes~~

~~that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if service is discontinued. Any Consumer seeking to avoid termination of service under this provision must make a written request to the Company supported by a written statement from a licensed physician. Both the request and the statement must be received by the Company within five working days of the issuance of the utility bill. The prohibition against service termination as provided herein shall last twenty (20) days from the date of receipt by the Company of the request and statement or such lesser period as may be agreed upon by the Company and the Consumer. The Consumer who makes such request shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.~~

~~(9) — The Railroad Commission of Texas (RRC) regulates all natural gas utilities in Texas. The RRC has adopted Emergency Rule 7. 60 (valid through April 30, 2001) to insure that gas consumers are not disconnected due to failure to pay their gas bills when the temperature is so cold that it could affect the customer's health. Rule 7. 60 can be summarized as follows: a) Except where there is a known dangerous condition or a use of natural gas in a manner that is dangerous or unreasonably interferes with service to others, a provider (UniGas) shall not disconnect natural gas service to: b) Any customer on a day when the previous day's temperature in the county where the customer takes service fell below 40 degrees F. and the National Weather Service predicts that the temperature in that county will fall below that level during the next 24 hours; or c) A delinquent residential customer for a billing period in which the provider receives a pledge, letter of intent, purchase order, or other notification from an energy assistance provider that it is forwarding sufficient payment to continue service; or d) A delinquent residential customer on a day, or on a day immediately preceding a day, when personnel of the provider are not available for the purpose of receiving payment or making collections and reconnecting service.~~

~~(0) — Residential customers of UniGas may avoid disconnection of gas service (where Rule 7. 60 does not apply) for failure to pay a delinquent gas bill in the following ways:~~

~~a) — The customer can execute a deferred payment agreement. Under that agreement, the residential customer has the option to pay her delinquent bill in not more than three (3) equal installments without interest, provided that it is the customer's first delinquent bill in the preceding twelve (12) months. Under the Plan, current bills must be paid before they become delinquent.~~

~~b) — The customer can give notice to the provider (UniGas) that disconnection of gas service would cause a person at the customer's residence to become seriously ill or more seriously ill, provided that the customer executes a deferred payment agreement (see previous paragraph) and provides a written request not to disconnect service supported by a written statement from a licensed medical doctor. This will have the effect of suspending disconnection of gas service for twenty (20) days (assuming Rule 7. 60 is not otherwise applicable).~~

~~9. — LOCATION OF METERS~~

~~Wherever practical and if requested by the Consumer, all new meter installations shall be installed near the building in which Consumer's gas appliances are located. All meters shall be accessible at all times for inspection, reading, and change out for testing. Whenever the Company shall permanently discontinue the delivery of gas to any of Consumer's premises, it shall have the right~~

~~at any reasonable time thereafter to enter upon the premises and remove its meter and related equipment.~~

~~10. METER TESTS AND BILL ADJUSTMENTS WITH RESPECT TO METER ACCURACY~~

~~(a) Meter Requirement.~~

~~(1) — Use of meter. All gas sold by the Company shall be charged for my meter measurements, except where otherwise provided for by applicable law, regulation of the regulatory authority or tariff.~~

~~(2) — Installation by Company. Unless otherwise authorized by the regulatory authority, the Company shall provide and install and will continue to own and maintain all meters necessary for measurement of gas delivered to its Consumers.~~

~~(3) — Standard type. The Company shall not furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.~~

~~(b) Meter records.~~

~~The Company shall keep the following records:~~

~~(1) — Meter equipment records.~~

~~The Company shall keep a record of all its meters, showing the Consumer's address and date of the last test.~~

~~(2) — Records of meter tests.~~

~~All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a Consumer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, and date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.~~

~~(c) Meter readings.~~

~~(1) Meter unit location.~~

~~In general, each meter must indicate clearly the units of service for which charge is made to the Consumer.~~

~~(d) Test for Accuracy.~~

~~(1) — The Company shall, upon request of a Consumer make a test of the accuracy of the meter serving that Consumer. The Company shall inform the Consumer of the time and place of the test,~~

~~and permit the Consumer or his authorized representative to be present if the Consumer so desires. If no such test has been performed within the previous four years for the same Consumer at the same location, the test shall be performed without charge. If such a test has been performed for the same Consumer at the same location within the previous four years, the Company may charge a fee for the test as set forth in the Company's tariff properly on file with the regulatory authority. The Consumer must be properly informed of the result of any test on a meter that serves him.~~

~~(2) — Notwithstanding Paragraph (1), above, if the meter is found to be more than nominally defective, to either Consumer's or the Company's disadvantage, any fee charged for a meter test must be refunded to the Consumer. More than nominally defective means a deviation of more than 2% from accurate registration.~~

~~(3) — If any meter test requested by a Consumer reveals a meter to be more than nominally defective, the Company shall correct previous readings consistent with the inaccuracy found in the meter for the period of either (i) the last six months, or (ii) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to be made. This requirement for a correction may be waived by the Company if the error is to the Company's disadvantage.~~

~~(4) — If a meter is found not to register for any period of time, the Company may make a charge for units used but not metered, for a period not to exceed three months previous to the time the meter is found not be registering. The determination of amounts used but not metered is to be based on consumption during other like periods by the same Consumer at the same location when available, and on consumption under similar conditions at the same location or of other similarly situated Consumers when not available.~~

~~(e) Meter Exchange.~~

~~(1) The Company follows the practice of testing and repairing its meters on periodic schedules in accordance with good operating practice. the periodic meter test interval is based on the results of accuracy tests of its meters randomly sampled of varying ages. The period of presumed accuracy is the period during which not less than 70% of the randomly sampled meters exhibit accuracy in the range of 2% fast to 2% slow.~~

~~QSGRR2 — PART 2 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~

~~11. DEPOSITS FROM CONSUMERS TO GUARANTEE PAYMENTS OF BILLS~~

~~(a) Establishment of Credit for Residential Applicants.~~

~~(1) The Company may require a residential applicant for service to satisfactorily establish credit but such establishment of credit shall not relieve the Consumer from complying with rules for prompt payment of bills. Subject to these rules, a residential applicant shall not be required to make a deposit;~~

~~(A) — if the residential applicant has been a Consumer of any utility for the same kind of service within the last two years and is not delinquent in payment of any such utility service account and~~

~~during the last twelve consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment; or~~

~~(B) — if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required; —~~

~~(C) if the residential applicant demonstrates a satisfactory credit rating by appropriate means, including but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the utility, or ownership of substantial equity.~~

~~(b) Re-establishment of credit.~~

~~Every applicant who has previously been a Consumer of the Company and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay all amounts due the Company or execute a written deferred payment agreement, if offered, and reestablish credit as provided herein.~~

~~(c) Amount of deposit and interest for residential service and exemption from deposit.~~

~~(1) — The required residential deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings (rounded up to the nearest \$5.00). If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the Company may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements. Estimated Annual Billings as such term is used in this Section shall be either (i) the 12-month billing history at the service address involved (if a billing history is available for the service address), or (ii) the average annual residential bill in the Division serving the Consumer (if a billing history is not available at the service address); provided, that such average annual residential bill determined pursuant to clause ii hereof, shall be determined periodically but no less frequently than annually.~~

~~(2) — All applicants for residential service who are sixty-five years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the Company or another utility for the same utility service which accrued within the last two years. No cash deposit shall be required of such applicant under these conditions.~~

~~(3) — The Company shall pay a minimum interest on such deposits according to the rate as established by law; provided, if refund of deposit is made within thirty days of receipt of deposit, no interest payment shall be made. If the Company retains the deposit more than thirty days, payment of interest shall be made retroactive to the date of deposit.~~

~~(A) — payment of interest to the Consumer shall be annually or at the time the deposit is returned or credited to the Consumer's account.~~

~~(B) — the deposit shall cease to draw interest on the date it is returned or credited to the Consumer's account.~~

~~(d) — For commercial and large volume Consumers, Company may require a deposit where the applicant is unable to establish good credit by standards generally accepted as evidence of credit worthiness. The amount of any deposit, where required, shall be in an amount sufficient to protect Company but shall not exceed the amount of the estimated highest two (2) months' billing. Interest shall be paid at the legal rate on all deposits. Deposits shall be refunded after three (3) years of prompt payment, with refund including any interest to be made in cash or by credit to the Consumer's bill. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to initial service without a deposit and otherwise has a record of prompt payment.~~

~~(e) — Deposits for temporary or seasonal service and for weekend or seasonal residences. The Company may require a deposit sufficient to reasonably protect it against the assumed risk, provided, such a policy is applied in a uniform and nondiscriminatory manner.~~

~~(f) — Records of deposits.~~

~~(1) The Company shall keep records to show:~~

~~(A) — the name and address of each depositor;~~

~~(B) — the amount and date of the deposit; and~~

~~(C) — each transaction concerning the deposit.~~

~~(2) The Company shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.~~

~~(3) A record of each unclaimed deposit shall be maintained for at least four years, during which time the Company shall make a reasonable effort to return the deposit.~~

~~(g) Refund of deposit.~~

~~(1) — If service is not connected or after disconnection of service, the Company shall promptly and automatically refund the Consumer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The transfer of service from one premises to another within the service area of the Company shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless permitted by these rules.~~

~~(2) — When the residential Consumer has paid bills for service for twelve consecutive residential bills without having service disconnected for nonpayment of bills and without having more than two occasions in which a bill was delinquent and when the Consumer is not delinquent in the payment of the current bills, the Company shall promptly and automatically refund the deposit plus accrued interest to the Consumer in the form of cash or credit to a Consumer's account. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to install service without a deposit and otherwise has a record of prompt payment.~~

~~(h) Upon sale or transfer of Company.~~

~~Upon the sale or transfer of the Company or operating units thereof, the Company shall file with the Commission under oath, in addition to other information, a list showing the names and addresses of all Consumers served by the Company or unit who have to their credit a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon.~~

~~(i) Complaint by applicant or Consumer.~~

~~The Company shall direct its personnel engaged in initial contact with an applicant or Consumer for service seeking to establish or re-establish credit under the provisions of these rules to inform the Consumer, if dissatisfaction is expressed with the Company decision, of the Consumer's right to file a complaint with the regulatory authority thereon.~~

~~12. — DISCONTINUANCE BY CONSUMER~~

~~A Consumer who wishes to discontinue the use of gas (provided he otherwise has the right to do so) must give notice of his intent to do so to Company at its nearest office. Consumer shall be obligated to pay for all service which is rendered by the Company (including applicable minimum charges therefor) prior to time Company receives such notice.~~

~~13. — RECORDS OF GAS SUPPLIED~~

~~Company shall keep accurate records of the amount of gas registered by its meters, and such records shall be accepted at all times and in all places as prima facie evidence of the true amount of gas consumed.~~

~~14. — ESCAPING GAS~~

~~Immediate notice must be given to Company by Consumer of any escaping gas on Consumer's premises. No flame shall be taken near the point where gas is escaping and as an added precaution, the gas should immediately be shut off at the meter by Consumer. Company shall not be liable for any damage or loss caused by the escape of gas from Consumer's housepiping or Consumer's appliances.~~

~~15. — DAMAGE AND REPAIR TO AND TAMPERING WITH COMPANY'S FACILITIES~~

~~Consumer shall immediately notify Company in the event of damage to Company's property on Consumer's premises. Consumer shall not permit anyone other than authorized employee of Company to adjust, repair, connect, or disconnect, or in any way tamper with the meter, lines or any other equipment of Company used in serving Consumer's premises.~~

~~16. ACCESS TO PREMISES~~

~~The Company's representatives shall have the right at all reasonable hours to enter upon the premises and property of Consumer to read the meter; and to remove, to inspect, or to make necessary repairs and adjustment to, or replacements of, service lines, meter loop, and any property of the Company located thereon, and for any other purpose connected with Company's operation.~~

~~The Company's representatives shall have the right at all times to enter upon the premises and property of Consumer in emergencies pertaining to Company's service. All dogs and other animals which might hinder the performance of such operations on the Consumer's property shall be kept away from such operations by the Consumer upon notice by the Company representatives of their intention to enter upon the Consumer's premises.~~

~~17. NON-LIABILITY~~

~~(a) — The Company shall not be liable for any loss or damage caused by variation in gas pressure, defects in pipes, connection and appliances, escape or leakage of gas, sticking of valves or regulators, or for any other loss or damage not caused by the Company's negligence arising out of or incident to the furnishing of gas to any Consumer.~~

~~(b) — Company shall not be liable for any damage or injury resulting from gas or its use after such gas leaves the point of delivery other than damage caused by the fault of the Company in the manner of installation of the service lines, in the manner in which such service lines are repaired by the Company, and in the negligence of the Company in maintaining its meter loop. All other risks after the gas left the point of delivery shall be assumed by the Consumer, his agents, servants, employees, or other persons.~~

~~(c) — The Company agrees to use reasonable diligence in rendering continuous gas service to all Consumers, but the Company does not guarantee such service and shall not be liable for damages resulting from any interruption to such service.~~

~~(d) — Company shall not be liable for any damage or loss caused by stoppage or curtailment of the gas supply pursuant to order of a governmental agency having jurisdiction over Company or Company's suppliers, or caused by an event of force majeure. The term force majeure as employed herein means acts of God; strikes, lockouts, or other industrial disturbances; acts of the public enemy; wars; blockages; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of the government, either federal or state, civil or military; civil disturbances; explosions; breakage or accident to machinery or lines of pipe; freezing of wells or lines of pipe; shortage of gas supply, whether resulting from inability or failure of a supplier to deliver gas; partial or entire failure of natural gas wells or gas supply; depletion of gas reserves; and any other causes; whether of the kind herein enumerated or otherwise.~~

~~18. TEMPORARY INTERRUPTION OF SERVICE~~

~~(a) — The Company shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Company shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Consumers are affected.~~

~~(b) — The Company shall make reasonable provisions to meet emergencies resulting from failure of service, and shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.~~

~~In the event of national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other Consumers to provide necessary~~

~~service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.~~

~~(1) — Record of interruption.~~

~~Except for momentary interruptions which do not cause a major disruption of service, the Company shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of such interruptions, date, time duration, location, approximate number of Consumers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.~~

~~(2) — Report to Commission.~~

~~The Commission shall be notified in writing within forty eight hours of interruptions in service affecting the entire system or any major division thereof lasting more than four hours. The notice shall also state the cause of such interruptions. If any service interruption is reported to the Commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this paragraph.~~

~~19. — WAIVER OF RULES~~

~~No agent or representative of the Company is authorized to add to, alter, waive, or otherwise change any of the foregoing rules except by agreement in writing signed by an officer in the Company.~~

~~20. — BILLING~~

~~(a) Bills for gas service shall be rendered monthly, unless otherwise authorized or unless service is rendered for a period less than a month. Bills shall be rendered as promptly as possible following the reading of meters.~~

~~(b) The Consumer's bill must show all the following information:~~

~~(1) — If the meter is read by the Company, the date and reading of the meter at the beginning and end of the period for which rendered;~~

~~(2) — The number and kind of units billed;~~

~~(3) — The applicable rate schedule, title or code;~~

~~(4) — The total base bill;~~

~~(5) — The total of any adjustments to the base bill and the amount of adjustments per billing unit;~~

~~(6) — The date by which the Consumer must pay the bill in order to avoid penalty;~~

~~(7) — The total amount due after addition of any penalty for nonpayment within a designated period; and~~

~~(8) — A distinct marking to identify an estimated bill. The information required above shall be arranged and displayed in such a manner as to allow the Consumer to compute his bill with the applicable rate schedule. The applicable rate schedule must be mailed to the Consumer on request of the Consumer. The Company may exhaust its stock of non-conforming bill forms existing on the effective date hereof before compliance is required with this section.~~

~~(c) Where there is a good reason for doing so, estimated bills may be submitted provided that an actual meter reading is taken at least every six months. For the second consecutive month in which the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read otherwise, the Company shall provide the Consumer with a postcard and request that the Consumer read the meter and return the card to the utility if the meter is of a type that can be read by the Consumer without significant inconvenience or special tools or equipment. If such a postcard is not received by the Company in time for billing, the Company may estimate the meter reading and render the bill accordingly.~~

~~(d) Disputed bills:~~

~~(1) — In the event of a dispute between the Consumer and the Company regarding the bill, the Company shall forthwith make such investigation as is required by the particular case and report the results thereof to the Consumer. If the Consumer wishes to obtain the benefit of subsection (2) hereunder, notification of the dispute must be given to the Company prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the Company shall inform the Consumer of the complaint procedures of the appropriate regulatory authority.~~

~~(2) — Notwithstanding any other provisions of these rules and regulations, the Consumer shall not be required to pay the disputed portion of the bill which exceeds the amount of that Consumer's average usage for the billing period at current rates until the earlier of the following:~~

~~(1) — resolution of the dispute; or~~

~~(2) — the expiration of the sixty day period beginning on the day the disputed bill is issued. For purposes of this section only, the Consumer's average usage for the billing period shall be the average of the Consumer's usage for the same billing period during the preceding two years. Where no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar Consumers and under similar conditions.~~

~~21. NEW CONSTRUCTION~~

~~(a) — Standards of construction. The Company shall construct, install, operate, and maintain its plant, structures, equipment and lines in accordance with the provisions of such codes and standards as are generally accepted by the industry, as modified by rule or regulation of the regulatory authority, or otherwise by law, and in such manner to best accommodate the public and to prevent interference with service furnished by other public utilities insofar as practical.~~

~~(b) — Response to request for residential and commercial service. The Company shall serve each qualified residential and commercial applicant for service within its service area as rapidly as practical. As a general policy, those applications not involving line extensions or new facilities should be filled within seven working days from the date all antecedent requirements are met.~~

~~Those applications for individual residential service requiring line extensions should be filled within ninety days unless unavailability of materials, insufficient pipeline capacity, or other causes beyond the control of the Company result in unavoidable delays. In the event that residential service is delayed in excess of ninety days after an applicant has met credit requirements and made satisfactory arrangements for payment of any required construction charges, a report must be made to the regulatory authority listing the name of the applicant, location, and cause for delay. Unless such delays are due to causes which are reasonably beyond the control of the Company, a delay in excess of ninety days may be found to constitute a refusal to serve.~~

~~22. CURTAILMENT POLICY~~

~~The Company adopts and shall adhere to the curtailment program set forth in Rule 2 of Texas Railroad Commission Gas Utilities Division Docket No. 489 as well as all other rules and regulations adopted from time to time by governmental agencies having authority over the operations of Company.~~

~~23. CONSUMER RELATIONS~~

~~(a) Information to Consumers:~~

~~The Company shall:~~

- ~~(1) — Maintain a current set of maps showing the physical location of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately describe the utility's facilities. These maps, or such other maps as may be required by the regulatory authority, shall be kept by the Company in a central location and will be available for inspection by the regulatory authority during normal working hours. Each business office or service center shall have available up-to-date maps, plans or records of its immediate area, with such other information as may be necessary to enable the utility to advise applicants and other entitled to the information as to the facilities available for serving that locality;~~
- ~~(2) — Assist the Consumer or applicant in selecting the most economical rate schedule;~~
- ~~(3) — In compliance with applicable law or regulations, notify Consumers affected by a change in rates or schedule or classification;~~
- ~~(4) — Post a notice in a conspicuous place in each business office of the utility where applications for service are received informing the public that copies of the current rate schedules and rules relating to the service of the Company, as filed with the Commission, are available for inspection;~~
- ~~(5) — Furnish such additional information on rates and services as the Consumer may reasonably request;~~
- ~~(6) — Upon request, inform its Consumers as to the method of reading meters; and~~
- ~~(7) — As required by law or the rules of the appropriate regulatory authority, provide its Consumers with Consumer service information. A sample of the Consumer Service Information~~

~~mail-out is attached hereto. At least once each calendar year, the Company shall notify its Consumers that Consumer service information is available on request and without charge.~~

~~(b) Consumer Complaints.~~

~~Upon complaint to the Company by residential or small commercial Consumers either at its office, by letter, or by telephone, the Company shall promptly make a suitable investigation and advise the complainant of the results thereof. The Company shall make its initial response to the Consumer no later than the end of the business day following the date of the complaint. The Company shall keep a record of all complaints which shall show the name and address of the complainant, the date and nature of the complaint, and the adjustment and disposition thereof for a period of two years subsequent to the final disposition of the complaint.~~

~~(c) Company Response.~~

~~Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a Consumer, the Company shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response shall be made not later than the next business day following receipt of the complaint. The Commission encourages all Consumer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of the Company.~~

~~(d) Deferred Payment Plan.~~

~~The Company may, but is not required to, offer a written deferred payment plan for delinquent residential accounts. If such a plan is offered, it shall conform to the following guidelines:~~

~~(1) — Every deferred payment plan entered into due to the Consumer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the Consumer pays current bills and a reasonable amount of the outstanding bill and agrees to pay the balance in reasonable installments until the bill is paid.~~

~~(2) — For purposes of determining reasonableness under these rules the following shall be considered: size of delinquent account; Consumer's ability to pay; Consumer's payment history; time that the debt has been outstanding; reasons why the debt has been outstanding; and other relevant factors concerning the circumstances of the Consumer.~~

~~(3) — A deferred payment plan offered by the Company shall state, immediately preceding the space provided for the Consumer's signature and in bold face print at least two sizes larger than any other used, that If you are not satisfied with this agreement, do not sign. If you are satisfied with this agreement, you give up your right to dispute the amount due under the agreement except for the utility's failure or refusal to comply with the terms of this agreement.~~

~~(4) — A deferred payment plan may include a one time five percent penalty for late payment on the original amount of the outstanding bill except in cases where the outstanding bill is unusually high as a result of the Company's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.~~

~~(5) — If a Consumer for utility service has not fulfilled terms of a deferred payment agreement or refuses to sign the same, the Company shall have the right to disconnect pursuant to disconnection rules herein and, under such circumstance, it shall not be required to offer a subsequent negotiation of a deferred payment plan prior to disconnection.~~

~~(6) — If the Company institutes a deferred payment plan it shall not refuse a Consumer participation in such a program on the basis of race, color, creed, sex or marital status.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~SERVICE CHARGES~~

235018	ms-1.1	Application for Service, Including special meter reading, account set up and credit inquiry. \$15.00
235019	ms-2.1	Restore Service After Termination for Non-Payment \$50.00
235020	ms-3.1	Restore Service After Cut Off by Customer or His Agent \$50.00
235021	ms-5.1	Change Meter for Special Test at Customer's Request \$45.00 NOTE: Change Meter for Special Test at Customer's Request(See Rules for special situations) If no such test has been performed within the previous four years for the same customer at the same location, the test is to be performed without charge. If such a test has been performed for the same customer at the same location within the previous four years, the utility is entitled to charge a fee for the test not to exceed \$15 or such other fee for the testing of meters as may be set forth in the utility's tariff properly on file with the regulatory authority. The customer must be properly informed of the result of any test on a meter that serves him.
235022	ms-7.1	Change meter size, delivery pressure, and/or location due to change in Customer service requirements, and/or inability of Company Personnel to access meter at all times due to actions taken by Customer: At Cost of Material and Labor to be approved by Customer in advance of work.
235023	ms-8.1	Repair Damaged Meters & Regulators: Damage to Top Cover and/or Index. \$25.00 Damage in excess of damage to cover and/or index \$50.00. NOTE: These charges may only be assessed to customer if the damage is caused by the customer.
235024	ms-9.1	Install, reroute or extend yard lines under normal conditions 1-1/4 or smaller (per foot) at cost. NOTE: This charge may only be assessed to customer if the damage is caused by customer.
235025	ms-10.1	Installation and extension of new mains and service lines under normal conditions: At cost
235026	ms-11.1	Tap Company Main (dry, no bores or obstacles) \$100.00

235027	ms12a.1	All other service work on customer's installations (No charge for leak check or bill inquiry): During Normal Hours (1 hour minimum) \$20.00 Each additional 1/2 hour (or part thereof) \$10.00
235028	ms-13a.1	All other service work on customer's installations (No charge for leak check or bill inquiry): After normal business hours (1 hour minimum) \$30.00 Each additional 1/2 hour (or part thereof) \$15.00
235029	ms-15.1	Collection Call or Missed Appointment \$25.00
235030	ms-16.1	Returned Check Charge \$25.00
235031	ms-17.1	Residential Customer deposit equal to 1/6th of estimated annual bill (if a billing history is not available).
235032	ms-18.1	Small Commercial Deposit equal to two times highest monthly bill or 1/6th of estimated annual bill (if a billing history is not available).
235033	ms-19.1	Non-Normal Line Extension Conditions—Additional charges for installation, rerouting, and extending mains, service and yard lines may be imposed in the following circumstances: road, sidewalk and under pavement bores (per foot) \$16.00. All bores requiring casing (per foot) \$22.00. Surveys required by governmental agencies at cost. Cost of easements at cost. Cost of over-sized pipe fittings and high-pressure equipment at cost. Third-party pipeline tap, meter, regulation and odorization costs at cost.
235034	ms-21.1	New Residential and Commercial Service: Includes installation of a 250 cfm meter at 4.5 oz. delivery pressure, up to 15 feet of 3/4 inch service line, regulator riser, fittings, and pressure test of Customers piping. All other capacity and delivery pressure requirements at cost including material and labor to be approved by Customer in advance of work. Note: all delivery pressure and capacities are subject to limitations of Company's facilities. \$50.00
235035	ms-22.1	Special meter reading at Customer's request \$25.00. NOTE: The charge will not be assessed if the volume billed on the customer's bill was estimated

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~ISD121608a-1~~

~~APPLICATION OF SCHEDULE—This schedule is applicable to all independent school district customers receiving gas service through a single meter in Montgomery, Walker and Houston Counties, Texas. Natural gas supplied is for the individual use of the customer at one point of delivery and shall not be resold or shared with others. Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations.~~

~~MONTHLY RATE—The price payable by each commercial customer for all consumption each month shall be \$2.28 per MCF (Commodity Rate), subject to the Gas Cost Adjustment set forth below.~~

~~MONTHLY CUSTOMER OR METER CHARGE: \$25.00 PAYMENT: All bills shall be delinquent unless payment is received within fifteen (15) days from the date of the bill.~~

~~COST OF GAS ADJUSTMENT: The customer's bill shall be adjusted upward (downward) based on the Company's Cost of Gas Adjustment Clause.~~

~~NET MONTHLY RATE: The Net Monthly Rate is the Monthly Rate plus the Monthly Customer or Meter Charge excluding the Cost of Gas Adjustment, discounted by Five Percent (5%). All bills shall be rendered on the Monthly Rate basis. The difference between the Monthly and Net Monthly Rates, representing a discount, shall be allowed for payment of bills received in the companies offices within ten (10) days from the date of the bill.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~COG-121608~~

~~A.——APPLICABILITY——~~

~~This Cost of Gas Clause shall apply to all general service rate schedules of Universal Natural Gas, Inc. (The Company) in the Montgomery, Walker and Houston Counties, Texas.~~

~~B.——DEFINITIONS——~~

~~1.——Cost of Gas——The rate per billing unit or the total calculation under this clause, consisting of the commodity cost, a reconciliation component, and other purchased gas expenses.~~

~~2.——Commodity Cost——The Cost of Purchased Gas multiplied by the Purchase Sales Ratio.~~

~~3.——Cost of Purchased Gas——The estimated cost for gas purchased by the Company from its supplier or the estimated weighted average cost for gas purchased by the Company from all sources where applicable. Such cost shall include not only the purchase cost of natural gas, but shall also include all reasonable fees for services such as gathering, treating, processing, transportation, capacity and/or supply reservation fees, and storage necessary for the movement of gas to the Company's city gate delivery points.~~

~~4.——Reconciliation Component——The amount to be returned to or recovered from customers each month from October through June as a result of the Reconciliation Audit.~~

~~5.——Reconciliation Audit——An annual review of the Company's books and records for each twelve month period ending with the production month of June to determine the amount of over or under collection occurring during such twelve month period. The audit shall determine: (a) the total amount paid for gas purchased by the Company per Section B(3) Cost of Purchased Gas to provide service to its general service customers during the period, (b) the revenues received from operation of the provisions of this cost of gas clause, (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause, (d) the total amount accrued during the period for imbalances under the transportation rate schedule(s) net of franchise fees and applicable taxes, and (e) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of five (5) percent of purchases.~~

~~6.——Purchase/Sales Ratio——A ratio determined by dividing the total volumes purchased for general service customers during the twelve (12) month period ending June 30 by the sum of the volumes sold to general service customers during the same period. For the purpose of this computation all volumes shall be stated at 14.65 psia. Such ratio as determined shall in no event exceed 5 percent lost and unaccounted for gas.~~

~~7.——Reconciliation Account——The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of the cost of gas clause.~~

~~Entries shall be made monthly to reflect, (a) the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records (per Section B(3), (b) the revenues produced by the operation of this Cost of Gas Clause, (c) refunds, payments, or charges provided for herein or as approved by the regulatory authority, (d) the total amount accrued during the period for imbalances under the transportation rate schedule(s) net of franchise fees and applicable taxes, (e) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of five (5) percent of purchases.~~

~~8. General Service Customers those customers served under general service rate schedules.~~

~~C. COST OF GAS In addition to the cost of service as provided under its general service rate schedules, the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each customer bill.~~

~~D. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section E PAYMENT FOR FUNDS, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather for the period beginning with the October billing cycle last preceeding through the June billing cycle. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied for a nine (9) month period beginning with the next following October billing cycle and continuing through the next following June billing cycle at which time it will terminate until a new Reconciliation Component is determined~~

~~E. PAYMENT FOR FUNDS If, on the average, the Company had overcollected during the period, it shall credit into the Reconciliation Account during September an amount equal to the average balance multiplied by a percentage representing interest. This percentage shall be the same interest rate percentage that is set annually by the Public Utility Commission for Deposit Interest. If on the average, the Company had undercollected during the period, it shall debit into the Reconciliation Account during September an amount equal to the average balance multiplied by a percentage representing interest. This percentage shall be the same interest rate percentage that is set annually by the Public Utility Commission for Deposit Interest.~~

~~F. SURCHARGE OR REFUND PROCEDURES In the event that the rates and charges of the Company's supplier are retroactively reduced and a refund of any previous payments is made to the Company, the Company shall make a similar refund to its general service customers. Similarly, the Company may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. Any surcharge or refund amount will be included in the Reconciliation Account. Refunds or charges shall be entered into the Reconciliation Account as they are collected from or returned to the customers. For the purpose of this Section F, the entry shall be made on the same basis used to determine the refund or charge component of the Cost of Gas and shall be subject to the calculation set forth in Section (E) Payment for Funds.~~

~~G. COST OF GAS STATEMENT The Company shall file a Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. (The Company shall file such initial statement as soon as is reasonably possible). The Cost of Gas Statement shall set forth (a) the~~

~~estimated Cost of Purchased Gas; (b) that cost multiplied by the Purchase/Sales Ratio; (c) the amount of the cost of gas caused by any surcharge or refund; (d) the Reconciliation Component; and (e) the Cost of Gas calculation. The statement shall include all data necessary for the Regulatory Authority to review and verify the calculation of the Cost of Gas. The date on which billing using the Cost of Gas is to begin (bills prepared) is to be specified in the statement.~~

~~H. — ANNUAL RECONCILIATION REPORT — The Company shall file an Annual Reconciliation Report with the Regulatory Authority which shall include but not necessarily be limited to: 1. A tabulation of volumes of gas purchased and costs incurred listed by account or type of gas, supplier and source by month for the twelve months ending June 30. 2. A tabulation of gas units sold to general service customers and related Cost of Gas Clause revenues. 3. A description of all other costs and refunds made during the year and their effect on the Cost of Gas Clause to date. 4. A description of the imbalance payments made to and received from the Company's transportation customers within the service area, including monthly imbalances incurred, the monthly imbalances resolved, and the amount of the cumulative imbalance. The description should reflect the system imbalance and imbalance amount for each supplier using the Company's distribution system during the reconciliation period. This report shall be filed concurrently with the Cost of Gas Statement for October.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~PSF2019UNI~~

~~The Company will pass on the one-time customer charge for the Pipeline Safety Inspection Fee in the amount of \$.99 for each service line reported to be in service at the end of calendar year 2019, pursuant to the Texas Utilities Code 121.211 of the Commission's Rules and Regulations. That fee is based on the \$1.00 per service line.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~489—CURTAILMENT PLAN~~

~~Docket No. 489 ORDER RELATING TO THE APPROVAL BY THE COMMISSION OF CURTAILMENT PROGRAMS FOR NATURAL GAS TRANSPORTED AND SOLD WITHIN THE STATE OF TEXAS~~

~~After due notice the Railroad Commission of Texas on the 30th day of November, 1972, heard testimony and requested written curtailment priorities from representatives of investor owned and municipal gas utilities companies, private industry consumers and others responsible for directing available natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~WHEREAS, pursuant to the authority granted to the Railroad Commission of Texas in Article 6050 to 6066, inclusive, R.C.S., as amended; and~~

~~WHEREAS, the Commission has determined the need for a curtailment program to assure effective control of the flow of natural gas to the proper destinations to avoid suffering and hardship of domestic consumers; and~~

~~WHEREAS, the Commission has determined a need to make natural gas available to all gas consumers on a reasonable but limited basis during times of needed curtailment to the end that the public will be best served; and~~

~~WHEREAS, the Commission has determined that the transportation delivery and/or sale of natural gas in the State of Texas for any purpose other than human need consumption will be curtailed to whatever extent and for whatever periods the Commission may find necessary for the primary benefit of human needs customers (domestic and commercial consumption) and such small industries as cannot practically be curtailed without curtailing human needs.~~

~~IT IS THEREFORE, ORDERED BY THE RAILROAD COMMISSION OF TEXAS that the following rules relating to the approval by the Commission of curtailment programs for gas transported and sold within the State of Texas shall apply to all parties responsible for directing available and future natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~RULE 1.~~

~~Every natural gas utility, as that term is defined in Article 6050, R.C.S. of Texas, as amended, intrastate operations only, shall file with the Railroad Commission on or before Feb. 12, 1973, its curtailment program. The Commission may approve the program without a hearing; set the matter for a public hearing on its own motion or on the motion of any affected customer of said utility.~~

~~The curtailment program to be filed shall include, in verified form, the following information:~~

~~A. Volume of gas reserves attached to its system together with a brief description of each separate source of gas reserves setting forth the following:~~

- ~~1. the name of the supplier;~~
- ~~2. the term of each contract in years, and the years remaining on said contract;~~
- ~~3. the volume of recoverable reserve contracted for, and~~

~~4. rated deliverability of such reserves in MCF.~~

~~B. Capacity and location of underground storage, if any, attached to its system with a statement of whether the company's storage balance is above or below its desired level for this time, and, if below, what plans has the company made to restore the balance.~~

~~C. Peak day and average daily deliverability on an annual basis of its wells, gas plants and underground storage attached to its system.~~

~~D. Peak day capacity of its system.~~

~~E. Forecast of additions to reserves for each of the next two succeeding years.~~

~~F. Location and size of the line pipes, compressor stations, operating maximum line pressures, and a map showing delivery points along the system.~~

~~G. Disposition of all gas entering its system, with names of all customers other than residential customers and volumes delivered to each during the past calendar year. Identify those customers using 3,000 MCF gas per day, or more, which are under a service contract, and if such contract includes an "Interruptible Service" clause, and if so, attach a reproduced copy of the relevant provisions of such contract.~~

~~H. Steps taken in past years, being taken at the present, and to be taken to alleviate curtailments.~~

~~RULE 2.~~

~~Until such time as the Commission has specifically approved a utilities curtailment program, the following priorities in descending order shall be observed:~~

~~A. Deliveries for residences, hospitals, schools, churches and other human needs customers.~~

~~B. Deliveries of gas to small industrials and regular commercial loads (defined as those customers using less than 3,000 MCF per day) and delivery of gas for use as pilot lights or in accessory or auxiliary equipment essential to avoid serious damage to industrial plants.~~

~~C. Large users of gas for fuel or as a raw material where an alternate cannot be used and operation and plant production would be curtailed or shut down completely when gas is curtailed.~~

~~D. Large users of gas for boiler fuel or other fuel users where alternate fuels can be used. This category is not to be determined by whether or not a user has actually installed alternate fuel facilities, but whether or not an alternate fuel "could" be used.~~

~~E. Interruptible sales made subject to interruption or curtailment at Seller's sole discretion under contracts or tariffs which provide in effect for the sale of such gas as Seller may be agreeable to selling and Buyer may be agreeable to buying from time to time.~~

~~RULE 3.~~

~~Each gas utility that has obtained Commission approval of a curtailment program shall conduct operations in compliance with such program.~~

~~So long as any gas utility which has obtained Commission approval of a curtailment program continues to curtail deliveries to its customers, except as provided by contract or those customers included in Part E of Rule 2 above, it (a) shall file on or before April 1 of each year, under oath, the information called for in Rule 1, for the preceeding year, and (b) shall not, without Commission approval, make sales of gas to any new customers or increase volumes sold to existing customers, except those new or existing customers defined in Parts A & B of Rule 2 above.~~

~~IT IS FURTHER ORDERED that this cause be held open for such other and further orders as may be deemed necessary.~~

~~ENTERED AT AUSTIN, TEXAS, this 5th day of January, 1973.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
RATE SHEET
LINE EXTENSION POLICY

POLICY ID	DESCRIPTION
1023	Gas Main Extensions: Company shall extend its gas mains to provide new or additional service and shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. Gas main extensions shall be made at Company's expense only where the probable expected use of all facilities necessary for such service and paid for by Company will provide a reasonable and compensatory return to Company on the value of such facilities. Otherwise, gas main extensions shall be made only under the following conditions: (1) Individual Residential and Commercial Consumers — upon payment of the fee for gas main extension set out in the Schedule of Miscellaneous Service Charges or upon execution of a Gas Main Extension Contract between Company and Consumer; (2) Developers of Residential or Business Subdivisions — upon execution of Company's Gas Main Extension Contract or Predevelopment Gas Main Extension Contract, or under special circumstances where, in Company's opinion, such forms are not appropriate, upon execution of a special agreement providing for reimbursement to Company for cost of the necessary gas main extension; (3) Large Volume Consumers — upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.
1024	Big Tree Estates Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$400.00 and a refund of \$25.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1025	Cumberland Estates Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$400.00 and a refund of \$25.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.

1026	Estates of Clear Creek Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$540.00 and a refund of \$3.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1027	Indigo Lake Estates Sections 1 and 5 Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$450.00 and a refund of \$4.50 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1028	Indigo Lake Estates Sections 2 and 3 Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$390.00 and a refund of \$3.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1029	Indigo Lake Estates Section 4 Subdivision Wide Gas Main Extension Policy. Refundable noninterest bearing deposit of \$410.00 and a refund of \$5.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1030	Indigo Lake Estates Section 6 Subdivision Wide Gas Main Extension Policy. Refundable noninterest bearing deposit of \$430.00 and a refund of \$5.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1031	Lake Creek Forest Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$330.00 and a refund of \$11.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at

	the end of the 5-year period shall be refunded over the following 3 years without interest.
1032	Lake Winderest Estates Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$360.00 and a refund of \$3.60 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1033	Millers Crossing Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$380.00 and a refund of \$5.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1034	Montgomery Trace Sections 1, 2, and 3 Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$440.00 and a refund of \$4.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1035	Red Oak Ranch Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$540.00 and a refund of \$6.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1036	Westwood Sections 1 and 2 Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$380.00 and a refund of \$2.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1037	Westwood Sections 3 and 4 Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$300.00 and a refund of \$2.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of

	the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1038	Winderest Estates Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$420.00 and a refund of \$7.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1039	Woodland Oaks Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$300.00 and a refund of \$2.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1040	Crown Oaks Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$440.00 and a refund of \$2.75 per additional customer in the subdivision using gas for general heating purposes for 7 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1041	Montgomery Trace Section 4 Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$440.00 and a refund of \$4.40 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1042	Ranches at Pinchurst, Ranchos Los Encinos, and Hardin Store Road and Dobbin-Huffsmith Road Subdivisions Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$450.00 and a refund of \$9.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.

1043

~~Ridgewood Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$550.00 and a refund of \$25.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~QUALITY OF SERVICE~~

~~PART 1 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~

~~1. — DEFINITIONS~~

~~(a) — Consumer, Consumer and Applicant are used interchangeably and mean a person or organization utilizing services or who wants to utilize services of Universal Natural Gas, Inc.~~

~~(b) — Company means Universal Natural Gas, Inc., its successors and assigns.~~

~~(c) — Cubic Foot of Gas: Unless otherwise expressly provided by rate schedule or written contract (or agreement), the amount of gas necessary to fill a cubic foot of space when the gas is at a gauge pressure of four (4) ounces above atmospheric pressure of 14.65 psia at 60 Fahrenheit.~~

~~(d) — Service Line: The pipe and attached fittings which convey gas from Company's mains to the property line of Consumer's premises.~~

~~(e) — Yard Line: The pipe and attached fittings which convey gas from the Consumer's property line to and including the stopcock on the riser for the Consumer's meter.~~

~~(f) — Consumer's Housepiping: All pipe and attached fittings which convey gas from the outlet side of the meter to the Consumer's connection for gas appliances.~~

~~(g) — Point of Delivery: The point where the gas is measured for delivery into Consumer's piping.~~

~~2. — APPLICATION OF RULES~~

~~(a) — Unless otherwise expressly stated, these rules apply to all Consumers regardless of classification, except insofar as they are changed by or are in conflict with any statute of the State of Texas, valid municipal ordinance, valid final order of any court or of the Railroad Commission of Texas, or written contract executed by Company, in which case such statute, ordinance, order or contract shall control to the extent that it is applicable to the consumer(s) in question. Whenever possible, these rules shall be construed harmoniously with such laws, contracts, ordinances, and orders.~~

~~(b) — The use of gas service shall constitute an agreement by the Consumer to utilize such service in accordance with the applicable rules of the Company as set forth herein.~~

~~(c) — These rules, and all subsequently enacted rules, may be abrogated, modified, or added to in whole or in part, by the company and such rules as abrogated, modified, or added to, shall become effective when filed with the appropriate regulatory authority.~~

~~3. — CLASSIFICATION FOR RATE AND CONTRACT PURPOSES For purposes of determining rates, Consumers shall be classified as either Residential, Commercial or Large Volume Consumers as defined in Company's applicable rate schedules. Service by Company to Consumers classified herein as Residential and Commercial is available without a written contract between Consumer and Company at the standard rates and charges applicable to such Consumers from time to time. Company shall have no obligation to deliver more than 5,000 cubic feet of gas in any day to~~

~~any Consumer not having a written gas sales contract with Company. A contract may be required from Large Volume Consumers using less than 5,000 cubic feet per day, provided this requirement shall be uniformly applied to all such Consumers within each municipal rate jurisdiction. In the case of existing Consumers, the maximum gas usage during any one day shall be obtained from records of the Company, except in cases where the existing Consumer will be purchasing increased volumes of gas from Company because of expansions or for any other reason, in which event the Company may estimate usage by such Consumer. Also in the case of new Consumers, the Company may estimate usage by the Consumer. Any such estimates made by Company shall be binding on Consumer in determining rate classification and whether or not a contract is required. Company's obligation to provide service to any Large Volume Consumer is contingent upon Company's determination that there will be an adequate supply of gas to serve such Large Volume Consumer, and that existing facilities are of adequate capacity and suitable pressure.~~

~~4. — LIMITATION OF USE All gas delivered through Company's meters is for use only at the point of delivery and shall not be redelivered or resold to others without Company's written consent.~~

~~5. — SERVICE CONNECTIONS~~

~~(a) — Tap Charge: Unless otherwise prohibited by applicable ordinance or rule, Company may impose a reasonable charge for the connection of a new Consumer to its distribution mains. The service areas where a tap charge is to be collected and the amount and conditions under which such charge will be imposed are set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(b) — Service Line: Company shall install and maintain all service lines and, to the extent permitted by applicable ordinance or rule, shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. A service line may be used to supply a single building or single group of buildings which may or may not be located on a single lot, such as a group of factory buildings, hospital buildings, or institutional buildings, all under one ownership or control. However, gas service supplied to Consumer for use at separate lots physically divided by other private or public property (including streets, alleys and other public ways) must be separately metered and billed. More than one service line to supply a Consumer's premises may be constructed by agreement between Company and Consumer.~~

~~(c) — Yard Line: Company shall install yard lines if so requested by Consumer. To the extent permitted by applicable ordinance or rule, Company shall be entitled to make a reasonable charge~~

~~for such installation as set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(d) — Housepiping: Consumer shall be responsible for installing and maintaining Consumer's housepiping. Company may refuse service to any consumer whose housepiping is inadequate or unsafe, but Company shall have no responsibility for inspecting or testing Consumer's housepiping, determining whether or not Consumer has complied with applicable safety codes, or in any way establishing or enforcing housepiping specifications. Information relating to piping may be obtained at the Company's local offices.~~

~~(e) — Gas Main Extensions: Company shall extend its gas mains to provide new or additional service and shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. Gas main extensions shall be made at Company's expense only where the probable expected use of all facilities necessary for such service and paid for by Company will provide a reasonable and compensatory return to Company on the value of such facilities. Otherwise, gas main extensions shall be made only under the following conditions:~~

~~(1) Individual Residential and Commercial Consumers — upon payment of the fee for gas main extension set out in the Schedule of Miscellaneous Service Charges or upon execution of a Gas Main Extension Contract between Company and Consumer.~~

~~(2) — Developers of Residential or Business Subdivisions — upon execution of Company's Gas Main Extension Contract or Predevelopment Gas Main Extension Contract, or under special circumstances where, in Company's opinion, such forms are not appropriate, upon execution of a special agreement providing for reimbursement to Company for cost of the necessary gas main extension.~~

~~(3) — Large Volume Consumers — upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.~~

~~6. — ADDITIONAL CHARGES RELATING TO GAS SERVICE~~

~~Charges for services other than delivering natural gas may be made in accordance with the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~7. — APPLICATION FOR SERVICE~~

~~Where no written contract for service is necessary, any application by telephone, in person, or in writing may be made to request initiation of service. Upon request, Consumer shall provide information necessary for purposes of rate classification, billing, and determining whether a deposit will be required.~~

~~8. — REFUSAL TO INSTITUTE SERVICE AND TERMINATION OF SERVICE.~~

~~(a) Refusal of Service.~~

~~(1) Compliance by Applicant. The Company may decline to serve an applicant for whom service is available from previously installed facilities until such applicant has complied with the state and municipal rules, regulations or laws, and with approved rules and regulations of the Company on file with the appropriate regulatory authority governing the service applied for, or for the following reasons:~~

~~(A) — the applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given;~~

~~(B) — the applicant is indebted to any utility company for the same kind of service as that applied for; provided, however, that in the event the indebtedness of the applicant for service is in dispute, the applicant shall be served upon complying with the applicable deposit requirement;~~

~~(C) — the applicant refuses to make a deposit if applicant is required to make a deposit under these rules;~~

~~(D) — where an unsafe condition exists at any point on Consumer's premises;~~

~~(E) — for use of gas in violation of Company's rules;~~

~~(F) — in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~(G) — when Company's property on the Consumer's premises is tampered with, damaged or destroyed.~~

~~(2) Applicant's Recourse. In the event that the Company shall refuse to serve an applicant under the provisions of these rules, the Company shall inform the applicant of the basis of its refusal and that the applicant may file a complaint with the appropriate regulatory authority thereon.~~

~~(3) Insufficient Grounds for Refusal to Serve. The following shall not constitute sufficient cause for refusal of service to a present residential or commercial Consumer or applicant:~~

~~(A) — delinquency in payment for service by a previous occupant of the premises to be served;~~

~~(B) — failure to pay for merchandise or charges for non utility service purchased from the Company;~~

~~(C) — failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;~~

~~(D) — violation of the Company's rules pertaining to the operation of nonstandard equipment of unauthorized attachments, which interfere with the service of others, unless the Consumer has first been notified and been afforded reasonable opportunity to comply with these rules;~~

~~(E) — failure to pay a bill of another Consumer as guarantor thereof, unless the guarantee was made in writing to the Company as a condition precedent to service; and~~

~~(F) — failure to pay the bill of another Consumer at the same address except where the change of Consumer identity is made to avoid or evade payment of a utility bill.~~

~~(b) Discontinuance of Service.~~

~~(1) — Bills are due and payable when rendered; the bill shall be past due not less than 15 days after issuance or such other period of time as may be provided by order of the appropriate regulatory authority. A bill for utility service is delinquent if unpaid by the due date.~~

~~(2) — The Company may offer an inducement for prompt payment of bills by allowing a discount in the amount of 5% for payment within 10 days of their issuance. In the event of any inconsistency between these Rules and Regulations and the applicable rate tariff, the rate tariff shall control.~~

~~(3) — A Consumer's utility service may not be terminated unless the Company has made a reasonable effort to offer the Consumer the option of paying a delinquent bill in installments. — A Consumer's utility service may be disconnected if the bill has not been paid or a suitable written arrangement for payment in installments entered into within 5 working days after the bill has become delinquent and if proper notice has been given. Proper notice shall consist of a mailing or hand delivery thereof at least five working days prior to a stated date of disconnection. Said notice shall be provided in English (and Spanish, if the Company has any Spanish speaking Consumers) and shall include:~~

~~a) — the words Disconnect Notice or similar language prominently displayed;~~

~~b) — the reason service is to be terminated;~~

~~c) — what Consumer must do to prevent termination;~~

~~d) — in the case of a past due bill, the amount past due and the hours, address, and telephone number where payment may be made; and~~

~~e) a statement that if a health or other emergency exists, the Company may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency.~~

~~f) Utility service may be disconnected for any of the following reasons.~~

~~g) failure to pay a delinquent account or failure to comply with the terms of a written agreement for installment payment of a delinquent account;~~

~~h) violation of the Company's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the Consumer and the Consumer is provided with a reasonable opportunity to remedy the situation;~~

~~i) failure to comply with deposit or guarantee arrangements where required by these rules and regulations;~~

~~j) without notice where a known dangerous condition exists for as long as the condition exists;~~

~~k) tampering with the Company's meter or equipment or bypassing the same;~~

~~l) for use of gas in violation of Company's rules;~~

~~m) in the event Consumer's premises are vacated;~~

~~n) in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~o) when Company's property on the Consumer's premises is tampered with, damaged or destroyed;~~

~~p) for use of gas in violation of any law, ordinance or regulation;~~

~~q) for fraudulent misrepresentation in relation to the consumption of gas or any other fraud practiced by Consumer, with regard to the matters referred to in these rules or Consumer's contract.~~

~~(5) Utility service may not be disconnected for any of the following reasons:~~

~~r) delinquency in payment for service by a previous occupant of the premises;~~

~~s) failure to pay for merchandise or charges for non-utility service by the Company;~~

~~t) failure to pay for a different type or class of utility service unless the fee for such service is included on the same bill;~~

~~u) failure to pay the account of another Consumer as guarantor thereof, unless the Company has in writing the guarantee as condition precedent to service;~~

~~v) failure to pay charges arising from any underbilling occurring due to any misapplication of rates more than six months prior to the current billing;~~

~~w) failure to pay charges arising from any underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due; and~~

~~x) failure to pay an estimated bill other than a bill rendered pursuant to any approved meter reading plan, unless the Company is unable to read the meter due to circumstances beyond its control.~~

~~(6) — Unless a dangerous condition exists, or unless the Consumer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel of the Company are not available to the public for the purpose of making collections and reconnecting service.~~

~~(7) — The Company shall not abandon a Consumer without written approval from the regulatory authority.~~

~~(8) — The Company shall not discontinue service to a delinquent residential Consumer permanently residing in an individually metered dwelling unit when that Consumer establishes~~

~~that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if service is discontinued. Any Consumer seeking to avoid termination of service under this provision must make a written request to the Company supported by a written statement from a licensed physician. Both the request and the statement must be received by the Company within five working days of the issuance of the utility bill. The prohibition against service termination as provided herein shall last twenty (20) days from the date of receipt by the Company of the request and statement or such lesser period as may be agreed upon by the Company and the Consumer. The Consumer who makes such request shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.~~

~~(9) — The Railroad Commission of Texas (RRC) regulates all natural gas utilities in Texas. The RRC has adopted Emergency Rule 7. 60 (valid through April 30, 2001) to insure that gas consumers are not disconnected due to failure to pay their gas bills when the temperature is so cold that it could affect the customer's health. Rule 7. 60 can be summarized as follows: a) Except where there is a known dangerous condition or a use of natural gas in a manner that is dangerous or unreasonably interferes with service to others, a provider (UniGas) shall not disconnect natural gas service to: b) Any customer on a day when the previous day's temperature in the county where the customer takes service fell below 40 degrees F. and the National Weather Service predicts that the temperature in that county will fall below that level during the next 24 hours; or c) A delinquent residential customer for a billing period in which the provider receives a pledge, letter of intent, purchase order, or other notification from an energy assistance provider that it is forwarding sufficient payment to continue service; or d) A delinquent residential customer on a day, or on a day immediately preceding a day, when personnel of the provider are not available for the purpose of receiving payment or making collections and reconnecting service.~~

~~(0) — Residential customers of UniGas may avoid disconnection of gas service (where Rule 7. 60 does not apply) for failure to pay a delinquent gas bill in the following ways:~~

~~a) — The customer can execute a deferred payment agreement. Under that agreement, the residential customer has the option to pay her delinquent bill in not more than three (3) equal installments without interest, provided that it is the customer's first delinquent bill in the preceding twelve (12) months. Under the Plan, current bills must be paid before they become delinquent.~~

~~b) — The customer can give notice to the provider (UniGas) that disconnection of gas service would cause a person at the customer's residence to become seriously ill or more seriously ill, provided that the customer executes a deferred payment agreement (see previous paragraph) and provides a written request not to disconnect service supported by a written statement from a licensed medical doctor. This will have the effect of suspending disconnection of gas service for twenty (20) days (assuming Rule 7. 60 is not otherwise applicable).~~

~~9. — LOCATION OF METERS~~

~~Wherever practical and if requested by the Consumer, all new meter installations shall be installed near the building in which Consumer's gas appliances are located. All meters shall be accessible at all times for inspection, reading, and change out for testing. Whenever the Company shall permanently discontinue the delivery of gas to any of Consumer's premises, it shall have the right~~

~~at any reasonable time thereafter to enter upon the premises and remove its meter and related equipment.~~

~~10. METER TESTS AND BILL ADJUSTMENTS WITH RESPECT TO METER ACCURACY~~

~~(a) Meter Requirement.~~

~~(1) — Use of meter. All gas sold by the Company shall be charged for my meter measurements, except where otherwise provided for by applicable law, regulation of the regulatory authority or tariff.~~

~~(2) — Installation by Company. Unless otherwise authorized by the regulatory authority, the Company shall provide and install and will continue to own and maintain all meters necessary for measurement of gas delivered to its Consumers.~~

~~(3) — Standard type. The Company shall not furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.~~

~~(b) Meter records.~~

~~The Company shall keep the following records:~~

~~(1) — Meter equipment records.~~

~~The Company shall keep a record of all its meters, showing the Consumer's address and date of the last test.~~

~~(2) — Records of meter tests.~~

~~All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a Consumer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, and date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.~~

~~(c) Meter readings.~~

~~(1) Meter unit location.~~

~~In general, each meter must indicate clearly the units of service for which charge is made to the Consumer.~~

~~(d) Test for Accuracy.~~

~~(1) — The Company shall, upon request of a Consumer make a test of the accuracy of the meter serving that Consumer. The Company shall inform the Consumer of the time and place of the test,~~

~~and permit the Consumer or his authorized representative to be present if the Consumer so desires. If no such test has been performed within the previous four years for the same Consumer at the same location, the test shall be performed without charge. If such a test has been performed for the same Consumer at the same location within the previous four years, the Company may charge a fee for the test as set forth in the Company's tariff properly on file with the regulatory authority. The Consumer must be properly informed of the result of any test on a meter that serves him.~~

~~(2) — Notwithstanding Paragraph (1), above, if the meter is found to be more than nominally defective, to either Consumer's or the Company's disadvantage, any fee charged for a meter test must be refunded to the Consumer. More than nominally defective means a deviation of more than 2% from accurate registration.~~

~~(3) — If any meter test requested by a Consumer reveals a meter to be more than nominally defective, the Company shall correct previous readings consistent with the inaccuracy found in the meter for the period of either (i) the last six months, or (ii) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to be made. This requirement for a correction may be waived by the Company if the error is to the Company's disadvantage.~~

~~(4) — If a meter is found not to register for any period of time, the Company may make a charge for units used but not metered, for a period not to exceed three months previous to the time the meter is found not be registering. The determination of amounts used but not metered is to be based on consumption during other like periods by the same Consumer at the same location when available, and on consumption under similar conditions at the same location or of other similarly situated Consumers when not available.~~

~~(e) Meter Exchange.~~

~~(1) The Company follows the practice of testing and repairing its meters on periodic schedules in accordance with good operating practice. the periodic meter test interval is based on the results of accuracy tests of its meters randomly sampled of varying ages. The period of presumed accuracy is the period during which not less than 70% of the randomly sampled meters exhibit accuracy in the range of 2% fast to 2% slow.~~

~~QSGRR2 — PART 2 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~

~~11. DEPOSITS FROM CONSUMERS TO GUARANTEE PAYMENTS OF BILLS~~

~~(a) Establishment of Credit for Residential Applicants.~~

~~(1) The Company may require a residential applicant for service to satisfactorily establish credit but such establishment of credit shall not relieve the Consumer from complying with rules for prompt payment of bills. Subject to these rules, a residential applicant shall not be required to make a deposit;~~

~~(A) — if the residential applicant has been a Consumer of any utility for the same kind of service within the last two years and is not delinquent in payment of any such utility service account and~~

~~during the last twelve consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment; or~~

~~(B) — if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required; —~~

~~(C) if the residential applicant demonstrates a satisfactory credit rating by appropriate means, including but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the utility, or ownership of substantial equity.~~

~~(b) Re-establishment of credit.~~

~~Every applicant who has previously been a Consumer of the Company and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay all amounts due the Company or execute a written deferred payment agreement, if offered, and reestablish credit as provided herein.~~

~~(c) Amount of deposit and interest for residential service and exemption from deposit.~~

~~(1) — The required residential deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings (rounded up to the nearest \$5.00). If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the Company may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements. Estimated Annual Billings as such term is used in this Section shall be either (i) the 12-month billing history at the service address involved (if a billing history is available for the service address), or (ii) the average annual residential bill in the Division serving the Consumer (if a billing history is not available at the service address); provided, that such average annual residential bill determined pursuant to clause ii hereof, shall be determined periodically but no less frequently than annually.~~

~~(2) — All applicants for residential service who are sixty-five years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the Company or another utility for the same utility service which accrued within the last two years. No cash deposit shall be required of such applicant under these conditions.~~

~~(3) — The Company shall pay a minimum interest on such deposits according to the rate as established by law; provided, if refund of deposit is made within thirty days of receipt of deposit, no interest payment shall be made. If the Company retains the deposit more than thirty days, payment of interest shall be made retroactive to the date of deposit.~~

~~(A) — payment of interest to the Consumer shall be annually or at the time the deposit is returned or credited to the Consumer's account.~~

~~(B) — the deposit shall cease to draw interest on the date it is returned or credited to the Consumer's account.~~

~~(d) — For commercial and large volume Consumers, Company may require a deposit where the applicant is unable to establish good credit by standards generally accepted as evidence of credit worthiness. The amount of any deposit, where required, shall be in an amount sufficient to protect Company but shall not exceed the amount of the estimated highest two (2) months' billing. Interest shall be paid at the legal rate on all deposits. Deposits shall be refunded after three (3) years of prompt payment, with refund including any interest to be made in cash or by credit to the Consumer's bill. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to initial service without a deposit and otherwise has a record of prompt payment.~~

~~(e) — Deposits for temporary or seasonal service and for weekend or seasonal residences. The Company may require a deposit sufficient to reasonably protect it against the assumed risk, provided, such a policy is applied in a uniform and nondiscriminatory manner.~~

~~(f) — Records of deposits.~~

~~(1) The Company shall keep records to show:~~

~~(A) — the name and address of each depositor;~~

~~(B) — the amount and date of the deposit; and~~

~~(C) — each transaction concerning the deposit.~~

~~(2) The Company shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.~~

~~(3) A record of each unclaimed deposit shall be maintained for at least four years, during which time the Company shall make a reasonable effort to return the deposit.~~

~~(g) Refund of deposit.~~

~~(1) — If service is not connected or after disconnection of service, the Company shall promptly and automatically refund the Consumer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The transfer of service from one premises to another within the service area of the Company shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless permitted by these rules.~~

~~(2) — When the residential Consumer has paid bills for service for twelve consecutive residential bills without having service disconnected for nonpayment of bills and without having more than two occasions in which a bill was delinquent and when the Consumer is not delinquent in the payment of the current bills, the Company shall promptly and automatically refund the deposit plus accrued interest to the Consumer in the form of cash or credit to a Consumer's account. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to install service without a deposit and otherwise has a record of prompt payment.~~

~~(h) Upon sale or transfer of Company.~~

~~Upon the sale or transfer of the Company or operating units thereof, the Company shall file with the Commission under oath, in addition to other information, a list showing the names and addresses of all Consumers served by the Company or unit who have to their credit a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon.~~

~~(i) Complaint by applicant or Consumer.~~

~~The Company shall direct its personnel engaged in initial contact with an applicant or Consumer for service seeking to establish or re-establish credit under the provisions of these rules to inform the Consumer, if dissatisfaction is expressed with the Company decision, of the Consumer's right to file a complaint with the regulatory authority thereon.~~

~~12. — DISCONTINUANCE BY CONSUMER~~

~~A Consumer who wishes to discontinue the use of gas (provided he otherwise has the right to do so) must give notice of his intent to do so to Company at its nearest office. Consumer shall be obligated to pay for all service which is rendered by the Company (including applicable minimum charges therefor) prior to time Company receives such notice.~~

~~13. — RECORDS OF GAS SUPPLIED~~

~~Company shall keep accurate records of the amount of gas registered by its meters, and such records shall be accepted at all times and in all places as prima facie evidence of the true amount of gas consumed.~~

~~14. — ESCAPING GAS~~

~~Immediate notice must be given to Company by Consumer of any escaping gas on Consumer's premises. No flame shall be taken near the point where gas is escaping and as an added precaution, the gas should immediately be shut off at the meter by Consumer. Company shall not be liable for any damage or loss caused by the escape of gas from Consumer's housepiping or Consumer's appliances.~~

~~15. — DAMAGE AND REPAIR TO AND TAMPERING WITH COMPANY'S FACILITIES~~

~~Consumer shall immediately notify Company in the event of damage to Company's property on Consumer's premises. Consumer shall not permit anyone other than authorized employee of Company to adjust, repair, connect, or disconnect, or in any way tamper with the meter, lines or any other equipment of Company used in serving Consumer's premises.~~

~~16. ACCESS TO PREMISES~~

~~The Company's representatives shall have the right at all reasonable hours to enter upon the premises and property of Consumer to read the meter; and to remove, to inspect, or to make necessary repairs and adjustment to, or replacements of, service lines, meter loop, and any property of the Company located thereon, and for any other purpose connected with Company's operation.~~

~~The Company's representatives shall have the right at all times to enter upon the premises and property of Consumer in emergencies pertaining to Company's service. All dogs and other animals which might hinder the performance of such operations on the Consumer's property shall be kept away from such operations by the Consumer upon notice by the Company representatives of their intention to enter upon the Consumer's premises.~~

~~17. NON-LIABILITY~~

~~(a) — The Company shall not be liable for any loss or damage caused by variation in gas pressure, defects in pipes, connection and appliances, escape or leakage of gas, sticking of valves or regulators, or for any other loss or damage not caused by the Company's negligence arising out of or incident to the furnishing of gas to any Consumer.~~

~~(b) — Company shall not be liable for any damage or injury resulting from gas or its use after such gas leaves the point of delivery other than damage caused by the fault of the Company in the manner of installation of the service lines, in the manner in which such service lines are repaired by the Company, and in the negligence of the Company in maintaining its meter loop. All other risks after the gas left the point of delivery shall be assumed by the Consumer, his agents, servants, employees, or other persons.~~

~~(c) — The Company agrees to use reasonable diligence in rendering continuous gas service to all Consumers, but the Company does not guarantee such service and shall not be liable for damages resulting from any interruption to such service.~~

~~(d) — Company shall not be liable for any damage or loss caused by stoppage or curtailment of the gas supply pursuant to order of a governmental agency having jurisdiction over Company or Company's suppliers, or caused by an event of force majeure. The term force majeure as employed herein means acts of God; strikes, lockouts, or other industrial disturbances; acts of the public enemy; wars; blockages; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of the government, either federal or state, civil or military; civil disturbances; explosions; breakage or accident to machinery or lines of pipe; freezing of wells or lines of pipe; shortage of gas supply, whether resulting from inability or failure of a supplier to deliver gas; partial or entire failure of natural gas wells or gas supply; depletion of gas reserves; and any other causes; whether of the kind herein enumerated or otherwise.~~

~~18. TEMPORARY INTERRUPTION OF SERVICE~~

~~(a) — The Company shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Company shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Consumers are affected.~~

~~(b) — The Company shall make reasonable provisions to meet emergencies resulting from failure of service, and shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.~~

~~In the event of national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other Consumers to provide necessary~~

~~service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.~~

~~(1) — Record of interruption.~~

~~Except for momentary interruptions which do not cause a major disruption of service, the Company shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of such interruptions, date, time duration, location, approximate number of Consumers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.~~

~~(2) — Report to Commission.~~

~~The Commission shall be notified in writing within forty eight hours of interruptions in service affecting the entire system or any major division thereof lasting more than four hours. The notice shall also state the cause of such interruptions. If any service interruption is reported to the Commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this paragraph.~~

~~19. — WAIVER OF RULES~~

~~No agent or representative of the Company is authorized to add to, alter, waive, or otherwise change any of the foregoing rules except by agreement in writing signed by an officer in the Company.~~

~~20. — BILLING~~

~~(a) Bills for gas service shall be rendered monthly, unless otherwise authorized or unless service is rendered for a period less than a month. Bills shall be rendered as promptly as possible following the reading of meters.~~

~~(b) The Consumer's bill must show all the following information:~~

~~(1) — If the meter is read by the Company, the date and reading of the meter at the beginning and end of the period for which rendered;~~

~~(2) — The number and kind of units billed;~~

~~(3) — The applicable rate schedule, title or code;~~

~~(4) — The total base bill;~~

~~(5) — The total of any adjustments to the base bill and the amount of adjustments per billing unit;~~

~~(6) — The date by which the Consumer must pay the bill in order to avoid penalty;~~

~~(7) — The total amount due after addition of any penalty for nonpayment within a designated period; and~~

~~(8) — A distinct marking to identify an estimated bill. The information required above shall be arranged and displayed in such a manner as to allow the Consumer to compute his bill with the applicable rate schedule. The applicable rate schedule must be mailed to the Consumer on request of the Consumer. The Company may exhaust its stock of non-conforming bill forms existing on the effective date hereof before compliance is required with this section.~~

~~(c) Where there is a good reason for doing so, estimated bills may be submitted provided that an actual meter reading is taken at least every six months. For the second consecutive month in which the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read otherwise, the Company shall provide the Consumer with a postcard and request that the Consumer read the meter and return the card to the utility if the meter is of a type that can be read by the Consumer without significant inconvenience or special tools or equipment. If such a postcard is not received by the Company in time for billing, the Company may estimate the meter reading and render the bill accordingly.~~

~~(d) Disputed bills.~~

~~(1) — In the event of a dispute between the Consumer and the Company regarding the bill, the Company shall forthwith make such investigation as is required by the particular case and report the results thereof to the Consumer. If the Consumer wishes to obtain the benefit of subsection (2) hereunder, notification of the dispute must be given to the Company prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the Company shall inform the Consumer of the complaint procedures of the appropriate regulatory authority.~~

~~(2) — Notwithstanding any other provisions of these rules and regulations, the Consumer shall not be required to pay the disputed portion of the bill which exceeds the amount of that Consumer's average usage for the billing period at current rates until the earlier of the following:~~

~~(1) — resolution of the dispute; or~~

~~(2) — the expiration of the sixty day period beginning on the day the disputed bill is issued. For purposes of this section only, the Consumer's average usage for the billing period shall be the average of the Consumer's usage for the same billing period during the preceding two years. Where no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar Consumers and under similar conditions.~~

~~21. NEW CONSTRUCTION~~

~~(a) — Standards of construction. The Company shall construct, install, operate, and maintain its plant, structures, equipment and lines in accordance with the provisions of such codes and standards as are generally accepted by the industry, as modified by rule or regulation of the regulatory authority, or otherwise by law, and in such manner to best accommodate the public and to prevent interference with service furnished by other public utilities insofar as practical.~~

~~(b) — Response to request for residential and commercial service. The Company shall serve each qualified residential and commercial applicant for service within its service area as rapidly as practical. As a general policy, those applications not involving line extensions or new facilities should be filled within seven working days from the date all antecedent requirements are met.~~

~~Those applications for individual residential service requiring line extensions should be filled within ninety days unless unavailability of materials, insufficient pipeline capacity, or other causes beyond the control of the Company result in unavoidable delays. In the event that residential service is delayed in excess of ninety days after an applicant has met credit requirements and made satisfactory arrangements for payment of any required construction charges, a report must be made to the regulatory authority listing the name of the applicant, location, and cause for delay. Unless such delays are due to causes which are reasonably beyond the control of the Company, a delay in excess of ninety days may be found to constitute a refusal to serve.~~

~~22. CURTAILMENT POLICY~~

~~The Company adopts and shall adhere to the curtailment program set forth in Rule 2 of Texas Railroad Commission Gas Utilities Division Docket No. 489 as well as all other rules and regulations adopted from time to time by governmental agencies having authority over the operations of Company.~~

~~23. CONSUMER RELATIONS~~

~~(a) Information to Consumers:~~

~~The Company shall:~~

- ~~(1) — Maintain a current set of maps showing the physical location of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately describe the utility's facilities. These maps, or such other maps as may be required by the regulatory authority, shall be kept by the Company in a central location and will be available for inspection by the regulatory authority during normal working hours. Each business office or service center shall have available up-to-date maps, plans or records of its immediate area, with such other information as may be necessary to enable the utility to advise applicants and other entitled to the information as to the facilities available for serving that locality;~~
- ~~(2) — Assist the Consumer or applicant in selecting the most economical rate schedule;~~
- ~~(3) — In compliance with applicable law or regulations, notify Consumers affected by a change in rates or schedule or classification;~~
- ~~(4) — Post a notice in a conspicuous place in each business office of the utility where applications for service are received informing the public that copies of the current rate schedules and rules relating to the service of the Company, as filed with the Commission, are available for inspection;~~
- ~~(5) — Furnish such additional information on rates and services as the Consumer may reasonably request;~~
- ~~(6) — Upon request, inform its Consumers as to the method of reading meters; and~~
- ~~(7) — As required by law or the rules of the appropriate regulatory authority, provide its Consumers with Consumer service information. A sample of the Consumer Service Information~~

~~mail-out is attached hereto. At least once each calendar year, the Company shall notify its Consumers that Consumer service information is available on request and without charge.~~

~~(b) Consumer Complaints.~~

~~Upon complaint to the Company by residential or small commercial Consumers either at its office, by letter, or by telephone, the Company shall promptly make a suitable investigation and advise the complainant of the results thereof. The Company shall make its initial response to the Consumer no later than the end of the business day following the date of the complaint. The Company shall keep a record of all complaints which shall show the name and address of the complainant, the date and nature of the complaint, and the adjustment and disposition thereof for a period of two years subsequent to the final disposition of the complaint.~~

~~(c) Company Response.~~

~~Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a Consumer, the Company shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response shall be made not later than the next business day following receipt of the complaint. The Commission encourages all Consumer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of the Company.~~

~~(d) Deferred Payment Plan.~~

~~The Company may, but is not required to, offer a written deferred payment plan for delinquent residential accounts. If such a plan is offered, it shall conform to the following guidelines:~~

~~(1) — Every deferred payment plan entered into due to the Consumer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the Consumer pays current bills and a reasonable amount of the outstanding bill and agrees to pay the balance in reasonable installments until the bill is paid.~~

~~(2) — For purposes of determining reasonableness under these rules the following shall be considered: size of delinquent account; Consumer's ability to pay; Consumer's payment history; time that the debt has been outstanding; reasons why the debt has been outstanding; and other relevant factors concerning the circumstances of the Consumer.~~

~~(3) — A deferred payment plan offered by the Company shall state, immediately preceding the space provided for the Consumer's signature and in bold face print at least two sizes larger than any other used, that If you are not satisfied with this agreement, do not sign. If you are satisfied with this agreement, you give up your right to dispute the amount due under the agreement except for the utility's failure or refusal to comply with the terms of this agreement.~~

~~(4) — A deferred payment plan may include a one time five percent penalty for late payment on the original amount of the outstanding bill except in cases where the outstanding bill is unusually high as a result of the Company's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.~~

~~(5) — If a Consumer for utility service has not fulfilled terms of a deferred payment agreement or refuses to sign the same, the Company shall have the right to disconnect pursuant to disconnection rules herein and, under such circumstance, it shall not be required to offer a subsequent negotiation of a deferred payment plan prior to disconnection.~~

~~(6) — If the Company institutes a deferred payment plan it shall not refuse a Consumer participation in such a program on the basis of race, color, creed, sex or marital status.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
RATE SHEET
SERVICE CHARGES

292636	ms-1	New Residential and Commercial Service: Includes installation of the meter, regulator and associated parts with the appropriate delivery capacity and pressure, and a pressure test of Customer's piping, as follows: a) Up to 250 CF/H Meter with up to 4 1/2 oz. Delivery Pressure \$350.00 b) Over 250 to 450 CF/H Meter at 5 PSIG Delivery Pressure \$575.00 c) Over 450 to 1,100 CF/H Meter at 5 PSIG Delivery Pressure \$1,150.00 d) Over 1,100 to 3,000 CF/H Meter at 5 PSIG Delivery Pressure \$2,250.00 e) Over 3,000 to 7,500 CF/H Meter at 5 PSIG Delivery Pressure \$3,950.00 f) All Other Capacity and Delivery Pressure Applications At Cost Note: All delivery pressures and capacities are subject to pressure and capacity limitations of Company facilities.
292637	ms-2	Tap Company Main (dry, no bores or obstacles) \$80.00
292638	ms-3	First 15 feet of service line (3/4 inch pipe, dry, no bores or obstacles) \$175.00
292639	ms-5	Restore Service: a) Unlock or turn on meter to restore service (includes Customer Piping pressure test) \$80.00
292640	ms-7	Change meter for special test at Customer's request (Minimum) \$75.00 Note: See Company Quality of Service Rules for payment responsibility
292641	ms-8	Returned check charge \$35.00
292642	ms-9	Application for Gas Service, including account set up and credit inquiry \$50.00
292643	ms-10	Special meter reading at Customer's request \$25.00
292644	ms-11	Transfer Service at an existing service address, including special meter reading and processing Application for Gas Service (Paid by Transferee) \$50.00
292645	ms-12	Additional Customer piping pressure test due to failure to pass previous test (per Trip) \$50.00
292646	ms-13	Light Customer's appliance pilot lights at customer's request (excludes relighting due to gas outage):

		a) First appliance \$50.00 b) Each additional appliance \$25.00
292647	ms-15	Change meter size, delivery pressure, and/or location due to change in Customer service requirements, and/or inability of Company Personnel to access meter At all times due to actions taken by Customer (Minimum) \$300.00
292648	ms-16	Installation of service lines over 15 feet in length, gas mains, and yard lines At Cost* *Must be approved by Customer in advance of work.

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~Commercial121608-1~~

~~APPLICATION OF SCHEDULE—~~

~~This schedule is applicable to all commercial customers receiving gas service through a single meter in Montgomery, Walker and Houston Counties, Texas. Natural gas supplied is for the individual use of the customer at one point of delivery and shall not be resold or shared with others. Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations.~~

~~MONTHLY RATE—The price payable by each commercial customer for all consumption each month shall be \$2.42 per MCF (Commodity Rate), subject to the Gas Cost Adjustment set forth below.~~

~~MONTHLY CUSTOMER OR METER CHARGE: \$25.00~~

~~PAYMENT: All bills shall be delinquent unless payment is received within fifteen (15) days from the date of the bill.~~

~~COST OF GAS ADJUSTMENT: The customer's bill shall be adjusted upward (downward) based on the Company's Cost of Gas Adjustment Clause.~~

~~NET MONTHLY RATE: The Net Monthly Rate is the Monthly Rate plus the Monthly Customer or Meter Charge excluding the Cost of Gas Adjustment, discounted by Five Percent (5%). All bills shall be rendered on the Monthly Rate basis. The difference between the Monthly and Net Monthly Rates, representing a discount, shall be allowed for payment of bills received in the companies offices within ten (10) days from the date of the bill.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~COG-121608~~

~~A.——APPLICABILITY——~~

~~This Cost of Gas Clause shall apply to all general service rate schedules of Universal Natural Gas, Inc. (The Company) in the Montgomery, Walker and Houston Counties, Texas.~~

~~B.——DEFINITIONS——~~

~~1.——Cost of Gas——The rate per billing unit or the total calculation under this clause, consisting of the commodity cost, a reconciliation component, and other purchased gas expenses.~~

~~2.——Commodity Cost——The Cost of Purchased Gas multiplied by the Purchase Sales Ratio.~~

~~3.——Cost of Purchased Gas——The estimated cost for gas purchased by the Company from its supplier or the estimated weighted average cost for gas purchased by the Company from all sources where applicable. Such cost shall include not only the purchase cost of natural gas, but shall also include all reasonable fees for services such as gathering, treating, processing, transportation, capacity and/or supply reservation fees, and storage necessary for the movement of gas to the Company's city gate delivery points.~~

~~4.——Reconciliation Component——The amount to be returned to or recovered from customers each month from October through June as a result of the Reconciliation Audit.~~

~~5.——Reconciliation Audit——An annual review of the Company's books and records for each twelve month period ending with the production month of June to determine the amount of over or under collection occurring during such twelve month period. The audit shall determine: (a) the total amount paid for gas purchased by the Company per Section B(3) Cost of Purchased Gas to provide service to its general service customers during the period, (b) the revenues received from operation of the provisions of this cost of gas clause, (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause, (d) the total amount accrued during the period for imbalances under the transportation rate schedule(s) net of franchise fees and applicable taxes, and (e) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of five (5) percent of purchases.~~

~~6.——Purchase/Sales Ratio——A ratio determined by dividing the total volumes purchased for general service customers during the twelve (12) month period ending June 30 by the sum of the volumes sold to general service customers during the same period. For the purpose of this computation all volumes shall be stated at 14.65 psia. Such ratio as determined shall in no event exceed 5 percent lost and unaccounted for gas.~~

~~7.——Reconciliation Account——The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of the cost of gas clause.~~

~~Entries shall be made monthly to reflect, (a) the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records (per Section B(3), (b) the revenues produced by the operation of this Cost of Gas Clause, (c) refunds, payments, or charges provided for herein or as approved by the regulatory authority, (d) the total amount accrued during the period for imbalances under the transportation rate schedule(s) net of franchise fees and applicable taxes, (e) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of five (5) percent of purchases.~~

~~8. General Service Customers those customers served under general service rate schedules.~~

~~C. COST OF GAS In addition to the cost of service as provided under its general service rate schedules, the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each customer bill.~~

~~D. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section E PAYMENT FOR FUNDS, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather for the period beginning with the October billing cycle last preceeding through the June billing cycle. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied for a nine (9) month period beginning with the next following October billing cycle and continuing through the next following June billing cycle at which time it will terminate until a new Reconciliation Component is determined~~

~~E. PAYMENT FOR FUNDS If, on the average, the Company had overcollected during the period, it shall credit into the Reconciliation Account during September an amount equal to the average balance multiplied by a percentage representing interest. This percentage shall be the same interest rate percentage that is set annually by the Public Utility Commission for Deposit Interest. If on the average, the Company had undercollected during the period, it shall debit into the Reconciliation Account during September an amount equal to the average balance multiplied by a percentage representing interest. This percentage shall be the same interest rate percentage that is set annually by the Public Utility Commission for Deposit Interest.~~

~~F. SURCHARGE OR REFUND PROCEDURES In the event that the rates and charges of the Company's supplier are retroactively reduced and a refund of any previous payments is made to the Company, the Company shall make a similar refund to its general service customers. Similarly, the Company may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. Any surcharge or refund amount will be included in the Reconciliation Account. Refunds or charges shall be entered into the Reconciliation Account as they are collected from or returned to the customers. For the purpose of this Section F, the entry shall be made on the same basis used to determine the refund or charge component of the Cost of Gas and shall be subject to the calculation set forth in Section (E) Payment for Funds.~~

~~G. COST OF GAS STATEMENT The Company shall file a Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. (The Company shall file such initial statement as soon as is reasonably possible). The Cost of Gas Statement shall set forth (a) the~~

~~estimated Cost of Purchased Gas; (b) that cost multiplied by the Purchase/Sales Ratio; (c) the amount of the cost of gas caused by any surcharge or refund; (d) the Reconciliation Component; and (e) the Cost of Gas calculation. The statement shall include all data necessary for the Regulatory Authority to review and verify the calculation of the Cost of Gas. The date on which billing using the Cost of Gas is to begin (bills prepared) is to be specified in the statement.~~

~~H. — ANNUAL RECONCILIATION REPORT — The Company shall file an Annual Reconciliation Report with the Regulatory Authority which shall include but not necessarily be limited to: 1. A tabulation of volumes of gas purchased and costs incurred listed by account or type of gas, supplier and source by month for the twelve months ending June 30. 2. A tabulation of gas units sold to general service customers and related Cost of Gas Clause revenues. 3. A description of all other costs and refunds made during the year and their effect on the Cost of Gas Clause to date. 4. A description of the imbalance payments made to and received from the Company's transportation customers within the service area, including monthly imbalances incurred, the monthly imbalances resolved, and the amount of the cumulative imbalance. The description should reflect the system imbalance and imbalance amount for each supplier using the Company's distribution system during the reconciliation period. This report shall be filed concurrently with the Cost of Gas Statement for October.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~PSF2019UNI~~

~~The Company will pass on the one-time customer charge for the Pipeline Safety Inspection Fee in the amount of \$.99 for each service line reported to be in service at the end of calendar year 2019, pursuant to the Texas Utilities Code 121.211 of the Commission's Rules and Regulations. That fee is based on the \$1.00 per service line.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~489—CURTAILMENT PLAN~~

~~Docket No. 489 ORDER RELATING TO THE APPROVAL BY THE COMMISSION OF CURTAILMENT PROGRAMS FOR NATURAL GAS TRANSPORTED AND SOLD WITHIN THE STATE OF TEXAS~~

~~After due notice the Railroad Commission of Texas on the 30th day of November, 1972, heard testimony and requested written curtailment priorities from representatives of investor owned and municipal gas utilities companies, private industry consumers and others responsible for directing available natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~WHEREAS, pursuant to the authority granted to the Railroad Commission of Texas in Article 6050 to 6066, inclusive, R.C.S., as amended; and~~

~~WHEREAS, the Commission has determined the need for a curtailment program to assure effective control of the flow of natural gas to the proper destinations to avoid suffering and hardship of domestic consumers; and~~

~~WHEREAS, the Commission has determined a need to make natural gas available to all gas consumers on a reasonable but limited basis during times of needed curtailment to the end that the public will be best served; and~~

~~WHEREAS, the Commission has determined that the transportation delivery and/or sale of natural gas in the State of Texas for any purpose other than human need consumption will be curtailed to whatever extent and for whatever periods the Commission may find necessary for the primary benefit of human needs customers (domestic and commercial consumption) and such small industries as cannot practically be curtailed without curtailing human needs.~~

~~IT IS THEREFORE, ORDERED BY THE RAILROAD COMMISSION OF TEXAS that the following rules relating to the approval by the Commission of curtailment programs for gas transported and sold within the State of Texas shall apply to all parties responsible for directing available and future natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~RULE 1.~~

~~Every natural gas utility, as that term is defined in Article 6050, R.C.S. of Texas, as amended, intrastate operations only, shall file with the Railroad Commission on or before Feb. 12, 1973, its curtailment program. The Commission may approve the program without a hearing; set the matter for a public hearing on its own motion or on the motion of any affected customer of said utility.~~

~~The curtailment program to be filed shall include, in verified form, the following information:~~

~~A. Volume of gas reserves attached to its system together with a brief description of each separate source of gas reserves setting forth the following:~~

- ~~1. the name of the supplier;~~
- ~~2. the term of each contract in years, and the years remaining on said contract;~~
- ~~3. the volume of recoverable reserve contracted for, and~~

~~4. rated deliverability of such reserves in MCF.~~

~~B. Capacity and location of underground storage, if any, attached to its system with a statement of whether the company's storage balance is above or below its desired level for this time, and, if below, what plans has the company made to restore the balance.~~

~~C. Peak day and average daily deliverability on an annual basis of its wells, gas plants and underground storage attached to its system.~~

~~D. Peak day capacity of its system.~~

~~E. Forecast of additions to reserves for each of the next two succeeding years.~~

~~F. Location and size of the line pipes, compressor stations, operating maximum line pressures, and a map showing delivery points along the system.~~

~~G. Disposition of all gas entering its system, with names of all customers other than residential customers and volumes delivered to each during the past calendar year. Identify those customers using 3,000 MCF gas per day, or more, which are under a service contract, and if such contract includes an "Interruptible Service" clause, and if so, attach a reproduced copy of the relevant provisions of such contract.~~

~~H. Steps taken in past years, being taken at the present, and to be taken to alleviate curtailments.~~

~~RULE 2.~~

~~Until such time as the Commission has specifically approved a utilities curtailment program, the following priorities in descending order shall be observed:~~

~~A. Deliveries for residences, hospitals, schools, churches and other human needs customers.~~

~~B. Deliveries of gas to small industrials and regular commercial loads (defined as those customers using less than 3,000 MCF per day) and delivery of gas for use as pilot lights or in accessory or auxiliary equipment essential to avoid serious damage to industrial plants.~~

~~C. Large users of gas for fuel or as a raw material where an alternate cannot be used and operation and plant production would be curtailed or shut down completely when gas is curtailed.~~

~~D. Large users of gas for boiler fuel or other fuel users where alternate fuels can be used. This category is not to be determined by whether or not a user has actually installed alternate fuel facilities, but whether or not an alternate fuel "could" be used.~~

~~E. Interruptible sales made subject to interruption or curtailment at Seller's sole discretion under contracts or tariffs which provide in effect for the sale of such gas as Seller may be agreeable to selling and Buyer may be agreeable to buying from time to time.~~

~~RULE 3.~~

~~Each gas utility that has obtained Commission approval of a curtailment program shall conduct operations in compliance with such program.~~

~~So long as any gas utility which has obtained Commission approval of a curtailment program continues to curtail deliveries to its customers, except as provided by contract or those customers included in Part E of Rule 2 above, it (a) shall file on or before April 1 of each year, under oath, the information called for in Rule 1, for the preceeding year, and (b) shall not, without Commission approval, make sales of gas to any new customers or increase volumes sold to existing customers, except those new or existing customers defined in Parts A & B of Rule 2 above.~~

~~IT IS FURTHER ORDERED that this cause be held open for such other and further orders as may be deemed necessary.~~

~~ENTERED AT AUSTIN, TEXAS, this 5th day of January, 1973.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
RATE SHEET
LINE EXTENSION POLICY

POLICY ID	DESCRIPTION
1023	Gas Main Extensions: Company shall extend its gas mains to provide new or additional service and shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. Gas main extensions shall be made at Company's expense only where the probable expected use of all facilities necessary for such service and paid for by Company will provide a reasonable and compensatory return to Company on the value of such facilities. Otherwise, gas main extensions shall be made only under the following conditions: (1) Individual Residential and Commercial Consumers — upon payment of the fee for gas main extension set out in the Schedule of Miscellaneous Service Charges or upon execution of a Gas Main Extension Contract between Company and Consumer; (2) Developers of Residential or Business Subdivisions — upon execution of Company's Gas Main Extension Contract or Predevelopment Gas Main Extension Contract, or under special circumstances where, in Company's opinion, such forms are not appropriate, upon execution of a special agreement providing for reimbursement to Company for cost of the necessary gas main extension; (3) Large Volume Consumers — upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.
1024	Big Tree Estates Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$400.00 and a refund of \$25.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1025	Cumberland Estates Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$400.00 and a refund of \$25.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.

1026	Estates of Clear Creek Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$540.00 and a refund of \$3.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1027	Indigo Lake Estates Sections 1 and 5 Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$450.00 and a refund of \$4.50 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1028	Indigo Lake Estates Sections 2 and 3 Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$390.00 and a refund of \$3.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1029	Indigo Lake Estates Section 4 Subdivision Wide Gas Main Extension Policy. Refundable noninterest bearing deposit of \$410.00 and a refund of \$5.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1030	Indigo Lake Estates Section 6 Subdivision Wide Gas Main Extension Policy. Refundable noninterest bearing deposit of \$430.00 and a refund of \$5.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1031	Lake Creek Forest Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$330.00 and a refund of \$11.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at

	the end of the 5-year period shall be refunded over the following 3 years without interest.
1032	Lake Windcrest Estates Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$360.00 and a refund of \$3.60 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1033	Millers Crossing Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$380.00 and a refund of \$5.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1034	Montgomery Trace Sections 1, 2, and 3 Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$440.00 and a refund of \$4.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1035	Red Oak Ranch Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$540.00 and a refund of \$6.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1036	Westwood Sections 1 and 2 Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$380.00 and a refund of \$2.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1037	Westwood Sections 3 and 4 Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$300.00 and a refund of \$2.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of

	the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1038	Winderest Estates Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$420.00 and a refund of \$7.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1039	Woodland Oaks Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$300.00 and a refund of \$2.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1040	Crown Oaks Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$440.00 and a refund of \$2.75 per additional customer in the subdivision using gas for general heating purposes for 7 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1041	Montgomery Trace Section 4 Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$440.00 and a refund of \$4.40 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1042	Ranches at Pinchurst, Ranchos Los Encinos, and Hardin Store Road and Dobbin-Huffsmith Road Subdivisions Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$450.00 and a refund of \$9.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.

1043

~~Ridgewood Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$550.00 and a refund of \$25.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~QUALITY OF SERVICE~~

~~PART 1 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~

~~1. — DEFINITIONS~~

~~(a) — Consumer, Consumer and Applicant are used interchangeably and mean a person or organization utilizing services or who wants to utilize services of Universal Natural Gas, Inc.~~

~~(b) — Company means Universal Natural Gas, Inc., its successors and assigns.~~

~~(c) — Cubic Foot of Gas: Unless otherwise expressly provided by rate schedule or written contract (or agreement), the amount of gas necessary to fill a cubic foot of space when the gas is at a gauge pressure of four (4) ounces above atmospheric pressure of 14.65 psia at 60 Fahrenheit.~~

~~(d) — Service Line: The pipe and attached fittings which convey gas from Company's mains to the property line of Consumer's premises.~~

~~(e) — Yard Line: The pipe and attached fittings which convey gas from the Consumer's property line to and including the stopcock on the riser for the Consumer's meter.~~

~~(f) — Consumer's Housepiping: All pipe and attached fittings which convey gas from the outlet side of the meter to the Consumer's connection for gas appliances.~~

~~(g) — Point of Delivery: The point where the gas is measured for delivery into Consumer's piping.~~

~~2. — APPLICATION OF RULES~~

~~(a) — Unless otherwise expressly stated, these rules apply to all Consumers regardless of classification, except insofar as they are changed by or are in conflict with any statute of the State of Texas, valid municipal ordinance, valid final order of any court or of the Railroad Commission of Texas, or written contract executed by Company, in which case such statute, ordinance, order or contract shall control to the extent that it is applicable to the consumer(s) in question. Whenever possible, these rules shall be construed harmoniously with such laws, contracts, ordinances, and orders.~~

~~(b) — The use of gas service shall constitute an agreement by the Consumer to utilize such service in accordance with the applicable rules of the Company as set forth herein.~~

~~(c) — These rules, and all subsequently enacted rules, may be abrogated, modified, or added to in whole or in part, by the company and such rules as abrogated, modified, or added to, shall become effective when filed with the appropriate regulatory authority.~~

~~3. — CLASSIFICATION FOR RATE AND CONTRACT PURPOSES For purposes of determining rates, Consumers shall be classified as either Residential, Commercial or Large Volume Consumers as defined in Company's applicable rate schedules. Service by Company to Consumers classified herein as Residential and Commercial is available without a written contract between Consumer and Company at the standard rates and charges applicable to such Consumers from time to time. Company shall have no obligation to deliver more than 5,000 cubic feet of gas in any day to~~

~~any Consumer not having a written gas sales contract with Company. A contract may be required from Large Volume Consumers using less than 5,000 cubic feet per day, provided this requirement shall be uniformly applied to all such Consumers within each municipal rate jurisdiction. In the case of existing Consumers, the maximum gas usage during any one day shall be obtained from records of the Company, except in cases where the existing Consumer will be purchasing increased volumes of gas from Company because of expansions or for any other reason, in which event the Company may estimate usage by such Consumer. Also in the case of new Consumers, the Company may estimate usage by the Consumer. Any such estimates made by Company shall be binding on Consumer in determining rate classification and whether or not a contract is required. Company's obligation to provide service to any Large Volume Consumer is contingent upon Company's determination that there will be an adequate supply of gas to serve such Large Volume Consumer, and that existing facilities are of adequate capacity and suitable pressure.~~

~~4. — LIMITATION OF USE All gas delivered through Company's meters is for use only at the point of delivery and shall not be redelivered or resold to others without Company's written consent.~~

~~5. — SERVICE CONNECTIONS~~

~~(a) — Tap Charge: Unless otherwise prohibited by applicable ordinance or rule, Company may impose a reasonable charge for the connection of a new Consumer to its distribution mains. The service areas where a tap charge is to be collected and the amount and conditions under which such charge will be imposed are set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(b) — Service Line: Company shall install and maintain all service lines and, to the extent permitted by applicable ordinance or rule, shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. A service line may be used to supply a single building or single group of buildings which may or may not be located on a single lot, such as a group of factory buildings, hospital buildings, or institutional buildings, all under one ownership or control. However, gas service supplied to Consumer for use at separate lots physically divided by other private or public property (including streets, alleys and other public ways) must be separately metered and billed. More than one service line to supply a Consumer's premises may be constructed by agreement between Company and Consumer.~~

~~(c) — Yard Line: Company shall install yard lines if so requested by Consumer. To the extent permitted by applicable ordinance or rule, Company shall be entitled to make a reasonable charge~~

~~for such installation as set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(d) — Housepiping: Consumer shall be responsible for installing and maintaining Consumer's housepiping. Company may refuse service to any consumer whose housepiping is inadequate or unsafe, but Company shall have no responsibility for inspecting or testing Consumer's housepiping, determining whether or not Consumer has complied with applicable safety codes, or in any way establishing or enforcing housepiping specifications. Information relating to piping may be obtained at the Company's local offices.~~

~~(e) — Gas Main Extensions: Company shall extend its gas mains to provide new or additional service and shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. Gas main extensions shall be made at Company's expense only where the probable expected use of all facilities necessary for such service and paid for by Company will provide a reasonable and compensatory return to Company on the value of such facilities. Otherwise, gas main extensions shall be made only under the following conditions:~~

~~(1) Individual Residential and Commercial Consumers — upon payment of the fee for gas main extension set out in the Schedule of Miscellaneous Service Charges or upon execution of a Gas Main Extension Contract between Company and Consumer.~~

~~(2) — Developers of Residential or Business Subdivisions — upon execution of Company's Gas Main Extension Contract or Predevelopment Gas Main Extension Contract, or under special circumstances where, in Company's opinion, such forms are not appropriate, upon execution of a special agreement providing for reimbursement to Company for cost of the necessary gas main extension.~~

~~(3) — Large Volume Consumers — upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.~~

~~6. — ADDITIONAL CHARGES RELATING TO GAS SERVICE~~

~~Charges for services other than delivering natural gas may be made in accordance with the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~7. — APPLICATION FOR SERVICE~~

~~Where no written contract for service is necessary, any application by telephone, in person, or in writing may be made to request initiation of service. Upon request, Consumer shall provide information necessary for purposes of rate classification, billing, and determining whether a deposit will be required.~~

~~8. — REFUSAL TO INSTITUTE SERVICE AND TERMINATION OF SERVICE.~~

~~(a) Refusal of Service.~~

~~(1) Compliance by Applicant. The Company may decline to serve an applicant for whom service is available from previously installed facilities until such applicant has complied with the state and municipal rules, regulations or laws, and with approved rules and regulations of the Company on file with the appropriate regulatory authority governing the service applied for, or for the following reasons:~~

~~(A) — the applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given;~~

~~(B) — the applicant is indebted to any utility company for the same kind of service as that applied for; provided, however, that in the event the indebtedness of the applicant for service is in dispute, the applicant shall be served upon complying with the applicable deposit requirement;~~

~~(C) — the applicant refuses to make a deposit if applicant is required to make a deposit under these rules;~~

~~(D) — where an unsafe condition exists at any point on Consumer's premises;~~

~~(E) — for use of gas in violation of Company's rules;~~

~~(F) — in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~(G) — when Company's property on the Consumer's premises is tampered with, damaged or destroyed.~~

~~(2) Applicant's Recourse. In the event that the Company shall refuse to serve an applicant under the provisions of these rules, the Company shall inform the applicant of the basis of its refusal and that the applicant may file a complaint with the appropriate regulatory authority thereon.~~

~~(3) Insufficient Grounds for Refusal to Serve. The following shall not constitute sufficient cause for refusal of service to a present residential or commercial Consumer or applicant:~~

~~(A) — delinquency in payment for service by a previous occupant of the premises to be served;~~

~~(B) — failure to pay for merchandise or charges for non utility service purchased from the Company;~~

~~(C) — failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;~~

~~(D) — violation of the Company's rules pertaining to the operation of nonstandard equipment of unauthorized attachments, which interfere with the service of others, unless the Consumer has first been notified and been afforded reasonable opportunity to comply with these rules;~~

~~(E) — failure to pay a bill of another Consumer as guarantor thereof, unless the guarantee was made in writing to the Company as a condition precedent to service; and~~

~~(F) — failure to pay the bill of another Consumer at the same address except where the change of Consumer identity is made to avoid or evade payment of a utility bill.~~

~~(b) Discontinuance of Service.~~

~~(1) — Bills are due and payable when rendered; the bill shall be past due not less than 15 days after issuance or such other period of time as may be provided by order of the appropriate regulatory authority. A bill for utility service is delinquent if unpaid by the due date.~~

~~(2) — The Company may offer an inducement for prompt payment of bills by allowing a discount in the amount of 5% for payment within 10 days of their issuance. In the event of any inconsistency between these Rules and Regulations and the applicable rate tariff, the rate tariff shall control.~~

~~(3) — A Consumer's utility service may not be terminated unless the Company has made a reasonable effort to offer the Consumer the option of paying a delinquent bill in installments. — A Consumer's utility service may be disconnected if the bill has not been paid or a suitable written arrangement for payment in installments entered into within 5 working days after the bill has become delinquent and if proper notice has been given. Proper notice shall consist of a mailing or hand delivery thereof at least five working days prior to a stated date of disconnection. Said notice shall be provided in English (and Spanish, if the Company has any Spanish speaking Consumers) and shall include:~~

~~a) — the words Disconnect Notice or similar language prominently displayed;~~

~~b) — the reason service is to be terminated;~~

~~c) — what Consumer must do to prevent termination;~~

~~d) — in the case of a past due bill, the amount past due and the hours, address, and telephone number where payment may be made; and~~

~~e) a statement that if a health or other emergency exists, the Company may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency.~~

~~f) Utility service may be disconnected for any of the following reasons.~~

~~g) failure to pay a delinquent account or failure to comply with the terms of a written agreement for installment payment of a delinquent account;~~

~~h) violation of the Company's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the Consumer and the Consumer is provided with a reasonable opportunity to remedy the situation;~~

~~i) failure to comply with deposit or guarantee arrangements where required by these rules and regulations;~~

~~j) without notice where a known dangerous condition exists for as long as the condition exists;~~

~~k) tampering with the Company's meter or equipment or bypassing the same;~~

~~l) for use of gas in violation of Company's rules;~~

~~m) in the event Consumer's premises are vacated;~~

~~n) in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~o) when Company's property on the Consumer's premises is tampered with, damaged or destroyed;~~

~~p) for use of gas in violation of any law, ordinance or regulation;~~

~~q) for fraudulent misrepresentation in relation to the consumption of gas or any other fraud practiced by Consumer, with regard to the matters referred to in these rules or Consumer's contract.~~

~~(5) Utility service may not be disconnected for any of the following reasons:~~

~~r) delinquency in payment for service by a previous occupant of the premises;~~

~~s) failure to pay for merchandise or charges for non-utility service by the Company;~~

~~t) failure to pay for a different type or class of utility service unless the fee for such service is included on the same bill;~~

~~u) failure to pay the account of another Consumer as guarantor thereof, unless the Company has in writing the guarantee as condition precedent to service;~~

~~v) failure to pay charges arising from any underbilling occurring due to any misapplication of rates more than six months prior to the current billing;~~

~~w) failure to pay charges arising from any underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due; and~~

~~x) failure to pay an estimated bill other than a bill rendered pursuant to any approved meter reading plan, unless the Company is unable to read the meter due to circumstances beyond its control.~~

~~(6) — Unless a dangerous condition exists, or unless the Consumer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel of the Company are not available to the public for the purpose of making collections and reconnecting service.~~

~~(7) — The Company shall not abandon a Consumer without written approval from the regulatory authority.~~

~~(8) — The Company shall not discontinue service to a delinquent residential Consumer permanently residing in an individually metered dwelling unit when that Consumer establishes~~

~~that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if service is discontinued. Any Consumer seeking to avoid termination of service under this provision must make a written request to the Company supported by a written statement from a licensed physician. Both the request and the statement must be received by the Company within five working days of the issuance of the utility bill. The prohibition against service termination as provided herein shall last twenty (20) days from the date of receipt by the Company of the request and statement or such lesser period as may be agreed upon by the Company and the Consumer. The Consumer who makes such request shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.~~

~~(9) — The Railroad Commission of Texas (RRC) regulates all natural gas utilities in Texas. The RRC has adopted Emergency Rule 7. 60 (valid through April 30, 2001) to insure that gas consumers are not disconnected due to failure to pay their gas bills when the temperature is so cold that it could affect the customer's health. Rule 7. 60 can be summarized as follows: a) Except where there is a known dangerous condition or a use of natural gas in a manner that is dangerous or unreasonably interferes with service to others, a provider (UniGas) shall not disconnect natural gas service to: b) Any customer on a day when the previous day's temperature in the county where the customer takes service fell below 40 degrees F. and the National Weather Service predicts that the temperature in that county will fall below that level during the next 24 hours; or c) A delinquent residential customer for a billing period in which the provider receives a pledge, letter of intent, purchase order, or other notification from an energy assistance provider that it is forwarding sufficient payment to continue service; or d) A delinquent residential customer on a day, or on a day immediately preceding a day, when personnel of the provider are not available for the purpose of receiving payment or making collections and reconnecting service.~~

~~(0) — Residential customers of UniGas may avoid disconnection of gas service (where Rule 7. 60 does not apply) for failure to pay a delinquent gas bill in the following ways:~~

~~a) — The customer can execute a deferred payment agreement. Under that agreement, the residential customer has the option to pay her delinquent bill in not more than three (3) equal installments without interest, provided that it is the customer's first delinquent bill in the preceding twelve (12) months. Under the Plan, current bills must be paid before they become delinquent.~~

~~b) — The customer can give notice to the provider (UniGas) that disconnection of gas service would cause a person at the customer's residence to become seriously ill or more seriously ill, provided that the customer executes a deferred payment agreement (see previous paragraph) and provides a written request not to disconnect service supported by a written statement from a licensed medical doctor. This will have the effect of suspending disconnection of gas service for twenty (20) days (assuming Rule 7. 60 is not otherwise applicable).~~

~~9. — LOCATION OF METERS~~

~~Wherever practical and if requested by the Consumer, all new meter installations shall be installed near the building in which Consumer's gas appliances are located. All meters shall be accessible at all times for inspection, reading, and change out for testing. Whenever the Company shall permanently discontinue the delivery of gas to any of Consumer's premises, it shall have the right~~

~~at any reasonable time thereafter to enter upon the premises and remove its meter and related equipment.~~

~~10. METER TESTS AND BILL ADJUSTMENTS WITH RESPECT TO METER ACCURACY~~

~~(a) Meter Requirement.~~

~~(1) — Use of meter. All gas sold by the Company shall be charged for my meter measurements, except where otherwise provided for by applicable law, regulation of the regulatory authority or tariff.~~

~~(2) — Installation by Company. Unless otherwise authorized by the regulatory authority, the Company shall provide and install and will continue to own and maintain all meters necessary for measurement of gas delivered to its Consumers.~~

~~(3) — Standard type. The Company shall not furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.~~

~~(b) Meter records.~~

~~The Company shall keep the following records:~~

~~(1) — Meter equipment records.~~

~~The Company shall keep a record of all its meters, showing the Consumer's address and date of the last test.~~

~~(2) — Records of meter tests.~~

~~All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a Consumer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, and date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.~~

~~(c) Meter readings.~~

~~(1) Meter unit location.~~

~~In general, each meter must indicate clearly the units of service for which charge is made to the Consumer.~~

~~(d) Test for Accuracy.~~

~~(1) — The Company shall, upon request of a Consumer make a test of the accuracy of the meter serving that Consumer. The Company shall inform the Consumer of the time and place of the test,~~

~~and permit the Consumer or his authorized representative to be present if the Consumer so desires. If no such test has been performed within the previous four years for the same Consumer at the same location, the test shall be performed without charge. If such a test has been performed for the same Consumer at the same location within the previous four years, the Company may charge a fee for the test as set forth in the Company's tariff properly on file with the regulatory authority. The Consumer must be properly informed of the result of any test on a meter that serves him.~~

~~(2) — Notwithstanding Paragraph (1), above, if the meter is found to be more than nominally defective, to either Consumer's or the Company's disadvantage, any fee charged for a meter test must be refunded to the Consumer. More than nominally defective means a deviation of more than 2% from accurate registration.~~

~~(3) — If any meter test requested by a Consumer reveals a meter to be more than nominally defective, the Company shall correct previous readings consistent with the inaccuracy found in the meter for the period of either (i) the last six months, or (ii) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to be made. This requirement for a correction may be waived by the Company if the error is to the Company's disadvantage.~~

~~(4) — If a meter is found not to register for any period of time, the Company may make a charge for units used but not metered, for a period not to exceed three months previous to the time the meter is found not be registering. The determination of amounts used but not metered is to be based on consumption during other like periods by the same Consumer at the same location when available, and on consumption under similar conditions at the same location or of other similarly situated Consumers when not available.~~

~~(e) Meter Exchange.~~

~~(1) The Company follows the practice of testing and repairing its meters on periodic schedules in accordance with good operating practice. the periodic meter test interval is based on the results of accuracy tests of its meters randomly sampled of varying ages. The period of presumed accuracy is the period during which not less than 70% of the randomly sampled meters exhibit accuracy in the range of 2% fast to 2% slow.~~

~~QSGRR2 — PART 2 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~

~~11. DEPOSITS FROM CONSUMERS TO GUARANTEE PAYMENTS OF BILLS~~

~~(a) Establishment of Credit for Residential Applicants.~~

~~(1) The Company may require a residential applicant for service to satisfactorily establish credit but such establishment of credit shall not relieve the Consumer from complying with rules for prompt payment of bills. Subject to these rules, a residential applicant shall not be required to make a deposit;~~

~~(A) — if the residential applicant has been a Consumer of any utility for the same kind of service within the last two years and is not delinquent in payment of any such utility service account and~~

~~during the last twelve consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment; or~~

~~(B) — if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required; —~~

~~(C) if the residential applicant demonstrates a satisfactory credit rating by appropriate means, including but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the utility, or ownership of substantial equity.~~

~~(b) Re-establishment of credit.~~

~~Every applicant who has previously been a Consumer of the Company and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay all amounts due the Company or execute a written deferred payment agreement, if offered, and reestablish credit as provided herein.~~

~~(c) Amount of deposit and interest for residential service and exemption from deposit.~~

~~(1) — The required residential deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings (rounded up to the nearest \$5.00). If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the Company may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements. Estimated Annual Billings as such term is used in this Section shall be either (i) the 12-month billing history at the service address involved (if a billing history is available for the service address), or (ii) the average annual residential bill in the Division serving the Consumer (if a billing history is not available at the service address); provided, that such average annual residential bill determined pursuant to clause ii hereof, shall be determined periodically but no less frequently than annually.~~

~~(2) — All applicants for residential service who are sixty-five years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the Company or another utility for the same utility service which accrued within the last two years. No cash deposit shall be required of such applicant under these conditions.~~

~~(3) — The Company shall pay a minimum interest on such deposits according to the rate as established by law; provided, if refund of deposit is made within thirty days of receipt of deposit, no interest payment shall be made. If the Company retains the deposit more than thirty days, payment of interest shall be made retroactive to the date of deposit.~~

~~(A) — payment of interest to the Consumer shall be annually or at the time the deposit is returned or credited to the Consumer's account.~~

~~(B) — the deposit shall cease to draw interest on the date it is returned or credited to the Consumer's account.~~

~~(d) — For commercial and large volume Consumers, Company may require a deposit where the applicant is unable to establish good credit by standards generally accepted as evidence of credit worthiness. The amount of any deposit, where required, shall be in an amount sufficient to protect Company but shall not exceed the amount of the estimated highest two (2) months' billing. Interest shall be paid at the legal rate on all deposits. Deposits shall be refunded after three (3) years of prompt payment, with refund including any interest to be made in cash or by credit to the Consumer's bill. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to initial service without a deposit and otherwise has a record of prompt payment.~~

~~(e) — Deposits for temporary or seasonal service and for weekend or seasonal residences. The Company may require a deposit sufficient to reasonably protect it against the assumed risk, provided, such a policy is applied in a uniform and nondiscriminatory manner.~~

~~(f) — Records of deposits.~~

~~(1) The Company shall keep records to show:~~

~~(A) — the name and address of each depositor;~~

~~(B) — the amount and date of the deposit; and~~

~~(C) — each transaction concerning the deposit.~~

~~(2) The Company shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.~~

~~(3) A record of each unclaimed deposit shall be maintained for at least four years, during which time the Company shall make a reasonable effort to return the deposit.~~

~~(g) Refund of deposit.~~

~~(1) — If service is not connected or after disconnection of service, the Company shall promptly and automatically refund the Consumer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The transfer of service from one premises to another within the service area of the Company shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless permitted by these rules.~~

~~(2) — When the residential Consumer has paid bills for service for twelve consecutive residential bills without having service disconnected for nonpayment of bills and without having more than two occasions in which a bill was delinquent and when the Consumer is not delinquent in the payment of the current bills, the Company shall promptly and automatically refund the deposit plus accrued interest to the Consumer in the form of cash or credit to a Consumer's account. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to install service without a deposit and otherwise has a record of prompt payment.~~

~~(h) Upon sale or transfer of Company.~~

~~Upon the sale or transfer of the Company or operating units thereof, the Company shall file with the Commission under oath, in addition to other information, a list showing the names and addresses of all Consumers served by the Company or unit who have to their credit a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon.~~

~~(i) Complaint by applicant or Consumer.~~

~~The Company shall direct its personnel engaged in initial contact with an applicant or Consumer for service seeking to establish or re-establish credit under the provisions of these rules to inform the Consumer, if dissatisfaction is expressed with the Company decision, of the Consumer's right to file a complaint with the regulatory authority thereon.~~

~~12. — DISCONTINUANCE BY CONSUMER~~

~~A Consumer who wishes to discontinue the use of gas (provided he otherwise has the right to do so) must give notice of his intent to do so to Company at its nearest office. Consumer shall be obligated to pay for all service which is rendered by the Company (including applicable minimum charges therefor) prior to time Company receives such notice.~~

~~13. — RECORDS OF GAS SUPPLIED~~

~~Company shall keep accurate records of the amount of gas registered by its meters, and such records shall be accepted at all times and in all places as prima facie evidence of the true amount of gas consumed.~~

~~14. — ESCAPING GAS~~

~~Immediate notice must be given to Company by Consumer of any escaping gas on Consumer's premises. No flame shall be taken near the point where gas is escaping and as an added precaution, the gas should immediately be shut off at the meter by Consumer. Company shall not be liable for any damage or loss caused by the escape of gas from Consumer's housepiping or Consumer's appliances.~~

~~15. — DAMAGE AND REPAIR TO AND TAMPERING WITH COMPANY'S FACILITIES~~

~~Consumer shall immediately notify Company in the event of damage to Company's property on Consumer's premises. Consumer shall not permit anyone other than authorized employee of Company to adjust, repair, connect, or disconnect, or in any way tamper with the meter, lines or any other equipment of Company used in serving Consumer's premises.~~

~~16. ACCESS TO PREMISES~~

~~The Company's representatives shall have the right at all reasonable hours to enter upon the premises and property of Consumer to read the meter; and to remove, to inspect, or to make necessary repairs and adjustment to, or replacements of, service lines, meter loop, and any property of the Company located thereon, and for any other purpose connected with Company's operation.~~

~~The Company's representatives shall have the right at all times to enter upon the premises and property of Consumer in emergencies pertaining to Company's service. All dogs and other animals which might hinder the performance of such operations on the Consumer's property shall be kept away from such operations by the Consumer upon notice by the Company representatives of their intention to enter upon the Consumer's premises.~~

~~17. NON-LIABILITY~~

~~(a) — The Company shall not be liable for any loss or damage caused by variation in gas pressure, defects in pipes, connection and appliances, escape or leakage of gas, sticking of valves or regulators, or for any other loss or damage not caused by the Company's negligence arising out of or incident to the furnishing of gas to any Consumer.~~

~~(b) — Company shall not be liable for any damage or injury resulting from gas or its use after such gas leaves the point of delivery other than damage caused by the fault of the Company in the manner of installation of the service lines, in the manner in which such service lines are repaired by the Company, and in the negligence of the Company in maintaining its meter loop. All other risks after the gas left the point of delivery shall be assumed by the Consumer, his agents, servants, employees, or other persons.~~

~~(c) — The Company agrees to use reasonable diligence in rendering continuous gas service to all Consumers, but the Company does not guarantee such service and shall not be liable for damages resulting from any interruption to such service.~~

~~(d) — Company shall not be liable for any damage or loss caused by stoppage or curtailment of the gas supply pursuant to order of a governmental agency having jurisdiction over Company or Company's suppliers, or caused by an event of force majeure. The term force majeure as employed herein means acts of God; strikes, lockouts, or other industrial disturbances; acts of the public enemy; wars; blockages; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of the government, either federal or state, civil or military; civil disturbances; explosions; breakage or accident to machinery or lines of pipe; freezing of wells or lines of pipe; shortage of gas supply, whether resulting from inability or failure of a supplier to deliver gas; partial or entire failure of natural gas wells or gas supply; depletion of gas reserves; and any other causes; whether of the kind herein enumerated or otherwise.~~

~~18. TEMPORARY INTERRUPTION OF SERVICE~~

~~(a) — The Company shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Company shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Consumers are affected.~~

~~(b) — The Company shall make reasonable provisions to meet emergencies resulting from failure of service, and shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.~~

~~In the event of national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other Consumers to provide necessary~~

~~service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.~~

~~(1) — Record of interruption.~~

~~Except for momentary interruptions which do not cause a major disruption of service, the Company shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of such interruptions, date, time duration, location, approximate number of Consumers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.~~

~~(2) — Report to Commission.~~

~~The Commission shall be notified in writing within forty eight hours of interruptions in service affecting the entire system or any major division thereof lasting more than four hours. The notice shall also state the cause of such interruptions. If any service interruption is reported to the Commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this paragraph.~~

~~19. — WAIVER OF RULES~~

~~No agent or representative of the Company is authorized to add to, alter, waive, or otherwise change any of the foregoing rules except by agreement in writing signed by an officer in the Company.~~

~~20. — BILLING~~

~~(a) Bills for gas service shall be rendered monthly, unless otherwise authorized or unless service is rendered for a period less than a month. Bills shall be rendered as promptly as possible following the reading of meters.~~

~~(b) The Consumer's bill must show all the following information:~~

~~(1) — If the meter is read by the Company, the date and reading of the meter at the beginning and end of the period for which rendered;~~

~~(2) — The number and kind of units billed;~~

~~(3) — The applicable rate schedule, title or code;~~

~~(4) — The total base bill;~~

~~(5) — The total of any adjustments to the base bill and the amount of adjustments per billing unit;~~

~~(6) — The date by which the Consumer must pay the bill in order to avoid penalty;~~

~~(7) — The total amount due after addition of any penalty for nonpayment within a designated period; and~~

~~(8) — A distinct marking to identify an estimated bill. The information required above shall be arranged and displayed in such a manner as to allow the Consumer to compute his bill with the applicable rate schedule. The applicable rate schedule must be mailed to the Consumer on request of the Consumer. The Company may exhaust its stock of non-conforming bill forms existing on the effective date hereof before compliance is required with this section.~~

~~(c) Where there is a good reason for doing so, estimated bills may be submitted provided that an actual meter reading is taken at least every six months. For the second consecutive month in which the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read otherwise, the Company shall provide the Consumer with a postcard and request that the Consumer read the meter and return the card to the utility if the meter is of a type that can be read by the Consumer without significant inconvenience or special tools or equipment. If such a postcard is not received by the Company in time for billing, the Company may estimate the meter reading and render the bill accordingly.~~

~~(d) Disputed bills:~~

~~(1) — In the event of a dispute between the Consumer and the Company regarding the bill, the Company shall forthwith make such investigation as is required by the particular case and report the results thereof to the Consumer. If the Consumer wishes to obtain the benefit of subsection (2) hereunder, notification of the dispute must be given to the Company prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the Company shall inform the Consumer of the complaint procedures of the appropriate regulatory authority.~~

~~(2) — Notwithstanding any other provisions of these rules and regulations, the Consumer shall not be required to pay the disputed portion of the bill which exceeds the amount of that Consumer's average usage for the billing period at current rates until the earlier of the following:~~

~~(1) — resolution of the dispute; or~~

~~(2) — the expiration of the sixty day period beginning on the day the disputed bill is issued. For purposes of this section only, the Consumer's average usage for the billing period shall be the average of the Consumer's usage for the same billing period during the preceding two years. Where no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar Consumers and under similar conditions.~~

~~21. NEW CONSTRUCTION~~

~~(a) — Standards of construction. The Company shall construct, install, operate, and maintain its plant, structures, equipment and lines in accordance with the provisions of such codes and standards as are generally accepted by the industry, as modified by rule or regulation of the regulatory authority, or otherwise by law, and in such manner to best accommodate the public and to prevent interference with service furnished by other public utilities insofar as practical.~~

~~(b) — Response to request for residential and commercial service. The Company shall serve each qualified residential and commercial applicant for service within its service area as rapidly as practical. As a general policy, those applications not involving line extensions or new facilities should be filled within seven working days from the date all antecedent requirements are met.~~

~~Those applications for individual residential service requiring line extensions should be filled within ninety days unless unavailability of materials, insufficient pipeline capacity, or other causes beyond the control of the Company result in unavoidable delays. In the event that residential service is delayed in excess of ninety days after an applicant has met credit requirements and made satisfactory arrangements for payment of any required construction charges, a report must be made to the regulatory authority listing the name of the applicant, location, and cause for delay. Unless such delays are due to causes which are reasonably beyond the control of the Company, a delay in excess of ninety days may be found to constitute a refusal to serve.~~

~~22. CURTAILMENT POLICY~~

~~The Company adopts and shall adhere to the curtailment program set forth in Rule 2 of Texas Railroad Commission Gas Utilities Division Docket No. 489 as well as all other rules and regulations adopted from time to time by governmental agencies having authority over the operations of Company.~~

~~23. CONSUMER RELATIONS~~

~~(a) Information to Consumers.~~

~~The Company shall:~~

- ~~(1) — Maintain a current set of maps showing the physical location of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately describe the utility's facilities. These maps, or such other maps as may be required by the regulatory authority, shall be kept by the Company in a central location and will be available for inspection by the regulatory authority during normal working hours. Each business office or service center shall have available up-to-date maps, plans or records of its immediate area, with such other information as may be necessary to enable the utility to advise applicants and other entitled to the information as to the facilities available for serving that locality;~~
- ~~(2) — Assist the Consumer or applicant in selecting the most economical rate schedule;~~
- ~~(3) — In compliance with applicable law or regulations, notify Consumers affected by a change in rates or schedule or classification;~~
- ~~(4) — Post a notice in a conspicuous place in each business office of the utility where applications for service are received informing the public that copies of the current rate schedules and rules relating to the service of the Company, as filed with the Commission, are available for inspection;~~
- ~~(5) — Furnish such additional information on rates and services as the Consumer may reasonably request;~~
- ~~(6) — Upon request, inform its Consumers as to the method of reading meters; and~~
- ~~(7) — As required by law or the rules of the appropriate regulatory authority, provide its Consumers with Consumer service information. A sample of the Consumer Service Information~~

~~mail-out is attached hereto. At least once each calendar year, the Company shall notify its Consumers that Consumer service information is available on request and without charge.~~

~~(b) Consumer Complaints.~~

~~Upon complaint to the Company by residential or small commercial Consumers either at its office, by letter, or by telephone, the Company shall promptly make a suitable investigation and advise the complainant of the results thereof. The Company shall make its initial response to the Consumer no later than the end of the business day following the date of the complaint. The Company shall keep a record of all complaints which shall show the name and address of the complainant, the date and nature of the complaint, and the adjustment and disposition thereof for a period of two years subsequent to the final disposition of the complaint.~~

~~(c) Company Response.~~

~~Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a Consumer, the Company shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response shall be made not later than the next business day following receipt of the complaint. The Commission encourages all Consumer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of the Company.~~

~~(d) Deferred Payment Plan.~~

~~The Company may, but is not required to, offer a written deferred payment plan for delinquent residential accounts. If such a plan is offered, it shall conform to the following guidelines:~~

~~(1) — Every deferred payment plan entered into due to the Consumer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the Consumer pays current bills and a reasonable amount of the outstanding bill and agrees to pay the balance in reasonable installments until the bill is paid.~~

~~(2) — For purposes of determining reasonableness under these rules the following shall be considered: size of delinquent account; Consumer's ability to pay; Consumer's payment history; time that the debt has been outstanding; reasons why the debt has been outstanding; and other relevant factors concerning the circumstances of the Consumer.~~

~~(3) — A deferred payment plan offered by the Company shall state, immediately preceding the space provided for the Consumer's signature and in bold face print at least two sizes larger than any other used, that If you are not satisfied with this agreement, do not sign. If you are satisfied with this agreement, you give up your right to dispute the amount due under the agreement except for the utility's failure or refusal to comply with the terms of this agreement.~~

~~(4) — A deferred payment plan may include a one time five percent penalty for late payment on the original amount of the outstanding bill except in cases where the outstanding bill is unusually high as a result of the Company's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.~~

~~(5) — If a Consumer for utility service has not fulfilled terms of a deferred payment agreement or refuses to sign the same, the Company shall have the right to disconnect pursuant to disconnection rules herein and, under such circumstance, it shall not be required to offer a subsequent negotiation of a deferred payment plan prior to disconnection.~~

~~(6) — If the Company institutes a deferred payment plan it shall not refuse a Consumer participation in such a program on the basis of race, color, creed, sex or marital status.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
RATE SHEET
SERVICE CHARGES

292636	ms-1	New Residential and Commercial Service: Includes installation of the meter, regulator and associated parts with the appropriate delivery capacity and pressure, and a pressure test of Customer's piping, as follows: a) Up to 250 CF/H Meter with up to 4 1/2 oz. Delivery Pressure \$350.00 b) Over 250 to 450 CF/H Meter at 5 PSIG Delivery Pressure \$575.00 c) Over 450 to 1,100 CF/H Meter at 5 PSIG Delivery Pressure \$1,150.00 d) Over 1,100 to 3,000 CF/H Meter at 5 PSIG Delivery Pressure \$2,250.00 e) Over 3,000 to 7,500 CF/H Meter at 5 PSIG Delivery Pressure \$3,950.00 f) All Other Capacity and Delivery Pressure Applications At Cost Note: All delivery pressures and capacities are subject to pressure and capacity limitations of Company facilities.
292637	ms-2	Tap Company Main (dry, no bores or obstacles) \$80.00
292638	ms-3	First 15 feet of service line (3/4 inch pipe, dry, no bores or obstacles) \$175.00
292639	ms-5	Restore Service: a) Unlock or turn on meter to restore service (includes Customer Piping pressure test) \$80.00
292640	ms-7	Change meter for special test at Customer's request (Minimum) \$75.00 Note: See Company Quality of Service Rules for payment responsibility
292641	ms-8	Returned check charge \$35.00
292642	ms-9	Application for Gas Service, including account set up and credit inquiry \$50.00
292643	ms-10	Special meter reading at Customer's request \$25.00
292644	ms-11	Transfer Service at an existing service address, including special meter reading and processing Application for Gas Service (Paid by Transferee) \$50.00
292645	ms-12	Additional Customer piping pressure test due to failure to pass previous test (per Trip) \$50.00
292646	ms-13	Light Customer's appliance pilot lights at customer's request (excludes relighting due to gas outage):

		a) First appliance \$50.00 b) Each additional appliance \$25.00
292647	ms-15	Change meter size, delivery pressure, and/or location due to change in Customer service requirements, and/or inability of Company Personnel to access meter At all times due to actions taken by Customer (Minimum) \$300.00
292648	ms-16	Installation of service lines over 15 feet in length, gas mains, and yard lines At Cost* *Must be approved by Customer in advance of work.

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~Residential121608-1~~

~~APPLICATION OF SCHEDULE~~—This schedule is applicable to all residential customers receiving gas service through a single meter in Montgomery, Walker and Houston Counties, Texas. Natural gas supplied is for the individual use of the customer at one point of delivery and shall not be resold or shared with others. Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations.

~~MONTHLY RATE~~—The price payable by each residential customer for all consumption each month shall be \$2.42 per MCF (Commodity Rate), subject to the Gas Cost Adjustment set forth below.

~~MONTHLY CUSTOMER OR METER CHARGE: \$12.00 PAYMENT:~~ All bills shall be delinquent unless payment is received within fifteen (15) days from the date of the bill.

~~COST OF GAS ADJUSTMENT:~~ The customer's bill shall be adjusted upward (downward) based on the Company's Cost of Gas Adjustment Clause.

~~NET MONTHLY RATE:~~ The Net Monthly Rate is the Monthly Rate plus the Monthly Customer or Meter Charge excluding the Cost of Gas Adjustment, discounted by Five Percent (5%). All bills shall be rendered on the Monthly Rate basis. The difference between the Monthly and Net Monthly Rates, representing a discount, shall be allowed for payment of bills received in the companies offices within ten (10) days from the date of the bill.

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~COG-121608~~

~~A.——APPLICABILITY——~~

~~This Cost of Gas Clause shall apply to all general service rate schedules of Universal Natural Gas, Inc. (The Company) in the Montgomery, Walker and Houston Counties, Texas.~~

~~B.——DEFINITIONS——~~

~~1.——Cost of Gas——The rate per billing unit or the total calculation under this clause, consisting of the commodity cost, a reconciliation component, and other purchased gas expenses.~~

~~2.——Commodity Cost——The Cost of Purchased Gas multiplied by the Purchase Sales Ratio.~~

~~3.——Cost of Purchased Gas——The estimated cost for gas purchased by the Company from its supplier or the estimated weighted average cost for gas purchased by the Company from all sources where applicable. Such cost shall include not only the purchase cost of natural gas, but shall also include all reasonable fees for services such as gathering, treating, processing, transportation, capacity and/or supply reservation fees, and storage necessary for the movement of gas to the Company's city gate delivery points.~~

~~4.——Reconciliation Component——The amount to be returned to or recovered from customers each month from October through June as a result of the Reconciliation Audit.~~

~~5.——Reconciliation Audit——An annual review of the Company's books and records for each twelve month period ending with the production month of June to determine the amount of over or under collection occurring during such twelve month period. The audit shall determine: (a) the total amount paid for gas purchased by the Company per Section B(3) Cost of Purchased Gas to provide service to its general service customers during the period, (b) the revenues received from operation of the provisions of this cost of gas clause, (c) the total amount of refunds made to customers during the period and any other revenues or credits received by the Company as a result of relevant gas purchases or operation of this Cost of Gas Clause, (d) the total amount accrued during the period for imbalances under the transportation rate schedule(s) net of franchise fees and applicable taxes, and (e) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of five (5) percent of purchases.~~

~~6.——Purchase/Sales Ratio——A ratio determined by dividing the total volumes purchased for general service customers during the twelve (12) month period ending June 30 by the sum of the volumes sold to general service customers during the same period. For the purpose of this computation all volumes shall be stated at 14.65 psia. Such ratio as determined shall in no event exceed 5 percent lost and unaccounted for gas.~~

~~7.——Reconciliation Account——The account maintained by the Company to assure that over time it will neither over nor under collect revenues as a result of the operation of the cost of gas clause.~~

~~Entries shall be made monthly to reflect, (a) the total amounts paid to the Company's supplier(s) for gas applicable to general service customers as recorded on the Company's books and records (per Section B(3), (b) the revenues produced by the operation of this Cost of Gas Clause, (c) refunds, payments, or charges provided for herein or as approved by the regulatory authority, (d) the total amount accrued during the period for imbalances under the transportation rate schedule(s) net of franchise fees and applicable taxes, (e) an adjustment, if necessary, for lost and unaccounted for gas during the period in excess of five (5) percent of purchases.~~

~~8. General Service Customers those customers served under general service rate schedules.~~

~~C. COST OF GAS In addition to the cost of service as provided under its general service rate schedules, the Company shall bill each general service customer for the Cost of Gas incurred during the billing period. The Cost of Gas shall be clearly identified on each customer bill.~~

~~D. DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT If the Reconciliation Audit reflects either an over recovery or under recovery of revenues, such amount, plus or minus the amount of interest calculated pursuant to Section E PAYMENT FOR FUNDS, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather for the period beginning with the October billing cycle last preceeding through the June billing cycle. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied for a nine (9) month period beginning with the next following October billing cycle and continuing through the next following June billing cycle at which time it will terminate until a new Reconciliation Component is determined~~

~~E. PAYMENT FOR FUNDS If, on the average, the Company had overcollected during the period, it shall credit into the Reconciliation Account during September an amount equal to the average balance multiplied by a percentage representing interest. This percentage shall be the same interest rate percentage that is set annually by the Public Utility Commission for Deposit Interest. If on the average, the Company had undercollected during the period, it shall debit into the Reconciliation Account during September an amount equal to the average balance multiplied by a percentage representing interest. This percentage shall be the same interest rate percentage that is set annually by the Public Utility Commission for Deposit Interest.~~

~~F. SURCHARGE OR REFUND PROCEDURES In the event that the rates and charges of the Company's supplier are retroactively reduced and a refund of any previous payments is made to the Company, the Company shall make a similar refund to its general service customers. Similarly, the Company may surcharge its general service customers for retroactive payments made for gas previously delivered into the system. Any surcharge or refund amount will be included in the Reconciliation Account. Refunds or charges shall be entered into the Reconciliation Account as they are collected from or returned to the customers. For the purpose of this Section F, the entry shall be made on the same basis used to determine the refund or charge component of the Cost of Gas and shall be subject to the calculation set forth in Section (E) Payment for Funds.~~

~~G. COST OF GAS STATEMENT The Company shall file a Cost of Gas Statement with the Regulatory Authority by the beginning of each billing month. (The Company shall file such initial statement as soon as is reasonably possible). The Cost of Gas Statement shall set forth (a) the~~

~~estimated Cost of Purchased Gas; (b) that cost multiplied by the Purchase/Sales Ratio; (c) the amount of the cost of gas caused by any surcharge or refund; (d) the Reconciliation Component; and (e) the Cost of Gas calculation. The statement shall include all data necessary for the Regulatory Authority to review and verify the calculation of the Cost of Gas. The date on which billing using the Cost of Gas is to begin (bills prepared) is to be specified in the statement.~~

~~H. — ANNUAL RECONCILIATION REPORT — The Company shall file an Annual Reconciliation Report with the Regulatory Authority which shall include but not necessarily be limited to: 1. A tabulation of volumes of gas purchased and costs incurred listed by account or type of gas, supplier and source by month for the twelve months ending June 30. 2. A tabulation of gas units sold to general service customers and related Cost of Gas Clause revenues. 3. A description of all other costs and refunds made during the year and their effect on the Cost of Gas Clause to date. 4. A description of the imbalance payments made to and received from the Company's transportation customers within the service area, including monthly imbalances incurred, the monthly imbalances resolved, and the amount of the cumulative imbalance. The description should reflect the system imbalance and imbalance amount for each supplier using the Company's distribution system during the reconciliation period. This report shall be filed concurrently with the Cost of Gas Statement for October.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~PSF2019UNI~~

~~The Company will pass on the one-time customer charge for the Pipeline Safety Inspection Fee in the amount of \$.99 for each service line reported to be in service at the end of calendar year 2019, pursuant to the Texas Utilities Code 121.211 of the Commission's Rules and Regulations. That fee is based on the \$1.00 per service line.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~489—CURTAILMENT PLAN~~

~~Docket No. 489 ORDER RELATING TO THE APPROVAL BY THE COMMISSION OF CURTAILMENT PROGRAMS FOR NATURAL GAS TRANSPORTED AND SOLD WITHIN THE STATE OF TEXAS~~

~~After due notice the Railroad Commission of Texas on the 30th day of November, 1972, heard testimony and requested written curtailment priorities from representatives of investor owned and municipal gas utilities companies, private industry consumers and others responsible for directing available natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~WHEREAS, pursuant to the authority granted to the Railroad Commission of Texas in Article 6050 to 6066, inclusive, R.C.S., as amended; and~~

~~WHEREAS, the Commission has determined the need for a curtailment program to assure effective control of the flow of natural gas to the proper destinations to avoid suffering and hardship of domestic consumers; and~~

~~WHEREAS, the Commission has determined a need to make natural gas available to all gas consumers on a reasonable but limited basis during times of needed curtailment to the end that the public will be best served; and~~

~~WHEREAS, the Commission has determined that the transportation delivery and/or sale of natural gas in the State of Texas for any purpose other than human need consumption will be curtailed to whatever extent and for whatever periods the Commission may find necessary for the primary benefit of human needs customers (domestic and commercial consumption) and such small industries as cannot practically be curtailed without curtailing human needs.~~

~~IT IS THEREFORE, ORDERED BY THE RAILROAD COMMISSION OF TEXAS that the following rules relating to the approval by the Commission of curtailment programs for gas transported and sold within the State of Texas shall apply to all parties responsible for directing available and future natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~RULE 1.~~

~~Every natural gas utility, as that term is defined in Article 6050, R.C.S. of Texas, as amended, intrastate operations only, shall file with the Railroad Commission on or before Feb. 12, 1973, its curtailment program. The Commission may approve the program without a hearing; set the matter for a public hearing on its own motion or on the motion of any affected customer of said utility.~~

~~The curtailment program to be filed shall include, in verified form, the following information:~~

~~A. Volume of gas reserves attached to its system together with a brief description of each separate source of gas reserves setting forth the following:~~

- ~~1. the name of the supplier;~~
- ~~2. the term of each contract in years, and the years remaining on said contract;~~
- ~~3. the volume of recoverable reserve contracted for, and~~

~~4. rated deliverability of such reserves in MCF.~~

~~B. Capacity and location of underground storage, if any, attached to its system with a statement of whether the company's storage balance is above or below its desired level for this time, and, if below, what plans has the company made to restore the balance.~~

~~C. Peak day and average daily deliverability on an annual basis of its wells, gas plants and underground storage attached to its system.~~

~~D. Peak day capacity of its system.~~

~~E. Forecast of additions to reserves for each of the next two succeeding years.~~

~~F. Location and size of the line pipes, compressor stations, operating maximum line pressures, and a map showing delivery points along the system.~~

~~G. Disposition of all gas entering its system, with names of all customers other than residential customers and volumes delivered to each during the past calendar year. Identify those customers using 3,000 MCF gas per day, or more, which are under a service contract, and if such contract includes an "Interruptible Service" clause, and if so, attach a reproduced copy of the relevant provisions of such contract.~~

~~H. Steps taken in past years, being taken at the present, and to be taken to alleviate curtailments.~~

~~RULE 2.~~

~~Until such time as the Commission has specifically approved a utilities curtailment program, the following priorities in descending order shall be observed:~~

~~A. Deliveries for residences, hospitals, schools, churches and other human needs customers.~~

~~B. Deliveries of gas to small industrials and regular commercial loads (defined as those customers using less than 3,000 MCF per day) and delivery of gas for use as pilot lights or in accessory or auxiliary equipment essential to avoid serious damage to industrial plants.~~

~~C. Large users of gas for fuel or as a raw material where an alternate cannot be used and operation and plant production would be curtailed or shut down completely when gas is curtailed.~~

~~D. Large users of gas for boiler fuel or other fuel users where alternate fuels can be used. This category is not to be determined by whether or not a user has actually installed alternate fuel facilities, but whether or not an alternate fuel "could" be used.~~

~~E. Interruptible sales made subject to interruption or curtailment at Seller's sole discretion under contracts or tariffs which provide in effect for the sale of such gas as Seller may be agreeable to selling and Buyer may be agreeable to buying from time to time.~~

~~RULE 3.~~

~~Each gas utility that has obtained Commission approval of a curtailment program shall conduct operations in compliance with such program.~~

~~So long as any gas utility which has obtained Commission approval of a curtailment program continues to curtail deliveries to its customers, except as provided by contract or those customers included in Part E of Rule 2 above, it (a) shall file on or before April 1 of each year, under oath, the information called for in Rule 1, for the preceeding year, and (b) shall not, without Commission approval, make sales of gas to any new customers or increase volumes sold to existing customers, except those new or existing customers defined in Parts A & B of Rule 2 above.~~

~~IT IS FURTHER ORDERED that this cause be held open for such other and further orders as may be deemed necessary.~~

~~ENTERED AT AUSTIN, TEXAS, this 5th day of January, 1973.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
RATE SHEET
LINE EXTENSION POLICY

POLICY ID	DESCRIPTION
1023	Gas Main Extensions: Company shall extend its gas mains to provide new or additional service and shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. Gas main extensions shall be made at Company's expense only where the probable expected use of all facilities necessary for such service and paid for by Company will provide a reasonable and compensatory return to Company on the value of such facilities. Otherwise, gas main extensions shall be made only under the following conditions: (1) Individual Residential and Commercial Consumers — upon payment of the fee for gas main extension set out in the Schedule of Miscellaneous Service Charges or upon execution of a Gas Main Extension Contract between Company and Consumer; (2) Developers of Residential or Business Subdivisions — upon execution of Company's Gas Main Extension Contract or Predevelopment Gas Main Extension Contract, or under special circumstances where, in Company's opinion, such forms are not appropriate, upon execution of a special agreement providing for reimbursement to Company for cost of the necessary gas main extension; (3) Large Volume Consumers — upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.
1024	Big Tree Estates Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$400.00 and a refund of \$25.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1025	Cumberland Estates Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$400.00 and a refund of \$25.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.

1026	Estates of Clear Creek Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$540.00 and a refund of \$3.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1027	Indigo Lake Estates Sections 1 and 5 Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$450.00 and a refund of \$4.50 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1028	Indigo Lake Estates Sections 2 and 3 Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$390.00 and a refund of \$3.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1029	Indigo Lake Estates Section 4 Subdivision Wide Gas Main Extension Policy. Refundable noninterest bearing deposit of \$410.00 and a refund of \$5.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1030	Indigo Lake Estates Section 6 Subdivision Wide Gas Main Extension Policy. Refundable noninterest bearing deposit of \$430.00 and a refund of \$5.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.
1031	Lake Creek Forest Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$330.00 and a refund of \$11.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at

	the end of the 5-year period shall be refunded over the following 3 years without interest.
1032	Lake Winderest Estates Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$360.00 and a refund of \$3.60 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1033	Millers Crossing Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$380.00 and a refund of \$5.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1034	Montgomery Trace Sections 1, 2, and 3 Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$440.00 and a refund of \$4.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1035	Red Oak Ranch Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$540.00 and a refund of \$6.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1036	Westwood Sections 1 and 2 Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$380.00 and a refund of \$2.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1037	Westwood Sections 3 and 4 Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$300.00 and a refund of \$2.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of

	the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1038	Winderest Estates Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$420.00 and a refund of \$7.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1039	Woodland Oaks Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$300.00 and a refund of \$2.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1040	Crown Oaks Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$440.00 and a refund of \$2.75 per additional customer in the subdivision using gas for general heating purposes for 7 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1041	Montgomery Trace Section 4 Subdivision Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$440.00 and a refund of \$4.40 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.
1042	Ranches at Pinchurst, Ranchos Los Encinos, and Hardin Store Road and Dobbin-Huffsmith Road Subdivisions Wide Gas Main Extension Policy. Refundable non-interest bearing deposit of \$450.00 and a refund of \$9.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5-year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5-year period shall be refunded over the following 3 years without interest.

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~~Ridgewood Subdivision Wide Gas Main Extension Policy. Refundable non interest bearing deposit of \$550.00 and a refund of \$25.00 per additional customer in the subdivision using gas for general heating purposes for 5 years after receipt of deposit and if at the end of the 5 year period 85% of the lots in the subdivision are active natural gas customers using gas for general purposes, then any refund shortfall at the end of the 5 year period shall be refunded over the following 3 years without interest.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
~~RATE SHEET~~
~~QUALITY OF SERVICE~~

~~PART 1 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~

~~1. — DEFINITIONS~~

~~(a) — Consumer, Consumer and Applicant are used interchangeably and mean a person or organization utilizing services or who wants to utilize services of Universal Natural Gas, Inc.~~

~~(b) — Company means Universal Natural Gas, Inc., its successors and assigns.~~

~~(c) — Cubic Foot of Gas: Unless otherwise expressly provided by rate schedule or written contract (or agreement), the amount of gas necessary to fill a cubic foot of space when the gas is at a gauge pressure of four (4) ounces above atmospheric pressure of 14.65 psia at 60 Fahrenheit.~~

~~(d) — Service Line: The pipe and attached fittings which convey gas from Company's mains to the property line of Consumer's premises.~~

~~(e) — Yard Line: The pipe and attached fittings which convey gas from the Consumer's property line to and including the stopcock on the riser for the Consumer's meter.~~

~~(f) — Consumer's Housepiping: All pipe and attached fittings which convey gas from the outlet side of the meter to the Consumer's connection for gas appliances.~~

~~(g) — Point of Delivery: The point where the gas is measured for delivery into Consumer's piping.~~

~~2. — APPLICATION OF RULES~~

~~(a) — Unless otherwise expressly stated, these rules apply to all Consumers regardless of classification, except insofar as they are changed by or are in conflict with any statute of the State of Texas, valid municipal ordinance, valid final order of any court or of the Railroad Commission of Texas, or written contract executed by Company, in which case such statute, ordinance, order or contract shall control to the extent that it is applicable to the consumer(s) in question. Whenever possible, these rules shall be construed harmoniously with such laws, contracts, ordinances, and orders.~~

~~(b) — The use of gas service shall constitute an agreement by the Consumer to utilize such service in accordance with the applicable rules of the Company as set forth herein.~~

~~(c) — These rules, and all subsequently enacted rules, may be abrogated, modified, or added to in whole or in part, by the company and such rules as abrogated, modified, or added to, shall become effective when filed with the appropriate regulatory authority.~~

~~3. — CLASSIFICATION FOR RATE AND CONTRACT PURPOSES For purposes of determining rates, Consumers shall be classified as either Residential, Commercial or Large Volume Consumers as defined in Company's applicable rate schedules. Service by Company to Consumers classified herein as Residential and Commercial is available without a written contract between Consumer and Company at the standard rates and charges applicable to such Consumers from time to time. Company shall have no obligation to deliver more than 5,000 cubic feet of gas in any day to~~

~~any Consumer not having a written gas sales contract with Company. A contract may be required from Large Volume Consumers using less than 5,000 cubic feet per day, provided this requirement shall be uniformly applied to all such Consumers within each municipal rate jurisdiction. In the case of existing Consumers, the maximum gas usage during any one day shall be obtained from records of the Company, except in cases where the existing Consumer will be purchasing increased volumes of gas from Company because of expansions or for any other reason, in which event the Company may estimate usage by such Consumer. Also in the case of new Consumers, the Company may estimate usage by the Consumer. Any such estimates made by Company shall be binding on Consumer in determining rate classification and whether or not a contract is required. Company's obligation to provide service to any Large Volume Consumer is contingent upon Company's determination that there will be an adequate supply of gas to serve such Large Volume Consumer, and that existing facilities are of adequate capacity and suitable pressure.~~

~~4. — LIMITATION OF USE All gas delivered through Company's meters is for use only at the point of delivery and shall not be redelivered or resold to others without Company's written consent.~~

~~5. — SERVICE CONNECTIONS~~

~~(a) — Tap Charge: Unless otherwise prohibited by applicable ordinance or rule, Company may impose a reasonable charge for the connection of a new Consumer to its distribution mains. The service areas where a tap charge is to be collected and the amount and conditions under which such charge will be imposed are set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(b) — Service Line: Company shall install and maintain all service lines and, to the extent permitted by applicable ordinance or rule, shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. A service line may be used to supply a single building or single group of buildings which may or may not be located on a single lot, such as a group of factory buildings, hospital buildings, or institutional buildings, all under one ownership or control. However, gas service supplied to Consumer for use at separate lots physically divided by other private or public property (including streets, alleys and other public ways) must be separately metered and billed. More than one service line to supply a Consumer's premises may be constructed by agreement between Company and Consumer.~~

~~(c) — Yard Line: Company shall install yard lines if so requested by Consumer. To the extent permitted by applicable ordinance or rule, Company shall be entitled to make a reasonable charge~~

~~for such installation as set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(d) — Housepiping: Consumer shall be responsible for installing and maintaining Consumer's housepiping. Company may refuse service to any consumer whose housepiping is inadequate or unsafe, but Company shall have no responsibility for inspecting or testing Consumer's housepiping, determining whether or not Consumer has complied with applicable safety codes, or in any way establishing or enforcing housepiping specifications. Information relating to piping may be obtained at the Company's local offices.~~

~~(e) — Gas Main Extensions: Company shall extend its gas mains to provide new or additional service and shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. Gas main extensions shall be made at Company's expense only where the probable expected use of all facilities necessary for such service and paid for by Company will provide a reasonable and compensatory return to Company on the value of such facilities. Otherwise, gas main extensions shall be made only under the following conditions:~~

~~(1) Individual Residential and Commercial Consumers — upon payment of the fee for gas main extension set out in the Schedule of Miscellaneous Service Charges or upon execution of a Gas Main Extension Contract between Company and Consumer.~~

~~(2) — Developers of Residential or Business Subdivisions — upon execution of Company's Gas Main Extension Contract or Predevelopment Gas Main Extension Contract, or under special circumstances where, in Company's opinion, such forms are not appropriate, upon execution of a special agreement providing for reimbursement to Company for cost of the necessary gas main extension.~~

~~(3) — Large Volume Consumers — upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.~~

~~6. — ADDITIONAL CHARGES RELATING TO GAS SERVICE~~

~~Charges for services other than delivering natural gas may be made in accordance with the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~7. — APPLICATION FOR SERVICE~~

~~Where no written contract for service is necessary, any application by telephone, in person, or in writing may be made to request initiation of service. Upon request, Consumer shall provide information necessary for purposes of rate classification, billing, and determining whether a deposit will be required.~~

~~8. — REFUSAL TO INSTITUTE SERVICE AND TERMINATION OF SERVICE.~~

~~(a) Refusal of Service.~~

~~(1) Compliance by Applicant. The Company may decline to serve an applicant for whom service is available from previously installed facilities until such applicant has complied with the state and municipal rules, regulations or laws, and with approved rules and regulations of the Company on file with the appropriate regulatory authority governing the service applied for, or for the following reasons:~~

~~(A) — the applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given;~~

~~(B) — the applicant is indebted to any utility company for the same kind of service as that applied for; provided, however, that in the event the indebtedness of the applicant for service is in dispute, the applicant shall be served upon complying with the applicable deposit requirement;~~

~~(C) — the applicant refuses to make a deposit if applicant is required to make a deposit under these rules;~~

~~(D) — where an unsafe condition exists at any point on Consumer's premises;~~

~~(E) — for use of gas in violation of Company's rules;~~

~~(F) — in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~(G) — when Company's property on the Consumer's premises is tampered with, damaged or destroyed.~~

~~(2) Applicant's Recourse. In the event that the Company shall refuse to serve an applicant under the provisions of these rules, the Company shall inform the applicant of the basis of its refusal and that the applicant may file a complaint with the appropriate regulatory authority thereon.~~

~~(3) Insufficient Grounds for Refusal to Serve. The following shall not constitute sufficient cause for refusal of service to a present residential or commercial Consumer or applicant:~~

~~(A) — delinquency in payment for service by a previous occupant of the premises to be served;~~

~~(B) — failure to pay for merchandise or charges for non utility service purchased from the Company;~~

~~(C) — failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;~~

~~(D) — violation of the Company's rules pertaining to the operation of nonstandard equipment of unauthorized attachments, which interfere with the service of others, unless the Consumer has first been notified and been afforded reasonable opportunity to comply with these rules;~~

~~(E) — failure to pay a bill of another Consumer as guarantor thereof, unless the guarantee was made in writing to the Company as a condition precedent to service; and~~

~~(F) — failure to pay the bill of another Consumer at the same address except where the change of Consumer identity is made to avoid or evade payment of a utility bill.~~

~~(b) Discontinuance of Service.~~

~~(1) — Bills are due and payable when rendered; the bill shall be past due not less than 15 days after issuance or such other period of time as may be provided by order of the appropriate regulatory authority. A bill for utility service is delinquent if unpaid by the due date.~~

~~(2) — The Company may offer an inducement for prompt payment of bills by allowing a discount in the amount of 5% for payment within 10 days of their issuance. In the event of any inconsistency between these Rules and Regulations and the applicable rate tariff, the rate tariff shall control.~~

~~(3) — A Consumer's utility service may not be terminated unless the Company has made a reasonable effort to offer the Consumer the option of paying a delinquent bill in installments. — A Consumer's utility service may be disconnected if the bill has not been paid or a suitable written arrangement for payment in installments entered into within 5 working days after the bill has become delinquent and if proper notice has been given. Proper notice shall consist of a mailing or hand delivery thereof at least five working days prior to a stated date of disconnection. Said notice shall be provided in English (and Spanish, if the Company has any Spanish speaking Consumers) and shall include:~~

~~a) — the words Disconnect Notice or similar language prominently displayed;~~

~~b) — the reason service is to be terminated;~~

~~c) — what Consumer must do to prevent termination;~~

~~d) — in the case of a past due bill, the amount past due and the hours, address, and telephone number where payment may be made; and~~

~~e) a statement that if a health or other emergency exists, the Company may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency.~~

~~f) Utility service may be disconnected for any of the following reasons.~~

~~g) failure to pay a delinquent account or failure to comply with the terms of a written agreement for installment payment of a delinquent account;~~

~~h) violation of the Company's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the Consumer and the Consumer is provided with a reasonable opportunity to remedy the situation;~~

~~i) failure to comply with deposit or guarantee arrangements where required by these rules and regulations;~~

~~j) without notice where a known dangerous condition exists for as long as the condition exists;~~

~~k) tampering with the Company's meter or equipment or bypassing the same;~~

~~l) for use of gas in violation of Company's rules;~~

~~m) in the event Consumer's premises are vacated;~~

~~n) in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~o) when Company's property on the Consumer's premises is tampered with, damaged or destroyed;~~

~~p) for use of gas in violation of any law, ordinance or regulation;~~

~~q) for fraudulent misrepresentation in relation to the consumption of gas or any other fraud practiced by Consumer, with regard to the matters referred to in these rules or Consumer's contract.~~

~~(5) Utility service may not be disconnected for any of the following reasons:~~

~~r) delinquency in payment for service by a previous occupant of the premises;~~

~~s) failure to pay for merchandise or charges for non-utility service by the Company;~~

~~t) failure to pay for a different type or class of utility service unless the fee for such service is included on the same bill;~~

~~u) failure to pay the account of another Consumer as guarantor thereof, unless the Company has in writing the guarantee as condition precedent to service;~~

~~v) failure to pay charges arising from any underbilling occurring due to any misapplication of rates more than six months prior to the current billing;~~

~~w) failure to pay charges arising from any underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due; and~~

~~x) failure to pay an estimated bill other than a bill rendered pursuant to any approved meter reading plan, unless the Company is unable to read the meter due to circumstances beyond its control.~~

~~(6) — Unless a dangerous condition exists, or unless the Consumer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel of the Company are not available to the public for the purpose of making collections and reconnecting service.~~

~~(7) — The Company shall not abandon a Consumer without written approval from the regulatory authority.~~

~~(8) — The Company shall not discontinue service to a delinquent residential Consumer permanently residing in an individually metered dwelling unit when that Consumer establishes~~

~~that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if service is discontinued. Any Consumer seeking to avoid termination of service under this provision must make a written request to the Company supported by a written statement from a licensed physician. Both the request and the statement must be received by the Company within five working days of the issuance of the utility bill. The prohibition against service termination as provided herein shall last twenty (20) days from the date of receipt by the Company of the request and statement or such lesser period as may be agreed upon by the Company and the Consumer. The Consumer who makes such request shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.~~

~~(9) — The Railroad Commission of Texas (RRC) regulates all natural gas utilities in Texas. The RRC has adopted Emergency Rule 7. 60 (valid through April 30, 2001) to insure that gas consumers are not disconnected due to failure to pay their gas bills when the temperature is so cold that it could affect the customer's health. Rule 7. 60 can be summarized as follows: a) Except where there is a known dangerous condition or a use of natural gas in a manner that is dangerous or unreasonably interferes with service to others, a provider (UniGas) shall not disconnect natural gas service to: b) Any customer on a day when the previous day's temperature in the county where the customer takes service fell below 40 degrees F. and the National Weather Service predicts that the temperature in that county will fall below that level during the next 24 hours; or c) A delinquent residential customer for a billing period in which the provider receives a pledge, letter of intent, purchase order, or other notification from an energy assistance provider that it is forwarding sufficient payment to continue service; or d) A delinquent residential customer on a day, or on a day immediately preceding a day, when personnel of the provider are not available for the purpose of receiving payment or making collections and reconnecting service.~~

~~(0) — Residential customers of UniGas may avoid disconnection of gas service (where Rule 7. 60 does not apply) for failure to pay a delinquent gas bill in the following ways:~~

~~a) — The customer can execute a deferred payment agreement. Under that agreement, the residential customer has the option to pay her delinquent bill in not more than three (3) equal installments without interest, provided that it is the customer's first delinquent bill in the preceding twelve (12) months. Under the Plan, current bills must be paid before they become delinquent.~~

~~b) — The customer can give notice to the provider (UniGas) that disconnection of gas service would cause a person at the customer's residence to become seriously ill or more seriously ill, provided that the customer executes a deferred payment agreement (see previous paragraph) and provides a written request not to disconnect service supported by a written statement from a licensed medical doctor. This will have the effect of suspending disconnection of gas service for twenty (20) days (assuming Rule 7. 60 is not otherwise applicable).~~

~~9. — LOCATION OF METERS~~

~~Wherever practical and if requested by the Consumer, all new meter installations shall be installed near the building in which Consumer's gas appliances are located. All meters shall be accessible at all times for inspection, reading, and change out for testing. Whenever the Company shall permanently discontinue the delivery of gas to any of Consumer's premises, it shall have the right~~

~~at any reasonable time thereafter to enter upon the premises and remove its meter and related equipment.~~

~~10. METER TESTS AND BILL ADJUSTMENTS WITH RESPECT TO METER ACCURACY~~

~~(a) Meter Requirement.~~

~~(1) — Use of meter. All gas sold by the Company shall be charged for my meter measurements, except where otherwise provided for by applicable law, regulation of the regulatory authority or tariff.~~

~~(2) — Installation by Company. Unless otherwise authorized by the regulatory authority, the Company shall provide and install and will continue to own and maintain all meters necessary for measurement of gas delivered to its Consumers.~~

~~(3) — Standard type. The Company shall not furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.~~

~~(b) Meter records.~~

~~The Company shall keep the following records:~~

~~(1) — Meter equipment records.~~

~~The Company shall keep a record of all its meters, showing the Consumer's address and date of the last test.~~

~~(2) — Records of meter tests.~~

~~All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a Consumer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, and date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.~~

~~(c) Meter readings.~~

~~(1) Meter unit location.~~

~~In general, each meter must indicate clearly the units of service for which charge is made to the Consumer.~~

~~(d) Test for Accuracy.~~

~~(1) — The Company shall, upon request of a Consumer make a test of the accuracy of the meter serving that Consumer. The Company shall inform the Consumer of the time and place of the test,~~

~~and permit the Consumer or his authorized representative to be present if the Consumer so desires. If no such test has been performed within the previous four years for the same Consumer at the same location, the test shall be performed without charge. If such a test has been performed for the same Consumer at the same location within the previous four years, the Company may charge a fee for the test as set forth in the Company's tariff properly on file with the regulatory authority. The Consumer must be properly informed of the result of any test on a meter that serves him.~~

~~(2) — Notwithstanding Paragraph (1), above, if the meter is found to be more than nominally defective, to either Consumer's or the Company's disadvantage, any fee charged for a meter test must be refunded to the Consumer. More than nominally defective means a deviation of more than 2% from accurate registration.~~

~~(3) — If any meter test requested by a Consumer reveals a meter to be more than nominally defective, the Company shall correct previous readings consistent with the inaccuracy found in the meter for the period of either (i) the last six months, or (ii) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to be made. This requirement for a correction may be waived by the Company if the error is to the Company's disadvantage.~~

~~(4) — If a meter is found not to register for any period of time, the Company may make a charge for units used but not metered, for a period not to exceed three months previous to the time the meter is found not be registering. The determination of amounts used but not metered is to be based on consumption during other like periods by the same Consumer at the same location when available, and on consumption under similar conditions at the same location or of other similarly situated Consumers when not available.~~

~~(e) Meter Exchange.~~

~~(1) The Company follows the practice of testing and repairing its meters on periodic schedules in accordance with good operating practice. the periodic meter test interval is based on the results of accuracy tests of its meters randomly sampled of varying ages. The period of presumed accuracy is the period during which not less than 70% of the randomly sampled meters exhibit accuracy in the range of 2% fast to 2% slow.~~

~~QSGRR2 — PART 2 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~

~~11. DEPOSITS FROM CONSUMERS TO GUARANTEE PAYMENTS OF BILLS~~

~~(a) Establishment of Credit for Residential Applicants.~~

~~(1) The Company may require a residential applicant for service to satisfactorily establish credit but such establishment of credit shall not relieve the Consumer from complying with rules for prompt payment of bills. Subject to these rules, a residential applicant shall not be required to make a deposit;~~

~~(A) — if the residential applicant has been a Consumer of any utility for the same kind of service within the last two years and is not delinquent in payment of any such utility service account and~~

~~during the last twelve consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment; or~~

~~(B) — if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required; —~~

~~(C) if the residential applicant demonstrates a satisfactory credit rating by appropriate means, including but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the utility, or ownership of substantial equity.~~

~~(b) Re-establishment of credit.~~

~~Every applicant who has previously been a Consumer of the Company and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay all amounts due the Company or execute a written deferred payment agreement, if offered, and reestablish credit as provided herein.~~

~~(c) Amount of deposit and interest for residential service and exemption from deposit.~~

~~(1) — The required residential deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings (rounded up to the nearest \$5.00). If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the Company may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements. Estimated Annual Billings as such term is used in this Section shall be either (i) the 12-month billing history at the service address involved (if a billing history is available for the service address), or (ii) the average annual residential bill in the Division serving the Consumer (if a billing history is not available at the service address); provided, that such average annual residential bill determined pursuant to clause ii hereof, shall be determined periodically but no less frequently than annually.~~

~~(2) — All applicants for residential service who are sixty-five years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the Company or another utility for the same utility service which accrued within the last two years. No cash deposit shall be required of such applicant under these conditions.~~

~~(3) — The Company shall pay a minimum interest on such deposits according to the rate as established by law; provided, if refund of deposit is made within thirty days of receipt of deposit, no interest payment shall be made. If the Company retains the deposit more than thirty days, payment of interest shall be made retroactive to the date of deposit.~~

~~(A) — payment of interest to the Consumer shall be annually or at the time the deposit is returned or credited to the Consumer's account.~~

~~(B) — the deposit shall cease to draw interest on the date it is returned or credited to the Consumer's account.~~

~~(d) — For commercial and large volume Consumers, Company may require a deposit where the applicant is unable to establish good credit by standards generally accepted as evidence of credit worthiness. The amount of any deposit, where required, shall be in an amount sufficient to protect Company but shall not exceed the amount of the estimated highest two (2) months' billing. Interest shall be paid at the legal rate on all deposits. Deposits shall be refunded after three (3) years of prompt payment, with refund including any interest to be made in cash or by credit to the Consumer's bill. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to initial service without a deposit and otherwise has a record of prompt payment.~~

~~(e) — Deposits for temporary or seasonal service and for weekend or seasonal residences. The Company may require a deposit sufficient to reasonably protect it against the assumed risk, provided, such a policy is applied in a uniform and nondiscriminatory manner.~~

~~(f) — Records of deposits.~~

~~(1) The Company shall keep records to show:~~

~~(A) — the name and address of each depositor;~~

~~(B) — the amount and date of the deposit; and~~

~~(C) — each transaction concerning the deposit.~~

~~(2) The Company shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.~~

~~(3) A record of each unclaimed deposit shall be maintained for at least four years, during which time the Company shall make a reasonable effort to return the deposit.~~

~~(g) Refund of deposit.~~

~~(1) — If service is not connected or after disconnection of service, the Company shall promptly and automatically refund the Consumer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The transfer of service from one premises to another within the service area of the Company shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless permitted by these rules.~~

~~(2) — When the residential Consumer has paid bills for service for twelve consecutive residential bills without having service disconnected for nonpayment of bills and without having more than two occasions in which a bill was delinquent and when the Consumer is not delinquent in the payment of the current bills, the Company shall promptly and automatically refund the deposit plus accrued interest to the Consumer in the form of cash or credit to a Consumer's account. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to install service without a deposit and otherwise has a record of prompt payment.~~

~~(h) Upon sale or transfer of Company.~~

~~Upon the sale or transfer of the Company or operating units thereof, the Company shall file with the Commission under oath, in addition to other information, a list showing the names and addresses of all Consumers served by the Company or unit who have to their credit a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon.~~

~~(i) Complaint by applicant or Consumer.~~

~~The Company shall direct its personnel engaged in initial contact with an applicant or Consumer for service seeking to establish or re-establish credit under the provisions of these rules to inform the Consumer, if dissatisfaction is expressed with the Company decision, of the Consumer's right to file a complaint with the regulatory authority thereon.~~

~~12. — DISCONTINUANCE BY CONSUMER~~

~~A Consumer who wishes to discontinue the use of gas (provided he otherwise has the right to do so) must give notice of his intent to do so to Company at its nearest office. Consumer shall be obligated to pay for all service which is rendered by the Company (including applicable minimum charges therefor) prior to time Company receives such notice.~~

~~13. — RECORDS OF GAS SUPPLIED~~

~~Company shall keep accurate records of the amount of gas registered by its meters, and such records shall be accepted at all times and in all places as prima facie evidence of the true amount of gas consumed.~~

~~14. — ESCAPING GAS~~

~~Immediate notice must be given to Company by Consumer of any escaping gas on Consumer's premises. No flame shall be taken near the point where gas is escaping and as an added precaution, the gas should immediately be shut off at the meter by Consumer. Company shall not be liable for any damage or loss caused by the escape of gas from Consumer's housepiping or Consumer's appliances.~~

~~15. — DAMAGE AND REPAIR TO AND TAMPERING WITH COMPANY'S FACILITIES~~

~~Consumer shall immediately notify Company in the event of damage to Company's property on Consumer's premises. Consumer shall not permit anyone other than authorized employee of Company to adjust, repair, connect, or disconnect, or in any way tamper with the meter, lines or any other equipment of Company used in serving Consumer's premises.~~

~~16. ACCESS TO PREMISES~~

~~The Company's representatives shall have the right at all reasonable hours to enter upon the premises and property of Consumer to read the meter; and to remove, to inspect, or to make necessary repairs and adjustment to, or replacements of, service lines, meter loop, and any property of the Company located thereon, and for any other purpose connected with Company's operation.~~

~~The Company's representatives shall have the right at all times to enter upon the premises and property of Consumer in emergencies pertaining to Company's service. All dogs and other animals which might hinder the performance of such operations on the Consumer's property shall be kept away from such operations by the Consumer upon notice by the Company representatives of their intention to enter upon the Consumer's premises.~~

~~17. NON-LIABILITY~~

~~(a) — The Company shall not be liable for any loss or damage caused by variation in gas pressure, defects in pipes, connection and appliances, escape or leakage of gas, sticking of valves or regulators, or for any other loss or damage not caused by the Company's negligence arising out of or incident to the furnishing of gas to any Consumer.~~

~~(b) — Company shall not be liable for any damage or injury resulting from gas or its use after such gas leaves the point of delivery other than damage caused by the fault of the Company in the manner of installation of the service lines, in the manner in which such service lines are repaired by the Company, and in the negligence of the Company in maintaining its meter loop. All other risks after the gas left the point of delivery shall be assumed by the Consumer, his agents, servants, employees, or other persons.~~

~~(c) — The Company agrees to use reasonable diligence in rendering continuous gas service to all Consumers, but the Company does not guarantee such service and shall not be liable for damages resulting from any interruption to such service.~~

~~(d) — Company shall not be liable for any damage or loss caused by stoppage or curtailment of the gas supply pursuant to order of a governmental agency having jurisdiction over Company or Company's suppliers, or caused by an event of force majeure. The term force majeure as employed herein means acts of God; strikes, lockouts, or other industrial disturbances; acts of the public enemy; wars; blockages; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of the government, either federal or state, civil or military; civil disturbances; explosions; breakage or accident to machinery or lines of pipe; freezing of wells or lines of pipe; shortage of gas supply, whether resulting from inability or failure of a supplier to deliver gas; partial or entire failure of natural gas wells or gas supply; depletion of gas reserves; and any other causes; whether of the kind herein enumerated or otherwise.~~

~~18. TEMPORARY INTERRUPTION OF SERVICE~~

~~(a) — The Company shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Company shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Consumers are affected.~~

~~(b) — The Company shall make reasonable provisions to meet emergencies resulting from failure of service, and shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.~~

~~In the event of national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other Consumers to provide necessary~~

~~service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.~~

~~(1) — Record of interruption.~~

~~Except for momentary interruptions which do not cause a major disruption of service, the Company shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of such interruptions, date, time duration, location, approximate number of Consumers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.~~

~~(2) — Report to Commission.~~

~~The Commission shall be notified in writing within forty eight hours of interruptions in service affecting the entire system or any major division thereof lasting more than four hours. The notice shall also state the cause of such interruptions. If any service interruption is reported to the Commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this paragraph.~~

~~19. — WAIVER OF RULES~~

~~No agent or representative of the Company is authorized to add to, alter, waive, or otherwise change any of the foregoing rules except by agreement in writing signed by an officer in the Company.~~

~~20. — BILLING~~

~~(a) Bills for gas service shall be rendered monthly, unless otherwise authorized or unless service is rendered for a period less than a month. Bills shall be rendered as promptly as possible following the reading of meters.~~

~~(b) The Consumer's bill must show all the following information:~~

~~(1) — If the meter is read by the Company, the date and reading of the meter at the beginning and end of the period for which rendered;~~

~~(2) — The number and kind of units billed;~~

~~(3) — The applicable rate schedule, title or code;~~

~~(4) — The total base bill;~~

~~(5) — The total of any adjustments to the base bill and the amount of adjustments per billing unit;~~

~~(6) — The date by which the Consumer must pay the bill in order to avoid penalty;~~

~~(7) — The total amount due after addition of any penalty for nonpayment within a designated period; and~~

~~(8) — A distinct marking to identify an estimated bill. The information required above shall be arranged and displayed in such a manner as to allow the Consumer to compute his bill with the applicable rate schedule. The applicable rate schedule must be mailed to the Consumer on request of the Consumer. The Company may exhaust its stock of non-conforming bill forms existing on the effective date hereof before compliance is required with this section.~~

~~(c) Where there is a good reason for doing so, estimated bills may be submitted provided that an actual meter reading is taken at least every six months. For the second consecutive month in which the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read otherwise, the Company shall provide the Consumer with a postcard and request that the Consumer read the meter and return the card to the utility if the meter is of a type that can be read by the Consumer without significant inconvenience or special tools or equipment. If such a postcard is not received by the Company in time for billing, the Company may estimate the meter reading and render the bill accordingly.~~

~~(d) Disputed bills:~~

~~(1) — In the event of a dispute between the Consumer and the Company regarding the bill, the Company shall forthwith make such investigation as is required by the particular case and report the results thereof to the Consumer. If the Consumer wishes to obtain the benefit of subsection (2) hereunder, notification of the dispute must be given to the Company prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the Company shall inform the Consumer of the complaint procedures of the appropriate regulatory authority.~~

~~(2) — Notwithstanding any other provisions of these rules and regulations, the Consumer shall not be required to pay the disputed portion of the bill which exceeds the amount of that Consumer's average usage for the billing period at current rates until the earlier of the following:~~

~~(1) — resolution of the dispute; or~~

~~(2) — the expiration of the sixty day period beginning on the day the disputed bill is issued. For purposes of this section only, the Consumer's average usage for the billing period shall be the average of the Consumer's usage for the same billing period during the preceding two years. Where no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar Consumers and under similar conditions.~~

~~21. NEW CONSTRUCTION~~

~~(a) — Standards of construction. The Company shall construct, install, operate, and maintain its plant, structures, equipment and lines in accordance with the provisions of such codes and standards as are generally accepted by the industry, as modified by rule or regulation of the regulatory authority, or otherwise by law, and in such manner to best accommodate the public and to prevent interference with service furnished by other public utilities insofar as practical.~~

~~(b) — Response to request for residential and commercial service. The Company shall serve each qualified residential and commercial applicant for service within its service area as rapidly as practical. As a general policy, those applications not involving line extensions or new facilities should be filled within seven working days from the date all antecedent requirements are met.~~

~~Those applications for individual residential service requiring line extensions should be filled within ninety days unless unavailability of materials, insufficient pipeline capacity, or other causes beyond the control of the Company result in unavoidable delays. In the event that residential service is delayed in excess of ninety days after an applicant has met credit requirements and made satisfactory arrangements for payment of any required construction charges, a report must be made to the regulatory authority listing the name of the applicant, location, and cause for delay. Unless such delays are due to causes which are reasonably beyond the control of the Company, a delay in excess of ninety days may be found to constitute a refusal to serve.~~

~~22. CURTAILMENT POLICY~~

~~The Company adopts and shall adhere to the curtailment program set forth in Rule 2 of Texas Railroad Commission Gas Utilities Division Docket No. 489 as well as all other rules and regulations adopted from time to time by governmental agencies having authority over the operations of Company.~~

~~23. CONSUMER RELATIONS~~

~~(a) Information to Consumers:~~

~~The Company shall:~~

- ~~(1) — Maintain a current set of maps showing the physical location of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately describe the utility's facilities. These maps, or such other maps as may be required by the regulatory authority, shall be kept by the Company in a central location and will be available for inspection by the regulatory authority during normal working hours. Each business office or service center shall have available up-to-date maps, plans or records of its immediate area, with such other information as may be necessary to enable the utility to advise applicants and other entitled to the information as to the facilities available for serving that locality;~~
- ~~(2) — Assist the Consumer or applicant in selecting the most economical rate schedule;~~
- ~~(3) — In compliance with applicable law or regulations, notify Consumers affected by a change in rates or schedule or classification;~~
- ~~(4) — Post a notice in a conspicuous place in each business office of the utility where applications for service are received informing the public that copies of the current rate schedules and rules relating to the service of the Company, as filed with the Commission, are available for inspection;~~
- ~~(5) — Furnish such additional information on rates and services as the Consumer may reasonably request;~~
- ~~(6) — Upon request, inform its Consumers as to the method of reading meters; and~~
- ~~(7) — As required by law or the rules of the appropriate regulatory authority, provide its Consumers with Consumer service information. A sample of the Consumer Service Information~~

~~mail-out is attached hereto. At least once each calendar year, the Company shall notify its Consumers that Consumer service information is available on request and without charge.~~

~~(b) Consumer Complaints.~~

~~Upon complaint to the Company by residential or small commercial Consumers either at its office, by letter, or by telephone, the Company shall promptly make a suitable investigation and advise the complainant of the results thereof. The Company shall make its initial response to the Consumer no later than the end of the business day following the date of the complaint. The Company shall keep a record of all complaints which shall show the name and address of the complainant, the date and nature of the complaint, and the adjustment and disposition thereof for a period of two years subsequent to the final disposition of the complaint.~~

~~(c) Company Response.~~

~~Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a Consumer, the Company shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response shall be made not later than the next business day following receipt of the complaint. The Commission encourages all Consumer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of the Company.~~

~~(d) Deferred Payment Plan.~~

~~The Company may, but is not required to, offer a written deferred payment plan for delinquent residential accounts. If such a plan is offered, it shall conform to the following guidelines:~~

~~(1) — Every deferred payment plan entered into due to the Consumer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the Consumer pays current bills and a reasonable amount of the outstanding bill and agrees to pay the balance in reasonable installments until the bill is paid.~~

~~(2) — For purposes of determining reasonableness under these rules the following shall be considered: size of delinquent account; Consumer's ability to pay; Consumer's payment history; time that the debt has been outstanding; reasons why the debt has been outstanding; and other relevant factors concerning the circumstances of the Consumer.~~

~~(3) — A deferred payment plan offered by the Company shall state, immediately preceding the space provided for the Consumer's signature and in bold face print at least two sizes larger than any other used, that If you are not satisfied with this agreement, do not sign. If you are satisfied with this agreement, you give up your right to dispute the amount due under the agreement except for the utility's failure or refusal to comply with the terms of this agreement.~~

~~(4) — A deferred payment plan may include a one time five percent penalty for late payment on the original amount of the outstanding bill except in cases where the outstanding bill is unusually high as a result of the Company's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.~~

~~(5) — If a Consumer for utility service has not fulfilled terms of a deferred payment agreement or refuses to sign the same, the Company shall have the right to disconnect pursuant to disconnection rules herein and, under such circumstance, it shall not be required to offer a subsequent negotiation of a deferred payment plan prior to disconnection.~~

~~(6) — If the Company institutes a deferred payment plan it shall not refuse a Consumer participation in such a program on the basis of race, color, creed, sex or marital status.~~

~~UNIVERSAL NATURAL GAS, INC.~~
~~D/B/A UNIVERSAL NATURAL GAS, INC.~~
RATE SHEET
SERVICE CHARGES

292636	ms-1	New Residential and Commercial Service: Includes installation of the meter, regulator and associated parts with the appropriate delivery capacity and pressure, and a pressure test of Customer's piping, as follows: a) Up to 250 CF/H Meter with up to 4 1/2 oz. Delivery Pressure \$350.00 b) Over 250 to 450 CF/H Meter at 5 PSIG Delivery Pressure \$575.00 c) Over 450 to 1,100 CF/H Meter at 5 PSIG Delivery Pressure \$1,150.00 d) Over 1,100 to 3,000 CF/H Meter at 5 PSIG Delivery Pressure \$2,250.00 e) Over 3,000 to 7,500 CF/H Meter at 5 PSIG Delivery Pressure \$3,950.00 f) All Other Capacity and Delivery Pressure Applications At Cost Note: All delivery pressures and capacities are subject to pressure and capacity limitations of Company facilities.
292637	ms-2	Tap Company Main (dry, no bores or obstacles) \$80.00
292638	ms-3	First 15 feet of service line (3/4 inch pipe, dry, no bores or obstacles) \$175.00
292639	ms-5	Restore Service: a) Unlock or turn on meter to restore service (includes Customer Piping pressure test) \$80.00
292640	ms-7	Change meter for special test at Customer's request (Minimum) \$75.00 Note: See Company Quality of Service Rules for payment responsibility
292641	ms-8	Returned check charge \$35.00
292642	ms-9	Application for Gas Service, including account set up and credit inquiry \$50.00
292643	ms-10	Special meter reading at Customer's request \$25.00
292644	ms-11	Transfer Service at an existing service address, including special meter reading and processing Application for Gas Service (Paid by Transferee) \$50.00
292645	ms-12	Additional Customer piping pressure test due to failure to pass previous test (per Trip) \$50.00
292646	ms-13	Light Customer's appliance pilot lights at customer's request (excludes relighting due to gas outage):

		a) First appliance \$50.00 b) Each additional appliance \$25.00
292647	ms-15	Change meter size, delivery pressure, and/or location due to change in Customer service requirements, and/or inability of Company Personnel to access meter At all times due to actions taken by Customer (Minimum) \$300.00
292648	ms-16	Installation of service lines over 15 feet in length, gas mains, and yard lines At Cost* *Must be approved by Customer in advance of work.

EXHIBIT A
GAS ENERGY, LLC TARIFF FOR GAS SERVICE
REDLINE

~~**GAS ENERGY, LLC**~~
~~**RATE SHEET**~~
~~**RATE SCHEDULE R1Ra**~~

~~**APPLICATION OF SCHEDULE:**~~

~~This schedule is applicable to all residential customers receiving individually metered gas service in the Companys service area in the west central portion of Montgomery County, Texas. Natural gas supplied hereunder is for the individual use of the customer at one point of delivery and shall not be resold or shared with others. Where service of the type desired by customer is not already available at the proposed service location, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished. Service under this schedule shall be furnished in accordance with the Commissions Special Rules of Practice and Procedure and Substantive Rules and the Companys General Rules and Regulations, as such rules may be amended from time to time.~~

~~**RESIDENTIAL CUSTOMER SERVICE CHARGE:**~~

- ~~1. ——— First Meter at Customers Service Address: \$13.68 per month or portion thereof.~~
- ~~2. ——— Second Meter at Customers Service Address: \$ 7.37 per month or portion thereof.~~

~~**PAYMENT:** All bills shall be rendered on the gross basis. All bills shall be delinquent unless payment is received within fifteen (15) days from the date of the bill. The difference between the gross and net monthly rates, representing a discount, shall be allowed for payment of bills received in the Companys offices within ten (10) days from the date of the bill.~~

~~**DEFINITIONS AND ADJUSTMENTS:**~~

~~**Residential Customer:** An individually metered, single, private dwelling and its appurtenances, used for household appliances, fireplaces, gas lights, water heating, cooking and heating for the personal comfort and convenience of those persons residing therein. This classification includes stand-by electrical power generating equipment.~~

~~**Gross Monthly Rate:** The Gross Monthly Rate for each residential customer for gas service and all consumption each month shall be composed of the following:~~

- ~~1) ——— \$13.68 Customer Service Charge for first meter; plus~~
- ~~2) ——— \$7.37 Customer Service Charge for second meter (if installed); plus~~
- ~~3) ——— The Commodity Charge, which is composed of the Adjusted Cost of Gas, plus a Residential Capacity Charge of \$5.53 per MCF.~~

GAS ENERGY, LLC**RATE SHEET****RATE SCHEDULE COST OF GAS R3**

~~Adjusted Cost of Gas: The Adjusted Cost of Gas for the current billing cycle shall be computed to the nearest cent (\$0.01), and the Gas Cost Adjustment per MCF shall be applied to each MCF billed.~~

~~Lost and unaccounted for gas (LUG) expense shall be allowed at the rate of five percent (5%) or the Company's actual LUG, whichever is smaller.~~

~~The monthly adjustment shall be computed as follows when the weighted average cost of gas is known:~~

$$A = C (1 + (LUG) P) / S$$

~~Where:~~

~~A = Adjusted Cost of Gas for the current billing cycle.~~

~~C = The weighted average cost of gas per MCF purchased by Company for the current billing cycle corrected for billing adjustments in previous periods.~~

~~P = The MCF volume of gas purchased during the most recent 12-month period ended June 30.~~

~~S = The MCF volume of gas sold during the most recent 12-month period ended June 30.~~

~~LUG = means Lost and Unaccounted for Gas and is defined as the smaller of 0.05 or (P-S)/P, for the most recent 12-month period ended June 30.~~

~~The Commodity Rate shall be adjusted each month as provided in the Gas Cost Adjustment. If the Company's current weighted average cost of gas purchased for resale is not known at the date the customer's bills are prepared, then Company shall calculate its current weighted average cost of gas purchased for resale as follows:~~

~~Step 1: Current Month Estimated Cost of Gas Calculation~~

~~A Current Month's Estimated Total Gas Cost \$~~

~~B Current Month's Estimated Purchase Volume _____ MCF~~

~~C Current Month's Estimated Cost of Gas per MCF \$~~

~~E Adjusted Cost of Gas \$~~

~~F Unaccounted for Gas Factor (LUG) _____ %~~

~~G Current Month's Estimated Adjusted Cost of Gas \$~~

~~Step 2: Correction of Prior Month's Estimated GCA~~

~~H Prior Month's Actual Total Gas Cost~~

~~I Prior Month's Actual Purchase Volume _____ MCF~~

~~J Prior Month's Actual Cost of Gas per MCF~~

~~K Base Cost of Gas per MCF (H/I) _____~~
~~L Adjusted Cost of Gas per MCF (J-K)~~
~~M Unaccounted for Gas Factor (LUG) _____%~~
~~N Prior Month's Actual GCA per MCF (LxM) \$~~
~~O Prior Month's Estimated Cost of Gas per MCF \$~~
~~P Difference per MCF (N-O) \$~~
~~Q Prior to Month's Actual Sales Volume (MCF) _____~~
~~R Total Amount <Over>/Under Collected (PxQ) \$~~

~~Step 3: Current Month's GCA Calculation~~

~~G Current Month's Estimated Cost of Gas per MCF \$~~
~~R Amount <Over>/Under Collected in Prior Month \$~~
~~S Current Month's Actual Sales Volume (MCF)~~
~~T Adjustment per MCF (R/S)~~
~~U Current Month's Estimated GCA (G+T)~~

~~**GAS ENERGY, LLC**~~

~~**RATE SHEET**~~

~~**RATE SCHEDULE NET MONTHLY RATE R2**~~

~~The Net Monthly Rate is the Gross Monthly Rate excluding the Adjusted Cost of Gas discounted by 5%.~~

~~GAS ENERGY, LLC~~**~~RATE SHEET~~****~~RATE SCHEDULE PSF2019GE~~**

~~The Company will pass on the one time customer charge for the Pipeline Safety Inspection Fee in the amount of \$0.98 for each service line reported to be in service at the end of calendar year 2019, pursuant to the Texas Utilities Code 121.211 of the Commission's Rules and Regulations. That fee is based on the \$1.00 per service line.~~

~~GAS ENERGY, LLC~~
~~RATE SHEET~~
~~GE489—CURTAILMENT PLAN~~

~~Docket No. 489 ORDER RELATING TO THE APPROVAL BY THE COMMISSION OF CURTAILMENT PROGRAMS FOR NATURAL GAS TRANSPORTED AND SOLD WITHIN THE STATE OF TEXAS~~

~~After due notice the Railroad Commission of Texas on the 30th day of November, 1972, heard testimony and requested written curtailment priorities from representatives of investor owned and municipal gas utilities companies, private industry consumers and others responsible for directing available natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~WHEREAS, pursuant to the authority granted to the Railroad Commission of Texas in Article 6050 to 6066, inclusive, R.C.S., as amended; and~~

~~WHEREAS, the Commission has determined the need for a curtailment program to assure effective control of the flow of natural gas to the proper destinations to avoid suffering and hardship of domestic consumers; and~~

~~WHEREAS, the Commission has determined a need to make natural gas available to all gas consumers on a reasonable but limited basis during times of needed curtailment to the end that the public will be best served; and~~

~~WHEREAS, the Commission has determined that the transportation delivery and/or sale of natural gas in the State of Texas for any purpose other than human need consumption will be curtailed to whatever extent and for whatever periods the Commission may find necessary for the primary benefit of human needs customers (domestic and commercial consumption) and such small industries as cannot practically be curtailed without curtailing human needs.~~

~~IT IS THEREFORE, ORDERED BY THE RAILROAD COMMISSION OF TEXAS that the following rules relating to the approval by the Commission of curtailment programs for gas transported and sold within the State of Texas shall apply to all parties responsible for directing available and future natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~RULE 1.~~

~~Every natural gas utility, as that term is defined in Article 6050, R.C.S. of Texas, as amended, intrastate operations only, shall file with the Railroad Commission on or before Feb. 12, 1973, its curtailment program. The Commission may approve the program without a hearing; set the matter for a public hearing on its own motion or on the motion of any affected customer of said utility.~~

~~The curtailment program to be filed shall include, in verified form, the following information:~~

~~A. Volume of gas reserves attached to its system together with a brief description of each separate source of gas reserves setting forth the following:~~

- ~~1. the name of the supplier,~~
- ~~2. the term of each contract in years, and the years remaining on said contract,~~
- ~~3. the volume of recoverable reserve contracted for, and~~
- ~~4. rated deliverability of such reserves in MCF.~~

- ~~B. Capacity and location of underground storage, if any, attached to its system with a statement of whether the company's storage balance is above or below its desired level for this time, and, if below, what plans has the company made to restore the balance.~~
- ~~C. Peak day and average daily deliverability on an annual basis of its wells, gas plants and underground storage attached to its system.~~
- ~~D. Peak day capacity of its system.~~
- ~~E. Forecast of additions to reserves for each of the next two succeeding years.~~
- ~~F. Location and size of the line pipes, compressor stations, operating maximum line pressures, and a map showing delivery points along the system.~~
- ~~G. Disposition of all gas entering its system, with names of all customers other than residential customers and volumes delivered to each during the past calendar year. Identify those customers using 3,000 MCF gas per day, or more, which are under a service contract, and if such contract includes an "Interruptible Service" clause, and if so, attach a reproduced copy of the relevant provisions of such contract.~~
- ~~H. Steps taken in past years, being taken at the present, and to be taken to alleviate curtailments.~~

~~RULE 2.~~

~~Until such time as the Commission has specifically approved a utilities curtailment program, the following priorities in descending order shall be observed:~~

- ~~A. Deliveries for residences, hospitals, schools, churches and other human needs customers.~~
- ~~B. Deliveries of gas to small industrials and regular commercial loads (defined as those customers using less than 3,000 MCF per day) and delivery of gas for use as pilot lights or in accessory or auxiliary equipment essential to avoid serious damage to industrial plants.~~
- ~~C. Large users of gas for fuel or as a raw material where an alternate cannot be used and operation and plant production would be curtailed or shut down completely when gas is curtailed.~~
- ~~D. Large users of gas for boiler fuel or other fuel users where alternate fuels can be used. This category is not to be determined by whether or not a user has actually installed alternate fuel facilities, but whether or not an alternate fuel "could" be used.~~
- ~~E. Interruptible sales made subject to interruption or curtailment at Seller's sole discretion under contracts or tariffs which provide in effect for the sale of such gas as Seller may be agreeable to selling and Buyer may be agreeable to buying from time to time.~~

~~RULE 3.~~

~~Each gas utility that has obtained Commission approval of a curtailment program shall conduct operations in compliance with such program.~~

~~So long as any gas utility which has obtained Commission approval of a curtailment program continues to curtail deliveries to its customers, except as provided by contract or those customers included in Part E of Rule 2 above, it (a) shall file on or before April 1 of each year, under oath, the information called for in Rule 1, for the preceeding year, and (b) shall not, without Commission approval, make sales of gas to any new customers or increase volumes sold to existing customers, except those new or existing customers defined in Parts A & B of Rule 2 above.~~

~~IT IS FURTHER ORDERED that this cause be held open for such other and further orders as may be deemed necessary.~~

~~ENTERED AT AUSTIN, TEXAS, this 5th day of January, 1973.~~

GAS ENERGY, LLC
RATE SHEET
QUALITY OF SERVICE

PART 1 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE

1. — DEFINITIONS

(a) — ~~Consumer, Consumer and Applicant are used interchangeably and mean a person or organization utilizing services or who wants to utilize services of Universal Natural Gas, Inc.~~

(b) — ~~Company means Universal Natural Gas, Inc., its successors and assigns.~~

(c) — ~~Cubic Foot of Gas: Unless otherwise expressly provided by rate schedule or written contract (or agreement), the amount of gas necessary to fill a cubic foot of space when the gas is at a gauge pressure of four (4) ounces above atmospheric pressure of 14.65 psia at 60 Fahrenheit.~~

(d) — ~~Service Line: The pipe and attached fittings which convey gas from Company's mains to the property line of Consumer's premises.~~

(e) — ~~Yard Line: The pipe and attached fittings which convey gas from the Consumer's property line to and including the stopcock on the riser for the Consumer's meter.~~

(f) — ~~Consumer's Housepiping: All pipe and attached fittings which convey gas from the outlet side of the meter to the Consumer's connection for gas appliances.~~

(g) — ~~Point of Delivery: The point where the gas is measured for delivery into Consumer's piping.~~

2. — APPLICATION OF RULES

(a) — ~~Unless otherwise expressly stated, these rules apply to all Consumers regardless of classification, except insofar as they are changed by or are in conflict with any statute of the State of Texas, valid municipal ordinance, valid final order of any court or of the Railroad Commission of Texas, or written contract executed by Company, in which case such statute, ordinance, order or contract shall control to the extent that it is applicable to the consumer(s) in question. Whenever possible, these rules shall be construed harmoniously with such laws, contracts, ordinances, and orders.~~

(b) — ~~The use of gas service shall constitute an agreement by the Consumer to utilize such service in accordance with the applicable rules of the Company as set forth herein.~~

(c) — ~~These rules, and all subsequently enacted rules, may be abrogated, modified, or added to in whole or in part, by the company and such rules as abrogated, modified, or added to, shall become effective when filed with the appropriate regulatory authority.~~

3. — CLASSIFICATION FOR RATE AND CONTRACT PURPOSES ~~For purposes of determining rates, Consumers shall be classified as either Residential, Commercial or Large Volume Consumers as defined in Company's applicable rate schedules. Service by Company to~~

~~Consumers classified herein as Residential and Commercial is available without a written contract between Consumer and Company at the standard rates and charges applicable to such Consumers from time to time. Company shall have no obligation to deliver more than 5,000 cubic feet of gas in any day to~~

~~any Consumer not having a written gas sales contract with Company. A contract may be required from Large Volume Consumers using less than 5,000 cubic feet per day, provided this requirement shall be uniformly applied to all such Consumers within each municipal rate jurisdiction. In the case of existing Consumers, the maximum gas usage during any one day shall be obtained from records of the Company, except in cases where the existing Consumer will be purchasing increased volumes of gas from Company because of expansions or for any other reason, in which event the Company may estimate usage by such Consumer. Also in the case of new Consumers, the Company may estimate usage by the Consumer. Any such estimates made by Company shall be binding on Consumer in determining rate classification and whether or not a contract is required. Company's obligation to provide service to any Large Volume Consumer is contingent upon Company's determination that there will be an adequate supply of gas to serve such Large Volume Consumer, and that existing facilities are of adequate capacity and suitable pressure.~~

~~4.—— LIMITATION OF USE All gas delivered through Company's meters is for use only at the point of delivery and shall not be redelivered or resold to others without Company's written consent.~~

~~5.—— SERVICE CONNECTIONS~~

~~(a)—— Tap Charge: Unless otherwise prohibited by applicable ordinance or rule, Company may impose a reasonable charge for the connection of a new Consumer to its distribution mains. The service areas where a tap charge is to be collected and the amount and conditions under which such charge will be imposed are set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(b)—— Service Line: Company shall install and maintain all service lines and, to the extent permitted by applicable ordinance or rule, shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. A service line may be used to supply a single building or single group of buildings which may or may not be located on a single lot, such as a group of factory buildings, hospital buildings, or institutional buildings, all under one ownership or control. However, gas service supplied to Consumer for use at separate lots physically divided by other private or public property (including streets, alleys and other public ways) must be separately metered and billed. More than one service line to supply a Consumer's premises may be constructed by agreement between Company and Consumer.~~

~~(c)—— Yard Line: Company shall install yard lines if so requested by Consumer. To the extent permitted by applicable ordinance or rule, Company shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(d) — Housepiping: Consumer shall be responsible for installing and maintaining Consumer's housepiping. Company may refuse service to any consumer whose housepiping is inadequate or unsafe, but Company shall have no responsibility for inspecting or testing Consumer's housepiping, determining whether or not Consumer has complied with applicable safety codes, or in any way establishing or enforcing housepiping specifications. Information relating to piping may be obtained at the Company's local offices.~~

~~(e) — Gas Main Extensions: Company shall extend its gas mains to provide new or additional service and shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. Gas main extensions shall be made at Company's expense only where the probable expected use of all facilities necessary for such service and paid for by Company will provide a reasonable and compensatory return to Company on the value of such facilities. Otherwise, gas main extensions shall be made only under the following conditions:~~

~~(1) Individual Residential and Commercial Consumers — upon payment of the fee for gas main extension set out in the Schedule of Miscellaneous Service Charges or upon execution of a Gas Main Extension Contract between Company and Consumer.~~

~~(2) — Developers of Residential or Business Subdivisions — upon execution of Company's Gas Main Extension Contract or Predevelopment Gas Main Extension Contract, or under special circumstances where, in Company's opinion, such forms are not appropriate, upon execution of a special agreement providing for reimbursement to Company for cost of the necessary gas main extension.~~

~~(3) — Large Volume Consumers — upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.~~

~~6. — ADDITIONAL CHARGES RELATING TO GAS SERVICE~~

~~Charges for services other than delivering natural gas may be made in accordance with the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~7. — APPLICATION FOR SERVICE~~

~~Where no written contract for service is necessary, any application by telephone, in person, or in writing may be made to request initiation of service. Upon request, Consumer shall provide information necessary for purposes of rate classification, billing, and determining whether a deposit will be required.~~

~~8. — REFUSAL TO INSTITUTE SERVICE AND TERMINATION OF SERVICE.~~

~~(a) Refusal of Service.~~

~~(1) Compliance by Applicant. The Company may decline to serve an applicant for whom service is available from previously installed facilities until such applicant has complied with the state and municipal rules, regulations or laws, and with approved rules and regulations of the Company on~~

~~file with the appropriate regulatory authority governing the service applied for, or for the following reasons:~~

~~(A) — the applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given;~~

~~(B) — the applicant is indebted to any utility company for the same kind of service as that applied for; provided, however, that in the event the indebtedness of the applicant for service is in dispute, the applicant shall be served upon complying with the applicable deposit requirement;~~

~~(C) — the applicant refuses to make a deposit if applicant is required to make a deposit under these rules;~~

~~(D) — where an unsafe condition exists at any point on Consumer's premises;~~

~~(E) — for use of gas in violation of Company's rules;~~

~~(F) — in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~(G) — when Company's property on the Consumer's premises is tampered with, damaged or destroyed.~~

~~(2) Applicant's Recourse. In the event that the Company shall refuse to serve an applicant under the provisions of these rules, the Company shall inform the applicant of the basis of its refusal and that the applicant may file a complaint with the appropriate regulatory authority thereon.~~

~~(3) Insufficient Grounds for Refusal to Serve. The following shall not constitute sufficient cause for refusal of service to a present residential or commercial Consumer or applicant:~~

~~(A) — delinquency in payment for service by a previous occupant of the premises to be served;~~

~~(B) — failure to pay for merchandise or charges for non-utility service purchased from the Company;~~

~~(C) — failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;~~

~~(D) — violation of the Company's rules pertaining to the operation of nonstandard equipment of unauthorized attachments, which interfere with the service of others, unless the Consumer has first been notified and been afforded reasonable opportunity to comply with these rules;~~

~~(E) — failure to pay a bill of another Consumer as guarantor thereof, unless the guarantee was made in writing to the Company as a condition precedent to service; and~~

~~(F) — failure to pay the bill of another Consumer at the same address except where the change of Consumer identity is made to avoid or evade payment of a utility bill.~~

~~(b) Discontinuance of Service.~~

~~(1) Bills are due and payable when rendered; the bill shall be past due not less than 15 days after issuance or such other period of time as may be provided by order of the appropriate regulatory authority. A bill for utility service is delinquent if unpaid by the due date.~~

~~(2) The Company may offer an inducement for prompt payment of bills by allowing a discount in the amount of 5% for payment within 10 days of their issuance. In the event of any inconsistency between these Rules and Regulations and the applicable rate tariff, the rate tariff shall control.~~

~~(3) A Consumer's utility service may not be terminated unless the Company has made a reasonable effort to offer the Consumer the option of paying a delinquent bill in installments. A Consumer's utility service may be disconnected if the bill has not been paid or a suitable written arrangement for payment in installments entered into within 5 working days after the bill has become delinquent and if proper notice has been given. Proper notice shall consist of a mailing or hand delivery thereof at least five working days prior to a stated date of disconnection. Said notice shall be provided in English (and Spanish, if the Company has any Spanish speaking Consumers) and shall include:~~

~~a) the words Disconnect Notice or similar language prominently displayed;~~

~~b) the reason service is to be terminated;~~

~~c) what Consumer must do to prevent termination;~~

~~d) in the case of a past due bill, the amount past due and the hours, address, and telephone number where payment may be made; and~~

~~e) a statement that if a health or other emergency exists, the Company may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency.~~

~~f) Utility service may be disconnected for any of the following reasons:~~

~~g) failure to pay a delinquent account or failure to comply with the terms of a written agreement for installment payment of a delinquent account;~~

~~h) violation of the Company's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the Consumer and the Consumer is provided with a reasonable opportunity to remedy the situation;~~

~~i) failure to comply with deposit or guarantee arrangements where required by these rules and regulations;~~

~~j) without notice where a known dangerous condition exists for as long as the condition exists;~~

~~k) tampering with the Company's meter or equipment or bypassing the same;~~

~~l) for use of gas in violation of Company's rules;~~

~~m) in the event Consumer's premises are vacated;~~

~~n) in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~o) when Company's property on the Consumer's premises is tampered with, damaged or destroyed;~~

~~p) for use of gas in violation of any law, ordinance or regulation;~~

~~q) for fraudulent misrepresentation in relation to the consumption of gas or any other fraud practiced by Consumer, with regard to the matters referred to in these rules or Consumer's contract.~~

~~(5) Utility service may not be disconnected for any of the following reasons:~~

~~r) delinquency in payment for service by a previous occupant of the premises;~~

~~s) failure to pay for merchandise or charges for non-utility service by the Company;~~

~~t) failure to pay for a different type or class of utility service unless the fee for such service is included on the same bill;~~

~~u) failure to pay the account of another Consumer as guarantor thereof, unless the Company has in writing the guarantee as condition precedent to service;~~

~~v) failure to pay charges arising from any underbilling occurring due to any misapplication of rates more than six months prior to the current billing;~~

~~w) failure to pay charges arising from any underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due; and~~

~~x) failure to pay an estimated bill other than a bill rendered pursuant to any approved meter reading plan, unless the Company is unable to read the meter due to circumstances beyond its control.~~

~~(6) — Unless a dangerous condition exists, or unless the Consumer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel of the Company are not available to the public for the purpose of making collections and reconnecting service.~~

~~(7) — The Company shall not abandon a Consumer without written approval from the regulatory authority.~~

~~(8) — The Company shall not discontinue service to a delinquent residential Consumer permanently residing in an individually metered dwelling unit when that Consumer establishes that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if service is discontinued. Any Consumer seeking to avoid termination of service under this provision must make a written request to the Company supported by a written statement from a licensed physician. Both the request and the statement must be received by the Company within five working days of the issuance of the utility bill. The~~

~~prohibition against service termination as provided herein shall last twenty (20) days from the date of receipt by the Company of the request and statement or such lesser period as may be agreed upon by the Company and the Consumer. The Consumer who makes such request shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.~~

~~(9) — The Railroad Commission of Texas (RRC) regulates all natural gas utilities in Texas. The RRC has adopted Emergency Rule 7. 60 (valid through April 30, 2001) to insure that gas consumers are not disconnected due to failure to pay their gas bills when the temperature is so cold that it could affect the customer's health. Rule 7. 60 can be summarized as follows: a) Except where there is a known dangerous condition or a use of natural gas in a manner that is dangerous or unreasonably interferes with service to others, a provider (UniGas) shall not disconnect natural gas service to: b) Any customer on a day when the previous day's temperature in the county where the customer takes service fell below 40 degrees F. and the National Weather Service predicts that the temperature in that county will fall below that level during the next 24 hours; or c) A delinquent residential customer for a billing period in which the provider receives a pledge, letter of intent, purchase order, or other notification from an energy assistance provider that it is forwarding sufficient payment to continue service; or d) A delinquent residential customer on a day, or on a day immediately preceding a day, when personnel of the provider are not available for the purpose of receiving payment or making collections and reconnecting service.~~

~~(0) — Residential customers of UniGas may avoid disconnection of gas service (where Rule 7. 60 does not apply) for failure to pay a delinquent gas bill in the following ways:~~

~~a) — The customer can execute a deferred payment agreement. Under that agreement, the residential customer has the option to pay her delinquent bill in not more than three (3) equal installments without interest, provided that it is the customer's first delinquent bill in the preceding twelve (12) months. Under the Plan, current bills must be paid before they become delinquent.~~

~~b) — The customer can give notice to the provider (UniGas) that disconnection of gas service would cause a person at the customer's residence to become seriously ill or more seriously ill, provided that the customer executes a deferred payment agreement (see previous paragraph) and provides a written request not to disconnect service supported by a written statement from a licensed medical doctor. This will have the effect of suspending disconnection of gas service for twenty (20) days (assuming Rule 7. 60 is not otherwise applicable).~~

~~9. — LOCATION OF METERS~~

~~Wherever practical and if requested by the Consumer, all new meter installations shall be installed near the building in which Consumer's gas appliances are located. All meters shall be accessible at all times for inspection, reading, and change out for testing. Whenever the Company shall permanently discontinue the delivery of gas to any of Consumer's premises, it shall have the right at any reasonable time thereafter to enter upon the premises and remove its meter and related equipment.~~

~~10. METER TESTS AND BILL ADJUSTMENTS WITH RESPECT TO METER ACCURACY~~

~~(a) Meter Requirement.~~

~~(1) — Use of meter. All gas sold by the Company shall be charged for my meter measurements, except where otherwise provided for by applicable law, regulation of the regulatory authority or tariff.~~

~~(2) — Installation by Company. Unless otherwise authorized by the regulatory authority, the Company shall provide and install and will continue to own and maintain all meters necessary for measurement of gas delivered to its Consumers.~~

~~(3) — Standard type. The Company shall not furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.~~

~~(b) Meter records:~~

~~The Company shall keep the following records:~~

~~(1) — Meter equipment records.~~

~~The Company shall keep a record of all its meters, showing the Consumer's address and date of the last test.~~

~~(2) — Records of meter tests:~~

~~All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a Consumer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, and date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.~~

~~(c) Meter readings:~~

~~(1) Meter unit location:~~

~~In general, each meter must indicate clearly the units of service for which charge is made to the Consumer.~~

~~(d) Test for Accuracy:~~

~~(1) — The Company shall, upon request of a Consumer make a test of the accuracy of the meter serving that Consumer. The Company shall inform the Consumer of the time and place of the test, and permit the Consumer or his authorized representative to be present if the Consumer so desires. If no such test has been performed within the previous four years for the same Consumer at the same location, the test shall be performed without charge. If such a test has been performed for the same Consumer at the same location within the previous four years, the Company may charge a fee for the test as set forth in the Company's tariff properly on file with the regulatory authority. The Consumer must be properly informed of the result of any test on a meter that serves him.~~

~~(2) — Notwithstanding Paragraph (1), above, if the meter is found to be more than nominally defective, to either Consumer's or the Company's disadvantage, any fee charged for a meter test must be refunded to the Consumer. More than nominally defective means a deviation of more than 2% from accurate registration.~~

~~(3) — If any meter test requested by a Consumer reveals a meter to be more than nominally defective, the Company shall correct previous readings consistent with the inaccuracy found in the meter for the period of either (i) the last six months, or (ii) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to be made. This requirement for a correction may be waived by the Company if the error is to the Company's disadvantage.~~

~~(4) — If a meter is found not to register for any period of time, the Company may make a charge for units used but not metered, for a period not to exceed three months previous to the time the meter is found not be registering. — The determination of amounts used but not metered is to be based on consumption during other like periods by the same Consumer at the same location when available, and on consumption under similar conditions at the same location or of other similarly situated Consumers when not available.~~

~~(e) Meter Exchange.~~

~~(1) The Company follows the practice of testing and repairing its meters on periodic schedules in accordance with good operating practice. the periodic meter test interval is based on the results of accuracy tests of its meters randomly sampled of varying ages. The period of presumed accuracy is the period during which not less than 70% of the randomly sampled meters exhibit accuracy in the range of 2% fast to 2% slow.~~

~~QSGRR2 — PART 2 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~

~~11. DEPOSITS FROM CONSUMERS TO GUARANTEE PAYMENTS OF BILLS~~

~~(a) Establishment of Credit for Residential Applicants.~~

~~(1) The Company may require a residential applicant for service to satisfactorily establish credit but such establishment of credit shall not relieve the Consumer from complying with rules for prompt payment of bills. Subject to these rules, a residential applicant shall not be required to make a deposit;~~

~~(A) — if the residential applicant has been a Consumer of any utility for the same kind of service within the last two years and is not delinquent in payment of any such utility service account and during the last twelve consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment; or~~

~~(B) — if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required; —~~

~~(C) if the residential applicant demonstrates a satisfactory credit rating by appropriate means, including but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the utility, or ownership of substantial equity.~~

~~(b) Re-establishment of credit.~~

~~Every applicant who has previously been a Consumer of the Company and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay all amounts due the Company or execute a written deferred payment agreement, if offered, and reestablish credit as provided herein.~~

~~(c) Amount of deposit and interest for residential service and exemption from deposit.~~

~~(1) — The required residential deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings (rounded up to the nearest \$5.00). If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the Company may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements. Estimated Annual Billings as such term is used in this Section shall be either (i) the 12-month billing history at the service address involved (if a billing history is available for the service address), or (ii) the average annual residential bill in the Division serving the Consumer (if a billing history is not available at the service address); provided, that such average annual residential bill determined pursuant to clause ii hereof, shall be determined periodically but no less frequently than annually.~~

~~(2) — All applicants for residential service who are sixty five years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the Company or another utility for the same utility service which accrued within the last two years. No cash deposit shall be required of such applicant under these conditions.~~

~~(3) — The Company shall pay a minimum interest on such deposits according to the rate as established by law; provided, if refund of deposit is made within thirty days of receipt of deposit, no interest payment shall be made. If the Company retains the deposit more than thirty days, payment of interest shall be made retroactive to the date of deposit.~~

~~(A) — payment of interest to the Consumer shall be annually or at the time the deposit is returned or credited to the Consumer's account.~~

~~(B) — the deposit shall cease to draw interest on the date it is returned or credited to the Consumer's account.~~

~~(d) — For commercial and large volume Consumers, Company may require a deposit where the applicant is unable to establish good credit by standards generally accepted as evidence of credit worthiness. The amount of any deposit, where required, shall be in an amount sufficient to protect Company but shall not exceed the amount of the estimated highest two (2) months' billing. Interest shall be paid at the legal rate on all deposits. Deposits shall be refunded after three (3) years of prompt payment, with refund including any interest to be made in cash or by credit to the~~

~~Consumer's bill. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to initial service without a deposit and otherwise has a record of prompt payment.~~

~~(e) — Deposits for temporary or seasonal service and for weekend or seasonal residences. The Company may require a deposit sufficient to reasonably protect it against the assumed risk, provided, such a policy is applied in a uniform and nondiscriminatory manner.~~

~~(f) — Records of deposits.~~

~~(1) The Company shall keep records to show:~~

~~(A) — the name and address of each depositor;~~

~~(B) — the amount and date of the deposit; and~~

~~(C) — each transaction concerning the deposit.~~

~~(2) The Company shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.~~

~~(3) A record of each unclaimed deposit shall be maintained for at least four years, during which time the Company shall make a reasonable effort to return the deposit.~~

~~(g) Refund of deposit.~~

~~(1) — If service is not connected or after disconnection of service, the Company shall promptly and automatically refund the Consumer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The transfer of service from one premises to another within the service area of the Company shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless permitted by these rules.~~

~~(2) — When the residential Consumer has paid bills for service for twelve consecutive residential bills without having service disconnected for nonpayment of bills and without having more than two occasions in which a bill was delinquent and when the Consumer is not delinquent in the payment of the current bills, the Company shall promptly and automatically refund the deposit plus accrued interest to the Consumer in the form of cash or credit to a Consumer's account. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to install service without a deposit and otherwise has a record of prompt payment.~~

~~(h) Upon sale or transfer of Company.~~

~~Upon the sale or transfer of the Company or operating units thereof, the Company shall file with the Commission under oath, in addition to other information, a list showing the names and addresses of all Consumers served by the Company or unit who have to their credit a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon.~~

~~(i) Complaint by applicant or Consumer.~~

~~The Company shall direct its personnel engaged in initial contact with an applicant or Consumer for service seeking to establish or re-establish credit under the provisions of these rules to inform the Consumer, if dissatisfaction is expressed with the Company decision, of the Consumer's right to file a complaint with the regulatory authority thereon.~~

~~12. — DISCONTINUANCE BY CONSUMER~~

~~A Consumer who wishes to discontinue the use of gas (provided he otherwise has the right to do so) must give notice of his intent to do so to Company at its nearest office. Consumer shall be obligated to pay for all service which is rendered by the Company (including applicable minimum charges therefor) prior to time Company receives such notice.~~

~~13. — RECORDS OF GAS SUPPLIED~~

~~Company shall keep accurate records of the amount of gas registered by its meters, and such records shall be accepted at all times and in all places as prima facie evidence of the true amount of gas consumed.~~

~~14. — ESCAPING GAS~~

~~Immediate notice must be given to Company by Consumer of any escaping gas on Consumer's premises. No flame shall be taken near the point where gas is escaping and as an added precaution, the gas should immediately be shut off at the meter by Consumer. Company shall not be liable for any damage or loss caused by the escape of gas from Consumer's housepiping or Consumer's appliances.~~

~~15. — DAMAGE AND REPAIR TO AND TAMPERING WITH COMPANY'S FACILITIES~~

~~Consumer shall immediately notify Company in the event of damage to Company's property on Consumer's premises. Consumer shall not permit anyone other than authorized employee of Company to adjust, repair, connect, or disconnect, or in any way tamper with the meter, lines or any other equipment of Company used in serving Consumer's premises.~~

~~16. ACCESS TO PREMISES~~

~~The Company's representatives shall have the right at all reasonable hours to enter upon the premises and property of Consumer to read the meter; and to remove, to inspect, or to make necessary repairs and adjustment to, or replacements of, service lines, meter loop, and any property of the Company located thereon, and for any other purpose connected with Company's operation. The Company's representatives shall have the right at all times to enter upon the premises and property of Consumer in emergencies pertaining to Company's service. All dogs and other animals which might hinder the performance of such operations on the Consumer's property shall be kept away from such operations by the Consumer upon notice by the Company representatives of their intention to enter upon the Consumer's premises.~~

~~17. NON-LIABILITY~~

~~(a) — The Company shall not be liable for any loss or damage caused by variation in gas pressure, defects in pipes, connection and appliances, escape or leakage of gas, sticking of valves or regulators, or for any other loss or damage not caused by the Company's negligence arising out of or incident to the furnishing of gas to any Consumer.~~

~~(b) — Company shall not be liable for any damage or injury resulting from gas or its use after such gas leaves the point of delivery other than damage caused by the fault of the Company in the manner of installation of the service lines, in the manner in which such service lines are repaired by the Company, and in the negligence of the Company in maintaining its meter loop. All other risks after the gas left the point of delivery shall be assumed by the Consumer, his agents, servants, employees, or other persons.~~

~~(c) — The Company agrees to use reasonable diligence in rendering continuous gas service to all Consumers, but the Company does not guarantee such service and shall not be liable for damages resulting from any interruption to such service.~~

~~(d) — Company shall not be liable for any damage or loss caused by stoppage or curtailment of the gas supply pursuant to order of a governmental agency having jurisdiction over Company or Company's suppliers, or caused by an event of force majeure. The term force majeure as employed herein means acts of God; strikes, lockouts, or other industrial disturbances; acts of the public enemy; wars; blockages; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of the government, either federal or state, civil or military; civil disturbances; explosions; breakage or accident to machinery or lines of pipe; freezing of wells or lines of pipe; shortage of gas supply, whether resulting from inability or failure of a supplier to deliver gas; partial or entire failure of natural gas wells or gas supply; depletion of gas reserves; and any other causes; whether of the kind herein enumerated or otherwise.~~

~~18. TEMPORARY INTERRUPTION OF SERVICE~~

~~(a) — The Company shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Company shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Consumers are affected.~~

~~(b) — The Company shall make reasonable provisions to meet emergencies resulting from failure of service, and shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.~~

~~In the event of national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other Consumers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.~~

~~(1) — Record of interruption.~~

~~Except for momentary interruptions which do not cause a major disruption of service, the Company shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of such interruptions, date, time duration, location, approximate~~

~~number of Consumers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.~~

~~(2) — Report to Commission.~~

~~The Commission shall be notified in writing within forty-eight hours of interruptions in service affecting the entire system or any major division thereof lasting more than four hours. The notice shall also state the cause of such interruptions. If any service interruption is reported to the Commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this paragraph.~~

~~19. — WAIVER OF RULES~~

~~No agent or representative of the Company is authorized to add to, alter, waive, or otherwise change any of the foregoing rules except by agreement in writing signed by an officer in the Company.~~

~~20. — BILLING~~

~~(a) Bills for gas service shall be rendered monthly, unless otherwise authorized or unless service is rendered for a period less than a month. Bills shall be rendered as promptly as possible following the reading of meters.~~

~~(b) The Consumer's bill must show all the following information:~~

~~(1) — If the meter is read by the Company, the date and reading of the meter at the beginning and end of the period for which rendered;~~

~~(2) — The number and kind of units billed;~~

~~(3) — The applicable rate schedule, title or code;~~

~~(4) — The total base bill;~~

~~(5) — The total of any adjustments to the base bill and the amount of adjustments per billing unit;~~

~~(6) — The date by which the Consumer must pay the bill in order to avoid penalty;~~

~~(7) — The total amount due after addition of any penalty for nonpayment within a designated period; and~~

~~(8) — A distinct marking to identify an estimated bill. The information required above shall be arranged and displayed in such a manner as to allow the Consumer to compute his bill with the applicable rate schedule. The applicable rate schedule must be mailed to the Consumer on request of the Consumer. The Company may exhaust its stock of non-conforming bill forms existing on the effective date hereof before compliance is required with this section.~~

~~(c) Where there is a good reason for doing so, estimated bills may be submitted provided that an actual meter reading is taken at least every six months. For the second consecutive month in which~~

~~the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read otherwise, the Company shall provide the Consumer with a postcard and request that the Consumer read the meter and return the card to the utility if the meter is of a type that can be read by the Consumer without significant inconvenience or special tools or equipment. If such a postcard is not received by the Company in time for billing, the Company may estimate the meter reading and render the bill accordingly.~~

~~(d) Disputed bills.~~

~~(1) — In the event of a dispute between the Consumer and the Company regarding the bill, the Company shall forthwith make such investigation as is required by the particular case and report the results thereof to the Consumer. If the Consumer wishes to obtain the benefit of subsection (2) hereunder, notification of the dispute must be given to the Company prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the Company shall inform the Consumer of the complaint procedures of the appropriate regulatory authority.~~

~~(2) — Notwithstanding any other provisions of these rules and regulations, the Consumer shall not be required to pay the disputed portion of the bill which exceeds the amount of that Consumer's average usage for the billing period at current rates until the earlier of the following:~~

~~(1) — resolution of the dispute; or~~

~~(2) — the expiration of the sixty day period beginning on the day the disputed bill is issued. For purposes of this section only, the Consumer's average usage for the billing period shall be the average of the Consumer's usage for the same billing period during the preceding two years. Where no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar Consumers and under similar conditions.~~

~~21. NEW CONSTRUCTION~~

~~(a) — Standards of construction. The Company shall construct, install, operate, and maintain its plant, structures, equipment and lines in accordance with the provisions of such codes and standards as are generally accepted by the industry, as modified by rule or regulation of the regulatory authority, or otherwise by law, and in such manner to best accommodate the public and to prevent interference with service furnished by other public utilities insofar as practical.~~

~~(b) — Response to request for residential and commercial service. The Company shall serve each qualified residential and commercial applicant for service within its service area as rapidly as practical. As a general policy, those applications not involving line extensions or new facilities should be filled within seven working days from the date all antecedent requirements are met. Those applications for individual residential service requiring line extensions should be filled within ninety days unless unavailability of materials, insufficient pipeline capacity, or other causes beyond the control of the Company result in unavoidable delays. In the event that residential service is delayed in excess of ninety days after an applicant has met credit requirements and made satisfactory arrangements for payment of any required construction charges, a report must be made to the regulatory authority listing the name of the applicant, location, and cause for delay. Unless such delays are due to causes which are reasonably beyond the control of the Company, a delay in excess of ninety days may be found to constitute a refusal to serve.~~

~~22. CURTAILMENT POLICY~~

~~The Company adopts and shall adhere to the curtailment program set forth in Rule 2 of Texas Railroad Commission Gas Utilities Division Docket No. 489 as well as all other rules and regulations adopted from time to time by governmental agencies having authority over the operations of Company.~~

~~23. CONSUMER RELATIONS~~

~~(a) Information to Consumers.~~

~~The Company shall:~~

~~(1) — Maintain a current set of maps showing the physical location of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately describe the utility's facilities. These maps, or such other maps as may be required by the regulatory authority, shall be kept by the Company in a central location and will be available for inspection by the regulatory authority during normal working hours. Each business office or service center shall have available up to date maps, plans or records of its immediate area, with such other information as may be necessary to enable the utility the advise applicants and other entitled to the information as to the facilities available for serving that locality;~~

~~(2) — Assist the Consumer or applicant in selecting the most economical rate schedule;~~

~~(3) — In compliance with applicable law or regulations, notify Consumers affected by a change in rates or schedule or classification;~~

~~(4) — Post a notice in a conspicuous place in each business office of the utility where applications for service are received informing the public that copies of the current rate schedules and rules relating to the service of the Company, as filed with the Commission, are available for inspection;~~

~~(5) — Furnish such additional information on rates and services as the Consumer may reasonably request;~~

~~(6) — Upon request, inform its Consumers as to the method of reading meters; and~~

~~(7) — As required by law or the rules of the appropriate regulatory authority, provide its Consumers with Consumer service information. A sample of the Consumer Service Information mail-out is attached hereto. At least once each calendar year, the Company shall notify its Consumers that Consumer service information is available on request and without charge.~~

~~(b) Consumer Complaints.~~

~~Upon complaint to the Company by residential or small commercial Consumers either at its office, by letter, or by telephone, the Company shall promptly make a suitable investigation and advise the complainant of the results thereof. The Company shall make its initial response to the Consumer no later than the end of the business day following the date of the complaint. The Company shall keep a record of all complaints which shall show the name and address of the~~

~~complainant, the date and nature of the complaint, and the adjustment and disposition thereof for a period of two years subsequent to the final disposition of the complaint.~~

~~(c) Company Response.~~

~~Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a Consumer, the Company shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response shall be made not later than the next business day following receipt of the complaint. The Commission encourages all Consumer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of the Company.~~

~~(d) Deferred Payment Plan.~~

~~The Company may, but is not required to, offer a written deferred payment plan for delinquent residential accounts. If such a plan is offered, it shall conform to the following guidelines:~~

~~(1) — Every deferred payment plan entered into due to the Consumer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the Consumer pays current bills and a reasonable amount of the outstanding bill and agrees to pay the balance in reasonable installments until the bill is paid.~~

~~(2) — For purposes of determining reasonableness under these rules the following shall be considered: size of delinquent account; Consumer's ability to pay; Consumer's payment history; time that the debt has been outstanding; reasons why the debt has been outstanding; and other relevant factors concerning the circumstances of the Consumer.~~

~~(3) — A deferred payment plan offered by the Company shall state, immediately preceding the space provided for the Consumer's signature and in bold face print at least two sizes larger than any other used, that If you are not satisfied with this agreement, do not sign. If you are satisfied with this agreement, you give up your right to dispute the amount due under the agreement except for the utility's failure or refusal to comply with the terms of this agreement.~~

~~(4) — A deferred payment plan may include a one time five percent penalty for late payment on the original amount of the outstanding bill except in cases where the outstanding bill is unusually high as a result of the Company's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.~~

~~(5) — If a Consumer for utility service has not fulfilled terms of a deferred payment agreement or refuses to sign the same, the Company shall have the right to disconnect pursuant to disconnection rules herein and, under such circumstance, it shall not be required to offer a subsequent negotiation of a deferred payment plan prior to disconnection.~~

~~(6) — If the Company institutes a deferred payment plan it shall not refuse a Consumer participation in such a program on the basis of race, color, creed, sex or marital status.~~

GAS ENERGY, LLC
RATE SHEET
MISCELLANEOUS SERVICE CHARGES
RATE SCHEDULE M

292604	MSC01	Raywood, Nome, Hull, & Devers Services Area Connect Charge—\$10.00 Charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when a meter is set and/or gas turned on.
292605	MSC02	Raywood, Nome, Hull, & Devers Services Area Read-In—\$10.00 charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when only a meter reading is required.
292606	MSC03	Raywood, Nome, Hull, & Devers Services Area Customer Requested Meter test—275 cu. ft/hr or less—\$15.00
292607	MSC04	Raywood, Nome, Hull, & Devers Services Area Customer Requested Meter test—276-1500 cu. ft/hr—\$20.00
292608	MSC05	Raywood, Nome, Hull, & Devers Services Area Customer Requested Meter test—1501-3000 cu. ft/hr—\$25.00
292609	MSC06	Raywood, Nome, Hull, & Devers Services Area Customer Requested Meter test—3001-5000 cu. ft/hr—\$35.00
292610	MSC07	Raywood, Nome, Hull, & Devers Services Area Customer Requested Meter test—Over 5000 cu. ft/hr—\$50.00
292611	MSC08	Raywood, Nome, Hull, & Devers Services Area Customer Requested Meter test—Orifice meters—all sizes—\$30.00
292612	MSC09	Raywood, Nome, Hull, & Devers Services Area Returned Check Charge—\$10.00
292613	MSC10	Raywood, Nome, Hull, & Devers Services Area Collection Fee—\$7.50 Charged to any Customer whose failure to respond to a termination notice necessitates the dispatch of a Company representative who attempts collection of payment from such Customer.
292614	MSC11	Raywood, Nome, Hull, & Devers Services Area Reconnect Fee—\$15.00 Charged to any Customer

		whose service is terminated and then re-initiated unless terminated in error by the Company.
292615	MSC12	Raywood, Nome, Hull, & Devers Services Area After Hours Reconnect Fee—\$25.00
292616	MSC13	Raywood, Nome, Hull, & Devers Services Area Special Read—\$7.50 Customer requested reading of a meter for any purpose other than initiation of service.
292617	MSC14	Raywood, Nome, Hull, & Devers Services Area Tampering —\$25.00 Charged to anyone who intentionally tampers with metering or other Company equipment in a manner which affects the accuracy of gas measurement. The charge may be imposed only after the individual to be charged has been convicted of tampering under the provisions of the Texas Penal Code.
292618	MSC15	Mt. Enterprise, Inc, & Environs Institution of Service —\$25.00

~~GAS ENERGY, LLC~~
~~RATE SHEET~~
~~RATE SCHEDULE C1Ra~~

~~APPLICATION OF SCHEDULE:~~

~~This schedule is applicable to all commercial customers receiving individually metered gas service in the Companys service area in the west central portion of Montgomery County, Texas. Natural gas supplied hereunder is for the individual use of the customer at one point of delivery and shall not be resold or shared with others. Where service of the type desired by customer is not already available at the proposed service location, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished. Service under this schedule shall be furnished in accordance with the Commissions Special Rules of Practice and Procedure and Substantive Rules and the Companys General Rules and Regulations, as such rules may be amended from time to time.~~

~~COMMERCIAL CUSTOMER SERVICE CHARGE: \$21.05 per month or portion thereof.~~

~~PAYMENT: All bills shall be rendered on the gross basis. All bills shall be delinquent unless payment is received within fifteen (15) days from the date of the bill. The difference between the gross and net monthly rates, representing a discount, shall be allowed for payment of bills received in the Companys offices within ten (10) days from the date of the bill.~~

~~DEFINITIONS AND ADJUSTMENTS:~~

~~Commercial Customer: Any consumer engaging in business, professional, institutional or other non-residential activity, supplied at an individually metered point of delivery. This classification includes stand-by electrical power generating equipment.~~

~~Gross Monthly Rate: The Gross Monthly Rate for each commercial customer for gas service and all consumption each month shall be composed of the following:~~

~~1)\$21.05 Customer Service Charge(s); plus~~

~~2)The Commodity Charge, which is composed of the Adjusted Cost of Gas, plus a Commercial Capacity Charge of \$5.53 per MCF.~~

GAS ENERGY, LLC**RATE SHEET****RATE SCHEDULE COST OF GAS R3**

~~Adjusted Cost of Gas: The Adjusted Cost of Gas for the current billing cycle shall be computed to the nearest cent (\$0.01), and the Gas Cost Adjustment per MCF shall be applied to each MCF billed.~~

~~Lost and unaccounted for gas (LUG) expense shall be allowed at the rate of five percent (5%) or the Company's actual LUG, whichever is smaller.~~

~~The monthly adjustment shall be computed as follows when the weighted average cost of gas is known:~~

$$A = C (1 + (LUG) P) / S$$

~~Where:~~

~~A = Adjusted Cost of Gas for the current billing cycle.~~

~~C = The weighted average cost of gas per MCF purchased by Company for the current billing cycle corrected for billing adjustments in previous periods.~~

~~P = The MCF volume of gas purchased during the most recent 12-month period ended June 30.~~

~~S = The MCF volume of gas sold during the most recent 12-month period ended June 30.~~

~~LUG = means Lost and Unaccounted for Gas and is defined as the smaller of 0.05 or (P-S)/P, for the most recent 12-month period ended June 30.~~

~~The Commodity Rate shall be adjusted each month as provided in the Gas Cost Adjustment. If the Company's current weighted average cost of gas purchased for resale is not known at the date the customer's bills are prepared, then Company shall calculate its current weighted average cost of gas purchased for resale as follows:~~

~~Step 1: Current Month Estimated Cost of Gas Calculation~~

~~A Current Month's Estimated Total Gas Cost \$~~

~~B Current Month's Estimated Purchase Volume _____ MCF~~

~~C Current Month's Estimated Cost of Gas per MCF \$~~

~~E Adjusted Cost of Gas \$~~

~~F Unaccounted for Gas Factor (LUG) _____ %~~

~~G Current Month's Estimated Adjusted Cost of Gas \$~~

~~Step 2: Correction of Prior Month's Estimated GCA~~

~~H Prior Month's Actual Total Gas Cost~~

~~I Prior Month's Actual Purchase Volume _____ MCF~~

~~J Prior Month's Actual Cost of Gas per MCF~~

~~K Base Cost of Gas per MCF (H/I) _____~~
~~L Adjusted Cost of Gas per MCF (J-K)~~
~~M Unaccounted for Gas Factor (LUG) _____%~~
~~N Prior Month's Actual GCA per MCF (LxM) \$~~
~~O Prior Month's Estimated Cost of Gas per MCF \$~~
~~P Difference per MCF (N-O) \$~~
~~Q Prior to Month's Actual Sales Volume (MCF) _____~~
~~R Total Amount <Over>/Under Collected (PxQ) \$~~

~~Step 3: Current Month's GCA Calculation~~

~~G Current Month's Estimated Cost of Gas per MCF \$~~
~~R Amount <Over>/Under Collected in Prior Month \$~~
~~S Current Month's Actual Sales Volume (MCF)~~
~~T Adjustment per MCF (R/S)~~
~~U Current Month's Estimated GCA (G+T)~~

~~**GAS ENERGY, LLC**~~

~~**RATE SHEET**~~

~~**RATE SCHEDULE NET MONTHLY RATE R2**~~

~~The Net Monthly Rate is the Gross Monthly Rate excluding the Adjusted Cost of Gas discounted by 5%.~~

~~GAS ENERGY, LLC~~**~~RATE SHEET~~****~~RATE SCHEDULE PSF2019GE~~**

~~The Company will pass on the one time customer charge for the Pipeline Safety Inspection Fee in the amount of \$0.98 for each service line reported to be in service at the end of calendar year 2019, pursuant to the Texas Utilities Code 121.211 of the Commission's Rules and Regulations. That fee is based on the \$1.00 per service line.~~

GAS ENERGY, LLC
RATE SHEET
GE489—CURTAILMENT PLAN

~~Docket No. 489 ORDER RELATING TO THE APPROVAL BY THE COMMISSION OF CURTAILMENT PROGRAMS FOR NATURAL GAS TRANSPORTED AND SOLD WITHIN THE STATE OF TEXAS~~

~~After due notice the Railroad Commission of Texas on the 30th day of November, 1972, heard testimony and requested written curtailment priorities from representatives of investor owned and municipal gas utilities companies, private industry consumers and others responsible for directing available natural gas supplies to the consumers of natural gas in the State of Texas.~~

~~WHEREAS, pursuant to the authority granted to the Railroad Commission of Texas in Article 6050 to 6066, inclusive, R.C.S., as amended; and~~

~~WHEREAS, the Commission has determined the need for a curtailment program to assure effective control of the flow of natural gas to the proper destinations to avoid suffering and hardship of domestic consumers; and~~

~~WHEREAS, the Commission has determined a need to make natural gas available to all gas consumers on a reasonable but limited basis during times of needed curtailment to the end that the public will be best served; and~~

~~WHEREAS, the Commission has determined that the transportation delivery and/or sale of natural gas in the State of Texas for any purpose other than human need consumption will be curtailed to whatever extent and for whatever periods the Commission may find necessary for the primary benefit of human needs customers (domestic and commercial consumption) and such small industries as cannot practically be curtailed without curtailing human needs.~~

~~IT IS THEREFORE, ORDERED BY THE RAILROAD COMMISSION OF TEXAS that the following rules relating to the approval by the Commission of curtailment programs for gas transported and sold within the State of Texas shall apply to all parties responsible for directing available and future natural gas supplies to the consumers of natural gas in the State of Texas.~~

RULE 1.

~~Every natural gas utility, as that term is defined in Article 6050, R.C.S. of Texas, as amended, intrastate operations only, shall file with the Railroad Commission on or before Feb. 12, 1973, its curtailment program. The Commission may approve the program without a hearing; set the matter for a public hearing on its own motion or on the motion of any affected customer of said utility.~~

~~The curtailment program to be filed shall include, in verified form, the following information:~~

~~A. Volume of gas reserves attached to its system together with a brief description of each separate source of gas reserves setting forth the following:~~

- ~~1. the name of the supplier,~~
- ~~2. the term of each contract in years, and the years remaining on said contract,~~
- ~~3. the volume of recoverable reserve contracted for, and~~
- ~~4. rated deliverability of such reserves in MCF.~~

- ~~B. Capacity and location of underground storage, if any, attached to its system with a statement of whether the company's storage balance is above or below its desired level for this time, and, if below, what plans has the company made to restore the balance.~~
- ~~C. Peak day and average daily deliverability on an annual basis of its wells, gas plants and underground storage attached to its system.~~
- ~~D. Peak day capacity of its system.~~
- ~~E. Forecast of additions to reserves for each of the next two succeeding years.~~
- ~~F. Location and size of the line pipes, compressor stations, operating maximum line pressures, and a map showing delivery points along the system.~~
- ~~G. Disposition of all gas entering its system, with names of all customers other than residential customers and volumes delivered to each during the past calendar year. Identify those customers using 3,000 MCF gas per day, or more, which are under a service contract, and if such contract includes an "Interruptible Service" clause, and if so, attach a reproduced copy of the relevant provisions of such contract.~~
- ~~H. Steps taken in past years, being taken at the present, and to be taken to alleviate curtailments.~~

~~RULE 2.~~

~~Until such time as the Commission has specifically approved a utilities curtailment program, the following priorities in descending order shall be observed:~~

- ~~A. Deliveries for residences, hospitals, schools, churches and other human needs customers.~~
- ~~B. Deliveries of gas to small industrials and regular commercial loads (defined as those customers using less than 3,000 MCF per day) and delivery of gas for use as pilot lights or in accessory or auxiliary equipment essential to avoid serious damage to industrial plants.~~
- ~~C. Large users of gas for fuel or as a raw material where an alternate cannot be used and operation and plant production would be curtailed or shut down completely when gas is curtailed.~~
- ~~D. Large users of gas for boiler fuel or other fuel users where alternate fuels can be used. This category is not to be determined by whether or not a user has actually installed alternate fuel facilities, but whether or not an alternate fuel "could" be used.~~
- ~~E. Interruptible sales made subject to interruption or curtailment at Seller's sole discretion under contracts or tariffs which provide in effect for the sale of such gas as Seller may be agreeable to selling and Buyer may be agreeable to buying from time to time.~~

~~RULE 3.~~

~~Each gas utility that has obtained Commission approval of a curtailment program shall conduct operations in compliance with such program.~~

~~So long as any gas utility which has obtained Commission approval of a curtailment program continues to curtail deliveries to its customers, except as provided by contract or those customers included in Part E of Rule 2 above, it (a) shall file on or before April 1 of each year, under oath, the information called for in Rule 1, for the preceeding year, and (b) shall not, without Commission approval, make sales of gas to any new customers or increase volumes sold to existing customers, except those new or existing customers defined in Parts A & B of Rule 2 above.~~

~~IT IS FURTHER ORDERED that this cause be held open for such other and further orders as may be deemed necessary.~~

~~ENTERED AT AUSTIN, TEXAS, this 5th day of January, 1973.~~

~~GAS ENERGY, LLC~~**~~RATE SHEET~~****~~QUALITY OF SERVICE~~****~~PART 1 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~****~~1. DEFINITIONS~~**

~~(a) Consumer, Consumer and Applicant are used interchangeably and mean a person or organization utilizing services or who wants to utilize services of Universal Natural Gas, Inc.~~

~~(b) Company means Universal Natural Gas, Inc., its successors and assigns.~~

~~(c) Cubic Foot of Gas: Unless otherwise expressly provided by rate schedule or written contract (or agreement), the amount of gas necessary to fill a cubic foot of space when the gas is at a gauge pressure of four (4) ounces above atmospheric pressure of 14.65 psia at 60 Fahrenheit.~~

~~(d) Service Line: The pipe and attached fittings which convey gas from Company's mains to the property line of Consumer's premises.~~

~~(e) Yard Line: The pipe and attached fittings which convey gas from the Consumer's property line to and including the stopcock on the riser for the Consumer's meter.~~

~~(f) Consumer's Housepiping: All pipe and attached fittings which convey gas from the outlet side of the meter to the Consumer's connection for gas appliances.~~

~~(g) Point of Delivery: The point where the gas is measured for delivery into Consumer's piping.~~

~~2. APPLICATION OF RULES~~

~~(a) Unless otherwise expressly stated, these rules apply to all Consumers regardless of classification, except insofar as they are changed by or are in conflict with any statute of the State of Texas, valid municipal ordinance, valid final order of any court or of the Railroad Commission of Texas, or written contract executed by Company, in which case such statute, ordinance, order or contract shall control to the extent that it is applicable to the consumer(s) in question. Whenever possible, these rules shall be construed harmoniously with such laws, contracts, ordinances, and orders.~~

~~(b) The use of gas service shall constitute an agreement by the Consumer to utilize such service in accordance with the applicable rules of the Company as set forth herein.~~

~~(c) These rules, and all subsequently enacted rules, may be abrogated, modified, or added to in whole or in part, by the company and such rules as abrogated, modified, or added to, shall become effective when filed with the appropriate regulatory authority.~~

~~3. CLASSIFICATION FOR RATE AND CONTRACT PURPOSES For purposes of determining rates, Consumers shall be classified as either Residential, Commercial or Large Volume Consumers as defined in Company's applicable rate schedules. Service by Company to~~

~~Consumers classified herein as Residential and Commercial is available without a written contract between Consumer and Company at the standard rates and charges applicable to such Consumers from time to time. Company shall have no obligation to deliver more than 5,000 cubic feet of gas in any day to~~

~~any Consumer not having a written gas sales contract with Company. A contract may be required from Large Volume Consumers using less than 5,000 cubic feet per day, provided this requirement shall be uniformly applied to all such Consumers within each municipal rate jurisdiction. In the case of existing Consumers, the maximum gas usage during any one day shall be obtained from records of the Company, except in cases where the existing Consumer will be purchasing increased volumes of gas from Company because of expansions or for any other reason, in which event the Company may estimate usage by such Consumer. Also in the case of new Consumers, the Company may estimate usage by the Consumer. Any such estimates made by Company shall be binding on Consumer in determining rate classification and whether or not a contract is required. Company's obligation to provide service to any Large Volume Consumer is contingent upon Company's determination that there will be an adequate supply of gas to serve such Large Volume Consumer, and that existing facilities are of adequate capacity and suitable pressure.~~

~~4. — LIMITATION OF USE All gas delivered through Company's meters is for use only at the point of delivery and shall not be redelivered or resold to others without Company's written consent.~~

~~5. — SERVICE CONNECTIONS~~

~~(a) — Tap Charge: Unless otherwise prohibited by applicable ordinance or rule, Company may impose a reasonable charge for the connection of a new Consumer to its distribution mains. The service areas where a tap charge is to be collected and the amount and conditions under which such charge will be imposed are set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(b) — Service Line: Company shall install and maintain all service lines and, to the extent permitted by applicable ordinance or rule, shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. A service line may be used to supply a single building or single group of buildings which may or may not be located on a single lot, such as a group of factory buildings, hospital buildings, or institutional buildings, all under one ownership or control. However, gas service supplied to Consumer for use at separate lots physically divided by other private or public property (including streets, alleys and other public ways) must be separately metered and billed. More than one service line to supply a Consumer's premises may be constructed by agreement between Company and Consumer.~~

~~(c) — Yard Line: Company shall install yard lines if so requested by Consumer. To the extent permitted by applicable ordinance or rule, Company shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~(d) — Housepiping: Consumer shall be responsible for installing and maintaining Consumer's housepiping. Company may refuse service to any consumer whose housepiping is inadequate or unsafe, but Company shall have no responsibility for inspecting or testing Consumer's housepiping, determining whether or not Consumer has complied with applicable safety codes, or in any way establishing or enforcing housepiping specifications. Information relating to piping may be obtained at the Company's local offices.~~

~~(e) — Gas Main Extensions: Company shall extend its gas mains to provide new or additional service and shall be entitled to make a reasonable charge for such installation as set out in the Schedule of Miscellaneous Service Charges filed with appropriate regulatory authorities. Gas main extensions shall be made at Company's expense only where the probable expected use of all facilities necessary for such service and paid for by Company will provide a reasonable and compensatory return to Company on the value of such facilities. Otherwise, gas main extensions shall be made only under the following conditions:~~

~~(1) Individual Residential and Commercial Consumers — upon payment of the fee for gas main extension set out in the Schedule of Miscellaneous Service Charges or upon execution of a Gas Main Extension Contract between Company and Consumer.~~

~~(2) — Developers of Residential or Business Subdivisions — upon execution of Company's Gas Main Extension Contract or Predevelopment Gas Main Extension Contract, or under special circumstances where, in Company's opinion, such forms are not appropriate, upon execution of a special agreement providing for reimbursement to Company for cost of the necessary gas main extension.~~

~~(3) — Large Volume Consumers — upon execution of a special agreement providing for reimbursement to Company for the cost of the necessary gas main extension.~~

~~6. — ADDITIONAL CHARGES RELATING TO GAS SERVICE~~

~~Charges for services other than delivering natural gas may be made in accordance with the Schedule of Miscellaneous Service Charges filed with the appropriate regulatory authorities.~~

~~7. — APPLICATION FOR SERVICE~~

~~Where no written contract for service is necessary, any application by telephone, in person, or in writing may be made to request initiation of service. Upon request, Consumer shall provide information necessary for purposes of rate classification, billing, and determining whether a deposit will be required.~~

~~8. — REFUSAL TO INSTITUTE SERVICE AND TERMINATION OF SERVICE.~~

~~(a) Refusal of Service.~~

~~(1) Compliance by Applicant. The Company may decline to serve an applicant for whom service is available from previously installed facilities until such applicant has complied with the state and municipal rules, regulations or laws, and with approved rules and regulations of the Company on~~

~~file with the appropriate regulatory authority governing the service applied for, or for the following reasons:~~

~~(A) — the applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given;~~

~~(B) — the applicant is indebted to any utility company for the same kind of service as that applied for; provided, however, that in the event the indebtedness of the applicant for service is in dispute, the applicant shall be served upon complying with the applicable deposit requirement;~~

~~(C) — the applicant refuses to make a deposit if applicant is required to make a deposit under these rules;~~

~~(D) — where an unsafe condition exists at any point on Consumer's premises;~~

~~(E) — for use of gas in violation of Company's rules;~~

~~(F) — in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~(G) — when Company's property on the Consumer's premises is tampered with, damaged or destroyed.~~

~~(2) Applicant's Recourse. In the event that the Company shall refuse to serve an applicant under the provisions of these rules, the Company shall inform the applicant of the basis of its refusal and that the applicant may file a complaint with the appropriate regulatory authority thereon.~~

~~(3) Insufficient Grounds for Refusal to Serve. The following shall not constitute sufficient cause for refusal of service to a present residential or commercial Consumer or applicant:~~

~~(A) — delinquency in payment for service by a previous occupant of the premises to be served;~~

~~(B) — failure to pay for merchandise or charges for non-utility service purchased from the Company;~~

~~(C) — failure to pay a bill to correct previous underbilling due to misapplication of rates more than six months prior to the date of application;~~

~~(D) — violation of the Company's rules pertaining to the operation of nonstandard equipment of unauthorized attachments, which interfere with the service of others, unless the Consumer has first been notified and been afforded reasonable opportunity to comply with these rules;~~

~~(E) — failure to pay a bill of another Consumer as guarantor thereof, unless the guarantee was made in writing to the Company as a condition precedent to service; and~~

~~(F) — failure to pay the bill of another Consumer at the same address except where the change of Consumer identity is made to avoid or evade payment of a utility bill.~~

~~(b) Discontinuance of Service.~~

~~(1) Bills are due and payable when rendered; the bill shall be past due not less than 15 days after issuance or such other period of time as may be provided by order of the appropriate regulatory authority. A bill for utility service is delinquent if unpaid by the due date.~~

~~(2) The Company may offer an inducement for prompt payment of bills by allowing a discount in the amount of 5% for payment within 10 days of their issuance. In the event of any inconsistency between these Rules and Regulations and the applicable rate tariff, the rate tariff shall control.~~

~~(3) A Consumer's utility service may not be terminated unless the Company has made a reasonable effort to offer the Consumer the option of paying a delinquent bill in installments. A Consumer's utility service may be disconnected if the bill has not been paid or a suitable written arrangement for payment in installments entered into within 5 working days after the bill has become delinquent and if proper notice has been given. Proper notice shall consist of a mailing or hand delivery thereof at least five working days prior to a stated date of disconnection. Said notice shall be provided in English (and Spanish, if the Company has any Spanish speaking Consumers) and shall include:~~

~~a) the words Disconnect Notice or similar language prominently displayed;~~

~~b) the reason service is to be terminated;~~

~~c) what Consumer must do to prevent termination;~~

~~d) in the case of a past due bill, the amount past due and the hours, address, and telephone number where payment may be made; and~~

~~e) a statement that if a health or other emergency exists, the Company may be contacted concerning the nature of the emergency and the relief available, if any, to meet such emergency.~~

~~f) Utility service may be disconnected for any of the following reasons:~~

~~g) failure to pay a delinquent account or failure to comply with the terms of a written agreement for installment payment of a delinquent account;~~

~~h) violation of the Company's rules pertaining to the use of service in a manner which interferes with the service of others or the operation of nonstandard equipment, if a reasonable attempt has been made to notify the Consumer and the Consumer is provided with a reasonable opportunity to remedy the situation;~~

~~i) failure to comply with deposit or guarantee arrangements where required by these rules and regulations;~~

~~j) without notice where a known dangerous condition exists for as long as the condition exists;~~

~~k) tampering with the Company's meter or equipment or bypassing the same;~~

~~l) for use of gas in violation of Company's rules;~~

~~m) in the event Consumer's premises are vacated;~~

~~n) in the event Company's representatives are refused access to such premises for any lawful purpose;~~

~~o) when Company's property on the Consumer's premises is tampered with, damaged or destroyed;~~

~~p) for use of gas in violation of any law, ordinance or regulation;~~

~~q) for fraudulent misrepresentation in relation to the consumption of gas or any other fraud practiced by Consumer, with regard to the matters referred to in these rules or Consumer's contract.~~

~~(5) Utility service may not be disconnected for any of the following reasons:~~

~~r) delinquency in payment for service by a previous occupant of the premises;~~

~~s) failure to pay for merchandise or charges for non-utility service by the Company;~~

~~t) failure to pay for a different type or class of utility service unless the fee for such service is included on the same bill;~~

~~u) failure to pay the account of another Consumer as guarantor thereof, unless the Company has in writing the guarantee as condition precedent to service;~~

~~v) failure to pay charges arising from any underbilling occurring due to any misapplication of rates more than six months prior to the current billing;~~

~~w) failure to pay charges arising from any underbilling due to any faulty metering, unless the meter has been tampered with or unless such underbilling charges are due; and~~

~~x) failure to pay an estimated bill other than a bill rendered pursuant to any approved meter reading plan, unless the Company is unable to read the meter due to circumstances beyond its control.~~

~~(6) — Unless a dangerous condition exists, or unless the Consumer requests disconnection, service shall not be disconnected on a day, or on a day immediately preceding a day, when personnel of the Company are not available to the public for the purpose of making collections and reconnecting service.~~

~~(7) — The Company shall not abandon a Consumer without written approval from the regulatory authority.~~

~~(8) — The Company shall not discontinue service to a delinquent residential Consumer permanently residing in an individually metered dwelling unit when that Consumer establishes that discontinuance of service will result in some person residing at that residence becoming seriously ill or more seriously ill if service is discontinued. Any Consumer seeking to avoid termination of service under this provision must make a written request to the Company supported by a written statement from a licensed physician. Both the request and the statement must be received by the Company within five working days of the issuance of the utility bill. The~~

~~prohibition against service termination as provided herein shall last twenty (20) days from the date of receipt by the Company of the request and statement or such lesser period as may be agreed upon by the Company and the Consumer. The Consumer who makes such request shall sign an installment agreement which provides for payment of such service along with timely payments for subsequent monthly billings.~~

~~(9) — The Railroad Commission of Texas (RRC) regulates all natural gas utilities in Texas. The RRC has adopted Emergency Rule 7. 60 (valid through April 30, 2001) to insure that gas consumers are not disconnected due to failure to pay their gas bills when the temperature is so cold that it could affect the customer's health. Rule 7. 60 can be summarized as follows: a) Except where there is a known dangerous condition or a use of natural gas in a manner that is dangerous or unreasonably interferes with service to others, a provider (UniGas) shall not disconnect natural gas service to: b) Any customer on a day when the previous day's temperature in the county where the customer takes service fell below 40 degrees F. and the National Weather Service predicts that the temperature in that county will fall below that level during the next 24 hours; or c) A delinquent residential customer for a billing period in which the provider receives a pledge, letter of intent, purchase order, or other notification from an energy assistance provider that it is forwarding sufficient payment to continue service; or d) A delinquent residential customer on a day, or on a day immediately preceding a day, when personnel of the provider are not available for the purpose of receiving payment or making collections and reconnecting service.~~

~~(0) — Residential customers of UniGas may avoid disconnection of gas service (where Rule 7. 60 does not apply) for failure to pay a delinquent gas bill in the following ways:~~

~~a) — The customer can execute a deferred payment agreement. Under that agreement, the residential customer has the option to pay her delinquent bill in not more than three (3) equal installments without interest, provided that it is the customer's first delinquent bill in the preceding twelve (12) months. Under the Plan, current bills must be paid before they become delinquent.~~

~~b) — The customer can give notice to the provider (UniGas) that disconnection of gas service would cause a person at the customer's residence to become seriously ill or more seriously ill, provided that the customer executes a deferred payment agreement (see previous paragraph) and provides a written request not to disconnect service supported by a written statement from a licensed medical doctor. This will have the effect of suspending disconnection of gas service for twenty (20) days (assuming Rule 7. 60 is not otherwise applicable).~~

~~9. — LOCATION OF METERS~~

~~Wherever practical and if requested by the Consumer, all new meter installations shall be installed near the building in which Consumer's gas appliances are located. All meters shall be accessible at all times for inspection, reading, and change out for testing. Whenever the Company shall permanently discontinue the delivery of gas to any of Consumer's premises, it shall have the right at any reasonable time thereafter to enter upon the premises and remove its meter and related equipment.~~

~~10. METER TESTS AND BILL ADJUSTMENTS WITH RESPECT TO METER ACCURACY~~

~~(a) Meter Requirement.~~

~~(1) — Use of meter. All gas sold by the Company shall be charged for my meter measurements, except where otherwise provided for by applicable law, regulation of the regulatory authority or tariff.~~

~~(2) — Installation by Company. Unless otherwise authorized by the regulatory authority, the Company shall provide and install and will continue to own and maintain all meters necessary for measurement of gas delivered to its Consumers.~~

~~(3) — Standard type. The Company shall not furnish, set up, or put in use any meter which is not reliable and of a standard type which meets generally accepted industry standards; provided, however, special meters not necessarily conforming to such standard types may be used for investigation, testing, or experimental purposes.~~

~~(b) Meter records:~~

~~The Company shall keep the following records:~~

~~(1) — Meter equipment records.~~

~~The Company shall keep a record of all its meters, showing the Consumer's address and date of the last test.~~

~~(2) — Records of meter tests:~~

~~All meter tests must be properly referenced to the meter record provided for therein. The record of each test made on request of a Consumer must show the identifying number and constants of the meter, the standard meter and other measuring devices used, and date and kind of test made, by whom made, the error (or percentage of accuracy) at each load tested, and sufficient data to permit verification of all calculations.~~

~~(c) Meter readings:~~

~~(1) Meter unit location:~~

~~In general, each meter must indicate clearly the units of service for which charge is made to the Consumer.~~

~~(d) Test for Accuracy:~~

~~(1) — The Company shall, upon request of a Consumer make a test of the accuracy of the meter serving that Consumer. The Company shall inform the Consumer of the time and place of the test, and permit the Consumer or his authorized representative to be present if the Consumer so desires. If no such test has been performed within the previous four years for the same Consumer at the same location, the test shall be performed without charge. If such a test has been performed for the same Consumer at the same location within the previous four years, the Company may charge a fee for the test as set forth in the Company's tariff properly on file with the regulatory authority. The Consumer must be properly informed of the result of any test on a meter that serves him.~~

~~(2) — Notwithstanding Paragraph (1), above, if the meter is found to be more than nominally defective, to either Consumer's or the Company's disadvantage, any fee charged for a meter test must be refunded to the Consumer. More than nominally defective means a deviation of more than 2% from accurate registration.~~

~~(3) — If any meter test requested by a Consumer reveals a meter to be more than nominally defective, the Company shall correct previous readings consistent with the inaccuracy found in the meter for the period of either (i) the last six months, or (ii) the last test of the meter, whichever is shorter. Any resulting underbillings or overbillings are to be corrected in subsequent bills, unless service is terminated, in which event a monetary adjustment is to be made. This requirement for a correction may be waived by the Company if the error is to the Company's disadvantage.~~

~~(4) — If a meter is found not to register for any period of time, the Company may make a charge for units used but not metered, for a period not to exceed three months previous to the time the meter is found not be registering. — The determination of amounts used but not metered is to be based on consumption during other like periods by the same Consumer at the same location when available, and on consumption under similar conditions at the same location or of other similarly situated Consumers when not available.~~

~~(e) Meter Exchange.~~

~~(1) The Company follows the practice of testing and repairing its meters on periodic schedules in accordance with good operating practice. the periodic meter test interval is based on the results of accuracy tests of its meters randomly sampled of varying ages. The period of presumed accuracy is the period during which not less than 70% of the randomly sampled meters exhibit accuracy in the range of 2% fast to 2% slow.~~

~~QSGRR2 — PART 2 OF GENERAL RULES AND REGULATIONS FOR NATURAL GAS SERVICE~~

~~11. DEPOSITS FROM CONSUMERS TO GUARANTEE PAYMENTS OF BILLS~~

~~(a) Establishment of Credit for Residential Applicants.~~

~~(1) The Company may require a residential applicant for service to satisfactorily establish credit but such establishment of credit shall not relieve the Consumer from complying with rules for prompt payment of bills. Subject to these rules, a residential applicant shall not be required to make a deposit;~~

~~(A) — if the residential applicant has been a Consumer of any utility for the same kind of service within the last two years and is not delinquent in payment of any such utility service account and during the last twelve consecutive months of service did not have more than one occasion in which a bill for such utility service was paid after becoming delinquent and never had service disconnected for nonpayment; or~~

~~(B) — if the residential applicant furnishes in writing a satisfactory guarantee to secure payment of bills for the service required; —~~

~~(C) if the residential applicant demonstrates a satisfactory credit rating by appropriate means, including but not limited to, the production of generally acceptable credit cards, letters of credit reference, the names of credit references which may be quickly and inexpensively contacted by the utility, or ownership of substantial equity.~~

~~(b) Re-establishment of credit.~~

~~Every applicant who has previously been a Consumer of the Company and whose service has been discontinued for nonpayment of bills shall be required before service is rendered to pay all amounts due the Company or execute a written deferred payment agreement, if offered, and reestablish credit as provided herein.~~

~~(c) Amount of deposit and interest for residential service and exemption from deposit.~~

~~(1) — The required residential deposit shall not exceed an amount equivalent to one-sixth of the estimated annual billings (rounded up to the nearest \$5.00). If actual use is at least twice the amount of the estimated billings, a new deposit requirement may be calculated and an additional deposit may be required within two days. If such additional deposit is not made, the Company may disconnect service under the standard disconnection procedure for failure to comply with deposit requirements. Estimated Annual Billings as such term is used in this Section shall be either (i) the 12-month billing history at the service address involved (if a billing history is available for the service address), or (ii) the average annual residential bill in the Division serving the Consumer (if a billing history is not available at the service address); provided, that such average annual residential bill determined pursuant to clause ii hereof, shall be determined periodically but no less frequently than annually.~~

~~(2) — All applicants for residential service who are sixty five years of age or older will be considered as having established credit if such applicant does not have an outstanding account balance with the Company or another utility for the same utility service which accrued within the last two years. No cash deposit shall be required of such applicant under these conditions.~~

~~(3) — The Company shall pay a minimum interest on such deposits according to the rate as established by law; provided, if refund of deposit is made within thirty days of receipt of deposit, no interest payment shall be made. If the Company retains the deposit more than thirty days, payment of interest shall be made retroactive to the date of deposit.~~

~~(A) — payment of interest to the Consumer shall be annually or at the time the deposit is returned or credited to the Consumer's account.~~

~~(B) — the deposit shall cease to draw interest on the date it is returned or credited to the Consumer's account.~~

~~(d) — For commercial and large volume Consumers, Company may require a deposit where the applicant is unable to establish good credit by standards generally accepted as evidence of credit worthiness. The amount of any deposit, where required, shall be in an amount sufficient to protect Company but shall not exceed the amount of the estimated highest two (2) months' billing. Interest shall be paid at the legal rate on all deposits. Deposits shall be refunded after three (3) years of prompt payment, with refund including any interest to be made in cash or by credit to the~~

~~Consumer's bill. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to initial service without a deposit and otherwise has a record of prompt payment.~~

~~(e) — Deposits for temporary or seasonal service and for weekend or seasonal residences. The Company may require a deposit sufficient to reasonably protect it against the assumed risk, provided, such a policy is applied in a uniform and nondiscriminatory manner.~~

~~(f) — Records of deposits.~~

~~(1) The Company shall keep records to show:~~

~~(A) — the name and address of each depositor;~~

~~(B) — the amount and date of the deposit; and~~

~~(C) — each transaction concerning the deposit.~~

~~(2) The Company shall issue a receipt of deposit to each applicant from whom a deposit is received and shall provide means whereby a depositor may establish claim if the receipt is lost.~~

~~(3) A record of each unclaimed deposit shall be maintained for at least four years, during which time the Company shall make a reasonable effort to return the deposit.~~

~~(g) Refund of deposit.~~

~~(1) — If service is not connected or after disconnection of service, the Company shall promptly and automatically refund the Consumer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The transfer of service from one premises to another within the service area of the Company shall not be deemed a disconnection within the meaning of these rules, and no additional deposit may be demanded unless permitted by these rules.~~

~~(2) — When the residential Consumer has paid bills for service for twelve consecutive residential bills without having service disconnected for nonpayment of bills and without having more than two occasions in which a bill was delinquent and when the Consumer is not delinquent in the payment of the current bills, the Company shall promptly and automatically refund the deposit plus accrued interest to the Consumer in the form of cash or credit to a Consumer's account. Deposits may be refunded sooner if Consumer can establish a record of credit worthiness which would have entitled him to install service without a deposit and otherwise has a record of prompt payment.~~

~~(h) Upon sale or transfer of Company.~~

~~Upon the sale or transfer of the Company or operating units thereof, the Company shall file with the Commission under oath, in addition to other information, a list showing the names and addresses of all Consumers served by the Company or unit who have to their credit a deposit, the date such deposit was made, the amount thereof, and the unpaid interest thereon.~~

~~(i) Complaint by applicant or Consumer.~~

~~The Company shall direct its personnel engaged in initial contact with an applicant or Consumer for service seeking to establish or re-establish credit under the provisions of these rules to inform the Consumer, if dissatisfaction is expressed with the Company decision, of the Consumer's right to file a complaint with the regulatory authority thereon.~~

~~12. — DISCONTINUANCE BY CONSUMER~~

~~A Consumer who wishes to discontinue the use of gas (provided he otherwise has the right to do so) must give notice of his intent to do so to Company at its nearest office. Consumer shall be obligated to pay for all service which is rendered by the Company (including applicable minimum charges therefor) prior to time Company receives such notice.~~

~~13. — RECORDS OF GAS SUPPLIED~~

~~Company shall keep accurate records of the amount of gas registered by its meters, and such records shall be accepted at all times and in all places as prima facie evidence of the true amount of gas consumed.~~

~~14. — ESCAPING GAS~~

~~Immediate notice must be given to Company by Consumer of any escaping gas on Consumer's premises. No flame shall be taken near the point where gas is escaping and as an added precaution, the gas should immediately be shut off at the meter by Consumer. Company shall not be liable for any damage or loss caused by the escape of gas from Consumer's housepiping or Consumer's appliances.~~

~~15. — DAMAGE AND REPAIR TO AND TAMPERING WITH COMPANY'S FACILITIES~~

~~Consumer shall immediately notify Company in the event of damage to Company's property on Consumer's premises. Consumer shall not permit anyone other than authorized employee of Company to adjust, repair, connect, or disconnect, or in any way tamper with the meter, lines or any other equipment of Company used in serving Consumer's premises.~~

~~16. ACCESS TO PREMISES~~

~~The Company's representatives shall have the right at all reasonable hours to enter upon the premises and property of Consumer to read the meter; and to remove, to inspect, or to make necessary repairs and adjustment to, or replacements of, service lines, meter loop, and any property of the Company located thereon, and for any other purpose connected with Company's operation. The Company's representatives shall have the right at all times to enter upon the premises and property of Consumer in emergencies pertaining to Company's service. All dogs and other animals which might hinder the performance of such operations on the Consumer's property shall be kept away from such operations by the Consumer upon notice by the Company representatives of their intention to enter upon the Consumer's premises.~~

~~17. NON-LIABILITY~~

~~(a) — The Company shall not be liable for any loss or damage caused by variation in gas pressure, defects in pipes, connection and appliances, escape or leakage of gas, sticking of valves or regulators, or for any other loss or damage not caused by the Company's negligence arising out of or incident to the furnishing of gas to any Consumer.~~

~~(b) — Company shall not be liable for any damage or injury resulting from gas or its use after such gas leaves the point of delivery other than damage caused by the fault of the Company in the manner of installation of the service lines, in the manner in which such service lines are repaired by the Company, and in the negligence of the Company in maintaining its meter loop. All other risks after the gas left the point of delivery shall be assumed by the Consumer, his agents, servants, employees, or other persons.~~

~~(c) — The Company agrees to use reasonable diligence in rendering continuous gas service to all Consumers, but the Company does not guarantee such service and shall not be liable for damages resulting from any interruption to such service.~~

~~(d) — Company shall not be liable for any damage or loss caused by stoppage or curtailment of the gas supply pursuant to order of a governmental agency having jurisdiction over Company or Company's suppliers, or caused by an event of force majeure. The term force majeure as employed herein means acts of God; strikes, lockouts, or other industrial disturbances; acts of the public enemy; wars; blockages; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; storms; floods; washouts; arrests and restraints of the government, either federal or state, civil or military; civil disturbances; explosions; breakage or accident to machinery or lines of pipe; freezing of wells or lines of pipe; shortage of gas supply, whether resulting from inability or failure of a supplier to deliver gas; partial or entire failure of natural gas wells or gas supply; depletion of gas reserves; and any other causes; whether of the kind herein enumerated or otherwise.~~

~~18. TEMPORARY INTERRUPTION OF SERVICE~~

~~(a) — The Company shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the Company shall reestablish service within the shortest possible time consistent with prudent operating principles so that the smallest number of Consumers are affected.~~

~~(b) — The Company shall make reasonable provisions to meet emergencies resulting from failure of service, and shall issue instructions to its employees covering procedures to be followed in the event of an emergency in order to prevent or mitigate interruption or impairment of service.~~

~~In the event of national emergency or local disaster resulting in disruption of normal service, the Company may, in the public interest, interrupt service to other Consumers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.~~

~~(1) — Record of interruption.~~

~~Except for momentary interruptions which do not cause a major disruption of service, the Company shall keep a complete record of all interruptions, both emergency and scheduled. This record shall show the cause of such interruptions, date, time duration, location, approximate~~

~~number of Consumers affected, and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.~~

~~(2) — Report to Commission.~~

~~The Commission shall be notified in writing within forty-eight hours of interruptions in service affecting the entire system or any major division thereof lasting more than four hours. The notice shall also state the cause of such interruptions. If any service interruption is reported to the Commission otherwise (for example, as a curtailment report or safety report), such other report is sufficient to comply with the terms of this paragraph.~~

~~19. — WAIVER OF RULES~~

~~No agent or representative of the Company is authorized to add to, alter, waive, or otherwise change any of the foregoing rules except by agreement in writing signed by an officer in the Company.~~

~~20. — BILLING~~

~~(a) Bills for gas service shall be rendered monthly, unless otherwise authorized or unless service is rendered for a period less than a month. Bills shall be rendered as promptly as possible following the reading of meters.~~

~~(b) The Consumer's bill must show all the following information:~~

~~(1) — If the meter is read by the Company, the date and reading of the meter at the beginning and end of the period for which rendered;~~

~~(2) — The number and kind of units billed;~~

~~(3) — The applicable rate schedule, title or code;~~

~~(4) — The total base bill;~~

~~(5) — The total of any adjustments to the base bill and the amount of adjustments per billing unit;~~

~~(6) — The date by which the Consumer must pay the bill in order to avoid penalty;~~

~~(7) — The total amount due after addition of any penalty for nonpayment within a designated period; and~~

~~(8) — A distinct marking to identify an estimated bill. The information required above shall be arranged and displayed in such a manner as to allow the Consumer to compute his bill with the applicable rate schedule. The applicable rate schedule must be mailed to the Consumer on request of the Consumer. The Company may exhaust its stock of non-conforming bill forms existing on the effective date hereof before compliance is required with this section.~~

~~(c) Where there is a good reason for doing so, estimated bills may be submitted provided that an actual meter reading is taken at least every six months. For the second consecutive month in which~~

~~the meter reader is unable to gain access to the premises to read the meter on regular meter reading trips, or in months where meters are not read otherwise, the Company shall provide the Consumer with a postcard and request that the Consumer read the meter and return the card to the utility if the meter is of a type that can be read by the Consumer without significant inconvenience or special tools or equipment. If such a postcard is not received by the Company in time for billing, the Company may estimate the meter reading and render the bill accordingly.~~

~~(d) Disputed bills.~~

~~(1) — In the event of a dispute between the Consumer and the Company regarding the bill, the Company shall forthwith make such investigation as is required by the particular case and report the results thereof to the Consumer. If the Consumer wishes to obtain the benefit of subsection (2) hereunder, notification of the dispute must be given to the Company prior to the date the bill becomes delinquent. In the event the dispute is not resolved, the Company shall inform the Consumer of the complaint procedures of the appropriate regulatory authority.~~

~~(2) — Notwithstanding any other provisions of these rules and regulations, the Consumer shall not be required to pay the disputed portion of the bill which exceeds the amount of that Consumer's average usage for the billing period at current rates until the earlier of the following:~~

~~(1) — resolution of the dispute; or~~

~~(2) — the expiration of the sixty day period beginning on the day the disputed bill is issued. For purposes of this section only, the Consumer's average usage for the billing period shall be the average of the Consumer's usage for the same billing period during the preceding two years. Where no previous usage history exists, the average usage shall be estimated on the basis of usage levels of similar Consumers and under similar conditions.~~

~~21. NEW CONSTRUCTION~~

~~(a) — Standards of construction. The Company shall construct, install, operate, and maintain its plant, structures, equipment and lines in accordance with the provisions of such codes and standards as are generally accepted by the industry, as modified by rule or regulation of the regulatory authority, or otherwise by law, and in such manner to best accommodate the public and to prevent interference with service furnished by other public utilities insofar as practical.~~

~~(b) — Response to request for residential and commercial service. The Company shall serve each qualified residential and commercial applicant for service within its service area as rapidly as practical. As a general policy, those applications not involving line extensions or new facilities should be filled within seven working days from the date all antecedent requirements are met. Those applications for individual residential service requiring line extensions should be filled within ninety days unless unavailability of materials, insufficient pipeline capacity, or other causes beyond the control of the Company result in unavoidable delays. In the event that residential service is delayed in excess of ninety days after an applicant has met credit requirements and made satisfactory arrangements for payment of any required construction charges, a report must be made to the regulatory authority listing the name of the applicant, location, and cause for delay. Unless such delays are due to causes which are reasonably beyond the control of the Company, a delay in excess of ninety days may be found to constitute a refusal to serve.~~

~~22. CURTAILMENT POLICY~~

~~The Company adopts and shall adhere to the curtailment program set forth in Rule 2 of Texas Railroad Commission Gas Utilities Division Docket No. 489 as well as all other rules and regulations adopted from time to time by governmental agencies having authority over the operations of Company.~~

~~23. CONSUMER RELATIONS~~

~~(a) Information to Consumers.~~

~~The Company shall:~~

~~(1) — Maintain a current set of maps showing the physical location of its facilities. All distribution facilities shall be labeled to indicate the size or any pertinent information which will accurately describe the utility's facilities. These maps, or such other maps as may be required by the regulatory authority, shall be kept by the Company in a central location and will be available for inspection by the regulatory authority during normal working hours. Each business office or service center shall have available up to date maps, plans or records of its immediate area, with such other information as may be necessary to enable the utility the advise applicants and other entitled to the information as to the facilities available for serving that locality;~~

~~(2) — Assist the Consumer or applicant in selecting the most economical rate schedule;~~

~~(3) — In compliance with applicable law or regulations, notify Consumers affected by a change in rates or schedule or classification;~~

~~(4) — Post a notice in a conspicuous place in each business office of the utility where applications for service are received informing the public that copies of the current rate schedules and rules relating to the service of the Company, as filed with the Commission, are available for inspection;~~

~~(5) — Furnish such additional information on rates and services as the Consumer may reasonably request;~~

~~(6) — Upon request, inform its Consumers as to the method of reading meters; and~~

~~(7) — As required by law or the rules of the appropriate regulatory authority, provide its Consumers with Consumer service information. A sample of the Consumer Service Information mail-out is attached hereto. At least once each calendar year, the Company shall notify its Consumers that Consumer service information is available on request and without charge.~~

~~(b) Consumer Complaints.~~

~~Upon complaint to the Company by residential or small commercial Consumers either at its office, by letter, or by telephone, the Company shall promptly make a suitable investigation and advise the complainant of the results thereof. The Company shall make its initial response to the Consumer no later than the end of the business day following the date of the complaint. The Company shall keep a record of all complaints which shall show the name and address of the~~

~~complainant, the date and nature of the complaint, and the adjustment and disposition thereof for a period of two years subsequent to the final disposition of the complaint.~~

~~(c) Company Response.~~

~~Upon receipt of a complaint, either by letter or by telephone, from the regulatory authority on behalf of a Consumer, the Company shall make a suitable investigation and advise the regulatory authority and complainant of the results thereof. An initial response shall be made not later than the next business day following receipt of the complaint. The Commission encourages all Consumer complaints to be made in writing to assist the regulatory authority in maintaining records of the quality of service of the Company.~~

~~(d) Deferred Payment Plan.~~

~~The Company may, but is not required to, offer a written deferred payment plan for delinquent residential accounts. If such a plan is offered, it shall conform to the following guidelines:~~

~~(1) — Every deferred payment plan entered into due to the Consumer's inability to pay the outstanding bill in full must provide that service will not be discontinued if the Consumer pays current bills and a reasonable amount of the outstanding bill and agrees to pay the balance in reasonable installments until the bill is paid.~~

~~(2) — For purposes of determining reasonableness under these rules the following shall be considered: size of delinquent account; Consumer's ability to pay; Consumer's payment history; time that the debt has been outstanding; reasons why the debt has been outstanding; and other relevant factors concerning the circumstances of the Consumer.~~

~~(3) — A deferred payment plan offered by the Company shall state, immediately preceding the space provided for the Consumer's signature and in bold face print at least two sizes larger than any other used, that If you are not satisfied with this agreement, do not sign. If you are satisfied with this agreement, you give up your right to dispute the amount due under the agreement except for the utility's failure or refusal to comply with the terms of this agreement.~~

~~(4) — A deferred payment plan may include a one time five percent penalty for late payment on the original amount of the outstanding bill except in cases where the outstanding bill is unusually high as a result of the Company's error (such as an inaccurately estimated bill or an incorrectly read meter). A deferred payment plan shall not include a finance charge.~~

~~(5) — If a Consumer for utility service has not fulfilled terms of a deferred payment agreement or refuses to sign the same, the Company shall have the right to disconnect pursuant to disconnection rules herein and, under such circumstance, it shall not be required to offer a subsequent negotiation of a deferred payment plan prior to disconnection.~~

~~(6) — If the Company institutes a deferred payment plan it shall not refuse a Consumer participation in such a program on the basis of race, color, creed, sex or marital status.~~

GAS ENERGY, LLC
RATE SHEET
MISCELLANEOUS SERVICE CHARGES
RATE SCHEDULE M

292604	MSC01	Raywood, Nome, Hull, & Devers Services Area Connect Charge—\$10.00 Charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when a meter is set and/or gas turned on.
292605	MSC02	Raywood, Nome, Hull, & Devers Services Area Read-In—\$10.00 charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when only a meter reading is required.
292606	MSC03	Raywood, Nome, Hull, & Devers Services Area Customer Requested Meter test—275 cu. ft/hr or less—\$15.00
292607	MSC04	Raywood, Nome, Hull, & Devers Services Area Customer Requested Meter test—276-1500 cu. ft/hr—\$20.00
292608	MSC05	Raywood, Nome, Hull, & Devers Services Area Customer Requested Meter test—1501-3000 cu. ft/hr—\$25.00
292609	MSC06	Raywood, Nome, Hull, & Devers Services Area Customer Requested Meter test—3001-5000 cu. ft/hr—\$35.00
292610	MSC07	Raywood, Nome, Hull, & Devers Services Area Customer Requested Meter test—Over 5000 cu. ft/hr—\$50.00
292611	MSC08	Raywood, Nome, Hull, & Devers Services Area Customer Requested Meter test—Orifice meters—all sizes—\$30.00
292612	MSC09	Raywood, Nome, Hull, & Devers Services Area Returned Check Charge—\$10.00
292613	MSC10	Raywood, Nome, Hull, & Devers Services Area Collection Fee—\$7.50 Charged to any Customer whose failure to respond to a termination notice necessitates the dispatch of a Company representative who attempts collection of payment from such Customer.
292614	MSC11	Raywood, Nome, Hull, & Devers Services Area Reconnect Fee—\$15.00 Charged to any Customer

		whose service is terminated and then re-initiated unless terminated in error by the Company.
292615	MSC12	Raywood, Nome, Hull, & Devers Services Area After Hours Reconnect Fee—\$25.00
292616	MSC13	Raywood, Nome, Hull, & Devers Services Area Special Read—\$7.50 Customer requested reading of a meter for any purpose other than initiation of service.
292617	MSC14	Raywood, Nome, Hull, & Devers Services Area Tampering —\$25.00 Charged to anyone who intentionally tampers with metering or other Company equipment in a manner which affects the accuracy of gas measurement. The charge may be imposed only after the individual to be charged has been convicted of tampering under the provisions of the Texas Penal Code.
292618	MSC15	Mt. Enterprise, Inc, & Environs Institution of Service —\$25.00

EXHIBIT B

Exhibit B
Test Year Ending June 30, 2020

Proposed Revenue Increase by Current Customer Class

Including Cost of Gas @ \$2.92 per Mcf Consolidated System Average				
Universal Natural Gas, LLC				
Customer Class	Current Revenue	Proposed Revenue	Revenue Increase (\$)	Revenue Increase (%)
Residential	\$4,379,156	\$5,998,901	\$1,619,745	36.99%
Commercial	\$518,531	\$651,255	\$132,724	25.60%
Public School	\$164,890	\$198,046	\$33,156	20.11%
Enertex NB, LLC				
Customer Class	Current Revenue	Proposed Revenue	Revenue Increase (\$)	Revenue Increase (%)
Residential	\$275,989	\$245,386	\$(30,604)	-11.09%
General Small Commercial	\$6,693	\$7,240	\$547	8.17%
General Mid Commercial	\$40,642	\$45,871	\$5,229	12.87%
Gas Energy, LLC				
Customer Class	Current Revenue	Proposed Revenue	Revenue Increase (\$)	Revenue Increase (%)
Residential	\$3,818,219	\$3,752,652	\$(65,567)	-1.72%
Commercial	\$87,665	\$78,407	\$(9,258)	-10.56%
Consumers Gas Company, LLC				
Customer Class	Current Revenue	Proposed Revenue	Revenue Increase (\$)	Revenue Increase (%)
Residential	\$145,422	\$169,982	\$24,560	16.89%
Commercial	\$72,224	\$64,473	\$(7,751)	-10.73%

Excluding Cost of Gas				
Universal Natural Gas, LLC				
Customer Class	Current Revenue	Proposed Revenue	Revenue Increase (\$)	Revenue Increase (%)
Residential	\$2,870,758	\$4,490,503	\$1,619,745	56.42%
Commercial	\$275,502	\$408,227	\$132,724	48.18%
Public School	\$73,983	\$107,139	\$33,156	44.82%
Enertex NB, LLC				
Customer Class	Current Revenue	Proposed Revenue	Revenue Increase (\$)	Revenue Increase (%)
Residential	\$220,504	\$189,900	\$(30,604)	-13.88%
General Small Commercial	\$4,761	\$5,308	\$547	11.49%
General Mid Commercial	\$17,902	\$23,131	\$5,229	29.21%
Gas Energy, LLC				
Customer Class	Current Revenue	Proposed Revenue	Revenue Increase (\$)	Revenue Increase (%)
Residential	\$2,906,851	\$2,841,285	\$(65,567)	-2.26%
Commercial	\$59,614	\$50,356	\$(9,258)	-15.53%
Consumers Gas Company, LLC				
Customer Class	Current Revenue	Proposed Revenue	Revenue Increase (\$)	Revenue Increase (%)
Residential	\$101,248	\$125,808	\$24,560	24.26%
Commercial	\$43,099	\$35,348	\$(7,751)	-17.98%

EXHIBIT C

Exhibit C
Test Year Ending June 30, 2020

Average Bill Impact

Average Bill Impact – Including Cost of Gas at \$2.92 per Mcf

Impact on Current UniGas Customers' Average Bill

Customer Class (Avg. Monthly Usage in Mcf)	UniGas Current Average Monthly Bill	UniGas Proposed Average Monthly Bill	Proposed Monthly Increase (\$)	Percentage Difference
Residential - 4.2 Mcf	\$34.43	\$47.68	\$13.25	38%
General Small - 22.0 Mcf	\$142.51	\$167.59	\$25.08	18%
General Mid - 186.3 Mcf	\$1,020.08	\$1,308.01	\$287.92	28%
School - 247.4 Mcf	\$1,312.84	\$1,622.20	\$309.36	24%

Impact on Current Gas Energy Customers' Average Bill

Customer Class (Avg. Monthly Usage in Mcf)	Gas Energy Current Average Monthly Bill	Gas Energy Proposed Average Monthly Bill	Proposed Monthly Increase (\$)	Percentage Difference
Residential - 4.2 Mcf	\$49.18	\$47.68	\$(1.49)	-3%
General Small - 22.0 Mcf	\$206.98	\$167.59	\$(39.39)	-19%
General Mid - 186.3 Mcf	\$1,595.53	\$1,308.01	\$(287.52)	-18%

Impact on Current Consumers' Customers' Average Bill

Customer Class (Avg. Monthly Usage in Mcf)	Consumers' Current Average Monthly Bill	Consumers' Proposed Average Monthly Bill	Proposed Monthly Increase (\$)	Percentage Difference
Residential - 4.2 Mcf	\$40.18	\$47.68	\$7.50	19%
General Small - 22.0 Mcf	\$172.27	\$167.59	\$(4.68)	-3%
General Mid - 186.3 Mcf	\$1,309.44	\$1,308.01	\$(1.43)	0%

Impact on Current Enertex Customers' Average Bill

Customer Class (Avg. Monthly Usage in Mcf)	Enertex Current Average Monthly Bill	Enertex Proposed Average Monthly Bill	Proposed Monthly Increase (\$)	Percentage Difference
Residential - 4.2 Mcf	\$54.72	\$47.68	\$(7.04)	-13%
General Small - 22.0 Mcf	\$149.97	\$167.59	\$17.62	12%
General Mid - 186.3 Mcf	\$1,183.00	\$1,308.01	\$125.00	11%

Average Bill Impact – Excluding Cost of Gas

Impact on Current UniGas Customers' Average Bill

Customer Class (Avg. Monthly Usage in Mcf)	UniGas Current Average Monthly Bill	UniGas Proposed Average Monthly Bill	Proposed Monthly Increase (\$)	Percentage Difference
Residential - 4.2 Mcf	\$22.16	\$35.41	\$13.25	60%
General Small - 22.0 Mcf	\$78.24	\$103.32	\$25.08	32%
General Mid - 186.3 Mcf	\$475.85	\$763.77	\$287.92	61%
School - 247.4 Mcf	\$590.11	\$899.47	\$309.36	52%

Impact on Current Gas Energy Customers' Average Bill

Customer Class (Avg. Monthly Usage in Mcf)	Gas Energy Current Average Monthly Bill	Gas Energy Proposed Average Monthly Bill	Proposed Monthly Increase (\$)	Percentage Difference
Residential - 4.2 Mcf	\$36.91	\$35.41	\$(1.49)	-4%
General Small - 22.0 Mcf	\$142.71	\$103.32	\$(39.39)	-28%
General Mid - 186.3 Mcf	\$1,051.29	\$763.77	\$(287.52)	-27%

Impact on Current Consumers' Customers' Average Bill

Customer Class (Avg. Monthly Usage in Mcf)	Consumers' Current Average Monthly Bill	Consumers' Proposed Average Monthly Bill	Proposed Monthly Increase (\$)	Percentage Difference
Residential - 4.2 Mcf	\$27.91	\$35.41	\$7.50	27%
General Small - 22.0 Mcf	\$108.00	\$103.32	\$ (4.68)	-4%
General Mid - 186.3 Mcf	\$765.20	\$763.77	\$ (1.43)	0%

Impact on Current Enertex Customers' Average Bill

Customer Class (Avg. Monthly Usage in Mcf)	Enertex Current Average Monthly Bill	Enertex Proposed Average Monthly Bill	Proposed Monthly Increase (\$)	Percentage Difference
Residential - 4.2 Mcf	\$42.45	\$35.41	\$(7.04)	-17%
General Small - 22.0 Mcf	\$85.70	\$103.32	\$17.62	21%
General Mid - 186.3 Mcf	\$638.77	\$763.77	\$125.00	20%

EXHIBIT D

DIRECT TESTIMONY
OF
ROBERT S. BARNWELL IV
ON BEHALF OF
UNIVERSAL NATURAL GAS, LLC D/B/A UNIVERSAL NATURAL GAS, INC.;
GAS ENERGY, LLC;
ENERTEX NB, LLC;
CONSUMERS GAS COMPANY, LLC D/B/A CONSUMERS GAS COMPANY, INC.;
HOOKS GAS PIPELINE, LLC;
TEXAS GAS PIPELINE COMPANY, LLC; AND
1486 GAS PIPELINE, LLC

OCTOBER 9, 2020

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LIST OF EXHIBITS

Exhibit No.	Description
Exhibit RSB-1	Curriculum Vitae
Exhibit RSB-2	LDC Maps
Exhibit RSB-3	TransCo Maps
Exhibit RSB-4	Office Comp Report - CONFIDENTIAL

DIRECT TESTIMONY OF ROBERT S. BARNWELL IV

I. POSITION AND BACKGROUND

Q.1 PLEASE STATE YOUR NAME AND PLACE OF BUSINESS.

A. My name is Robert Sim Barnwell IV. I am the President and Chief Executive Officer of Centric Gas Services, LLC (Centric) and Texas Gas Utility Services, Inc. (Texas Gas), both of which are located at 9750 FM 1488, Magnolia, Texas 77354.

Q.2 DESCRIBE CENTRIC AND TEXAS GAS.

A. Texas Gas is wholly owned by Centric. Texas Gas serves as the operating company that provides centralized management, administrative, accounting, corporate finance, engineering, field, and emergency services to the affiliated local distribution companies and transmission companies whose rates are at issue in these proceedings.

Q.3 WHICH LOCAL DISTRIBUTION COMPANIES' RATES ARE AT ISSUE IN THESE PROCEEDINGS?

A. Universal Natural Gas, LLC d/b/a Universal Natural Gas, Inc. (UniGas), EnerTex NB, LLC (EnerTex), Gas Energy, LLC (Gas Energy), and Consumers Gas Company, LLC d/b/a Consumers Gas Company, Inc. (Consumers Gas) (collectively, the "LDCs"), all of which are wholly owned by Centric.

Q.4 WHICH TRANSMISSION COMPANIES' RATES ARE AT ISSUE IN THESE PROCEEDINGS?

A. Hooks Gas Pipeline Company, LLC (Hooks), Texas Gas Pipeline Company, LLC (TGPC), and 1486 Gas Pipeline Company, LLC (1486) (collectively, the "TransCos"), all of which are wholly owned by Centric.

Q.5 PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A. A brief summary of my educational background and professional experience is provided in my CV, which is attached to my testimony as Exhibit RSB-1.

Q.6 PLEASE SUMMARIZE YOUR FORMAL EDUCATION.

A. I received a Bachelor of Business Administration in Finance and Accounting with a Minor in Economics from Southern Methodist University in 2003. I received a Master of Accountancy in Taxation from the University of Houston in 2011.

Q.7 PLEASE SUMMARIZE YOUR PROFESSIONAL EXPERIENCE.

A. I have been Chief Executive Officer of Centric and Texas Gas since August 2020. Before being named CEO, I was the President of Texas Gas since 2010 and President & Chief Operating Officer of Centric since September 2018. Before being named President of Texas Gas in 2010, I was the Vice President of Finance at Texas Gas from 2008 to 2010. From 2005 to 2008, I was a Senior Associate at Petro Capital Group, a private capital firm focused on risk-mitigated private investments in all sectors of the oil and gas industry. Prior to joining Petro Capital, I was a senior associate in Wells Fargo's Middle Market Group, where I focused on real estate and middle market loans with heightened leverage. Prior to Wells Fargo, I spent five years in field construction trenching and installing residential service line connections/meter sets and assisted in the construction of 1.25 inch to 4 inch polyethylene gas main projects.

Q.8 HAVE YOU PRESENTED TESTIMONY IN ANY OTHER RAILROAD COMMISSION PROCEEDINGS?

A. Yes. I testified as a company witness in GUD No. 9844 on behalf of UniGas, Gas Energy, Consumers Gas, 1486, Hooks, and XTX Pipeline Company, LLC.

Q.9 WAS THIS TESTIMONY PREPARED BY YOU OR UNDER YOUR DIRECTION?

A. Yes.

Q.10 ARE YOU SPONSORING ANY EXHIBITS IN CONNECTION WITH YOUR TESTIMONY?

A. Yes. I am sponsoring the exhibits listed in the table of contents.

1 **Q.11 WERE YOUR EXHIBITS PREPARED BY YOU OR UNDER YOUR DIRECTION?**

2 A. Yes.

3 **II. PURPOSE OF TESTIMONY**

4 **Q.12 PLEASE SUMMARIZE THE PURPOSE OF YOUR TESTIMONY.**

5 A. The purpose of my testimony is to provide background information on the LDCs and
6 TransCos, how they have grown through the years, their anticipated growth in future years,
7 and the events that have contributed to the need for these companion rate cases and
8 proposed consolidations of the LDCs and TransCos. In addition, my testimony includes
9 information on the LDCs' and TransCos' capital structures, as well as on affiliate
10 considerations.

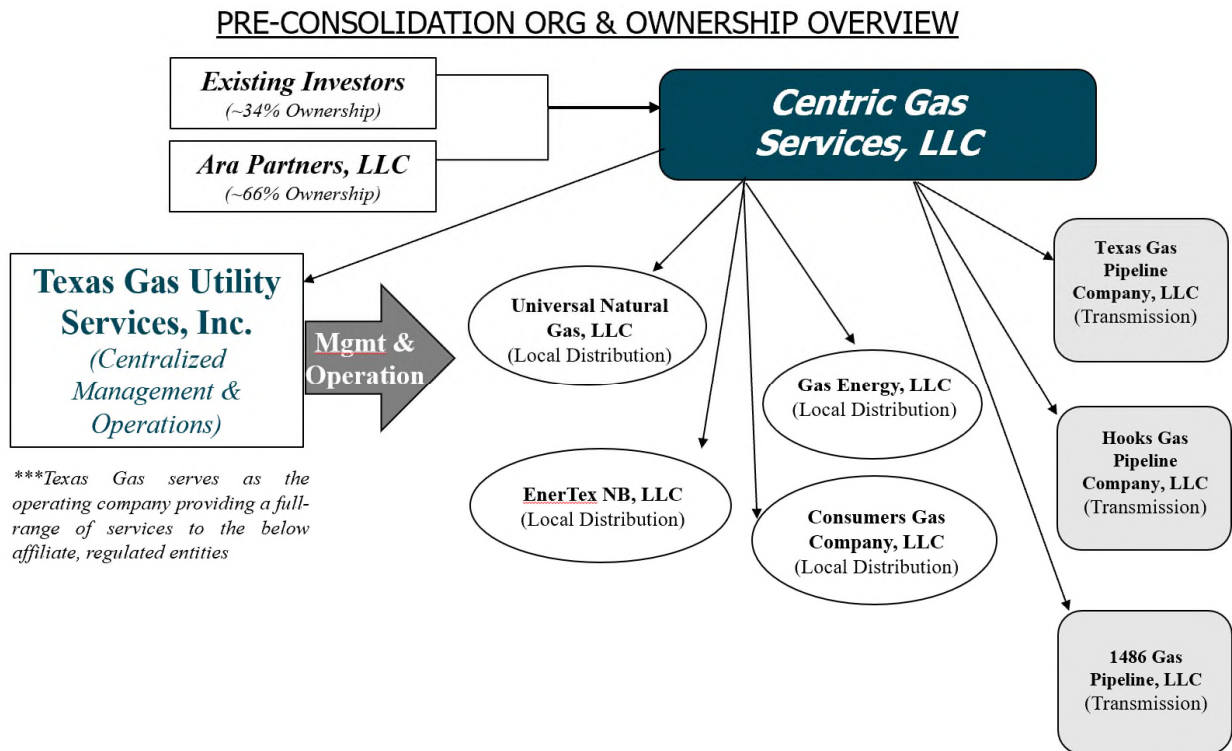
11 **Q.13 WHAT IS THE BASIS FOR YOUR KNOWLEDGE OF THE FACTUAL**
12 **MATTERS ON WHICH YOU ARE TESTIFYING?**

13 A. Over the course of my 12-year career with Centric and Texas Gas, I have managed all
14 relevant functional aspects of the LDCs and TransCos whose rates are at issue in these
15 proceedings. Specifically, I have managed the following facets of the companies'
16 businesses: day-to-day contract services operations, customer service, collection
17 management, capital construction projects, corporate finances and capital structure,
18 existing and prospective investor relations, commercial banking relations, customer
19 connection construction, business development, existing development/developer
20 relationships, oversight of general accounting operations, working capital optimization,
21 regulatory compliance, allocation of operating costs to the appropriate affiliate company
22 pursuant to the Cost Assignment Manual, day-to-day inventory and capital purchases and
23 subsequent billing to the applicable affiliate company, and budgeting for Texas Gas and
24 affiliated companies.

III. BACKGROUND REGARDING LDCS AND TRANSCOS

Q.14 PLEASE DESCRIBE THE CORPORATE STRUCTURE OF THE LDCS AND TRANSCOS.

A. Centric wholly owns each of the LDCs and TransCos. Centric also wholly owns Texas Gas, the operating company that provides centralized management, administrative, accounting, corporate finance, engineering, field, and emergency services to the LDCs and TransCos. Since October 1, 2018, Centric has been owned by private investors (34%) and Ara Partners, LLC (66%). All ownership is in Centric-issued common units. A simplified organizational chart is provided below.



(Diagram 1)¹

¹ This organization chart omits EnerTex Gas Company LLC, an intermediate holding company which owns 80% of EnerTex NB, LLC (the remaining 20% of EnerTex NB, LLC is owned by Centric Gas Services, LLC). Centric Gas Services, LLC owns 100% of EnerTex Gas Company, LLC.

Q.15 PLEASE GENERALLY DESCRIBE EACH OF THE LDCS.

A. UniGas is a natural gas distribution utility that was formed in 1993. Gas Energy is a natural gas distribution utility founded in 2005. Consumers Gas is a natural gas distribution utility formed in 2005. EnerTex is a natural gas distribution utility formed in 2017 to expand the availability of end-user gas supply in Texas markets that were being neglected by the larger gas utilities or constrained by the onerous capital demands and unrealistic deliverable timelines that these larger utilities were forcing upon real estate developers and builders. In aggregate, the LDCs currently serve approximately 17,500 customers across Texas. Centric is strongly capitalized, and with the adoption of the requested rates, Centric will be well-positioned through these LDCs to provide safe and reliable service to its existing customers, to continue extending gas services in its existing service areas, and to continue expanding the utility “gas grid” into new markets for Texas consumers to have the opportunity to reap the cost, convenience and environmental benefits of natural gas.

Q.16 PLEASE GENERALLY DESCRIBE EACH OF THE TRANSCOS.

A. Hooks is a gas transmission pipeline company formed in 2006. The pipeline assets held by Hooks were originally acquired from Trunkline Gas Company. Since the acquisition, Centric has funded approximately \$4.42 million in capital upgrades on the Hooks pipeline. The capital expenditures were primarily related to the upgrade and replacement of the original 1950s-vintage equipment, but also included construction of multiple testing stations, upgrades to meet regulatory requirements, and construction of an additional interconnect near Hooks Airport with Trunkline Gas Company (“Trunkline Tap”). The Trunkline Tap was in response to recurring, insufficient operating pressures on Kinder Morgan’s 6-inch Lake Creek lateral during extreme winter conditions and is a necessary new source of gas to mitigate pressure losses for Centric customers and CenterPoint

1 customers on the westside of The Woodlands. Centric's investment in Hooks has
2 transformed the pipeline into a safer and more reliable source of supply to the western
3 portion of The Woodlands and the eastern portion of Magnolia.

4 1486 is a gas transmission pipeline company formed in 2005. 1486 purchases its
5 natural gas supply from Kinder Morgan off Texas Eastern's 24-inch interstate pipeline, and
6 transports gas on behalf of Consumers Gas.

7 TGPC is a gas transmission pipeline company formed in 2014. TGPC previously
8 constructed a project that would save customers money by removing the need to use third-
9 party transport. To achieve these cost savings, TGPC raised approximately \$1.5 million to
10 (1) acquire an existing, affiliated pipeline company, XTX Pipeline Company, LLC at
11 regulatory book value of the assets, (2) establish a new interconnect with Kinder Morgan's
12 26-inch pipeline, and (3) construct approximately 3 miles of new 3-inch and 6-inch steel
13 pipe.

14 **Q.17 DESCRIBE THE TERRITORIES SERVED BY THE LDCS AND THE**
15 **TRANSCOS' PIPELINE SYSTEMS AS OF JUNE 30, 2020, THE END OF THE**
16 **TEST YEAR.**

17 A. UniGas, EnerTex, Gas Energy, and Consumers Gas distribute and sell natural gas under
18 Commission tariffs to approximately 17,500 residential, commercial, and industrial
19 customers in the environs of Texas municipalities. UniGas serves the FM 1488 corridor in
20 southwest Montgomery County and Walker Counties. EnerTex serves residential and
21 commercial locations in Comal and Montgomery Counties. Gas Energy serves The
22 Woodlands and Woodforest Development, two master planned communities in
23 Montgomery and Harris Counties. Consumers Gas serves the FM 1486 corridor north of
24 the City of Magnolia in Montgomery and Grimes Counties.

1 As of the end of the test year, none of the LDCs served customers within the city
2 limits of any municipality. However, the Cities of Magnolia and Bulverde have approved
3 in-city rates for anticipated future service. The City of Magnolia approved rates that match
4 the pre-existing tariffed rates charged by UniGas in the environs of Magnolia in
5 Montgomery County, and the City of Bulverde approved rates that match the pre-existing
6 tariffed rates charged by EnerTex in the environs of Bulverde in Comal County. To the
7 extent that rates ultimately established by the Railroad Commission in this proceeding
8 exceed 115% of the average of all rates for similar services established by those
9 municipalities, we are requesting the Railroad Commission's approval under Section
10 104.006 of the Texas Utilities Code.

11 Please refer to Exhibits RSB-2 and RSB-3 for maps of the LDCs' service territories
12 and the TransCos' pipeline systems, respectively.

13 **Q.18 WHERE IS THE PRINCIPAL OFFICE OF THE LDCS AND TRASCOS, AND**
14 **WHERE ARE THEIR RECORDS KEPT?**

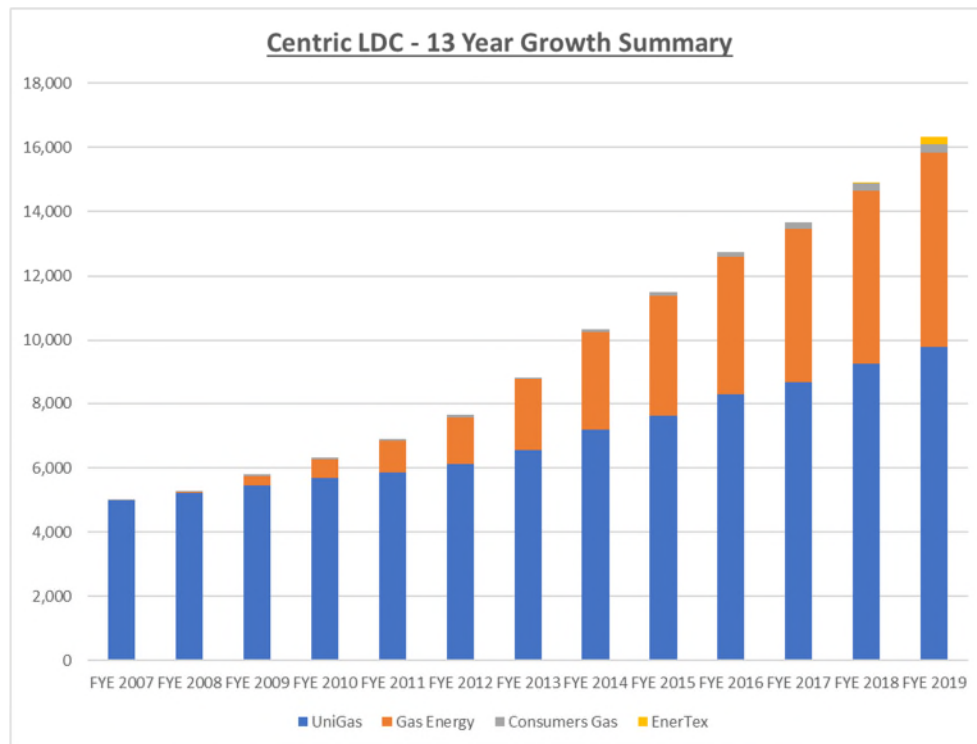
15 A. The principal office of all Centric entities is located at 9750 FM 1488 in Magnolia, Texas.
16 All of the Centric business records are kept there.

17 **Q.19 DESCRIBE HOW CENTRIC'S GAS DISTRIBUTION SYSTEM HAS GROWN**
18 **AND IS GROWING.**

19 A. The number of retail customers served by the Centric gas utilities has grown at a compound
20 annual growth rate of approximately 11% over the past 13 years and Centric remains well-
21 positioned to maintain similar growth rates in the future. For example, in 2017 Centric
22 formed EnerTex to pursue growth markets across Texas beyond Centric's existing service
23 areas that needed a viable source of gas utility supply. EnerTex focuses on high-growth
24 areas that are located on the boundaries of the core service areas of larger gas utilities
25 (Growth Markets). Prior to EnerTex, many of these Growth Markets were not afforded the

urgency and capital allocation that developments in more densely populated areas were offered. The end result was Texas consumers not having access to gas utility supply. Centric's model acknowledges the value of a customer across all markets, and Centric offers to fund necessary and reasonable upfront capital costs to provide service to customers that otherwise would not have access to the benefits of natural gas service. Centric enters these Growth Markets economically through leveraging its existing operating platform and suite of operational and management services provided by Texas Gas.

The Centric entities have achieved significant growth over the past 13 years, as depicted in Chart 1 below.



(Chart 1)

Over the past couple of years, the Centric entities have negotiated service agreements with developers of new lots across multiple new markets.

Q.20 HOW IS SYSTEM GROWTH FINANCED?

A. The formation of EnerTex and the entry into Growth Markets demanded that Centric gain access to additional growth capital. Consequently, in 2018 Centric closed on a strategic capital partnership with Ara Partners (Ara) and consolidated the ownership of all the affiliated companies through the formation of Centric Gas Services, LLC. Ara is a Houston-based private equity group.

Concurrently with the closing of the Ara transaction, Centric closed on an overarching refinance of its existing debt obligations into a single term loan facility and secured a revolving line of credit for growth (Debt Recapitalization). The Debt Recapitalization, which was funded by Texas Capital Bank, NA, lowered Centric's existing cost of debt by roughly 200 basis points.

Q.21 PLEASE DESCRIBE THE EXECUTIVE MANAGEMENT OF THE LDCS AND TRANCOS.

A. As President and CEO, I am responsible for developing and leading the innovation and implementation of the company's growth and business strategy, managing customer and key outside interest relationships with organizations such as regulatory agencies, vendors, and community groups, leading the initiation and implementation of cost efficiency initiatives, and developing the executive/management talent of the company, while balancing short-term cash flow maximization with the pursuit of long-term strategic business objectives and interests. I report these responsibilities to the Board of Directors ("Board") and our investment partners, and I directly supervise the Chief Financial Officer, Vice President of Administration, Vice President and Treasurer, Manager of Construction, Design and Field Operations, and all other Texas Gas personnel working on behalf of the LDCs and TransCos.

1 Ross Buttermore was appointed as Chief Financial Officer in August of 2020. Mr.
2 Buttermore is responsible for leading and participating in a broad range of financial
3 management functions and activities, including financial planning and forecasting,
4 treasury, financial reporting and analysis, acquisition and new business valuation and
5 integration, risk management, and operational and acquisition financing.

6 Robert S. "Barney" Barnwell III is the Chairman of the Board and Chief Operating
7 Officer and serves as the Chairperson for the Board's finance and strategic planning
8 committees. Mr. Barnwell provides direction to and oversight of company operations,
9 especially the engineering, procurement, construction, legal and risk management
10 functions, and is responsible for overseeing implementation of the company's growth
11 strategy. In the COO role, Mr. Barnwell participates in strategy collaboration and provides
12 direction to the officers of the company in collaboration with me.

13 **Q.22 PLEASE DESCRIBE THE COMPOSITION OF THE CENTRIC BOARD.**

14 A. As I mentioned, Barney Barnwell is the Chairman of the Board.

15 John Baik serves as the Board's Secretary. Mr. Baik is an Associate at Ara. Prior
16 to joining Ara, he served as an analyst in Oppenheimer's Energy Investment Banking
17 Group.

18 I am one of the Board's four managers. The others are Troy Thacker, James Wang,
19 and Barry Smitherman.

20 Mr. Thacker co-founded Ara in 2017 and co-heads the firm. Prior to co-founding
21 Ara, Mr. Thacker served as the CEO of Total Safety and R360. Prior to that, Mr. Thacker
22 co-founded Paine & Partners, a \$3 billion private equity fund.

1 Mr. Wang is a Principal at Ara and is involved in all aspects of the firm's investment
2 process. He has over ten years of private equity experience, and served as a Vice President
3 at First Reserve, an energy-focused private equity firm.

4 Mr. Smitherman is an attorney and strategic advisor. He is the principal of BARRY
5 SMITHERMAN, PC, and he presently teaches Texas Energy Law at the University of
6 Texas School of Law. He also currently serves on the Board of CenterPoint Energy, Inc.,
7 and he has previously served on the Board of NRG Energy, Inc. From 2011-2014, Mr.
8 Smitherman was a Commissioner and Chair of the Texas Railroad Commission, and from
9 2004-2011 he was a Commissioner and Chair of the Public Utility Commission of Texas.
10 Prior to public service, Mr. Smitherman spent 16 years as an investment banker, holding
11 leadership roles with First Boston, J.P. Morgan Securities, and Banc One Capital Markets.

12 **IV. CORPORATE CONSOLIDATION**

13 **Q.23 ARE INDIVIDUAL RATES BEING PROPOSED FOR EACH OF THE LDCS AND**
14 **TRANSCOS?**

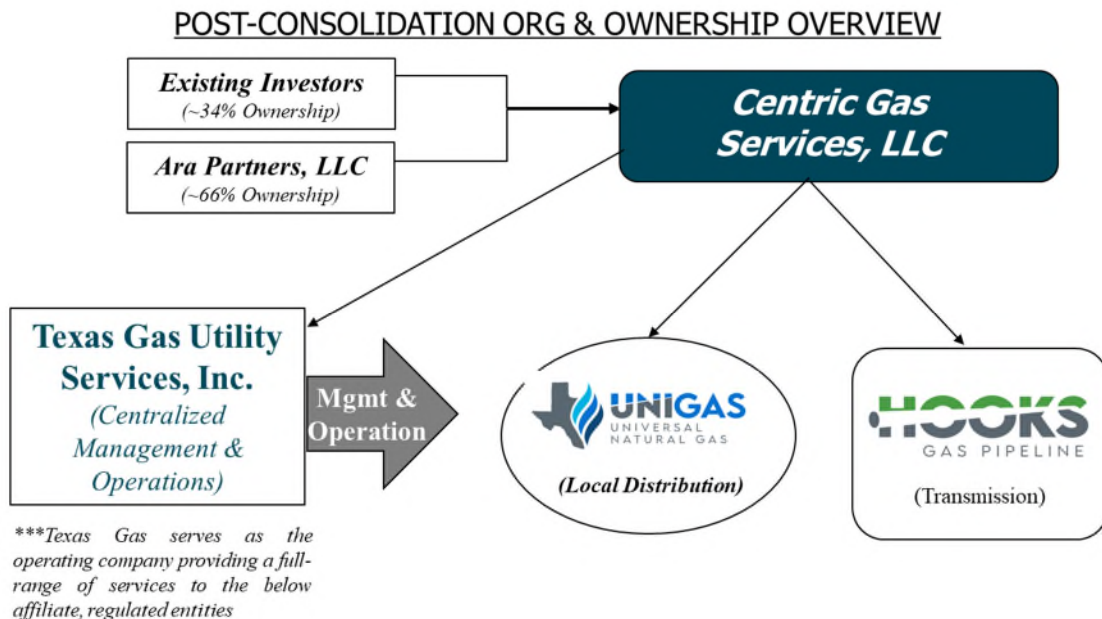
15 A. No. Centric has proposed corporate consolidations to facilitate uniform system-wide rates
16 and tariffs for the LDCs and TransCos, respectively.

17 **Q.24 DESCRIBE THE PROPOSED CONSOLIDATIONS.**

18 A. Centric plans to simplify and consolidate the corporate structure of the LDCs into one
19 surviving entity. UniGas is the proposed surviving entity of the consolidation process, and
20 Centric would contribute all of the assets, liabilities, and equity of Gas Energy, EnerTex,
21 and Consumers Gas into UniGas ("Consolidated UniGas," and the LDC consolidation
22 transaction, the "LDC Consolidation"). Similarly, Centric plans to simplify and
23 consolidate the corporate structure of the TransCos into one surviving entity. Hooks is the
24 proposed surviving entity of the TransCo consolidation process, and Centric would

1 contribute all of the assets, liabilities, and equity of TGPC and 1486 into Hooks
2 (“Consolidated Hooks,” and the TransCo consolidation transaction, the “TransCo
3 Consolidation”).

4 As such, we have filed one statement of intent for Consolidated UniGas and one
5 statement of intent for Consolidated Hooks. The closing of both proposed consolidations
6 is contingent upon a Commission finding that the LDC and TransCo Consolidations are
7 consistent with the public interest as well as the establishment of system-wide rates for
8 each of Consolidated UniGas and Consolidated Hooks. After the consolidation, Centric
9 would remain the ultimate owner of Consolidated UniGas and Consolidated Hooks, and
10 Texas Gas would remain responsible for direct management and operation of Consolidated
11 UniGas and Consolidated Hooks. A simplified organizational chart following the proposed
12 LDC and TransCo Consolidations is shown below.



(Diagram 2)

1 **Q.25 ARE THE PROPOSED CONSOLIDATIONS CONSISTENT WITH**
2 **COMMISSION POLICY AND PRECEDENT?**

3 A. Yes. The Commission has a long-established policy of approving consolidations and
4 system-wide rates, and the consolidation of these entities is consistent with the public
5 interest standard expressed in Section 102.051 of the Texas Utilities Code.

6 **Q.26 ARE THE CONSOLIDATIONS EXPECTED TO YIELD ANY EFFICIENCIES?**

7 A. Yes. Consolidation will simplify the corporate, regulatory, and capital structures of the
8 businesses, which will help lower costs and ensure transparency. For example, instead of
9 filing annual reports for four separate local distribution companies and three separate
10 transmission companies, just two annual reports would need to be filed with the
11 Commission—one for Consolidated UniGas and one for Consolidated Hooks.
12 Consolidation will also avoid the need to initiate and prosecute rate cases and the like on
13 standalone bases for seven separate regulated utilities, which ultimately will save
14 consumers money. It is also expected that consolidation will result in administrative cost
15 savings related to intercompany accounting.

16 **Q.27 HOW WILL THE CONSOLIDATED TARIFFS COMPARE TO EXISTING**
17 **TARIFFS?**

18 A. The effect will vary by company.

19 For example, the rates with respect to residential service requested in the projected
20 Consolidated UniGas Tariff would result in an increase to the existing stand-alone
21 commodity tariffs (\$/Mcf) of UniGas and Consumers Gas, but would result in a decrease
22 to the current commodity tariffs of Gas Energy and EnerTex. The rates with respect to
23 residential service proposed in the Consolidated UniGas Tariff would also result in an
24 increase in the current stand-alone monthly meter charge of UniGas, Gas Energy, and
25 Consumers Gas, and would result in no change to EnerTex's monthly meter charge.

1 With respect to the TransCos, it is expected that the consolidation will ultimately
2 result in a decrease in the cost of gas to LDC customers in all Growth Markets and certain
3 existing service areas. Overall, consolidating the TransCos will simplify certain
4 administrative functions and the consolidated rate will result in an increase to net revenues
5 when compared to the standalone entities. Furthermore, consolidating the TransCos will
6 allow Centric to utilize existing and new interconnects and steel pipelines to provide
7 additional gas supply to other third-party pipeline networks experiencing supply shortages,
8 particularly in new markets. The consolidation of the TransCos into a single entity is
9 expected to enable Centric to fund and extend its high-pressure transport network more
10 easily and efficiently.

11 Please refer to Exhibit A in the Statements of Intent and Mr. Loy's testimony for
12 additional detail on the Consolidated UniGas Tariff and the Consolidated Hooks Tariff,
13 respectively, and effects on existing tariffs and customer billing. Mr. Buttermore's direct
14 testimony also discusses some of the proposed tariff provisions for Consolidated UniGas
15 and Consolidated Hooks.

16 V. OVERVIEW OF RATE CASE FILING

17 Q.28 WHY WERE THESE CASES FILED?

18 A. Our existing rates do not accurately reflect our current net plant in service and operating
19 expenses. Due to the substantial growth of our utility systems and the effects of the warm
20 winter in 2019-2020, combined with the market dislocation caused by the COVID-19
21 pandemic, it became clear that we needed to file for rates that accounted for the substantial
22 growth that we have experienced and funded over the last 13 years. Consequently, we
23 selected a test year of July 1, 2019 through June 30, 2020.

1 Moreover, consolidation of the various entities has been our long-term objective,
2 but a complicated ownership structure, diverse investor base, and onerous tax
3 consequences delayed these efforts. The closing of our strategic capital partnership with
4 Ara consolidated ownership, removed consolidation constraints, and enabled Centric to be
5 in a position to consolidate. For example, the deemed liquidation event during the Ara
6 transaction resulted in the reconciliation of accumulated deferred income taxes and those
7 taxes were paid in full, accumulated deferred income taxes were removed from our books,
8 and since then we have not accumulated any deferred income taxes.

9 These cases were filed to address these long overdue rate issues and to formalize
10 the consolidation, with some key issues identified as follows:

- 11 • The LDCs and TransCos have grown substantially since our last rate case
12 (GUD 9797) and open inquiry (GUDs 9844 and 9845);
- 13 • Centric has invested approximately \$23.5 million into gross plant (as
14 illustrated in Table 2 below) since the last rate case for UniGas, and the new
15 rates are designed to reflect current net plant in service and ensure a
16 reasonable return on investment;

Customer Count		FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	CAGR
UniGas		5,220	5,453	5,668	5,868	6,122	6,545	7,194	7,630	8,281	8,667	9,268	9,776	5.30%
Gas Energy		34	294	587	978	1,453	2,226	3,057	3,741	4,302	4,798	5,370	6,058	54.02%
Consumers Gas		30	39	49	56	61	74	86	113	161	209	244	276	20.31%
EnerTex												10	232	381.66%
TOTAL CUSTOMERS		5,284	5,786	6,304	6,902	7,636	8,845	10,337	11,484	12,744	13,674	14,892	17,200	10.83%
Volumes		FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	CAGR
UniGas		332,890	342,948	433,160	394,266	335,157	479,653	505,575	562,454	519,740	544,255	725,092	768,555	
Gas Energy		313	6,480	16,037	28,920	38,845	86,298	141,655	169,998	168,186	192,568	267,394	292,187	
Consumers Gas		13,367	13,307	14,790	13,090	13,121	15,071	15,729	14,143	13,830	14,632	22,075	23,132	
EnerTex												0	2,567	
TOTAL VOLUME		346,570	362,735	463,987	436,276	387,123	581,022	662,959	746,595	701,756	751,455	1,014,561	1,086,441	
PLANT & CAPEX SUMMARY		FYE 2008	FYE 2009	FYE 2010	FYE 2011	FYE 2012	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	CAGR
Company Name:														
UniGas		\$3,066	\$3,403	\$4,134	\$4,118	\$4,139	\$4,293	\$4,675	\$5,476	\$5,733	\$6,513	\$7,269	\$8,725	9.36%
Gas Energy		\$713	\$1,483	\$1,586	\$1,955	\$2,239	\$2,595	\$3,419	\$3,818	\$4,308	\$4,476	\$5,012	\$6,161	19.69%
Consumers Gas		\$134	\$128	\$130	\$170	\$166	\$165	\$161	\$485	\$479	\$466	\$500	\$531	12.16%
EnerTex												\$2,382	\$4,278	34.01%
Hooks		\$221.5	\$212.7	\$648.4	\$682.0	\$790.4	\$1,110.2	\$1,057.8	\$1,031.3	\$979.4	\$923.4	\$1,543.0	\$4,330.6	28.11%
TGPC		\$146.5	\$136.0	\$138.1	\$128.3	\$129.9	\$118.4	\$106.8	\$470.9	\$826.0	\$1,375.8	\$1,274.8	\$1,618.0	22.16%
FM 1486		NA	\$221.6	\$209.1	\$195.6	\$182.1	\$168.6	\$155.7	\$142.1	\$129.2	\$117.2	\$133.7	\$182.3	-1.76%
TOTAL NET PLANT		\$4,281	\$5,584	\$6,846	\$7,249	\$7,646	\$8,450	\$9,575	\$11,423	\$12,455	\$13,871	\$18,115	\$25,826	20.30%
Net Plant Multiple		6.03x												
Net CAPEX Increase (in 000s)		\$21,545												
Gross CAPEX Increase (in 000s)		\$23,487												

(Table 2)

- Since the last rate filing in 2009, Centric's consolidated operating costs have grown approximately 235% from \$1.54 million to \$5.2 million, on a consolidated basis, as of the end of the test year. New rates will enable the Centric companies to recover operating expenses deemed reasonable and necessary to reliably and safely operate the utilities and keep up with expected growth;
- The consolidation will change the nature of our companies, and those changes should be reflected in rates. Specifically, the consolidated structure will provide for more streamlined equity/debt financing across projects; lower customer costs in expansionary, start-up markets; simplify billing and collections processes; simplify field work order and construction processes; and simplify other administrative, regulatory, and operational processes.

The requested end result of the consolidation and rate approval process will be system-wide rates that will assist the companies in operating more efficiently, and the

enhanced transparency will alleviate regulatory redundancy. This will be key as we continue to grow.

Q.29 PLEASE DESCRIBE HOW THE RATES REQUESTED IN THESE PROCEEDINGS WERE DEVELOPED.

A. The rates were established in accordance with the Texas Utilities Code and the Commission's rate filing package requirements, which provide Consolidated UniGas and Consolidated Hooks the ability to receive a reasonable return on net plant, recovery of reasonable and necessary operating expenses, and recovery of approved depreciation expenses.

Q.30 WILL RATES CHARGED AND SERVICES RENDERED BY CONSOLIDATED UNIGAS AND CONSOLIDATED HOOKS COMPLY WITH SECTION 104.004 OF THE TEXAS UTILITIES CODE, WHICH PROHIBITS A GAS UTILITY FROM GRANTING AN UNREASONABLE PREFERENCE OR ADVANTAGE CONCERNING RATES OR SERVICES TO A PERSON IN A CLASSIFICATION?

A. Yes. Our rates are carefully constructed and have not in the past, do not today, and will not in the future grant an unreasonable preference or advantage to a person in a classification. Please refer to Section VII.B of Mr. Loy's testimony for additional information.

Q.31 WHO ARE THE WITNESSES SUBMITTING PRE-FILED DIRECT TESTIMONY ON BEHALF OF CONSOLIDATED UNIGAS AND CONSOLIDATED HOOKS?

A. In addition to myself, the witnesses and the subjects addressed by each are as follows:

- Ross Buttermore (CFO): Mr. Buttermore's testimony addresses compliance with various Commission rules, discusses the proposed consolidation, provides support for the capital structure, cost of debt, and various adjustments to test year data included in the requested cost of service, describes proposed revisions to the Cost Allocation and Assignment Manual, discusses proposed tariff revisions, and provides support for the request for rate case expenses.

- 1 • Chuck Loy (Principal, GDS Associates, Inc.): Mr. Loy's testimony presents the
2 revenue requirements model and rate filing schedules supporting the proposed revenue
3 requirement, addresses and supports the revenue increase and rate designs, and presents
4 the resulting bill impacts.
- 5 • Dr. Bruce Fairchild (Principal, Financial Concepts and Applications, Inc.): Dr.
6 Fairchild addresses and supports the LDCs' and TransCos' requested return on equity,
7 cost of debt, capital structure, and overall return on invested capital.
- 8 • Dane Watson (Managing Partner, Alliance Consulting Group): Mr. Watson sponsors
9 the proposed depreciation rates and underlying depreciation study for the LDCs and
10 TransCos.
- 11 • Morey Villareal (President, Villareal & Associates): Mr. Villareal sponsors the LDCs'
12 and TransCos' compensation studies and supports the reasonableness of proposed
13 officer, employee and Board compensation.

14 **Q.32 ARE CONSOLIDATED UNIGAS AND CONSOLIDATED HOOKS REQUESTING**
15 **RECOVERY OF RATE CASE EXPENSES?**

16 A. Yes. Consolidated UniGas and Consolidated Hooks are including a rate case expense
17 recovery rider in their filing packages to ensure recovery of the reasonable and
18 reimbursable rate case expenses incurred in each of the respective proceedings. Please
19 refer to Mr. Buttermore's direct testimony for additional information.

20 **Q.33 ARE CONSOLIDATED UNIGAS AND CONSOLIDATED HOOKS REQUESTING**
21 **ANY POST TEST YEAR ADJUSTMENTS FOR NEW PLANT INVESTMENT?**

22 A. No.

1 **Q.34 ARE CONSOLIDATED UNIGAS AND CONSOLIDATED HOOKS REQUESTING**
2 **ANY POST TEST YEAR ADJUSTMENTS FOR OPERATING EXPENSES?**

3 A. Yes, primarily to account for new office space and compensation adjustments that are
4 reflective of company growth. Mr. Buttermore and Mr. Loy discuss these adjustments in
5 their direct testimony.

6 **Q.35 IS CONSOLIDATED UNIGAS REQUESTING A PURCHASED GAS**
7 **ADJUSTMENT CLAUSE IN RATES?**

8 A. Yes, and this is intended to permit the flow-through of gas costs above or below the cost
9 of gas contained in rates. As context, we lack the ability to control prices for purchased
10 gas cost, as the purchase of index-based gas volumes, system balancing, and nominations
11 are performed by a company that we do not control. The price of purchased gas is based
12 on “first of the month” index pricing and is expected to change on a monthly basis in
13 accordance with market fluctuations. We also utilize various alternate sources of gas
14 supply each year, including direct purchase of gas from two separate pipelines owned by
15 Kinder Morgan and the use of compressed natural gas in certain instances. We believe the
16 availability of alternate supply sources is important and valuable to the customer, as it
17 creates system redundancy, limits pressure loss, and reinforces the reliability of gas supply.

18 The LDCs currently have similar purchased gas adjustment clauses in their
19 respective tariffs. For simplicity, we have proposed that the Purchased Gas Adjustment
20 clause that is currently in effect for EnerTex be extended and included in the approved
21 system-wide tariff for Consolidated UniGas.

22 **Q.36 PLEASE EXPLAIN HOW EACH RATE FILING PACKAGE IS ORGANIZED.**

23 A. There are two rate filing packages—one for Consolidated UniGas and one for Consolidated
24 Hooks. Each rate filing package consists of the Statement of Intent, supporting schedules,
25 exhibits, proposed tariffs, and the pre-filed direct testimony of two fact witnesses and four

expert witnesses, for a total of six witnesses. The testimony filed in each of these two proceedings covers the same issues with respect to both the LDCs and TransCos, so each witness's testimony is substantively identical between the two cases.

Q.37 WHAT IMPACT WOULD THE PROPOSED RATE SCHEDULES HAVE ON THE REVENUES OF CONSOLIDATED UNIGAS AND CONSOLIDATED HOOKS?

A. The Proposed Rate Schedules will increase the net revenue of Consolidated UniGas by approximately 25% (compared to the current net revenues, excluding cost of gas, of the 4 LDCs on an aggregate basis) and Consolidated Hooks by approximately 94% (compared to the current net revenues of the 3 TransCos on an aggregate basis). Please refer to the testimony of Chuck Loy and the Cost of Service Model for a more detailed overview of the net revenue increase and the corresponding net revenue variance analyses.

Q.38 WHAT IMPACT WOULD THE PROPOSED RATE SCHEDULES HAVE ON CUSTOMERS?

A. The Proposed Rate Schedules will benefit existing customers with respect to customer service and streamlined operations. Specifically, and as it relates to bills, customers in Growth Markets will benefit as the Proposed Rate Schedules are competitive with larger utilities. In addition, uniform tariff rates will eliminate inconsistencies across service areas and include miscellaneous charges based on "at-cost" pricing methodologies. Please refer to Exhibit C of the LDCs' Statement of Intent for a detailed "Comparative Customer Bill Analysis" that illustrates standalone hypothetical customer bills for the LDCs versus the expected customer bills for Consolidated UniGas.

Q.39 WILL THE LDCS AND TRASCOS PROVIDE NOTICE OF THEIR INTENT TO INCREASE RATES?

A. Yes. Upon approval of the administrative law judge(s) assigned to these proceedings, the LDCs will send notice of their SOI filing to all current customers of UniGas, EnerTex, Gas

1 Energy, and Consumers Gas. The two current customers on the TransCos' systems, Janix
2 Energy Services, LLC (JES) and Consumers Gas, both of whom are affiliates of the LDCs
3 and TransCos, will be sent notice of the TransCos' SOI filing. The proposed notices will
4 include information on the proposed consolidation and proposed systemwide rate structure
5 for the LDCs and TransCos, respectively, and will include information on proposed tariff
6 changes and rate change percentages based on the specific customer's existing provider
7 compared to tariff provisions and rates proposed for the consolidated utilities going
8 forward. The two proposed notice forms to customers of the LDCs and TransCos are
9 included as Exhibit E to the LDCs' SOI and Exhibit E to the TransCos' SOI, respectively.

10 **VI. ONGOING OPERATIONS AND INVESTMENTS**

11 **Q.40 DESCRIBE HOW THE LDCS' AND TRASCOS' VARIOUS DEPARTMENTS**
12 **ARE STRUCTURED.**

13 A. Neither the LDCs nor the TransCos have individual operating departments. They are
14 operated by Texas Gas, which is structured as a centralized operating and management
15 entity that offers a complete and comprehensive suite of direct and indirect services
16 required to safely and efficiently operate and manage the LDCs and TransCos. The
17 centralized structure minimizes operating costs in comparison to the LDCs and TransCos
18 being run as stand-alone entities. Texas Gas does not provide services to any unrelated
19 third parties.

20 As noted earlier in my testimony, tax consequences and a complex, diverse investor
21 base stood in the way of consolidation prior to the Ara transaction. The inability to
22 consolidate led us to work with the Commission Staff to develop the Cost Assignment
23 Manual (CAM) in GUD No. 9845. The CAM allowed us to establish a comprehensive list
24 of direct and indirect services provided by Texas Gas along with the substantiation that

1 these costs were reasonable and necessary. The CAM also established the methodology
2 for allocated costs that could not be directly assigned to one or more specific LDCs or
3 TransCos.

4 The indirect and direct services provided by Texas Gas to the LDCs/TransCos are
5 primarily driven by three factors: (1) billing and customer service, (2) regulatory (those set
6 forth and scheduled pursuant to our integrity management program), and (3) necessity
7 (including customer growth, new markets, and distribution/transmission maintenance).
8 Direct expenses are assigned and invoiced to each specific LDC and TransCo, and indirect
9 expenses are invoiced to each LDC and TransCo pursuant to the CAM's allocation
10 methodology. Based on discussions with Commission Staff, we have proposed updates to
11 the CAM to reflect the proposed LDC and TransCo Consolidations.

12 Please refer to Mr. Buttermore's testimony for information on proposed updates to
13 the CAM and Mr. Loy's testimony for discussion on the proposed changes to the allocation
14 methodology.

15 **Q.41 PLEASE DESCRIBE ONGOING OPERATIONS.**

16 A. Safety and customer service are paramount in our culture and in all services offered by
17 Texas Gas. Currently, Texas Gas has over 40 employees that provide to the customer base
18 executive, administrative, accounting, regulatory, corporate finance, HR, field operational,
19 field emergency, billing, and customer services.

20 **Q.42 WHAT ARE THE MAJOR CATEGORIES OF CONSTRUCTION COSTS AND**
21 **O&M EXPENSES INCURRED BY THE LDCS AND TRANSCOS?**

22 A. Construction costs for the LDCs are primarily attributed to FERC accounts 376, 378, 380,
23 381, and 383, which translates into capital spent to continue growing our system and
24 customer base. Construction costs for the TransCos are primarily attributed to FERC

1 accounts 367 and 369, which translates into growth capital, as well. With the exception of
2 Hooks, and as I previously testified, minimal amounts of construction costs are related to
3 replacement or upgrade of existing infrastructure because of the current age of the
4 components of the system. The LDCs and TransCos use subcontractors for the vast
5 majority of all construction related to the foregoing FERC accounts. Texas Gas provides
6 emergency and repair services to the LDCs, and also assists in service line installations for
7 residential customers.

8 Most of the LDC-related O&M expenses are driven by payroll, customer account
9 expenses, distribution expenses, regulatory expenses, and benefits. Most of the TransCo-
10 related O&M expenses are driven by payroll, regulatory expenses, and transmission
11 expenses.

12 **Q.43 PLEASE DESCRIBE EFFORTS TO CONTROL O&M COSTS.**

13 A. We are constantly working to manage O&M costs. Budgets are created annually and
14 presented to the Board for approval. These budgets are generated after extensive diligence
15 and cost review meetings are held with field, administrative, billing, and executive
16 personnel. Based on historical trends and projected growth data, Mr. Buttermore and I
17 create a forecast for the upcoming fiscal year (Annual Budget). The Annual Budget is
18 meant to be a guideline for expected capital expenditures, operating expenses, personnel
19 additions, new market entry, office expansions, and other necessary items. Once the
20 Annual Budget is finalized and approved, team members are held accountable for operating
21 within a reasonable variance of their respective section of the Annual Budget.

22 The largest portion of our O&M costs is related to personnel. We are continuously
23 calibrating the increase in headcount and operating costs in order to provide our customer
24 base with safe and reliable service. As part of that balance, it is important that we confirm

1 each team member is relevant and necessary, and that compensation reflects competitive
2 market amounts. Consequently, we engaged Villareal & Associates (V&A) to review
3 Texas Gas' organizational personnel chart, compensation levels, and the duties and
4 responsibilities of our employees. V&A's review confirmed the necessity of all Texas Gas
5 team members and showed the competitiveness of our compensation levels. V&A also
6 made suggested modifications to certain roles, responsibilities, titles, and compensation
7 levels. Please refer to the direct testimony of Mr. Villareal for additional information.

8 In addition, we perform comparable utility company market analyses that illustrate
9 the operating costs of our LDCs against other key utilities. This allows us to analyze our
10 internal operating costs versus the industry average. We have found that utilizing Texas
11 Gas' centralized operating structure (with the CAM) provides cost savings efficiencies
12 versus each regulated entity operating independently and on a stand-alone basis.

13 **Q.44 WHAT PROCESS IS USED TO SELECT THIRD-PARTY SUPPLIERS AND**
14 **CONTRACTORS?**

15 A. Pricing is always the primary consideration with respect to selecting a third-party supplier
16 and contractor; however, reliability of service and timeliness are also key factors. Ideally,
17 we form strong relationships with suppliers and contractors that yield the most value, which
18 is a combination of price, consistency, and reliability. Set forth below are some of the
19 internal controls we implement in selecting vendors/contractors:

- 20 • Quality of product/service, and consistency of quality;
- 21 • Customer service vetting;
- 22 • References and track record;
- 23 • Ethics and integrity of the vendor/contractor;
- 24 • Insurance;

- Safety record and compliance with regulatory requirements;
- Experience and longevity, and
- Leverage existing relationships and economies of scale whenever possible.

Q.45 HOW DOES GROWTH IMPACT OPERATIONAL ACTIVITIES?

A. Growth is positively correlated with an increase in headcount, expenditures, and operational costs that are necessary to provide services to an expanding customer base. As I previously testified, we are continuously calibrating the increase in headcount and operating costs to try and generate an equilibrium between critical operating expenses and the ability to provide safe and reliable service.

Q.46 IN TERMS OF CAPITAL INVESTMENT, WHAT ARE THE MAJOR TECHNOLOGICAL SYSTEMS USED BY THE LDCS AND TRANCOS?

A. Texas Gas implemented CUSI billing software in 2012 to facilitate billing and reporting. CUSI has been essential for regulatory reporting for tracking volumes, revenues, and gas costs adjustments. Additionally, it has expedited the companies' billing workflows significantly, assists in recording deposits, and allows for customer alerts via email.

ESRI ArcGIS Desktop, ArcGIS Online, and ESRI mobile apps were implemented in 2015. GIS software and apps have enabled crew members to access information in one central location that was historically recorded in a variety of formats (digital/paper). Centric has gained a better understanding of its systems through the use of GIS software which is used in regulatory reporting, audits, analytics, and Integrity Management Programs. It is also used in line valve inspections, in patrols and leak surveys, to identify downstream locations for odorant concentration tests, and for cathodic protection surveys.

Elements software bridges many of the capabilities of the billing and GIS systems together in a central work order and asset management platform that liberates us from

1 cumbersome and slow paper based workflows. The organization is now able to expedite
2 work orders and system maintenance tasks with greater efficiency and near-live progress
3 tracking.

4 In 2019 Centric began installing an Itron Radio Transmitting Meter network to
5 facilitate in acquiring a quick, complete, and accurate meter read for each billing
6 period. The network enables mobile meter reads for satellite locations and special reads
7 including individual activations/shut-offs and billing corrections. In addition, Centric
8 began implementing AutoCAD design software in 2019 in an effort to improve efficiencies
9 in the design of any new natural gas system. AutoCAD is used to place and locate our
10 natural gas facilities throughout new developments and allows our engineering and
11 operation teams to design the most efficient system. The software allows our team to
12 manipulate the design layout of a system in order to ensure proposed gas lines and facilities
13 are being located in the proper place. This helps our operations team know exactly where
14 our lines will be and helps ensure no other proposed utilities in the development will affect
15 our natural gas system as we are able to overlay other utility designs in the community on
16 top of our natural gas design. This helps to ensure the integrity and safety of our system
17 by minimizing potential conflicts with other utilities as our natural gas systems are being
18 installed and operated.

19 We believe our integrity management, infrastructure reliability, and operational
20 procedures rival the largest and most respected utilities within our sector.

21 **Q.47 WHAT ARE THE PRIMARY DRIVERS OF CAPITAL INVESTMENT?**

22 A. Centric is conservative in the deployment of capital. Capital is invested only to extend
23 service to customers that are in need. We do not build “greenfield” lines in the hopes that

1 customers will eventually come online. Our capital is deployed on real projects with real
2 customers in the near-term.

3 Our existing customer base falls largely within the boundaries of larger, master-
4 planned builder/developer communities (MPCs). Centric deploys capital only to extend
5 existing lines to new sections of MPCs as they are delivered, for necessary upgrades, and
6 to connect new customers. We do not engage in the construction of speculative and
7 unnecessary pipelines.

8 Centric also deploys growth capital into new markets to bring gas service to
9 customers that would otherwise be limited to higher-cost heating alternatives such as
10 propane or electric. Prior to entering a new market, we undertake a rigorous evaluation
11 process to ensure the project is anticipated to grow at an acceptable rate and we strive to
12 choose projects that are run by well-capitalized and reputable developers/builders.

13 **Q.48 WHAT PROCESS IS USED TO MAKE CAPITAL INVESTMENT DECISIONS?**

14 A. Investment decisions in excess of \$350,000 or relating to entering new markets are
15 presented to and approved by the Board. Projects that are less than \$350,000 and/or do not
16 relate to entering new markets are subject to our Authorization for Expenditures (AFE)
17 process. The AFE process is standardized and outlines all of the critical data and cost
18 components of a capital investment. Each AFE is approved as follows:

Centric Gas Services and Affiliates
Delegation of Authority
Authorization Matrix

Process	Notes	Board of Directors (BOD)	BOD Chairman	CEO	COO	CFO	VP - Finance	VP - Operations	Controller	Immediate Supervisor
Expense Approval										
Expenditure/Contract/Project Approval Over \$350,000 ¹		✓								
Expenditure/Contract Approval < \$350,000 but > \$10,000			✓	✓	✓					
Expenditure/Contract Approval < \$10,000 but > \$3,000						✓	✓			
Expenditure/Contract Approval < \$3,000 but > \$1,000								✓		
Expenditure/Contract Approval < \$1,000										✓
Expense Reimbursement			✓	✓	✓					
Bank Accounts										
Internal Transfers Between Accounts	Requires One		✓	✓	✓	✓	✓			
Outgoing Wire Transfers	Requires Two		✓	✓	✓	✓	✓		✓	
Check Signing	Requires One		✓	✓	✓					
Budget										
Annual Budget - Approval		✓								

All projects in excess of \$25,000 require multiple bids from parts and materials vendors and qualified subcontractors before making a final decision.

Internally, we review Metro Study data to forecast growth, and we utilize gas flow rate calculation models to ensure our infrastructure network is not overbuilt and is instead sufficient to serve five years of expected growth (5-Year Growth Convention). The 5-Year Growth Convention methodology minimizes superfluous system design and maximizes capital dollars deployed to serve future customers without having to spend additional follow-on capital related to excessive, premature upgrades and replacements.

Q.49 ARE THE INVESTMENTS IN PLANT INCLUDED IN YOUR PROPOSED RATES USED AND USEFUL?

A. For the reasons I just discussed, yes.

Q.50 ARE THE INVESTMENTS IN PLANT INCLUDED IN YOUR PROPOSED RATES PRUDENT, REASONABLE AND NECESSARY?

A. Yes. The investments made have been and continue to be prudent, reasonable in amount, and necessary to maintain a safe and reliable system and to provide an appropriate level and quality of gas utility service to our customers. Centric has been able to maintain one of the most efficient investments in net plant per customer in the industry across Texas.

Q.51 IS CONTINUED INVESTMENT IN THE LDCS' AND TRASCOS' SYSTEMS REQUIRED?

A. Yes. Safety is crucially important to Centric, and there will always be continued investment in upgrades necessary to ensure the safety of our customers and the communities we serve. The existing pipeline network of Consolidated UniGas is relatively new and mostly polyethylene and, therefore, we do not expect substantial capital dollars to be spent on replacements and upgrades in the near-term. The existing pipeline network of Consolidated Hooks will need some additional upgrades in the next two to five years; however, the existing assets of 1486 and TGPC are relatively new, and we have already replaced approximately 70% of the Hooks pipeline infrastructure that had reached the end of its service life. In addition, we have incurred substantial expenditures in the years leading up to and including the test year due to growth in customer base, and it is expected that we will continue to incur substantial capital expenditures as our pipeline system grows to meet an expanded customer base in the near term.

Q.52 ARE THE LDCS OR TRASCOS REQUESTING A PRUDENCY DETERMINATION FOR ANY CAPITAL PROJECTS?

A. Yes. The LDCs and TransCos are seeking prudency determinations for all capital projects placed into service through June 30, 2020.

Q.53 ARE THE LEVELS OF O&M EXPENSE AND CAPITAL INVESTMENT INCLUDED IN THE FILING REASONABLE AND NECESSARY?

A. Yes. As Mr. Buttermore also discusses in his direct testimony, the costs on the companies' books and records, which are kept in accordance with the FERC's Uniform System of Accounts, have been reasonably and necessarily incurred. Additionally, please refer to the CAM and the direct testimony of Messrs. Buttermore, Loy and Villareal for additional detail on O&M expenses.

Q.54 HAVE THE LDCS OR TRASCOS PREVIOUSLY USED THE INTERIM RATE ADJUSTMENT MECHANISM KNOWN AS “GRIP”?

A. No.

Q.55 PLEASE DESCRIBE FUTURE CAPITAL ADDITIONS THAT MAY BE ELIGIBLE FOR RECOVERY THROUGH GRIP.

A. Future capital will be expended on installation of natural gas infrastructure that is necessary to provide natural gas transmission or distribution services to Centric’s growing customer base. This includes, but is not limited to, the construction of taps, meters, regulators, miscellaneous fittings of both steel and polyethylene (“Poly”), Poly service lines, Poly interior sectional mains, Poly trunk mains, steel mains, easements, and miscellaneous permanent appurtenances.

VII. AFFILIATE TRANSACTIONS

Q.56 PLEASE DESCRIBE THE GENERAL CATEGORIES OF AFFILIATE TRANSACTIONS AMONG THE LDCS, TRASCOS, AND THEIR AFFILIATES.

A. Generally, affiliate transactions among the Centric entities fall into three categories: (1) allocated or assigned costs from Centric or Texas Gas to one or more of the LDCs and/or TransCos, pursuant to the CAM; (2) tariff-based transportation charges by the TransCos, to Consumers Gas or to JES; and (3) gas costs charged by JES or 1486 to the LDCs.

Q.57 WITH RESPECT TO THE FIRST CATEGORY OF AFFILIATE TRANSACTIONS, HOW ARE COSTS ALLOCATED OR ASSIGNED BY CENTRIC OR TEXAS GAS?

A. GUD Nos. 9844/9845 led to the creation of our CAM, similar versions of which have become the industry standard for certain utilities to allocate non-direct expenses to regulated entities. The CAM outlines the specifics of which expenses are assigned directly, and which are allocated indirectly pursuant to the CAM’s composite formula calculation. The CAM also provides detail on the methodology for the Centric or Texas Gas costs that are assigned or charged to the seven regulated LDCs and TransCos.

1 **Q.58 WHAT SERVICES DOES CENTRIC PROVIDE TO TEXAS GAS, THE LDCS,**
2 **AND THE TRASCOS?**

3 A. Centric serves as the holding company of Texas Gas and all 7 regulated entities. Centric
4 is where the Board presides, and all corporate finance activities of Texas Gas and the
5 regulated entities flow through Centric. To the extent that the costs of Texas Gas or Centric
6 are assigned or allocated to the regulated entities, they are done pursuant to the CAM.

7 **Q.59 WHAT SERVICES DOES TEXAS GAS PROVIDE TO THE LDCS AND**
8 **TRASCOS?**

9 A. A. The services that Texas Gas provides are listed in the CAM. Diagrams 1 and 2,
10 previously provided in my testimony, illustrate the pre- and post- consolidation
11 organizational charts and that Texas Gas will continue to provide centralized services after
12 the consolidation.

13 **Q.60 DOES TEXAS GAS PROVIDE SERVICES TO ANY OTHER AFFILIATES**
14 **OTHER THAN THE SEVEN EXISTING LDCS AND TRASCOS?**

15 A. No.

16 **Q.61 PLEASE PROVIDE ADDITIONAL DETAILS ON TEXAS GAS WITH RESPECT**
17 **TO AFFILIATES.**

18 A. Texas Gas was formed to centralize management and operations, mitigate operating
19 liabilities, minimize overhead expenses, and maximize efficiencies and economies of scale
20 so that each affiliate company is able to provide safe and reliable natural gas services to
21 end-users more competitively and economically. Texas Gas is structured to operate at cost
22 plus a small allowance for inventory shrinkage and taxes, but without profit. That is, Texas
23 Gas strives to recover its actual costs of operation while achieving economies of scale.

24 Barney Barnwell owns one of the offices in which Texas Gas personnel work from
25 and, as part of management and operations, Texas Gas is responsible for rent payments.

26 This office space is reasonable and necessary for utility operations, though as Texas Gas's

1 operations have grown, additional office space is now needed. As reflected in the market
2 report attached to my testimony as CONFIDENTIAL Exhibit RSB-4, the rent payments
3 that Texas Gas pays and then allocates to the LDCs and TransCos for this office space is
4 in line with the market. Therefore, the market rent charged to Texas Gas is not higher than
5 the market rent price that would be charged to other affiliates or nonaffiliated persons if
6 Texas Gas did not occupy this office space.

7 **Q.62 WHAT ARE THE BENEFITS OF A CENTRALIZED SERVICES STRUCTURE?**

8 A. The centralized support structure of Texas Gas offers many advantages to each affiliated
9 entity. Each affiliate benefits from Texas Gas's executive management, finance and
10 treasury, human resources, engineering, customer billing, field operations, overhead, and
11 regulatory services at lower cost than any single utility could perform the services for itself
12 or obtain the services in the market from a third party operating for profit. The cost for
13 each affiliate to individually staff personnel for the above-mentioned services would be
14 higher than Texas Gas's centralized services structure. In short, the centralized services
15 structure reduces redundant expenses that would otherwise be incurred by each affiliate if
16 it had to obtain these services for itself.

17 **Q.63 WILL THIS CENTRALIZED SERVICES STRUCTURE CHANGE FOLLOWING**
18 **THE PROPOSED CONSOLIDATION?**

19 A. There will be no functional difference. Texas Gas will remain a separate sister company
20 of Consolidated UniGas and Consolidated Hooks, as shown in the simplified post-
21 consolidation organizational chart that I've labelled as Diagram 2. However, instead of
22 providing services to seven different operating companies—four LDCs and three
23 TransCos—Texas Gas will simply provide services to a single LDC (Consolidated
24 UniGas) and to a single TransCo (Consolidated Hooks).

1 **Q.64 ARE THERE ANY COSTS DISALLOWED FOR RATEMAKING PURPOSES**
2 **THAT ARE CHARGED TO REGULATED AFFILIATES?**

3 A. No. Neither Centric nor Texas Gas have assigned or allocated costs to the LDCs or
4 TransCos that are unrelated to operating the regulated entities. This includes, but is not
5 limited to, contributions to political organizations or legislative advocacy, alcohol,
6 premium meals, non-business lodging, non-business travel, and non-business
7 entertainment. Please refer to Mr. Buttermore's testimony for additional details.

8 **Q.65 WOULD EACH OF THE LDCS AND TRANCOS REQUIRE THE SAME TYPES**
9 **OF SERVICES AS THOSE PROVIDED BY TEXAS GAS IF EACH DIRECTLY**
10 **PROVIDED ITS OWN SERVICES?**

11 A. Yes. However, having each LDC and TransCo independently provide these services would
12 result in additional costs to customers, as explained above. Therefore, the centralized
13 service company model offered by Texas Gas results in cost savings that are experienced
14 by customers.

15 **Q.66 ARE ALL INTERCOMPANY BILLING METHODOLOGIES HANDLED**
16 **CONSISTENTLY ACROSS THE BUSINESS UNITS?**

17 A. Yes. Affiliate costs are priced exactly the same to all affiliates. Each business unit is
18 charged costs based on the same terms. Such equal treatment is necessary to ensure that
19 all affiliates bear their appropriate portion of the costs.

20 **Q.67 IS EACH ITEM OR CLASS OF ITEMS ALLOCATED OR CHARGED BY**
21 **CENTRIC OR TEXAS GAS TO EACH LDC AND TRANSCO REASONABLE AND**
22 **NECESSARY TO THE PROVISION OF UTILITY SERVICE?**

23 A. Yes. Texas Gas is able to provide reliable services to its affiliates for less than a third-
24 party vendor could provide the same or similar services. Texas Gas's lower costs
25 ultimately benefits utility customers. Further, Texas Gas analyzes its internal costs and
26 expenses to ensure that its costs are reasonable, including comparable cost analyses, budget
27 processes and controls, financial systems controls, accounting controls, and labor costs

1 controls. Centric allocates reasonable Board of Directors compensation costs based on a
2 comprehensive market analysis of comparably-sized companies. Please see Mr. Villareal's
3 testimony for additional detail on the Board compensation costs allocated by Centric.

4 **Q.68 HOW ARE PRICES FOR THE CONSTRUCTION SERVICES THAT TEXAS GAS**
5 **PROVIDES REFLECTED IN THE CAM?**

6 A. Costs for construction services that are allocated by Texas Gas do not provide a profit
7 component. The appropriateness of these costs are verified through expense analyses and,
8 since Texas Gas purchases construction fittings, pipe, and other materials for all
9 companies, costs are kept low due to purchase volume discounts. Texas Gas charges the
10 same prices to all of its affiliates. Texas Gas utilizes the Direct Allocation Methodology
11 with respect to construction services provided to the LDCs and TransCos.

12 **Q.69 WILL THE CAM CHANGE FOLLOWING THE PROPOSED CONSOLIDATION?**

13 A. Proposed changes to the CAM are discussed in Mr. Buttermore's direct testimony, as well
14 as in Mr. Loy's testimony.

15 **Q.70 IF TEXAS GAS WERE TO WORK FOR THIRD PARTIES, WOULD ITS PRICES**
16 **BE THE SAME OR HIGHER?**

17 A. The prices would be higher, as Texas Gas would include a profit component in prices to
18 unaffiliated customers.

19 **Q.71 DOES TEXAS GAS PROVIDE SERVICES TO ANY UNAFFILIATED**
20 **COMPANIES?**

21 A. No. Due to significant continued growth in the area, Texas Gas is currently operating at
22 its existing capacity and providing service only to its regulated affiliates. Further, Texas
23 Gas has no intention of offering service to unaffiliated companies.

1 **Q.72 PLEASE DESCRIBE THE SECOND CATEGORY OF AFFILIATE**
2 **TRANSACTIONS MENTIONED ABOVE INVOLVING COSTS CHARGED BY**
3 **THE TRASCOS TO AN LDC OR TO JES.**

4 A. Hooks and TGPC charge transportation rates to JES in accordance with their tariffs on file
5 with the Commission. 1486 sells gas directly to Consumers Gas pursuant to a contractual
6 arrangement that includes a capacity charge for transportation as well as the other costs
7 relating to the procurement and sale of gas. The transportation component of the
8 arrangement is posted in 1486's tariff on file with the Commission. Upon approval of the
9 LDC and TransCos Consolidations, Consumers Gas (as part of Consolidated UniGas) plans
10 to transition its gas marketing functions to JES as described below. None of the TransCos
11 charge rates to other affiliates, divisions or nonaffiliated persons or entities except as
12 expressly stated in their Commission-filed tariffs.

13 **Q.73 ARE THESE TRANSCO CHARGES REASONABLE AND NECESSARY?**

14 A. Yes. Each TransCo charge to an LDC or JES is done pursuant to a tariff rate on file with
15 the Commission, and none of those charges are higher than the prices charged by the
16 TransCos to non-affiliated persons, or other affiliates or divisions, for the same type of
17 service.

18 **Q.74 PLEASE DESCRIBE THE THIRD CATEGORY OF AFFILIATE**
19 **TRANSACTIONS MENTIONED ABOVE INVOLVING GAS PURCHASING AND**
20 **RELATED SERVICES FOR THE LDCS.**

21 A. On May 1, 2020, Centric divested its controlling interest in BCX Energy Management,
22 LLC (BCX), which formerly served as an affiliate marketing company to UniGas, Gas
23 Energy, and Enertex throughout the prior portion of the test year. The controlling interest
24 in BCX was sold to Elevation Energy Group ("Elevation"), a third-party, non-affiliated
25 natural gas marketing, trading, and optimization company that is headquartered in Austin,

1 Texas. Elevation does business across the United States. Elevation's Texas-based
2 marketing, trading, and optimization subsidiary is JES.

3 BCX was originally formed in response to Copano Energy's sale to Kinder Morgan.
4 Prior to that transaction, Copano Energy served as the sole strategic gas supply, marketing,
5 and optimization partner ("Marketing Services") for Centric's LDCs for over twenty years.
6 Louis Cox oversaw those Marketing Services for Copano Energy, gaining an invaluable
7 awareness of Centric's LDC systems, operational growth and demand, and pressure
8 constraints and the system limitations on portions of Kinder Morgan's Lake Creek Lateral
9 pipeline that provides gas for LDC customers in portions of Harris and Montgomery
10 Counties that were attributed to substantial customer growth in our service area. Mr. Cox
11 was not extended a follow-on offer by Kinder Morgan following the transaction, and we
12 flagged this as an operational supply risk due to Mr. Cox's unmatched experience with our
13 LDCs and system. Mitigation of this supply risk led to the formation of BCX. In short,
14 BCX assumed the responsibilities of Copano Energy and provided the same Marketing
15 Services to the LDCs at the same cost—cost neutrality and superior service to the end-user
16 was a focus of BCX's creation.

17 Centric's decision to divest its controlling interest in BCX was made based on
18 BCX's failure and inability to generate meaningful third-party (off-system) marketing
19 business and the unsuccessful acquisition of certain midstream pipeline assets. Since May
20 1, 2020, JES has provided all natural gas purchase, sale, transport, marketing, balancing
21 and optimization services on behalf of these 3 LDCs, and it plans to provide similar service
22 to Consumers Gas upon closing of the LDC and TransCo Consolidations. These services
23 are reasonable and necessary aspects for any LDC providing service to the public, and are

1 being performed by JES at the same cost as originally charged by Copano Energy and later
2 by BCX. Centric selected JES to perform these services following a request for
3 qualifications (RFQ) process sent to a number of gas marketing companies with Texas
4 operations. Several well-known entities, including Tenaska and Southwest Energy,
5 declined to submit an RFQ package. Of the entities that did submit RFQ packages, Centric
6 confirmed that JES was the best choice to mitigate risk and cost across the LDC systems.
7 JES's services do not merely involve buying and selling gas alone. Significantly, Mr. Cox
8 is a key JES employee, and by ensuring these pipeline pressure issues are adequately
9 understood and addressed, JES helps coordinate supply issues that allow for continued
10 service to LDC customers. In addition to the continued involvement of Mr. Cox, Centric
11 also concluded that the active involvement of JES' management, support team, and its
12 trading capabilities were the best fit for our companies as we continued to grow across
13 Texas.

14 Without JES or a similar marketing arrangement, Texas Gas would need to directly
15 hire additional employees dedicated to sourcing, balancing and buying gas and securing
16 transportation to Centric's systems. Due to Centric's current structure with Texas Gas as
17 the centralized management and service company, these services would most likely be
18 performed by a team of Texas Gas employees of behalf of the LDCs, which would still
19 make them affiliate transactions.

20 Finally, the price JES charges the LDCs is not higher than the price it charges to
21 JES's other affiliates or divisions, or to nonaffiliated persons, for this class of service.

1 **Q.75 PLEASE DISCUSS HOW THESE THREE CLASSES OF AFFILIATE**
2 **TRANSACTIONS COMPLY WITH TEXAS UTILITIES CODE § 104.055(b).**

3 A. Texas Utilities Code § 104.055(b) states: “In establishing a gas utility’s rates, the
4 [Commission] may not allow a gas utility’s payment to an affiliate for the cost of a service,
5 property, right, or other item or for an interest expense to be included as capital cost or as
6 expense related to gas utility service except to the extent that the [Commission] finds the
7 payment is reasonable and necessary for each item or class of items as determined by the
8 regulatory authority. That finding must include: (1) a specific finding of the reasonableness
9 and necessity of each item or class of items allowed; and (2) a finding that the price to the
10 gas utility is not higher than the prices charged by the supplying affiliate to its other
11 affiliates or divisions or to a nonaffiliated person for the same item or class of items.”

12 For the reasons discussed above, each class of affiliate transactions I discuss above
13 meets this standard. Specifically, the costs assigned or allocated by Texas Gas to the LDCs
14 and TransCos—including both O&M expenses and capital costs, all of which are
15 reasonable and necessary to construct, operate and maintain their assets—are done
16 pursuant to the CAM methodology that complies with industry standards. The TransCo
17 fees paid by Consumers or JES come directly from the price stated in their Commission-
18 filed tariffs, and those fees are for transportation and related services that are reasonable
19 and necessary to bring gas to Texas customers. Finally, the prices paid to JES by EnerTex,
20 Gas Energy and UniGas are for reasonable and necessary services that came through an
21 RFQ process, and JES does not charge any other person or entity (either affiliated or
22 nonaffiliated) a higher price for the same class of service.

1

VIII. CONCLUSION

2

Q.76 DOES THIS CONCLUDE YOUR TESTIMONY?

3

A. Yes.

AFFIDAVIT

STATE OF TEXAS §

COUNTY OF Montgomery §

Before me, the undersigned authority, on this day personally appeared Robert S. Barnwell IV, who, being by me first duly sworn, stated on his oath that he has read the foregoing instrument, "Direct Testimony of Robert S. Barnwell IV on behalf of Universal Natural Gas, LLC d/b/a Universal Natural Gas, Inc.; Gas Energy, LLC; EnerTex NB, LLC; Consumers Gas Company, LLC d/b/a Consumers Gas Company, Inc.; Hooks Gas Pipeline Company, LLC; Texas Gas Pipeline Company, LLC; and 1486 Gas Pipeline Company, LLC" and that it is true and correct to the best of his information and belief.

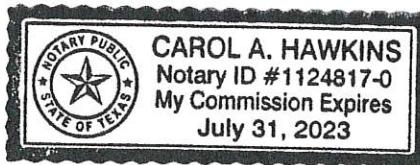
RBarnwell

Robert S. Barnwell IV

Sworn to and subscribed before me on the 8th day of October, 2020 by Robert S. Barnwell IV, to certify which witness my hand and seal of office.

Carol A. Hawkins

Notary Public, State of Texas



Robert Sim Barnwell, IV

9750 FM 1488
Magnolia, TX 77354

Phone: (713) 899-2055
E-mail: robert.barnwell@txgas.net

WORK EXPERIENCE

June-10 – Present: **Texas Gas Utility Services, Inc. (Centric) – President & COO/CEO – Magnolia, TX**

- Responsible for working with the Board and successful execution of the Company's strategic vision & growth
- Successfully procured \$22MM of growth capital financing from private investors and conventional commercial lenders and oversaw the successful addition of 10,000+ new customers across Texas
- Lead the Company's efforts in expanding the "gas grid" and work proactively with the TXRRC Staff
- Closed on strategic capital partnership with Ara Partners in September of 2018

April-08 – June-10: **Texas Gas Utility Services, Inc. – Vice President, Finance – Magnolia, TX**

- Presided over capital allocation of all growth financing projects in conjunction with working capital optimization with respect to contract services operations provided to affiliate utility companies
- Oversaw daily accounting operations & cash management through vendor payments and receivables collection
- Managed ongoing relationship with senior lenders and private investors

June-05-March-08: **Petro Capital Group – Senior Associate – Dallas, TX**

- Developed valuation and pro forma financial models for potential Private Placement transactions and M&A transactions, including buy and sell-side assignments, LBO / MBO transactions, strategic divestitures, recapitalizations, restructuring services and capital raising opportunities, both debt and equity
- Performed rigorous company analysis using several valuation techniques such as comparable company trading, discounted cash flow and LBO analyses
- Composed Private Placement Memoranda, drafted marketing materials, prepared management presentations and interacted with strategic investors and private equity sponsors in connection with capital raising assignments
- Performed due diligence and provided strategic analysis utilizing various financial techniques to help analyze potential private equity investments through the Petro Capital / THL Energy Fund I, L.P.

June-03-May-05: **Wells Fargo & Company – Analyst- Houston, TX**

- Prepared entire loan packages for Middle Market and Corporate Companies in Downtown Houston's Commercial Banking Group
- Modeled historical and future financial statements of various companies; enabling analysis of a company's operational strengths and weaknesses including leverage, liquidity, cash flow, earnings, availability of collateral, and ability to service debt
- Monitored loan agreements for covenant compliance including Debt/EBITDA, Debt/Capitalization, interest coverage, fixed charge coverage, excess cash flow recapture, tangible net worth, and liquidity ratios to confirm companies budgeted performance

EDUCATION

June-08-Dec-11: **University of Houston – Houston, TX**

- *C.T. Bauer College of Business*
Masters of Accountancy, Taxation

Aug-99-May-03: **Southern Methodist University- Dallas, TX**

- *Edwin L. Cox School of Business*
Bachelor of Business Administration in Financial Consulting (18 hours Accounting, 12 hours Finance); Minor in Economics
- Proficient in Spanish

Feb 05- Present: **Securities Licenses**

- Series 7 Licensee
- Series 63 Licensee

LEADERSHIP EXPERIENCE AND ACTIVITIES

Oct-2018-Pres: **Centric Gas Services, LLC**

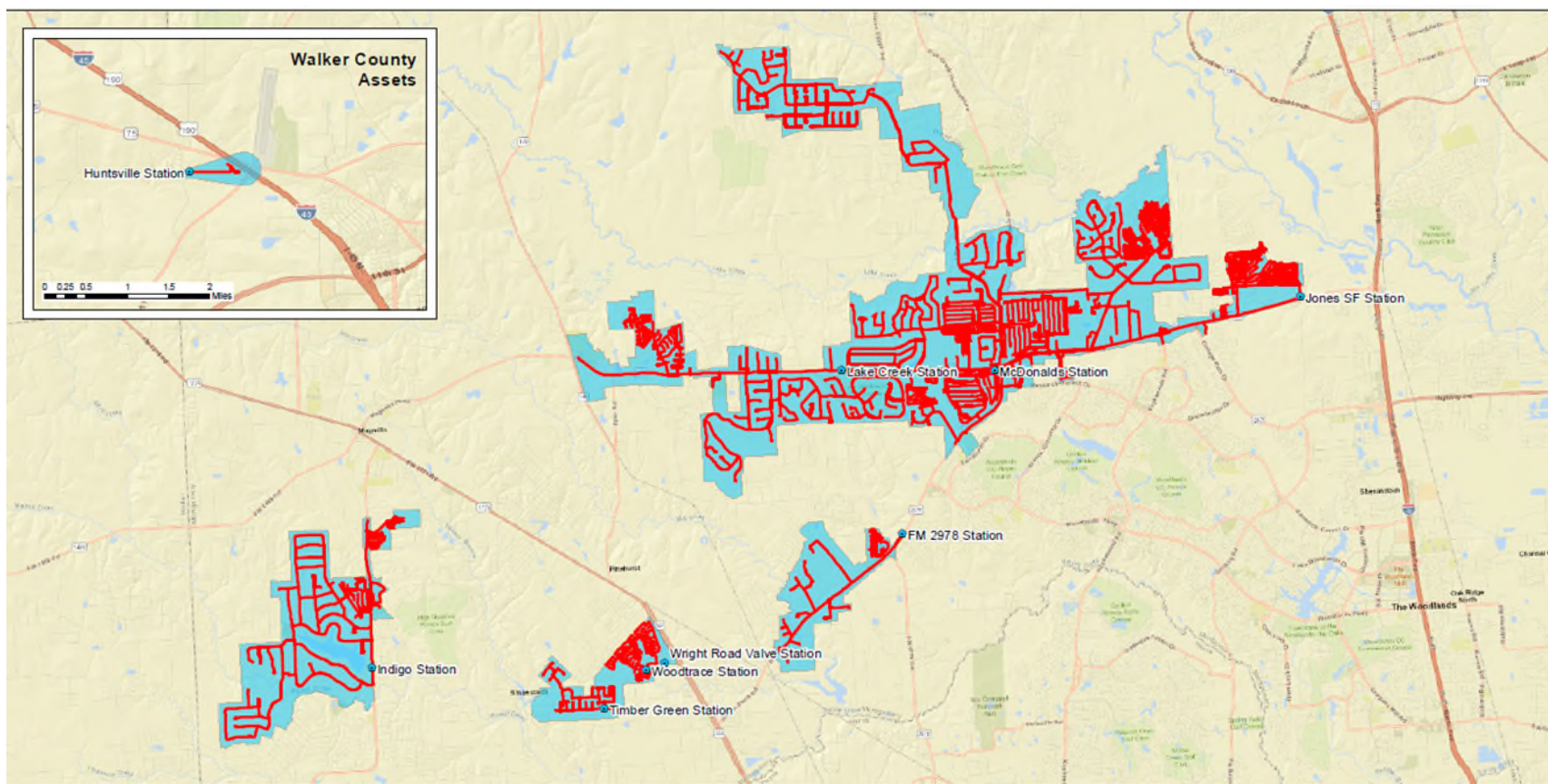
- Member, Board of Directors

2005-March-08: **Cougar Pressure Control, Inc.**

- Member, Board of Directors
- Served as Interim Chief Operating Officer of Cougar Pressure Control (January 2006-June 2006)

ADDITIONAL ACTIVITIES AND HOBBIES

- Golf- Member of the United States Golf Association
- Skeet Shooting- Member of the National Skeet Shooting Association
- Snow Skiing



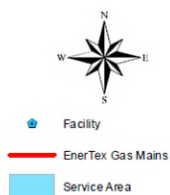
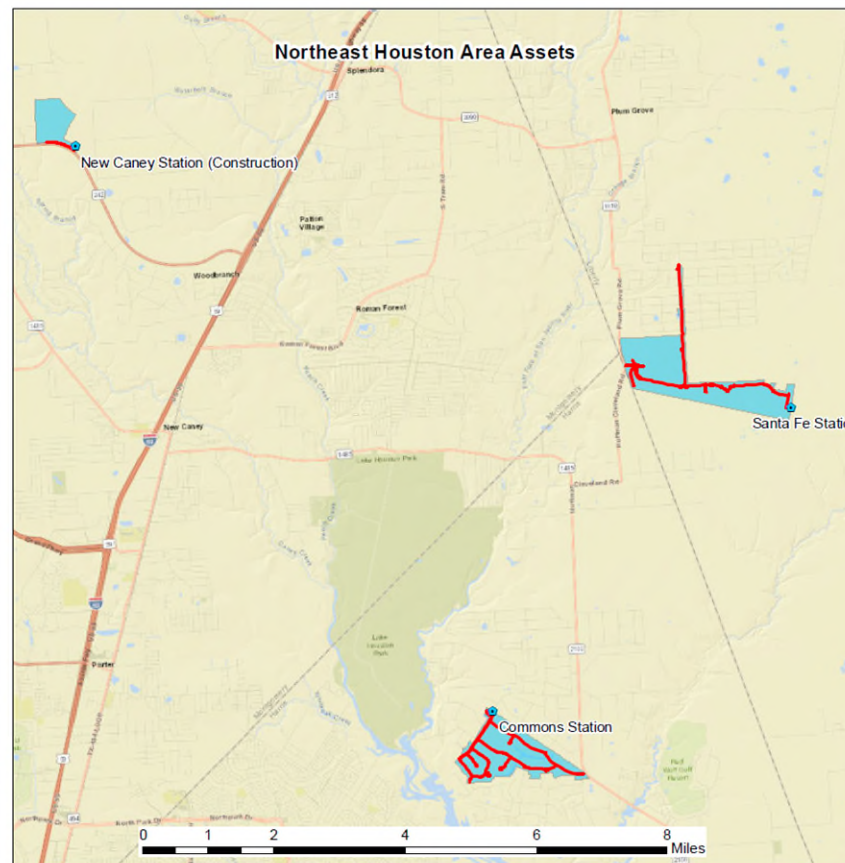
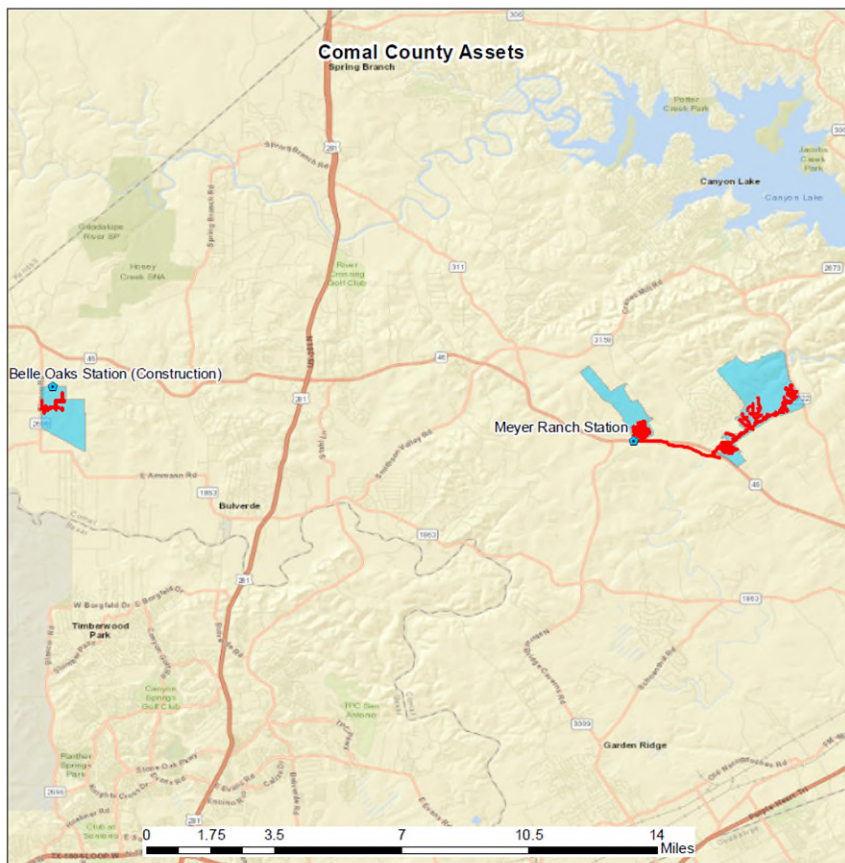
Universal Natural Gas Montgomery & Walker Assets



Montgomery & Walker Counties



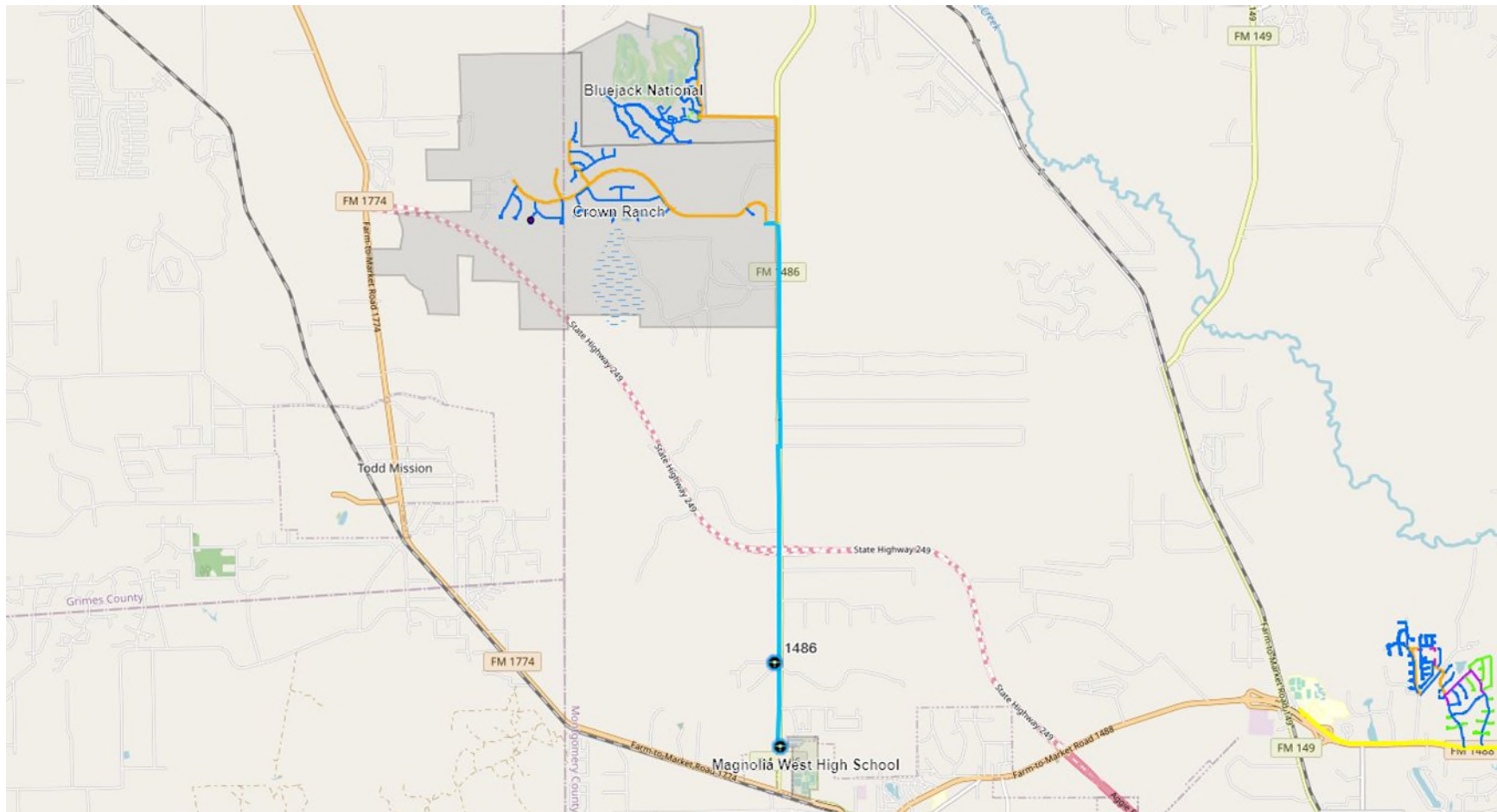
UniGas
UNIVERSA, NATURAL GAS, INC.



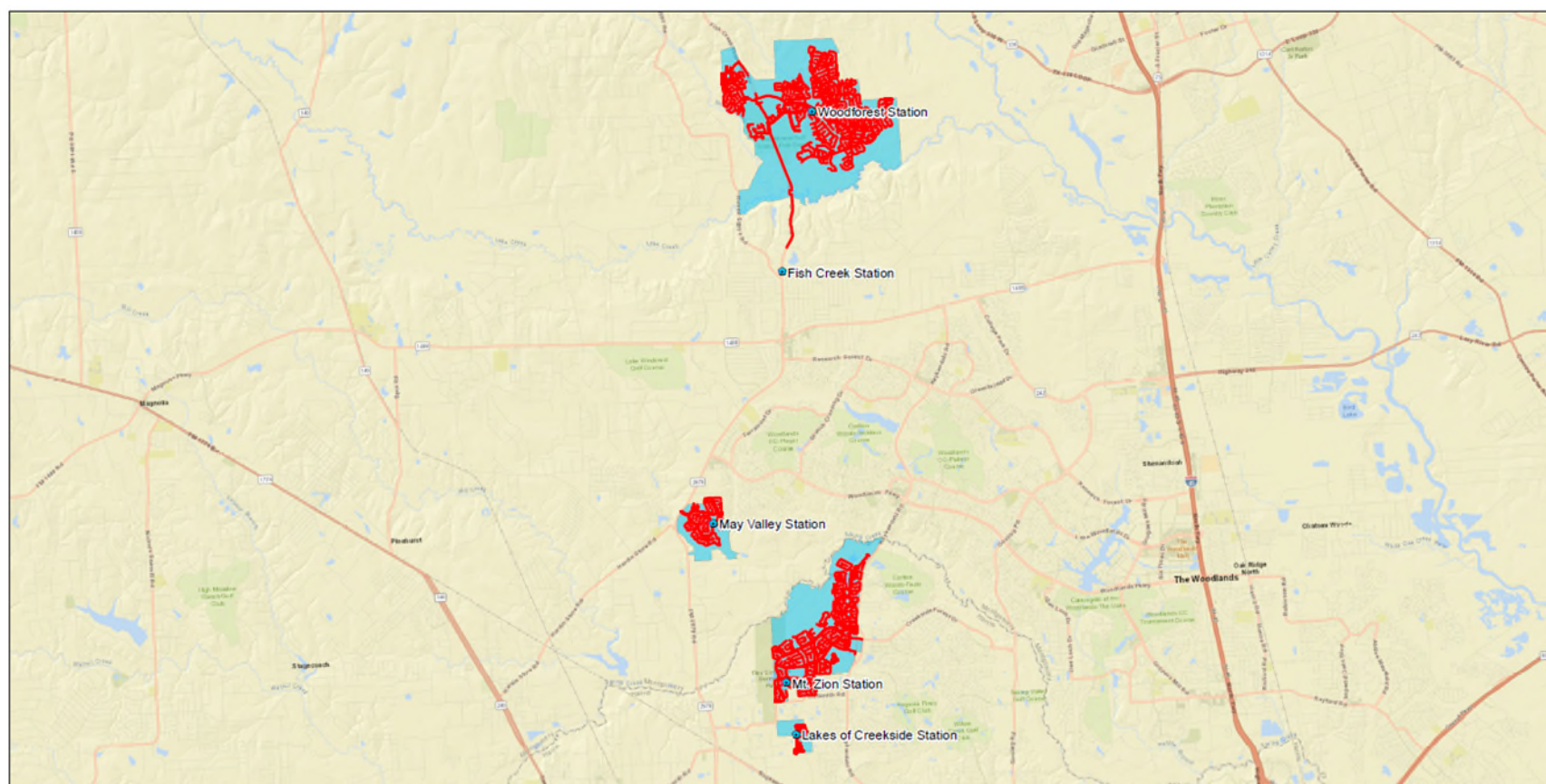
EnerTex Natural Gas Assets

Comal, Montgomery, Liberty & Harris Counties





Consumers Gas Company, Inc. Natural Gas Assets



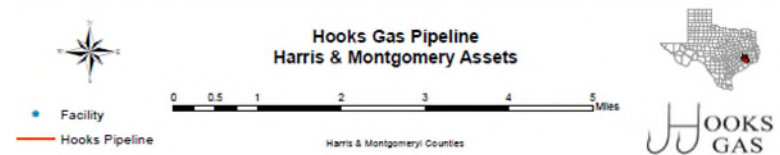
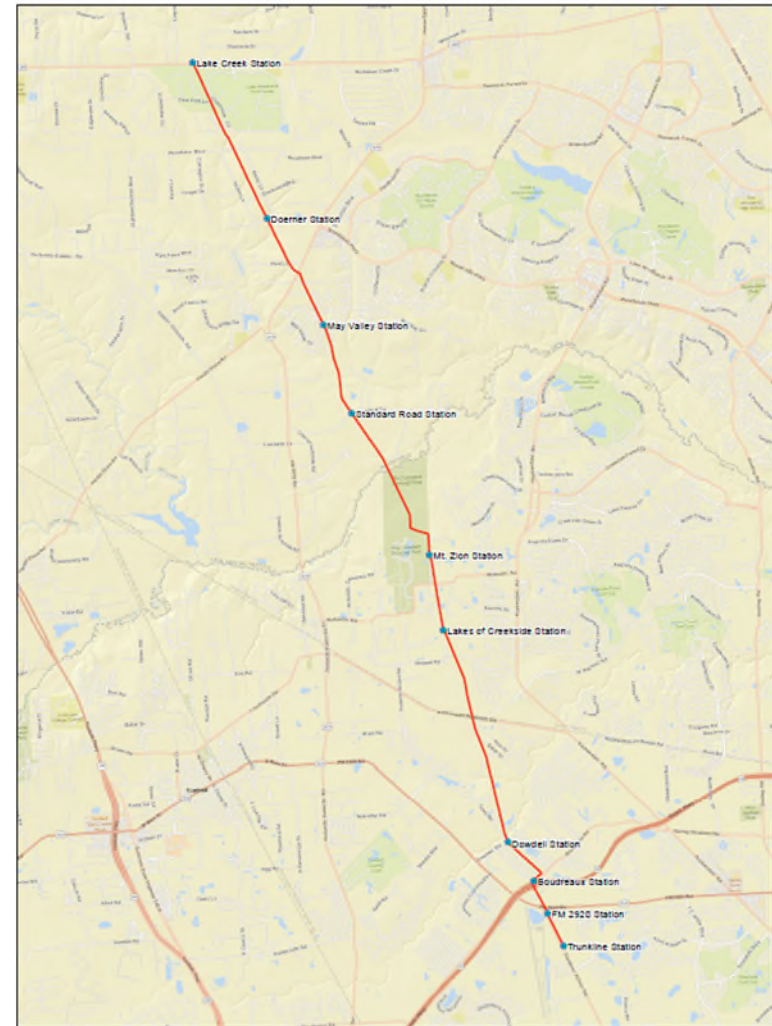
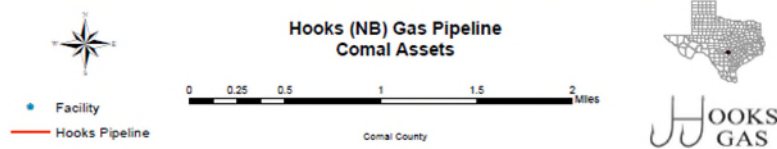
**Gas Energy
Harris & Montgomery Assets**



Harris & Montgomery Counties



GAS ENERGY, LLC





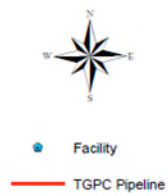
- Facility
- TGPC Pipeline

Texas Gas Pipeline Comal Assets



Comal County





Texas Gas Pipeline Montgomery Assets



Montgomery County



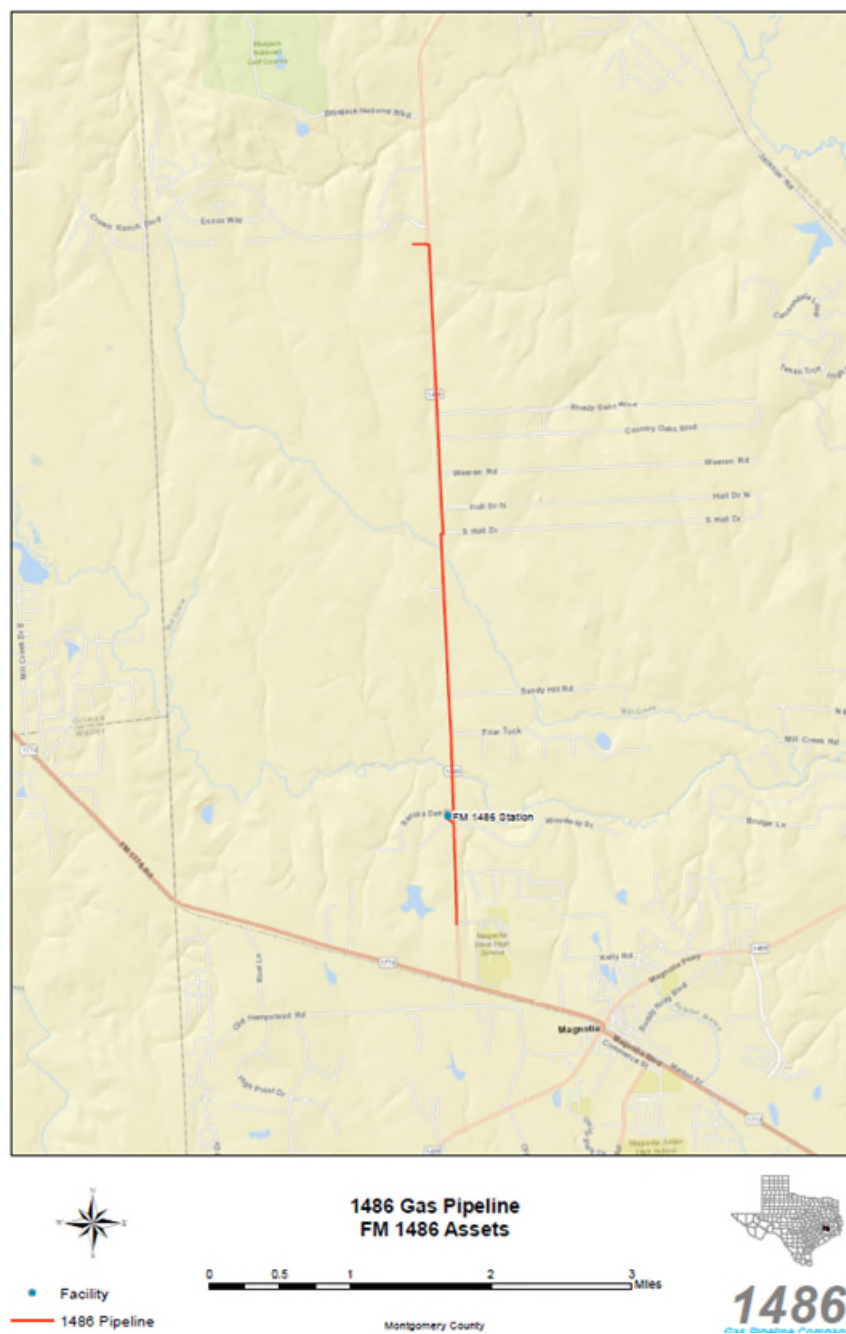


Exhibit RSB-4 is confidential, contains Protected Material, and will be provided pursuant to the terms of the Commission's Protective Order in this proceeding.

DIRECT TESTIMONY
OF
J. ROSS BUTTERMORE
ON BEHALF OF
UNIVERSAL NATURAL GAS, LLC D/B/A UNIVERSAL NATURAL GAS, INC.;
GAS ENERGY, LLC;
ENERTEX NB, LLC;
CONSUMERS GAS COMPANY, LLC D/B/A CONSUMERS GAS COMPANY, INC.;
HOOKS GAS PIPELINE, LLC;
TEXAS GAS PIPELINE COMPANY, LLC; AND
1486 GAS PIPELINE, LLC

OCTOBER 9, 2020

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LIST OF EXHIBITS

Exhibit No.	Description
Exhibit JRB-1	Test Year Reviewed Books Through June 30, 2020 - CONFIDENTIAL
Exhibit JRB-2	Cost Allocation and Assignment Manual (Test Year)
Exhibit JRB-3	Cost Allocation and Assignment Manual (Proposed)

DIRECT TESTIMONY OF J. ROSS BUTTERMORE

I. INTRODUCTION

Q.1 PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is J. Ross Buttermore. I am the Chief Financial Officer for Texas Gas Utility Services, Inc. ("Texas Gas"), which is located at 9750 FM 1488, Magnolia, Texas 77354.

Q.2 WHAT ARE YOUR EDUCATIONAL BACKGROUND, PROFESSIONAL QUALIFICATIONS, AND PREVIOUS WORK EXPERIENCE?

A. I have worked in energy finance for over a decade. Following my graduation from Southern Methodist University with a bachelor's degree in 2004, I worked at Legacy Investments, Inc. for four years in a business development role, primarily evaluating potential investments in energy assets. In 2011, I obtained a master's in business administration from Southern Methodist University, with a concentration in finance. Upon graduation from business school, I worked as a senior financial analyst for Regency Energy Partners and then for JP Energy Partners. In each role, I provided financial analyses, prepared financial reports, and supported various debt and equity issuances in the public markets. In 2013, I became the finance manager at JP Energy Partners, where I oversaw the strategic and corporate finance requirements for midstream assets in Texas. I joined Texas Gas in 2017 as Vice President of Finance.

Q.3 WHAT IS THE ROLE OF TEXAS GAS IN RELATION TO THE REGULATED GAS UTILITIES INVOLVED IN THESE PROCEEDINGS?

A. Texas Gas is the centralized management and operations company responsible for managing and operating its affiliated, regulated gas utility companies, all of which are wholly owned by Centric Gas Services, LLC ("Centric"). There are four local distribution gas utilities within the Centric family of companies that are operated and managed by Texas Gas: (1) Universal Natural Gas, LLC d/b/a Universal Natural Gas, Inc. ("UniGas");

1 (2) EnerTex NB, LLC (“EnerTex”); (3) Consumers Gas Company, LLC d/b/a Consumers
2 Natural Gas, Inc. (“Consumers”); and (4) Gas Energy, LLC (“Gas Energy”). These four
3 local distribution companies are collectively referred to as the “LDCs.”

4 Texas Gas is also responsible for managing and overseeing all operational aspects
5 of each of the three intrastate transmission pipeline gas utilities owned by Centric: (1)
6 Hooks Gas Pipeline, LLC (“Hooks”); (2) 1486 Gas Pipeline, LLC (“1486”); and (3) Texas
7 Gas Pipeline Company, LLC (“TGPC”). These three transmission pipeline companies are
8 collectively referred to as the “TransCos.”

9 **Q.4 HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE RAILROAD**
10 **COMMISSION OF TEXAS (“COMMISSION”)?**

11 A. No.

12 **Q.5 WHAT ARE YOUR RESPONSIBILITIES AS CHIEF FINANCIAL OFFICER FOR**
13 **TEXAS GAS?**

14 A. As Chief Financial Officer for Texas Gas, I am responsible for the accounting books and
15 records of Texas Gas’s regulated gas utility businesses, including financial accounting,
16 regulatory accounting and reporting, property accounting, and gas cost accounting for these
17 businesses. As such, I am responsible for ensuring that Texas Gas has adequate staff,
18 processes and systems in place to meet its financial and regulatory accounting and reporting
19 requirements. In conjunction with the Chief Executive Officer, I also oversee corporate
20 finance functions and manage relationships with banking and other financial institutions to
21 help ensure the Texas Gas operating companies have sufficient access to capital to fund
22 their continued growth.

23 **Q.6 WAS THIS TESTIMONY PREPARED BY YOU OR UNDER YOUR DIRECT**
24 **SUPERVISION?**

25 A. Yes.

Q.7 PLEASE DESCRIBE THE CONSOLIDATIONS PROPOSED AS A PART OF THESE RATE PROCEEDINGS.

A. The four LDCs seek to combine all of their assets, liabilities, and corporate and regulatory structures into UniGas as the sole surviving entity (“LDC Consolidation”). This proposed LDC Consolidation would leave UniGas as the sole, consolidated LDC gas utility regulated by the Commission, rather than the four that exist today. The proposed LDC Consolidation and the statement of intent to increase rates associated with the LDCs is the subject of one proceeding.

Similarly, in a separate proceeding, the three TransCos seek to combine all of their assets, liabilities, corporate and regulatory structures into Hooks as the sole surviving entity (“TransCo Consolidation”, and together with the LDC Consolidation, the “Proposed Consolidations”). This proposed TransCo Consolidation would leave Hooks as the sole, consolidated TransCo gas utility regulated by the Commission, rather than the three that exist today. The proposed TransCo Consolidation and the statement of intent to increase rates associated with the TransCos is the subject of the other proceeding.

For ease of reference, I will generally refer to “Consolidated UniGas” and “Consolidated Hooks” as the relevant surviving LDC and TransCo entities, respectively, when discussing the rates to be set in these proceedings. Mr. Robert S. Barnwell IV provides more detail concerning the Proposed Consolidations in his direct testimony.

Q.8 AS A GENERAL MATTER, WHY ARE THE LDCS AND TRASCOS SEEKING TO INCREASE RATES?

A. The LDCs’ and TransCos’ continued investments in their respective systems requires new rates that reflect these investments. The LDCs have continued to grow their customer bases and intend to continue doing so. They have made reasonable, prudent and necessary

1 investments in the new gas infrastructure needed to serve these new customers. Likewise,
2 the TransCos have begun expanding to meet the increasing demands of additional
3 customers served by the LDCs that are downstream of the TransCos' systems while also
4 replacing aging pipe that has reached the end of its useful life. Of course, all of these
5 capital investments result in an expanded asset base requiring additional personnel to safely
6 and reliably operate and maintain them. The high level of investment required to continue
7 the high level of service provided by the LDCs and TransCos provides the impetus for
8 seeking increased rates in these proceedings.

9 **II. PURPOSE OF TESTIMONY**

10 **Q.9 WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THESE PROCEEDINGS?**

11 A. The purpose of my testimony is to:

- 12 • support the historic books and records of the LDCs and TransCos;
- 13 • describe how the respective schedules in the rate filing packages reflect the pro
14 forma account balances for Consolidated UniGas (*i.e.*, the aggregated account
15 balances of the 4 LDCs, as adjusted) and Consolidated Hooks (*i.e.*, the aggregated
16 account balances of the 3 TransCos, as adjusted);
- 17 • discuss how these two rate filings comply with various Commission Rules;
- 18 • discuss why the proposed LDC and TransCo Consolidations should have no
19 financial impact on the LDCs or TransCos;
- 20 • detail Centric's actual and targeted capital structure applicable to both the LDCs
21 and TransCos and support aspects of its cost of debt;
- 22 • discuss various aspects of the accounts and adjustments reflected in the requested
23 cost of service for the LDCs and TransCos;

- 1 • discuss their regulatory assets and liabilities;
- 2 • explain proposed revisions to the Cost Allocation and Assignment Manual
- 3 (“CAM”) governing costs passed to the LDCs and TransCos from Texas Gas and
- 4 Centric;
- 5 • describe and support the proposed tariff and rate schedule provisions for
- 6 Consolidated UniGas and Consolidated Hooks; and
- 7 • support the companies’ request for rate case expense recovery.

8 **Q.10 WAS YOUR TESTIMONY PREPARED BY YOU OR UNDER YOUR DIRECT**
9 **SUPERVISION?**

10 A. Yes.

11 **Q.11 HOW DOES YOUR TESTIMONY RELATE TO THE TESTIMONY OF OTHER**
12 **WITNESSES?**

13 A. Mr. Charles E. “Chuck” Loy and I each present portions of the total cost of service,
14 including rate base, for Consolidated UniGas and Consolidated Hooks, respectively. As
15 shown in the cost of service schedules and my exhibits, these rate filings support an
16 increase in rates charged to the customers of Consolidated UniGas and Consolidated
17 Hooks. I also sponsor or co-sponsor and describe various adjustments to the historical test
18 year revenues and expenses based on the known and measurable standard.

19 **Q.12 HOW HAS THE COST OF SERVICE AND RELATED INFORMATION BEEN**
20 **PREPARED AND DOCUMENTED FOR THIS FILING?**

21 A. My testimony, supporting schedules, and other cost of service information were prepared
22 by me or others under my direct supervision in accordance with Commission rules found
23 in 16 Texas Administrative Code (“TAC”) §§ 7.310, 7.501, 7.503, 7.5212, 7.5213, 7.5252,
24 7.5414, and 7.5530. Unadjusted test year amounts reflect activity and balances contained
25 in the books and records of each of the LDCs and TransCos from July 1, 2019 through June

1 30, 2020 (and for other periods noted in individual schedules, as applicable). Mr. Loy then
2 aggregated the LDCs' and TransCos' respective test year amounts to reflect the pro-forma
3 balances for Consolidated UniGas and Consolidated Hooks, respectively, with appropriate
4 adjustments for known and measurable changes and non-recurring or unusual costs. Mr.
5 Loy's testimony describes many of these items, and on behalf of the LDCs and TransCos,
6 I concur in these proposed costs of service and adjustments to test year data.

7 Testimony of the witnesses, schedules and workpapers provided in this filing
8 document the assumptions and calculations used for all test year amounts. To support the
9 cost of service amounts, the LDCs and TransCos have provided supporting schedules in
10 each of their respective rate filing packages that identify non-recurring costs and known
11 and measurable adjustments.

12 **Q.13 DID THE LDCS AND TRASCOS EXCLUDE ANY EXPENSES FROM THIS**
13 **FILING?**

14 A. Yes. Consistent with the Gas Utility Regulatory Act ("GURA") and Commission rules,
15 the LDCs and TransCos have excluded certain items from their requested costs of service.
16 Expenses for which recovery is not sought in these rate proceedings include over \$165,000
17 in expenses incurred at the Texas Gas level which have not been allocated or assigned to
18 any of the regulated entities, either because they may not be allowable for ratemaking
19 purposes (*e.g.*, certain charitable donations), were not sufficiently documented (*e.g.*, certain
20 travel, entertainment and meal expenses for which receipts were not retained), or for which
21 Texas Gas otherwise decided not to seek recovery. Schedule A-2-11 shows the removal
22 of additional travel, entertainment and meal expenses from the requested costs of service,
23 and Schedule A-2-26 also shows the removal of certain meals and entertainment expenses
24 from the Consolidated UniGas cost of service.

1 **III. REGULATORY COMPLIANCE**

2 **A. COMMISSION RULES §§7.310 AND 7.503**

3 **Q.14 THROUGHOUT YOUR TESTIMONY, YOU REFER TO VARIOUS “FERC**
4 **ACCOUNTS” AND THE “UNIFORM SYSTEM OF ACCOUNTS.” PLEASE**
5 **EXPLAIN THESE TERMS.**

6 A. The Uniform System of Accounts (“USOA”) is prescribed by the Federal Energy
7 Regulatory Commission (“FERC“). FERC prescribes accounting classifications and
8 guidance by which public utilities achieve uniform accounting records for use in financial
9 reporting, ratemaking, and other regulatory filings. Commission Rule §7.310 generally
10 requires that a gas utility keep its books in accordance with the FERC USOA.

11 **Q.15 HAVE THE LDCS AND TRASCOS MAINTAINED THEIR BOOKS AND**
12 **ACCOUNTING RECORDS IN ACCORDANCE WITH THE FERC USOA?**

13 A. Yes, the LDCs and TransCos have each kept their books and accounting records in
14 accordance with the FERC USOA and Commission rules.

15 **Q.16 HOW DO THE LDCS AND TRASCOS ENSURE THEIR BOOKS AND**
16 **RECORDS ARE KEPT IN ACCORDANCE WITH THE FERC UNIFORM**
17 **SYSTEM OF ACCOUNTS?**

18 A. I directly oversee the accounting and finance functions within the Texas Gas operating
19 companies, including the four LDCs and three TransCos. As I previously mentioned,
20 Texas Gas’ operating companies—including all of the LDCs and TransCos—maintain
21 their books and records in accordance with the FERC USOA. Texas Gas’ accounting and
22 billing department utilizes computerized systems, with the proper FERC accounts already
23 established, to efficiently process, record and maintain transactions in the regular course of
24 business. Transactions are entered into our systems promptly by persons having personal
25 knowledge of the transactions, as well as the applicable accounting requirements. Texas
26 Gas’ accounting and billing department is overseen by a qualified Controller who reports

1 directly to me. The accounting and billing department currently employs a qualified staff
2 of eight. Additionally, Texas Gas has established and maintained controls that ensure the
3 accuracy of these entities' books and records. Together, these policies help ensure that the
4 LDCs and TransCos properly follow the FERC USOA.

5 **Q.17 WHAT ACCOUNTING FIRM HAS REVIEWED THE BOOKS, RECORDS AND**
6 **ACCOUNTS OF THE LDCS AND TRANSCOS?**

7 A. The LDCs' and TransCos' books, records and accounts have been annually audited by
8 Seitz, DeMarco & McGovern, PLLC ("SD&M") to verify conformance with generally
9 accepted accounting principles in the United States. The LDCs' and TransCos' books,
10 records and accounts have also been reviewed by SD&M for the full test year period ending
11 June 30, 2020. These reviewed books from the test year are included as CONFIDENTIAL
12 Exhibit JRB-1 to my testimony.

13 **Q.18 DOES THE INFORMATION CONTAINED WITHIN THE LDCS' AND**
14 **TRANSCOS' BOOKS AND RECORDS, AS WELL AS THE SUMMARIES AND**
15 **EXCERPTS THEREFROM, QUALIFY FOR THE PRESUMPTION SET FORTH**
16 **IN COMMISSION RULE §7.503?**

17 A. Yes. The four LDCs and three TransCos each keep their books, records, and accounts in
18 accordance with the FERC USOA in compliance with Commission Rule §7.503. Those
19 books, records and accounts have been utilized in preparing these rate filing packages.
20 Accordingly, the LDCs and TransCos are entitled to the presumption that costs contained
21 within their books and records have been reasonably and necessarily incurred.

22 **B. COMMISSION RULES §§7.501 AND 7.5414**

23 **Q.19 ARE YOU FAMILIAR WITH THE REQUIREMENTS OF COMMISSION RULE**
24 **§7.501?**

25 A. Yes. Among other things, Commission Rule §7.501 requires a gas utility in a rate
26 proceeding to present evidence related to certain types of costs and transactions, including

1 the following: (1) profits and losses related to the sale or lease of appliances, fixtures,
2 equipment, or other merchandise, and the extent, if any, to which the profit or loss of such
3 merchandise is integral to the provision of natural gas and natural gas service; (2) income
4 tax savings or deferrals related to methods such as liberalized depreciation or amortization;
5 (3) certain investment tax credits; (4) items relating to non-wage/salary compensation
6 payments to certain individuals or with respect to certain matters, including representation
7 before the Texas Legislature or other bodies; (5) lobbying and legislative advocacy
8 expenses; (6) business gifts, entertainment, charitable or civic contributions; and (7)
9 institutional, conservational, consumption-inducing, or other advertising expenses.

10 **Q.20 HAVE THESE RATE FILINGS COMPLIED WITH THIS RULE?**

11 A. Yes. Among others, Schedules G-3, G-5, G-6, G-7, G-8 and G-9 demonstrate compliance
12 with various components of Commission Rule §7.501.

13 **Q.21 DO THE EXPENSES REPORTED IN THESE FILINGS INCLUDE ANY**
14 **EXPENSES RELATING TO THE SALE OR LEASE OF APPLIANCES,**
15 **FIXTURES, EQUIPMENT, OR OTHER MERCHANDISE?**

16 A. No, neither the LDCs nor the TransCos sold or leased any of these merchandise items
17 during the test year. To the extent relevant to this requirement, revenue and expenses from
18 the LDCs' installation of customer-owned "yard lines"—gas lines installed at customer
19 request behind the customer's gas meter to heat backyard grills, swimming pools, fire pits
20 and similar types of features—are shown as "Other Non-Operating Revenues" and "Other
21 Non-Operating Expenses" in Schedules A-2 and A-2-17 of both rate filing packages.
22 These revenues and expenses have both been removed from the requested cost of service.
23 Going forward, Consolidated UniGas proposes for such yard line installations to be

1 included in proposed Miscellaneous Service Charge M-21 as a component of its line
2 extension policy.

3 **Q.22 DO THE EXPENSES REPORTED IN THESE FILINGS INCLUDE ANY**
4 **EXPENSES RELATING TO PAYMENTS OF COMPENSATION TO**
5 **EMPLOYEES, OTHER THAN SALARY OR WAGES SUBJECT TO**
6 **WITHHOLDING OF FEDERAL INCOME TAX?**

7 A. Texas Gas offers health insurance and group-term life insurance benefits to its employees.
8 The company's plan qualifies under section 125 of the Internal Revenue code. This enables
9 and allows our employees to take taxable benefits, such as a cash salary, and convert them
10 into nontaxable benefits. These benefits may be deducted from an employee's paycheck
11 before taxes are paid. Other aspects of Texas Gas's total compensation package are shown
12 in Schedules G-3 and discussed in the 401(k) Expense Adjustment shown in Schedule A-
13 2-10.

14 **Q.23 DO THE EXPENSES REPORTED IN THESE FILINGS INCLUDE ANY**
15 **EXPENSES RELATING TO REPRESENTATION BEFORE THE TEXAS**
16 **LEGISLATURE, LEGISLATIVE ADVOCACY, OR LOBBYING EXPENSES?**

17 A. Neither the LDCs nor the TransCos incurred expenses related to representation before the
18 Texas Legislature, legislative advocacy, or lobbying expenses during the test year, as
19 shown on Schedule G-7. Neither the LDCs nor the TransCos request recovery of such
20 expenses in these filings. With respect to calendar year 2019, the last odd-numbered year,
21 the LDCs and TransCos also incurred no such expenses for these purposes.

22 **Q.24 WHAT LEVEL OF EXPENSE FOR ADVERTISING IS INCLUDED IN THE**
23 **REQUESTED COST OF SERVICE?**

24 A. As stated in Schedule G-5, we are not requesting any advertising expenses to be included
25 in the costs of service.

26 **Q.25 DOES COMMISSION RULE §7.5414 PROHIBIT CERTAIN EXPENDITURES**
27 **FROM BEING INCLUDED IN THE COST OF SERVICE?**

1 A. Yes. Commission Rule §7.5414 states that no expenditures shall be allowed as a cost of
2 service for ratemaking purposes if spent for the purpose of influencing public opinion with
3 respect to legislative, administrative, or electoral matters, or with respect to any
4 controversial issue of public importance. Additionally, Commission Rule §7.5414
5 excludes from the cost of service funds expended in support of, or membership in, social,
6 recreational, fraternal, or religious clubs or organizations, and funds expended for
7 contributions and donations to charitable, religious, or other nonprofit organizations or
8 institutions.

9 **Q.26 HAVE ANY OF THESE EXPENDITURES PROHIBITED BY COMMISSION**
10 **RULE §7.5414 BEEN INCLUDED IN THE COST OF SERVICE CALCULATIONS**
11 **FOR THE LDCS OR TRANCOS?**

12 A. No.

13 **C. COMMISSION RULES §§7.5212 AND 7.5213**

14 **Q.27 ARE YOU FAMILIAR WITH THE REQUIREMENTS OF COMMISSION RULE**
15 **§§7.5212 AND 7.5213?**

16 A. Yes. Commission Rule §7.5212 specifies the circumstances under which a utility may
17 recover construction work in progress (“CWIP”), and Commission Rule §7.5213 specifies
18 the circumstances under which a utility may recover an allowance for funds used during
19 construction (“AFUDC”).

20 **Q.28 HAVE ANY CWIP OR AFUDC AMOUNTS BEEN INCLUDED IN THE LDCS’ OR**
21 **TRANCOS’ REQUESTED COST OF SERVICE OR RATE BASE**
22 **CALCULATIONS?**

23 A. No. Neither the LDCs nor the TransCos request CWIP or AFUDC recovery in these
24 proceedings.

25 **D. COMMISSION RULE §7.5252**

1 **Q.29 ARE YOU FAMILIAR WITH THE REQUIREMENTS OF COMMISSION RULE**
2 **§7.5252?**

3 A. Yes. Among other things, Commission Rule §7.5252 requires a gas utility in a rate
4 proceeding to book depreciation and amortization on a straight-line basis over the useful
5 life expectancy of the property or facility in question. This rule also requires the exclusion
6 of non-utility activities from a gas utility's cost of service, unless clearly shown to be
7 integral to utility operations.

8 **Q.30 HAVE THE LDCS AND TRANSCOS COMPLIED WITH THIS RULE IN THESE**
9 **FILINGS?**

10 A. Yes. As the direct testimonies of Mr. Dane A. Watson and Mr. Charles E. Loy explain,
11 the LDCs and TransCos have incorporated in their requested costs of service the
12 depreciation rates recommended in the depreciation study conducted by Mr. Watson. In
13 addition, as I discuss later in my testimony, the requested costs of service in these
14 proceedings do not reflect non-utility activities.

15 **E. TEXAS UTILITIES CODE §104.059**

16 **Q.31 ARE YOU FAMILIAR WITH THE REQUIREMENTS OF TEXAS UTILITIES**
17 **CODE §104.059?**

18 A. Yes, this provision discusses gas utility recovery of expenses for pensions and other post-
19 employment benefits. Neither the LDCs nor the TransCos seek recovery of pension or
20 other post-employment benefits expenses in these proceedings.

21 **IV. CONSOLIDATION OF LDCs AND TRANSCOs**

22 **Q.32 WILL THE RESPECTIVE CONSOLIDATIONS OF THE FOUR LDCS AND**
23 **THREE TRANSCOS CREATE A MATERIAL CHANGE TO THE WAY BOOKS**
24 **AND RECORDS ARE KEPT?**

25 A. No. The book- and record-keeping function will continue to operate in a similar, but more
26 streamlined, manner given that the Proposed Consolidations would result in two rather than

1 seven regulated gas utility entities going forward. The Proposed Consolidations will also
2 reduce the number of affiliate transactions that take place

3 **Q.33 IS CONSOLIDATION OF THE FOUR LDCS AND THREE TRASCOS**
4 **EXPECTED TO LEAD TO EFFICIENCIES?**

5 A. Yes. Without consolidation, separate rate case and GRIP filings would be necessary for
6 more entities. Each of these filings is time and resource-intensive for the personnel who
7 prepare necessary schedules, exhibits, and workpapers as well as providing support for
8 discovery and other purposes while a case is pending. Additional filings would also require
9 more expenses for attorneys and outside consultants. With consolidation, the LDCs and
10 TransCos will reduce the number of regulatory filings and be able to prepare and file a
11 single rate case and/or GRIP filing applicable to Consolidated UniGas or Consolidated
12 Hooks, respectively. Therefore, the Proposed Consolidations should provide tangible
13 benefits for customers, the Commission, and the companies. For the reasons discussed
14 above and in the other testimony filed with these rate proceedings, the Commission should
15 find that each of the Proposed Consolidations are consistent with the public interest under
16 Texas Utilities Code Section 102.051.

17 **V. CAPITAL STRUCTURE**

18 **Q.34 PLEASE DESCRIBE THE CAPITAL STRUCTURE OF THE LDCS AND**
19 **TRASCOS AT THE END OF THE TEST YEAR.**

20 A. At June 30, 2020, the books of the LDCs and TransCos reflected a capital structure used
21 to finance permanent assets of 62.76% common equity and 37.24% long-term debt, which
22 is in the form of a term loan with a bank. We are requesting that the Commission set rates
23 using this actual capital structure, which aligns very closely with Centric's targeted capital

1 structure of 63% equity and 37% debt. The direct testimony of Dr. Bruce Fairchild also
2 discusses capital structure issues.

3 **Q.35 WHY ARE THE LDCS AND TRANCOS REQUESTING THAT THE**
4 **COMMISSION SET RATES BASED ON THEIR ACTUAL CAPITAL**
5 **STRUCTURE?**

6 A. A higher debt ratio generally translates into increased financial risk for investors. Because
7 Centric is a relatively small, private company that does not have access to the public debt
8 and equity markets, our target and actual capital structure ratios are prudent in order to
9 insure that we have access to debt and equity capital and adequate liquidity in adverse
10 financial market environments. Additionally, Centric's bank loans have restrictive
11 covenants and minimum financial ratios that must be maintained in order to remain in
12 compliance with our banks' requirements, which our target and actual capital structure
13 ratios achieve.

14 **Q.36 DO THE LDCS AND TRANCOS HAVE ANY OTHER DEBT?**

15 A. Yes. Centric has a revolving line of credit that is used to fund construction projects and
16 seasonal working capital needs. Although this revolving line of credit is available for five
17 years, on at least an annual basis it must be either paid down or converted to a term loan.
18 Centric is also continuously monitoring its credit metrics, including capital structure, and
19 adjusts as necessary, including equity calls from investors when appropriate to maintain
20 our target capital structure ratios.

21 **Q.37 ARE THERE ANY OTHER LOANS THAT YOU WOULD LIKE TO ADDRESS?**

22 A. Yes. On April 21, 2020, Centric was granted a loan from a qualified banking institution in
23 the amount of \$588,895 pursuant to the Paycheck Protection Program under Division A,
24 Title I of the Coronavirus Aid, Relief and Economic Security Act, which was enacted on

1 March 27, 2020. Centric applied for the loan due to the uncertainty around our ability to
2 collect receivables from customers due to the recession caused by the COVID-19
3 pandemic. In October of 2020, it was determined that the loan was not needed due to the
4 swift actions taken by the Commission and the fact that our receivables were not materially
5 impacted between the months of April and September. I notified the lender on October 5,
6 2020 that Centric will be repaying the loan. This request is in process at this time.

7 **VI. ADJUSTMENTS TO TEST YEAR DATA**

8 **Q.38 PLEASE DESCRIBE HOW YOUR TESTIMONY RELATES TO VARIOUS**
9 **COMPONENTS OF THE LDCS' AND TRASCOS' COST OF SERVICE.**

10 A. On behalf of the LDCs and TransCos, Mr. Chuck Loy provides testimony regarding the
11 cost of service calculations and certain of the proposed adjustments to the historical test
12 year data. I worked directly with SDM to provide Mr. Loy with the unadjusted books,
13 records and account balances of all four LDCs and all three TransCos for the relevant
14 periods reflected in the rate filing schedules.

15 **Q.39 HAVE ANY ADJUSTMENTS BEEN MADE TO THE OVERALL COSTS OF**
16 **SERVICE?**

17 A. Yes. The costs of service has been adjusted to reflect known and measurable changes to
18 the data for the historical test year ending June 30, 2020. Mr. Loy describes and supports
19 certain of the adjustments to historical test year data for known and measurable changes,
20 and I describe and support the other adjustments.

21 **Q.40 PLEASE DESCRIBE THE ADJUSTMENT TO ADMINISTRATIVE AND**
22 **GENERAL EXPENSES FOR ADDITIONAL PAYROLL RELATING TO NEW**
23 **EMPLOYEES HIRED AFTER THE END OF THE TEST YEAR.**

24 A. After June 30, 2020, Texas Gas has hired 6 additional employees to help support the
25 growing operations of the LDCs and TransCos. Specifically, these employees will work
26 in the operations, regulatory, finance and accounting departments. These employees began

1 work prior to the filing of these proceedings, and therefore their payroll expense impact is
2 a known and measurable change that will exist during the rate effective period. The costs
3 of these new hires are reflected in the Shared Services – Payroll Adjustment shown in
4 Schedule A-2-5 of both rate filing packages, which is further discussed in the testimonies
5 of Mr. Loy, Mr. Barnwell, and Mr. Morey Villareal.

6 **Q.41 PLEASE DESCRIBE THE COMMON PLANT ADJUSTMENT SHOWN IN**
7 **SCHEDULE B-2-1 OF BOTH RATE FILING PACKAGES.**

8 A. Historically, Texas Gas did not allocate or assign certain common plant capital costs for
9 items such as office furniture, office supplies, computers, work trucks, and miscellaneous
10 tools and equipment. This adjustment corrects this oversight and reasonably allocates these
11 capital costs among the LDCs and TransCos, as further discussed in Mr. Loy’s testimony.
12 The total allocated amount subject to this adjustment comes from the books of Texas Gas,
13 and the LDCs and TransCos have appropriately recorded their allocated portion of these
14 costs to the appropriate FERC Accounts.

15 **Q.42 PLEASE DESCRIBE THE HYDRO TESTING EXPENSE AMORTIZATION**
16 **ADJUSTMENTS SHOWN IN SCHEDULE A-2-15 OF EACH RATE FILING**
17 **PACKAGE.**

18 A. Costs associated with the companies’ Integrity Management programs include amortizing
19 known maintenance, pigging and hydrostatic pressure testing expenses that occur outside
20 of the test year at reasonably known intervals between rate cases.

21 The highest priority of both Consolidated Hooks and Consolidated UniGas is to
22 operate their systems in a manner safe for the community, its customers, and the
23 companies’ employees. The LDCs and TransCos are required to satisfy state and federal
24 law relating to their systems. State and federal regulations require the companies to
25 implement and maintain a Transmission Integrity Management Program (“TIMP”) and a

1 Distribution Integrity Management Program (“DIMP”), respectively. The programs ensure
2 through regular analyses, physical surveys, and testing that the companies will better
3 identify defects, failures, and potential risks within their pipeline system and, as a result,
4 operate and maintain safer pipelines through a better understanding of their systems.

5 Hydrostatic testing is a common tool used in the industry to ensure pipeline
6 integrity and is an important element of Centric’s TIMP and DIMP. This procedure helps
7 the utility and the Commission’s Pipeline Safety Department identify potential integrity
8 issues before they become a serious safety problems. Depending on the pipeline material,
9 the location of the pipeline, and/or the classification of the pipeline, hydrostatic tests are
10 periodically performed in accordance with the TIMP and DIMP.

11 In August 2020, one of the LDCs conducted a hydro test on a 6” high-pressure steel
12 pipeline at a cost of approximately \$239,000. Hooks also performed hydrostatic testing on
13 portions of its system in 2018. Moreover, over the next five years, Consolidated Hooks
14 has firm plans to perform additional hydrostatic testing of its pipeline system in accordance
15 with its TIMP. Based on the TIMP and the companies’ recent experience in hydro testing
16 costs, Consolidated Hooks expects to incur approximately \$1 million in hydro testing over
17 the next 5 years based on the hydrostatic testing schedule for this time period.

18 To that end, Consolidated UniGas and Consolidated Hooks request approval to
19 create regulatory assets to recover these costs over a 5 year amortization period. Please
20 refer to Mr. Loy’s direct testimony for additional discussion of the ratemaking principles
21 applicable to these proposed hydro testing adjustments

22 **Q.43 PLEASE DESCRIBE THE PURPOSE OF THE SHARED SERVICES**
23 **ADJUSTMENTS FOR BENEFITS, PAYROLL/HR SERVICE, AND 401(K)**
24 **MATCHING EXPENSE SHOWN IN SCHEDULES A-2-7, A-2-9 AND A-2-10 OF**
25 **EACH RATE FILING PACKAGE.**

1 A. The benefits adjustment shown in Schedule A-2-7 consists of Texas Gas payments for
2 employee insurance costs for medical, dental, vision, disability and life insurance
3 coverages. Similarly, the 401(k) matching expense adjustment shown in Schedule A-2-10
4 reflects the recent addition of company 401(k) matches of employee contributions to their
5 retirement accounts, and this amount conservatively assumes annualized company
6 contributions based on 0.5% of gross payroll as adjusted. Finally, the payroll/HR service
7 adjustment shown in Schedule A-2-9 reflects that Texas Gas contracted with a professional
8 employer organization during the test year to assist with issues relating to human resources,
9 payroll and benefits. Among other advantages, this service has helped the company obtain
10 more competitive health care coverage at lower cost. Mr. Loy discusses these adjustments
11 in more detail in his direct testimony.

12 **VII. REGULATORY ASSETS AND LIABILITIES**

13 **Q.44 ARE THERE ANY REGULATORY ASSETS OR LIABILITIES ON THE BOOKS**
14 **OF THE LDCS OR TRANSCOS?**

15 A. No, except for the requested recovery of regulatory assets for Consolidated Hooks and
16 Consolidated UniGas related to the hydrostatic testing costs that I discuss above.

17 **VIII. REVISIONS TO COST ALLOCATION AND ASSIGNMENT MANUAL**

18 **Q.45 PLEASE DESCRIBE WHY YOU ARE PROPOSING REVISIONS TO THE COST**
19 **ALLOCATION AND ASSIGNMENT MANUAL (“CAM”) APPLICABLE TO**
20 **AFFILIATE TRANSACTIONS OF THE LDCS AND TRANSCOS.**

21 A. As Mr. Barnwell’s direct testimony explains in more detail, Texas Gas previously adopted
22 the CAM in connection with the GUD No. 9844/9845 proceedings. The CAM governs the
23 methodology for assigning and/or allocating various costs among Texas Gas, the LDCs,
24 and the TransCos. Texas Gas adopted annual updates to the construction price list and

1 composite allocation percentages. The version of the CAM in effect during the test year is
2 attached as Exhibit JRB-2.

3 In order to update the CAM for the proposed LDC and TransCo Consolidations, I
4 sponsor proposed revisions to the CAM. Mr. Loy also discusses the proposed CAM
5 revisions in his direct testimony, including the proposed adjustments to the allocation
6 methodology. The proposed revised CAM, which would be in effect for calendar year
7 2020 and beyond, is attached as Exhibit JRB-3. Therefore, the companies have used the
8 proposed revised CAM and its updated composite allocation methodology in preparing the
9 cost of service models for these rate proceedings. (The CAM composite allocation
10 percentages that were calculated for 2019 and 2020 based on the existing CAM composite
11 allocation methodology are also included as examples at the end of Exhibit JRB-3.)

12 **Q.46 PLEASE GIVE AN OVERVIEW OF THE PROPOSED CAM REVISIONS.**

13 A. As more fully reflected in Exhibit JRB-3, the proposed revisions to the CAM are generally
14 intended to reflect the proposed LDC and TransCo Consolidations, more clearly discuss
15 the allocations of Board of Directors and related costs to the regulated entities from Centric.
16 Mr. Loy's direct testimony addresses the proposed composite allocation methodology
17 changes.

18 **IX. PROPOSED TARIFF PROVISIONS FOR CONSOLIDATED HOOKS**

19 **Q.47 PLEASE DESCRIBE THE PROPOSED TARIFF PROVISIONS OF**
20 **CONSOLIDATED HOOKS.**

21 A. As discussed throughout the TransCos' rate filing package, Consolidated Hooks would
22 establish a single, system-wide rate for all transmission service on the TransCos' assets.
23 The proposed tariff also provides that non-discriminatory terms and conditions of service
24 on Consolidated Hooks would be offered based on a standard form service agreement. All

1 other rates and tariffs of the TransCos, as well as UniGas's existing transmission tariff,
2 would be withdrawn. These proposed changes would establish a single, system-wide rate
3 and tariff applicable to all transportation service provided by Consolidated Hooks.

4 Consolidated Hooks also proposes to adopt a tax rider provision relating to recovery
5 of taxes other than federal income taxes. Similarly, it proposes adoption of a rate case
6 expense surcharge based on the approved expenses of its base rate proceeding.

7 **X. PROPOSED TARIFF PROVISIONS FOR CONSOLIDATED UNIGAS**

8 **Q.48 PLEASE PROVIDE AN OVERVIEW OF THE PROPOSED TARIFF**
9 **PROVISIONS FOR TERMS AND CONDITIONS OF SERVICE OFFERED BY**
10 **CONSOLIDATED UNIGAS.**

11 A. Generally, Consolidated UniGas proposes to adopt the structure and many of the provisions
12 in EnerTex's current tariff, with some modifications and additions. For example,
13 Consolidated UniGas proposes to use the same Purchased Gas Adjustment mechanism
14 (Rate Schedule COG) currently in EnerTex's existing tariff, without revision.
15 Consolidated UniGas also proposes to adopt EnerTex's existing tariff provisions regarding
16 the pipeline safety fee provision, curtailment plan, and quality of service rules.
17 Consolidated UniGas also proposes to use the customer rate classes reflected in EnerTex's
18 existing tariff: (1) residential, and (2) commercial/industrial, consisting of four subclasses
19 based on differing levels of monthly consumption (Small, Mid, Mid-Large, and Large).

20 In addition to new rates and conforming changes for the new consolidated utility
21 name, Consolidated UniGas also proposes to modify some of EnerTex's miscellaneous
22 service rates and its line extension policy. Finally, Consolidated UniGas also proposes to
23 adopt a new weather normalization adjustment ("WNA") provision. I discuss these three

1 modified or new provisions below. I also discuss the proposed monthly customer charge
2 for Consolidated UniGas.

3 **A. MISCELLANEOUS SERVICE CHARGES**

4 **Q.49 PLEASE DESCRIBE THE MISCELLANEOUS SERVICE CHARGES PROPOSED**
5 **FOR ADOPTION IN CONSOLIDATED UNIGAS'S TARIFF.**

6 A. Consolidated UniGas proposes changing the methodology for some of its miscellaneous
7 service charges; instead of a set dollar amount, it would simply charge its actual costs,
8 without a profit component, for such services. Several of Enertex's existing miscellaneous
9 service charges already adopt this "actual cost" concept, and Consolidated UniGas
10 proposes to extend that methodology to several others where it makes sense. For example,
11 the connection charges during and outside normal business hours would change from \$50
12 and \$90, respectively, to the actual cost incurred to provide such service. Exhibit A to the
13 LDCs' Statement of Intent ("SOI") filing shows all proposed changes to the language of
14 Schedule M governing miscellaneous service charges.

15 **B. LINE EXTENSION POLICY**

16 **Q.50 PLEASE DESCRIBE THE LINE EXTENSION POLICY PROPOSED FOR**
17 **ADOPTION IN CONSOLIDATED UNIGAS'S TARIFF.**

18 A. The Line Extension Policy proposed for adoption in Consolidated UniGas's tariff generally
19 modernizes the line extension policies already applicable to UniGas and Consumers
20 customers, as reflected in those companies' existing tariff provisions. Consistent with the
21 proposal to generally use "at cost" principles for Consolidated UniGas's miscellaneous
22 service charges, the proposed line extension policy would likewise avoid setting specific
23 dollar charges for gas main taps, line extensions, and meter sets. Rather, Consolidated
24 UniGas would forego making a profit on these services in return for certainty that the
25 charges it is allowed to make will fully cover the associated costs. The modified line

1 extension policy will also reflect the different commercial settings applicable to extensions
2 for individual residences, new subdivisions or other developments, and other non-
3 residential extensions. Finally, the proposed line extension policy would also apply to yard
4 line installations as previously discussed in his testimony.

5 **C. WEATHER NORMALIZATION ADJUSTMENT**

6 **Q.51 WHY DOES CONSOLIDATED UNIGAS SEEK A WEATHER**
7 **NORMALIZATION ADJUSTMENT (“WNA”) PROVISION IN ITS TARIFF?**

8 A. WNA provisions have become standard across the industry. Adopting a WNA provision
9 in Consolidated UniGas’s tariff would bring the LDCs into line with most other Texas gas
10 distribution companies. The WNA provisions will benefit Consolidated UniGas and its
11 customers by controlling for fluctuations in weather and thereby “smoothing” out rate
12 recovery by keeping revenues consistent and unaffected by unpredictable seasonal weather
13 swings.

14 **Q.52 PLEASE DESCRIBE THE WNA PROVISION THAT CONSOLIDATED UNIGAS**
15 **PROPOSES.**

16 A. Consolidated UniGas proposes for the WNA provision to apply to residential customers in
17 unincorporated areas during the months of December, January and February. The tariff
18 applies the 10-year heating degree day averages for the Montgomery and Comal county
19 service areas. The non-heating base load for each service area was determined by
20 calculating the average consumption of residential users in our established service areas
21 during the months with no heating degree days. The WNA provisions in the proposed tariff
22 normalizes our revenue during the three highest heating degree months. The proposed
23 WNA tariff provision is reflected in Exhibit A to the LDCs’ SOI.

24 **D. PROPOSED MONTHLY CUSTOMER CHARGE**

Q.53 WHY IS CONSOLIDATED UNIGAS PROPOSING A RESIDENTIAL CUSTOMER CHARGE OF \$22.50 PER MONTH?

A. Consolidated UniGas is proposing a monthly customer charge of \$22.50 for residential customers in order to buffer the substantial negative cash flows that the LDCs are currently experiencing during the months with low/no heating degree days. The majority of the LDCs' operating expenses are fixed throughout the year, but revenue from the volumetric rate is mostly received during the winter months. We are proposing a monthly customer charge of \$22.50 per residential meter per month in order to minimize the need to utilize debt to fund payroll, operations, integrity management, maintenance capex and debt service during these warmer months. Mr. Loy also discusses this issue in further detail in his direct testimony.

XI. RATE CASE EXPENSES

Q.54 HOW DO THE LDCS AND TRANSCOS PROPOSE TO HANDLE RATE CASE EXPENSES IN THESE PROCEEDINGS?

A. The LDCs and TransCos each request that their rate case expenses be recovered through a separate surcharge to customers in unincorporated areas that would be established either in these cases or in separate, severed dockets from the two base rate proceedings. The amount to be recovered should be determined at a point in the proceeding when such expenses will be known and measurable, such as after the Commission has issued an order and motions for rehearing, if any, have been completed.

Q.55 PLEASE DESCRIBE THE GENERAL TYPES OF RATE CASE EXPENSES THAT WILL BE INCURRED IN THESE PROCEEDINGS.

A. The LDCs and TransCos have retained third-party experts, consultants, and counsel to ensure that their rate case filings are conducted in an accurate, transparent, and acceptable format for the Commission's review. The rate case expenses include fees and expenses for

1 outside attorneys and consultants, reasonable out-of-pocket expenses, copying, printing,
2 and postage, as well as publication and incremental travel expenses as necessary. We are
3 actively monitoring and mitigating the expenses incurred in these rate proceedings to
4 ensure that, to the extent reasonably possible, rate case expenses remain reasonable for a
5 case of this nature.

6 **Q.56 WHAT MEASURES HAVE YOU TAKEN TO ENSURE THAT RATE CASE**
7 **EXPENSES ARE REASONABLE?**

8 A. Consistent with the principles expressed in Commission Rule § 7.5530, senior management
9 for the LDCs and TransCos oversees all work performed by our employees, consultants
10 and counsel in connection with these cases. We selected our rate case team of consultants
11 and counsel based in part on their experience and efficiency in utility rate matters. Among
12 other things, we carefully supervise their work, review their invoices, and evaluate
13 supporting documentation to ensure efficient provision of services at reasonable overall
14 costs.

15 The Proposed Consolidations, and the companion SOIs and associated rate filing
16 packages submitted in these proceedings, should also help to minimize rate case expenses.
17 The LDCs' and TransCos' two respective SOI packages reflect the significant efforts made
18 to prepare the Proposed Consolidations and present them in this consolidated manner.
19 These two proceedings should help reduce the time and expense—for the Commission, its
20 Staff, Centric, and any other parties—involved in setting rates for the two consolidated
21 entities; otherwise, seven (7) base rate proceedings would be necessary to reset the rates
22 for all LDCs and TransCos. Due to the overlapping nature of many of the issues involved
23 in these proceedings, the LDCs and TransCos also present a single piece of testimony for
24 each of their six witnesses—the same testimony is filed in the LDC's SOI package and the

1 TransCos' SOI package. This measure also helps ensure that the rate case expenses
2 incurred are no higher than necessary to accomplish the desired rate setting for
3 Consolidated UniGas and Consolidated Hooks, respectively.

4 **XII. CONCLUSION**

5 **Q.57 DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

6 A. Yes. Based on the testimony, supporting exhibits, schedules and workpapers presented in
7 these proceedings, the Commission should approve the rates and tariffs proposed by the
8 LDCs for Consolidated UniGas and by the TransCos for Consolidated Hooks, respectively.

AFFIDAVIT

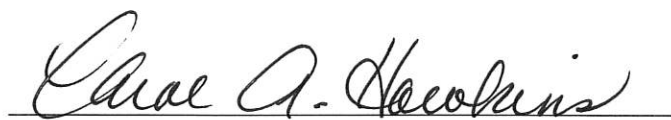
STATE OF TEXAS §

COUNTY OF Montgomery §

Before me, the undersigned authority, on this day personally appeared J. Ross Buttermore, who, being by me first duly sworn, stated on his oath that he has read the foregoing instrument, “Direct Testimony of J. Ross Buttermore on behalf of Universal Natural Gas, LLC d/b/a Universal Natural Gas, Inc.; Gas Energy, LLC; EnerTex NB, LLC; Consumers Gas Company, LLC d/b/a Consumers Gas Company, Inc.; Hooks Gas Pipeline Company, LLC; Texas Gas Pipeline Company, LLC; and 1486 Gas Pipeline Company, LLC”, and that it is true and correct to the best of his information and belief.


J. Ross Buttermore

Sworn to and subscribed before me on the 8th day of October, 2020, by J. Ross Buttermore, to certify which witness my hand and seal of office.


Notary Public, State of Texas

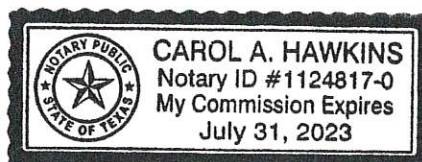


Exhibit JRB-1 is confidential, contains Protected Material, and will be provided pursuant to the terms of the Commission's Protective Order in this proceeding.

Texas Gas Utility Services, Inc. Cost Assignment Manual

The Texas Gas Utility Services (“TXGUS” or “Service Company”) Cost Allocation Manual (“CAM”) documents the process of cost allocation by TXGUS. The principles followed include:

- TXGUS expects to recover the actual costs it incurs to provide services to its affiliates.
- No return is included in TXGUS’ costs.
- Costs are directly assigned to the affiliate for which the service is provided.
- Costs that cannot be directly assigned are allocated among the affiliates receiving the service.
- Allocators are based upon a cost-causation or benefit received method.
- The allocation methodology should be equitable.

This CAM incorporates a two-step process. The first step is direct assignment of costs to the entity or entities receiving the service. When costs cannot be directly assigned, they are allocated using a methodology based on cost causation. The allocation methods must be reviewed annually to determine whether classes of service should be added or deleted and to update the allocators.

All salaried TXGUS employees must maintain time records to support all direct charges. These time records must include the date the service was provided and a description of the work performed.

The charges to each affiliate are detailed in the monthly invoices prepared by TXGUS for each affiliate for which it provides service. These invoices provide sufficient detail to enable the regulated affiliate to review the charges for reasonableness and to properly classify all charges according to the system of accounts required by the regulatory authority.

Corporate Overview

The Texas Gas Utility Services family of companies is a small, closely-held group which includes 3 local distribution companies and 3 pipeline companies. Each company has different equity ownership. TXGUS provides management, financial, accounting, meter reading, customer billing, customer service, operations & maintenance, construction and other services to its affiliates, Universal Natural Gas, Inc.(“UniGas”), Gas Energy, LLC, Consumers Gas Company, Inc, Hooks Pipeline Company, LLC (“Hooks”), XTX Pipeline Company, LLC (“XTX”), and 1486 Pipeline Company, LLC (“1486”), collectively referred to as the “operating companies.”

TXGUS employs a total of 14 people: 8 full-time salaried employees, 5 full-time hourly employees, and 1 part-time hourly employee. These full-time salaried employees include:

President & CEO
Vice President, Finance

Robert Barnwell, III
Robert Barnwell, IV

Vice President, Administration	Amy Doyal
Vice President, Treasurer	Joanne Barnwell
Manager, Construction, Design and Field Operations	Glen Guidry
Field Superintendent	Ed Otter
Office Manager	Holly Boren
Receptionist/Office Associate	Betty Henderson

The hourly employees connect residential and commercial customers, construct capital assets, read meters, make service calls, and perform day to day maintenance & operating services for the utility systems.

List of Regulated and Non-Regulated Affiliates

▪ Texas Gas Utility Services, Inc. ("TXGUS" or "Service Company")	Non-regulated
▪ Universal Natural Gas, Inc. ("UniGas")	Regulated
▪ Gas Energy, LLC ("Gas Energy")	Regulated
▪ Consumers Gas Company, Inc. ("Consumers")	Regulated
▪ XTX Pipeline Company LLC ("XTX")	Regulated
▪ Hooks Gas Pipeline, LLC ("Hooks")	Regulated
▪ 1486 Gas Pipeline LLC ("1486")	Regulated

Assignment of Costs

Because TXGUS provides services to six affiliated utilities, methodologies have been developed to rationally allocate the costs for each of the services provided by TXGUS. This Cost Assignment Manual ("CAM") describes the methodologies that are used by TXGUS to charge its affiliates for the various services it provides. The criteria underlying these methods are cost-causation, objectivity, and predictability. All methods are consistently applied to ensure that the cost of goods and services provided by TXGUS to each affiliate is the same for each item or class of service.

Classes of Service & Cost Assignment Methodology

The classes and items of service TXGUS provides to its affiliates are defined below. The allocation methodology for each class or item of service is also shown.

Classes of Services

<u>Class of Service</u>	<u>Allocation Method</u>
Executive Management (labor, etc)	
• Gas Supply	Direct & Composite Formula
• Risk Management	Direct & Composite Formula
• Corporate Planning	Direct & Composite Formula

• Business Development	Direct & Composite Formula
• Customer Relationship Management	Direct & Composite Formula
• Oversee operations	Direct & Composite Formula
• Investor Relations	Direct & Composite Formula
Finance & Treasury	
• Cash management & accounting	Direct & Composite formula
• Financing	Direct & composite formula
• Inventory management	Direct
• Payroll	Direct
• Property Taxes	Direct assignment & net plant
Human Resources	
• Compensation administration	Payroll dollars
• Compliance	Payroll dollars
• Labor Relations & Management	Payroll dollars
• Recruitment	Direct
Customer Billing	
• Meter reading costs	# of Meters
• Billing system hardware/software	# of Meters (d/n include Consumers)
• Billing labor & supplies	# of Meters
• Collections labor & related costs	Direct
• Customer service labor	Direct
• Cut offs and delinquent letters	Direct
• Bad debt collections	Direct
• Information Technology	Composite formula
Field Operations	
• Connects/disconnects	Direct
• New services	Direct
• Credit checks/service deposits	Direct
• Trouble calls	Direct
• Repairs & maintenance	Direct
• Capital additions	Direct (See price list)
Regulatory	
• Reporting	Direct
• Compliance	Direct & Composite Formula
• One Call Concepts	Composite Formula
• Operator qualification	Composite Formula
• Drug testing	Composite Formula
• Regulatory audit	Direct
• Public safety advertising	# of Meters

• OM&E Manual	Composite formula
Overhead	
• Rent	Composite formula
• Electricity	Composite formula
• Water	Composite formula
• Gas	Composite formula
• Office repairs & maintenance	Composite formula
• Professional services	Direct & composite formula
• State & Federal income tax	Direct

Allocation Methods

Direct Assignment

Costs related to activities that are for a specific company are directly assigned to that company.

Composite Formula

The composite formula is an average of the following metrics:

- Net plant in service
- Number of customers
- Gross Revenue

Number of Meters

The number of meters is used to allocate the following costs:

- Meter reading
- Customer billing
- Customer service

The metrics are the values for the previous fiscal year. The composite formula can be computed for any mix of companies based on which companies receive the benefit from the activity. For example, financing activities might benefit two companies rather than all companies. In this situation, the composite formula is calculated using the metrics for the two companies.

Payroll Dollars

The assignment of payroll costs occurs in several ways. Payroll costs are directly assigned and are allocated. For example, field operations labor is directly assigned. Labor costs incurred for cash management activities can be directly assigned or allocated on a composite formula.

The payroll metrics for the previous fiscal year are used to assign the cost of issuing payroll checks and human resources costs.

CLASSES OF SERVICE

Executive Management

Major Activities:

- Management of and decision making for all companies
- Strategic planning
- Developing plans and goals
- Budgeting
- Board meetings
- Community relations

Assignment Method:

Direct charges are tracked and charged directly to the company for which they were incurred.
All other costs are allocated using the composite formula.

Finance & Treasury

Major Activities:

- General accounting
- Cash management
- Inventory management
- Payroll
- Purchasing
- Property tax
- Audit

Assignment Method:

Costs are first directly assigned whenever services can be directly identified with a specific affiliate. All residual costs are allocated using the composite formula or net plant.

Human Resources

Major Activities:

- Compensation Administration

Benefits Administration
Compliance
Labor Relations

Assignment Method:

These costs are directly related to payroll. Therefore, these costs follow the related payroll dollars.

Customer Billing

Major Activities:

Meter reading
Billing system hardware & software
Billing labor & supplies
Collections labor & related costs
Bad Debt collections

Assignment Method:

Customer billing costs directly relate to the activities required to charge and collect for the gas utility services provided. The costs incurred are, therefore, assigned to each of the operating companies based on the number of meters each company has each month. Services for disconnections, and/or reconnections that result from non-payment or for collection of bad debts is directly charged to the appropriate operating company.

Field Operations

Major Activities:

New service connects
Disconnects
Trouble calls
Capital additions

Assignment Method:

Field operations including capital additions are priced according to the Texas Gas Utility Services, Inc. Price List which is included in this Cost Allocation Manual. The price list may change from time to time as materials and labor costs change. By using the price list, all affiliates are charged only the direct reasonable cost of the services received.

Regulatory

Major Activities:

Reporting
Compliance
One Call Concepts
Operator Qualifications
Drug Testing

Assignment Method:

Reporting is directly assigned. Compliance costs are directly assigned whenever possible. When the activities benefit more than one affiliate, the composite formula (calculated for those affiliates) is used to assign costs. The ongoing costs of One Call Concepts, Operator Qualifications, and Drug Testing are allocated among affiliates using the composite formula.

Overhead

Major Activities:

Rent
Electricity
Water
Office repairs & maintenance
Professional services
State & Federal income taxes

Assignment Method:

General overhead costs are directly assigned whenever possible. Office rent cannot be assigned using square footage as the same employees perform services for all companies. Therefore, these costs are allocated using the composite formula. When direct assignment is not possible, other overhead costs are also allocated using the composite formula.

Texas Gas Utility Services Price List

Texas Gas Utility Services provides construction, operating, maintenance, and other services for its affiliates. These services and the rates charged for each are shown below.

Texas Gas Utility Services, Inc. ("TXGUS") **Price List**

<u>Construction Services</u>	<u>Unit</u>	<u>Price</u>
Yard Line trenched (normal conditions)	per foot	\$11.00
Connect yard line	each	\$150.00
Tap main & 15' of Svc line	each	\$155.00
Additional service line (normal conditions)	per foot	\$11.00
Standard meter set	each	\$190.00
Standard regulator (additional)	each	\$50.00
Commercial meter	each	At Cost
Commercial regulator	each	At Cost
Gas Main extension	per foot	At Cost
 <u>O&M Service</u>		
Regulator, Spring, Orifice	each	\$50.00
Paint meters	each	\$25.00
Change Meter Index	each	\$30.00
Meter Maintenance		Various
Locates	each	\$32.00
 <u>Customer Records & Collections</u>		
Collection Call/Special mtr read	each	\$25.00
Application fee	each	\$15.00
Disconnect/Lock Meter	each	\$20.00
Reconnect	each	\$50.00
 <u>Transmission Pipeline</u>		
Leak survey patrol	per mile	\$150.00
Locates	each	\$32.00
 <u>City Gate Maintenance</u>		
Odorant check	each	\$100.00
Odorizer recharge	each	\$300+Odorant
General Maintenance	per hour	\$100.00

2011 COMPOSITE FORMULA CALCULATION

		Unigas	Gas Energy	Consumers	XTX	Hooks	1486	Total
Net Plant in Service \$\$	(1)	\$4,133,758	\$1,586,188	\$129,969	\$176,064	\$657,803	\$234,615	\$6,918,397
% of Total		59.750%	22.927%	1.879%	2.545%	9.508%	3.391%	100.000%
# of Customers	(2)	5,667	587	49	2	1	1	6,307
% of Total		89.853%	9.307%	0.777%	0.032%	0.016%	0.016%	100.000%
Gross Revenues \$\$		\$5,003,462	\$294,107	\$171,212	\$690,020	\$217,010	\$109,095	\$6,484,907
% of Total		77.156%	4.535%	2.640%	10.640%	3.346%	1.682%	100.000%
Composite Allocator	(3)	75.586%	12.256%	1.765%	4.406%	4.290%	1.696%	100.000%

(1) Net Plant Allocator

(2) # of Meters Allocator

(3) Composite Allocator

Texas Gas Utility Services, Inc. and Centric Gas Services, LLC Cost Allocation and Assignment Manual (“CAM”)

Summary

Texas Gas Utility Services, Inc. (“TXGUS”) serves as the management and operating company that provides centralized management, administrative, accounting, corporate finance, engineering, field, and emergency services to the following affiliate-owned natural gas local distribution companies (“LDCs”) and transmission companies (“TransCos”):

LDCs: (1) Universal Natural Gas, LLC (“UniGas”), (2) EnerTex NB, LLC (“ETX”), (3) Consumers Gas Company, LLC (“CGC”), and (4) Gas Energy, LLC (“GE”)

TransCos: (1) Hooks Gas Pipeline, LLC (“Hooks”), (2) 1486 Gas Pipeline, LLC (“1486”), and (3) Texas Gas Pipeline Company, LLC (“TGPC”)

Currently, the LDCs and TransCos are filing Rate Cases with the Texas Railroad Commission with the intent to:

- (1) Consolidate the LDCs from the existing four companies (UniGas, ETX, CGC, and GE) into one surviving entity, which will be UniGas.
- (2) Consolidate the TransCos from the existing three companies (Hooks, 1486, and TGPC) into one surviving entity, which will be Hooks.

For purposes of this Cost Allocation and Assignment Manual (“CAM”), it will be assumed that the foregoing consolidation efforts successfully occur.

TXGUS is wholly owned by Centric Gas Services, LLC (“CGS”) and CGS is wholly owned by Centric Infrastructure Group, LLC (“CIG”). CIG exists purely as a holding company and does not allocate or directly charge costs to any of its affiliates. CGS only allocates reasonable Board of Directors costs and fees directly related to the affiliate companies as described herein.

As of October 9, 2020, TXGUS employs a total of 47 full-time exempt and non-exempt positions. This includes 24 full-time salaried employees and 23 full-time hourly employees. Additionally, TXGUS employs 1 seasonal intern during the summer. TXGUS payroll expenses are assigned either directly or indirectly via the principles and methodologies described herein.

List of Regulated and Non-Regulated Affiliates Subject to TXGUS/CGS Cost Allocation or Assignment

- Centric Gas Services, LLC, Holding Company, Non-regulated
- Texas Gas Utility Services, Inc., Service Company, Non-regulated
- Universal Natural Gas, LLC, LDC, Regulated
- Hooks Gas Pipeline, LLC, Transco, Regulated

CAM Overview

This CAM documents the process of cost assignment by TXGUS and CGS to their regulated affiliates. The assignment principles and methodologies include the following:

- TXGUS and CGS intend to recover the actual costs they incur to provide services to their Affiliates
- No markup is included in TXGUS's or CGS's assigned costs except to recover taxes, freight and inventory/material shrinkage.
- Where possible, costs are directly assigned to the Affiliate for which the good and/or service is provided
- Costs that cannot be directly assigned (Indirect Costs) are allocated among the Affiliates receiving the service
- Indirect costs are assigned according to the Composite Formula Methodology as approved in GUD 9844
- The allocation methodology should be transparent, consistent, and equitable

The CAM Process

The CAM approved in GUD 9844 is consistent with this one; however, due to the consolidation of the regulated entities into one LDC and TransCo, respectively, the CAM no longer requires a price list for the services performed. This CAM also reflects the CGS services and cost allocation. The CAM incorporates a two-step process:

1. Direct: The first step is utilized when an expense is incurred that can be traced to specific materials and/or services received by an Affiliate. When possible, TXGUS will assign costs directly to the Affiliate responsible for the cost.
2. Indirect: When costs cannot be directly assigned, they are allocated using a methodology based on cost causation (Composite Formula Methodology). The allocation methods must be reviewed internally on at least an annual basis to determine whether classes of service should be added or deleted and to update the approved allocators. The CGS costs described above all reflect Indirect Costs and are therefore allocated accordingly.

On an at least an annual basis, TXGUS management shall review all costs and determine the appropriate steps to take. As part of this cost review, management shall review the type of work each employee is involved in and determine the proper assignment of each employees' payroll expenses. If an employee provides services for both Affiliates on a regular basis, their costs shall be treated as indirect and assigned according to the approved Composite Formula Methodology. Any TXGUS employee that is assigned directly to an Affiliate that may, on an irregular basis, provide services to another Affiliate, must maintain time records to support all direct charges. These time records must include the date the service was provided, and a description of the work performed.

The charges to each affiliate shall be detailed in the monthly invoices prepared by TXGUS for each affiliate for which it provides goods and services. These invoices shall provide sufficient detail to enable the regulated Affiliate to review the charges for reasonableness and to properly classify all charges according to the system of accounts required by the regulatory authority.

Assignment of Costs

Because TXGUS provides services to multiple regulated Affiliates, methodologies have been developed to reasonably allocate the costs for each of the services provided by TXGUS. This CAM describes the methodologies that are used by TXGUS to charge its affiliates for the various services it provides. The criteria underlying these methods are cost-causation, objectivity, and predictability. All methods are consistently applied to ensure that the cost of goods and services provided by TXGUS to each affiliate is the same for each item or class of service.

Classes of Service & Cost Assignment Methodology

The classes and items of service TXGUS provides to its affiliates are defined below. The allocation methodology for each class or item of service is also shown.

Classes of Services**TXGUS Class of Service****Allocation Method****Executive Management**

- | | |
|------------------------------------|----------------------------|
| • Business Development | Direct & Composite Formula |
| • Customer Relationship Management | Direct & Composite Formula |
| • Operations Management | Direct & Composite Formula |
| • Board Administration and Support | Direct & Composite Formula |
| • Community and Public Relations | Direct & Composite Formula |
| • Strategic Planning | Direct & Composite Formula |
| • Investor Relations | Direct & Composite Formula |

Accounting, Finance & Treasury

- | | |
|-------------------------|----------------------------|
| • Cash Management | Composite Formula |
| • Accounting | Composite Formula |
| • Financing & Bank Fees | Direct & Composite Formula |
| • Inventory Management | Direct & Composite Formula |
| • Property Taxes | Direct & Composite Formula |

Human Resources & Administration

- | | |
|--------------------------------|----------------------------|
| • Employee Administration | Direct & Composite Formula |
| • Payroll | Direct & Composite Formula |
| • Employee Benefits | Direct & Composite Formula |
| • Compliance & Labor Relations | Direct & Composite Formula |
| • Recruiting | Direct & Composite Formula |
| • Information Technology | Direct & Composite Formula |

Customer Billing

- | | |
|-----------------------|--------|
| • Meter Reading Costs | Direct |
| • Billing Systems | Direct |
| • Billing Labor | Direct |

• Billing Materials	Direct
• Collections	Direct
• Customer Service	Direct
• Cut Offs and Delinquent Notices	Direct
• Credit Checks	Direct
• Records	Direct
• Postage	Direct
• Bad debt Expense	Direct

Field Operations

• Connects/Disconnects	Direct
• New Services	Direct
• Fleet Expenses	Composite Formula
• Fleet Maintenance	Composite Formula
• Fleet Fuel	Composite Formula
• Emergency Calls	Direct
• Repairs & Maintenance	Direct
• Licenses and Permits	Direct
• Capital Projects	Direct

Regulatory

• Reporting	Direct
• Compliance	Direct & Composite Formula
• One Call Concepts	Direct & Composite Formula
• Operator Qualification	Direct & Composite Formula
• Drug Testing	Direct & Composite Formula
• Regulatory Audit	Direct
• Public Safety Advertising	Direct
• Gas Utility Tax	Direct
• OM&E Manual	Composite formula

General & Administrative Overhead

• Rent	Composite formula
• Utilities	Composite formula
• Office Repairs & Maintenance	Composite formula
• Misc. Office Expenses	Composite formula
• Insurance	Direct & Composite Formula
• Professional Services	Direct & Composite Formula
• State & Federal Taxes	Direct
• Travel and Entertainment	Direct & Composite Formula
• Payroll	Composite Formula

CGS Class of Service**Allocation Method****Board of Directors**

- | | |
|--|-------------------|
| • Organizational Support | Composite Formula |
| • Organization Planning | Composite Formula |
| • Advise and Evaluate Executive Management | Composite Formula |

Allocation Methods**Direct Assignment**

Costs related to activities that are for a specific company are directly assigned to that company.

Indirect Assignment: Composite Formula

The Composite Formula is an equally-weighted average of the following four metrics:

- Inch-Feet of Pipeline;
- Volume (Mcf);
- Net Plant in Service; and
- Base Revenues.

The Composite Formula metrics are based on the values at the previous fiscal year end.

TXGUS Classes of Service**Executive Management****Major Activities:**

- Business Development
- Customer Relationship Management
- Operations Management
- Board Administration and Support
- Community and Public Relations
- Strategic Planning
- Investor Relations

Assignment Method:

Most costs are allocated using the composite formula. Where possible, costs are tracked and charged directly to the company for which the costs were incurred.

Accounting, Finance & Treasury**Major Activities:**

- Cash Management
- Accounting
- Financing & Bank Fees

- Inventory Management
- Property Taxes

Assignment Method:

Costs are first directly assigned whenever services can be directly identified with a specific Affiliate. All indirect costs are allocated using the composite formula.

Human Resources and Administration**Major Activities:**

- Employee Administration
- Payroll
- Employee Benefits
- Compliance & Labor Relations
- Recruiting
- Information Technology

Customer Billing**Major Activities:**

- Meter Reading Costs
- Billing Systems
- Billing Labor
- Billing Materials
- Collections
- Customer Service
- Cut Offs and Delinquent Notices
- Credit Checks
- Records
- Postage
- Bad debt Expense

Assignment Method:

Costs are first directly assigned whenever services can be directly identified with a specific Affiliate. All indirect costs are allocated using the composite formula.

Assignment Method:

Customer billing costs directly relate to the activities required to charge and collect for the gas utility services provided. The costs incurred are, therefore, assigned to each of the operating companies based on the number of meters each company has each month. Services for disconnections, and/or reconnections that result from non-payment or for collection of bad debts is directly charged to the appropriate operating company.

Field Operations**Major Activities:**

- | | |
|-------------------------|-------------------|
| • Connects/Disconnects | Direct |
| • New Services | Direct |
| • Fleet Expenses | Composite Formula |
| • Fleet Maintenance | Composite Formula |
| • Fleet Fuel | Composite Formula |
| • Emergency Calls | Direct |
| • Repairs & Maintenance | Direct |
| • Licenses and Permits | Direct |

Assignment Method:

Costs are first directly assigned whenever services can be directly identified with a specific Affiliate. All indirect costs are allocated using the composite formula.

Regulatory**Major Activities:**

- | | |
|-----------------------------|----------------------------|
| • Reporting | Direct |
| • Compliance | Direct & Composite Formula |
| • One Call Concepts | Direct & Composite Formula |
| • Operator Qualification | Direct & Composite Formula |
| • Drug Testing | Direct & Composite Formula |
| • Regulatory Audit | Direct |
| • Public Safety Advertising | Direct |
| • Gas Utility Tax | Direct |
| • OM&E Manual | Composite formula |

Assignment Method:

Reporting is directly assigned. Compliance costs are directly assigned whenever possible. When the activities benefit more than one affiliate, the composite formula (calculated for those affiliates) is used to assign costs. The ongoing costs of One Call Concepts, Operator Qualifications, and Drug Testing are allocated among affiliates using the composite formula. All additional costs are first directly assigned whenever services can be directly identified with a specific Affiliate. All indirect costs are allocated using the composite formula.

General and Administrative Overhead**Major Activities:**

- | | |
|--------------------------------|-------------------|
| • Rent | Composite formula |
| • Utilities | Composite formula |
| • Office Repairs & Maintenance | Composite formula |
| • Misc. Office Expenses | Composite formula |

• Insurance	Direct & Composite Formula
• Professional Services	Direct & Composite Formula
• State & Federal Taxes	Direct
• Travel and Entertainment	Direct & Composite Formula
• Common Plant	Composite Formula

Assignment Method:

General overhead costs are directly assigned whenever possible. Office rent cannot be assigned using square footage as the same employees perform services for all companies. Therefore, these costs are allocated using the composite formula. When direct assignment of all other expenses is not possible, other overhead costs are also allocated using the composite formula.

Common Plant that cannot be directly assigned such as work trucks, computers, servers, office furniture will be allocated via the Composite Formula.

CGS Class of Service**Board of Directors****Major Activities:**

• Organizational Support	Composite Formula
• Organization Planning	Composite Formula
• Advise and Evaluate Executive Management	Composite Formula

Assignment Method:

CGS's costs relating to its Board of Directors are allocated using the composite formula.

Example of Revised Composite Formula***PROPOSED COMPOSITE FORMULA***

	Unigas	Hooks	Total
Net Plant	\$22,577,945	\$6,469,199	\$29,047,144
<i>% of Total</i>	<i>77.729%</i>	<i>22.271%</i>	<i>100.000%</i>
Volume (Mcf)	910,036	846,913	1,756,949
<i>% of Total</i>	<i>51.796%</i>	<i>48.204%</i>	<i>100.000%</i>
Inch-Feet	6,235,795	1,883,569	8,119,364
<i>% of Total</i>	<i>76.802%</i>	<i>23.198%</i>	<i>100.000%</i>
Base Revenues	\$5,471,037	\$ 1,214,662	\$6,685,699
<i>% of Total</i>	<i>81.832%</i>	<i>18.168%</i>	<i>100.000%</i>
Composite Allocator	72.040%	27.960%	100.000%

Example Original Composite Formula Calculations for Fiscal Years 2019 and 2020**FISCAL YEAR 2020 - INDIRECT COST ASSIGNMENT MANUAL**

	Consolidate LDC	Consolidated TransCo	Total
Net Plant	\$19,658,213	\$5,992,823	\$25,651,036
<i>% of Total</i>	76.637%	23.363%	100.000%
Customer Count	16,423	4	16,427
<i>% of Total</i>	99.976%	0.024%	100.000%
Gross Revenues	\$12,695,682	\$1,280,281	\$13,975,962
<i>% of Total</i>	90.839%	9.161%	100.000%
Composite Allocator	89.1507%	10.8493%	100.0000%

FISCAL YEAR 2019 - INDIRECT COST ASSIGNMENT MANUAL

	Consolidate LDC	Consolidated TransCo	Total
Net Plant	\$15,517,304	\$2,806,434	\$18,323,738
<i>% of Total</i>	84.684%	15.316%	100.000%
Customer Count	14,890	4	14,894
<i>% of Total</i>	99.973%	0.027%	100.000%
Gross Revenues	\$12,643,817	\$993,465	\$13,637,282
<i>% of Total</i>	92.715%	7.285%	100.000%
Composite Allocator	92.4575%	7.5425%	100.0000%

DIRECT TESTIMONY
OF
MOREY J. VILLAREAL
ON BEHALF OF
UNIVERSAL NATURAL GAS, LLC D/B/A UNIVERSAL NATURAL GAS, INC.;
GAS ENERGY, LLC;
ENERTEX NB, LLC;
CONSUMERS GAS COMPANY, LLC D/B/A CONSUMERS GAS COMPANY, INC.;
HOOKS GAS PIPELINE, LLC;
TEXAS GAS PIPELINE COMPANY, LLC; AND
1486 GAS PIPELINE, LLC

OCTOBER 9, 2020

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LIST OF EXHIBITS

Exhibit No.	Description
Exhibit MJV-1	Expert Witness Cases
Exhibit MJV-2	Competitive Compensation Analysis 2020 – HIGHLY-SENSITIVE CONFIDENTIAL
Exhibit MJV-3	Proposed Salary – Competitive Compensation Analysis – HIGHLY-SENSITIVE CONFIDENTIAL
Exhibit MJV-4	Position Analysis Questionnaire
Exhibit MJV-5	Report to Texas Gas

DIRECT TESTIMONY OF MOREY J. VILLAREAL

I. POSITION AND BACKGROUND

Q.1 PLEASE STATE YOUR NAME AND ADDRESS.

A. Morey J. Villareal, Villareal & Associates, 320 S. Boston Avenue, Suite 1026, Tulsa, Oklahoma 74103.

Q.2 ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of Universal Natural Gas, LLC; EnerTex NB, LLC; Gas Energy, LLC; Consumers Gas Company, LLC; Hooks Gas Pipeline Company, LLC; Texas Gas Pipeline Company, LLC; and 1486 Gas Pipeline Company, LLC (collectively, the “Applicants”). The Applicants have submitted Statements of Intent to the Commission in order to effectuate proposed rate changes.

Q.3 WAS THIS TESTIMONY PREPARED BY YOU OR UNDER YOUR DIRECTION?

A. Yes.

Q.4 ARE YOU SPONSORING ANY EXHIBITS IN CONNECTION WITH YOUR TESTIMONY?

A. Yes. I am sponsoring the exhibits listed in the table of contents.

Q.5 WERE YOUR EXHIBITS PREPARED BY YOU OR UNDER YOUR SPECIFIC DIRECTION?

A. Yes.

Q.6 PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND BRIEFLY DESCRIBE YOUR PROFESSIONAL TRAINING AND EXPERIENCE.

A. I am the Principal Consultant of Villareal & Associates, Inc. I earned a Bachelor’s degree in Behavioral Science and a Master of Business Administration, both from Michigan State University. I spent 13 years with Ernst & Young (EY), an international CPA and consulting firm, where I was the Partner in charge of Compensation and Human Resources consulting in the Southwest Region of the firm. I left EY to establish my own firm in the

1 1980s and, since that time, have continued to specialize in the area of compensation
2 consulting.

3 **Q.7 HAVE YOU TESTIFIED AS AN EXPERT WITNESS BEFORE?**

4 A. Yes, I have been engaged as an expert witness, prepared expert witness reports, and
5 testified in cases in state and federal courts and in proceedings before the Texas Railroad
6 Commission and the Oklahoma Corporation Commission. A listing of relevant matters in
7 which I have been engaged as an expert is contained in Exhibit MJV-1 attached hereto. In
8 addition to the case noted (number 164 in the listing) in which I testified before the
9 Oklahoma Corporation Commission on behalf of Oklahoma Natural Gas, I was also
10 selected by the Oklahoma Corporation Commission to perform a comprehensive study and
11 evaluation of the compensation programs of the State's four largest investor-owned public
12 utilities at that time – Oklahoma Natural Gas, Public Service Company of Oklahoma,
13 Oklahoma Gas and Electric, and Southwestern Bell. This was a major project requiring
14 months of study and analysis on the part of my firm working with the Corporation
15 Commission staff.

16 **II. PURPOSE OF TESTIMONY**

17 **Q.8 WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

18 A. The purpose of my testimony in this case is to provide an assessment of the reasonableness
19 and competitiveness of the compensation practices of Texas Gas Utility Services, Inc.
20 (“Texas Gas” or the “Company”), in effect as of June 30, 2020, as compared to the practices
21 of similar firms in the Houston-area market with comparable jobs. I also address the
22 proposed known and measurable changes to the total cash compensation expense included
23 in the Applicants’ Statements of Intent. Finally, I briefly discuss the reasonableness of the

1 compensation paid to members of the board of directors of the parent entity, Centric Gas
2 Services, LLC ("Centric").

3 **Q.9 HOW IS TEXAS GAS RELATED TO THE APPLICANTS IN THESE**
4 **PROCEEDINGS?**

5 A. Texas Gas provides executive management and operational employees to each of the
6 Applicants in their provision of natural gas local distribution and transmission services, so
7 that the individual Applicants can utilize common executive management, financial and
8 operational staff in order to avoid duplication of resources. The compensation expense
9 associated with the services provided by Texas Gas is then allocated to the cost of service
10 of the Applicants.

11 **Q.10 PLEASE SUMMARIZE THE CONCLUSIONS OF YOUR ANALYSIS.**

12 A. My basic conclusions are as follows:

- 13 1. Overall, the Company's existing base salary levels are 10.9% below the median
14 salaries paid to the incumbents of comparable jobs in similar organizations in the
15 Houston market. (See Exhibit MJV-2, which contains a summary of the report on
16 market pay analysis that I prepared for the Applicants.)
- 17 2. The existing base salary level of the President/CEO is 11.1% below competitive
18 market salary levels, and the existing total cash compensation level of the
19 President/CEO is 8.4% below total cash compensation levels of the CEOs in
20 companies similar in size and nature of operations to Texas Gas in the Houston
21 market. (See Exhibit MJV-2, page 1.)
- 22 3. Overall, existing total cash compensation levels (annual salary plus annual bonus)
23 for those in exempt jobs at Texas Gas are 10.7% below the median total cash

1 compensation levels paid to incumbents of comparable jobs in similar companies
2 in the Houston market. (See Exhibit MJV-2, page 2.)

3 4. The benefits provided to employees and executives of Texas Gas are not excessive
4 or out of line with competitive market practices. They include group health, dental
5 and vision insurance, life insurance, a 401k plan and paid time off. If anything, the
6 Company's benefit programs are on the conservative side and the following aspects
7 need to be improved to match those of their competitors:

- 8 • No Company match on employee 401k contributions.
- 9 • No Company payment of premiums for dependent coverage in the health,
10 dental and vision insurance programs.

11 5. I have reviewed the proposed increases in the base salary levels of exempt
12 employees and find them to be appropriate and not out of line with market salary
13 levels. The salary levels following the proposed increases will leave the
14 Company's base salaries 4.2% below market salary levels – so, still on the
15 conservative side. (See Exhibit MJV-3.)

16 6. I have reviewed the proposed changes in the total cash compensation levels of
17 exempt employees and find them to be appropriate and consistent with market
18 salary levels. Even after implementing the proposed increases in total cash
19 compensation, the Company's proposed total cash compensation expense will be
20 1.6% below market salary levels. (See Exhibit MJV-3.) The bonus amounts that
21 make up a portion of total cash compensation are based on the incentive
22 compensation ranges I recommended to improve the competitiveness of incentive
23 pay and total cash compensation levels at the Company.

1 7. I would also note that Texas Gas provides no long-term incentive compensation for
2 key personnel. It is increasingly common for organizations of all sizes, including
3 privately-held firms, to provide executive personnel with equity or long-term
4 incentive compensation tied to the increasing value of the company. These long-
5 term incentives can represent up to 50% of the total compensation package for those
6 eligible – normally key personnel at the executive level.

7 8. I have reviewed the compensation paid to members of the board of directors of
8 Centric and find that it is reasonable when compared to companies of similar size.

9 **III. METHODOLOGY FOR THE ANALYSIS**

10 **Q.11 PLEASE DESCRIBE THE PROCESS AND METHODOLOGY YOU USED FOR**
11 **THE ANALYSIS YOU PERFORMED.**

12 A. The basic activities performed in reaching the conclusions identified above include:

13 1. We held discussions with the Company's President/CEO, Chairman and Chief
14 Operating Officer, Chief Financial Officer and Controller to gain an in-depth
15 understanding of the basic business operations of Texas Gas, its financial
16 performance and condition, the organization and staffing of the Company, and the
17 current compensation practices of the Company.

18 2. We reviewed and analyzed (i) Position Analysis Questionnaires, prepared by my
19 firm, and completed by selected employees of the Company and (ii) supervised and
20 participated in the preparation of formal job descriptions for the positions held by
21 employees in exempt jobs of the Company. These activities helped us gain
22 additional information and insight regarding the role and responsibilities of each
23 employee. A copy of the Position Analysis Questionnaire form is attached as
24 Exhibit MJV-4.)

1 3. We analyzed documents and materials of specific relevance to this study:

- 2 • Company organization charts;
- 3 • Documentation pertaining to employee salary, total cash, and Company benefit
- 4 levels;
- 5 • Descriptive information regarding the basic business and the operations of the
- 6 Company; and
- 7 • Company financial statements for the years 2018 - 2019.

8 4. We prepared formal job descriptions for various Company positions based on our

9 review of the Position Analysis Questionnaires and discussions with managers and

10 job incumbents regarding the roles and responsibilities of Company employees.

11 5. We conducted an analysis of the competitiveness of the Company's current base

12 salary and total cash compensation levels:

- 13 • ERI Salary Assessor - In comparing the compensation levels of Texas Gas to the
- 14 market pay levels, we relied on the database developed by the Economic Research
- 15 Institute (ERI) *Salary Assessor*. Founded over 30 years ago, ERI collects salary
- 16 survey data from internal surveys, third-party salary surveys, and public sources to
- 17 benchmark total compensation and calculate geographic salary
- 18 differentials. Analysis is conducted on wages by geographic area, size of company,
- 19 years of experience, and industry. Data values are automatically updated to match
- 20 today's market movement rates. The survey data provided covers 1,100 industries,
- 21 and over 9,000 position titles in numerous geographic areas, including the United
- 22 States, Canada, the United Kingdom, Europe, and other countries around the world.
- 23 The majority of the Fortune 500 and thousands of other small and medium sized

1 organizations rely on ERI's salary data and analytics for compensation analysis and
2 salary planning, relocations, disability determinations, board reporting, and setting
3 branch office salary structures in the United States, Canada, and worldwide. It is
4 only accessible by subscription. In this case, we were able to obtain salary and total
5 cash compensation information for the executive, management and exempt
6 positions comparable to those at Texas Gas in companies in the utility services
7 industry with annual revenues of \$25.5 million. Pay information is reported
8 through this interactive *Salary Assessor* database at the 25th percentile, 50th
9 percentile (median), and 75th percentile of competitive pay levels among similar
10 organizations.

- 11 • Median Pay Levels - In analyzing the survey information from ERI *Salary*
12 *Assessor*, we identified base salary and total cash compensation levels for positions
13 comparable to those at Texas Gas. As noted above, these compensation levels were
14 reported at the 50th percentile of competitive pay levels among similar
15 organizations in the Houston area. The 25th percentile represents the competitive
16 pay level above which 75% of surveyed employers pay. The 50th percentile or
17 survey median represents the competitive pay level in the middle of the range of
18 pay levels reported by the surveyed employers, where 50% of the surveyed
19 companies pay more and 50% pay less. This median or 50th percentile pay level
20 represents the "target" pay level used by most employers – *i.e.*, these employers
21 want to pay close to this competitive pay level in order to attract and retain the
22 caliber of talent needed to operate their businesses. (See Exhibit MJV-2, page 2 for

the 50th percentile/median base salary and total cash compensation levels reported for the survey jobs comparable to the selected positions at Texas Gas.)

- In analyzing the survey information and determining competitive pay levels in the Houston market for jobs comparable to those at Texas Gas, we:

1. Compared the job titles and job responsibilities of the Texas Gas jobs to the titles and responsibilities of the jobs surveyed and reported through the *Salary Assessor* database to ensure job comparability.
2. Drew compensation information from the *Salary Assessor* database for 50th percentile (median) base salary and total cash compensation levels for the jobs surveyed.
3. Prepared the summary of the existing compensation survey analysis which is depicted in Exhibit MJV-2.

Q.12 PLEASE DESCRIBE THE RESULTS OF YOUR ANALYSIS REGARDING EXISTING COMPENSATION LEVELS.

A. Based on the identified competitive pay levels, as reported by the ERI *Salary Assessor* for the Houston Area, the base salary and total cash compensation levels for the Texas Gas jobs are below competitive compensation levels for companies similar to Texas Gas in the Houston market. By not paying competitively, the Company runs the risk of losing employees to higher-paying competitors in the Houston marketplace. The results of this competitive pay analysis are confirmed by my experience in providing consulting services to companies with positions similar to those at Texas Gas.

Moreover, the employee benefit programs offered by Texas Gas would be considered at the conservative level and certainly not excessive or inappropriate – and, combined with the below-market cash compensation levels, represent a competitive disadvantage for the

1 Company in competing for talent in the relevant employment markets. Based on my review
2 of the compensation and benefit practices of Texas Gas Utility Services, in relation to
3 competitive market pay and benefit practices, I reached the following conclusions
4 regarding the existing compensation paid by the Company:

- 5 1. The Company's base salary levels are 10.9% below the median salaries paid to
6 incumbents of comparable jobs in similar organizations in the Houston market.
- 7 2. The company's total cash compensation levels are 10.7% below the median total
8 cash compensation levels paid to incumbents of comparable jobs in similar
9 companies in the Houston market.
- 10 3. The benefits provided to employee and executives of Texas Gas are on the
11 conservative side and out of line with competitive market practices.
- 12 4. The company does not offer any long-term incentive compensation opportunities
13 to key personnel and, therefore, reinforces the competitive disadvantage
14 represented by its under-market total cash and employee benefit levels.

15 **IV. ANALYSIS OF PROPOSED CHANGES TO COMPENSATION**

16 **Q.13 IS THE COMPANY PROPOSING KNOWN AND MEASURABLE CHANGES TO**
17 **THE EXISTING COMPENSATION LEVELS?**

- 18 A. Yes, it is. Exhibit MJV-3 contains information provided by the Company regarding
19 proposed known and measurable changes to the compensation paid to various employees.

20 **Q.14 IN YOUR OPINION, IS THE PROPOSED ADJUSTED COMPENSATION**
21 **EXPENSE REASONABLE?**

- 22 A. Yes, it is. Our report to the Company included data on comparable base salaries and total
23 cash compensations levels for the various positions, as well as a discussion of target ranges
24 for incentive compensation. (See Exhibit MJV-5 for a copy of the report to the Company
25 on my findings and recommendations.) The proposed total Company employee cash

1 compensation expense, after adjustment for the proposed changes, is still 1.6% below
2 comparable market compensation levels. In other words, the Company's compensation
3 levels will be competitive and near the median of similarly-situated companies in the
4 Houston area only if the proposed compensation expense adjustment is adopted.

5 **V. BOARD OF DIRECTORS COMPENSATION**

6 **Q.15 HAVE YOU REVIEWED THE AMOUNTS PAID BY CENTRIC TO ITS BOARD**
7 **OF DIRECTORS?**

8 A. Yes, the Company provided information to me regarding the current compensation paid to
9 members of the Centric board of directors, which is equal to \$2,000 per director per month
10 for each of the six directors, resulting in a total annual board compensation expense of
11 \$144,000.

12 **Q.16 IN YOUR OPINION, IS THE BOARD COMPENSATION EXPENSE**
13 **REASONABLE?**

14 A. Yes, based on my experience with numerous companies of similar size and review of
15 relevant compensation survey information, the compensation paid to members of the Board
16 of Directors is reasonable.

17 **VI. LONG-TERM RECOMMENDATIONS**

18 **Q.17 BASED ON YOUR ANALYSIS, WHAT ARE YOUR RECOMMENDATIONS**
19 **REGARDING THE COMPENSATION PRACTICES OF THE COMPANY?**

20 A. In order to assist the Company in developing more competitive compensation practices, I
21 have recommended that the Company take the following actions:

- 22 1. Establish base salary ranges for use in administering employee salary levels and set
23 the midpoints of these ranges to be in line with market median base salary levels.
- 24 2. Determine and set the appropriate salary levels for Company employees, within
25 these salary ranges, based on each employee's qualifications and performance.

1 3. Establish formal short and long-term incentive compensation plans to provide more
2 well-defined, competitive and appropriate incentive pay opportunities to eligible
3 employees based on company and individual performance.

4 4. Review and upgrade current employee benefit programs and practices and conduct
5 periodic reviews of the benefit practices of Houston-area employers to ensure that
6 the Company's employee benefits remain competitive.

7 **VII. CONCLUSION**

8 **Q.18 DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9 A. Yes.

AFFIDAVIT

STATE OF OKLAHOMA §

COUNTY OF TULSA §

Before me, the undersigned authority, on this day personally appeared Morey J. Villareal, who, being by me first duly sworn, stated on his oath that he has read the foregoing instrument, “Direct Testimony of Morey J. Villareal on behalf of Universal Natural Gas, LLC d/b/a Universal Natural Gas, Inc.; Gas Energy, LLC; EnerTex NB, LLC; Consumers Gas Company, LLC d/b/a Consumers Gas Company, Inc.; Hooks Gas Pipeline Company, LLC; Texas Gas Pipeline Company, LLC; and 1486 Gas Pipeline Company, LLC”, and that it is true and correct to the best of his information and belief.

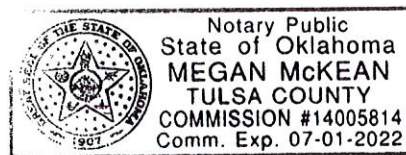


Morey J. Villareal

Sworn to and subscribed before me on the 7th day of October, 2020 by Morey J. Villareal, to certify which witness my hand and seal of office.



Notary Public, State of Oklahoma



MOREY J. VILLAREALCOURT/EXPERT WITNESS CASES

1. Mueggenborg v. NORTEK Air Solutions, LLC June 2020
Case No. CIV-19-1008-SLP
Firm: McAfee & Taft
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and job search efforts to obtain employment to mitigate damages.
(Prepared expert witness report. Case pending)
2. Gonzales v. Haskett January 2020
Case No. FD-2018-1086
Firm: Baum, Glass, Jayne & Carwile
-- Assessment of Ms. Gonzales' qualifications, employment prospects, and earnings potential.
(Prepared expert witness report.)
3. Jacobs v. Jacobs July 2019
Case No. FD-2018-1083
Firm: Hall Estill
-- Assessment of Ms. Jacob's qualifications, employment opportunities and prospects, and earnings potential.
(Prepared expert witness report.)
4. Jeffrey Snyder, D.O. v. Board of Regents for the Oklahoma State University June 2019
Center for Health Sciences, et al.
Case No. CIV-16—384-F
Firm: McAfee & Taft
-- Assessment of Mr. Snyder's qualifications, employment opportunities and prospects, and earnings potential.
(Prepared expert witness report and deposed.)
5. Hannigan v. Hannigan June 2019
Firm: Conner & Winters
-- Assessment of Mr. Hannigan's qualifications, employment prospects and opportunities, and earnings potential.
(Prepared expert witness report.)
6. Kristin Sullivan, Plaintiff v. McAlester Medical Services, LLC, dba Southeast Clinic, Def. May 2019
Case No. CJ-2018-4
Firm: Hall Estill
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and job search efforts to obtain employment to mitigate damages.
(Prepared expert witness report. Case pending.)
7. Tonya Walker, Plaintiff v. Spirit AeroSystems, Inc., Defendant February 2018
Case No. 16-CV-762-TCK-FHM
Firm: Titus Hillis
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and job search efforts to obtain employment to mitigate damages.
(Prepared expert witness report. Case pending.)
8. Jidong Zhang, Plaintiff v. Tiptop Energy Production U.S., LLC, Defendant December 2017
Case No. CIV-16-1044-D
Firm: Thompson & Knight, LLP

- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and job search efforts to obtain employment to mitigate damages.
(Prepared expert witness report. Case pending.)
9. Preston Marshall v. Mar Op Co., Inc July 2017
Case No.
Firm: Yetter Coleman, LLP
-- Assessment of reasonableness of compensation and termination of employment.
10. Paul Janczak v. Tulsa Winch, Inc. et al. November 2013
and February 2016
Case No. 13-CV-00154-CVE-FHM
Firm: Titus Hillis (and Conner Winters)
-- Representing the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment to mitigate damages.
(Prepared expert witness report and deposed.)
11. Patel v. Patel September 2017
Case No. FD-2016-314
Firm: McAfee Taft
-- Account of Dr. Patel's employability and earnings potential.
(Prepared expert witness report and testified at trial.)
12. Nancy Felker v. Texas Auto Group September 2016
Case No. CJ-2014-02611
Firm: Wilburn & Masterson
-- Assessment of Plaintiff's employment and earnings potential.
(Prepared expert witness report and testified at trial.)
13. Bovaird v. Unum Appeals Unit July 2016
Petition for Disability Benefits
Firm: Connor & Winters
-- Represented Bovaird on behalf of Connor Winters in assessing Petitioner's employability and earnings potential.
14. Humphrey v. Mercy Health Care, Inc. November 2016
Case No. CJ-2013-15
Firm: McAfee Taft
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert witness report. Case settled.)
15. Jenna Powell, Plaintiff, v. Express Credit Auto, Inc., Defendant November 2015
Case No. CIV-14-1167-R
Firm: Spradling, Kennedy & McPhail
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert witness report. Case dismissed upon granting of Motion for Summary Judgement.)
16. Robert C. Benson, Plaintiff, v. City of Chicago, Defendant October 2015
Case No. 2014L6499
-- Firm: Laner Muchin, Ltd.
-- Representing the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert witness report, deposed, and testified.)
17. Keith McKoin, Plaintiff, v. Huber Engineered Woods, LLC, Defendant September 2015

Case No. 14-CV-177-JHP

-- Firm: Hall Estill

-- Representing the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment to mitigate damages.

(Prepared expert witness report. Case pending.)

15. Sandra Gant v. M-D Building Products, Inc.

August 2014

Case No. CIV-14-139-F

Firm: McAfee and Taft

-- Representing the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment to mitigate damages.

(To date: Prepared preliminary analysis.)

16. Claudine Hoy, Plaintiff, v. ENERCON Services, Inc., Defendant

June 2014

Case No. Civil Action No. 3:13-CV3558

Firm: Moyers Martin

-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.

17. Janice Kemp v. Integris Health, Inc.

May 2014

Case No. CIV-13-994-W

Firm: Hall Estill

-- Representing the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment to mitigate damages.

(Prepared expert witness report. Case pending.)

18. Marsha Ozga v. The Hartford Fire Insurance Company

March 2014

Case No. CIV-13-165-C

Firm: Hall Estill

-- Representing the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment to mitigate damages.

(Prepared expert witness report. Case pending.)

19. Carol Puckett, et al. v. Spirit AeroSystems, Inc.

January 2014

Case No. 12-CV-578-JED-PJC

Firm: Titus Hillis

-- Representing the Defendant in the assessment of Plaintiffs' skills, qualifications and employability and efforts to obtain employment to mitigate damages.

(Prepared expert witness reports (4). Cases pending.)

20. Paul Janczak v. Tulsa Winch, Inc. et al.

November 2013

Case No. 13-CV-00154-CVE-FHM

and February 2016

Firm: Titus Hillis (and Conner Winters)

-- Representing the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment to mitigate damages.

(Prepared expert witness report and deposed.)

21. Joyce Campbell, Plaintiff, v. Pinnacle, Delta, et. al.

October 2013

Case No. 12-CV-632-GFK-FHM

Firm: Spradling, Kennedy & McPhail

-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.

(Prepared expert witness report and was deposed. Case settled.)

22. Brian Turgeau v. Spirit Aerosystems, Inc. July 2013
Case No. 12-CV-183-JED-TLW
Firm: Titus Hillis
-- Representing the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report. Case pending.)
23. Bonnie Burtcher v. Deaconess Health Systems, LLC d/b/a/ Deaconess Hospital June 2013
Case No. CIV 12-898-HE
Firm: Strecker & Associates
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
24. Susan McKenzie-Nevolas v. Deaconess Holdings, LLC February 2013
Case No. CIV-12-570-D
Firm: Strecker & Associates
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
25. Marilyn Dillon v. Clinical Pathology Laboratories, Inc. January 2013
Case No. CIV-12-122-L
Firm: Hall Estill
-- Representing the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report. Case settled.)
26. Cynthia Paramoure v. SouthCrest Hospital October 2012
Case No. 12-CV-31-TCK-FHM
Firm: Strecker & Associates
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
27. McCaskill v. McCaskill March 2012
Case No. FD-2007-1094, Tulsa County District Court
Keith Associates, PLLC
-- Represented Don McCaskill in the assessment of RaDena McCaskill's employability, job-related skills and potential compensation.
(Prepared letter assessment.)
28. Jean Harvey v. SouthCrest, LLC January 2012
Case No. 11-CV-124-GKF-TZW
Firm: Strecker & Associates
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications, education, experience and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
29. Larri Sue Jones v. Feed The Children November 2011
Case No CJ2010-6851
Firm: Hall Estill

- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages and the effect on employment prospects when reporting false information on application.
(Prepared expert report.)
30. Brian Berry v. Echosphere LLC and DISH Network, LLC October 2011
American Arbitration Association
Firm: Moyers, Martin, Santee & Imel, LLP
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
31. Tammy K. Wright v. SouthCrest, LLC d/b/a SouthCrest Hospital October 2011
Case No. CJ 2011 0572
Firm: Strecker & Associates
-- Represented the Defendant in the assessment of Plaintiff's education, training, experience and qualifications and efforts to obtain similar employment in order to mitigate damages.
(Prepared expert report. Case pending.)
32. Laura Edwards v. SouthCrest, LLC September 2011
Case No. 11-CV-017-CVW-TLW
Firm: Strecker & Associates
-- Represented the Defendant in the assessment of Plaintiff's education, training, experience and qualifications and efforts to obtain similar employment in order to mitigate damages.
(Prepared expert report.)
33. Laura Stuart v. Aaron Stuart August 2011
Case No. FD 2010-523, Tulsa County District Court
Firm: Graham & Freeman, PLLC
-- Represented Respondent in the assessment of Plaintiff's job availability, outlook and compensation.
(Prepared letter assessment.)
34. Hughes Natural Gas January 2013
Texas Railroad Commission September 2011
No. 10083/10093
- Represented the company in providing an assessment of the reasonableness and competitiveness of their compensation and benefit practices as compared to the practices of similar firms with comparable jobs in the Houston market.
(Prepared written testimony and testified before the Commission.)
35. Rebecca M. Murphy v. Samson Resources Company June 2011
Case No. 10-CV-694-GHF-TLW
Firm: Strecker & Associates
- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages and the effect on employment prospects when reporting false information on application.
(Prepared expert report.)
36. David Harris v. ITT Educational Services, Inc. March 2011
Case No. CIV-10-00941-HE
Firm: Hall Estill Hardwick Gable Golden & Nelson
- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report and testified at trial.)

37. Edna Sallis v. Oil Capital Electric, LLC and Flintco, Inc. March 2011
Case No. 10-CV-111-CVE-TLW
Firm: Rhodes Heironymus
- Represented the Defendant, Oil Capital Electric, in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Deposed. Prepared expert witness report.)
38. Richard D. Stark v. First Priority Bank January 2011
Case No. CJ 2009 03274
Firm: Hall Estill Hardwick Gable Golden & Nelson
- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
39. David Mark Rogers v. Kollander Group of St. Louis January 2011
Case No. 08SL-CC05079
Firm: McCarthy Leonard & Kaemmerer
- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report and deposed. Testified in State Court in St. Louis.)
40. Chance v. Chance January 2011
Firm: Hall Estill Hardwick Gable Golden & Nelson
- Assessment of Ms. Chance's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Assessment of Ms. Chance's earnings potential.)
41. West v. West January 2011
Firm: Graham & Freeman, PLLC
- Assessment of Ms. West's skills, qualifications and employability and earnings potential.
(Prepared assessment report.)
42. Phil Pezzuto v. Premier Hospitality Management, Inc. December 2010
Case No. CIV-10-068-JHP
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
43. Juanita Davis v. Akin's and Chamberlains Natural Foods November 2010
Case No. CJ-2009-8830
Firm: Riggs, Abney, Neal, Turpen, Orbison & Lewis, Inc.
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report and testified in Federal court.)
44. Akin's and Chamberlains Natural Foods November 2010
Smoking Policy Support
Firm: Riggs, Abney, Neal, Turpen, Orbison & Lewis, Inc.
-- Developed research and materials to support the "exclusion of smokers" employment policy.
45. George Sanchez v. Echosphere, LLC and DISH Network, LLC September 2010
American Arbitration Association
Firm: Moyers, Martin, Santee & Imel, LLP
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.

(Prepared expert report. Testified in the arbitration hearing.)

46. Jeana R. Poland v. Echosphere, LLC and DISH Network, LLC September 2010
American Arbitration Association
Firm: Moyers, Martin, Santee & Imel, LLP
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
47. Titsworth v. Titsworth June 2010
Case No. FD-2009-4195
Firm: Todd Alexander Law Firm
-- Represented the Defendant in the assessment of Petitioner's employability and earnings potential.
(Prepared expert report and testified in court.)
48. Kim Hall v. Jeffrey Hall March 2010
Case No. FD-2005-2965
Firm: Brewer, Wroten, Robinett
-- Assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared assessment report.)
49. Johnny M. Olea v. AT&T Services, et al February 2010
Case No. 09-CV-00234-HE
Firm: Titus Hillis, Reynolds, Love, Dickman & McCalmon
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
50. Wilson v. Wilson January 2010
Firm: James R. Gotwals & Associates, Inc.
-- Assessment of Plaintiff's employability and earnings potential.
(Prepared assessment report.)
51. Jerrod Biglow v. Cingular Wireless Employee Services December 2009
Case No. CIV-2009-261-D
Firm: Titus Hillis, Reynolds, Love, Dickman & McCalmon
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report. Case settled.)
52. DeWeese v. DeWeese September 2009
Firm: Graham & Freeman, P.L.L.C.
-- Assessment of Plaintiff's employability and earnings potential.
(Prepared expert report. Testified.)
53. Guy W. Harrison v. Josam Company August 2009
Case No. CIV 08-462-R
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
54. Barron v. Barron April 2009
Firm: Todd Alexander, P.L.L.C.

-- Assessment of Plaintiff's employability and earnings potential.
(Testified.)

55. Jennifer Welch v. Valmont Industries, Inc. April, 2009
Case No.: 08-CV-531
Firm: Strecker & Associates
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
56. Saleema Muhammad & Arif Abdullah v. The Referral Center April, 2009
Case No.: Civ 07-1390-R
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report. Settled.)
57. Blake v. Blake March, 2009
Firm: Fry & Elder
-- Assessment of Plaintiff's employability and earnings potential.
(Prepared assessment report.)
58. Judith Ann Burns v. Kincaid Coach Lines, Inc. March, 2009
Case No.: CJ-2008-294
Firm: Wilburn & Masterson
-- Represented the Defendant in the assessment of earnings potential in wrongful death lawsuit.
(Prepared expert report.)
59. Sarah Hubler v. Cleveland County Family YMCA February, 2009
Case No.: CIV 2008-00520-HE
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
60. Singer v. Singer February 2009
Firm: Atkinson, Haskins, Nellis, Holeman, Phipps, Brittingham & Gladd
-- Assessment of excessive compensation for executive management.
(Prepared expert report and testified at arbitration hearing.)
61. Jackson v. Jackson January 2009
Firm: Novell Wilson, Attorney at Law
-- Assessment of Plaintiff's employability and earnings potential.
(Prepared expert report.)
62. Tonia E. Fisher vs. Southwestern Bell Telephone Company January 2009
Case: #07-CV-433-CVE-SAJ
Firm: Titus Hillis, Reynolds, Love, Dickman & McCalmon
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report. Defendant granted Motion for Summary Judgment.)
63. Sullivan v. Sullivan January 2009
Firm: James R. Gotwals & Associates
-- Assessment of Plaintiff's employability and earnings potential.

(Prepared expert report.)

64. Stacy L. Rollans v. Franklin Electric November 2008
Case No.: 5:08-CV-00354C
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
65. Marr v. Marr July 2008
Firm: Naylor, Williams & Tracy, Inc.
-- Assessment of Plaintiff's employability and earnings potential.
(Prepared assessment report.)
66. Patricia Snider vs. D. H. Blattner May 2008
Case: Matter #311680.01950
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
67. Troy Aldridge v. Indian Electric Cooperative, Inc. March 2008
Case No.: 07-CV-633-HDC-PJC
Firm: Barber & Bartz
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
68. Hartford vs. Doe March 2008
Case: ID #250280
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and earnings potential.
(Prepared expert report.)
69. Hugh Rogers, et al vs. The Boeing Company, et al January 2008
Case: #CV-06-549-SPS
Firm: Titus Hillis Reynolds Love Dickman & McCalmon
-- Represented the Defendant in the assessment of Defendant's selection process for evaluating employees in determining lay-offs.
(Prepared expert report. Settled.)
70. Robert Martz vs. Scientific Drilling International, Inc. December 2007
Case No.: CIV-2007-512
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
71. JBM Resources LLC vs. QFA Royalties LLC (Quizno's) September 2007
Firm: Perkins Coie, LLC
(Prepared letter of findings and conclusions regarding compensation.)
72. Pamela Henderson vs. James Henderson September 2007
Case: FD-2007-2534

Firm: Wagner Law Firm

-- Assessment of Plaintiff's employability and earnings potential.
(Prepared assessment report.)

73. Jonna Bostian vs. Suhor Industries, Inc. August 2007
Case No.: 07-CV151-GFK-FHM
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
74. Hedley vs. Hedley August 2007
Firm: Parks & Beard
(Prepared earnings assessment report on this divorce case.)
75. Forrest vs. Forrest July 2007
Case: FD-2003-2658
Firm: Wagner Law Firm
-- Assessment of Defendant's employability and earnings potential.
(Prepared earnings assessment report.)
76. John Cattaneo vs. Nancy Cattaneo July 2007
Case: FD-2006-3978
Firm: Robertson Cornell
-- Assessment of Defendant's employability and earnings potential.
(Prepared earnings assessment report.)
77. Franklin Daniel Davis vs. Victoria Elizabeth Davis April 2007
Case: FD-2006-4815
Firm: Wagner & Cornell
-- Assessment of Defendant's employability and earnings potential.
(Prepared earnings assessment report.)
78. Tronnier v. Tronnier April 2007
Case No.: FD 2005 4793
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Assessment of Plaintiff's employability and earnings potential.
(Prepared earnings assessment report.)
79. Lynne R. Murcer vs. Ackerman McQueen, Inc. February 2007
Case: CIV-05-1432 C
Firm: Spradling, Kennedy & McPhail
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
(Prepared expert report. Settled.)
80. Francis vs. Wellington December 2006
Firm: Barber & Bartz
-- Assessment of Plaintiff's skills, qualifications, employability, and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
81. Clark Hale vs. MCI, Inc. October 2006
Case No. CIV-04-1297-M
Firm: Hall Estill Hardwick Gable Golden & Nelson

- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
 - Assessment of Plaintiff's job search efforts and efforts to mitigate damages.
(Prepared expert report. Settled.)
82. Equal Employment Opportunity Commission (Cynthia Barnett) vs. Health Foods Associates (D/B/A Akin's Natural Foods Market) July 2006
Case No. 5-01058, District Court, Western District of Oklahoma
Firm: Barber & Bartz
-- Assessment of Defendant's employment practices.
(Prepared expert report. Deposed.)
83. Kay Kirkpatrick Inhofe vs. John C. Kirkpatrick and Guaranty Abstract Company July 2006
Case No. CT 2006-00501, Tulsa County District Court
Firm: Conner & Winters
-- Represented the Plaintiff in assessment of Defendant's compensation practices and compensation of the President/CEO.
(Prepared expert report. Settled.)
84. Sam Clyma vs. Sunoco June 2006
Case No. 03-CV-809K, District Court, Northern District of Oklahoma
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
-- Assessment of Plaintiff's job search efforts and efforts to mitigate damages.
(Prepared expert report.)
85. Nancy Daley vs. Patrick Daley June 2006
Case No. FD 2005-395, Tulsa County District Court
Firm: Wagoner & Cornell
-- Assessment of Plaintiff's employability.
(Prepared expert report on earnings potential. Settled.)
86. Merry Kay Cate vs. Tom Cate April 2006
Case No. FD 2004-4455, Tulsa County District Court
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Assessment of Plaintiff's employability and earnings potential.
(Settled.)
87. Kathryn Faden v. Sam's West, Inc. d/b/a Sam's Club March 2006
Case No.: 2:04CV00860
Firm: Fillmore Belliston Sheffield Madsen & Stubbs (*Provo, Utah*)
-- Assessment of Defendant's employment practices.
(Prepared expert report.)
88. Kelley Grant vs. William Grant February 2006
Case No. FD 2006-383 FD, Tulsa County District Court
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Assessment of Plaintiff's employability and earnings potential.
(Settled.)
89. Becky E. Brittain vs. MCI January 2006
Case No. CIV-04-753, District Court, Western District of Oklahoma
Firm: Law Office of Vito Lo Verde
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.

- Assessment of the Defendant's sexual harassment policies and associated management training and of Plaintiff's job search efforts and efforts to mitigate damages.
(Prepared expert report. Settled)
90. Patricia Preast vs. Gas Processors Association December 2005
Firm: Strecker and Associates
Case No. CJ 04-04-368, Tulsa County District Court
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
-- Assessment of Plaintiff's job search efforts and efforts to mitigate damages.
(Settled.)
91. Eric Jackson vs. Cingular Wireless December 2005
Case No. 05-CV-23 JHP-PJC, District Court, Northern District of Oklahoma
Firm: Titus Hillis Reynolds Love Dickman & McCalmon, P.C.
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
-- Assessment of Plaintiff's job search efforts and efforts to mitigate damages.
(Prepared expert report. Defendant granted Motion for Summary Judgment.)
92. James Vaughn vs. The Boeing Company December 2005
Case No. 04-CV-809 K(M), District Court, Northern District of Oklahoma
Firm: Titus Hillis Reynolds Love Dickman & McCalmon, P.C.
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
-- Assessment of Plaintiff's job search efforts and efforts to mitigate damages.
(Prepared expert report. Settled.)
93. Fred Mason v. Grant Prideco, Inc. August 2005
Case No.: 04-CV-650-CVE-PJC, US District Court, Northern District of Oklahoma
Firm: Johnson, Jones, Dornblaser, Coffman & Shorb
-- Represented the Defendant in the assessment of Plaintiff's skills, qualifications and employability and efforts to obtain employment in order to mitigate damages.
-- Assessment of Plaintiff's skills, qualifications, employability, and efforts to obtain employment in order to mitigate damages.
(Prepared expert report.)
94. Stacie Whitlock vs. Bryan Whitlock August 2005
Case No. FD 2004-4242, Tulsa County District Court
Firm: Wagner & Cornell, LLP
-- Assessment of Plaintiff's employability.
(Prepared expert report on earnings potential. Settled.)
95. Susan Bacon vs. Richard Bacon July 2005
Case No. FD 2004-2247, Tulsa County District Court
Firm: Wagner & Cornell, LLP
-- Assessment of Plaintiff's employability
(Prepared expert report on earnings potential. Settled.)
96. Elizabeth L. Graham vs. Tony M. Graham July 2005
Case No. FD 2004-1272, Tulsa County District Court
Firm: Sneed Lang, P.C.
-- Assessment of Plaintiff's employability.
(Prepared expert report on earnings potential. Deposed.)
97. Vonna Seeber vs. The Williams Companies, Inc. and Williams Services Energy, L.L.C. July 2005
Case No. 04-CV-451 EA(C), District Court, Northern District of Oklahoma

Firm: Strecker & Associates

-- Assessment of Plaintiff's qualifications, employability and future compensation.
(Prepared expert report. Summary Judgment.)

98. Tamme Saffa vs. Oklahoma Oncology, Inc. July 2005
Case No. 03-CV-869E(M), District Court, Northern District of Oklahoma
Firm: Boone Smith Davis Hurst & Dickman
-- Assessment of Plaintiff's qualifications, employability and future compensation.
(Prepared expert report.)
99. Mary Beth Ritchie vs. West Kubick June 2005
Case No. FD 2003-3337, Tulsa County District Court
Firm: Mark Zannotti, Attorney-At-Law
-- Assessment of Plaintiff's qualifications, employability and future compensation.
(Prepared expert report.)
100. Sherry Hamby vs. Associated Centers for Therapy, et. al. June 2005
Case No. 04-CV 631 K, District Court, Northern District of Oklahoma
Firm: Wilburn & Masterson
-- Assessment of Plaintiff's qualifications, employability and future compensation.
(Prepared expert report.)
101. William Bernhardt vs. Kirsten Bernhardt May 2005
Case No. FD 2005-55, Tulsa County District Court
Firm: Wagner & Grundy
-- Assessment of Defendant's qualifications, employability and future compensation.
(Prepared expert report on earnings potential. Settled.)
102. Jimmy Wallace vs. Emergency Power Systems, Inc. et. al. May 2005
Case No. CJ 2004-03236, Tulsa County District Court
Firm: Johnson, Jones, Dornblaser, Coffman & Shorb
-- Assessment of Plaintiff's qualifications, employability and future compensation.
(Settled.)
103. M. Shafi Chaudry vs. The Boeing Company May 2005
Case No. CIV 094-0186 L, District Court, Western District of Oklahoma
Firm: Boone Smith Davis Hurst & Dickman
-- Assessment of Plaintiff's qualifications, employability and future compensation.
(Prepared expert report.)
104. Emma Lee Anderson vs. The Boeing Company, et. al. April 2005
Case No. 02-CV-196 EA (M), District Court, Northern District of Oklahoma
Firm: Boone Smith Davis Hurst & Dickman
-- Assessment of Defendant's compensation programs and practices in class action lawsuit.
(Prepared expert report. Deposed.)
105. Shannen and Patricia Gifford v. Cecil Crain and Air Comfort, Inc. April 2005
Case No.: 04-CV-484-K(J)
Firm: Barber & Bartz
-- Assessment of Plaintiff's skills, qualifications, employability, and efforts to obtain employment in order to mitigate damages.
(Prepared expert report. Settled.)
106. Patti Tombridge vs. Mark Tombridge April 2005
Case No. FD-2004-1063, Tulsa County District Court
Firm: Wagner & Grundy, LLP

- Assessment of Plaintiff's qualifications, employability and future compensation.
(Settled.)
107. Marion vs. Johnson Claims Service, Inc., et al. February 2005
Case No. CIV-04-864-HE, District Court, Western District of Oklahoma
Firm: Buckman & Roach
-- Assessment of Plaintiff's qualifications, employability and future compensation.
(Prepared expert report. Settled.)
108. Charles Threadgill vs. Southwestern Bell Telephone, L.P. January 2005
Case No. 03-735 EA(J), District Court, Northern District of Oklahoma
Firm: Boone Smith Davis Hurst & Dickman
-- Assessment of Plaintiff's qualifications, employability and future compensation.
(Prepared expert report. Settled.)
109. Marcia C. Marcotte vs. Cingular Wireless January 2005
Case No. CIV-04-929-F, District Court, Western District of Oklahoma
Firm: Boone Smith Davis Hurst & Dickman
-- Assessment of Plaintiff's qualifications, employability and future compensation.
(Prepared expert report. Settled.)
110. Gary L. Paxton vs. Cheryl M. Paxton December 2004
Case No. FD 2002-1167, Tulsa County District Court
Firm: Wagner & Grundy, LLP
-- Assessment of Plaintiff's qualifications, employability and future compensation.
(Prepared expert witness report. Testified.)
111. Melanie D. Harris vs. Southwestern Bell Telephone Company September 2004
Case No. CIV-04-0073-F, District Court, Western District of Oklahoma
Firm: Boone Smith Davis Hurst & Dickman
-- Assessment of Plaintiff's qualifications, employability and future compensation.
(Prepared expert report. Settled.)
112. Trevor M. Lyons vs. Phyllis R. Lyons August 2004
Case No. FD 2002-4509, Tulsa County District Court
Firm: Wagner & Grundy, LLP
-- Assessment of Defendant's qualifications, employability and future compensation.
(Prepared report for Plaintiff's counsel.)
113. Jane Dunbar vs. Jane Phillips Memorial Medical Center July 2004
Case No. 03-CV-879-K(C), District Court, Northern District of Oklahoma
Firm: Strecker & Associates
-- Assessment of Plaintiff's qualifications, employability and future compensation.
-- Assessment of Plaintiff's efforts to mitigate damages.
(Prepared expert report. Case settled out of court.)
114. Roberta Browning vs. James Richard Browning June 2004
Case No. 2002 DR-420, El Paso County District Court (Colorado)
Firm: Thomas C. Henley, Attorney at Law
-- Assessment of Plaintiff's qualifications, employability and future compensation.
(Prepared expert report. Settled.)
115. Suzanne S. Anderson vs. Peter B. Anderson May 2004
Case No. FD-03-4550, Tulsa County District Court
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Assessment of Plaintiff's qualifications, employability and future compensation.

(Prepared expert report. Settled.)

116. Danny Crawford vs. Super H Foods October 2003
Case No. CJ 2003-255, District Court, Comanche County
Firm: Strecker & Associates
-- Assessment of Plaintiff's job search and efforts to mitigate damages.
(Prepared expert report. Settled.)
117. James Hanna vs. The Boeing Company October 2003
Case No. 03-CV 001 EA(C), District Court, Northern District of Oklahoma
Firm: Boone Smith Davis Hurst & Dickman
-- Assessment of Plaintiff's employability, earnings potential and efforts to mitigate damages.
(Prepared expert report. Defendant granted Motion for Summary Judgment.)
118. Malta Renee Jeffries vs. Propack, Inc. and Graebel/Oklahoma Movers, Inc. October 2003
Case No. 02-CV924 B(J)
Firm: Barber & Bartz
-- Assessment of Plaintiff's job search efforts and mitigation of damages.
-- Assessment of company's sexual harassment policies and practices.
(Prepared expert report.)
119. Valentino Zuniga vs. The Boeing Company September 2003
Case No. 02-CV-807 K(J), District Court, Northern District of Oklahoma
Firm: Boone Smith Davis Hurst & Dickman
-- Assessment of Plaintiff's employability, earnings potential and efforts to mitigate damages.
(Prepared expert report. Defendant granted Motion for Summary Judgment.)
120. ShannonCorbin vs. Git-N-Go, Inc. August 2003
Case No. 02-CV 974 H(M), District Court, Northern District of Oklahoma
Firm: Strecker & Associates
-- Assessment of Plaintiff's qualifications, employability, future compensation, and efforts to mitigate damages.
(Prepared expert report. Deposed.)
121. Lisa Parker vs. Associated Mortgage Corporation June 2003
Case No. 02-CV-973 (EA), District Court, Northern District of Oklahoma
Firm: Barber & Bartz
-- Development of measures and criteria to assess Plaintiff's performance and compensation in relation to peers.
(Prepared expert report. Case settled out of court.)
122. Theresa Jean Manchester vs. American Airlines, Inc. February 2003
Case No. 01-CV-9059P(C), District Court, Northern District of Oklahoma
Firm: Conner & Winters
-- Assessment of Plaintiff employability and efforts to mitigate damages.
(Prepared expert report. Deposed.)
123. Lorraine G. Nackos vs. UNISHIPPERS Association December 2002
Case No. 2:01 CV-851C, District Court, Central Division, District of Utah
Firm: Fillmore, Belliston, Sheffield, Madsen & Stubbs (Provo, UT)
-- Assessment of equal pay for equal work issues.
(Prepared expert report. Settled.)
124. Trenton Herd, et. al. vs. Asarco, Inc., et al. November 2002
Case No. 02-CV-500-H(M), District Court, Northern District of Oklahoma

Firm: Joyce, Paul McDaniel and Albright, Rusher & Hardcastle
-- Assessment of the future employability of the plaintiffs.
(Prepared expert report. Deposed.)

125. Jeffrey H. Ellard vs. Barbara L. Ellard November 2002
Case No. FD 2002-203, Tulsa County District Court
Firm: Gotwals & Associates
-- Assessment of Defendant's higher education possibilities and employability.
(Prepared expert report for Plaintiff's Counsel. Settled.)
126. D. Lynn Williams vs. Kraft/Nabisco June 2002
Case No. 01-CV-800 EA, District Court, Northern District of Oklahoma
Firm: Conner & Winters
-- Assessment of equal pay for equal work and efforts to mitigate damages.
(Prepared expert report. Settled.)
127. Judy Montgomery vs. Indiana Glass d/b/a/ Bartlett-Collins May 2002
Case No. 01-CV-712 B (J), District Court, Northern District of Oklahoma
Firm: Pray Walker Jackman Williamson & Marlar
-- Assessment of equal pay for equal work.
(Prepared expert report. Settled.)
128. Sherrie D. Wehba vs. CompUSA, Inc. April 2002
Case No. CIV-01-1610-C, District Court, Western District of Oklahoma
Firm: Joyce Paul & McDaniel P.C.
-- Assessment of Plaintiff qualifications and employability and efforts to mitigate damages.
(Prepared expert report. Settled.)
129. Sheryl Henry vs. Enercon Services, Inc. April 2002
Case No. 01-CV-0385 E(M), District Court, Northern District of Oklahoma
Firm: Moyers, Martin, Santee, Imel & Tetrick
-- Assessment of Plaintiff's qualifications, employability, earnings potential and efforts to mitigate damages.
(Prepared expert report. Settled.)
130. Nelson Toldeo vs. The Williams Companies, Inc., et al. March 2002
Case No. CIV-01-944, District Court, District of New Mexico
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Assessment of Plaintiff's qualifications versus comparators and efforts to mitigate damages.
(Prepared expert report. Settled.)
131. Hall vs. Hall February 2002
Tulsa County District Court
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Assessment of employability and expected earnings.
(Prepared expert report on earnings potential. Settled.)
132. Laurie Bates vs. The Williams Companies February 2002
Case No. CV-0247-K (M), District Court, Northern District of Oklahoma
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Assessment of equal pay for equal work.
(Prepared expert report. Settled.)
133. Susan Pingaro vs. Bank of Texas, et al. February 2002
Case No. 3:00 CV-2782-P, District Court, Northern District of Texas, Dallas Division

Firm: Hall Estill Hardwick Gable Golden & Nelson

-- Assessment of equal pay issues and Plaintiff's job search activities and mitigation of damages.
(Prepared expert report. Settled.)

134. Pauline Montoya vs. The Williams Companies, Inc., et al. February 2002
Case No. CIV-941-WWD/LFG, District Court of New Mexico
Firm: Hall Estill Hardwick Gable Golden & Nelson
-- Assessment of qualifications versus comparators and efforts to mitigate damages.
(Prepared expert report. Settled.)
135. Denise Daniels vs. Jane Phillips Health Corporation January 2002
Case No. CJ-98-0001, Tulsa County District Court
Firm: Strecker & Associates
-- Assessment of Plaintiff's qualifications and employability and efforts to mitigate damages.
(Prepared expert report. Deposed.)
136. Kenneth W. Hill, Personal Representative vs. The Streetman Company, Inc. November 2001
Case No. CJ-2000-3222, Tulsa County District Court
Firm: Stuart, Biolchini, Turner & Givray
-- Assessment of future earnings potential of decedent.
(Prepared expert report. Settled.)
137. Amy D. Miller vs. CompUSA, Inc. October 2001
Case No. CIV-00-1934 T, District Court, Western District of Oklahoma
Firm: Joyce Paul & McDaniel, P.D.
-- Assessment of Plaintiff's qualifications, employability, and efforts to mitigate damages.
(Prepared expert report. Settled.)
138. Joyce Daugherty vs. Stein Mart, Inc. October 2001
Case No. CIV-00-0557 K (J) District Court, Northern District of Oklahoma
Firm: Alliance Legal
-- Represented the Plaintiff in assessment of Plaintiff's qualifications and damages.
(Testified.)
139. Vasicek vs. Vasicek October 2001
Case No. FD-97-1203-Bitting, Tulsa County District Court
-- Assessment of qualifications and future earnings potential.
(Prepared expert report. Testified.)
140. Kristin Zincke vs. Air-X-Changers, et al July 2001
Case No.: 00-C-0389-K (E)
Firm: Conner & Winters
-- Assessment of qualifications and future earnings potential.
(Prepared expert report. Settled.)
141. Barbara Martin vs. DA/PRO Rubber, Inc. May 2001
Case No. CIV-00-0475H (M), District Court, Northern District of Oklahoma
Firm: Conner & Winters
-- Assessment of job comparability and equal pay for equal work issues.
(Deposed and testified.)
142. Vernon Crownover vs. Southwestern Bell Telephone March 2001
Case No. CIV-99-1579-C, District Court, Western District of Oklahoma
Firm: Boone, Smith, Davis, Hurst & Dickman

- Assessment of Plaintiff's qualifications and marketability.
 - Assessment of Plaintiff's job search efforts and mitigation of damages.
 - Assessment of employment opportunities in Oklahoma City and Tulsa in relation to Plaintiff's qualifications.
- (Prepared expert report. Deposed. Settled.)

143. Sandra K. Dabney vs. Conley Corp. February 2001
Case No. CIV 00-741-K (M), District Court, Northern District of Oklahoma
Firm: Strecker & Associates
- Assessment of Plaintiff's job search efforts and mitigation of damages.
 - Assessment of company's sexual harassment policies and practices.
- (Prepared expert report. Settled.)
144. James McMahan vs. Gaffey, Incorporated January 2001
Case No. CIV 00-626-H (E), District Court, Northern District of Oklahoma
Firm: Strecker & Associates
- Assessment of Plaintiff's qualifications and marketability.
 - Assessment of employment opportunities in Tulsa and in Arkansas in relation to plaintiff's qualifications.
 - Assessment of Plaintiff's job search efforts and mitigation of damages.
- (Prepared expert report. Testified.)
145. Thach vs. Graphic Electronics, Incorporated October 2000
Case No. CJ-96-04334, Tulsa County District Court
Firm: Strecker & Associates
- Assessment of Plaintiff's qualifications and marketability.
 - Assessment of employment opportunities in the Tulsa area and in Oklahoma in relation to plaintiff's qualifications.
 - Assessment of Plaintiff's job search efforts and mitigation of damages.
- (Prepared expert report. Testified.)
146. Cathleen Williams vs. SEPM August 2000
Case No. CJ-99-00872, Tulsa County District Court
Firm: Hall Estill Hardwick Gable Golden & Nelson
- Assessment of Plaintiff's qualifications and marketability.
 - Assessment of Plaintiff's projected earnings.
 - Assessment of employment opportunities in Oklahoma and the surrounding states.
 - Assessment of Plaintiff's job search efforts and mitigation of damages.
- (Prepared expert report. Deposed. Settled.)
147. Kileen Heidenreiter vs. Henry Production Incorporated, et al. March 2000
Case No. 99-CV-0405BU(E), District Court, Northern District of Oklahoma
Firm: Bridger-Riley & Associates
- Represented the Plaintiff in assessment of equal pay issues and damages to Plaintiff.
- (Deposed. Settled.)
148. James R. Lowry vs. Badger Meter March 2000
Case No. CJ-99-3915, Tulsa County District Court
Firm: Hall Estill Hardwick Gable Golden & Nelson
- (Settled.)
149. Richard C. Allen vs. ZEECO, Inc. February 2000
Case No. 99-CV-4359C(J), District Court, Northern District of Oklahoma
Firm: Johnson, Allen, Jones & Dornblaser
- Assessment of alleged age discrimination against plaintiff.
 - Assessment of equity and competitiveness of plaintiff's pay.
 - Assessment of Plaintiff's job search efforts and mitigation of damages.

(Prepared expert report. Settled.)

150. C. Friedl vs. PacifiCare of Oklahoma December 1999
Case No. 98-CV-590K(E), District Court, Northern District of Oklahoma
Firm: Boone, Smith, Davis, Hurst & Dickman
-- Assessment of Plaintiff's job search efforts and mitigation of damages.
-- Calculation of possible damages.
(Prepared expert report. Deposed.)
151. J. Smith, and J. Prawdzik vs. Morrison Knudsen and SECOR Int'l, Inc. November 1999
Case No. 98-CV-843H(J), District Court, Northern District of Oklahoma
Firm: Hall Estill Hardwick Gable Golden & Nelson and Strecker & Associates
-- Assessment of job search and efforts to mitigate damages.
(Prepared expert report. Settled.)
152. John D. Rothman vs. Nancy T. Rothman April 1999
Case No. FD 98-4312, Tulsa County District Court
Firm: Doerner, Saunders, Daniel & Anderson
-- Assessment of qualifications, employability and earnings potential.
(Prepared expert report. Deposed.)
153. Zimmerman vs. Tax & Accounting Software Corp. July 1998
Case No. 98-CZ-0164, District Court, Northern District of Oklahoma
Firm: Malloy & Malloy
-- Represented the Plaintiff in assessment of Plaintiff's qualifications and damages.
(Prepared expert report. Settled.)
154. Merry C. Beeson vs. James H. Beeson July 1997
Case No. FC-96-874, Tulsa County District Court
Firm: Doerner, Saunders, Daniel & Anderson
-- Assessment of employability and earnings potential.
(Prepared expert report. Deposed.)
155. J. Forester vs. WilTel Communication Systems January 1997
Case No. 305958, Superior Court, State of Arizona
Firm: Hall, Estill, Hardwick, Gable, Golden & Nelson
-- Verification and evaluation of Plaintiff's education and experience.
-- Identification of discrepancies in Plaintiff's applications and resumes.
(Prepared expert report. Deposed.)
156. Rooney vs. Rooney August 1996
Case No. FD 96-380, Tulsa County District Court
Firm: Richard Comfort, Attorney at Law
-- Assessment of qualifications and earnings potential.
(Prepared expert report. Testified.)
157. Haken vs. Haken May 1996
Case No. FD 95-02862, Tulsa County District Court
Firm: Doerner, Saunders, Daniel & Anderson
-- Assessment of qualifications and earnings potential.
(Prepared expert report. Testified.)
158. Caney Valley National Bank vs. Continental Oil & Refining Co., et al. October 1995
Case No. 94 C-4 C, District Court of Montgomery County, Kansas (Sitting at Coffeyville)
Firm: Borders & Casebeer (Independence, Kansas)
-- Definition of roles and responsibilities of key executives.
-- Assessment of appropriate compensation for key executives.

(Prepared expert report. Deposed.)

159. Ronald K. Mason vs. Oklahoma Turnpike Authority September 1995
Case No. CIV 93-1836 R, District Court, Western District of Oklahoma
Firm: Hall, Estill, Hardwick, Gable, Golden & Nelson
-- Assessment of Plaintiff's marketability.
-- Assessment of Plaintiff's future compensation opportunities.
(Testified.)
160. Keeton vs. Keeton May 1995
Case No. FD 91-5151, Tulsa County District Court
Firm: Doerner, Saunders, Daniel & Anderson
-- Assessment of qualifications and earnings potential.
(Prepared expert report. Deposed. Testified.)
161. Ronald K. Thomas vs. Denny's Restaurants, Inc. July 1994
Case No. 91-C-715-C, District Court, Northern District of Oklahoma
Firm: Hall, Estill, Hardwick, Gable, Golden & Nelson
-- Assessment of potential damages to Plaintiff.
-- Identification and assessment of Plaintiff's qualifications in relation to promotion criteria.
(Prepared expert report. Deposed.)
162. McKenzie vs. Renberg's June 1994
Case No. 92-C-398-B, District Court, Northern District of Oklahoma
Firm: Richardson, Stoops & Keating, and Eller and Detrich
-- Represented the Plaintiff in assessment of employability and calculation of damages.
(Testified.)
163. EEOC (E. Jordan) vs. Williams Telecommunications Group February 1994
Case No. CIV 92-026-S, District Court, Northern District of Oklahoma
Firm: Hall, Estill, Hardwick, Gable, Golden & Nelson
-- Assessment of Plaintiff's qualifications in relation to job requirements.
(Prepared expert report. Deposed. Testified.)
164. Oklahoma Corporation Commission vs. Oklahoma Natural Gas November 1993
Cause PUD No. 910001151, et al.
Firm: Huffman, Arrington, Kihle, Gaberino & Dunn
-- Represented Oklahoma Natural Gas in assessment and testimony regarding ONG compensation practices.
(Prepared expert report. Testified.)
165. Carol Waddel vs. Patrick Waddel November 1993
Case No. FD 92-7726, Tulsa County District Court
Firm: Naylor & Williams
-- Assessment of qualifications and earnings potential.
(Testified.)
166. Allan vs. May's Drug Stores, Inc. October 1992
Case No. 91-C-220-E, District Court, Northern District of Oklahoma
Firm: Moyers, Martin, Santee, Imel & Tetrick
-- Assessment of equal pay issues.
(Served as Consultant; did not testify.)
167. Clayton Cothran and Julie Cothran vs. Metro Park Warehouses, Inc. January 1992
Case No. 91C-3239, District Court of Wyandotte County, Kansas
Firm: Barrow Gaddis Griffith & Grimm

-- Assessment of Plaintiff's qualifications and earnings potential.
(Prepared expert report. Deposed. Used deposition testimony via video at trial.)

168. Paula J. Quillan vs. Transok, Inc. November 1991
Case No. 90-C-1020-E, District Court, Northern District of Oklahoma
Firm: Hall, Estill, Hardwick, Gable, Golden & Nelson
-- Assessment of Plaintiff's qualifications for promotion and pay in relation to job requirements.
-- Assessment of Plaintiff's job search efforts and mitigation of damages.
(Prepared expert report. Deposed.)
169. Joe White vs. American Airlines July 1991
Case No. 82-C-755-C, District Court, Northern District of Oklahoma
Firm: Boone Smith Davis Hurst & Dickman
-- Assessment of Plaintiff's marketability following termination.
-- Projection of Plaintiff's expected compensation.
-- Assessment of damages for wrongful discharge.
-- Assessment of efforts to mitigate damages.
(Prepared expert report. Settled.)
170. John W. Whalen vs. URE Co. (Unit Rig) December 1990
Case No. 88-C-1667-B, District Court, Northern District of Oklahoma
Firm: Hall, Estill, Hardwick, Gable, Golden & Nelson
(Prepared expert report. Deposed.)
171. Lynn T. Broge vs. Thomas A. Broge August 1990
Case No. FD 89-04335, Tulsa County District Court
Firm: Doerner Stuart Saunders Daniel & Anderson
-- Assessment of qualifications and earnings potential.
(Prepared expert report. Testified.)
172. Lola Larney vs. Wal-Mart Stores, Inc. August 1990
Case No. CIV-90-005-5, District Court, Northern District of Oklahoma
Firm: Newton, O'Connor & Comstock
-- Assessment of Defendant's HR practices and of Plaintiff's job search and efforts to mitigate damages.
(Prepared expert report. Testified.)
173. Sterling vs. Rogers Galvanizing Co. March 1990
Case No. CJ 86-3124, Tulsa County District Court
Firm: Gable Gotwals
-- Assessment of Defendant's executive compensation practices.
(Prepared expert report. Deposed.)
174. LaDonna Shaughnessy vs. Hillcrest Medical Center February 1990
Firm: Hall, Estill, Hardwick, Gable, Golden & Nelson
-- Assessment of Plaintiff's qualifications, earnings potential and efforts to mitigate damages.
(Settled.)
175. Huffman vs. Grant Corporations, CJ 84-3422 January 1989
Gandy vs. Grant Corporations, CJ 84-3424
Wenck vs. Grant Corporations, CJ 84-3425
Firm: Norman, Wohlgemuth & Thompson
-- Assessment of competitiveness and appropriateness of executive pay practices.
(Prepared expert report. Deposed.)
176. Texaco, Inc.'s Application for Adoption of Tin Parachutes January 1988

(Supplemental Benefits)

United States Bankruptcy Court, Southern District of New York

Firm: Baker & Botts (Houston, Texas)

-- Represented the Plaintiff in assessment of appropriateness and competitiveness of the executive compensation practices.

(Conducted study and prepared report. Provided counsel to law firm.)

177. Rod Woods vs. The Jimmie Jones Co.

August 1987

EEOC complaint

Firm: Jones Givens, Gotcher, Bogan & Hilborne

-- Definition and documentation of company efforts to provide training and career opportunities to Plaintiff.

(Provided counsel to law firm.)

178. Vernon B. Grubbs, Jr. vs. Texaco (85-C-164-E)

June 1986

Kent Pearson vs. Texaco (85-C-237-E)

James W. Davis, Jr. vs. Texaco (85-C-653-E)

District Court, Northern District of Oklahoma

Firm: Hall, Estill, Hardwick, Gable, Golden & Nelson

-- Assessment of comparability of jobs and equal pay issues.

(Deposed and testified.)

* * * * *

Exhibits MJV-2 and MJV-3 are confidential, contain Highly-Sensitive Protected Material, and will be provided pursuant to the terms of the Commission's Protective Order in this proceeding.

TEXAS GAS UTILITY SERVICES

POSITION ANALYSIS QUESTIONNAIRE

Job Title _____ Business Unit/Department _____

Supervisor Title _____ Supervisor Name _____

◇ ◇ ◇ ◇ ◇ ◇ ◇

- A. **JOB SUMMARY:** Describe in one brief statement the primary purpose of your job - i.e., what your job is designed to accomplish. **For example,** the job summary for a Field Superintendent might be to, "Schedule, assign and supervise field construction and operational activities."

- B. **ESSENTIAL JOB FUNCTIONS:** Describe below the major or essential functions of the job. Also, indicate the percentage of time normally devoted to each function in the normal cycle of the job (e.g., 10%, 20%, etc.). Normally, an essential job function should occupy at least 5% of the available time and there should be no more than 7 to 10 essential functions in a job. **For example,** an essential function for a Field Superintendent might be to, "Plan and organize work orders and schedules for projects and prepare associated project drawings."

Essential Job Functions

% Time

1.	<hr/> <hr/> <hr/> <hr/>	<hr/>
2.	<hr/> <hr/> <hr/> <hr/>	<hr/>
3.	<hr/> <hr/> <hr/> <hr/>	<hr/>
4.	<hr/> <hr/> <hr/> <hr/>	<hr/>
5.	<hr/> <hr/> <hr/> <hr/>	<hr/>

	<u>Essential Job Functions</u>	<u>%Time</u>
6.		
7.		
8.		
9.		
10.		

C. SUPERVISION EXERCISED: Identify in the spaces provided below the names and titles of any employees supervised directly on a formal basis:

<u>Employee Name</u>	<u>Title</u>
1.	
2.	
3.	
4.	
5.	
6.	

D. KEY INTERNAL CONTACTS: Identify below the key or principal personnel within the company you must work with in successfully performing the job. To the right, indicate the purpose or reason for the contact. ***For example, a position might require contacts or working relationships with the Controller. The purpose of this working relationship might be to obtain financial information for use in budget preparation.*** Be sure to use position titles and not names in identifying internal contacts.

<u>Contact (Who)</u>	<u>Reason (Why)</u>
1.	
2.	
3.	

4. _____
5. _____
6. _____

E. KEY EXTERNAL CONTACTS: Identify below the primary personnel outside the company you must work with in successfully performing the job. To the right, indicate the purpose or reason for the contact. ***For example, a position might require contacts or working relationships with vendors. The purpose of this contact might be to obtain quotes and negotiate pricing and terms.*** Be sure to use position titles and not names in identifying external contacts.

<u>Contact (Who)</u>	<u>Reason (Why)</u>
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____

F. EDUCATION REQUIREMENTS: Identify below ☒ the education or training normally required to develop the skills to do the job. ***For example, a Bachelor's degree in Accounting might be required to prepare financial statements and perform financial analysis work.***

- ☐ High School Diploma or Equivalent
☐ 1 to 2 years of Vocational Training
☐ 1 to 2 years of College Training

- ☐ Associate's Degree or Equivalent
☐ Bachelor's Degree
☐ Advanced Degree

G. EXPERIENCE REQUIREMENTS: Identify below ☒ the experience required, in addition to the education specified, to gain the skills and abilities required. ***For example, a Field Superintendent position might require at least five (5) years of related experience working in a "senior" or "lead" capacity with field maintenance/construction personnel.***

- ☐ None (Entry-Level)
☐ Less than 1 Year
☐ 1 Year
☐ 2 to 3 Yrs.

- ☐ 4 to 5 Yrs.
☐ 6 to 8 Yrs.
☐ 9 to 12 Yrs.
☐ More than 12 Yrs.

H. SPECIAL JOB DIMENSIONS: Use this portion of the questionnaire to describe any other special or demanding aspects or requirements of the job or to provide additional information which may convey a better understanding of the job, (e.g., extensive travel, overtime, on-call availability, exposure to dangerous conditions, etc.).

* * * * *

I have completed or reviewed this PAQ and believe it accurately reflects the essential function and requirements of the job.

Employee

* * * *

I have reviewed this PAQ and I:

- ☐ Agree with the statements and content contained in the questionnaire.
- ☐ Have identified differences between the statements in this PAQ, especially the Essential Functions and the Education and Experience Requirements of the job--and have noted these differences below.

Manager

* * * *

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August 3, 2020

PERSONAL AND CONFIDENTIAL

Mr. Robert Barnwell IV
President
Texas Gas Utility Services, Inc.
Magnolia, Texas 77354-1619

Dear Robert:

I am sending you our report on the compensation review we have conducted for Texas Gas Utility Services, Inc. ("TGUS" or "Centric").

Outlined in the following sections of this letter are the activities we performed in conducting this engagement, the basic findings from the study, and our recommendations to optimize the organizational structure and improve the compensation practices at the company.

ENGAGEMENT ACTIVITIES

In conducting this compensation study for TGUS, we performed the following activities:

1. Conducted in-person interviews with selected company personnel, including you, Barney Barnwell, Ross Buttermore and Tammie Kromar, and reviewed and analyzed Position Analysis Questionnaires completed by the employees in the exempt jobs within the company in order to gain information and insight about the organizational structure, how it operates and ways to improve, and to prepare job descriptions for the exempt positions.
 - See Attachment 1 for the Position Analysis Questionnaire we used in this activity.
2. Reviewed documents and materials pertaining to the purposes of this project:
 - Company organization charts
 - Profit and Loss Statement for the period January 1 through December 31, 2019
 - Centric Labor Model
 - Current and most recent base salary and bonus information for employees in exempt positions
 - Compensation survey data from the Economic Research Institute (ERI) and Salary.com

3. Prepared job descriptions for the following 20 positions:

- President/CEO
- Chairman and COO
- Senior Vice President, Operations
- Vice President, Finance
- Vice President, Field Operations
- Vice President, Business Development
- Director, GIS & Integrity Management
- Director, Project Engineering
- Director, Regulatory Compliance
- Controller
- Business Development Manager
- Billing Manager
- Project Manager
- System Operations Manager
- Sr. Financial Accountant
- Sr. Financial Analyst
- Accountant
- Field Superintendent
- Field Tech & Conversion Specialist
- Sr. Billing Specialist

See Attachments 2 through 21 for copies of these job descriptions.

4. Conducted our analysis of the competitiveness of TGUS base salary and total cash compensation levels using published compensation survey reports:

- *Salary Assessor* – Economic Research Institute, survey data covering 2,000 industries, 300 cities and over 6,200 position titles, including over 500 top management/executive positions. Data was extracted for companies similar in size and nature of operations in the Houston area.
- *Salary.com* – Internet based compensation database.
- See Attachment 22 for this Competitive Compensation Analysis.

**STUDY CONCLUSIONS/
RECOMMENDATIONS**

Based on the engagement activities outlined above, we developed the following recommendations for consideration:

1. Establish base salary ranges for all company positions based on competitive base salary levels for comparable positions in companies similar to TGUS.
 - As outlined in Attachment 22, current salary levels for the incumbents of exempt jobs are 10.9% below market salary levels.
 - See Attachments 23 and 24 for the salary ranges we are recommending along with current and proposed salary levels for exempt personnel and Attachment 25 for guidelines to use in administering salary increases.
 - As discussed with you previously, these recommended salary ranges should be used in administering salary increases and insuring company salary levels remain competitive over time.
2. Set the base salaries of incumbents of exempt positions in the salary ranges based on such factors as performance, current salary levels, and desired salary levels as compared to market pay levels.

- Adjustments in current base salaries will be needed to move the salaries of key personnel to more competitive levels.
3. Define, clarify, and initiate certain modifications with respect to reporting relationships, job responsibilities, and titles for senior-level jobs in the company, to include especially:
- President and CEO, the job which you perform as outlined in the attached job description for your position
 - Chairman and COO, the job performed by Barney Barnwell as outlined in the attached job description for his position
 - Vice President, Finance – the job of Ross Buttermore who should progress to Chief Financial Officer as outlined in the attached job description
 - Senior Vice President, Operations as outlined in the attached job description for his position
4. Establish a formal incentive compensation plan that will provide attractive bonus reward opportunities to key personnel based on the financial and operational metrics considered essential in assessing company performance. The incentive compensation opportunities under this plan should be set in line with competitive market pay practices for those in similar positions. The incentive reward opportunities for participants in the plan should be established in line with the following ranges:
- CEO Target -- 50.0%; Maximum – 100.0%; Minimum – 25.0%
 - Senior Officer Target – 37.5%; Maximum – 75.0%; Minimum – 18.75%
 - Officer Target – 25.0%; Maximum – 50.0%; Minimum – 12.5%
 - Director Target – 17.5%; Maximum – 35.0%; Minimum – 8.75%
 - Manager Target – 12.5%; Maximum – 25.0%; Minimum – 6.25%

The minimum incentive award levels would be paid when the company achieves only the threshold performance metrics under the plan. There would be no incentive awards when threshold performance levels are not achieved. As company performance improves, as measured by the metrics and goals under the plan, the incentive awards would increase.

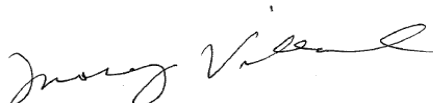
- As outlined in Attachment 22, current total cash compensation levels are 10.7% below market total cash compensation levels.

We plan to visit with you about this incentive plan and how it might be developed and administered.

* * * * *

Please call me, once you have had the opportunity to review this report, to discuss your reactions and the steps involved in implementing our recommendations.

Yours very truly,



Morey J. Villareal



Mr. Robert Barnwell IV
July 27, 2020
Page 4

Enclosures: (25)

DIRECT TESTIMONY

OF

BRUCE H. FAIRCHILD

ON BEHALF OF

UNIVERSAL NATURAL GAS, LLC D/B/A UNIVERSAL NATURAL GAS, INC.;
GAS ENERGY, LLC;
ENERTEX NB, LLC;
CONSUMERS GAS COMPANY, LLC D/B/A CONSUMERS GAS COMPANY, INC.;
HOOKS GAS PIPELINE, LLC;
TEXAS GAS PIPELINE COMPANY, LLC; AND
1486 GAS PIPELINE, LLC

OCTOBER 9, 2020

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Schedule BHF-5	LDC DCF Model – Earnings Growth Rates
Schedule BHF-6	LDC DCF Model – Sustainable Growth Rates
Schedule BHF-7	LDC DCF Model – Other Projected and Historical Growth Rates
Schedule BHF-8	LDC Bond Ratings, Beta, Market-to Book, Market Capitalization, and Size Premiums
Schedule BHF-9	LDC Capital Asset Pricing Model
Schedule BHF-10	LDC Risk Premium Method
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Schedule BHF-16	Gas Pipeline DCF Model – FERC Two-Stage Growth
Schedule BHF-17	Gas Pipeline Bond Ratings, Beta, Market-to Book, Market Capitalization, and Size Premiums
Schedule BHF-18	Gas Pipeline Capital Asset Pricing Model
Schedule BHF-19	Gas Pipeline Comparable Earnings Method

DIRECT TESTIMONY OF BRUCE H. FAIRCHILD

I. INTRODUCTION

Q.1 PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Bruce H. Fairchild, 3907 Red River, Austin, Texas 78751.

Q.2 BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?

A. I am a principal in Financial Concepts and Applications, Inc. ("FINCAP"), a firm engaged in financial, economic, and policy consulting to business and government.

A. QUALIFICATIONS

Q.3 DESCRIBE YOUR EDUCATIONAL BACKGROUND, PROFESSIONAL QUALIFICATIONS, AND PRIOR EXPERIENCE.

A. I hold a BBA degree from Southern Methodist University and MBA and PhD degrees from the University of Texas at Austin. I am also a Certified Public Accountant. My previous employment includes working in the Controller's Department at Sears, Roebuck and Company and serving as Assistant Director of Economic Research at the Public Utility Commission of Texas ("PUCT"). I have also been on the business school faculties at the University of Colorado at Boulder and the University of Texas at Austin, where I taught undergraduate and graduate courses in finance and accounting.

Q.4 BRIEFLY DESCRIBE YOUR EXPERIENCE IN UTILITY-RELATED MATTERS.

A. While at the PUCT, I assisted in managing a division comprised of approximately twenty-five professionals responsible for financial analysis, cost allocation and rate design, economic and financial research, and data processing systems. I testified on behalf of the PUCT staff in numerous cases involving most major investor-owned and cooperative electric, telephone, and water/sewer utilities in the state regarding a variety of financial, accounting, and economic issues. Since forming FINCAP in 1979, I have participated in

1 a wide range of analytical assignments involving utility-related matters on behalf of
2 utilities, industrial consumers, municipalities, and regulatory commissions. I have also
3 prepared and presented expert testimony before a number of regulatory authorities
4 addressing revenue requirements, rate of return, cost allocation, and rate design issues for
5 gas, oil, electric, telephone, and water/sewer utilities. I have been a frequent speaker at
6 regulatory conferences and seminars and have published research concerning various
7 regulatory issues. A resume that contains the details of my experience and qualifications
8 is attached as Appendix A, with Appendix B listing my prior testimony before regulatory
9 agencies since leaving the PUCT.

10 **B. OVERVIEW**

11 **Q.5 WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A. The purpose of my testimony is to develop and support an overall rate of return to be
13 applied to the invested capital, or rate base, of Universal Natural Gas, LLC, EnerTex NB,
14 LLC, Gas Energy, LLC, and Consumers Gas Company, LLC (collectively, the “Centric
15 LDCs”), and of Hooks Gas Pipeline Company, LLC, Texas Gas Pipeline Company, LLC,
16 and 1486 Gas Pipeline Company, LLC (collectively, the “Centric TransCos”), all of which
17 are wholly owned by Centric Gas Services, LLC (“Centric”).

18 **Q.6 WHAT IS THE ROLE OF RATE OF RETURN IN SETTING A UTILITY’S**
19 **RATES?**

20 A. Rate of return serves to compensate investors for the use of their capital to finance the plant
21 and equipment necessary to provide utility service to customers. Investors only commit
22 money in anticipation of earning a return on their investment commensurate with that from
23 other investment alternatives having comparable risks. Consistent with both sound
24 regulatory economics and the standards specified in the U.S. Supreme Court cases of

1 *Bluefield Water Works & Improvement Co.* (1923) and *Hope Natural Gas Co.* (1944), rates
2 should provide the utility a reasonable opportunity to earn a rate of return sufficient to: 1)
3 fairly compensate capital presently invested in the utility, 2) enable the utility to offer a
4 return adequate to attract new capital on reasonable terms, and 3) maintain the utility's
5 financial integrity.

6 **Q.7 IN GENERAL, HOW HAVE YOU GONE ABOUT DEVELOPING AND**
7 **SUPPORTING THE RATE OF RETURN REQUESTED FOR THE CENTRIC**
8 **LDCS AND CENTRIC TRANSCOS?**

9 A. My evaluation begins with a brief review of the operations and finances of the Centric
10 LDCs and Centric TransCos, and general conditions in the capital markets, including a
11 discussion of the actions the Federal Reserve Board ("Fed") has taken since the Great
12 Recession and, most recently, the coronavirus pandemic. With this background, I next
13 develop a mix of investor-supplied capital (*i.e.*, debt and equity) to be used as weightings
14 to develop an overall rate of return. An average cost of debt applicable to the debt
15 component of the capital structure is then calculated. Next, various analyses are conducted
16 to determine a fair rate of return on common equity ("ROE") for the Centric LDCs and for
17 the Centric TransCos. These analyses include applications of the discounted cash flow
18 ("DCF") model, capital asset pricing model ("CAPM"), risk premium method, and
19 comparable earnings method to develop cost of equity ranges, from which Centric selected
20 its requested ROE. I then evaluate Centric's requested ROE for reasonableness, and
21 combine the capital cost components to calculate Centric's requested rate of return.

22 **C. SUMMARY OF CONCLUSIONS**

Q.8 WHAT RATE OF RETURN IS CENTRIC REQUESTING?

A. As developed on Schedule BHF-1, Centric is requesting an overall rate of return on invested capital for both the Centric LDCs and Centric TransCos of 9.51%. This rate of return is based on capital structure ratios of 37.24% debt and 62.76% equity, a cost of debt of 5.31%, and an ROE of 12.00%.

Q.9 WHAT IS THE BASIS FOR THE CAPITAL STRUCTURE RATIOS USED TO CALCULATE THESE REQUESTED RATES OF RETURN?

A. At test year-end, June 30, 2020, Centric was financed with 37.24% long-term debt and 62.76% common equity, which is almost exactly equal to Centric's target capital structure ratios of 37% debt and 63% equity. While these capital structure ratios deviate from those typically maintained by large, publicly traded local natural gas distribution companies ("LDCs") and natural gas pipeline companies, they are consistent with a smaller utility that does not have the same access to long-term debt capital that large LDCs and pipelines do.

Q.10 WHAT IS THE BASIS FOR CENTRIC'S 5.31% REQUESTED COST OF DEBT?

A. Centric's long-term debt financing consists of a 5-year term bank loan carrying a variable interest rate. Its requested 5.31% cost of debt is the interest rate on the term loan at June 30, 2020, adjusted for debt issuance costs.

Q.11 WHAT IS THE BASIS FOR CENTRIC'S REQUESTED ROE OF 12.00%?

A. Applications of the DCF, CAPM, risk premium, and comparable earnings methods to a proxy group of publicly traded LDCs, adjusted to reflect investors' higher increased required rate of return from Centric because of its greater risk and smaller size, demonstrate that the cost of equity to the Centric LDCs is in the range of 12.0% to 13.0%. Meanwhile, applications of the DCF, CAPM, and comparable earnings methods to a proxy group of publicly traded gas pipelines, again adjusted for Centric's greater risk and smaller size,

1 demonstrate that the cost of equity to the Centric TransCos is in the range of 15.0% to
2 16.0%. While an ROE from the middle of these ranges is fully cost-justified, for present
3 purposes, Centric has elected to request an ROE for both the Centric LDCs and the Centric
4 TransCos of 12.00%.

5 **II. CENTRIC GAS SERVICES**

6 **Q.12 BRIEFLY DESCRIBE CENTRIC.**

7 A. Centric witness Robert S. Barnwell IV describes in detail Centric and the entities that it
8 owns, the history of the company, and how the utilities are operated. Through the four
9 Centric LDCs, Centric serves approximately 17,200 residential, commercial, and industrial
10 customers located generally north of Houston and San Antonio, Texas, all of which are
11 outside of municipal city limits. The three Centric TransCos currently provide gas
12 primarily to the Centric LDCs.

13 **Q.13 BRIEFLY DESCRIBE THE FINANCES OF CENTRIC.**

14 A. At test year-end, Centric had total assets of approximately \$52 million, with operating
15 revenues for the twelve months ended June 30, 2020, being approximately \$12.7 million.
16 As noted earlier, Centric's debt financing is in the form of a term bank loan, which is not
17 rated by any of the major bond rating agencies. Meanwhile, Centric's common equity is
18 privately held and not publicly traded. Approximately two-thirds is owned by Ara Partners,
19 LLC, which is a Houston-based private equity firm that invests in industrial and
20 manufacturing, materials and chemicals, food and agriculture, energy efficiency and
21 automation, and transportation sectors. Centric's remaining equity is owned by individual
22 investors and management.

Q.14 HOW DOES CENTRIC COMPARE IN SIZE WITH THE MAJOR LDCS IN TEXAS?

A. In the following table, Centric is compared to the gas distribution operations of the three largest LDCs serving Texas – Atmos Energy Corporation (“Atmos”), CenterPoint Energy, Inc. (“CenterPoint”), and ONE Gas, Inc. (“ONE Gas”) through its Texas Gas Service division. Besides their Texas operations, Atmos, CenterPoint, and ONE Gas also have substantial gas distribution activities in other states throughout the U.S., with Atmos and CenterPoint also being involved in other regulated and unregulated activities (dollar amounts in millions):

Company	Customers		Gas Distribution	
	Texas	U.S.	Revenues	Net Plant
Atmos	2,039,268	3,291,835	\$ 2,745	\$ 8,738
CenterPoint	1,768,002	4,602,110	\$ 2,951	\$ 8,964
ONE Gas	670,000	2,194,000	\$ 1,653	\$ 4,565
Centric	17,200	17,200	\$ 13	\$ 30

Q.15 WHAT ARE THE IMPLICATIONS OF THE ABOVE SIZE COMPARISON FOR DETERMINING CENTRIC’S RATE OF RETURN?

A. The significance of the above table is that Centric is not in the same financial league as Atmos, CenterPoint, and ONE Gas. Indeed, the three largest LDCs in Texas are some 200 to 300 times larger than Centric. This size difference affects various aspects of Centric’s operations and finances. As a small LDC having only a few service areas and limited financial resources, Centric faces greater operating and financial risks than large LDCs in Texas and elsewhere and has limited access to capital. These fundamental facts are properly recognized and accounted-for in determining a fair rate of return for the Centric LDCs and Centric TransCos.

Q.16 PLEASE ELABORATE ON HOW A UTILITY'S SIZE AFFECTS ITS RISK.

A. Large utilities having substantial financial wherewithal possess many advantages over a relatively small utility engaged in providing basically a single service in just a few locales, like Centric. A portfolio of diversified activities contributes to cash flow stability because not all of the utility's assets are exposed to the same economic and market threats. Large size also provides economies of scale that support the stability of revenues and profits by limiting vulnerability to combinations of adverse factors, events, or trends, which smaller utilities are not able to achieve. Greater size and geographic diversity enable a utility to withstand regional, competitive, and technological threats better than a smaller, non-diversified utility. Those factors also moderate the impact of cyclical effects and regional economic downturns. In short, large utilities with asset and geographical diversity can provide more certain and stable cash flows than smaller utilities that have concentrated assets and less stable cash flows. As a result, smaller utilities such as Centric are regarded by investors as having considerably more risk than larger utilities like Atmos, CenterPoint, and ONE Gas.

Q.17 ARE THERE OTHER ADVANTAGES THAT LARGER, MORE DIVERSIFIED UTILITIES ENJOY OVER SMALLER, CONCENTRATED UTILITIES?

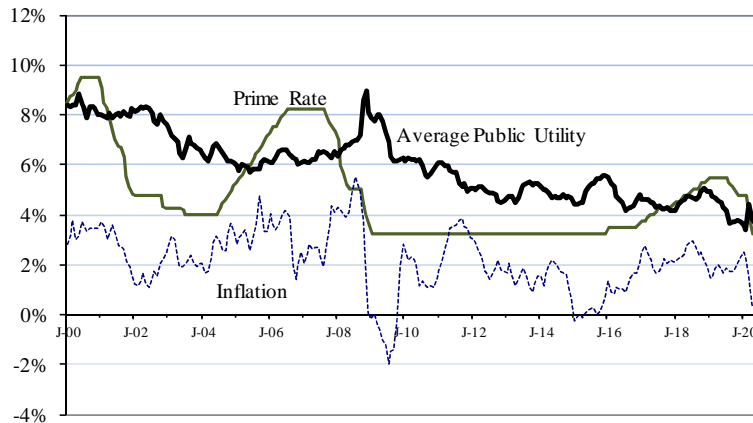
A. Yes. Besides year-to-year cash flow stability, the substantial financial wherewithal of large utilities permits them to withstand the adverse effects of external shocks, such as extreme weather and other catastrophic events, that would strain the resources of smaller utilities. Large utilities typically have greater customer bases that avoid the customer concentration risk faced by smaller utilities, and varied activities reduce exposure to a few major suppliers that could interrupt operations through supply chain disruptions. Accordingly, the ability of a large utility to withstand single or multiple unexpected events that would be

1 devastating to a small utility like Centric also causes Centric to be considerably more risky
2 than the major, publicly traded LDCs in Texas and elsewhere in the U.S.

3 **III. CAPITAL MARKETS**

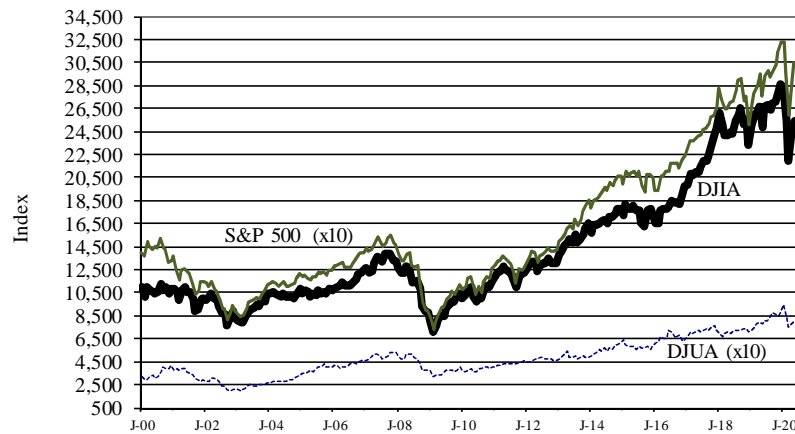
4 **Q.18 WHAT HAS BEEN THE PATTERN OF INTEREST RATES OVER THE LAST**
5 **TWENTY YEARS?**

6 A. Average long-term public utility bond rates, the borrowing prime rate, and inflation as
7 measured by the Consumer Price Index (CPI) over the last twenty years are plotted in the
8 graph below. Beginning in 2000, the average yield on long-term public utility bonds
9 generally fell because of monetary and fiscal policies designed to keep the economy
10 growing. This decline ended abruptly with the 2008 financial market meltdown and global
11 recession. Investors became exceedingly risk averse, causing interest rates on corporate
12 bonds to spike, while government policies pushed down short-term interest rates and
13 depressed economic conditions and lower energy prices reduced inflation. Over the next
14 decade, various actions by the Fed to stimulate the economy through easy-money policies
15 resulted in short- and long-term interest rates reaching record lows. These conditions were
16 interrupted in early 2020 by the coronavirus pandemic and worldwide economic shutdown,
17 although the impact on interest rates has been moderated by extraordinary actions taken by
18 the Fed in response:



Q.19 HOW HAS THE MARKET FOR COMMON EQUITY CAPITAL PERFORMED OVER THIS SAME PERIOD?

A. In the early 2000s, stock prices moved steadily higher as one of the longest bull markets in U.S. history continued unabated. In mid-2000, mounting concerns over prospects for future growth, particularly for firms in the high technology and telecommunications sectors, pushed equity prices lower, in some cases precipitously. Common stock prices generally recovered and reached record highs, buoyed in large part by widespread acquisition activity, until the capital market crisis and Great Recession hit in 2008. Stock prices tumbled by some 40%, and while they recovered and reached all-time highs over the next decade, they crashed again in early 2020 due to the coronavirus pandemic. Although stock prices have generally fully recovered, the market is extraordinarily volatile, with share prices routinely changing more than full percentage points during a single day's trading. The graph below plots the performances of the Dow-Jones Industrial Average, the S&P 500, and the Dow Jones Utility Average since 2000 (the latter two indices were scaled for comparability):



Q.20 WHAT IS THE OUTLOOK FOR THE U.S. ECONOMY?

A. The U.S. economy had fully recovered from the Great Recession when the coronavirus pandemic struck in early 2020 and the world economy essentially came to a virtual stand-still. More than 30 million U.S. jobs were lost, and unemployment reached almost 15 percent, not counting furloughed workers, throwing the U.S. into a recession overnight. While steps are being taken to reopen businesses and schools, no one knows whether there will be subsequent waves of infection that cause these actions to be reversed, how long the pandemic and its crippling effects will last, or how long it will take to restart and restore economic activity after the health crisis has abated. Besides these near-term uncertainties, the long-term impacts on inflation and interest rates of the trillions of dollars in deficit spending by the federal government to provide aid to support the economy, and the trillions of dollars of government and corporate debt purchased by the Fed to bolster capital markets, are unknown.

Q.21 HOW DO THESE UNCERTAINTIES AFFECT THE COST OF CAPITAL?

A. There has not been, for several decades, as much uncertainty surrounding the U.S. economy as exists today. The economic outlook prior to the coronavirus pandemic was unclear, in

1 large part due to unsettled political environments in both the U.S. and abroad, but the
2 uncertainties then pale compared to those that exist today. The various actions taken by
3 the Fed to contain the economic and capital market damage from the coronavirus pandemic
4 (*i.e.*, reducing the target federal funds rate to near zero; reinstituting “quantitative easing”
5 whereby the Fed purchases Treasury and mortgage-backed securities; providing liquidity
6 by reducing bank reserve requirements, lending through repurchase agreements, and other
7 actions; and providing emergency credit facilities to non-bank financial institutions) are
8 expected to keep interest rates suppressed. But the uncertainties surrounding the extent
9 and duration of an economic recovery, coupled with the extraordinary volatility in stock
10 market prices, have dramatically increased the risk of investing in common stocks.

11 IV. CAPITAL STRUCTURE

12 **Q.22 WHAT ROLE DOES CAPITAL STRUCTURE PLAY IN DEVELOPING A** 13 **UTILITY’S RATE OF RETURN?**

14 A. A utility’s capital structure reflects the mix of permanent capital – debt, preferred stock (if
15 any), and common equity – used to finance the utility’s assets. The proportions of a utility’s
16 total capitalization attributable to each source of permanent capital are typically used to
17 weight the cost of debt, cost of preferred stock, and ROE in calculating an overall rate of
18 return.

19 **Q.23 HOW DOES THE USE OF DIFFERENT AMOUNTS OF DEBT AND EQUITY IN** 20 **A FIRM’S CAPITAL STRUCTURE AFFECT THE RATES OF RETURN** 21 **REQUIRED BY INVESTORS?**

22 A. A higher debt ratio, or lower common equity ratio, generally translates into increased
23 financial risk for all investors. A greater amount of debt means more investors have a
24 senior claim on available cash flow, thereby reducing the certainty that each will receive
25 his contractual payments. This, in turn, increases the risks to which lenders are exposed,

and they require correspondingly higher rates of interest for bearing this increased risk. From common shareholders' viewpoint, higher debt ratios mean that there are proportionately more investors ahead of them, thereby increasing the uncertainty as to the amount of cash flow, if any, that remains. Again, in accordance with the fundamental risk-return trade-off principle to be discussed in greater detail later, common shareholders require a correspondingly higher rate of return to compensate them for bearing the greater financial risk associated with a lower common equity ratio.

Q.24 WHAT SOURCES OF CAPITAL ARE USED TO FINANCE CENTRIC'S INVESTMENT IN UTILITY ASSETS?

A. As shown in the following table, at test year-end, Centric was financed with \$16,852,666 of long-term debt and \$28,398,098 of common equity. Also developed below are Centric's June 30, 2020, capital structure ratios of 37.24% debt and 62.76% equity:

Capital Component	Amount	% of Total
Long-term Debt	\$ 16,852,666	37.24%
Common Equity	28,398,098	62.76%
Total	\$ 45,250,764	100.00%

Q.25 WHAT CAPITAL STRUCTURE RATIOS ARE NORMALLY MAINTAINED BY LDCS?

A. The most recent data published by the American Gas Association ("AGA") reports that the gas distribution industry maintained the following composite capital structure ratios:

Capital Component	2018	2017	2015	2010	2005
Long-term Debt	41.9%	41.6%	42.0%	40.3%	43.5%
Preferred Stock	0.1%	0.1%	0.6%	0.9%	0.1%
Common Equity	58.0%	58.3%	57.3%	58.8%	56.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

The above data indicates that the investor-owned LDC industry generally finances its investment in utility plant with approximately 42% long-term debt and 58% preferred and common equity.

Alternatively, Schedule BHF-2 displays the capital structure ratios at each fiscal year-end between 2015 and 2019 for a proxy group of the nine publicly traded LDCs included in *The Value Line Investment Survey's* ("Value Line") Natural Gas Utility industry that are predominantly involved in natural gas distribution. As shown there, the capital structure ratios maintained by this proxy group of LDCs have averaged approximately 45% debt and 55% equity over the last five years.

Q.26 WHAT CAPITAL STRUCTURE RATIOS ARE NORMALLY MAINTAINED BY NATURAL GAS PIPELINES?

A. The AGA also reports that the gas transmission industry maintained the following composite capital structure ratios, which indicates that pipelines are generally financed with approximately 38% long-term debt and 62% common equity:

Capital Component	2018	2017	2015	2010	2005
Long-term Debt	34.3%	34.2%	35.2%	39.8%	44.9%
Common Equity	65.7%	65.8%	64.8%	60.2%	55.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Meanwhile, Schedule BHF-3 displays the capital structure ratios between 2015 and 2019 for a proxy group of seven publicly traded companies included from *Value Line* that are generally regarded by the investment community as natural gas transmission pipelines. As shown there, the capital structure ratios maintained by this proxy group of gas pipelines have averaged approximately 54% debt and 46% equity over the last five years.

Q.27 HOW DO CENTRIC'S CAPITAL STRUCTURE RATIOS COMPARE WITH OTHER LDCS' AND GAS PIPELINES?

1 A. As a small company with both LDCs and gas pipeline assets, Centric's capital structure
2 ratios of approximately 37% debt and 63% equity do not readily compare with either LDC
3 or gas pipeline industry benchmarks. As a small company, Centric does not have access
4 to long-term debt capital in the same way that the large LDCs comprising the AGA and
5 *Value Line* groups do. Consequently, small, closely held IOUs, such as Centric, typically
6 rely more heavily on common equity to finance their investment in long-lived gas utility
7 plant.

8 **Q.28 WHY DO UTILITIES LIKE CENTRIC NOT HAVE THE SAME ACCESS TO**
9 **DEBT CAPITAL AS LARGE LDCS?**

10 A. Most large LDCs obtain debt capital by selling bonds in the public debt markets. If Centric
11 were to attempt to finance itself consistent with industry norms, it would need to sell some
12 \$25 million in bonds. This is an insignificant amount by Wall Street standards (*e.g.*,
13 Atmos's October 2019 bond offering was for \$800 million) and would entail considerable
14 administrative costs (*e.g.*, legal fees, bond ratings, and underwriting expenses).
15 Additionally, the bonds would most likely be rated below investment grade and carry an
16 illiquidity premium because they would not be widely traded after being sold. Meanwhile,
17 the private placement of notes with financial institutions (*e.g.*, insurance companies and
18 pension plans) typically results in a variety of restrictions (*e.g.*, mortgage requirements,
19 minimum coverage ratios, dividend limits, asset sale and acquisition conditions, and letter
20 of credit requirements) that increase the cost of the debt and limit operating and financial
21 flexibility. Additionally, this type of debt is usually only medium-term in length, so it is
22 an imperfect source of debt to finance the permanent assets of a utility.

23 **Q.29 HOW ARE SMALL UTILITIES, LIKE CENTRIC, TYPICALLY FINANCED?**

1 A. Because public and privately placed debt is not available or cost-effective for most small
2 investor-owned utilities, they must rely more heavily on equity financing, with any debt
3 typically being provided by banks in the form of relatively short-term loans. These loans
4 typically carry variable rate interest rates, have a variety of restrictive covenants, and
5 require frequent renegotiation and renewal. Moreover, absent personal guarantees by
6 owners, the amount of debt banks are willing to loan to small utilities is usually fairly
7 limited. As discussed by Centric witness J. Ross Buttermore, these financing realities were
8 recognized in establishing Centric's target capital structure of 37% debt and 63% equity.

9 **Q.30 WHAT IS THE RAILROAD COMMISSION'S ("COMMISSION") PRACTICE**
10 **REGARDING THE CAPITAL STRUCTURE RATIOS USED TO CALCULATE**
11 **AN LDC'S RATE OF RETURN?**

12 A. The Commission's practice has been to use the capital structure ratios of the utility when
13 they are generally consistent with industry standards. However, in cases where the utility's
14 capital structure ratios are out of line with those maintained by other LDCs, the
15 Commission typically uses industry capital structure ratios to calculate the utility's rate of
16 return.

17 **Q.31 WHAT CAPITAL STRUCTURE RATIOS DO YOU RECOMMEND BE USED TO**
18 **CALCULATE CENTRIC'S RATE OF RETURN?**

19 A. Although Centric's test year-end capital structure ratios deviate somewhat from LDC and
20 gas pipeline industry norms in part due to the fact that Centric operates both LDC and gas
21 pipeline assets, they are consistent with those of a utility the size of Centric and its limited
22 ability to obtain debt financing. Accordingly, I recommend that Centric's capital structure
23 ratios at June 30, 2020 of 37.24% debt and 62.76% equity be used to develop its rate of
24 return.

Q.32 HOW DO YOUR RECOMMENDED CAPITAL STRUCTURE RATIOS FOR CENTRIC COMPARE WITH THOSE USED TO CALCULATE THE RATE OF RETURN FOR OTHER TEXAS LDCS?

A. Over last five years, the debt and equity ratios used to calculate the rates of return authorized for Atmos Energy, CenterPoint, and Texas Gas Service by the Commission have averaged approximately 40.6% and 59.4%, respectively, with the debt ratios ranging between 37.8% and 44.9% and the equity ratios between 55.1% and 62.2%. Because my recommended capital structure ratios for Centric of 37.24% debt and 62.76% equity are only slightly beyond these ranges, they are consistent with those used to calculate the rate of return for large Texas LDCs once Centric's limited ability to access debt is taken into account.

V. COST OF DEBT

Q.33 PLEASE DESCRIBE CENTRIC'S LONG-TERM DEBT.

A. On March 9, 2020, Centric restructured two outstanding term loans and a line of credit into a \$17,170,000 term loan maturing on March 9, 2025. The loan calls for a variable interest rate of the benchmark LIBOR rate plus a margin, which at test year-end was 3.5%. The loan is being repaid in quarterly principal payments of \$177,000, with the remaining balance due at maturity. At June 30, 2020, the outstanding balance of Centric's term loan was \$16,863,000, with there being \$10,334 in unamortized loan costs, for a net long-term debt balance at test year-end of \$16,852,666.

Q.34 WHAT IS THE COST OF THIS LONG-TERM DEBT?

A. As noted above, the term loan carries a variable interest rate of LIBOR plus a margin. In order to eliminate uncertainty with the variable portion of the interest rate on the loan, Centric entered into an interest rate swap that effectively fixes the LIBOR rate at 1.79% for term of the loan. Thus, adding the 3.5% margin at June 30, 2020 to the fixed LIBOR

rate of 1.79% results in an interest rate on the term loan of 5.29%. As developed below, taking into account unamortized debt expenses and amortization expense results in an overall cost of long-term debt for Centric at test year-end of 5.31%:

Description	Amount	Interest	Interest Expense
Term Loan	\$ 16,863,000	5.29%	\$ 892,053
Debt Expenses	(10,334)		2,352
	\$ 16,852,666	5.31%	\$ 894,405

VI. RETURN ON EQUITY

Q.35 WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

A. The purpose of this section is to develop a cost of equity range for the Centric LDCs and Centric TransCos. It begins by introducing the cost of equity concept, explaining the risk-return tradeoff principle fundamental to capital markets, and discussing the importance of using multiple approaches to estimate the cost of equity. Initially, a cost of equity range for the Centric LDCs is developed. The DCF model is described and applied to a group of publicly traded LDCs to estimate their cost of equity, which is then adjusted to reflect Centric's greater risk and smaller size. Next, the CAPM is described and alternative cost of equity estimates for the Centric LDCs developed using this method. The cost of equity to Centric's LDCs is also estimated using the risk premium method based on authorized ROEs, and a comparable earnings method is applied. The results of these analyses are then combined to arrive at a cost of equity range for the Centric LDCs. This section concludes with developing a cost of equity range for the Centric TransCos. The DCF, CAPM, and comparable earnings methods are applied to a group of publicly traded gas pipelines to estimate their cost of equity, which is again adjusted to reflect Centric's

greater risk and smaller size. The results of these analyses are then combined to arrive at a cost of equity range for the Centric TransCos.

A. COST OF EQUITY CONCEPT

Q.36 HOW IS RATE OF RETURN ON COMMON EQUITY CUSTOMARILY DETERMINED?

A. Unlike debt capital, there is no contractually guaranteed return on common equity capital, because shareholders are the residual owners of the utility. Nonetheless, common equity investors still require a return on their investment, with the “cost of equity” being the minimum rent that must be paid for the use of their money.

Q.37 WHAT FUNDAMENTAL ECONOMIC PRINCIPLE UNDERLIES THIS COST OF EQUITY CONCEPT?

A. The cost of equity concept is predicated on the notion that investors are risk averse and willingly accept additional risk only if they expect to be compensated for bearing that risk. In capital markets where relatively risk-free assets are available, such as U.S. Treasury securities, investors can be induced to hold more risky assets only if they are offered a premium, or additional return, above the rate of return on a risk-free asset. Since all assets compete with each other for investors’ funds, riskier assets must yield a higher expected rate of return than less risky assets in order for investors to be willing to hold them.

Given this risk-return tradeoff, the minimum required rate of return (k) from an asset (i) can be generally expressed as:

$$k_i = R_f + RP_i$$

where: R_f = Risk-free rate of return; and

RP_i = Risk premium required to hold more risky asset i.

1 Thus, the minimum required rate of return for a particular asset at any point in time
2 is a function of: 1) the yield on risk-free assets, and 2) its relative risk, with investors
3 demanding correspondingly larger risk premiums for assets bearing greater risk.

4 **Q.38 IS THERE EVIDENCE THAT THE RISK-RETURN TRADEOFF PRINCIPLE**
5 **ACTUALLY OPERATES IN THE CAPITAL MARKETS?**

6 A. Yes. The risk-return tradeoff can be readily documented in certain segments of the capital
7 markets where required rates of return can be directly inferred from market data and
8 generally accepted measures of risk exist. For example, bond yields are reflective of
9 investors' expected rates of return, and bond ratings are indicative of the risk of fixed
10 income securities. The observed yields on government securities and bonds of various
11 rating categories demonstrate that the risk-return tradeoff does, in fact, exist in the capital
12 markets.

13 To illustrate, average yields during August 2020 on 30-year U.S. Treasury bonds,
14 investment grade public utility bonds of different ratings reported by Moody's Investors
15 Service ("Moody's"), and below investment grade corporate bonds derived from data
16 reported by the St. Louis Federal Reserve Bank are shown in the following table. As
17 evidenced there, as risk increases (measured by progressively lower bond ratings), the
18 required rate of return (measured by yields) rises accordingly. Also shown are the indicated
19 risk premiums over long-term government securities for the additional risk associated with
20 each bond rating category.

<u>Bond and Rating</u>	<u>August 2020 Yield</u>	<u>Risk Premium Over 30-Year Treasury</u>
U.S. Treasury 30-Year	1.36%	--
Public Utility Aa	2.49%	1.13%
A	2.73%	1.37%
Baa	3.06%	1.70%
Corporate BB	3.97%	2.61%
B	5.65%	4.29%
CCC and below	12.41%	11.05%

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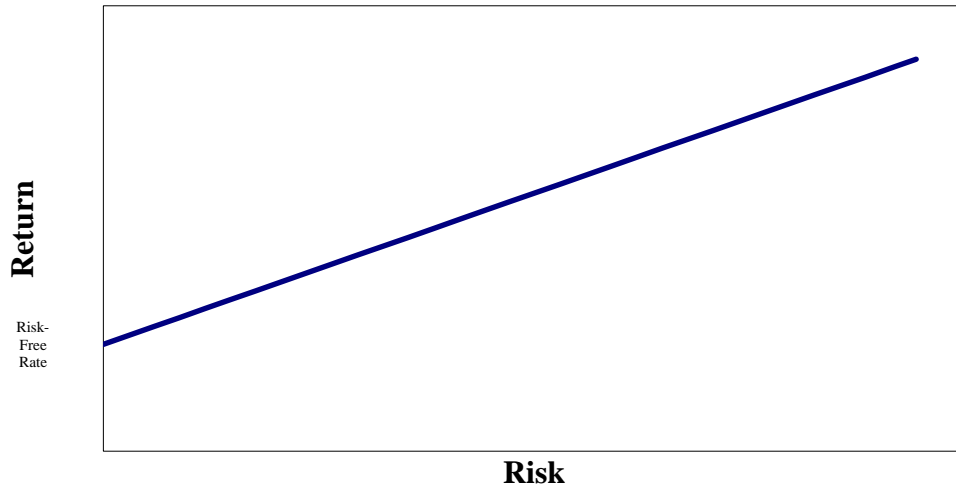
2 **Q.39 DOES THE RISK-RETURN TRADEOFF OBSERVED WITH FIXED INCOME**
3 **SECURITIES EXTEND TO COMMON STOCKS AND OTHER ASSETS?**

4 A. Documenting the risk-return tradeoff for assets other than fixed income securities is
5 complicated by two factors. First, there is no standard measure of risk applicable to all
6 assets. Second, for most assets (*e.g.*, common stock), required rates of return cannot be
7 directly observed. Yet there is every reason to believe that investors exhibit risk aversion
8 in deciding whether to hold common stocks and other assets, just as when choosing among
9 fixed income securities. Accordingly, it is generally accepted that the risk-return tradeoff
10 evidenced with long-term debt extends to all assets.

11 The extension of the risk-return tradeoff from assets with observable required rates
12 of return (*e.g.*, bonds) to other assets is represented by the concept of a “capital market
13 line.” In particular, competition between securities and among investors in the capital
14 markets drives the prices of assets to equilibrium such that the expected rate of return from
15 each is commensurate with its risk. Thus, the expected rate of return from any asset is a
16 risk-free rate of return plus a corresponding risk premium. This concept of a capital market
17 line is illustrated below. The vertical axis represents required rates of return and the

horizontal axis indicates relative riskiness, with the intercept of the capital market line being the risk-free rate of return.

Capital Market Line



Q.40 IS THIS RISK-RETURN TRADEOFF LIMITED TO DIFFERENCES BETWEEN FIRMS?

A. No. The risk-return tradeoff principle applies not only to investments in different firms, but also to different securities issued by the same firm. As discussed earlier, the securities issued by a utility vary considerably in risk because they have different characteristics and priorities. Long-term debt secured by a mortgage on property is senior among all capital in its claim on a utility's net revenues and is, therefore, the least risky because mortgage bondholders have a direct claim on the utility's property. Following first mortgage bonds are other debt instruments also holding contractual claims on the utility's net revenues, such as debentures. The last investors in line are common shareholders. They only receive the net revenues, if any, that remain after all other claimants have been paid. As a result, the minimum rate of return that investors require from a utility's common stock, the most

1 junior and riskiest of its securities, must be considerably higher than the yield offered by
2 the utility's senior, long-term debt.

3 **Q.41 WHAT DOES THE ABOVE DISCUSSION IMPLY WITH RESPECT TO**
4 **ESTIMATING THE COST OF EQUITY FOR A UTILITY?**

5 A. Although the cost of equity cannot be observed directly, it is a function of the returns
6 available from other investment alternatives and the risks to which the equity capital is
7 exposed. Because it is unobservable, the cost of equity for a particular utility must be
8 estimated by analyzing information about capital market conditions generally, assessing
9 the relative risks of the utility specifically, and employing various quantitative methods
10 that focus on investors' required rates of return. These various quantitative methods
11 typically attempt to infer investors' required rates of return from stock prices, by
12 extrapolating interest rates, or through an analysis of other financial data.

13 **Q.42 DO YOU RELY ON A SINGLE METHOD TO ESTIMATE THE COST OF**
14 **EQUITY FOR CENTRIC?**

15 A. No. Despite the theoretical appeal of or precedent for using a particular method to estimate
16 the cost of equity, no single approach can be regarded as wholly reliable. Therefore, I use
17 multiple methods to estimate the cost of equity. Indeed, it is essential that estimates of
18 investors' minimum required rate of return produced by one method be compared with
19 those produced by other methods, and that all cost of equity estimates be required to pass
20 fundamental tests of reasonableness and economic logic.

21 **B. DISCOUNTED CASH FLOW MODEL**

22 **Q.43 HOW ARE DCF MODELS USED TO ESTIMATE THE COST OF EQUITY?**

23 A. The use of DCF models to estimate the cost of equity is essentially an attempt to replicate
24 the market valuation process that led to the price investors are willing to pay for a share of
25 a company's common stock. It is predicated on the assumption that investors evaluate the

1 risks and expected rates of return from all securities in the capital markets. Given these
2 expected rates of return, the price of each share of stock is adjusted by the market so that
3 investors are adequately compensated for the risks to which they are exposed. Therefore,
4 we can look to the market to determine what investors believe a share of common stock is
5 worth, and by estimating the cash flows they expect to receive from the stock in the way
6 of future dividends and stock price, their required rate of return can be mathematically
7 imputed. In other words, the cash flows that investors expect from a stock are estimated,
8 and given the stock's current market price, we can "back-into" the discount rate, or cost of
9 equity, investors presumably used in arriving at that price.

10 **Q.44 WHAT MARKET VALUATION PROCESS UNDERLIES DCF MODELS?**

11 A. DCF models are derived from a theory of valuation that posits that the price of a share of
12 common stock is equal to the present value of the expected cash flows (*i.e.*, future dividends
13 and stock price) that will be received while holding the stock, discounted at investors'
14 required rate of return, or the cost of equity. Notationally, the general form of the DCF
15 model is as follows:

$$P_0 = \frac{D_1}{(1 + K_e)^1} + \frac{D_2}{(1 + K_e)^2} + \cdots + \frac{D_t}{(1 + K_e)^t} + \frac{P_t}{(1 + K_e)^t}$$

16
17 where: P_0 = Current price per share;

18 P_t = Future price per share in period t ;

19 D_t = Expected dividend per share in period t ;

20 K_e = Cost of equity.

1 **Q.45 HAS THIS GENERAL FORM OF THE DCF MODEL CUSTOMARILY BEEN**
2 **SIMPLIFIED FOR USE IN ESTIMATING THE COST OF EQUITY IN RATE**
3 **CASES?**

4 A. Yes. In an effort to reduce the number of required estimates and computational difficulties,
5 the general form of the DCF model has been simplified to a “constant growth” form. In
6 order to convert the general form of the DCF model to the constant growth DCF model, a
7 number of assumptions must be made. These include:

- 8 • A constant growth rate for both dividends and earnings;
- 9 • A stable dividend payout ratio;
- 10 • The discount rate exceeds the growth rate;
- 11 • A constant growth rate for book value and price;
- 12 • A constant earned rate of return on book value;
- 13 • No sales of stock at a price above or below book value;
- 14 • A constant price-earnings ratio;
- 15 • A constant discount rate (*i.e.*, no changes in risk or interest rate levels and a
16 flat yield curve); and
- 17 • All of the above extend to infinity.

18 Given these assumptions, the general form of the DCF model can be reduced to the
19 more manageable formula of:

$$P_0 = \frac{D_1}{K_e - g}$$

21 where: g = Investors’ long-term growth expectations.

22 The cost of equity (“ K_e ”) can be isolated by rearranging terms:

$$K_e = \frac{D_1}{P_0} + g$$

1 The constant growth form of the DCF model recognizes that the rate of return to
2 stockholders consists of two parts: 1) dividend yield ($D1/P0$), and 2) growth (g). In other
3 words, investors expect to receive a portion of their total return in the form of current
4 dividends and the remainder through price appreciation.

5 While the constant growth form of the DCF model provides a more manageable
6 formula to estimate the cost of equity, it is important to note that the assumptions required
7 to convert the general form of the DCF model to the constant growth form are never strictly
8 met in practice. In some instances, where earnings are derived solely from stable activities,
9 and earnings, dividends, and book value track fairly closely, the constant growth form of
10 the DCF model may be a reasonable working approximation of stock valuation. However,
11 in other cases, where the circumstances cause the required assumptions to be severely
12 violated, the constant growth DCF model may produce widely divergent and meaningless
13 results. This is especially the case if the firm's earnings or dividends are unstable, or if
14 investors are expecting the stock price to be affected by factors other than earnings and
15 dividends.

16 **Q.46 HOW DID YOU ESTIMATE THE COST OF EQUITY FOR THE CENTRIC LDCS**
17 **USING THE DCF MODEL?**

18 A. Because Centric has no publicly traded common stock, the DCF model cannot be used to
19 estimate its cost of equity directly. For this reason, and to avoid measurement error
20 associated with applying the DCF model to a single firm, I initially applied the constant
21 growth form of the DCF model to the proxy group of nine publicly traded LDCs identified
22 earlier. Specifically, I began with the ten companies currently included in *Value Line's*
23 Natural Gas Utility industry and then excluded those that are not predominantly engaged
24 in natural gas distribution (*i.e.*, UGI Corp.).

Q.47 HOW IS THE CONSTANT GROWTH FORM OF THE DCF MODEL USED TO ESTIMATE THE COST OF EQUITY?

A. The first step in implementing the constant growth DCF model is to determine the expected dividend yield ($D1/P0$) for the firm in question. This is usually calculated based on an estimate of dividends to be paid in the coming year divided by the current price of the stock.

Q.48 HOW DID YOU CALCULATE THE DIVIDEND YIELD COMPONENT OF THE CONSTANT GROWTH DCF MODEL FOR THE LDC PROXY GROUP?

A. Because estimating the cost of equity using the DCF model is an attempt to replicate how investors arrived at an observed stock price, all of its components should be contemporaneous. Price, dividend, and growth data from different points in time, or averaged over long time periods, violate the matching principle underlying the DCF model. Therefore, dividend yield was calculated by dividing an estimate of dividends to be paid by each of the LDCs in the group over the next twelve months, obtained from the index to *Value Line's* May August 28, 2020 edition, by the average closing price of each firm's stock during the month of August 2020. The expected dividends, representative price, and resulting dividend yield for each of the nine LDCs are displayed on Schedule BHF-4. As also shown there, the average dividend yield for the industry group is 3.51%.

Q.49 EXPLAIN HOW ESTIMATES OF INVESTORS' LONG-TERM GROWTH EXPECTATIONS ARE CUSTOMARILY DEVELOPED FOR USE IN THE CONSTANT GROWTH DCF MODEL.

A. In constant growth DCF theory, earnings, dividends, book value, and market price are all assumed to grow in lockstep, and the growth horizon of the DCF model is infinite. But implementation of the DCF model is more than just a theoretical exercise; it is an effort to replicate the mechanism investors used to arrive at observable stock prices. Therefore, the

1 only “g” that matters in using the DCF model to estimate the cost of equity is that which
2 investors expect and have embodied in current market prices.

3 **Q.50 WHAT DRIVES INVESTORS’ GROWTH EXPECTATIONS?**

4 A. Trends in earnings, which ultimately support future dividends and share price, play a
5 pivotal role in determining investors’ long-term growth expectations. Security analysts’
6 growth forecasts are generally regarded as the closest single measure of the expected
7 long-term growth rate of the constant growth DCF model. While being primarily based on
8 the outlook for a firm, they also reflect the utility’s historical experience and other factors
9 considered by investors in forming their long-term growth expectations. Moreover, various
10 empirical studies have found that security analysts’ projections are a superior source of
11 DCF growth rates. The 5-year earnings growth projections by security analysts for each
12 of the nine gas utilities reported by *Value Line*, Thomson Reuters’ *Institutional Brokers*
13 *Estimate System* (“I/B/E/S”), and *Zacks Investment Research* (“Zacks”) are displayed on
14 Schedule BHF-5, with the averages for the group being 8.1%, 5.6%, and 6.2%,
15 respectively. To eliminate the impact of extreme values, the medians for the group are also
16 shown, which range between 5.0% and 8.0%. Also shown on Schedule BHF-5 are the 10-
17 year and 5-year historical earnings growth rates reported by *Value Line* for each of the nine
18 gas utilities, which average 3.1% and 2.2%, respectively, and have medians of 5.3% and
19 6.0%, respectively.

20 **Q.51 HOW ELSE ARE INVESTOR EXPECTATIONS OF FUTURE LONG-TERM**
21 **GROWTH PROSPECTS FOR A FIRM OFTEN ESTIMATED FOR USE IN THE**
22 **CONSTANT GROWTH DCF MODEL?**

23 A. In DCF theory and practice, growth in book equity comes from the reinvestment of
24 earnings within the business and the effects of external financing. Accordingly,

1 conventional applications of the constant growth DCF model often examine the
2 relationships between variables that determine the “sustainable” growth attributable to
3 these two factors.

4 **Q.52 HOW IS A FIRM’S SUSTAINABLE GROWTH ESTIMATED?**

5 A. The sustainable growth rate is calculated by the formula:

$$g = br + sv$$

7 where “b” is the expected earnings retention ratio (one minus the dividend payout ratio),
8 “r” is the expected rate of return earned on book equity, “s” is the percent of common
9 equity expected to be issued annually as new common stock, and “v” is the equity accretion
10 ratio. The “br” term represents the growth from reinvesting earnings within the firm while
11 the “sv” term represents the growth from external financing. This external financing
12 growth results because existing shareholders share in a portion of any excess received from
13 selling new shares at a price above book value.

14 **Q.53 WHAT GROWTH RATE DOES THE SUSTAINABLE GROWTH METHOD**
15 **SUGGEST FOR THE GAS UTILITY GROUP?**

16 A. The sustainable growth rate for each of the gas utilities in the industry group based on
17 *Value Line*’s projections for 2023-2025 is developed in Schedule BHF-6. As shown there,
18 the sustainable growth method implies an average long-term growth rate for LDC utility
19 group of 6.6%, and 5.7% based on the median.

20 **Q.54 WHAT ARE OTHER PROJECTED AND HISTORICAL GROWTH RATES FOR**
21 **THE INDUSTRY GROUP?**

22 A. Schedule BHF-7 displays *Value Line* projected growth rates and 10- and 5-year historical
23 growth rates in book value per share, dividends per share, and stock price for each of the
24 nine gas utilities in the industry group. The averages for the LDC group range from 4.8%
25 (10-year historical book value growth) to 11.1% (10-year historical price growth), with the

1 medians ranging from 5.5% to 10.4%. Besides the fact that some of these growth rates,
2 when combined with the group's approximately 3.5% dividend yield, imply implausible
3 cost of equity estimates, the variation in these other growth rates results in them providing
4 only limited guidance as to the prospective growth that investors expect.

5 **Q.55 WHAT IS YOUR CONCLUSION AS TO THE GROWTH THAT INVESTORS ARE**
6 **EXPECTING FROM THE INDUSTRY GROUP?**

7 A. After excluding clearly unreliable indicators of growth, the plausible growth rates shown
8 on Schedules BHF-5, BHF-6, and BHF-7 indicate a range for the LDC group of between
9 approximately 5.5% and 7.5%, which compares with *Zacks* projected earnings growth rate
10 for its gas distribution industry of 6.3%. Taken together, I conclude that investors expect
11 long-term growth from the LDC group in the 6.0% to 7.0% range.

12 **Q.56 WHAT CURRENT DCF COST OF EQUITY ESTIMATES DO THESE GROWTH**
13 **RATE RANGES IMPLY FOR THE GAS UTILITY GROUP?**

14 A. Summing the LDC group's average dividend yield of approximately 3.5% with a 6.0% to
15 7.0% growth rate range indicates a current DCF cost of equity for the industry group of
16 between 9.5% and 10.5%.

17 **Q.57 IS THIS DCF COST OF EQUITY RANGE DIRECTLY APPLICABLE TO THE**
18 **CENTRIC LDCS?**

19 A. No. The 9.5% to 10.5% DCF cost of equity range developed above is for the group of nine
20 LDCs with publicly-traded common stock that, as shown on Schedule BHF-8, have an
21 average bond rating, which is generally regarded as the most comprehensive indicator of a
22 firm's risk, of single-A. As noted earlier, Centric is not rated by the major bond rating
23 agencies, and, if it were, it would certainly be below investment grade, which means that
24 it is a considerably more risky investment than the LDC group. Similarly, as discussed
25 earlier and more in the next section on the CAPM, it is well accepted in the financial

1 literature that investors require a higher return from smaller firms than from larger firms,
2 all other things equal. As shown on Schedule BHF-8, the average market capitalization
3 (“market cap”) of the firms in the LDC proxy group is some \$4.6 billion. While Centric
4 gas does not have a market cap per se because it is not publicly traded, one can be estimated
5 by multiplying its \$28.4 million test year-end book equity by the average market-to-book
6 ratio of the firms in the proxy group of 1.81 times (Schedule BHF-8), which implies a
7 market cap for Centric of approximately \$51 million. This market cap is only 1.1% of the
8 average of the LDC group, which means that the average firm in the LDC proxy group is
9 over 90 times the size of Centric. Accordingly, to make the LDC industry DCF cost of
10 equity range applicable to the Centric LDCs, an adjustment is necessary to account for its
11 smaller size and, as discussed earlier, greater risk relative to the firms in the LDC group.

12 **Q.58 WHAT IS THE MAGNITUDE OF THE ADJUSTMENT NECESSARY TO**
13 **ACCOUNT FOR THE GREATER RISK AND SMALLER SIZE OF CENTRIC**
14 **VERSUS THE LDC INDUSTRY GROUP?**

15 A. Determining the additional return investors require for investing in the common stock of a
16 small, below investment grade utility versus a larger, less risky single-A rated utility is
17 complicated by the fact that the cost of equity is unobservable. However, the minimum
18 premium shareholders require for bearing the additional operating and financial risks of a
19 small LDC having a small service area and limited resources versus a multi-state,
20 diversified LDC can be gauged by looking at the difference, or spread, between the yields
21 on below investment grade bonds versus single-A rated utility bonds. As shown earlier,
22 the average yields on corporate bonds rated BB, B, and CCC and below in August 2020
23 were 3.97%, 5.65%, and 12.41%, respectively, versus the yield on single-A utility bonds
24 of 2.73%. Ignoring triple-C and below bonds, the yields on BB and B bonds imply that the

1 cost of equity to Centric for its greater operating and financial risks is at least between
2 1.24% and 2.92% (*i.e.*, 3.97% minus 2.73% and 5.65% minus 2.73%, respectively) higher
3 than for the publicly traded LDC proxy group.

4 Meanwhile, Duff & Phelps publishes annually a schedule of rate of return
5 premiums to account for differences in the market capitalization of a firm's equity relative
6 to the S&P 500. In the far right columns of the table in the upper portion of Schedule BHF-
7 8, the market cap of each LDC in the proxy group is displayed along with its corresponding
8 size premium, with the average size premium for the proxy group being 1.13%. From the
9 schedule of size premiums at the bottom of Schedule BHF-8, the size premium for a firm
10 with a market cap of \$51 million is 4.99%. This implies that the return premium necessary
11 to account for Centric's smaller size relative to the LDC group is 3.86% (*i.e.*, 4.99% minus
12 the LDCs' 1.13%).

13 **Q.59 WHAT COST OF EQUITY FOR CENTRIC IS IMPLIED BY YOUR DCF**
14 **ANALYSIS?**

15 A. Although the 1.24% to 2.92% premium for risk differences and the 3.86% premium for
16 size differences may be theoretically additive, for present purposes, I have adjusted the
17 DCF cost of equity range for the LDC group by a relatively modest 3.0% to account for
18 both factors. In turn, adding a 3.0% adjustment for Centric's greater risk and smaller size
19 to the 9.5% to 10.5% percent DCF cost of equity range for the LDC industry group
20 produces a DCF cost of equity range for the Centric LDCs of 12.5% to 13.5%.

21 **C. CAPITAL ASSET PRICING MODEL**

22 **Q.60 HOW ELSE DID YOU ESTIMATE THE COST OF EQUITY?**

23 A. The cost of equity to the Centric LDCs was also estimated using the CAPM, which is a
24 theory of market equilibrium that serves as the basis for current financial education and

1 management. Under the CAPM, investors are assumed fully diversified, so that the
2 relevant risk of an individual asset (*e.g.*, common stock) is its volatility relative to the
3 market as a whole, which is measured using a “beta” coefficient. Beta reflects the tendency
4 of a stock’s price to follow changes in the market, with stocks having a beta less than 1.00
5 being considered less risky and stocks with a beta greater than 1.00 being regarded as more
6 risky. The CAPM is mathematically expressed as:

$$R_j = R_f + \beta_j (R_m - R_f)$$

8 where: R_j = required rate of return for stock j ;

9 R_f = risk-free interest rate;

10 R_m = expected return on the market portfolio; and

11 β_j = beta, or systematic risk, for stock j .

12 While the CAPM is not without controversy, it is routinely referenced in the financial
13 literature and regulatory proceedings, and firms’ beta values are widely reported.

14 **Q.61 HOW DID YOU APPLY THE CAPM?**

15 A. I applied the CAPM using two methods to determine the risk premium for the market as a
16 whole, or the $(R_m - R_f)$ term in the CAPM formula. The first was based on historical rates
17 of return and the second was based on forward-looking estimates of investors’ required
18 rates of return. In both instances, the companies included in the S&P 500 index were used
19 as a proxy for the market portfolio and the 30-year U.S. Treasury bond served as the risk-
20 free investment.

21 **Q.62 PLEASE DESCRIBE THE FIRST METHOD BASED ON HISTORICAL RATES**
22 **OF RETURN.**

23 A. Under the historical rate of return approach, equity risk premiums are calculated by first
24 measuring the rate of return (including dividends and capital gains and losses) actually

1 realized on an investment in common stocks over historical time periods. The historical
2 return on bonds is then subtracted from that earned on common stocks to measure equity
3 risk premiums. Widely used in academia, the historical rate of return approach is based on
4 the assumption that, given a sufficiently large number of observations over long historical
5 periods, average market rates of return will converge to investors' required rates of return.
6 From a more practical perspective, investors may base their expectations for the future on,
7 or may have come to expect that they will earn, rates of return corresponding to those in
8 the past.

9 **Q.63 WHAT IS THE MARKET RISK PREMIUM BASED ON HISTORICAL RATES**
10 **OF RETURN?**

11 A. Perhaps the most exhaustive study of historical rates of return, and the one most frequently
12 cited in regulatory proceedings, is that contained in *Market Results for Stocks, Bonds, Bills*
13 *and Inflation*, variously published by Ibbotson Associates, Morningstar, and Duff &
14 Phelps. Most recently, Duff & Phelps reports that the annual rate of return realized on the
15 S&P 500 averaged 12.09% over the period 1926 through 2019 while the annual average
16 income rate of return on 30-year Treasury bonds over this same period averaged 4.94%.
17 Thus, the market risk premium based on historical average annual rates of return is 7.15%.

18 **Q.64 PLEASE DESCRIBE THE SECOND METHOD BASED ON FORWARD-**
19 **LOOKING REQUIRED RATES OF RETURN.**

20 A. Consistent with the CAPM being an expectational (*i.e.*, forward-looking) model, the
21 second method estimated the market risk premium using current indicators of investors'
22 required rates of return. For the market portfolio, the cost of equity was estimated by
23 applying the DCF model to the firms in the S&P 500 paying cash dividends, with each
24 firm's dividend yield and growth rate being weighted by its proportionate share of total

1 market value. The expected dividend yield for each firm was obtained from *Value Line*,
2 with the expected growth rate being based on the earnings forecasts published for each firm
3 by *Value Line*, *I/B/E/S*, and *Zacks*. As shown in footnote (b) on Exhibit BHF-9, summing
4 the 2.50% expected dividend yield for this market group, which is composed primarily of
5 non-regulated firms, with the average of the *Value Line*, *I/B/E/S*, and *Zacks* projected
6 growth rates of 8.89% produces a required rate of return from the market portfolio (R_m) of
7 11.39%.

8 **Q.65 WHAT IS THE MARKET RISK PREMIUM BASED ON FORWARD-LOOKING**
9 **REQUIRED RATES OF RETURN?**

10 A. From the 11.39% required rate of return on the market portfolio, a market risk premium is
11 calculated by subtracting the average yield on 30-year Treasury bonds during August 2020
12 of 1.36%. This produces a forward-looking market risk premium of 10.02%.

13 **Q.66 WHAT IS THE NEXT STEP IN APPLYING THE CAPM?**

14 A. Having calculated market risk premiums of 7.15% and 10.02% using historical rates of
15 return and forward-looking rates of return, respectively, the next step is to calculate specific
16 risk premiums for the LDC industry group. This is done by multiplying the alternative
17 market risk premium estimates by the LDC group's average beta of 0.84, calculated using
18 firm betas obtained from *Value Line* and shown on Schedule BHF-8, which produces LDC
19 industry risk premiums of 6.04% and 8.46%.

20 **Q.67 WHAT ARE THE RESULTING THEORETICAL CAPM COST OF EQUITY**
21 **ESTIMATES FOR THE LDC INDUSTRY?**

22 A. Summing the industry risk premiums of 6.04% and 8.46% with a risk-free interest rate
23 equal to the August 2020 30-year Treasury bond yield of 1.36% produces current

1 theoretical CAPM cost of equity estimates for LDCs of 7.40% and 9.83%, as shown on
2 Schedule BHF-9.

3 **Q.68 ARE THESE THEORETICAL CAPM COST OF EQUITY ESTIMATES**
4 **ACCURATE MEASURES OF INVESTORS' REQUIRED RATE OF RETURN**
5 **FROM COSERV GAS?**

6 A. No. These cost of equity estimates are based on CAPM theory. However, as explained by
7 Morningstar in its *2015 Classic Yearbook* edition of *Stocks, Bonds, Bills and Inflation*:

8 One of the most remarkable discoveries of modern finance is that of
9 a relationship between company size and return. Historically on
10 average, small companies have higher returns than those of large
11 ones. ... The relationship between company size and return cuts
12 across the entire size spectrum; it is not restricted to the smallest
13 stocks. (page 99, footnote omitted)

14 In other words, in addition to the systematic risk measured by beta, investors'
15 required rate of return depends on a firm's relative size. To account for this, Duff & Phelps
16 has developed size premiums that need to be added to the theoretical CAPM cost of equity
17 estimates to account for the level of a firm's market capitalization in determining the
18 CAPM cost of equity.

19 **Q.69 WHAT ARE THE CURRENT CAPM COST OF EQUITY ESTIMATES FOR**
20 **CENTRIC ONCE SIZE EFFECTS ARE TAKEN INTO ACCOUNT?**

21 A. As discussed earlier, the premium for firms having market capitalizations encompassing
22 Centric's size is 4.99%, which means that the theoretical CAPM cost of equity estimates
23 need to be increased by 4.99% to account for Centric's smaller size relative to the S&P
24 500. As shown on Schedule BHF-9, increasing the theoretical CAPM cost of equity
25 estimates by this size premium results in current CAPM cost of equity estimates for the
26 Centric LDCs based on historical rates of return and forward looking rates of return of
27 12.39% and 14.82%, respectively.

1 **D. RISK PREMIUM METHOD**

2 **Q.70 HOW ELSE DID YOU ESTIMATE THE COST OF EQUITY?**

3 A. I also estimated the cost of equity to the Centric LDCs using a risk premium method based
4 on ROEs previously authorized for LDCs by state regulatory commissions. The risk
5 premium method to estimate investors' required rate of return is an extension of the
6 risk-return tradeoff observed with bonds to common stocks. The cost of equity is estimated
7 by determining the additional return investors require to forego the relative safety of a bond
8 and bear the greater risks associated with common stock, and then adding this equity risk
9 premium to the current yield on bonds.

10 **Q.71 GENERALLY DESCRIBE THE APPLICATION OF THE RISK PREMIUM**
11 **METHOD USING AUTHORIZED ROES.**

12 A. Application of the risk premium method based on authorized ROEs is predicated on the
13 presumption that allowed returns reflect regulatory commissions' best estimates of the cost
14 of equity, however determined, at the time they issued their final orders. A current risk
15 premium is estimated based on the difference between past authorized ROEs and
16 then-prevailing interest rates. This risk premium is then added to current interest rates to
17 estimate the cost of equity.

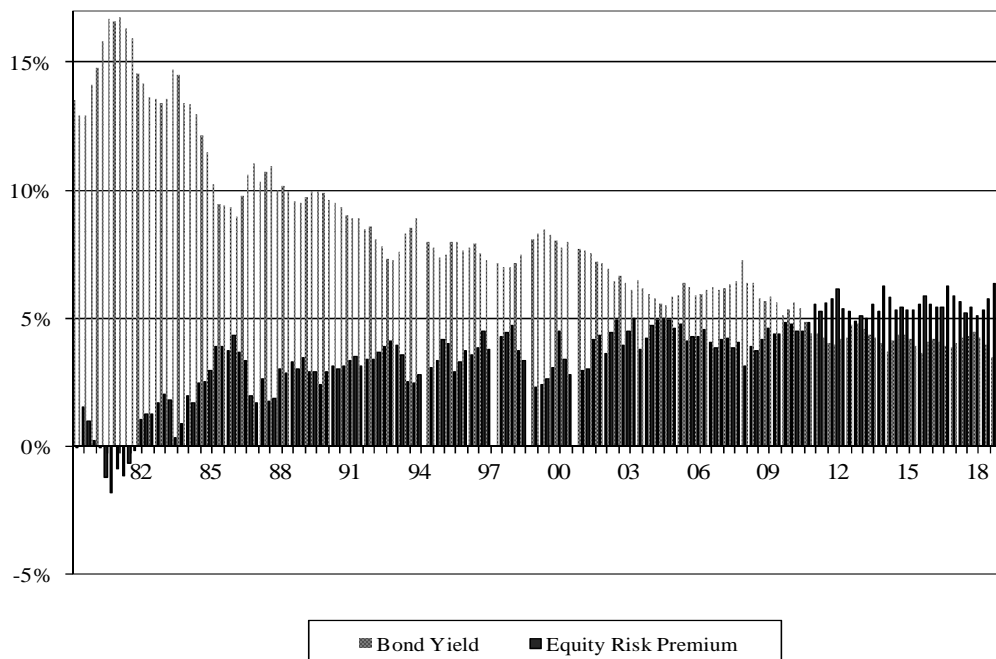
18 **Q.72 WHAT WAS THE PRINCIPAL SOURCE OF THE DATA USED TO APPLY THIS**
19 **RISK PREMIUM METHOD?**

20 A. Regulatory Research Associates, Inc. (RRA) and its predecessor have compiled the ROEs
21 authorized for major electric and gas utilities by regulatory commissions across the U.S.
22 The average ROE authorized for natural gas utilities published by RRA in each quarter
23 between 1980 and the second quarter of 2020 are displayed in Schedule BHF-10. As shown
24 there, the ROEs granted LDCs over this approximately 41-year period have averaged

1 11.53%, while the average single-A utility bond yield has averaged 7.87%, resulting in an
2 average risk premium of 3.67%.

3 **Q.73 IS THIS 3.67% AVERAGE RISK PREMIUM THE RELEVANT BENCH-MARK**
4 **FOR ESTIMATING THE COST OF EQUITY?**

5 A. No. It is necessary to account for the fact that authorized ROEs do not move in lockstep
6 with interest rates. In particular, when interest rate levels are relatively high, ROEs tend
7 to be lower (*i.e.*, equity risk premiums narrow), and when interest rates are relatively low,
8 authorized ROEs are greater (*i.e.*, equity risk premiums increase). This inverse relationship
9 can be observed in the data contained in Schedule BHF-10, which is shown graphically
10 below. As evident there, the higher the level of interest rates (shaded bars), the lower the
11 equity risk premiums (the solid bars calculated as the difference between authorized ROEs
12 and bond yields), and vice versa:



1 The implication of this inverse relationship is that for a one percent increase or
2 decrease in interest rates, the cost of equity may only rise or fall, say, one-half of one
3 percent, respectively.

4 **Q.74 HOW DID YOU ACCOUNT FOR THE RELATIONSHIP BETWEEN EQUITY**
5 **RISK PREMIUMS AND INTEREST RATES?**

6 A. To account for the fact that equity risk premiums are lower when interest rates are high and
7 higher when interest rates are low, I developed two regression equations relating authorized
8 past equity risk premiums to single-A bond yields. The first was a simple linear regression
9 between equity risk premiums and interest rates and the second equation adjusted for first
10 order autocorrelation using the Prais-Winsten algorithm. Shown in the bottom portion of
11 Schedule BHF-10, substituting the August 2020 yield of 2.73% on single-A public utility
12 bonds into the regression equations indicates that the equity risk premium for a single-A
13 rated LDC at current interest rate levels is between approximately 6.09% and 6.32%.

14 **Q.75 WHAT COST OF EQUITY DOES THIS RISK PREMIUM IMPLY FOR THE**
15 **CENTRIC LDCS?**

16 A. The variable interest rate on Centric's 5-year term loan does not correspond to the interest
17 rate properly used to estimate the cost of permanent equity in this risk premium analysis.
18 More applicable interest rates are the August 2020 yields on long-term, below investment
19 grade bonds presented previously. For present purposes, I added the 6.09% and 6.32%
20 equity risk premiums developed on Schedule BHF-10 to the August 2020 yield on single-B
21 rated corporate bonds of 5.65% to develop a risk premium cost of equity range for the
22 Centric LDCs of between 11.74% and 11.97%.

1 **E. COMPARABLE EARNINGS METHOD**

2 **Q.76 WHAT IS THE LAST METHOD THAT YOU USED TO ESTIMATE THE COST**
3 **OF EQUITY?**

4 A. Often referred to as the comparable earnings method, this approach looks to the rates of
5 return that other firms of comparable risk and that compete for investors' capital are
6 expected to earn on their book equity. Reference to the expected return on book equity of
7 other LDCs demonstrates the level of earnings that is needed in order to offer investors a
8 competitive return, be able to attract capital on reasonable terms, and maintain its financial
9 integrity.

10 **Q.77 WHAT RETURNS ON BOOK EQUITY ARE THE LDCS IN THE PROXY GROUP**
11 **EXPECTED TO EARN?**

12 A. Schedule BHF-11 displays the returns on book equity projected for each of the nine LDCs
13 in the industry group for the 2020, 2021, and the 2023-2025 timeframes, calculated by
14 dividing *Value Line's* projected earnings per share by average book value per share. As
15 shown there, the average expected book ROE for the group is 8.4% in 2020, 9.0% for 2021,
16 and 9.7% for 2023-2025, with medians of 9.2%, 8.9%, and 9.8%, respectively. Again
17 adjusting these numbers upward by 3.0% to reflect the greater risk and smaller size of the
18 Centric LDCs relative to the LDC proxy group results in comparable earnings value of
19 between 11.4% and 12.8%.

20 **F. ROE RANGE FOR CENTRIC LDCS**

21 **Q.78 WHAT IS YOUR CONCLUSION AS TO THE CURRENT COST OF EQUITY**
22 **RANGE FOR THE CENTRIC LDCS?**

23 A. The DCF method indicates a cost of equity range for the Centric LDCs of between
24 approximately 12.5% and 13.5%, while the CAPM produces a cost of equity range of
25 between approximately 12.4% and 14.8%. Meanwhile, the risk premium method based on

1 the authorized ROEs for LDCs and applicable interest results in a cost of equity of between
2 11.7% and 12.0%, and the comparable earnings method implies a fair rate of return on
3 book equity of between 11.4% and 12.8%. Taken together, I conclude that investors
4 currently require an ROE from the Centric LDCs in the range of 12.0% to 13.0%.

5 **G. ROE RANGE FOR CENTRIC TRANSCOS**

6 **Q.79 HOW DID YOU DEVELOP A COST OF EQUITY RANGE FOR THE CENTRIC**
7 **TRANSCOS?**

8 A. A cost of equity range for the Centric TransCos was developed by applying the DCF,
9 CAPM, and comparable earnings methods to a group of publicly traded gas pipelines.
10 Beginning with the companies included in *Value Line's* Oil/Distribution and Pipeline
11 MLPs industries, I excluded those that are not predominantly engaged in natural gas
12 transmission or in the midst of a major merger or acquisition. This resulted in a proxy
13 group of seven gas pipelines, consisting of DCP Midstream Partners, Enable Midstream
14 Partners, Energy Transfer, EnLink Midstream, Kinder Morgan, Inc., TC Energy Corp., and
15 The Williams Companies.

16 **Q.80 HOW DID YOU APPLY THE DCF MODEL TO THE PROXY GROUP OF GAS**
17 **PIPELINES?**

18 A. As described earlier, the cost of equity is estimated using the DCF model by summing a
19 firm's dividend yield and estimates of investors' long-term growth expectations.

20 **Q.81 WHAT IS THE DIVIDEND YIELD OF THIS PROXY GROUP OF GAS**
21 **PIPELINES?**

22 A. On Schedule BHF-12, the dividend yields for each firm in the pipeline proxy group are
23 calculated by dividing an estimate of dividends to be paid over the next twelve months,
24 obtained from the August 28, 2020 edition of *Value Line*, by the average closing price of
25 the firm's stock during August 2020. As calculated there, the average expected dividend

1 yield for the seven firms in the pipeline proxy group is 10.6%, with the median, which
2 eliminates the impact of extreme or outlying values, being 11.5%.

3 **Q.82 WHAT GROWTH IN EARNINGS ARE ASSOCIATED WITH THE PIPELINE**
4 **PROXY GROUP?**

5 A. As described earlier, trends in earnings are generally regarded as a key guide to investors'
6 long-term growth expectations. However, because of the effects of the coronavirus on the
7 economy and disruptions in the oil and gas markets, the earnings outlook for gas pipelines
8 is highly uncertain. This is reflected in the 5-year earnings growth projections by security
9 analysts for the firms in the pipeline proxy group reported by *Value Line*, *I/B/E/S*, and
10 *Zacks* displayed on Schedule BHF-13, where the average ranges from a negative 4.6% to
11 10.5% and the median between a negative 0.6% to 9.5%. Meanwhile, the 10-year and 5-
12 year historical earnings growth rates reported by *Value Line* for each of the gas pipelines
13 average 2.3% and 6.3%, respectively, with the medians being 2.5% and 1.50%,
14 respectively.

15 **Q.83 WHAT GROWTH RATE DOES THE SUSTAINABLE GROWTH METHOD**
16 **SUGGEST FOR THE PIPELINE PROXY GROUP?**

17 A. The sustainable growth rates for each firm in the gas pipeline industry group based on
18 *Value Line's* projections for 2023-2025 are developed in Schedule BHF-14. As shown
19 there, the sustainable growth method implies an average long-term growth rate for the
20 industry proxy group of 0.2% and a median of negative 1.0%.

21 **Q.84 WHAT ARE OTHER PROJECTED AND HISTORICAL GROWTH RATES FOR**
22 **THE GAS PIPELINE PROXY GROUP?**

23 A. Schedule BHF-15 displays *Value Line* projected growth rates and 10- and 5-year historical
24 growth rates in book value per share, dividends per share, and stock price for each of the
25 seven firms in the pipeline proxy group. The average growth rates for the group range

1 from a negative 16.6% (5-year historical stock price growth) to 22.0% (projected stock
2 price growth), with the median growth rates ranging between a negative 15.6% (5-year
3 historical stock price growth) and 22.8% (projected stock price growth).

4 **Q.85 DID YOU ESTIMATE GROWTH FOR THE FIRMS IN THE GAS PIPELINE**
5 **PROXY GROUP IN ANY OTHER WAY?**

6 A. Yes. The Federal Energy Regulatory Commission (“FERC”) uses a two-stage growth rate
7 in the DCF model it prescribes for interstate gas pipelines. This two-stage growth
8 combines a short-term growth rate using the *I/B/E/S* security analysts’ consensus forecast
9 and a longer-term economy-wide growth rate based on the average U.S. Gross Domestic
10 Product (“GDP”) growth projected by GlobalInsight, the Energy Information
11 Administration (EIA), and the Social Security Administration (SSA). For pipelines
12 organized as master limited partnerships, the long-term economy-wide growth rate is
13 one-half of this average long-term GDP growth rate to account for their required, higher
14 dividend payout levels. In Schedule BHF-16, FERC’s two-stage methodology is applied
15 to the seven firms in the proxy group and produces average and median (which FERC uses)
16 two-stage growth rates of a negative 2.3% and negative 0.6%, respectively.

17 **Q.86 WHAT IS YOUR CONCLUSION AS TO THE GROWTH THAT INVESTORS ARE**
18 **EXPECTING FROM THE GAS PIPELINE PROXY GROUP?**

19 A. The wide disparity in the growth rates shown on Schedules BHF-13, BHF-14, BHF-15,
20 and BHF-16 reflect the economic uncertainties discussed earlier. Because it is unknown
21 how long the pandemic and its crippling effects on the economy will last, it is extremely
22 difficult to judge the long-term growth expectations that investors have for gas pipelines.
23 Nonetheless, for present purposes, I conclude that investors expect long-term growth,

1 which is a combination of near zero in the short-term with higher growth thereafter, for the
2 gas pipelines in the proxy group to be in the 3.0% to 4.0% range.

3 **Q.87 WHAT DCF COST OF EQUITY ESTIMATE DOES THIS GROWTH RATE**
4 **RANGE IMPLY FOR THE GAS PIPELINE PROXY GROUP?**

5 A. Summing the gas pipeline proxy group's dividend yield of approximately 11.0% with a
6 3.0% to 4.0% growth rate range produces a DCF cost of equity estimate for the proxy group
7 of between approximately 14.0% and 15.0%.

8 **Q.88 IS THIS DCF COST OF EQUITY RANGE DIRECTLY APPLICABLE TO THE**
9 **CENTRIC LDCS?**

10 A. No. This 14.0% to 15.0% DCF cost of equity range is for the group of seven gas pipelines
11 with publicly-traded common stock, investment grade bond ratings, and multi-billion
12 market caps (Schedule BHF-17). I again used a relatively modest 3.0% to account for the
13 greater risk and smaller size of Centric relative to the gas pipeline proxy group. Adding
14 this 3.0% adjustment to the 14.0% to 15.0% percent DCF cost of equity range for the gas
15 pipeline industry group produces a DCF cost of equity range for the Centric TransCos of
16 17.0% to 18.0%.

17 **Q.89 HOW DID YOU APPLY THE CAPM TO THE GAS PIPELINE PROXY GROUP?**

18 A. I applied the CAPM again using the two market risk premiums -- the first based on
19 historical rates of return and the second on forward-looking estimates of investors' required
20 rates of return -- described earlier. The companies included in the S&P 500 index again
21 serve as a proxy for the market portfolio and the 30-year U.S. Treasury bond as the risk-free
22 investment.

23 **Q.90 WHAT ARE THE RISK PREMIUMS FOR THE GAS PIPELINE PROXY GROUP?**

24 A. In Schedule BHF-18, the market risk premiums of 7.15% and 10.98% based on historical
25 rates of return and forward-looking rates of return, respectively, are multiplied by the gas

1 pipeline proxy group's average beta of 1.51, calculated using firm betas obtained from
2 *Value Line* and shown on Schedule BHF-17, to produce current gas pipeline industry risk
3 premiums of 10.78% and 15.11%.

4 **Q.91 WHAT ARE THE RESULTING THEORETICAL CAPM COST OF EQUITY**
5 **ESTIMATES FOR THE GAS PIPELINE PROXY GROUP?**

6 A. As developed in Schedule BHF-18, summing the industry risk premiums of 10.78% and
7 15.11% with a risk-free interest rate equal to the August 2020 30-year U.S. Treasury bond
8 yield of 1.36% produces current theoretical CAPM cost of equity estimates for the gas
9 pipeline proxy group of 12.14% and 16.47%.

10 **Q.92 HAVE YOU MADE ANY ADJUSTMENTS TO THE THEORETICAL CAPM**
11 **COST OF EQUITY ESTIMATES FOR THE GAS PIPELINE INDUSTRY?**

12 A. Yes. As discussed earlier, the premium for firms having market capitalizations
13 encompassing Centric's size is 4.99%, which means that the theoretical CAPM cost of
14 equity estimates for the gas pipeline proxy group need to be increased by 4.99% to account
15 for Centric's smaller size relative to the S&P 500. As shown on Schedule BHF-18,
16 increasing the theoretical CAPM cost of equity estimates by this size premium results in
17 current CAPM cost of equity estimates for the Centric TransCos based on historical rates
18 of return and forward-looking rates of return of 17.13% and 21.46%, respectively.

19 **Q.93 WHAT RETURNS ON BOOK EQUITY ARE THE GAS PIPELINES IN THE**
20 **PROXY GROUP EXPECTED TO EARN?**

21 A. Schedule BHF-19 displays the returns on book equity projected for each of the seven
22 pipelines in the industry group for the 2020, 2021, and the 2023-2025 timeframes. As
23 shown there, the average expected book ROE for the group is 2.7% in 2020, 6.3% for 2021,
24 and 11.6% for 2023-2025, with medians of 3.4%, 6.3%, and 10.9%, respectively. Again
25 adjusting these numbers upward by 3.0% to reflect the greater risk and smaller size of the

1 Centric TransCos relative to the gas pipeline proxy group results in comparable earnings
2 value of between 5.7% and 14.6%.

3 **Q.94 WHAT IS YOUR CONCLUSION AS TO THE CURRENT COST OF EQUITY**
4 **RANGE FOR THE CENTRIC TRANSCOS?**

5 A. The DCF method indicates that the current cost of equity for the Centric TransCos is
6 between 17.0% and 18.0%, while the CAPM indicates a cost of equity range of
7 approximately 17.1% to 21.5%. Meanwhile, the comparable earnings method indicates
8 that the Centric TransCos need to earn between 5.7% and 14.6% on their book equity. It
9 is noteworthy that the wide range of these cost of equity estimates, as well as difficulties
10 in properly applying the DCF and CAPM methods under current economic and capital
11 market conditions, makes estimating the cost of equity at the present time unusually
12 difficult. Nonetheless, I conclude that the cost of equity to the Centric TransCos is in the
13 range of at least 15.0% to 16.0%.

14 **H. REQUESTED ROE**

15 **Q.95 WHAT ROE HAS CENTRIC INCLUDED IN ITS REQUESTED RATE OF**
16 **RETURN?**

17 A. Although an ROE for the Centric LDCs from the middle of my 12.0% to 13.0% range is
18 fully cost-justified, as is an ROE for the Centric TransCos from the middle of my 15.0%
19 to 16.0% range, Centric has selected an ROE at the bottom of the range for LDCs, or 12.0%,
20 to calculate its requested rate of return on invested capital.

21 **Q.96 HAVE YOU CONDUCTED ANY CHECKS OF REASONABLENESS OF**
22 **CENTRIC'S REQUESTED ROE?**

23 A. Yes. The reasonableness of Centric's requested 12.05% ROE can be judged by reference
24 to the ROEs previously granted by the Commission. Over last five years, the ROEs
25 authorized for Atmos Energy, CenterPoint, and Texas Gas Service have ranged between

1 9.5% and 10.1%, which, when adjusted for Centric's greater risk and smaller size, fully
2 support its requested ROE of 12.0%. Also, the Commission approved an ROE for Atmos
3 Pipeline in GUD Docket 10580 of 11.5%. As shown in Schedule BHF-8, Atmos Energy
4 has a market capitalization of some \$12.8 billion, compared to Centric's of only \$51
5 million, and has an investment grade bond rating of single-A, whereas Centric is not rated.
6 Taken together, this too supports the reasonableness of Centric's requested 12.0% ROE.

7 **VII. OVERALL RATE OF RETURN**

8 **Q.97 WHAT OVERALL RATE OF RETURN IS CENTRIC REQUESTING BE**
9 **APPLIED TO ITS INVESTED CAPITAL, OR RATE BASE?**

10 A. For present purposes, Centric is requesting an overall rate of return for both the Centric
11 LDCs and the Centric TransCos of 9.51%. As developed in Schedule BHF-1, this rate of
12 return is the result of combining Centric's test year-end capital structure ratios of 37.24%
13 debt and 62.76% equity, its cost of debt at June 300, 2020 of 5.31%, and an ROE of
14 12.00%.

15 **Q.98 DOES THAT CONCLUDE YOUR DIRECT TESTIMONY IN THIS CASE?**

16 A. Yes, it does.

AFFIDAVIT

STATE OF TEXAS §

COUNTY OF TRAVIS §

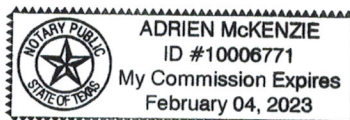
Before me, the undersigned authority, on this day personally appeared Bruce H. Fairchild, who, being by me first duly sworn, stated on his oath that he has read the foregoing instrument, “Direct Testimony of Bruce H. Fairchild on behalf of Universal Natural Gas, LLC d/b/a Universal Natural Gas, Inc.; Gas Energy, LLC; EnerTex NB, LLC; Consumers Gas Company, LLC d/b/a Consumers Gas Company, Inc.; Hooks Gas Pipeline Company, LLC; Texas Gas Pipeline Company, LLC; and 1486 Gas Pipeline Company, LLC”, and that it is true and correct to the best of his information and belief.

Andersen

Bruce H. Fairchild

Sworn to and subscribed before me on the 21 day of October, 2020, by Bruce H. Fairchild, to certify which witness my hand and seal of office.

Notary Public, State of Texas



BRUCE H. FAIRCHILD

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Summary of Qualifications

M.B.A. and Ph.D. in finance, accounting, and economics; Certified Public Accountant. Extensive consulting experience involving regulated industries, valuation of closely-held businesses, and other economic analyses. Previously held managerial and technical positions in government, academia, and business, and taught at the undergraduate, graduate, and executive education levels. Broad experience in technical research, computer modeling, and expert witness testimony.

Employment

Principal,
FINCAP, Inc.
(Sep. 1979 to present)

Economic consulting firm specializing in regulated industries and valuation of closely-held businesses. Assignments have involved electric, gas, telecommunication, and water/sewer utilities, with clients including utilities, consumer groups, municipalities, regulatory agencies, and cogenerators. Areas of participation have included revenue requirements, rate of return, rate design, tariff analysis, avoided cost, forecasting, and negotiations. Other assignments have involved some seventy valuations as well as various economic (e.g., damage) analyses, typically in connection with litigation. Presented expert witness testimony before courts and regulatory agencies on over one hundred occasions.

Adjunct Assistant Professor,
University of Texas at Austin
(Sep. 1979 to May. 1981)

Taught undergraduate courses in finance: Fin. 370 – Integrative Finance and Fin. 357 – Managerial Finance.

Assistant Director, Economic Research Division,
Public Utility Commission of Texas
(Sep. 1976 to Aug. 1979)

Division consisted of approximately twenty-five financial analysts, economists, and systems analysts responsible for rate of return, rate design, special projects, and computer systems. Directed Staff participation in rate cases, presented testimony on approximately thirty-five occasions, and was involved in some forty other cases ultimately settled. Instrumental in the initial development of rate of return and financial policy for newly-created agency. Performed independent research and managed State and Federal funded projects. Assisted in preparing appeals to the Texas Supreme Court and testimony presented before the Interstate Commerce Commission and Department of Energy. Maintained communications with financial community, industry representatives, media, and consumer groups. Appointed by Commissioners as Acting Director.

BRUCE H. FAIRCHILD

Assistant Professor, College of Business Administration,
University of Colorado at Boulder
(Jan. 1977 to Dec. 1978)

Taught graduate and undergraduate courses in finance: Fin. 305 – Introductory Finance, Fin. 401 – Managerial Finance, Fin. 402 – Case Problems in Finance, and Fin. 602 – Graduate Corporate Finance.

Teaching Assistant,
University of Texas at Austin
(Jan. 1973 to Dec. 1976)

Taught undergraduate courses in finance and accounting: Acc. 311 – Financial Accounting, Acc. 312 – Managerial Accounting, and Fin. 357 – Managerial Finance. Elected to College of Business Administration Teaching Assistants' Committee.

Internal Auditor,
Sears, Roebuck and Company, Dallas,
Texas
(Nov. 1970 to Aug 1972)

Performed audits on internal operations involving cash, accounts receivable, merchandise, accounting, and operational controls, purchasing, payroll, etc. Developed operating and administrative policy and instruction. Performed special assignments on inventory irregularities and Justice Department Civil Investigative Demands.

Accounts Payable Clerk,
Transcontinental Gas Pipeline Corp.,
Houston, Texas
(May. 1969 to Aug. 1969)

Processed documentation and authorized payments to suppliers and creditors.

Education

Ph.D., Finance, Accounting, and Economics,
University of Texas at Austin
(Sep. 1974 to May 1980)

Doctoral program included coursework in corporate finance, investment theory, accounting, and economics. Elected to honor society of Phi Kappa Phi. Received University outstanding doctoral dissertation award.

Dissertation: *Estimating the Cost of Equity to Texas Public Utility Companies*

M.B.A., Finance and Accounting,
University of Texas at Austin,
(Sep. 1972 to Aug. 1974)

Awarded Wright Patman Scholarship by World and Texas Credit Union Leagues.

Professional Report: *Planning a Small Business Enterprise in Austin, Texas*

B.B.A., Accounting and Finance,
Southern Methodist University, Dallas,
Texas
(Sep. 1967 to Dec. 1971)

Dean's List 1967-1971 and member of Phi Gamma Delta Fraternity.

Other Professional Activities

Certified Public Accountant, Texas Certificate No. 13,710 (October 1974); entire exam passed in May 1972. Member of the American Institute of Certified Public Accountants (Honorary).

Participated as session chairman, moderator, and paper discussant at annual meetings of Financial Management Association, Southwestern Finance Association, American Finance Association, and other professional associations.

Visiting lecturer in Executive M.B.A program at the University of Stellenbosch Graduate Business School, Belleville, South Africa (1983 and 1984).

Associate Editor of *Austin Financial Digest*, 1974-1975. Wrote and edited a series of investment and economic articles published in a local investment advisory service.

Military

Texas Army National Guard, Feb. 1970 to Sep. 1976. Specialist 5th Class with duty assignments including recovery vehicle operator for armor unit and company clerk for finance unit.

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- “Energy Conservation in Existing Residences, Project Director for development of instruction manual and workshops promoting retrofitting of existing homes, *Governor's Office of Energy Resources and Department of Energy* (1977-1978).
- “Linear Algebra,” “Calculus,” “Sets and Functions,” and “Simulation Techniques,” contributed to and edited four mathematics programmed learning texts for MBA students, *Texas Bureau of Business Research* (1975).

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- “How to Value Personal Service Practices,” with Keith Wm. Fairchild, *The Practical Accountant* (August 1989).
- “The Impact of Regulatory Climate on Utility Capital Costs: An Alternative Test,” with Adrien M. McKenzie, *Public Utilities Fortnightly* (May 25, 1989).
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- “Regulatory Problems of EFTS,” with Robert McLeod, *Issues in Bank Regulation* (Summer 1978) reprinted in *Illinois Banker* (January 1979).
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BRUCE H. FAIRCHILD

- “Perspectives on Texas Utility Regulation”, TSCPA 2016 Energy Conference, Austin, Texas (May 16, 2016).
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- “Rate of Return,” “Origins of Information,” “Economics,” and “Deferred Taxes and ITC’s,” New Mexico State University and National Association of Regulatory Utility Commissioners Public Utility Conferences on Regulation and the Rate-Making Process, Albuquerque, New Mexico (October 1983, 1984, 1985, 1986, 1987, 1988, 1990, 1991, 1992, 1994, and 1995, and September 1989); Pittsburgh, Pennsylvania (April 1993); and Baltimore, Maryland (May 1994 and 1995).
- “Developing a Cost-of-Service Study,” 1994 Texas Section American Water Works Association Annual Conference, Amarillo, Texas (March 1994).
- “Financial Aspects of Cost of Capital and Common Cost Considerations,” Kidder, Peabody & Co. Two-Day Rate Case Workshop for Regulated Utility Companies, New York, New York (June 1993).
- “Cost-of-Service Studies and Rate Design,” General Management of Electric Utilities (A Training Program for Electric Utility Managers from Developing Countries), Austin, Texas (October 1989 and November 1990 and 1991).
- “Rate Base and Revenue Requirements,” The University of Texas Regulatory Institute Fundamentals of Utility Regulation, Austin, Texas (June 1989 and 1990).
- “Determining the Cost of Capital in Today’s Diversified Companies,” New Mexico State University Public Utilities Course Part II, Advanced Analysis of Pricing and Utility Revenues, San Francisco, California (June 1990).
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- “Impact of Regulations,” Business and the Economy, Leadership Dallas, Dallas, Texas (November 1989).
- “Accounting and Finance Workshop” and “Divisional Cost of Capital,” New Mexico State University Current Issues Challenging the Regulatory Process, Albuquerque, New Mexico (April 1985 and 1986) and Santa Fe, New Mexico (March 1989).
- “Divisional Cost of Equity by Risk Comparability and DCF Analyses,” NARUC Advanced Regulatory Studies Program, Williamsburg, Virginia (February 1988) and USTA Rate of Return Task Force, Chicago, Illinois (June 1988).
- “Revenue Requirements,” Revenue, Pricing, and Regulation in Texas Water Utilities, Texas Water Utilities Conference, Austin, Texas (August 1987 and May 1988).
- “Rate Filing – Basic Ratemaking,” Texas Gas Association Accounting Workshop, Austin, Texas (March 1988).
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- “How to Start a Small Business – Accounting and Record Keeping,” University of Texas Management Development Program, Austin, Texas (October 1984).
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- “The Cost of Equity to Wholly-Owned Electric Utility Subsidiaries,” with William L. Beedles, Financial Management Association, Minneapolis, Minnesota (October 1978).
- “PUC Retrofitting Program,” Texas Electric Cooperatives Spring Workshop, Austin, Texas (May 1978).
- “The Economics of Regulated Industries,” Consumer Economics Forum, Houston, Texas (November 1977).
- “Public Utilities as Consumer Targets – Is the Pressure Justified?” University of Texas at Dallas 2nd Annual Public Utilities Conference, Dallas, Texas (July 1977).

BRUCE H. FAIRCHILD
SUMMARY OF TESTIMONY BEFORE REGULATORY AGENCIES

No.	Utility Case	Agency	Docket	Date	Nature of Testimony
1.	Arkansas Electric Cooperative	Arkansas PSC	U-3071	Aug-80	Wholesale Rate Design
2.	East Central Oklahoma Electric Cooperative	Oklahoma CC	26925	Sep-80	Retail Rate Design
3.	Kansas Gas & Electric Company	Kansas CC	115379-U	Nov-80	PURPA Rate Design Standards
4.	Kansas Gas & Electric Company	Kansas CC	128139-U	May-81	Attrition
5.	City of Austin Electric Department	City of Austin	--	Jun-81	PURPA Rate Design Standards
6.	Tarrant County Water Control and Improvement District No. 1	Texas Water Commission	--	Oct-81	Wholesale Rate Design
7.	Owentown Gas Company	Texas RRC	2720	Jan-82	Revenue Requirements and Retail Rate Design
8.	Kansas Gas & Electric Company	Kansas CC	134792-U	Aug-82	Attrition
9.	Mississippi Power Company	Mississippi PSC	U-4190	Sep-82	Working Capital
10.	Lone Star Gas Company	Texas RRC	3757; 3794	Feb-83	Rate of Return on Equity
11.	Kansas Gas & Electric Company	Kansas CC	134792-U	Feb-83	Rate of Return on Equity
12.	Southwestern Bell Telephone Company	Oklahoma CC	28002	Oct-83	Rate of Return on Equity
13.	Morgas Company	Texas RRC	4063	Nov-83	Revenue Requirements
14.	Seagull Energy	Texas RRC	4541	Jul-84	Rate of Return
15.	Southwestern Bell Telephone Company	FCC	84-800	Nov-84	Rate of Return on Equity
16.	Kansas Gas & Electric Company, Kansas City Power & Light Company, and Kansas Electric Power Cooperatives	Kansas CC	142098-U; 142099-U; 142100-U	May-85	Nuclear Plant Capital Costs and Allowance for Funds Used During Construction
17.	Lone Star Gas Company	Texas RRC	5207	Oct-85	Overhead Cost Allocation
18.	Westar Transmission Company	Texas RRC	5787	Nov-85 Jan-86 Jul-86	Rate of Return, Rate Design, and Gas Processing Plant Economics
19.	City of Houston	Texas Water Commission	RC-022; RC-023	Nov-86	Line Losses and Known and Measurable Changes
20.	ENSTAR Natural Company	Alaska PUC	TA 50-4; R-87-2; U-87-2	Nov-86 May-87 May-87	Cost Allocation, Rate Design, and Tax Rate Changes
21.	Brazos River Authority	Texas Water Commission	RC-020	Jan-87	Revenue Requirements and Rate Design
22.	East Texas Industrial Gas Company	Texas RRC	5878	Feb-87	Revenue Requirements and Rate Design

Bruce H. Fairchild
Summary of Testimony Before Regulatory Agencies
(Continued)

No.	Utility Case	Agency	Docket	Date	Nature of Testimony
23.	Seagull Energy	Texas RRC	6629	Jun-87	Revenue Requirements
24.	ENSTAR Natural Company	Alaska PUC	U-87-42	Jul-87 Sep-87 Sep-87	Cost Allocation, Rate Design, and Contracts
25.	High Plains Natural Gas Company	Texas RRC	6779	Sep-87	Rate of Return
26.	Hughes Texas Petroleum	Texas RRC	2-91,855	Jan-88	Interim Rates
27.	Cavallo Pipeline Company	Texas RRC	7086	Sep-88	Revenue Requirements
28.	Union Gas System, Inc.	Kansas CC	165591-U	Mar-89 Aug-89	Rate of Return
29.	ENSTAR Natural Gas Company	Alaska PUC	U-88-70	Mar-89	Cost Allocation and Bypass
30.	Morgas Co.	Texas RRC	7538	Aug-89	Rate of Return and Cost Allocation
31.	Corpus Christi Transmission Company	Texas RRC	7346	Sep-89	Revenue Requirements
32.	Amoco Gas Co.	Texas RRC	7550	Oct-89	Rate of Return and Cost Allocation
33.	Iowa Southern Utilities	Iowa Utilities Board	RPU-89-7	Nov-89 Mar-90	Rate of Return on Equity
34.	Southwestern Bell Telephone Company	FCC	89-624	Feb-90 Apr-90	Rate of Return on Equity
35.	Lower Colorado River Authority	Texas PUC	9427	Mar-90 Aug-90 Aug-90	Revenue Requirements
36.	Rio Grande Valley Gas Company	Texas RRC	7604	May-90	Consolidated FIT and Depreciation
37.	Southern Union Gas Company	El Paso PURB	--	Oct-90	Disallowed Expenses and FIT
38.	Iowa Southern Utilities	Iowa Utilities Board	RPU-90-8	Nov-90 Feb-91	Rate of Return on Equity
39.	East Texas Gas Systems	Texas RRC	7863	Dec-90	Revenue Requirements
40.	San Jacinto Gas Transmission	Texas RRC	7865	Dec-90	Revenue Requirements
41.	Southern Union Gas Company	Austin; Texas RRC	-- 7878	Feb-91 Feb-91	Rate of Return and Acquisition Adjustment
42.	Southern Union Gas Company	Port Arthur; Texas RRC	-- 8033	Mar-91 Aug-91 Oct-91	Rate of Return and Acquisition Adjustment
43.	Cavallo Pipeline Company	Texas RRC	8016	Jun-91	Revenue Requirements

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Summary of Testimony Before Regulatory Agencies
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No.	Utility Case	Agency	Docket	Date	Nature of Testimony
44.	New Orleans Public Service Inc.	New Orleans City Council	CD-91-1	Jun-91 Mar-92	Rate of Return on Equity
45.	Houston Pipe Line Company	Texas RRC	8017	Jul-91	Rate of Return
46.	Southern Union Gas Company	El Paso PURB	--	Aug-91 Sep-91	Acquisition Adjustment
47.	Southwestern Gas Pipeline, Inc.	Texas RRC	8040	Jan-92 Feb-92	Rate Design and Settlement
48.	City of Fort Worth	Texas Water Commission	8748-A 9261-A	Mar-92 Aug-92 Dec-92 Oct-94 Nov-94	Interim Rates, Revenue Requirements, and Public Interest
49.	Southern Union Gas Company	Oklahoma Corp. Com.	--	Jun-92	Rate of Return
50.	Minnegasco	Minnesota PUC	G-008/GR-92-400	Jul-92 Dec-92	Rate of Return
51.	Guadalupe-Blanco River Authority	Texas PUC	11266	Sep-92	Cost Allocation and Bond Funds
52.	Dorchester Intra-State Gas System	Texas RRC	8111	Oct-92 Nov-92	Rate Impact of System Upgrade
53.	Corpus Christi Transmission Company GP and GPII	Texas RRC	8300 8301	Oct-92 Oct-92	Revenue Requirements
54.	East Texas Industrial Gas Company	Texas RRC	8326	Mar-93	Revenue Requirements
55.	Arkansas Louisiana Gas Company	Arkansas PSC	93-081-U	Apr-93 Oct-93	Rate of Return on Equity
56.	Texas Utilities Electric Company	Texas PUC	11735	Jun-93 Jul-93	Impact of Nuclear Plant Construction Delay
57.	Minnegasco	Minnesota PUC	G-008/GR-93-1090	Nov-93 Apr-94	Rate of Return
58.	Gulf States Utilities Company	Municipalities	--	May-94 Oct-94 Nov-94	Rate of Return on Equity
59.	Louisiana Power & Light Company	Louisiana PSC	U-20925	Aug-94 Feb-95	Rate of Return on Equity
60.	San Jacinto Gas Transmission	Texas RRC	8429	Sep-94	Revenue Requirements
61.	Cavallo Pipeline Company	Texas RRC	8465	Sep-94	Revenue Requirements
62.	Eastrans Limited Partnership	Texas RRC	8385	Oct-94	Revenue Requirements
63.	Gulf States Utilities Company	Louisiana PSC	U-19904	Oct-94	Rate of Return on Equity

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Summary of Testimony Before Regulatory Agencies
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No.	Utility Case	Agency	Docket	Date	Nature of Testimony
64.	Entergy Services, Inc.	FERC	ER95-112-000	Mar-95 Nov-95	Rate of Return on Equity
65.	East Texas Gas Systems	Texas RRC	8435	Apr-95	Revenue Requirements
66.	System Energy Resources, Inc.	FERC	ER95-1042-000	May-95 Dec-95 Jan-96	Rate of Return on Equity
67.	Minnegasco	Minnesota PUC	G-008/GR-95-700	Aug-95 Dec-95	Rate of Return
68.	Entex	Louisiana PSC	U-21586	Aug-95	Rate of Return
69.	City of Fort Worth	Texas NRCC	SOAH 582-95-1084	Nov-95	Public Interest of Contract
70.	Seagull Energy Corporation	Texas RRC	8589	Nov-95	Revenue Requirements
71.	Corpus Christi Transmission Company LP	Texas RRC	8449	Feb-96	Revenue Requirements
72.	Missouri Gas Energy	Missouri PSC	GR-96-285	Apr-96 Sep-96 Oct-96	Rate of Return
73.	Entex	Mississippi PSC	96-UA-202	May-96	Rate of Return
74.	Entergy Gulf States, Inc.	Louisiana PSC	U-22084	May-96	Rate of Return on Equity (Gas)
75.	Entergy Gulf States, Inc.	Louisiana PSC	U-22092	May-96 Oct-96	Rate of Return on Equity
76.	American Gas Storage, L.P.	Texas RRC	8591	Sep-96	Revenue Requirements
77.	Entergy Louisiana, Inc.	Louisiana PSC	U-20925	Sep-96 Oct-96	Rate of Return on Equity
78.	Lone Star Pipeline and Gas Company	Texas RRC	8664	Oct-96 Jan-97	Rate of Return
79.	Entergy Arkansas, Inc.	Arkansas PSC	96-360-U	Oct-96 Sep-97	Rate of Return on Equity
80.	East Texas Gas Systems	Texas RRC	8658	Nov-96	Revenue Requirements
81.	Entergy Gulf States, Inc.	Texas PUC	16705	Nov-96 Jul-97	Rate of Return on Equity
82.	Eastrans Limited Partnership	Texas RRC	8657	Nov-96	Revenue Requirements
83.	Enserch Processing, Inc.	Texas RRC	8763	Nov-96	Interim Rates
84.	Entergy New Orleans, Inc.	City of New Orleans	UD-97-1	Feb-97 Mar-97 May-98	Rate of Return on Equity

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Summary of Testimony Before Regulatory Agencies
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No.	Utility Case	Agency	Docket	Date	Nature of Testimony
85.	ENSTAR Natural Gas Company	Alaska PUC	U-96-108	Mar-97 Apr-97	Service Area Certificate
86.	San Jacinto Gas Transmission	Texas RRC	8741	Sep-97	Revenue Requirements
87.	Missouri Gas Energy	Missouri PSC	GR-98-140	Nov-97 Apr-98 May-98	Rate of Return
88.	Corpus Christi Transmission Company LP	Texas RRC	8762	Dec-97	Revenue Requirements
89.	Texas-New Mexico Power Company	Texas PUC	17751	Feb-98	Excess Cost Over Market
90.	Southern Union Gas Company	Texas RRC	8878	May-98	Rate of Return
91.	Entergy Louisiana, Inc.	Louisiana PSC	U-20925	May-98 Jul-98	Financial Integrity
92.	Entergy Gulf States, Inc.	Louisiana PSC	U-22092	May-98 Jul-98	Financial Integrity
93.	ACGC Gathering Company, LLC	Texas RRC	8896	Sep-98	Cost-based Rates
94.	American Gas Storage, L.P.	Texas RRC	8855	Oct-98	Revenue Requirements
95.	Duke Energy Intrastate Network	Texas RRC	8940	Jun-99	Rate of Return
96.	Aquila Energy Corporation	Texas RRC	8970	Aug-99	Revenue Requirements
97.	San Jacinto Gas Transmission	Texas RRC	8974	Sep-99	Revenue Requirements
98.	Southern Union Gas Company	El Paso PURB	--	Oct-99	Rate of Return
99.	TXU Lone Star Pipeline	Texas RRC	8976	Oct-99 Feb-00	Rate of Return
100.	Sharyland Utilities, L.P.	Texas PUC	21591	Nov-99	Rate of Return
101.	TXU Lone Star Gas Distribution	Texas RRC	9145	Apr-00 Aug-00	Rate of Return
102.	Rotherwood Eastex Gas Storage	Texas RRC	9136	May-00	Revenue Requirements
103.	Eastex Gas Storage & Exchange, Inc.	Texas RRC	9137	May-00	Revenue Requirements
104.	Eastex Gas Storage & Exchange, Inc.	Texas RRC	9138	Jul-00	Revenue Requirements
105.	East Texas Gas Systems	Texas RRC	9139	Jul-00	Revenue Requirements
106.	Eastrans Limited Partnership	Texas RRC	9140	Aug-00	Revenue Requirements
107.	Reliant Energy – Entex	City of Tyler	--	Oct-00	Rate of Return
108.	City of Fort Worth	Texas NRCC	SOAH 582-00-1092	Dec-00	CCN – Rates and Financial Ability
109.	Entergy Services, Inc.	FERC	RTO1-75	Dec-00	Rate of Return on Equity

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Summary of Testimony Before Regulatory Agencies
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No.	Utility Case	Agency	Docket	Date	Nature of Testimony
110	ENSTAR Natural Gas Company	Alaska PUC	U-00-88	Jun-01 Aug-01 Nov-01 Sep-02 Dec-02	Revenue Requirements, Cost Allocation, and Rate Design
111.	TXU Gas Distribution	Texas RRC	9225	Jul-01	Rate of Return
112.	Centana Intrastate Pipeline LLC	Texas RRC	9243	Aug-01	Rate of Return
113.	Maxwell Water Supply Corp.	Texas NRCC	SOAH-582-01-0802	Oct-01 Mar-02 Apr-02	Reasonableness of Rates
114.	Reliant Energy Arkla	Arkansas PSC	01-243-U	Dec-01 Jun-01	Rate of Return
115.	Entergy Services, Inc.	FERC	ER01-2214-000	Mar-02	Rate of Return on Equity
116.	TXU Lone Star Pipeline	Texas RRC	9292	Apr-02	Rate of Return
117.	Southern Union Gas Company	El Paso PURB	--	Apr-02	Rate of Return
118.	San Jacinto Gas Transmission Co.	Texas RRC	9301	May-02	Rate of Return
119.	Duke Energy Intrastate Network	Texas RRC	9302	May-02	Rate of Return
120.	Reliant Energy Arkla	Oklahoma CC	200200166	May-02	Rate of Return
121.	TXU Gas Distribution	Texas RRC	9313	Jul-02 Sep-02	Rate of Return
122.	Entergy Mississippi, Inc.	Mississippi PSC	2002-UN-256	Aug-02	Rate of Return on Equity
123.	Aquila Storage & Transportation LP	Texas RRC	9323	Sep-02	Revenue Requirements
124.	Panther Pipeline Ltd.	Texas RRC	9291	Oct-02	Revenue Requirements
125.	SEMCO Energy	Michigan PSC	U-13575	Nov-02	Revenue Requirements
126.	CenterPoint Energy Entex	Louisiana PSC	U-26720	Jan-03	Rate of Return
127.	Crosstex CCNG Transmission Ltd.	Texas RRC	9363	May-03	Revenue Requirements
128.	TXU Gas Company	Texas RRC	9400	May-03 Jan-04	Rate of Return
129.	Eastrans Limited Partnership	Texas RRC	9386	May-03	Rate of Return
130.	CenterPoint Energy Entex	City of Houston		Jun-03	Rate of Return
131.	East Texas Gas Systems, L.P.	Texas RRC	9385	Jun-03	Rate of Return
132.	ENSTAR Natural Gas Company	Alaska RCA	U-03-084	Aug-03 Nov-03	Line Extension Surcharge
133.	CenterPoint Energy Arkla	Louisiana PSC		Nov-03	Rate of Return
134.	ENSTAR Natural Gas Company	Alaska RCA	U-03-091	Feb-04	Cost Separation and Taxes

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Summary of Testimony Before Regulatory Agencies
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No.	Utility Case	Agency	Docket	Date	Nature of Testimony
135.	Sid Richardson Pipeline, Ltd.	Texas RRC	9532	Jun-04 Nov-04	Revenue Requirements
136.	ETC Katy Pipeline, Ltd.	Texas RRC	9524	Sep-04	Revenue Requirements
137.	CenterPoint Energy Entex	Mississippi PSC	03-UN-0831	Sep-04	Rate Formula
138.	Centana Intrastate Pipeline LLC	Texas RRC	9527	Sep-04	Rate of Return
139.	SEMCO Energy	Michigan PSC	U-14338	Dec-04	Revenue Requirements
140.	Atmos Energy – Energas	Texas RRC	9539	Feb-05	Regulatory Policy
141.	Crosstex North Texas Pipeline, L.P.	Texas RRC	9613	Sep-05	Revenue Requirements
142.	SiEnergy, L.P.	Texas RRC	9604	Dec-05	Rate of Return, Income Taxes, and Cost Allocation
143.	ENSTAR Natural Gas Company	Alaska RCA	TA-140-4	Feb-06	Connection Fees
144.	SEMCO Energy	Michigan PSC	U-14984	May-06 Dec-06	Revenue Requirements
145.	Atmos Energy – Mid-Tex	Texas RRC	9676	May-06 Oct-06	Revenue Requirements
146.	EasTrans Limited Partnership	Texas RRC	9659	Jun-06	Rate of Return
147.	Kinder Morgan Texas Pipeline, L.P.	Texas RRC	9688	Jul-06	Rate of Return
148.	Crosstex CCNG Transmission Ltd.	Texas RRC	9660	Aug-06	Revenue Requirements
149.	Enbridge Pipelines (North Texas), LP	Texas RRC	9691	Oct-06	Rate of Return
150.	Panther Interstate Pipeline Energy	FERC	CP03-338-00	Mar-07	Revenue Requirements
151.	El Paso Electric Company	Texas PUC	34494	Jul-07	CCN
152.	El Paso Electric Company	NM PRC	07-00301-UT	Jul-07	CCN
153.	Atmos Energy	Kansas CC	08-ATMG- 280-RTS	Sep-07 Feb-08	Rate of Return on Equity
154.	Centana Intrastate Pipeline LLC	Texas RRC	9759	Sep-07	Rate of Return
155.	Texas Gas Service Company	Texas RRC	9770	Nov-07	Rate of Return
156.	ENSTAR Natural Gas Company	Alaska RCA	U-08-25	Jun-08	Rate Class Switching
157.	ConocoPhillips Transportation Alaska	Alaska RCA	TL-131-301	Oct-08	Rate of Return
158.	ExxonMobil Pipeline Co.	Alaska RCA	TL-140-304	Nov-08	Rate of Return
159.	Crosstex North Texas Pipeline, L.P.	Texas RRC	9843	Dec-08	Revenue Requirements
160.	Koch Alaska Pipeline Company	Alaska RCA	TL 128-308	Dec-08	Rate of Return
161.	Unocal Pipeline Company	Alaska RCA	TL 118-312	Dec-08	Rate of Return

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No.	Utility Case	Agency	Docket	Date	Nature of Testimony
162.	ETC Katy Pipeline, Ltd.	Texas RRC	9841	Dec-08	Revenue Requirements
163.	Oklahoma Natural Gas	Oklahoma CC	200800348	Jan-09	Rate of Return on Equity
164.	Entergy Mississippi, Inc.	Mississippi PSC	EC-123-0082	Mar 09	Rate of Return on Equity
165.	ENSTAR Natural Gas Company	Alaska RCA	U-09-69 U-09-70	Jun-09 Jul-09 Oct-09	Revenue Requirements, Cost Allocation, and Rate Design
166.	EasTrans, LLC	Texas RRC	9857	Jun-09	Rate of Return
167.	Oklahoma Natural Gas	Oklahoma CC	200900110	Jun-09	Rate of Return
168.	Crosstex CCNG Transmission Ltd.	Texas RRC	9858	Jun-09	Revenue Requirements
169.	ConocoPhillips Transportation Alaska	Alaska RCA	TL-137-301	Jul-09	Rate of Return
170.	ENSTAR Natural Gas Company	Alaska RCA	U-08-142	Jul-09	Gas Cost Adjustment
171.	Kinder Morgan Texas Pipeline, LLC	Texas RRC	9889	Jul-09	Rate of Return
172.	Koch Alaska Pipeline Company	Alaska RCA	TL 133-308	Aug-09	Rate of Return
173.	ExxonMobil Pipeline Co.	Alaska RCA	TL-147-304	Nov-09	Rate of Return
174.	Texas Gas Service Company	El Paso PURB	--	Dec-09	Rate of Return
175.	Unocal Pipeline Company	Alaska RCA	TL126-312	Dec-09	Rate of Return
176.	Kuparuk Transportation Company	Alaska RCA	P-08-05	Apr-10	Rate of Return
177.	Trans-Alaska Pipeline System	FERC	ISO9-348- 000	Apr 10 Oct 10	Rate of Return
178.	Texas Gas Service	Texas RRC	9988	May 10 Aug 10	Rate of Return
179.	SEMCO Energy Gas Company	Michigan PSC	U-16169	Jun 10 Dec 10	Revenue Requirements
180.	ConocoPhillips Transportation Alaska	Alaska RCA	TL-137-301	Jul 10	Rate of Return
181.	Koch Alaska Pipeline Company, LLC	Alaska RCA	TL-138-308	Aug 10	Rate of Return
182.	CPS Energy	Texas PUC	36633	Sep 10 Apr 11	Rate of Return for MOU
183.	ExxonMobil Pipeline Co.	Alaska RCA	TL-151-304	Dec 10	Rate of Return
184.	Unocal Pipeline Company	Alaska RCA	TL132-312	Feb 11	Rate of Return
185.	New Mexico Gas Company	NM PRC	11-00042-UT	Mar 11	Rate of Return
186.	ConocoPhillips Transportation Alaska	Alaska RCA	TL-143-301	May 11	Rate of Return

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No.	Utility Case	Agency	Docket	Date	Nature of Testimony
187.	Enbridge Pipelines (Southern Lights)	FERC	IS11-146-000	Jun 11 Nov 11	Rate of Return
188.	Koch Alaska Pipeline Company, LLC	Alaska RCA	TL-138-___	Jul 11	Rate of Return
189.	Unocal Pipeline Company	Alaska RCA	TL126-___	Dec 11	Rate of Return
190.	Kansas Gas Service	Kansas CC	12-KGSC-835-RTS	May 12 Oct 12	Rate of Return
191.	ExxonMobil Pipeline Co.	Alaska RCA	TL-157-304	Jun 12	Rate of Return
192.	ConocoPhillips Transportation Alaska	Alaska RCA	TL-149-301	Jul 12	Rate of Return
193.	Seaway Crude Pipeline Company	FERC	IS12-226-000	Aug 12 Feb 13	Rate of Return
194.	Cross Texas Transmission, LLC	Texas PUC	40604	Aug 12 Oct 12 Nov 12	Revenue Requirements
195.	Wind Energy Transmission Texas	Texas PUC	40606	Aug 12 Nov 12	Revenue Requirements
196.	Lone Star Transmission LLC	Texas PUC	40798	Nov 12	Revenue Requirements
197.	West Texas Gas Company	Texas RRC	10235	Jan 13	Rate of Return
198.	Cross Texas Transmission, LLC	Texas PUC	41190	Feb 13	Revenue Requirements
199.	ExxonMobil Pipeline Co.	Alaska RCA	TL-162-304	Apr 13	Rate of Return
200.	EasTrans, LLC	Texas RRC	10276	Jul 13	Rate of Return
201.	ConocoPhillips Transportation Alaska	Alaska RCA	TL-152-301	Jul 13	Rate of Return
202.	BP Pipelines (Alaska) Inc.	Alaska RCA	TL-143-311	Sep 13	Rate of Return
203.	Wind Energy Transmission Texas	Texas PUC	41923	Oct 13	Revenue Requirements
204.	Oliktok Pipeline Company	Alaska RCA	P-13-013	Nov 13	Rate of Return
205.	Aqua Texas Southeast Region-Gray	Texas CEQ	2013-2007-UCR	Apr 14	Revenue Requirements
206.	Entergy Mississippi	Mississippi PSC	EC-123-0082	Jun 14	Rate of Return on Equity
207.	Westlake Ethylene Pipeline	Texas RRC	10358	Jul 14 Aug 15	Rates
208.	ExxonMobil Pipeline Co.	Alaska RCA	TL-164-304	Jul 14	Rate of Return
209.	ConocoPhillips Transportation Alaska	Alaska RCA	TL-154-301	Aug 14	Rate of Return
210.	Enstar Natural Gas Company	Alaska RCA	TA-262-4	Sep 14 Jun 15	Revenue Requirements, Cost Allocation, and Rate Design

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No.	Utility Case	Agency	Docket	Date	Nature of Testimony
211.	Oliktok Pipeline Company	Alaska RCA	TL-44-334	Mar 15	Rate of Return
212.	Entergy Arkansas, Inc.	Arkansas PSC	15-0150U	Apr 15 Oct 15 Dec 15	Rate of Return on Equity
213.	Wind Energy Transmission Texas	Texas PUC	44746	Jun 15	Revenue Requirements
214.	Texas City	Texas RRC	10408	Jun 15 Nov 15	Pipeline Annual Assessment
215.	Oklahoma Natural Gas	Oklahoma CC	201500213	Jul 15 Nov 15	Rate of Return
216.	PTE Pipeline LLC	Alaska RCA	P-12-015	Sep 15	Rate of Return
217.	Northeast Transmission Development, LLC	FERC	ER16-453	Dec 15	Formula Rates
218.	Oncor Electric Delivery	Texas PUC	45188	Dec 15	Public Interest of Acquisition
219.	Corix Utilities (Texas)	Texas PUC	45418	Dec 15 Oct 16	Rate of Return
220.	Texas Gas Service	Texas RRC	10488	Dec 15	Rate of Return
221.	Texas Gas Service	Texas RRC	10506	Mar 16 Jun 16	Rate of Return
222.	Kansas Gas Service	Kansas CC	16-KGSG-491-RTS	May 16 Sep 16	Rate of Return on Equity
223.	Enstar Natural Gas Company	Alaska RCA	TA-285-4	Jun 16 Apr 17	Revenue Requirements, Cost Allocation, and Rate Design
224.	Texas Gas Service	Texas RRC	10526	Jun 16	Rate of Return
225.	West Texas LPG Pipeline	Texas RRC	10455	Aug 16 Jan 17	Rates and Rate of Return
226.	Liberty Utilities	Texas PUC	46356	Sep 16 Feb 17 Jun 17	Revenue Requirements and Rate of Return
227.	DesertLink LLC	FERC	ER17-135	Oct 16	Formula Rates
228.	Houston Pipe Line Co.	Texas RRC	10559	Nov 16	Revenue Requirements
229.	Texas Gas Service	Texas RRC	10656	Jun 17	Rate of Return
230.	Trans-Pecos Pipeline	Texas RRC	10646	Sep 17 Feb 18	Revenue Requirements
231.	Comanche Trail Pipeline	Texas RRC	10647	Sep 17 Feb 18	Revenue Requirements
232.	Alpine High Pipeline	Texas RRC	10665	Oct 17 Feb 18	Revenue Requirements

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No.	Utility Case	Agency	Docket	Date	Nature of Testimony
233.	SiEnergy, LP	Texas RRC	10679	Jan 18	Rate of Return
234.	Targa Midland Gas Pipeline LLC	Texas RRC	10690	Jan 18	Revenue Requirements
235.	ET Fuel, LP	Texas RRC	10706	Apr 18	Revenue Requirements
236.	Texas Gas Service	Texas RRC	10739	Jun 18	Rate of Return
237.	Kansas Gas Service	Kansas CC	18-KGSG-560-RTS	Jun 18 Nov 18	Rate of Return on Equity
238.	Oliktok Pipeline Company	Alaska RCA	P-18-0__	Jul 18	Rate of Return
239.	Red Bluff Express, LLC	Texas RRC	10752	Jul 18	Revenue Requirements
240.	PTE Pipeline LLC	Alaska RCA	P-18-0__	Jul 18	Rate of Return
241.	Agua Blanca, LLC	Texas RRC	10761	Aug 18	Revenue Requirements
242.	Texas Gas Service	Texas RRC	10766	Aug 18	Rate of Return
243.	Republic Transmission LLC	FERC	ER19-__	Dec 18	Formula Rates
244.	Gulf Coast Express Pipeline LLC	Texas RRC	10825	Feb 19	Revenue Requirements
245.	Cook Inlet Natural Gas Storage Alaska, LLC	Alaska RCA	U-18-043	Mar 19 Apr 19	Accumulated Deferred Income Taxes and Working Capital
246.	Impulsora Pipeline LLC	Texas RRC	10829	Mar 19	Revenue Requirements
247.	SEMCO Energy Gas Co.	Michigan PSC	U-20479	May 19 Oct 19	Revenue Requirements
248.	Liberty Utilities (Fox River) LLC	AAA	01-18-0002-2510	Jul 19 Oct 19	Revenue Requirements
249.	AMP Intrastate Pipeline LLC	Texas RRC	10887	Aug 19	Revenue Requirements
250.	Corix Utilities (Texas) Inc.	Texas PUC	49923	Aug 19 Jul 20 Aug 20	TCJA Tax Expense Reduction
251.	Colonial Pipeline Company	FERC	OR18-7-002	Nov 19 Feb 20 May 20 Jul 20	Rate of Return
252.	Texas Gas Service	Texas RRC	10928	Dec 19 Apr 20	Rate of Return
253.	Mississippi Power Company	Mississippi PSC	2019-UN-219	Feb 20	Rate of Return on Equity
254.	Corix Utilities (Texas)	Texas PUC	50557	Mar 20	Rate of Return
255.	SouthCross CCNG Transmission	Texas RRC	10967	May 20	Revenue Requirements
256.	Kinder Morgan Border Pipeline LLC	Texas RRC	10980	Jun 20	Revenue Requirements
257.	Monarch Utilities	Texas PUC	50994	Jul 20	Rate of Return

OVERALL RATE OF RETURN

<u>Capital Component</u>	<u>Percent of Total</u>	<u>Component Cost</u>	<u>Weighted Cost</u>
Long-term Debt	37.24%	5.31%	1.98%
Common Equity	62.76%	12.00%	7.53%
Total	<u>100.00%</u>		<u>9.51%</u>

NATURAL GAS DISTRIBUTION COMPANIES
PROXY GROUP CAPITAL STRUCTURE RATIOS (a)

Company	Fiscal Year-end 2019		Fiscal Year-end 2018		Fiscal Year-end 2017		Fiscal Year-end 2016		Fiscal Year-end 2015	
	L.T. Debt	Equity	L.T. Debt	Equity	L.T. Debt	Equity	L.T. Debt	Equity	L.T. Debt	Equity
Atmos Energy	38.0%	62.0%	34.3%	65.7%	44.0%	56.0%	38.7%	61.3%	43.5%	56.5%
Chesapeake Utilities	43.9%	56.1%	37.9%	62.1%	28.9%	71.1%	23.5%	76.5%	29.4%	70.6%
New Jersey Resources	49.8%	50.2%	45.4%	54.6%	44.6%	55.4%	47.7%	52.3%	43.2%	56.8%
NiSource	56.8%	43.2%	55.3%	44.7%	63.5%	36.5%	59.8%	40.2%	60.7%	39.3%
Northwest Natural Gas	48.2%	51.8%	48.1%	51.9%	47.9%	52.1%	44.4%	55.6%	42.5%	57.5%
ONE Gas	37.7%	62.3%	38.6%	61.4%	37.8%	62.2%	38.7%	61.3%	39.5%	60.5%
South Jersey Industries	(b)	(b)	(b)	(b)	48.5%	51.5%	38.5%	61.5%	49.2%	50.8%
Southwest Gas	47.9%	52.1%	48.3%	51.7%	49.8%	50.2%	48.2%	51.8%	49.3%	50.7%
Spire	45.0%	55.0%	45.7%	54.3%	50.0%	50.0%	50.9%	49.1%	53.0%	47.0%
LDC GROUP AVERAGE	45.9%	54.1%	44.2%	55.8%	46.1%	53.9%	43.4%	56.6%	45.6%	54.4%
Minimum	37.7%	43.2%	34.3%	44.7%	28.9%	36.5%	23.5%	40.2%	29.4%	39.3%
Maximum	56.8%	62.3%	55.3%	65.7%	63.5%	71.1%	59.8%	76.5%	60.7%	70.6%

(a) *The Value Line Investment Survey* (August 28, 2020).

(b) Capital structure ratios distorted due to major acquisition during 2018 financed principally with debt.

**GAS PIPELINE COMPANIES
PROXY GROUP CAPITAL STRUCTURE RATIOS (a)**

Company	Fiscal Year-end 2019		Fiscal Year-end 2018		Fiscal Year-end 2017		Fiscal Year-end 2016		Fiscal Year-end 2015	
	L.T. Debt	Equity	L.T. Debt	Equity	L.T. Debt	Equity	L.T. Debt	Equity	L.T. Debt	Equity
DCP Midstream Partners LP	44.6%	55.4%	39.7%	60.3%	38.9%	61.1%	40.2%	59.8%	46.7%	53.3%
Enable Midstream Partners, L	33.4%	66.6%	29.2%	70.8%	25.3%	74.7%	27.8%	72.2%	28.8%	71.2%
Energy Transfer, LP	70.0%	30.0%	67.8%	32.2%	NMF	NMF	NMF	NMF	NMF	NMF
EnLink Midstream, LLC	69.2%	30.8%	70.0%	30.0%	64.8%	35.2%	63.7%	36.3%	57.5%	42.5%
Kinder Morgan Inc.	48.6%	51.4%	50.2%	49.8%	51.0%	49.0%	52.0%	48.0%	54.7%	45.3%
TC Energy Corp.	58.2%	41.8%	60.0%	40.0%	56.0%	44.0%	61.2%	38.8%	65.7%	34.3%
Williams Companies	60.1%	39.9%	60.4%	39.6%	67.9%	32.1%	83.0%	17.0%	79.5%	20.5%
LDC GROUP AVERAGE	54.9%	45.1%	53.9%	46.1%	50.7%	49.3%	54.6%	45.4%	55.5%	44.5%
Minimum	33.4%	30.0%	29.2%	30.0%	25.3%	32.1%	27.8%	17.0%	28.8%	20.5%
Maximum	70.0%	66.6%	70.0%	70.8%	67.9%	74.7%	83.0%	72.2%	79.5%	71.2%

(a) *The Value Line Investment Survey* (August 28, 2020).

NATURAL GAS DISTRIBUTION COMPANIES
DCF MODEL -- DIVIDEND YIELD

<u>Company</u>		<u>Expected Dividend (a)</u>	<u>Price (b)</u>	<u>Dividend Yield (c)</u>
Atmos Energy	ATO	\$ 2.46	\$ 102.87	2.39%
Chesapeake Utilities	CPK	\$ 1.80	\$ 84.06	2.14%
New Jersey Resources	NJR	\$ 1.25	\$ 31.65	3.95%
NiSource	NI	\$ 0.84	\$ 23.58	3.56%
Northwest Natural Gas	NWN	\$ 1.91	\$ 53.04	3.60%
ONE Gas	OGS	\$ 2.28	\$ 75.14	3.03%
South Jersey Industries	SJI	\$ 1.23	\$ 23.34	5.27%
Southwest Gas	SWX	\$ 2.31	\$ 68.05	3.39%
Spire	SR	\$ 2.58	\$ 60.22	4.28%
AVERAGE				3.51%

(a) *The Value Line Investment Survey* (August 28, 2020).

(b) Fidelity Investments Stock Research "Price History" (Average of daily August 2020 closing prices).

(c) Expected Dividend / Price.

NATURAL GAS DISTRIBUTION COMPANIES
DCF MODEL -- EARNINGS GROWTH RATES

Company	Projected Growth			Historical Growth	
	Value Line (a)	I/B/E/S (b)	Zacks (c)	10-Year (a)	5-Year (a)
Atmos Energy	7.0%	7.3%	7.3%	7.5%	9.5%
Chesapeake Utilities	9.0%	N/A	N/A	9.0%	8.0%
New Jersey Resources	2.0%	6.0%	6.0%	7.0%	6.0%
NiSource	13.0%	1.8%	5.7%	-1.0%	-8.0%
Northwest Natural Gas	NMF	3.9%	3.9%	-11.0%	-17.0%
ONE Gas	6.5%	5.0%	5.5%	N/A	9.5%
South Jersey Industries	12.5%	10.7%	10.7%	1.5%	-2.5%
Southwest Gas	9.0%	N/A	6.0%	8.0%	4.5%
Spire	5.5%	4.7%	4.8%	3.5%	9.5%
AVERAGE	8.1%	5.6%	6.2%	3.1%	2.2%
MEDIAN	8.0%	5.0%	5.9%	5.3%	6.0%

(a) *The Value Line Investment Survey* (August 28, 2020).

(b) REFINITIV Stock Reports (August 21, 2020).

(c) Zacks.com "Snapshot" (Retrieved August 24, 2020).

NMF -- No meaningful figure. N/A -- Not applicable.

NATURAL GAS DISTRIBUTION COMPANIES
DCF MODEL -- SUSTAINABLE GROWTH RATES

Company	2023-2025 Projected (a)					Shares Outstanding (a)		Earnings Retention Growth			External Financing Growth					Sustainable Growth	
	Earnings per Share	Dividends per Share	Book Value per Share	Price per Share	Retention Ratio			Return on Equity	"b x r"	2023-2025 Market-to-Book Ratio	Growth Rate in Shares	"s"	"v"	"s x v"			
	2019	Proj. 23-25															
Atmos Energy	\$ 6.00	\$ 3.00	\$ 66.20	\$ 145.00	119.34	145.00	50.0%	9.1%	4.5%	2.19	4.0%	8.7%	54.3%	4.7%	9.3%		
Chesapeake Utilities	\$ 5.50	\$ 2.30	\$ 56.90	\$ 130.00	16.40	20.00	58.2%	9.7%	5.6%	2.28	4.0%	9.3%	56.2%	5.2%	10.8%		
New Jersey Resources	\$ 2.40	\$ 1.57	\$ 25.80	\$ 40.00	89.34	100.00	34.6%	9.3%	3.2%	1.55	2.3%	3.5%	35.5%	1.3%	4.5%		
NiSource	\$ 2.05	\$ 1.16	\$ 16.20	\$ 35.00	382.14	385.00	43.4%	12.7%	5.5%	2.16	0.1%	0.3%	53.7%	0.2%	5.7%		
Northwest Natural Gas	\$ 3.20	\$ 1.97	\$ 38.40	\$ 77.50	30.47	32.00	38.4%	8.3%	3.2%	2.02	1.0%	2.0%	50.5%	1.0%	4.2%		
ONE Gas	\$ 4.75	\$ 2.80	\$ 54.10	\$ 125.00	52.77	55.00	41.1%	8.8%	3.6%	2.31	0.8%	1.9%	56.7%	1.1%	4.7%		
South Jersey Industries	\$ 2.50	\$ 1.40	\$ 20.45	\$ 40.00	92.39	110.00	44.0%	12.2%	5.4%	1.96	3.6%	6.9%	48.9%	3.4%	8.8%		
Southwest Gas	\$ 6.25	\$ 2.65	\$ 61.15	\$ 100.00	55.01	65.00	57.6%	10.2%	5.9%	1.64	3.4%	5.5%	38.9%	2.2%	8.0%		
Spire	\$ 5.15	\$ 3.00	\$ 72.00	\$ 105.00	50.97	55.00	41.7%	7.2%	3.0%	1.46	1.5%	2.2%	31.4%	0.7%	3.7%		
AVERAGE									4.4%			2.2%					6.6%
MEDIAN									4.5%			1.3%					5.7%

(a) The Value Line Investment Survey (August 28, 2020).

**NATURAL GAS DISTRIBUTION COMPANIES
DCF MODEL -- OTHER PROJECTED AND HISTORICAL GROWTH RATES**

Company	Net Book Value (a)			Dividends per Share (a)			Price per Share		
	Pro- jected	Historical		Pro- jected	Historical		Pro- jected (a)	Historical (b)	
		10-Year	5-Year		10-Year	5-Year		10-Year	5-Year
Atmos Energy	7.5%	6.5%	8.5%	7.5%	4.0%	6.5%	9.0%	13.5%	13.0%
Chesapeake Utilities	10.0%	9.5%	10.5%	8.5%	5.5%	6.5%	11.5%	14.0%	10.8%
New Jersey Resources	8.5%	7.0%	8.5%	6.0%	7.0%	6.5%	6.0%	5.3%	1.9%
NiSource	5.0%	-3.0%	-7.0%	7.5%	-2.0%	-5.0%	10.4%	13.6%	6.6%
Northwest Natural Gas	2.0%	1.5%	-0.5%	1.0%	2.0%	0.5%	9.9%	1.4%	3.5%
ONE Gas	5.5%	2.5%	N/A	7.5%	17.0%	N/A	13.6%	N/A	11.2%
South Jersey Industries	5.5%	6.5%	6.0%	3.5%	8.0%	6.0%	14.4%	0.0%	-1.2%
Southwest Gas	6.5%	6.0%	6.5%	4.0%	8.5%	9.5%	10.1%	7.9%	4.1%
Spire	8.5%	7.0%	7.0%	5.0%	4.0%	5.5%	14.9%	5.9%	2.2%
AVERAGE	6.6%	4.8%	4.9%	5.6%	6.0%	5.1%	11.1%	7.7%	5.8%
MEDIAN	6.5%	6.5%	6.8%	6.0%	5.5%	6.5%	10.4%	6.9%	4.1%

(a) *The Value Line Investment Survey* (August 28, 2020).

(b) Fidelity Investments Stock Research "Price History" (Average of daily August 2010 and 2015 closing prices).

N/A -- Not applicable.

NATURAL GAS DISTRIBUTION COMPANIES
BOND RATINGS, BETA, MARKET-TO-BOOK, MARKET CAPITALIZATION, AND SIZE PREMIUMS

Risk Measures

Company	Bond Rating		Beta (c)	Market-to-Book Ratio (d)	Market Capitalization (c)	
	Moody's (a)	S&P (b)			(millions)	Premium(e)
Atmos Energy	A1	A	0.80	2.14	\$ 12,800	0.73%
Chesapeake Utilities	N/R	N/R	0.75	2.46	\$ 1,400	1.47%
New Jersey Resources	A1	N/R	0.90	1.82	\$ 3,100	1.10%
NiSource	Baa2	BBB+	0.85	1.77	\$ 9,200	0.73%
Northwest Natural Gas	Baa1	A+	0.80	1.87	\$ 1,600	1.47%
ONE Gas	A2	A	0.80	1.86	\$ 4,000	1.10%
South Jersey Industries	A3	BBB	1.00	1.51	\$ 2,400	1.34%
Southwest Gas	Baa1	BBB+	0.90	1.49	\$ 3,900	1.10%
Spire	Baa2	A-	0.80	1.33	\$ 3,100	1.10%
LDC GROUP AVERAGE	A3	A-	0.84	1.81	\$ 4,611	1.13%

CRSP Deciles Size Premiums (d)

Decile	Market Capitalization of Smallest Company (in millions)	Market Capitalization of Largest Company (in millions)	Size Premium (Return in Excess of CAPM)
1-Largest	\$ 31,090.379	- \$ 1,061,355.011	-0.28%
2	13,142.606	- 30,542.936	0.50%
3	6,618.604	- 13,100.225	0.73%
4	4,312.546	- 6,614.962	0.79%
5	2,688.889	- 4,311.252	1.10%
6	1,669.856	- 2,685.865	1.34%
7	993.855	- 1,668.282	1.47%
8	515.621	- 993.847	1.59%
9	230.024	- 515.602	2.22%
10- Smallest	1.973	- 229.748	4.99%

(a) Moody's.com (Retrieved August 26, 2020).

(b) StandardandPoors.com (August 26, 2020)

(c) *The Value Line Investment Survey* (August 28, 2020).

(d) Schedule BHF-4 and *The Value Line Investment Survey* (August 28, 2020).

(e) *Duff & Phelps; 2020 CRSP Deciles Size Study -- Supplementary Data Exhibits.*

NATURAL GAS DISTRIBUTION COMPANIES
CAPITAL ASSET PRICING MODEL

	Historical Rates of Return (a)	Forward- Looking Rates of Return (b)
Market Required Rate of Return	12.09%	11.39%
Long-term Government Bond Return (a)(c)	4.94%	1.36%
Market Risk Premium (d)	7.15%	10.02%
LDC Group Beta (e)	0.84	0.84
LDC Group Risk Premium (f)	6.04%	8.46%
Risk-free Rate of Interest (c)	1.36%	1.36%
Theoretical CAPM Cost of Equity Estimate (g)	7.40%	9.83%
Size Premium (e)	4.99%	4.99%
CAPM Cost of Equity Estimates (h)	12.39%	14.82%

(a) Duff & Phelps; *Summary of Statistics of Annual Total Returns, Income Returns, and Capital Appreciation Returns of Basic U.S. Asset Classes (1926-2019)*.

(b) Calculated by applying DCF model applied to S&P 500 firms paying dividends (July 7, 2020):

Expected Dividend Yield 2.50%

Projected Earnings Growth Rate:

Value Line 9.27%

I/B/E/S 8.27%

Zacks 9.13%

Average 8.89%

Market Required Rate of Return 11.39%

(c) August 2020 yield on 30-year U.S. Treasury bonds (Federal Reserve). 1.36%

(d) Market Required Rate of Return minus Long-term Government Bond Return.

(e) Exhibit BHF-8.

(f) Market risk premium times beta.

(g) Sum of Risk Premium and Risk-free Rate of Interest.

(h) Sum of Unadjusted CAPM Cost of Equity Estimate and Size Premium.

NATURAL GAS DISTRIBUTION COMPANIES
RISK PREMIUM METHOD

Year	Qtr.	Allowed ROE (a)	Single-A Utility Bond Yield (b)	Risk Premium	Year	Qtr.	Allowed ROE (a)	Single-A Utility Bond Yield (b)	Risk Premium
1980	1	13.45%	13.49%	-0.04%	2000	3	11.33%	8.25%	3.08%
	2	14.38%	12.87%	1.51%		4	12.50%	8.03%	4.47%
	3	13.87%	12.88%	0.99%	2001	1	11.16%	7.74%	3.42%
	4	14.35%	14.11%	0.24%		2	(c) 10.75%	7.93%	2.82%
1981	1	14.69%	14.77%	-0.08%		4	10.65%	7.68%	2.97%
	2	14.61%	15.82%	-1.21%	2002	1	10.67%	7.65%	3.02%
	3	14.86%	16.65%	-1.79%		2	11.64%	7.50%	4.14%
	4	15.70%	16.57%	-0.87%		3	11.50%	7.19%	4.31%
1982	1	15.55%	16.72%	-1.17%		4	10.78%	7.15%	3.63%
	2	15.62%	16.26%	-0.64%	2003	1	11.38%	6.93%	4.45%
	3	15.72%	15.88%	-0.16%		2	11.36%	6.40%	4.96%
	4	15.62%	14.56%	1.06%		3	10.61%	6.64%	3.97%
1983	1	15.41%	14.15%	1.26%		4	10.84%	6.35%	4.49%
	2	14.84%	13.58%	1.26%	2004	1	11.10%	6.09%	5.01%
	3	15.24%	13.52%	1.72%		2	10.25%	6.48%	3.77%
	4	15.41%	13.38%	2.03%		3	10.37%	6.13%	4.24%
1984	1	15.39%	13.56%	1.83%		4	10.66%	5.94%	4.72%
	2	15.07%	14.72%	0.35%	2005	1	10.65%	5.74%	4.91%
	3	15.37%	14.47%	0.90%		2	10.52%	5.52%	5.00%
	4	15.33%	13.38%	1.95%		3	10.47%	5.51%	4.96%
1985	1	15.03%	13.31%	1.72%		4	10.40%	5.82%	4.58%
	2	15.44%	12.95%	2.49%	2006	1	10.63%	5.85%	4.78%
	3	14.64%	12.11%	2.53%		2	10.50%	6.37%	4.13%
	4	14.44%	11.49%	2.95%		3	10.45%	6.19%	4.26%
1986	1	14.05%	10.18%	3.87%		4	10.14%	5.86%	4.28%
	2	13.28%	9.41%	3.87%	2007	1	10.44%	5.90%	4.54%
	3	13.09%	9.39%	3.70%		2	10.12%	6.09%	4.03%
	4	13.62%	9.31%	4.31%		3	10.03%	6.22%	3.81%
1987	1	12.61%	8.96%	3.65%		4	10.27%	6.08%	4.19%
	2	13.13%	9.77%	3.36%	2008	1	10.38%	6.15%	4.23%
	3	12.56%	10.61%	1.95%		2	10.17%	6.32%	3.85%
	4	12.73%	11.05%	1.68%		3	10.49%	6.42%	4.07%
1988	1	12.94%	10.32%	2.62%		4	10.34%	7.23%	3.11%
	2	12.48%	10.71%	1.77%	2009	1	10.24%	6.37%	3.87%
	3	12.79%	10.94%	1.85%		2	10.11%	6.39%	3.72%
	4	12.98%	9.98%	3.00%		3	9.88%	5.74%	4.14%
1989	1	12.99%	10.13%	2.86%		4	10.27%	5.66%	4.61%
	2	13.25%	9.94%	3.31%	2010	1	10.24%	5.83%	4.41%
	3	12.56%	9.53%	3.03%		2	9.99%	5.61%	4.38%
	4	12.94%	9.50%	3.44%		3	9.93%	5.09%	4.84%
1990	1	12.60%	9.72%	2.88%		4	10.09%	5.34%	4.75%
	2	12.81%	9.91%	2.90%	2011	1	10.10%	5.60%	4.50%
	3	12.34%	9.93%	2.41%		2	9.85%	5.38%	4.47%
	4	12.77%	9.89%	2.88%		3	9.65%	4.81%	4.84%
1991	1	12.69%	9.58%	3.11%		4	9.88%	4.37%	5.51%
	2	12.53%	9.50%	3.03%	2012	1	9.63%	4.39%	5.24%
	3	12.43%	9.33%	3.10%		2	9.83%	4.23%	5.60%
	4	12.38%	9.02%	3.36%		3	9.75%	3.98%	5.77%
1992	1	12.42%	8.91%	3.51%		4	10.07%	3.92%	6.15%
	2	11.98%	8.86%	3.12%	2013	1	9.57%	4.18%	5.39%
	3	11.87%	8.47%	3.40%		2	9.47%	4.23%	5.24%
	4	11.94%	8.53%	3.41%		3	9.60%	4.74%	4.86%
1993	1	11.75%	8.07%	3.68%		4	9.83%	4.76%	5.07%
	2	11.71%	7.81%	3.90%	2014	1	9.54%	4.56%	4.98%
	3	11.39%	7.28%	4.11%		2	9.84%	4.32%	5.52%
	4	11.15%	7.22%	3.93%		3	9.45%	4.20%	5.25%
1994	1	11.12%	7.55%	3.57%		4	10.28%	4.03%	6.25%
	2	10.81%	8.29%	2.52%	2015	1	9.47%	3.66%	5.81%
	3	10.95%	8.51%	2.44%		2	9.43%	4.10%	5.33%
	4	(c) 11.64%	8.87%	2.77%		3	9.75%	4.35%	5.40%
1995	2	11.00%	7.93%	3.07%		4	9.68%	4.35%	5.33%
	3	11.07%	7.72%	3.35%	2016	1	9.48%	4.18%	5.30%
	4	11.56%	7.37%	4.19%		2	9.42%	3.90%	5.52%
1996	1	11.45%	7.44%	4.01%		3	9.47%	3.61%	5.86%
	2	10.88%	7.98%	2.90%		4	9.60%	4.04%	5.56%
	3	11.25%	7.96%	3.29%	2017	1	9.60%	4.18%	5.42%
	4	11.32%	7.62%	3.70%		2	9.47%	4.06%	5.41%
1997	1	11.31%	7.76%	3.55%		3	10.14%	3.91%	6.23%
	2	11.70%	7.88%	3.82%		4	9.68%	3.84%	5.84%
	3	12.00%	7.49%	4.51%	2018	1	9.68%	4.03%	5.65%
	4	(c) 11.01%	7.25%	3.76%		2	9.43%	4.24%	5.19%
1998	2	11.37%	7.12%	4.25%		3	9.69%	4.28%	5.41%
	3	11.41%	6.99%	4.42%		4	9.53%	4.45%	5.08%
	4	11.69%	6.97%	4.72%	2019	1	9.55%	4.25%	5.30%
1999	1	10.82%	7.11%	3.71%		2	9.73%	3.96%	5.77%
	2	(c) 10.82%	7.48%	3.34%		3	9.80%	3.45%	6.35%
	4	10.33%	8.05%	2.28%		4	9.73%	3.40%	6.33%
2000	1	10.71%	8.29%	2.42%	2020	1	9.35%	3.30%	6.05%
	2	11.08%	8.45%	2.63%		2	9.55%	3.13%	6.42%
Average							11.53%	7.87%	3.67%

Unadjusted:

Risk Premium = Intercept + (Slope X Interest Rate) (d)

RP	=	0.07385	+	-0.47289	X	2.73%
RP	=	0.07385	+	-0.01291		
RP	=	6.09%				

Adjusted (Using Iterative Prais-Winsten algorithm):

Risk Premium = Intercept + (Slope X Interest Rate) (d)

RP	=	0.07729	+	-0.51730	X	2.73%
RP	=	0.07729	+	-0.01412		
RP	=	6.32%				

- (a) Regulatory Research Associates, Inc., Major Rate Case Decisions, (April 20, 2020, January 24, 2002, January 18, 1995, and January 16, 1990).
(b) Mergent Public Utility Manual (2003); Mergent Bond Record (September 2005); Moody's Credit Perspectives (Various Editions).
(c) No decisions reported for following quarter.
(d) Moody's Investor Services single-A utility bond yield for August 2020.

NATURAL GAS DISTRIBUTION COMPANIES
COMPARABLE EARNINGS METHOD

<u>Company</u>	<u>Projected Earned Return on Book Equity (a)</u>		
	<u>2020</u>	<u>2021</u>	<u>2023-25</u>
Atmos Energy	9.2%	8.9%	9.1%
Chesapeake Utilities	10.8%	10.0%	9.7%
New Jersey Resources	10.0%	10.7%	9.3%
NiSource	9.6%	10.0%	12.7%
Northwest Natural Gas	8.1%	8.3%	8.3%
ONE Gas	8.3%	8.1%	8.8%
South Jersey Industries	9.4%	10.0%	12.2%
Southwest Gas	8.2%	8.8%	10.2%
Spire	2.3%	6.2%	7.2%
	<hr/>	<hr/>	<hr/>
LDC GROUP AVERAGE	<u>8.4%</u>	<u>9.0%</u>	<u>9.7%</u>
MEDIAN	<u>9.2%</u>	<u>8.9%</u>	<u>9.8%</u>

(a) *The Value Line Investment Survey* (August 28, 2020).

GAS PIPELINE COMPANIES
DCF MODEL -- DIVIDEND YIELD

Company		Expected Dividend (a)	Price (b)	Dividend Yield (c)
DCP Midstream Partners LP	DCP	\$ 1.56	\$ 13.58	11.5%
Enable Midstream Partners, LP	ENBL	\$ 0.66	\$ 5.62	11.8%
Energy Transfer, LP	ET	\$ 1.22	\$ 6.61	18.5%
EnLink Midstream, LLC	ENLC	\$ 0.38	\$ 2.96	12.7%
Kinder Morgan Inc.	KMI	\$ 1.05	\$ 14.21	7.4%
TC Energy Corp.	TRP	\$ 2.44	\$ 48.37	5.1%
Williams Companies	WMB	\$ 1.60	\$ 21.32	7.5%
Average				10.6%
Median				11.5%

(a) *The Value Line Investment Survey* (August 28, 2020).

(b) Fidelity Investments Stock Research "Price History" (Average of daily August 2020 closing prices).

(c) Expected Dividend / Price.

GAS PIPELINE COMPANIES
DCF MODEL -- EARNINGS GROWTH RATES

Company	Projected Growth			Historical Growth	
	Value Line (a)	I/B/E/S (b)	Zacks (c)	10-Year (a)	5-Year (a)
DCP Midstream Partners LP	NMF	N/A	N/A	NMF	NMF
Enable Midstream Partners, LP	9.5%	-23.9%	N/A	N/A	N/A
Energy Transfer, LP	5.0%	-6.9%	N/A	10.5%	31.0%
EnLink Midstream, LLC	NMF	N/A	N/A	N/A	NMF
Kinder Morgan Inc.	18.5%	-0.6%	3.0%	N/A	-9.0%
TC Energy Corp.	7.5%	4.5%	4.0%	2.5%	5.5%
Williams Companies	12.0%	3.7%	5.0%	-6.0%	-2.5%
Average	10.5%	-4.6%	4.0%	2.3%	6.3%
Median	9.5%	-0.6%	4.0%	2.5%	1.5%

(a) *The Value Line Investment Survey* (August 28, 2020).

(b) REFINITIV Stock Reports (August 21, 2020).

(c) Zacks.com "Snapshot" (Retrieved August 24, 2020).

GAS PIPELINE COMPANIES
DCF MODEL -- SUSTAINABLE GROWTH RATES

Company	2023-2025 Projected					Shares Outstanding		Earnings Retention Growth			External Financing Growth					Sustainable Growth
	Earnings	Dividends	Book	Price	2019	Proj. 2023-25	Retention Ratio	Return on Equity	"b x r"	2023-2025 Market-to-Book Ratio	Growth Rate in Shares	"s"	"v"	"s x v"		
	per Share	per Share	Value per Share	per Share												
DCP Midstream Partners LP	\$ 2.25	\$ 3.00	\$ 27.80	\$ 35.00	208	225	-33.3%	8.1%	-2.7%	1.26	1.6%	2.0%	20.6%	0.4%	-2.3%	
Enable Midstream Partners, LP	\$ 1.75	\$ 1.40	\$ 20.00	\$ 17.00	435	450	20.0%	8.8%	1.8%	0.85	0.7%	0.6%	-17.6%	-0.1%	1.6%	
Energy Transfer, LP	\$ 1.50	\$ 1.30	\$ 8.50	\$ 15.00	2,690	2,700	13.3%	17.6%	2.4%	1.76	0.1%	0.1%	43.3%	0.1%	2.4%	
EnLink Midstream, LLC	\$ 0.35	\$ 0.38	\$ 2.50	\$ 4.50	488	490	-8.6%	14.0%	-1.2%	1.80	0.1%	0.2%	44.4%	0.1%	-1.1%	
Kinder Morgan Inc.	\$ 1.50	\$ 1.50	\$ 18.00	\$ 42.50	2,265	2,180	0.0%	8.3%	0.0%	2.36	-0.8%	-1.8%	57.6%	-1.0%	-1.0%	
TC Energy Corp.	\$ 4.20	\$ 3.15	\$ 31.60	\$ 80.00	938	950	25.0%	13.3%	3.3%	2.53	0.2%	0.6%	60.5%	0.4%	3.7%	
Williams Companies	\$ 1.60	\$ 2.00	\$ 14.70	\$ 40.00	1,212	1,250	-25.0%	10.9%	-2.7%	2.72	0.6%	1.7%	63.3%	1.1%	-1.7%	
Average									0.1%					0.1%	0.2%	
Median									0.0%					0.1%	-1.0%	

(a) The Value Line Investment Survey (August 28, 2020).

GAS PIPELINE COMPANIES
DCF MODEL -- OTHER PROJECTED AND HISTORICAL GROWTH RATES

Company	Net Book Value (a)			Dividends per Share (a)			Price per Share		
	Pro- jected	Historical		Pro- jected	Historical		Pro- jected (a)	Historical (b)	
		10-Year	5-Year		10-Year	5-Year		10-Year	5-Year
DCP Midstream Partners LP	-7.0%	16.5%	15.5%	-0.5%	3.0%	1.5%	26.7%	-8.5%	-13.7%
Enable Midstream Partners, LP	3.0%	N/A	N/A	1.5%	N/A	N/A	31.9%	N/A	-18.4%
Energy Transfer, LP	10.0%	N/A	33.0%	10.0%	11.5%	11.5%	22.8%	-2.8%	-25.4%
EnLink Midstream, LLC	-18.0%	N/A	N/A	-16.0%	N/A	N/A	11.0%	-8.9%	-34.1%
Kinder Morgan Inc.	3.5%	N/A	1.0%	13.0%	N/A	-14.0%	31.5%	NA	-15.3%
TC Energy Corp.	7.5%	1.0%	-1.0%	4.5%	4.5%	4.0%	13.4%	3.2%	6.3%
Williams Companies	4.0%	-1.5%	6.0%	6.5%	12.5%	-2.5%	17.0%	3.3%	-15.6%
Average	0.4%	5.3%	10.9%	2.7%	7.9%	0.1%	22.0%	-2.7%	-16.6%
Median	3.5%	1.0%	6.0%	4.5%	8.0%	1.5%	22.8%	-2.8%	-15.6%

(a) *The Value Line Investment Survey* (August 28, 2020).

(b) Fidelity Investments Stock Research "Price History" (Average of daily August 2010 and 2015 closing prices).

GAS PIPELINE COMPANIES
DCF MODEL -- FERC TWO-STAGE GROWTH RATE

Company	Organ- izational Form (a)	I/B/E/S Growth (b)	GDP Growth				Long-term Growth (f)	Two-Stage Growth (g)
			GI (c)	EIA (d)	SSA (e)	Avg.		
DCP Midstream Partners LP	MLP	N/A	4.13%	4.24%	4.07%	4.15%	2.07%	N/A
Enable Midstream Partners, LP	MLP	-23.90%	4.13%	4.24%	4.07%	4.15%	2.07%	-15.2%
Energy Transfer, LP	MLP	-6.90%	4.13%	4.24%	4.07%	4.15%	2.07%	-3.9%
EnLink Midstream, LLC	MLP	N/A	4.13%	4.24%	4.07%	4.15%	2.07%	N/A
Kinder Morgan Inc.	C	-0.60%	4.13%	4.24%	4.07%	4.15%	4.15%	-0.6%
TC Energy Corp.	C	4.50%	4.13%	4.24%	4.07%	4.15%	4.15%	4.4%
Williams Companies	C	3.70%	4.13%	4.24%	4.07%	4.15%	4.15%	3.8%
Average								-2.3%
Median								-0.6%

(a) Corporation (C) or Master Limited Partnership (MLP).

(b) Schedule BHF-13.

(c) IHS Global Insight (*Markit*, June 29, 2020).

(d) Energy Information Administration (*Annual Energy Outlook* -- January 2020).

(e) Social Security Administration (*2020 OASDI Trustees Report*).

(f) Equal to Average GDP Growth if Corporation, 50% of Average GDP Growth if MLP.

(g) Weighted average calculated as 2/3 of I/B/E/S Growth rate and 1/3 of Long-term Growth rate.

GAS PIPELINE COMPANIES
BOND RATINGS, BETA, MARKET-TO-BOOK, MARKET CAPITALIZATION, AND SIZE PREMIUMS

Risk Measures

<u>Company</u>	<u>Bond Rating</u>		<u>Beta (c)</u>	<u>Market-to-Book Ratio (d)</u>	<u>Market Capitalization (c)</u>	
	<u>Moody's (a)</u>	<u>S&P (b)</u>			<u>(millions)</u>	<u>Premium(e)</u>
DCP Midstream Partners LP	Ba2	BB+	1.65	0.43	\$ 3,000	1.10%
Enable Midstream Partners, LP	Baa3	BBB-	1.80	2.46	\$ 2,500	1.34%
Energy Transfer, LP	N/R	BBB-	1.50	0.81	\$ 17,800	0.50%
EnLink Midstream, LLC	Ba2	BB+	1.70	0.68	\$ 1,500	1.47%
Kinder Morgan Inc.	Baa2	BBB	1.30	0.95	\$ 32,700	-0.28%
TC Energy Corp.	Baa2	BBB+	1.10	2.21	\$ 46,400	-0.28%
Williams Companies	Baa3	N/R	1.50	1.94	\$ 27,100	0.50%
PIPELINE GROUP AVERAGE	Baa3	BBB-	1.51	1.35	\$ 18,714	0.62%

CRSP Deciles Size Premiums (d)

<u>Decile</u>	<u>Market Capitalization of Smallest Company (in millions)</u>	<u>Market Capitalization of Largest Company (in millions)</u>	<u>Size Premium (Return in Excess of CAPM)</u>
1-Largest	\$ 31,090.379	- \$ 1,061,355.011	-0.28%
2	13,142.606	- 30,542.936	0.50%
3	6,618.604	- 13,100.225	0.73%
4	4,312.546	- 6,614.962	0.79%
5	2,688.889	- 4,311.252	1.10%
6	1,669.856	- 2,685.865	1.34%
7	993.855	- 1,668.282	1.47%
8	515.621	- 993.847	1.59%
9	230.024	- 515.602	2.22%
10- Smallest	1.973	- 229.748	4.99%

(a) Moody's.com (Retrieved August 26, 2020).

(b) StandardandPoors.com (August 26, 2020)

(c) *The Value Line Investment Survey* (August 28, 2020).

(d) Schedule BHF-4 and *The Value Line Investment Survey* (August 28, 2020).

(e) *Duff & Phelps; 2020 CRSP Deciles Size Study -- Supplementary Data Exhibits.*

GAS PIPELINE COMPANIES
CAPITAL ASSET PRICING MODEL

	Historical Rates of Return (a)	Forward- Looking Rates of Return (b)
Market Required Rate of Return	12.09%	11.39%
Long-term Government Bond Return (a)(c)	4.94%	1.36%
Market Risk Premium (d)	7.15%	10.02%
Proxy Group Beta (e)	1.51	1.51
Risk Premium (f)	10.78%	15.11%
Risk-free Rate of Interest (c)	1.36%	1.36%
Theoretical CAPM Cost of Equity Estimate (g)	12.14%	16.47%
Size Premium (a)	4.99%	4.99%
CAPM Cost of Equity Estimates (h)	17.13%	21.46%

(a) Duff & Phelps; 2020 CRSP Deciles Size Study -- Supplementary Data Exhibits (1926-2019).

(b) Calculated by applying DCF model applied to S&P 500 firms paying dividends (July 7, 2020):

Expected Dividend Yield 2.50%

Projected Earnings Growth Rate:

Value Line 9.27%

I/B/E/S 8.27%

Zacks 9.13%

Average 8.89%

Market Required Rate of Return 11.39%

(c) August 2020 yield on 30-year U.S. Treasury bonds (FederalReserve.gov). 1.36%

(d) Market Required Rate of Return minus Long-term Government Bond Return.

(e) Schedule BHF-17.

(f) Market risk premium times beta.

(g) Sum of Risk Premium and Risk-free Rate of Interest.

(h) Sum of Unadjusted CAPM Cost of Equity Estimate and Size Premium (Schedule BHF-8).

**GAS PIPELINE COMPANIES
COMPARABLE EARNINGS METHOD**

Company	Projected Earned Return on Book Equity (a)		
	2020	2021	2023-25
DCP Midstream Partners LP	-6.6%	3.4%	8.1%
Enable Midstream Partners, LP	3.4%	3.7%	8.8%
Energy Transfer, LP	9.4%	12.5%	17.6%
EnLink Midstream, LLC	-10.2%	-3.1%	14.0%
Kinder Morgan Inc.	0.7%	6.3%	8.3%
TC Energy Corp.	13.5%	12.0%	13.3%
Williams Companies	8.7%	9.0%	10.9%
Average	<u>2.7%</u>	<u>6.3%</u>	<u>11.6%</u>
Median	<u>3.4%</u>	<u>6.3%</u>	<u>10.9%</u>

(a) *The Value Line Investment Survey* (August 28, 2020).

DIRECT TESTIMONY

OF

DANE A. WATSON, PE, CDP

ON BEHALF OF

UNIVERSAL NATURAL GAS, LLC D/B/A UNIVERSAL NATURAL GAS, INC.;
GAS ENERGY, LLC;
ENERTEX NB, LLC;
CONSUMERS GAS COMPANY, LLC D/B/A CONSUMERS GAS COMPANY, INC.;
HOOKS GAS PIPELINE, LLC;
TEXAS GAS PIPELINE COMPANY, LLC; AND
1486 GAS PIPELINE, LLC

OCTOBER 9, 2020

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LIST OF EXHIBITS

Exhibit No.	Description
Exhibit DAW-1	Texas Gas Depreciation Study at June 30, 2020
Exhibit DAW-2	List of Testimony Appearances

DIRECT TESTIMONY OF DANE A. WATSON

I. POSITION AND QUALIFICATIONS

Q.1 PLEASE STATE YOUR NAME AND BY WHOM YOU ARE EMPLOYED.

A. My name is Dane A. Watson. I am a Partner of Alliance Consulting Group. Alliance Consulting Group provides consulting and expert services to the utility industry.

Q.2 ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am filing testimony on behalf of the four local distribution companies (“LDCs”) and three transmission companies (“TransCos”) that are managed and operated by Texas Gas Utility Services, Inc. (“Texas Gas”). The four LDCs being combined—Universal Natural Gas, LLC; Consumers Gas Company, LLC; Gas Energy, LLC; and EnerTex NB, LLC—are collectively referred to as “Consolidated UniGas.” The three TransCos being combined—Hooks Gas Pipeline, LLC; 1486 Gas Pipeline, LLC and Texas Gas Pipeline Company, LLC—are collectively referred to as “Consolidated Hooks.” For the purposes of my testimony, references to “Texas Gas” shall represent all seven of the foregoing regulated entities.

Q.3 PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

A. I hold a Bachelor of Science degree in Electrical Engineering from the University of Arkansas at Fayetteville and a Master’s Degree in Business Administration from Amberton University.

Q.4 DO YOU HOLD ANY SPECIAL CERTIFICATION AS A DEPRECIATION EXPERT?

A. Yes. The Society of Depreciation Professionals (“SDP”) has established national standards for depreciation professionals. The SDP administers an examination and has certain

1 required qualifications to become certified in this field. I met all requirements and hold a
2 Certified Depreciation Professional certification.

3 **Q.5 PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.**

4 A. Since graduating from college in 1985, I have worked in the area of depreciation and
5 valuation. I founded Alliance Consulting Group in 2004 and am responsible for conducting
6 depreciation, valuation, and certain accounting-related studies for clients in various
7 industries. My duties related to depreciation studies include the assembly and analysis of
8 historical and simulated data, conducting field reviews, determining service life and net
9 salvage estimates, calculating annual depreciation, presenting recommended depreciation
10 rates to utility management for its consideration, and supporting such rates before
11 regulatory bodies.

12 My prior employment from 1985 to 2004 was with Texas Utilities Electric
13 Company and successor companies ("TXU"). During my tenure with TXU, I was
14 responsible for, among other things, conducting valuation and depreciation studies for the
15 domestic TXU companies. During that time, I served as Manager of Property Accounting
16 Services and Records Management in addition to my depreciation responsibilities.

17 I have twice been Chair of the Edison Electric Institute ("EEI") Property
18 Accounting and Valuation Committee and have been Chairman of EEI's Depreciation and
19 Economic Issues Subcommittee. I am a Registered Professional Engineer in the State of
20 Texas. I am a Senior Member of the Institute of Electrical and Electronics Engineers
21 ("IEEE") and served for several years as an officer of the Executive Board of the Dallas
22 Section of IEEE. I am also a twice Past-President of the Society of Depreciation
23 Professionals.

1 **Q.6 HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY**
2 **COMMISSIONS?**

3 A. Yes. In my 35-year career, I have conducted depreciation studies, filed written testimony,
4 and/or testified in 260 cases before more than thirty-five different state regulatory agencies
5 across North America. I have testified in more than 20 separate proceedings before the
6 Railroad Commission of Texas ("Commission"). A list of my appearances is shown in
7 Exhibit DAW-2. I have also appeared in Federal Energy Regulatory Commission Docket
8 No. RM02-7-000 as an industry panelist on asset retirement obligations.

9 **II. PURPOSE AND SUMMARY OF DIRECT TESTIMONY**

10 **Q.7 WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THESE**
11 **PROCEEDINGS?**

12 A. I sponsor and support the depreciation study performed for Consolidated Hooks and
13 Consolidated UniGas and their natural gas assets and related CIAC. The depreciation study
14 attached as Exhibit DAW-1 produces the depreciation rates used to determine the
15 depreciation expense for the assets included in these filings for Consolidated Hooks and
16 Consolidated UniGas.

17 **Q.8 HAVE YOU PREPARED ANY EXHIBITS IN CONNECTION WITH YOUR**
18 **TESTIMONY?**

19 A. Yes. I have prepared or supervised the preparation of the exhibits listed in the table of
20 contents.

21 **Q.9 WHAT DEPRECIATION EXPENSE ARE YOU RECOMMENDING IN THESE**
22 **PROCEEDINGS FOR CONSOLIDATED HOOKS AND CONSOLIDATED**
23 **UNIGAS?**

24 A. Based on the depreciation study, which analyzed the companies' depreciable plant in
25 service at June 30, 2020, I recommend an annualized depreciation expense of
26 approximately \$871 thousand for Consolidated UniGas and \$186 thousand for

Consolidated Hooks. This represents a decrease of approximately \$335 thousand compared to the annualized depreciation expense calculated on Consolidated UniGas's investment as of June 30, 2020, using the existing depreciation rates. It represents a decrease of approximately \$18 thousand compared to the annualized depreciation expense calculated on Consolidated Hooks' investment as of June 30, 2020, using the existing depreciation rates. A table with the recommended depreciation rates and expense is shown below.

Utility Function	Plant Balance	Existing Accrual Amount	Proposed Accrual Amount	Difference
Consolidated Hooks				
Intangible Plant	\$ 1,697	\$ 540	\$ 144	\$ (395)
Transmission Plant	\$ 7,270,529	\$ 203,972	\$ 186,164	\$ (17,808)
Total Consolidated Hooks	\$ 7,272,227	\$ 204,512	\$ 186,308	\$ (18,203)
Consolidated UniGas				
Intangible Plant	\$ 212,297	\$ -	\$ 4,763	\$ 4,763
Distribution Plant	\$ 32,661,099	\$ 1,114,226	\$ 869,931	\$ (244,294)
General Plant	\$ 290,992	\$ 92,206	\$ (3,602)	\$ (95,808)
Total Consolidated UniGas	\$ 33,164,388	\$ 1,206,432	\$ 871,092	\$ (335,339)
Combined Texas Gas Plant	\$ 40,436,615	\$ 1,410,944	\$ 1,057,401	\$ (353,543)

1 **Q.10 WHAT ARE THE PRIMARY FACTORS THAT HAVE INFLUENCED THE**
2 **CHANGE IN THE DEPRECIATION RATES?**

3 A. The primary factors that influenced the change in depreciation rates for both Consolidated
4 Hooks and Consolidated UniGas are changes to average service lives and historical
5 accumulated depreciation reserve levels.

6 **Q.11 DOES THE DEPRECIATION STUDY YOU SPONSOR IN THIS CASE REFLECT**
7 **THE MOST CURRENT DATA AVAILABLE FOR THESE ASSETS?**

8 A. Yes. The data used reflects the most recent experience and future expectations for life and
9 net salvage characteristics for these assets.

10 **III. TEXAS GAS DEPRECIATION STUDY**

11 **A. SUMMARY OF THE DEPRECIATION STUDY RESULTS**

12 **Q.12 DID YOU PREPARE THE CONSOLIDATED HOOKS AND CONSOLIDATED**
13 **UNIGAS DEPRECIATION STUDY?**

14 A. Yes. The Depreciation Study is attached to my testimony as Exhibit DAW-1. The study
15 in Exhibit DAW-1 analyzes the life and net salvage percentage for the property groups
16 associated with the Texas intangible, transmission, distribution and general plant assets and
17 related CIAC of Consolidated Hooks and Consolidated UniGas at June 30, 2020.

18 **Q.13 WHAT PROPERTY IS INCLUDED IN THE DEPRECIATION STUDY?**

19 A. There are four general classes, or functional groups, of depreciable property: Intangible
20 Plant, Transmission Plant, Distribution Plant, and General Plant property. Intangible Plant
21 includes software and related assets. Other intangible assets such as organization costs,
22 franchises, and acquisition adjustments were excluded from the study. Transmission Plant
23 takes the natural gas using intermediate pressure to send gas to the Distribution System.
24 The Distribution Plant functional group primarily consists of pipes and associated facilities
25 used to distribute gas within the areas served by the LDCs. General Plant property is not

1 location-specific but is used to support the overall distribution of gas to customers. Land
2 and non-depreciable property were also excluded from the study.

3 **Q.14 ARE THE RESULTS OF YOUR DEPRECIATION STUDY REFLECTED IN THE**
4 **TEST YEAR ENDING JUNE 30, 2020 COST OF SERVICE CALCULATIONS?**

5 A. Yes. The cost of service calculations for depreciation expense each applies my
6 recommended depreciation rates to the adjusted plant balances as of June 30, 2020.

7 **B. OVERVIEW OF DEPRECIATION STUDY**

8 **Q.15 WHAT DEFINITION OF DEPRECIATION HAVE YOU USED FOR PURPOSES**
9 **OF CONDUCTING A DEPRECIATION STUDY AND PREPARING YOUR**
10 **TESTIMONY?**

11 A. The term “depreciation,” as used herein, is considered in the accounting sense; that is, a
12 system of accounting that distributes the cost of assets, less net salvage (if any), over the
13 estimated useful life of the assets in a systematic and rational manner. Depreciation is a
14 process of allocation, not valuation. Depreciation expense is systematically allocated to
15 accounting periods over the life of the properties. The amount allocated to any one
16 accounting period does not necessarily represent the loss or decrease in value that will
17 occur during that particular period. Thus, depreciation is considered an expense or cost,
18 rather than a loss or decrease in value. The companies accrue depreciation based on the
19 original cost of all property included in each depreciable plant account. On retirement, the
20 full cost of depreciable property, less the net salvage amount, if any, is charged to the
21 depreciation reserve.

22 **Q.16 PLEASE DESCRIBE YOUR APPROACH TO PERFORMING A DEPRECIATION**
23 **STUDY.**

24 A. During the initial data collection process, historical data is normally compiled from
25 continuing property records and general ledger systems. However, since most of the
26 LDCs’ and TransCos’ assets were newly constructed or recently acquired, with no history

1 available, current asset information was obtained. In lieu of historical asset transaction
2 analysis, I conducted interviews with management and operational staff who are
3 overseeing the daily operation and construction of the assets. I assigned average service
4 lives to each account based on the characteristic of the assets within each account, input
5 from interviews with Texas Gas subject matter experts and my knowledge and experience
6 gained from performing depreciation studies for similar assets in Texas and throughout the
7 nation. Using all of these resources, I then calculated the depreciation rate for each account.

8 **Q.17 WHAT DEPRECIATION METHODOLOGY DID YOU USE?**

9 A. The straight-line, Equal Life Group (“ELG”) remaining-life depreciation system was
10 employed to calculate annual and accrued depreciation in this study. Prior to this study,
11 the Company tracked assets on an individual basis, with gains and losses if an asset was
12 retired at a point different than its projected service life. Group accounting assumes that
13 the full cost of an asset is charged to accumulated depreciation with no gains or losses. All
14 assets within a plant account make up the group. Other regulated natural gas companies
15 use group accounting, and Consolidated Hooks and Consolidated UniGas are
16 implementing group accounting in this study. The ELG methodology has been an
17 approved depreciation methodology at the Railroad Commission of Texas for over 20
18 years.¹ And it continues to be adopted for Texas natural gas utilities in more recent
19 proceedings.²

¹ *Statement of Intent filed by Lone Star Gas Company and Lone Star Pipeline Company, Divisions of Enserch Corporation, and ENSAT Pipeline Company to Increase the Intracompany City Gate Rate Established in GUD 3543, GUD No. 8664, Final Order at Finding of Fact No. 92 (Nov. 25, 1997).*

² *Statement of Intent to Change the Rates CGS and Rate PT Rates of Atmos Pipeline – Texas, GUD No. 10580, Final Order at Finding of Fact No. 63 (Aug. 1, 2017).*

Q.18 HOW WERE DEPRECIATION RATES DETERMINED USING THE ELG PROCEDURE?

A. In this procedure, the annual depreciation expense for each group is computed by dividing the original cost of the asset, less allocated depreciation reserve, plus or minus estimated net salvage, by its respective equal life group remaining life. The resulting annual accrual amounts of all depreciable property within a function is accumulated, and the total is divided by the original cost of all functional depreciable property to determine the depreciation rate. The calculated remaining lives and annual depreciation accrual rates are based on attained ages of plant in service and the estimated service life and salvage characteristics of each depreciable group. The computations of the annual depreciation rates are shown in Exhibit DAW-1, Appendices A and A-1. The remaining life calculations are discussed below and are shown in Exhibit DAW-1, Appendix A-2.

C. SERVICE LIVES

Q.19 WHAT IS THE SIGNIFICANCE OF AN ASSET'S USEFUL LIFE IN YOUR DEPRECIATION STUDY?

A. An asset's useful life is used to determine the remaining life over which the remaining cost (original cost plus or minus net salvage, minus accumulated depreciation) can be allocated to normalize the asset's cost and spread ratably over future periods.

Q.20 WHAT METHODOLOGY WAS USED TO DETERMINE THE AVERAGE SERVICE LIVES AN ASSET'S USEFUL LIFE IN YOUR DEPRECIATION STUDY?

A. Average service lives for each type of asset was based on Alliance's and Texas Gas engineering experts' experience with similar assets, and future expectations for those assets. As stated previously, actuarial analysis (retirement rate method) was not available to be used due to the young age of Texas Gas' assets and consequently, the lack of historical retirements. With limited retirement history, interviews provided great insight into the

Company's operations and the impact that those operations are expected to have on the service lives of the assets used to provide utility service. This information in conjunction with all other factors was used to select the most appropriate life and curve for each asset group. Interview notes and other discussions with Company subject matter experts are included in my workpapers. The summary of proposed life parameters by account is shown in Exhibit DAW-1, Appendix C.

Q.21 PLEASE SUMMARIZE THE RESULTS OF THE DEPRECIATION STUDY WITH RESPECT TO AVERAGE SERVICE LIVES.

A. Table 1 below shows the proposed average service lives and selected curve for each account across both Consolidated Hooks and Consolidated UniGas.

TABLE 1

Account	Description	Life	Curve
302	Franchises and Consents	65	SQ
303	Intangible Plant	15	SQ
365	Land Rights	65	R1
367	Transmission Mains	65	R1
369	Measuring and Regulating Equipment	45	R2
374	Land Rights	65	R1
376	Distribution Mains	65	R1
378	City Gate and Meter Station	45	R2
380	Services	50	R2
381	Meters	30	R2
381.1	AMR Meters	20	R2

383	Regulators	40	R2
391	Office Furniture and Equipment	20	SQ
391.1	Computer Equipment	3	SQ
396	Power Operated Equipment	8	L2
397	Communication Equipment	15	SQ
398	Miscellaneous Equipment	25	SQ

1

2 **Q.22 AS PART OF YOUR DEPRECIATION ANALYSIS, HAVE YOU TAKEN ANY**
3 **ACTION TO PROPERLY ALIGN CONSOLIDATED HOOKS' AND**
4 **CONSOLIDATED UNIGAS' DEPRECIATION RESERVES WITH THE LIFE**
5 **CHARACTERISTICS OF THE INTANGIBLE, DISTRIBUTION,**
6 **TRANSMISSION AND GENERAL PLANT FUNCTIONS?**

7 A. Yes. In the process of analyzing the depreciation reserves for Consolidated Hooks and
8 Consolidated UniGas, I observed that the depreciation reserve positions of the various
9 accounts needed to be re-balanced based on my recommended service lives. To allow the
10 relative reserve positions of each account within a function to mirror the life characteristics
11 of the underlying assets, I reallocated the depreciation reserves for all accounts within each
12 function.

13 **Q.23 WHY IS IT NECESSARY TO RE-ALLOCATE THE RESERVES TO ACCOUNT**
14 **FOR ANY RECOMMENDED CHANGES IN THE LIFE PARAMETERS?**

15 A. The purpose of a depreciation study, and specifically the remaining life technique used in
16 this case, is to calculate accrual rates that will allow Consolidated Hooks and Consolidated
17 UniGas to recover the remaining balance of their investment in plant over the remaining
18 lives of the un-depreciated assets in their invested plant balance. When new service lives
19 or net salvage ratios are adopted as part of a new depreciation study or operational changes
20 occur over time that affect the balances in the reserve, the reserve for individual accounts

1 can become out of sync with the underlying assets. Re-allocation is performed to re-spread
2 the reserves between accounts within a function to bring the reserves for each account back
3 into parity with each other. This brings the undepreciated plant balances associated with
4 each account back in line so that each account contributes the appropriate level of
5 depreciation expense in order to fully depreciate the assets at the end of the recommended
6 useful life.

7 **Q.24 IS RESERVE RE-ALLOCATION CONSISTENT WITH STANDARD**
8 **DEPRECIATION PRACTICE AND METHODOLOGIES YOU HAVE USED TO**
9 **CONDUCT DEPRECIATION STUDIES BEFORE THIS COMMISSION IN THE**
10 **PAST?**

11 A. Yes. The practice of depreciation reserve allocation is widely recognized and commonly
12 practiced as part of a comprehensive depreciation study for the purposes of setting
13 regulated rates where changes in services lives result in an imbalance between the
14 theoretical and book reserve.³ With respect to Consolidated Hooks and Consolidated
15 UniGas, my depreciation study demonstrates that the life of the property differs from the
16 current depreciation rates being applied to these assets. These differences have created
17 imbalances between the theoretical and the book reserve for various accounts within each
18 function, making the reallocation of the depreciation reserve appropriate in this instance.

19 **Q.25 DOES THE REALLOCATION CHANGE THE AMOUNT OF THE BOOK**
20 **RESERVE?**

21 A. No. The recorded book reserve for reporting purposes is maintained at a functional level.
22 The reallocation occurs within the accounts of each respective function.

³ *Public Utility Depreciation Practices*, NARUC (1968), p. 48; *Public Utility Depreciation Practices*, NARUC (1996), p. 188.

Q.26 WILL CONSOLIDATED HOOKS AND CONSOLIDATED UNIGAS RECORD THE REALLOCATED RESERVES ON THEIR BOOKS?

A. Yes, the book reserves will be reallocated at the time the Commission-approved rates and parameters go into effect. This timing ensures that the Commission's decisions on the life, dispersion and net salvage parameters are fully reflected in the companies' books and records.

D. NET SALVAGE

Q.27 WHAT IS NET SALVAGE?

A. As discussed more fully in Exhibit DAW-1, net salvage is the difference between the gross salvage (what is received in scrap value for the asset when retired) and the removal cost (cost to remove and dispose of the asset). Salvage and removal cost percentages are calculated by dividing the current cost of salvage or removal by the original installed cost of the asset. When salvage exceeds removal cost (positive net salvage), the net salvage reduces the amount to be depreciated over time. When removal cost exceeds salvage (negative net salvage), the negative net salvage increases the amount to be depreciated.

Q.28 DO CONSOLIDATED HOOKS OR CONSOLIDATED UNIGAS HAVE ANY NET SALVAGE REFLECTED IN ITS EXISTING DEPRECIATION RATES?

A. No. Currently, the companies are booking removal cost as part of the cost of a new asset. I recommend that Consolidated Hooks and Consolidated UniGas change their accounting practice and record cost of removal and gross salvage to the depreciation reserve, similar to other regulated natural gas utilities.

Q.29 WHAT ARE YOUR NET SALVAGE RECOMMENDATIONS IN THESE PROCEEDINGS?

A. As mentioned above, there is currently no cost of removal or salvage being recorded; therefor, this study assumes a zero percent net salvage in depreciation rates for all accounts.

E. CONTRIBUTIONS IN AID OF CONSTRUCTION (“CIAC”)

Q.30 WHAT ARE CONTRIBUTIONS IN AID OF CONSTRUCTION?

A. Contributions in aid of construction (“CIAC”) are customer-supplied funds used by the utility to provide service to its customers. Some organizations net the proceeds against an asset. Consolidated Hooks and Consolidated UniGas has been accruing depreciation for CIAC. In this study, Consolidated Hooks and Consolidated UniGas propose to use the service lives provided in Table 1 to develop depreciation rates for their CIAC plant. Those results are shown below.

Utility Function	Plant Balance	Existing Accrual Amount	Proposed Accrual Amount	Difference
Consolidated Hooks - CIAC				
Transmission CIAC	\$ (63,908)	\$ (1,598)	\$ (1,771)	\$ (174)
Consolidated UniGas - CIAC				
Distribution CIAC	\$ (4,364,177)	\$ (149,106)	\$ (128,316)	\$ 20,790
Combined Texas Gas CIAC	\$ (4,364,177)	\$ (149,106)	\$ (128,316)	\$ 20,617

IV. CONCLUSION

Q.31 DO YOU HAVE ANY CONCLUDING REMARKS?

A. Yes. The depreciation study and analysis performed by me and under my supervision fully support setting depreciation rates at the levels I have indicated in my testimony and exhibits. Consolidated Hooks and Consolidated UniGas should continue to periodically review the annual depreciation rates for their property. In this way, all customers will be charged for their appropriate share of the capital expended for their benefit. The depreciation study included as Exhibit DAW-1 describes the extensive analysis performed and the resulting rates that are now appropriate for the companies’ property. The depreciation rates for Consolidated Hooks and Consolidated UniGas should be set at my

1 recommended amounts in order to recover their total investment in property over the
2 estimated remaining life of their assets.

3 **Q.32 DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

4 A. Yes, it does.

AFFIDAVIT

STATE OF TEXAS §

COUNTY OF COLLIN §

Before me, the undersigned authority, on this day personally appeared Dane A. Watson, who, being by me first duly sworn, stated on his oath that he has read the foregoing instrument, “Direct Testimony of Dane A. Watson on behalf of Universal Natural Gas, LLC d/b/a Universal Natural Gas, Inc.; Gas Energy, LLC; EnerTex NB, LLC; Consumers Gas Company, LLC d/b/a Consumers Gas Company, Inc.; Hooks Gas Pipeline Company, LLC; Texas Gas Pipeline Company, LLC; and 1486 Gas Pipeline Company, LLC”, and that it is true and correct to the best of his information and belief.

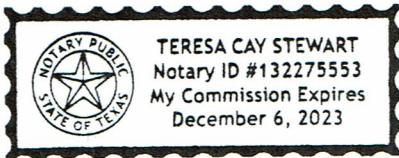
Dane A. Watson

Dane A. Watson

Sworn to and subscribed before me on the 6th day of October, 2020, by Dane A. Watson,
to certify which witness my hand and seal of office.

Jerisa Stewart

Notary Public, State of Texas



TEXAS GAS UTILITY SERVICES, INC.

**Book Depreciation Rate Study
of
Hooks Gas Pipeline, LLC
(as consolidated)
and
Universal Natural Gas, LLC
(as consolidated)**

At June 30, 2020



**TEXAS GAS UTILITY SERVICES, INC.
DEPRECIATION RATE STUDY**

EXECUTIVE SUMMARY

Texas Gas Utility Services, Inc. ("Texas Gas" or "Company") engaged Alliance Consulting Group to conduct a depreciation study of the Company's gas depreciable assets as of June 30, 2020. This study incorporates the requested consolidation of seven entities into two consolidated entities: (1) Hooks Gas Pipeline, LLC ("Consolidated Hooks"), and (2) Universal Natural Gas, LLC ("Consolidated UniGas"). Utility assets and operations of 1486 Gas Pipeline, LLC and Texas Gas Pipeline Company, LLC were combined with Hooks Gas Pipeline, LLC when developing depreciation parameters and annual accrual rates for Consolidated Hooks. Utility assets and operations of Gas Energy, LLC, Consumers Gas Company, LLC, and Enertex NB, LLC were combined with Universal Natural Gas, LLC when developing depreciation parameters and annual accrual rates for Consolidated UniGas. Texas Gas is an unregulated entity that serves as the operational and management company for all seven existing regulated entities and will continue to do so for Consolidated UniGas and Consolidated Hooks. As such, it has minimal assets of its own. However, for the purposes of this study, references to Texas Gas shall represent all seven of the foregoing regulated entities. Operational policies and procedures are consistent across the various regulated entities; therefore, it is reasonable to conduct life analysis in this study combining their historical experience with current investment balances on a consolidated basis.

I conducted this study for Consolidated UniGas and Consolidated Hooks using a

traditional depreciation study approach for life analysis, adjusted to take into account that a small portion of the Company's assets were acquired and the original in-service date was not available upon acquisition. Assets that were acquired and not originally constructed from inception comprise a very small portion of the overall asset base. Additionally, the Company is experiencing consistent growth in portions of its service area and currently has very little retirement experience. I used the straight line, equal life group, remaining life depreciation system to calculate annual accrual rates and amounts for gas fixed assets and related contribution in aid of construction ("CIAC"). This methodology is a standard methodology used and adopted by the Railroad Commission of Texas as precedent for more than 20 years. Texas Gas does not charge removal cost against the depreciation reserve. Therefore, net salvage for all accounts is set to zero percent.

The overall result of the depreciation rate study is a reduction to annual depreciation expense of approximately \$333 thousand. The reduction is comprised of a decrease of approximately \$18 thousand related to Consolidated Hooks and a decrease of approximately \$315 thousand related to Consolidated UniGas. The primary driver of these reductions are the increases in asset service lives. The table below summarizes the proposed versus existing accrual for each Company.

Company	Plant Balance	Existing Accrual Amount	Proposed Accrual Amount	Difference
Consolidated Hooks	\$ 7,272,227	\$ 204,512	\$ 186,308	\$ (18,203)
Consolidated Hooks CIAC	\$ (63,908)	\$ (1,598)	\$ (1,771)	\$ (174)
Net Consolidated Hooks	\$ 7,208,318	\$ 202,914	\$ 184,537	\$ (18,377)
Consolidated UniGas	\$ 33,164,388	\$ 1,206,432	\$ 871,092	\$ (335,339)
Consolidated UniGas CIAC	\$ (4,364,177)	\$ (149,106)	\$ (128,316)	\$ 20,790
Net Consolidated UniGas	\$ 28,800,211	\$ 1,057,326	\$ 742,777	\$ (314,549)
Combined Texas Gas Total	\$ 36,008,529	\$ 1,260,240	\$ 927,314	\$ (332,926)

Appendix A presents the calculations of the proposed annual depreciation rates and accrual amounts for gas plant. Appendix A-1 presents the calculation of the proposed annual depreciation rate and accrual amounts for CIAC. Appendix A-2 presents the

calculation of the remaining life for each account. Appendix B presents a comparison of the existing versus proposed annual accrual rates and amounts. Appendix C presents a comparison of the existing life parameters versus the proposed life parameters by account.

TEXAS GAS UTILITY SERVICES, INC.
DEPRECIATION RATE STUDY
AT JUNE 30, 2020

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PURPOSE

The purpose of this study is to develop depreciation lives for gas depreciable property as recorded on the books of the seven Texas Gas entities as of June 30, 2020, adjusted for the proposed consolidations of the transmission assets into Consolidated Hooks and the distribution assets into Consolidated UniGas. The Texas Gas companies are natural gas transmission and distribution companies that provides service to customers in portions of Montgomery, Harris, Grimes, and Comal Counties. Texas Gas companies have approximately 440 miles of transmission and distribution lines, with which the Texas Gas companies serve approximately 17,300 retail customers in the unincorporated or environs areas. Over 90% of Texas Gas companies' customers are located in northern Harris County and southern Montgomery County, and over 80% are in new developments that have been in existence less than 20 years.

The Texas Gas companies built their distribution businesses by serving newly established residential developments and procuring interconnect points with unaffiliated third-party high-pressure pipelines as a source of gas supply to serve those residential developments.

STUDY RESULTS

The study's recommended annual depreciation expense and depreciation rates are found using Iowa Curve dispersion patterns with average service lives, the straight-line method, equal life group ("ELG") procedure and remaining-life technique. Detailed information for each of these factors will follow in this report.

Overall depreciation rates for Texas Gas depreciable property are shown in Appendix A for each of the consolidated entities. The proposed depreciation rates for gas plant translate into an annual depreciation accrual of approximately \$186 thousand for Consolidated Hooks and approximately \$871 thousand for Consolidated UniGas based on depreciable gas plant investment at June 30, 2020. The equivalent annual depreciation expense calculated using the existing rates is approximately \$205 thousand for Consolidated Hooks and approximately \$1.2 million for Consolidated UniGas. The overall result is a reduction to annual depreciation expense for gas plant of approximately \$353 thousand. A table summarizing the proposed versus existing accrual by Company and function is shown below for gas plant.

Utility Function	Plant Balance	Existing Accrual Amount	Proposed Accrual Amount	Difference
Consolidated Hooks				
Intangible Plant	\$ 1,697	\$ 540	\$ 144	\$ (395)
Transmission Plant	\$ 7,270,529	\$ 203,972	\$ 186,164	\$ (17,808)
Total Consolidated Hooks	\$ 7,272,227	\$ 204,512	\$ 186,308	\$ (18,203)
Consolidated UniGas				
Intangible Plant	\$ 212,297	\$ -	\$ 4,763	\$ 4,763
Distribution Plant	\$ 32,661,099	\$ 1,114,226	\$ 869,931	\$ (244,294)
General Plant	\$ 290,992	\$ 92,206	\$ (3,602)	\$ (95,808)
Total Consolidated UniGas	\$ 33,164,388	\$ 1,206,432	\$ 871,092	\$ (335,339)
Combined Texas Gas Plant	\$ 40,436,615	\$ 1,410,944	\$ 1,057,401	\$ (353,543)

The proposed depreciation rates for CIAC translate into an annual depreciation accrual of negative \$1,771 for Consolidated Hooks and approximately negative \$128 thousand for Consolidated UniGas. The equivalent annual depreciation expense

calculated using the existing rates is \$1,598 for Consolidated Hooks and approximately negative \$149 thousand for Consolidated UniGas based on depreciable CIAC balances at June 30, 2020. A table summarizing the proposed versus existing accrual by Company and function is show below for CIAC.

Utility Function	Plant Balance	Existing Accrual Amount	Proposed Accrual Amount	Difference
Consolidated Hooks - CIAC				
Transmission CIAC	\$ (63,908)	\$ (1,598)	\$ (1,771)	\$ (174)
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Distribution CIAC	\$ (4,364,177)	\$ (149,106)	\$ (128,316)	\$ 20,790
Combined Texas Gas CIAC	\$ (4,364,177)	\$ (149,106)	\$ (128,316)	\$ 20,617

Appendix A presents the calculations of the proposed annual depreciation rates and accrual amounts for gas plant. Appendix A-1 presents the calculation of the proposed annual depreciation rates and accrual amounts for CIAC. Appendix A-2 presents the calculation of the remaining life for each account. Appendix B presents a comparison of the existing versus proposed annual accrual rates and amounts. Appendix C presents a comparison of the existing life parameters versus the proposed life parameters by account.

GENERAL DISCUSSION

Definition

The term "depreciation" as used in this study is considered in the accounting sense, that is, a system of accounting that distributes the cost of assets, less net salvage (if any), over the estimated useful life of the assets in a systematic and rational manner. It is a process of allocation, not valuation. This expense is systematically allocated to accounting periods over the life of the properties. The amount allocated to any one accounting period does not necessarily represent the loss or decrease in value that will occur during that particular period. The Company accrues depreciation on the basis of the original cost of all depreciable property included in each functional property group. On retirement the full cost of depreciable property, less the net salvage value, is charged to the depreciation reserve.

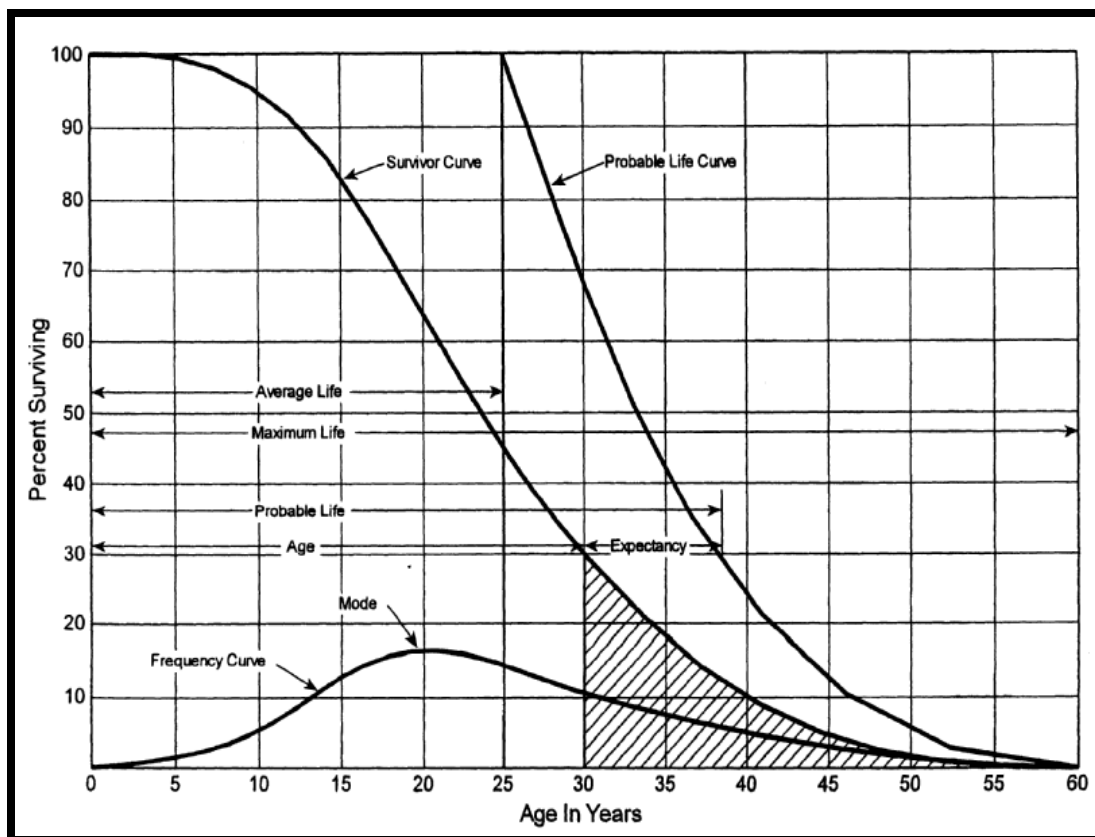
Basis of Depreciation Estimates

The straight-line, equal life group ("ELG"), remaining-life depreciation system was employed to calculate annual and accrued depreciation in this study. In this system, the annual depreciation expense for each group is computed by dividing the original cost of the asset, less allocated depreciation reserve less estimated net salvage (if any), by its respective equal life group remaining life. The resulting annual accrual amounts of all depreciable property within a function were accumulated, and the total was divided by the original cost of all functional depreciable property to determine the depreciation rate. The calculated remaining lives and annual depreciation accrual rates were based on attained ages of plant in service and the estimated service life and salvage characteristics of each depreciable group. The same methodology was used to calculate depreciation for gas plant and related CIAC. The computations of the annual depreciation rates and remaining lives are shown in Appendices A, A-1, and A-2.

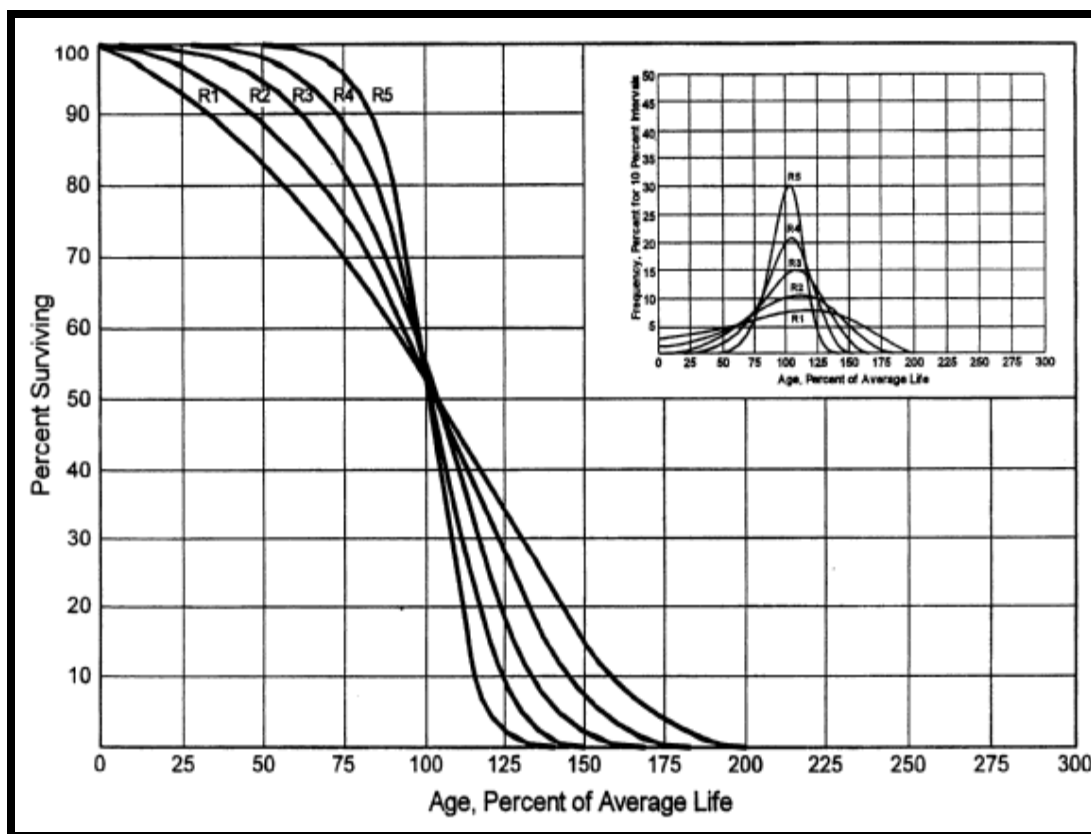
Survivor Curves

To fully understand depreciation projections in a regulated utility setting, there must be a basic understanding of survivor curves. Individual property units within a group do not normally have identical lives or investment amounts. The average life of a group can

be determined by first constructing a survivor curve which is plotted as a percentage of the units surviving at each age. A survivor curve represents the percentage of property remaining in service at various age intervals. The Iowa Curves are the result of an extensive investigation of life characteristics of physical property made at Iowa State College Engineering Experiment Station in the first half of the prior century. Through common usage, revalidation and regulatory acceptance, these curves have become a descriptive standard for the life characteristics of industrial property. An example of an Iowa Curve is shown below.



There are four families in the Iowa Curves that are distinguished by the relation of the age at the retirement mode (largest annual retirement frequency) and the average life. For distributions with the mode age greater than the average life, an "R" designation (i.e., Right modal) is used. The family of "R" moded curves is shown below.



Similarly, an "S" designation (i.e., Symmetric modal) is used for the family whose mode age is symmetric about the average life. An "L" designation (i.e., Left modal) is used for the family whose mode age is less than the average life. A special case of left modal dispersion is the "O" or origin modal curve family. Within each curve family, numerical designations are used to describe the relative magnitude of the retirement frequencies at the mode. A "6" indicates that the retirements are not greatly dispersed from the mode (i.e., high mode frequency) while a "1" indicates a large dispersion about the mode (i.e., low mode frequency). For example, a curve with an average life of 30 years and an "L3" dispersion is a moderately dispersed, left modal curve that can be designated as a 30 L3 Curve. An SQ, or square, survivor curve occurs where no dispersion is present (i.e., units of common age retire simultaneously).

Most property groups can be closely fitted to one Iowa Curve with a unique average service life. The blending of judgment concerning current conditions and future trends

along with the matching of historical data permits the depreciation analyst to make an informed selection of an account's average life and retirement dispersion pattern.

Actuarial Analysis

Actuarial analysis (retirement rate method) was not available to be used due to the young age of Texas Gas' assets and consequently, the lack of historical retirements. Average service lives for each type of asset was based on Alliance's and Texas Gas engineering experts' experience with similar assets and future expectations for those assets. The summary of proposed life parameters by account is shown in Appendix C.

Judgment

Any depreciation study requires informed judgment by the analyst conducting the study. A knowledge of the property being studied, company policies and procedures, general trends in technology and industry practice, and a sound basis of understanding depreciation theory are needed to apply this informed judgment. Judgment was used in areas such as survivor curve modeling and selection, depreciation method selection, simulated plant record method analysis, and actuarial analysis.

Judgment is not defined as being used in cases where there are specific, significant pieces of information that influence the choice of a life or curve. Those cases would simply be a reflection of specific facts into the analysis. Where there are multiple factors, activities, actions, property characteristics, statistical inconsistencies, implications of applying certain curves, property mix in accounts or a multitude of other considerations that impact the analysis (potentially in various directions), judgment is used to take all of these factors and synthesize them into a general direction or understanding of the characteristics of the property. Individually, no one factor in these cases may have a substantial impact on the analysis, but overall, may shed light on the utilization and characteristics of assets. Judgment may also be defined as deduction, inference, wisdom, common sense, or the ability to make sensible decisions. There is no single correct result from statistical analysis; hence, there is no answer absent judgment. At the very least for example, any analysis requires choosing bands upon which to place more

emphasis.

The establishment of appropriate average service lives and retirement dispersions for the Distribution and General accounts requires judgment to incorporate the understanding of the operation of the system with the available accounting information analyzed using the Retirement Rate actuarial methods. The appropriateness of lives and curves depends not only on statistical analyses, but also on how well future retirement patterns will match past retirements.

Current applications and trends in use of the equipment also need to be factored into life and survivor curve choices in order for appropriate mortality characteristics to be chosen.

Equal Life Group Depreciation

The ELG depreciation procedure was used to establish depreciation rates for Texas Gas' assets in this study. The Railroad Commission of Texas has recognized the relevance of the equal life group ("ELG") depreciation procedure since the late 1990s and continues to approve depreciation rates for regulated gas utilities based on the ELG procedure. This study uses the ELG depreciation procedure to group the assets within each account for depreciation rate calculation purposes. After an average service life and dispersion were selected for each account, these parameters were used to estimate what portion of the surviving investment of each vintage was expected to retire. The depreciation of the group continues until all investment in the vintage group is retired. ELG groups are defined by their respective account dispersion, life, and net salvage estimates. A straight-line rate for each ELG group is computed and accumulated across each vintage. The resulting rate for each ELG group is designed to recover all retirements less net salvage as each vintage retires. The ELG procedure recovers net book cost over the life of each ELG group rather than averaging many components. It also closely matches the concept of component or item accounting found in all accounting textbooks.

Theoretical Depreciation Reserve

The Company's book depreciation reserves were reallocated within each function

by plant account based on the theoretical reserves for each account. This study used a reserve model that relied on a prospective concept relating future retirement and accrual patterns for property, given current life and salvage estimates. The theoretical reserve of a group is developed from the estimated remaining life, total life of the property group, and estimated net salvage. The theoretical reserve represents the portion of the group cost that would have been accrued if current forecasts were used throughout the life of the group for future depreciation accruals. The computation involves multiplying the vintage balances within the group by the theoretical reserve ratio for each vintage. The equal life group method requires an estimate of dispersion and service life to establish how much of each vintage is expected to be retired in each year until all property within the vintage is retired. Estimated average service lives and dispersion determine the amount within each equal life group. The equal life group-remaining-life theoretical reserve ratio (RRELG) is calculated as:

$$RRELG = 1 - \frac{(ELG \text{ Remaining Life})}{(ELG \text{ Life})} * (1 - \text{Net Salvage Ratio})$$

DETAILED DISCUSSION

Depreciation Study Process

During the initial data collection process, historical data is normally compiled from continuing property records and general ledger systems. However, since most of Texas Gas' assets were newly constructed or recently acquired, with no history available, current asset information was obtained. In lieu of historical asset transaction analysis, we conducted interviews with management and operational staff who are overseeing the daily operation and construction of the assets. I assigned average service lives to each account based on the characteristic of the assets within each account, input from interviews with Company subject matter experts and my knowledge and experience gained from performing depreciation studies for similar assets in Texas and throughout the nation. One of the most important elements of performing a proper depreciation study is to understand how the Company utilizes assets and the environment of those assets. Interviews with management, engineering, and operations personnel who oversee these functions are important methods that allow the analyst to obtain beneficial information when evaluating the output from the life and net salvage programs in relation to the Company's actual asset utilization and environment. Information that was gleaned in these discussions is found both in the Detailed Discussion section of this study and also in my workpapers.

The Company has little retirement experience and does not currently record removal and salvage costs in its accumulated depreciation reserve account. This study assumes a zero percent net salvage for all accounts in the calculation of the annual depreciation rates.

After assigning lives and net salvage, I calculated the accrual rates for each plant account. This study documents my conclusions in recommending depreciation parameters and resulting accrual rates. The calculation of depreciation accruals and depreciation rates is found in Appendix A. Recommendations for the various accounts are contained within the Detailed Discussion of this study.

Depreciation Rate Calculation

Annual depreciation expense amounts for the depreciable property accounts of Texas Gas were calculated on a consolidated basis using the straight line, equal life group, and remaining-life system. With this approach, remaining lives were calculated according to standard ELG group expectancy techniques, using the Iowa Curves noted in the calculation. For each plant account, the difference between the surviving investment, adjusted for estimated net salvage (where applicable) and the allocated book depreciation reserve, was divided by the average remaining life to yield the annual depreciation expense. These calculations are shown in Appendix A and also included in my workpapers.

Remaining Life Calculation

The establishment of appropriate average service lives and retirement dispersions for each account within a functional group was based on engineering judgment that incorporated available accounting information analyzed using the actuarial methods. After establishment of appropriate average service lives and retirement dispersions, remaining lives were computed for each account. The theoretical depreciation reserve with zero net salvage (used in calculating remaining life) was calculated using theoretical reserve ratios as defined in the theoretical reserve portion of the General Discussion section. The difference between plant balance and theoretical reserve was then spread over the ELG depreciation accruals. After accumulating the ELG accruals across each vintage, the annual accrual was divided into the net balance to compute remaining life. Details of the theoretical reserve computations, ELG accruals, and remaining life are found by account within each division in the study workpapers.

Calculation Process

Annual depreciation expense amounts for all accounts were calculated by the straight line, remaining life procedure.

In a whole life representation, the annual accrual rate is computed by the following equation:

$$\text{Annual Accrual Rate} = \frac{(100\% - \text{Net Salvage Percent})}{\text{Average Service Life}}$$

Use of the remaining life depreciation system adds a self-correcting mechanism, which accounts for any differences between theoretical and book depreciation reserve over the remaining life of the group. With the straight line, remaining life, average life group system using Iowa Curves, composite remaining lives were calculated according to standard broad group expectancy techniques, noted in the formula below:

$$\text{Composite Remaining Life} = \frac{\sum \text{Original Cost} - \text{Theoretical Reserve}}{\sum \text{Whole Life Annual Accrual}}$$

For each plant account, the difference between the surviving investment, adjusted for estimated net salvage, and the allocated book depreciation reserve, was divided by the composite remaining life to yield the annual depreciation expense as noted in this equation where the net salvage percent represents future net salvage.

$$\text{Annual Depreciation Expense} = \frac{\text{Original Cost} - \text{Book Reserve} - (\text{Original Cost}) * (1 - \text{Net Salvage \%})}{\text{Composite Remaining Life}}$$

Within a group, the sum of the group annual depreciation expense amounts, as a percentage of the depreciable original cost investment summed, gives the annual depreciation rate as shown below:

$$\text{Annual Depreciation Rate} = \frac{\sum \text{Annual Depreciation Expense}}{\sum \text{Original Cost}}$$

These calculations are shown in Appendices A and A-1 for gas plant and CIAC. The calculations of the corresponding remaining life calculations are shown in Appendix A-2. The calculations of the theoretical depreciation reserve values are included in workpapers. Book depreciation reserves were allocated from a functional level to individual accounts and the theoretical reserve computation was used to compute a composite remaining life for each account.

LIFE ANALYSIS

Life analysis for the Texas Gas entities' assets combines the operational experience with current investment balances on a consolidated basis to develop depreciation parameters and resulting annual accrual rates and amounts. Operational data was compiled for 1486 Gas Pipeline, LLC and Texas Gas Pipeline Company, LLC and combined with Hooks Gas Pipeline, LLC when developing depreciation parameters and annual accrual rates for Consolidated Hooks. Operational data was compiled for Gas Energy, LLC, Consumers Gas Company, LLC, and Enertex NB, LLC and then combined with Universal Natural Gas, LLC when developing depreciation parameters and annual accrual rates for Consolidated UniGas.

As stated previously, actuarial analysis (retirement rate method) was not available to be used due to the young age of Texas Gas' assets and consequently, the lack of historical retirements. Average service lives for each type of asset was based on Alliance's and Texas Gas engineering experts' experience with similar assets, and future expectations for those assets. The summary of proposed life parameters by account is shown in Appendix C.

With limited retirement history, interviews provided great insight into the Company's operations and the impact that those operations are expected to have on the service lives of the assets used to provide utility service. Interview notes and other discussions with Company subject matter experts are included in my workpapers. This information in conjunction with all other factors is used to select the most appropriate life and curve for each asset group.

Consolidated Hooks

INTANGIBLE PLANT (Accounts 302 - 303)

Account 302 Franchises and Consents (65 SQ)

This account includes the cost of franchises and consents affiliated with utility operations. The consolidated plant balance in this account is \$78.23. Currently, there is no life assigned to this account and the Company has not historically amortized the assets in this account. However, with no other method of recovering the cost in this account, amortization is recommended. Based on judgement and the proposed life of Account 367 Transmission Mains, this study recommends using a 65-year life and a SQ dispersion curve for this account.

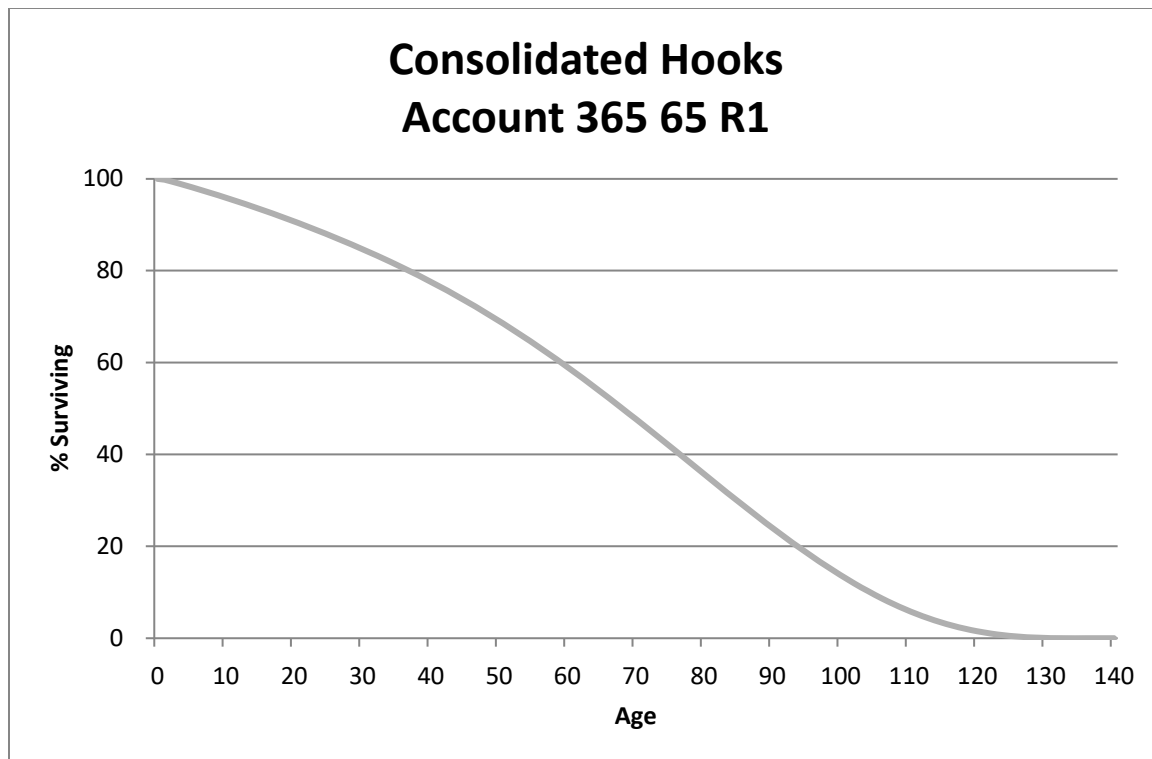
Account 303 Miscellaneous Intangible Plant (15 SQ)

This account includes the cost of intangible plant including software and other intangible assets used in support of utility operations. The plant balance in this account is \$1,619. The existing average service life is 10 years for 1486 Pipeline, and there is no life assigned for the other regulated utilities. The existing investment in this account relates to the data integrity management and billing software, which were installed in 2014 and 2012, respectively. Both systems are currently being used, and there is no plan to replace either system at this time. Based on the type and use of the software, input from Company personnel, and judgment, this study recommends moving the life from 10 years to 15 years and using a SQ dispersion curve for this account.

TRANSMISSION PLANT (Accounts 365 – 369)

Account 365 Land and Land Rights (65 R1)

This account includes the cost of land rights used in the transmission system. There is approximately \$263 thousand of consolidated plant investment in this account. Currently, there is no life assigned to this account, and the Company is not currently depreciating the assets in this account. However, with no other method of recovering the cost in this account, depreciation is recommended. Insufficient data exists to perform a life analysis on this account. Based on the longest proposed life for the underlying transmission assets, which is Account 367 Transmission Mains, this study recommends using a 65-year life and R1 dispersion curve for this account.

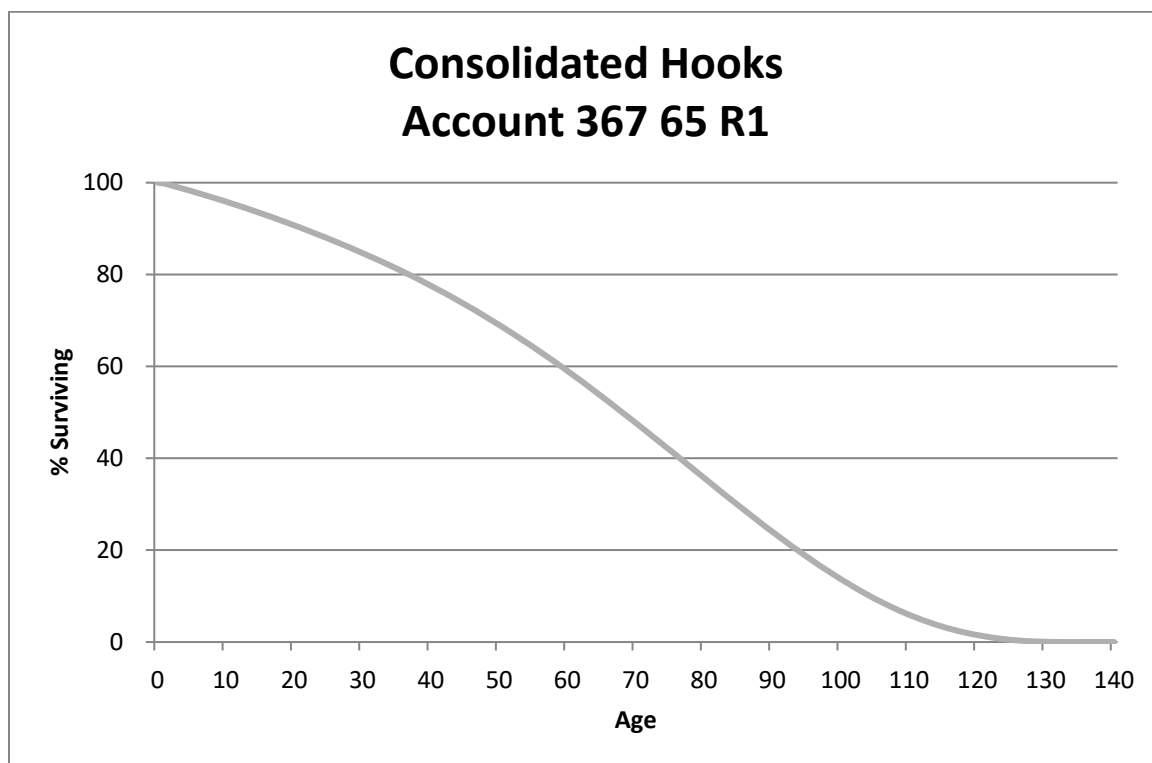


Account 367 Transmission Mains (65 R1)

This account includes the cost of transmission system mains including excavation costs, pipe, valves, and other equipment. The consolidated plant balance in this account is approximately \$5.8 million. The existing average service life is 40 years.

Discussions with Company personnel indicated that this account has a small amount of poly pipe and the vast majority of investment consists of protected steel pipe. Operations stated that the system typically operates at pressure levels between 100 psi and 850 psi and is experiencing an operational life around 65 years. The primary force of retirement for mains is rapid growth and new development leading to a need for more capacity. The Company recently replaced four miles of steel main that was originally installed in the 1950's in order to increase capacity and support new development near the Magnolia area. The Company also operates approximately 15 miles of 4 inch high density poly pipe. They anticipate replacing this segment within the next 5 years, but the timing of replacement is uncertain at this time.

Based on the current life, type and use of assets, input from Company personnel, and judgment, this study recommends moving the life from 40 years to 65 years using an R1 dispersion curve. Historical retirement experience for this account was not used in the analysis because there is not enough data available to perform this analysis. A graph of the proposed life and Iowa Curve are shown below.

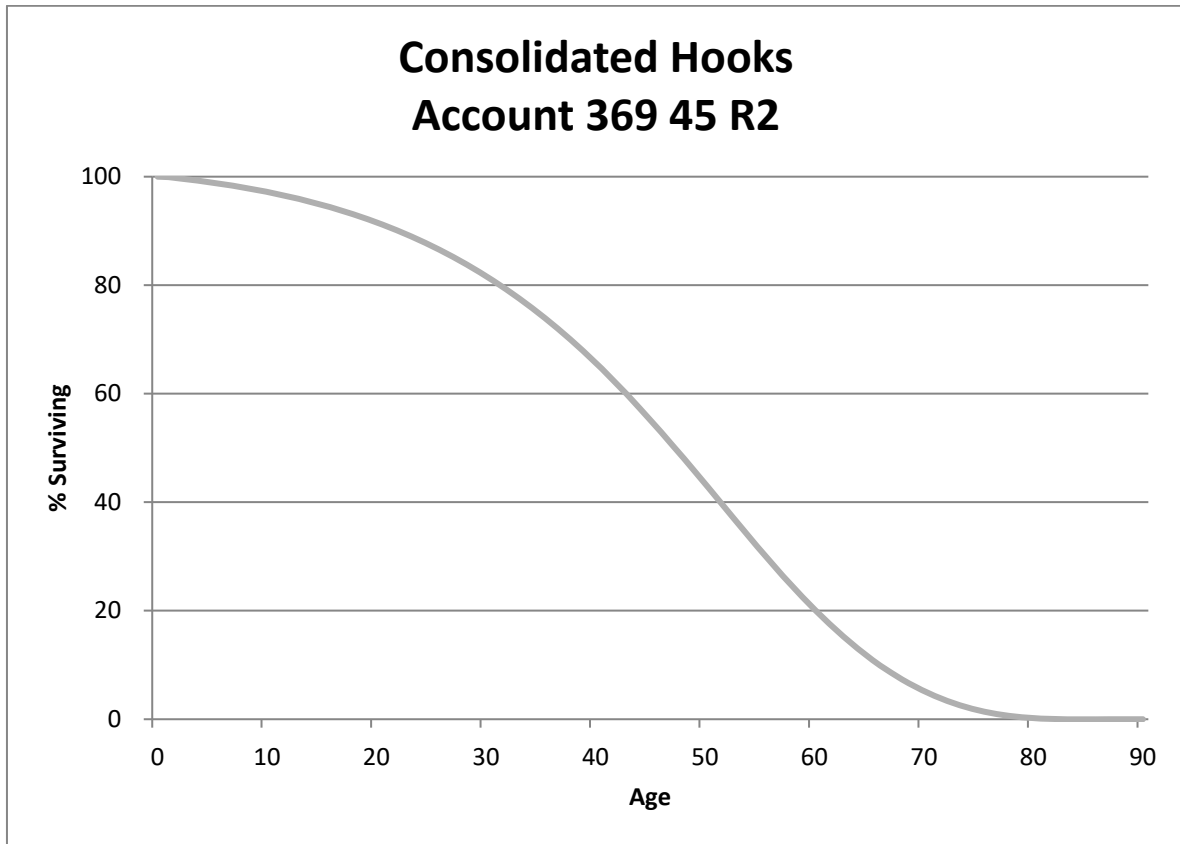


Account 369 Measuring and Regulating Station (45 R2)

This account includes the costs of meters, valves, regulators, and other equipment that is used to measure and regulate gas in connection with transmission city gate operations. The consolidated plant balance is approximately \$1.2 million. The existing life is 40 years for Hooks and 15 years for 1486 and TGPC.

The Company installed new city gate stations after acquiring Hooks in 2007 and has recently rebuilt or upgraded stations operated by TGPC in the last few years. The city gate station along the 1486 system will be replaced when the high density poly segment is replaced. Discussions with Company personnel indicated that while the steel pipe at the stations has a longer operational life around 65 years, similar to that of steel mains, the majority of assets in this account consist of meters, regulators, valves, and fencing which have a significantly shorter operating life around 30 years.

Based on the current mix of assets, input from Company personnel, and judgment, this study recommends moving the life to 45 years using the R2 curve. A graph of the proposed life and Iowa Curve are shown below.



Consolidated UniGas

INTANGIBLE PLANT (Accounts 302 – 303)

Account 302 Franchises and Consents (65 SQ)

This account includes the cost of franchises and consents affiliated with utility operations. The plant balance in this account is approximately \$76 thousand. Currently, there is no life assigned to this account, and the Company is not amortizing the assets in this account. However, with no other method of recovering the cost in this account, amortization is recommended. Based on judgement and the proposed life of Account 376 Distribution Mains, this study recommends using a 65-year life and a SQ dispersion curve for this account.

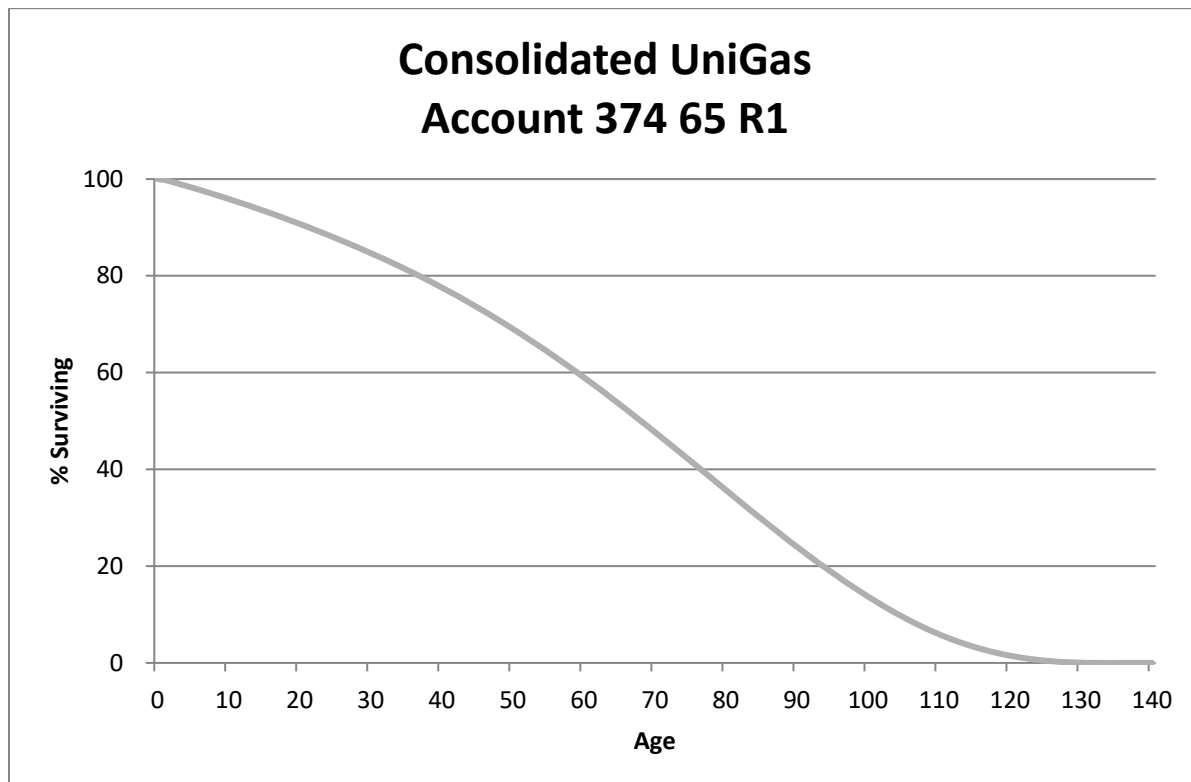
Account 303 Miscellaneous Intangible Plant (15 SQ)

This account includes the cost of intangible plant including software and other intangible assets used in support of utility operations. The plant balance in this account is approximately \$136 thousand. The existing average service life is 10 years. The existing investment in this account relates to billing software, GIS licenses, integrity management software, and related consulting fees. The billing software was installed in 2012 and is still being used. Currently, there is no plan to replace the existing software. Based on the type and use of the existing software, information from the Company, and judgement, this study recommends increasing from the existing 10-year life to a 15-year life and a SQ dispersion curve for this account.

DISTRIBUTION PLANT (Accounts 374 – 383)

Account 374 Land and Land Rights (65 R1)

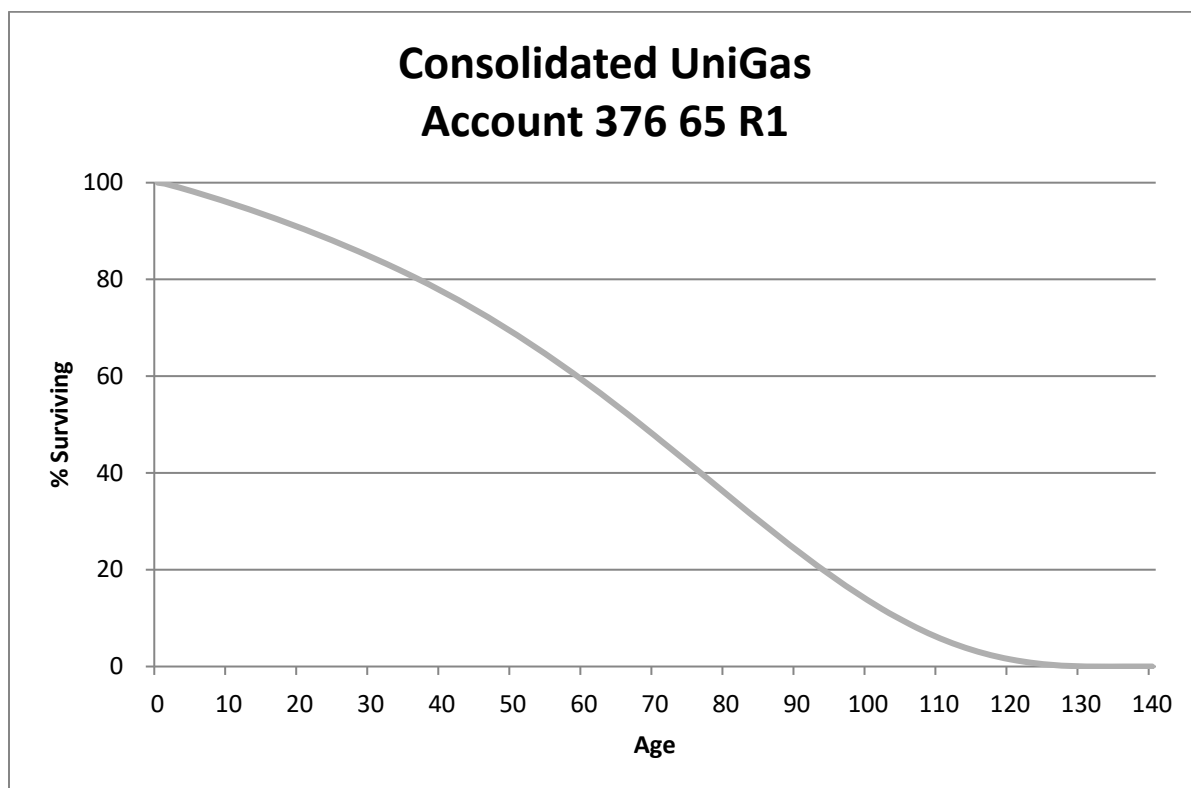
This account includes the cost of land rights used in the distribution system. There is approximately \$1.0 million of consolidated plant investment in this account. Currently, there is no life assigned to this account, and the Company is not depreciating the assets in this account. However, with no other method of recovering the cost in this account, depreciation is recommended. Insufficient data exists to perform a life analysis on this account. Based on the longest proposed life for the underlying distribution assets, which is Account 376 Distribution Mains, this study recommends using a 65-year life and R1 dispersion curve for this account.



Account 376 Mains (65 R1)

This account consists of polyethylene (“poly”) distribution mains. The consolidated plant balance in this account is approximately \$18.0 million. Currently, the life for this account is 40 years. Discussion with Company personnel indicated the Company’s existing distribution system is fairly new, with the oldest segments being installed in 1993. Currently, 100% of the distribution mains are poly. The Company has relocated about 5 to 7 miles of mains along F.M. 1488 in 2008 and near F.M. 2978 in 2018 due to new development near the Magnolia area. The existing mains are in good shape and the system has been built to try to accommodate the steady growth and increasing capacity requirements. The primary source of retirement is due to new development. The only poly in the ground that will likely be replaced in the near future is the Consumers segment of 4 inch mains connected to the 1486 high-density poly transmission main. They anticipate replacing with steel, but a decision hasn’t been made at this time. This segment is less than 2 percent of the distribution mains system. Operationally, the Company believes a 60- to 65-year life is within reason.

The analysis indicates there have been some mains retired at around 40 years, but this is not expected to be the norm. Based on the Company expectations, type and mix of assets, and judgment, this study recommends moving from the existing 40-year life to a 65-year life and a R1 dispersion curve. A graph of the proposed life and Iowa Curve are shown below.

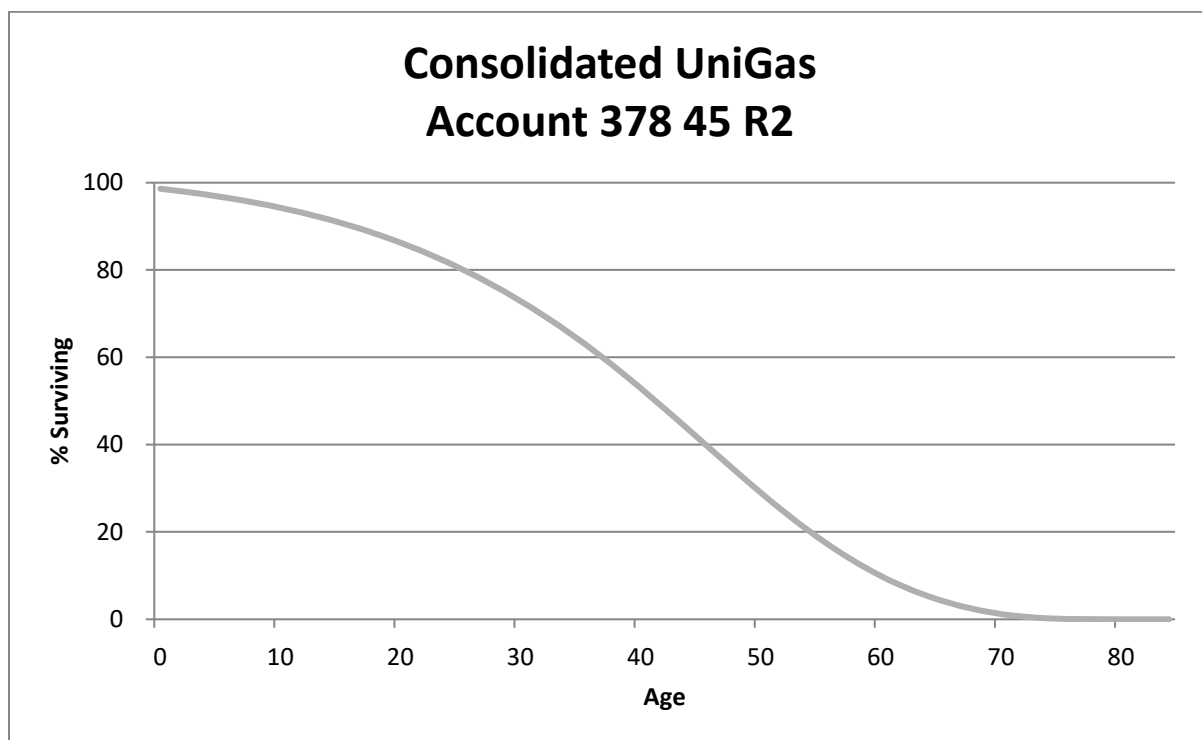


Account 378 M&R City Gate Equipment (45 R2)

This account consists of meters, gauges, and other equipment used in measuring and regulating gas in connection used in city gate distribution measuring and regulating stations. The consolidated plant balance in this account is approximately \$1.7 million. Currently, the life for this account is 15 years.

The Company currently operates 15-17 city gate stations and 5-8 district regulating stations. City gate stations are where they measure and odorize the gas and district regulating stations are where they change pressure from high to low to push onto the distribution system. Discussions with Company personnel indicated that the lives of station equipment have been impacted more than the lives of mains due to rapid growth, increasing pressure, and new development in its service areas. All city gates have bypass odorizing systems, which have a shorter operational life than the pipe. Regulators and relief valves may need to be replaced due to corrosion, changing capacity, and increasing operating pressure. Operationally, Company personnel believe that the existing 15-year life seems short. At some point, the Company may change out regulators but much of the rest of the assets would have a longer life. A 50-year life appears to be reasonable if replacements are not considered, and, if replacements are considered, a 45-year life seems reasonable.

Based on the information from Company personnel, current lives of the mix of assets in this account, and judgment, this study recommends moving from the existing 15-year life to a 45-year life and a R2 dispersion curve. A graph of the proposed life and Iowa Curve are shown below.

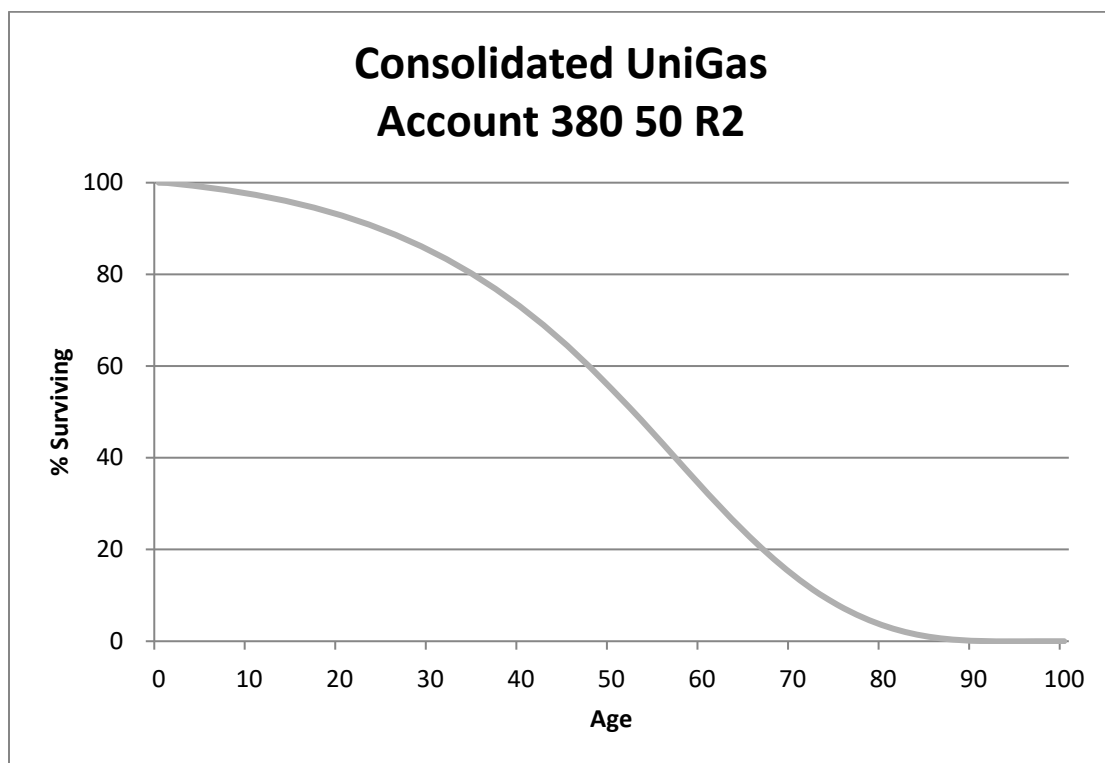


Account 380 Services (50 R2)

This account consists of gas distribution services. There are approximately 17,500 services, all of which are poly. The consolidated plant balance in this account is approximately \$5.9 million. Currently, the lives for this account are 40 and 15 years for the different regulated utilities.

Discussions with Company personnel indicated the system is fairly new with the oldest services having been installed in 1993. The Company is growing rapidly, currently adding, on average, 100 to 150 new services per month. They anticipate this growth to increase in 2021 and project having to add up to 250 new customers per month in their service areas surrounding Houston and New Braunfels. Operational personnel estimate services to have a life shorter than the 65-year life for mains but longer than the 30-year and 40-year lives recommended for meters and regulators respectively. Although both services and mains are pipe, forces of retirements such as relocations and dig-ins will tend to shorten the life of services as compared to the life of mains.

Considering the number of new services currently being installed, projected growth and increasing amount of development, discussion with Company personnel, and judgment, this study recommends increasing from a 40-year life to a 50-year life and a R2 dispersion curve. A graph of the proposed life and Iowa Curve are shown below.



Subaccounts created for Account 381 Meters

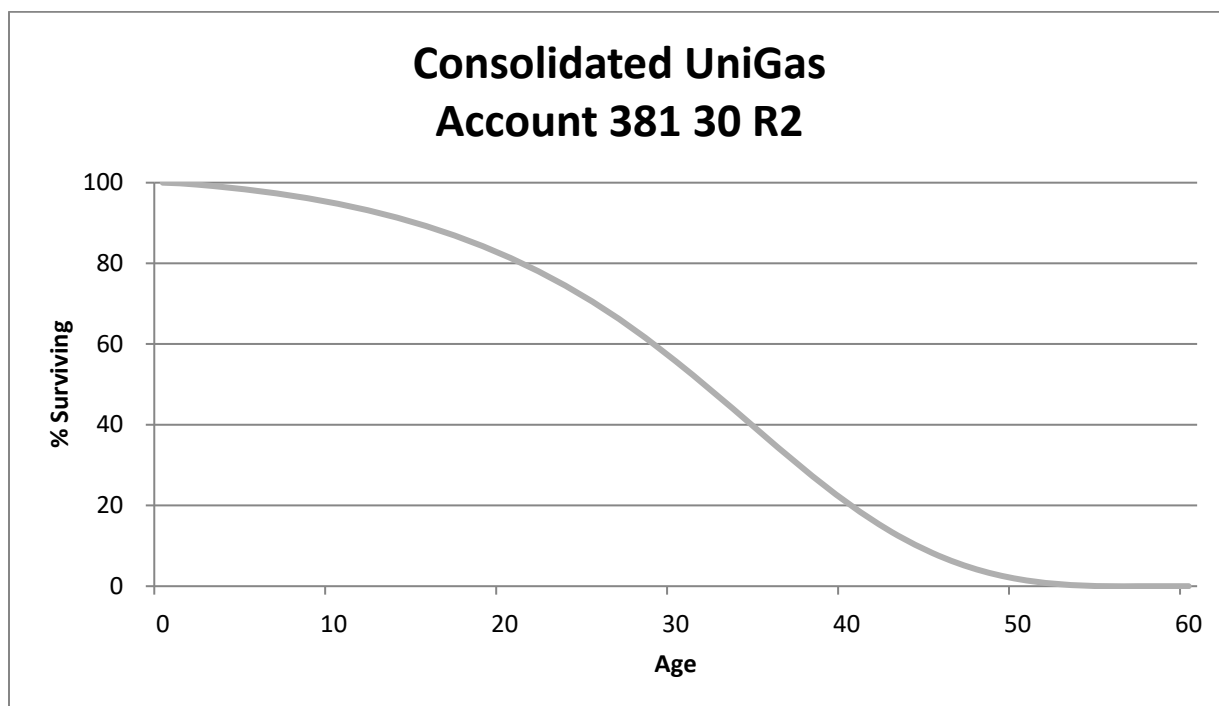
The average service lives of the assets within this account are distinctly different for Meters and AMR Meters. Texas Gas is currently using 10-year and 15-year lives for the assets in Account 381. The Company has decided to subdivide the assets in this account into two separate subaccounts with distinct service lives. They have created Account 381 – Meters and Account 381.1 – AMR Meters. This study factors in information provided by Company subject matter experts and analyzes the estimated lifecycle for the current mix of assets within each subaccount.

Account 381 Meters (30 R2)

This account consists of meters that measure consumption for the Company's customers. The consolidated plant balance in this account is approximately \$3.4 million. Currently, the lives for this account are 10 and 15 years for the different regulated utilities.

Discussions with Company personnel indicated that the Company is currently purchasing rebuilt American meters and installing the Encoder Receiver Transmitters (ERT) separately. Operationally, Company personnel believe the meter itself will last 1.5 times the life of the ERT. The estimated battery life of the ERT is 20 years, making the estimated operational life of the meter is 30 years.

Based on discussion with Company personnel and judgment, this study recommends moving from the existing 25 years to a 30-year life with the R2 curve. A graph of the proposed life and Iowa Curve are shown below.



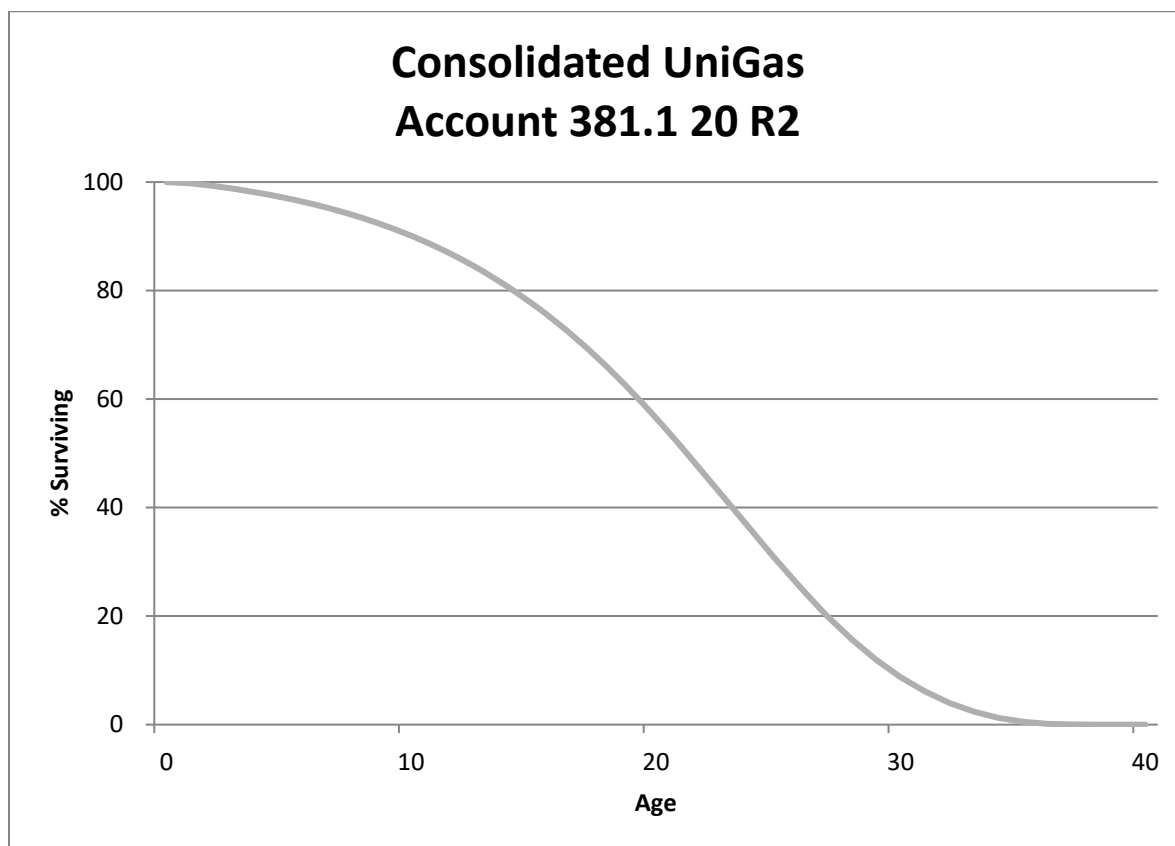
Account 381.1 AMR Meters (20 R2)

This account consists of AMR meters and related equipment that measure consumption for the Company's customers. The consolidated plant balance in this account is approximately \$1.9 million. Currently, the lives for this account are 10 years and 15 years for the different regulated utilities.

Discussions with Company personnel indicated that after completing a pilot project in 2019, they began a system wide AMR implementation program in January 2020. As of this time, approximately 85 percent of existing customers have AMR equipped meters. The Company is currently using 100g Itron devices and they indicated the AMR manufacturer believes that they will last around 20 years, which is based on the battery life. Since the Company recently started installing AMR devices, it is too early in the lifecycle of the assets to have any retirement experience.

Taking into account the young age of the assets in this account, manufacturer information provided by Company personnel, and judgement, this study recommends moving to a 20-year life and R2 dispersion curve for this account. A graph of the proposed

life and Iowa Curve are shown below.

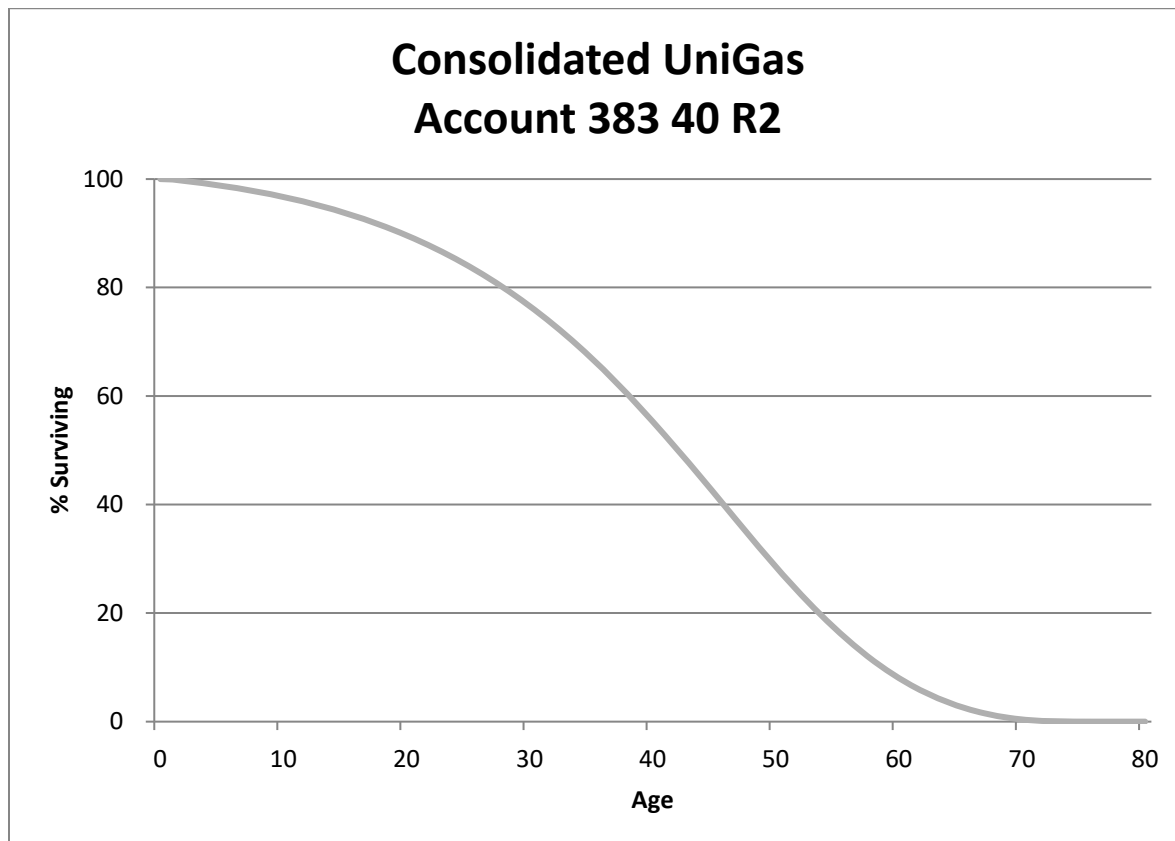


Account 383 House Regulators (40 R2)

This account consists primarily of house regulators. The consolidated plant balance in this account is approximately \$820 thousand. Currently, the life for this account is 25 years.

Discussions with Company personnel indicated that they tend to have more failures on regulators than meters. The Company uses a manufactured loop. Originally the Company retired all services, meters, and regulators from the services account, which gives the appearance that the life of regulators is longer than the Company's actual experience.

Based on the life analysis, discussion with Company personnel, and judgment, this study recommends moving from a 25-year life to 40 years with the R2 curve. A graph of the proposed life and Iowa Curve are shown below.



GENERAL PLANT (Accounts 391 - 398)

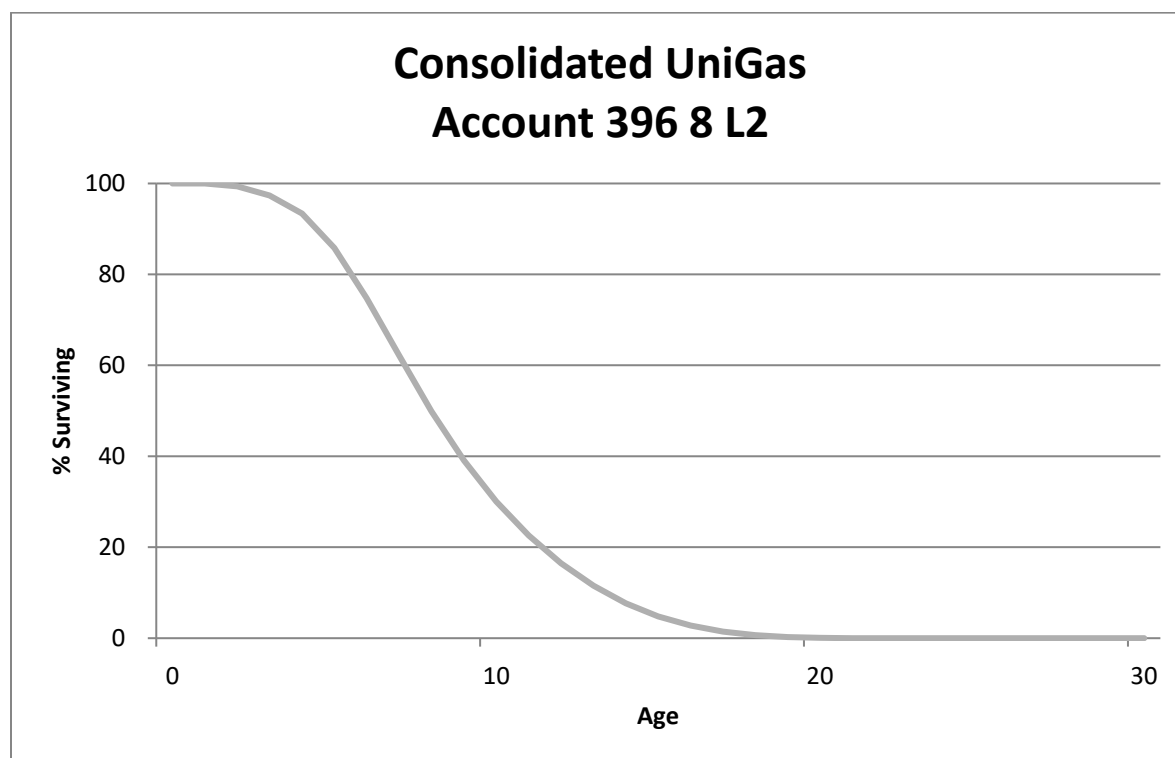
General Plant - Depreciated

Account 396 Power Operated Equipment (8 L2)

This account consists of trucks and other operating equipment used in utility operations. The consolidated plant balance in this account is approximately \$50 thousand. Currently, the existing life for this account is 3 years.

Discussions with Company personnel indicated the majority of vehicles used in operations are owned by Texas Gas. This account is fully depreciated. More than half of the existing investment in this account consists of a pickup truck and a trencher, which operations estimates have useful lives between 4 and 10 years.

Based on the mix of assets in this account, discussions with Company personnel, and judgment, this study recommends moving from the existing 3-year life to an 8-year life with the L2 dispersion curve. A graph of the proposed life and Iowa Curve are shown below.



General Plant - Amortized

Adoption of Vintage Group Amortization

This study recommends the adoption of vintage group amortization for certain General plant accounts. FERC adopted Accounting Release 15 in 1997 using the following criteria:

1. The individual classes of assets for which vintage year accounting is followed are high volume, low value items;
2. There is no change in existing retirement unit designations, for purposes of determining when expenditures are capital or expense;
3. The cost of the vintage groups is amortized to depreciation expense over their useful lives and there is no change in depreciation rates resulting from the adoption of the vintage year accounting;
4. Interim retirements are not recognized;
5. Salvage and removal cost relative to items in the vintage categories are included in the accumulated depreciation account and assigned to the oldest vintage first; and
6. Properties are retired from the affected accounts that, at the date of the adoption of vintage year accounting, meet or exceed the average service life of properties in that account.

A vintage year method of accounting for the general plant accounts that meets all of the foregoing requirements may be implemented without obtaining specific authorization from the Commission to do so.

To implement this amortization mechanism, it is necessary to first retire the assets whose age is longer than the recommended service life for each group. It will no longer be necessary to track the location and retirement of those assets. Those amounts are shown for each account in Appendix A. After those assets are retired, the remaining plant in service for each account will be amortized using the amortization rates shown in Appendices A and B. Annually, assets which reach the average service life of each account will be retired when the assets reach their average service life.

Subaccounts Created for Account 391 Office Furniture and Equipment

The average service lives of the assets within this account are distinctly different for Office Furniture versus Computer Equipment. Texas Gas is currently using a 3-year life for all assets in Account 391. The Company has decided to subdivide the assets in this account into two separate subaccounts with distinct service lives. They have created Account 391 – Office Furniture and Equipment and Account 391.1 – Computer Equipment. This study factors in information provided by Company subject matter experts and analyzes the limited historical retirement activity for the current mix of assets within each subaccount.

Account 391 Office Furniture and Equipment (20 SQ)

This account consists of miscellaneous office furniture such as desks, chairs, filing cabinets, and tables. The consolidated plant balance in this account is approximately \$88 thousand. Currently, the life for this account is 3 years. The average age of existing investment is approximately 8 years. The Company has recently replaced some of the office furniture, which they expect to last at least 20 years. Based on judgment and the types of assets in the account, this study recommends increasing from the existing 3-year life and using a 20-year life and a SQ dispersion curve for this account.

Account 391.1 Computer Equipment (3 SQ)

This account consists of laptops, monitors, and other related computer equipment. There is a zero balance of consolidated investment after retirement of fully accrued assets. The current life for this account is 3 years. The Company typically replaces computers and related equipment using a 3-year lifecycle. Based on the 3-year lifecycle of computer equipment, fast changing technology, and judgment, this study recommends retaining the existing 3-year life and using a SQ dispersion curve for this account.

Account 397 Communication Equipment (15 SQ)

This account consists of miscellaneous communication equipment used in utility

operations. There is currently a zero balance of consolidated investment in this account after retiring a fully depreciated phone system. The existing life for this account is 3 years. Based on judgment, this study recommends using a 15-year life and a SQ dispersion curve for future investment in this account.

Account 398 Miscellaneous Equipment (15 SQ)

This account consists of miscellaneous equipment such as tools, ice machines, security equipment, and other related equipment used in utility operations. The consolidated plant balance in this account is approximately \$154 thousand after retirement of fully accrued assets. The existing life for this account is 3 years. This account is fully depreciated. Based on discussions with Company personnel and judgment, this study recommends increasing from the existing 3-year life to a 15-year life and a SQ dispersion curve for this account.

CONTRIBUTION IN AID OF CONSTRUCTION ACCOUNTS

Consistent with the general practice for other regulated natural gas utilities, Texas Gas has been depreciating contribution in aid of construction using the same average service lives of the related fixed assets. The current study recommends using the same approach for all CIAC accounts on a consolidated basis.

Consolidated Hooks

Transmission Plant (Account 367)

Account 367 CIAC Transmission Mains (65 R1)

This account consists of CIAC for fixed assets in Account 367 – Transmission Mains. The consolidated balance in this account is approximately \$64 thousand. The existing average service life is 40 years. This study recommends using the same 65-year life and R1 dispersion curve for this account.

Consolidated UniGas

Distribution Plant (Accounts 376 – 383)

Account 376 CIAC Distribution Mains (65 R1)

This account consists of CIAC for fixed assets in Account 376 – Distribution Mains. The consolidated balance in this account is approximately \$2 thousand. The existing average service life is 40 years. This study recommends using the same 65-year life and R1 dispersion curve for this account.

Account 380 CIAC Services (50 R2)

This account consists of CIAC for fixed assets in Account 380 - Services. The consolidated balance in this account is approximately \$3.4 million. The existing average service life is 40 years. This study recommends using the same 50-year life and R2 dispersion curve for this account.

Account 381 CIAC Meters (30 R2)

This account consists of CIAC for fixed assets in Account 381 - Meters. The consolidated balance in this account is approximately \$886 thousand. The existing average service life is 15 years. This study recommends using the same 30-year life and R2 dispersion curve for this account.

Account 381.1 CIAC AMR Meters (20 R2)

This account consists of CIAC for fixed assets in Account 381.1 – AMR Meters. The consolidated balance in this account is approximately \$31 thousand. The existing average service life is 15 years. This study recommends using the same 20-year life and R2 dispersion curve for this account.

Account 383 CIAC Regulators (40 R2)

This account consists of CIAC for fixed assets in Account 383 - Regulators. The consolidated balance in this account is approximately \$42 thousand. The existing average service life is 15 years. This study recommends using the same 40-year life and R2 dispersion curve for this account.

NET SALVAGE ANALYSIS

When a capital asset is retired, physically removed from service and finally disposed of, terminal retirement is said to have occurred. The residual value of a terminal retirement is called gross salvage. Net salvage is the difference between the gross salvage (what the asset was sold for) and the removal cost (cost to remove and dispose of the asset). Gross salvage and removal cost percentages are calculated by dividing the current cost of salvage or removal by the original installed cost of the asset. Historically, Texas Gas has booked removal costs to the cost of a new installation. Consistent with the general practice for other regulated natural gas utilities, Alliance Consulting Group recommends that the Company move to tracking gross salvage and removal. The current study assumes a zero percent net salvage in depreciation rates for all accounts.

APPENDIX A – Accrual Computation – Gas Plant

**Texas Gas Utility Services
Consolidated Hooks - Gas Plant
Depreciation Study as of June 30, 2020
Computation of Annual Accrual Rates and Amounts**

Account	Description	Plant Balance	Allocated Book Reserve	Net Salvage Percent	Net Salvage Amount	Unaccrued Balance	Remaining Life	Annual Accrual Amount	Annual Accrual Rate
<u>Intangible Plant</u>									
302	Franchises and Consents	78.23	0.30	0%	-	77.93	64.50	1.21	1.54%
303	Miscellaneous Intangible	1,619.00	310.70	0%	-	1,308.30	9.15	142.99	8.83%
	Total Intangible Plant	1,697.23	311.00		-	1,386.23		144.19	
<u>Transmission Plant</u>									
365	Land Rights	262,858.62	6,341.93	0%	-	256,516.69	32.97	7,780.78	2.96%
367	Transmission Mains	5,796,434.79	466,011.77	0%	-	5,330,423.02	36.25	147,036.36	2.54%
369	Measuring & Regulating Station	1,211,236.05	267,798.43	0%	-	943,437.62	30.10	31,347.15	2.59%
	Total Transmission Plant	7,270,529.46	740,152.13		-	6,530,377.33		186,164.29	
Consolidated Hooks Total		7,272,226.69	740,463.13		-	6,531,763.56		186,308.48	2.56%

Texas Gas Utility Services
Consolidated UniGas - Gas Plant
Depreciation Study as of June 30, 2020
Computation of Annual Accrual Rates and Amounts

Account	Description	Plant Balance	Allocated Book Reserve	Net Salvage Percent	Net Salvage Amount	Unaccrued Balance	Remaining Life	Annual Accrual Amount	Annual Accrual Rate
Intangible Plant									
302	Franchises and Consents	76,315.05	23,327.00	0%	-	52,988.05	64.50	821.52	1.08%
303	Miscellaneous Intangible Plant	135,982.00	94,063.00	0%	-	41,919.00	10.64	3,941.51	2.90%
	Total Intangible Plant	212,297.05	117,390.00		0.00	94,907.05		4,763.03	
Distribution Plant									
374	Land Rights	1,038,316.63	41,575.56	0%	-	996,741.07	33.13	30,086.29	2.90%
376	Distribution Mains	17,964,817.71	3,012,062.56	0%	-	14,952,755.15	37.37	400,169.54	2.23%
378	City Gate and Meter Stations	1,669,670.97	442,338.66	0%	-	1,227,332.31	29.69	41,332.61	2.48%
380	Services	5,890,214.91	1,155,080.63	0%	-	4,735,134.28	34.08	138,936.72	2.36%
381	Meters	3,386,440.07	1,280,200.01	0%	-	2,106,240.06	18.76	112,248.26	3.31%
381.1	AMR Meters	1,891,786.57	138,533.66	0%	-	1,753,252.91	14.04	124,871.67	6.60%
383	Regulators	819,852.12	239,506.63	0%	-	580,345.49	26.04	22,286.37	2.72%
	Total Distribution Plant	32,661,098.98	6,309,297.71		-	26,351,801.27		869,931.46	

General Plant Depreciated

396	Operating Equipment	49,858.99	49,858.99	0%	0	-	0.25	-	0.00% Note 1
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General Plant Amortized

Account	Description	Plant Balance	Allocated Book Reserve	Theoretical Reserve	Reserve Surplus/Deficit	Amortization Period	Amortized Reserve Difference	Asset to Retire
391	Office Furniture and Equipment	87,630.99	70,208.44	37,627.66	32,580.78	5.00	6,516.16	-
391.1	Computer Equipment	3,100.00	3,100.00	3,100.00	-	5.00	-	3,100.00
397	Communication Equipment	0.00	-	-	-	5.00	-	-
398	Miscellaneous Equipment	168,721.89	168,721.89	130,684.50	38,037.39	5.00	7,607.48	15,219.53
		259,452.88	242,030.33	171,412.16	70,618.17		14,123.63	18,319.53

After Retirement of Fully Accrued Assets

Account	Description	Plant Balance	Allocated Book Reserve	Proposed Life	Accrual Rate	Annual Amortization	Accrual for Reserve Difference
391	Office Furniture and Equipment	87,630.99	70,208.44	20	5.00%	4,381.55	(6,516.16)
391.1	Computer Equipment	0.00	-	3	33.33%	-	-
397	Communication Equipment	0.00	-	15	6.67%	-	-
398	Miscellaneous Equipment	153,502.36	153,502.36	25	4.00%	6,140.09	(7,607.48)
		241,133.35	223,710.80			10,521.64	(14,123.63)

Note 1 Existing investment is fully accrued. For future investment use a whole life rate of 12.50% (1/8)

APPENDIX A-1 – Accrual Computation - CIAC

**Texas Gas Utility Services
Consolidated UniGas - CIAC
Depreciation Study as of June 30, 2020
Computation of Annual Accrual Rates and Amounts**

Account	Description	Plant Balance	Allocated Book Reserve	Net Salvage Percent	Net Salvage Amount	Unaccrued Balance	Remaining Life	Annual Accrual Amount	Annual Accrual Rate
<u>Distribution Plant</u>									
376	Distribution Mains	(2,267.74)	(36.93)	0%	-	(2,230.81)	31.67	(70.44)	3.11%
380	Services	(3,401,874.12)	(333,268.52)	0%	-	(3,068,605.60)	34.76	(88,270.31)	2.59%
381	Meters	(886,407.96)	(141,702.35)	0%	-	(744,705.61)	20.48	(36,362.88)	4.10%
381.1	AMR Meters	(31,252.44)	(1,130.40)	0%	-	(30,122.04)	13.98	(2,154.26)	6.89%
383	Regulators	(42,375.00)	(1,993.06)	0%	-	(40,381.94)	27.70	(1,457.72)	3.44%
	Total Distribution Plant	(4,364,177.26)	(478,131.25)		-	(3,886,046.01)		(128,315.62)	

**Texas Gas Utility Services
Consolidated Hooks - CIAC
Depreciation Study as of June 30, 2020
Computation of Annual Accrual Rates and Amounts**

Account	Description	Plant Balance	Allocated Book Reserve	Net Salvage Percent	Net Salvage Amount	Unaccrued Balance	Remaining Life	Annual Accrual Amount	Annual Accrual Rate
<u>Transmission Plant</u>									
367	Transmission Mains	(63,908.45)	(1,342.61)	0%	-	(62,565.84)	35.32	(1,771.38)	2.77%
	Total Transmission Plant	(63,908.45)	(1,342.61)		-	(62,565.84)		(1,771.38)	

APPENDIX A-2 – Remaining Life Calculations

**Texas Gas Utility Services
Consolidated Hooks - Gas Plant
Depreciation Study as of June 30, 2020
Calculation of Remaining Life**

Account	Description	Plant Balance	Theoretical Reserve	Balance	Annual Accrual	Remaining Life
<u>Intangible Plant</u>						
302	Franchises and Consents	78.23	0.60	77.63	1.20	64.50
303	Miscellaneous Intangible	1,619.00	631.43	987.57	107.93	9.15
<u>Transmission Plant</u>						
365	Land Rights	262,858.62	631.43	262,227.19	7,954.00	32.97 Note 1
367	Transmission Mains	5,796,434.79	419,629.55	5,376,805.24	148,315.78	36.25
369	Measuring & Regulating Station	1,211,236.05	241,144.42	970,091.63	32,232.77	30.10 Note 1

Note 1 Proforma adjustments were made to reclass Distribution and General Plant balances to the Transmission function for consolidation
Account 378 Balance \$100,776.80 transferred to Account 369
Account 389 Balance \$850.00 transferred to Account 365

**Texas Gas Utility Services
Consolidated UniGas - Gas Plant
Depreciation Study as of June 30, 2020
Calculation of Remaining Life**

Account	Description	Plant Balance	Theoretical Reserve	Balance	Annual Accrual	Remaining Life
<u>Intangible Plant</u>						
302	Franchises and Consents	76,315.05	587.04	75,728.01	1,174.08	64.50
303	Miscellaneous Intangible Plant	135,982.00	69,289.60	66,692.40	6,270.87	10.64
<u>Distribution Plant</u>						
374	Land Rights	1,038,316.63	31,778.24	1,006,538.39	30,382.02	33.13
376	Distribution Mains	17,964,817.71	2,302,267.67	15,662,550.04	419,165.25	37.37
378	City Gate and Meter Stations	1,669,670.97	338,101.21	1,331,569.76	44,843.00	29.69
380	Services	5,890,214.91	882,884.98	5,007,329.93	146,923.40	34.08
381	Meters	3,386,440.07	978,519.88	2,407,920.19	128,325.76	18.76
381.1	AMR Meters	1,891,786.57	105,888.10	1,785,898.47	127,196.78	14.04
383	Regulators	819,852.12	183,066.71	636,785.41	24,453.77	26.04
<u>General Plant Depreciated</u>						
396	Operating Equipment	49,858.99	49,304.52	554.47	2,189.19	0.25
<u>General Plant Amortized</u>						
391	Office Furniture and Equipment	87,630.99	37,627.66	50,003.33	4,381.55	11.41
391.1	Computer Equipment	3,100.00	3,100.00	-	476.92	0.00
397	Communication Equipment	-	-	-	-	0.00
398	Miscellaneous Equipment	168,721.89	130,684.50	38,037.39	6,736.94	5.65

**Texas Gas Utility Services
Consolidated Hooks - CIAC
Depreciation Study as of June 30, 2020
Calculation of Remaining Life**

Account	Description	Plant Balance	Theoretical Reserve	Balance	Annual Accrual	Remaining Life
<u>Transmission Plant</u>						
367	Transmission Mains	(63,908.45)	(2,603.52)	(61,304.93)	(1,735.68)	35.32

**Texas Gas Utility Services
Consolidated UniGas - CIAC
Depreciation Study as of June 30, 2020
Calculation of Remaining Life**

Account	Description	Plant Balance	Theoretical Reserve	Balance	Annual Accrual	Remaining Life
<u>Distribution Plant</u>						
376	Distribution Mains	(2,267.74)	(35.25)	(2,232.49)	(70.50)	31.67
380	Services	(3,401,874.12)	(318,102.86)	(3,083,771.26)	(88,706.56)	34.76
381	Meters	(886,407.96)	(135,251.87)	(751,156.09)	(36,677.85)	20.48
381.1	AMR Meters	(31,252.44)	(1,078.97)	(30,173.47)	(2,157.94)	13.98
383	Regulators	(42,375.00)	(1,902.39)	(40,472.61)	(1,461.00)	27.70

APPENDIX B – Comparison of Current versus Proposed Accrual Rates and Amounts

Texas Gas Utility Services
Consolidated Hooks - Gas Plant
Depreciation Study as of June 30, 2020
Comparison of Annual Accrual Rates and Amounts

Account		Description	Plant Balance	Existing Annual Accrual		Proposed Annual Accrual		Difference
				Rate %	Amount	Rate %	Amount	
Intangible Plant								
302	Franchises and Consents		78.23	0.00%	-	1.54%	1.21	1.21
303	Miscellaneous Intangible		1,619.00	33.33%	539.67	8.83%	142.99	(396.68)
	Total Intangible Plant		1,697.23		539.67	8.50%	144.19	(395.47)
Transmission Plant								
365	Land Rights		262,858.62	0.00%	-	2.96%	7,780.78	7,780.78
367	Transmission Mains		5,796,434.79	2.50%	144,910.87	2.54%	147,036.36	2,125.49
369	Measuring & Regulating Station		1,211,236.05	Various	59,061.42	2.59%	31,347.15	(27,714.27)
	Total Transmission Plant		7,270,529.46	2.81%	203,972.29	2.56%	186,164.29	(17,808.00)
Consolidated Hooks Total			7,272,226.69	2.81%	204,511.96	2.56%	186,308.48	(18,203.47)

Note 1 Existing annual accrual rates vary across the regulated utilities, so an annual accrual amount was calculated on a consolidated basis for comparison to proposed rates.

Texas Gas Utility Services
Consolidated UniGas - Gas Plant
Depreciation Study as of June 30, 2020
Comparison of Annual Accrual Rates and Amounts

Account	Description	Plant Balance	Existing Annual Accrual		Proposed Annual Accrual		Difference
			Rate %	Amount	Rate %	Amount	
<u>Intangible Plant</u>							
302	Franchises and Consents	76,315.05	0.00%	-	1.08%	821.52	821.52
303	Miscellaneous Intangible Plant	135,982.00	0.00%	-	2.90%	3,941.51	3,941.51
	Total Intangible Plant	212,297.05	0.00%	0.00	2.24%	4,763.03	4,763.03
<u>Distribution Plant</u>							
374	Land Rights	1,038,316.63	0.00%	-	2.90%	30,086.29	30,086.29
376	Distribution Mains	17,964,817.71	2.50%	449,120.44	2.23%	400,169.54	(48,950.91)
378	City Gate and Meter Stations	1,669,670.97	6.67%	111,311.40	2.48%	41,332.61	(69,978.79)
380	Services	5,890,214.91	2.50%	147,255.37	2.36%	138,936.72	(8,318.65)
381	Meters	3,386,440.07	6.67%	225,762.67	3.31%	112,248.26	(113,514.41)
381.1	AMR Meters	1,891,786.57	6.67%	126,119.10	6.60%	124,871.67	(1,247.44)
383	Regulators	819,852.12	6.67%	54,656.81	2.72%	22,286.37	(32,370.43)
	Total Distribution Plant	32,661,098.98	3.41%	1,114,225.80	2.66%	869,931.46	(244,294.33)
<u>General Plant Depreciated</u>							
396	Operating Equipment	49,858.99	33.33%	16,619.66	0.00%	-	(16,619.66) Note 1
<u>General Plant Amortized</u>							
391	Office Furniture and Equipment	87,630.99	Various	24,418.82	5.00%	4,381.55	(20,037.27) Note 2
391.1	Computer Equipment	0.00	33.33%	-	33.33%	-	-
397	Communication Equipment	0.00	33.33%	-	6.67%	-	-
398	Miscellaneous Equipment	153,502.36	33.33%	51,167.45	4.00%	6,140.09	(45,027.36)
	Amortized Reserve Difference					(14,123.63)	(14,123.63)
	Total General Plant	290,992.34	31.69%	92,205.94	-1.24%	(3,601.99)	(95,807.93)
Consolidated UniGas Total		33,164,388.37	3.64%	1,206,431.73	2.63%	871,092.50	(335,339.24)
Texas Gas Combined Total		40,436,615.06		1,410,943.69		1,057,400.98	(353,542.71)

Note 1 Existing investment is fully accrued. For future investment use a whole life rate of 12.50% (1/8)

Note 2 Existing annual accrual rates vary across the regulated utilities, so an annual accrual amount was calculated on a consolidated basis for comparison to proposed rates.

**Texas Gas Utility Services
Consolidated Hooks - CIAC
Depreciation Study as of June 30, 2020
Comparison of Annual Accrual Rates and Amounts**

Account	Description	Plant Balance	Existing Annual Accrual		Proposed Annual Accrual		Difference
			Rate %	Amount	Rate %	Amount	
Transmission Plant							
367	Transmission Mains	(63,908.45)	2.50%	(1,597.71)	2.77%	(1,771.38)	(173.67)
	Total Consolidated Hooks Gas	(63,908.45)		(1,597.71)		(1,771.38)	(173.67)

**Texas Gas Utility Services
Consolidated UniGas - CIAC
Depreciation Study as of June 30, 2020
Comparison of Annual Accrual Rates and Amounts**

Account	Description	Plant Balance	Existing Annual Accrual		Proposed Annual Accrual		Difference
			Rate %	Amount	Rate %	Amount	
Distribution Plant							
376	Distribution Mains	(2,267.74)	2.50%	(56.69)	3.11%	(70.44)	(13.75)
380	Services	(3,401,874.12)	2.50%	(85,046.85)	2.59%	(88,270.31)	(3,223.45)
381	Meters	(886,407.96)	6.67%	(59,093.86)	4.10%	(36,362.88)	22,730.98
381.1	AMR Meters	(31,252.44)	6.67%	(2,083.50)	6.89%	(2,154.26)	(70.77)
383	Regulators	(42,375.00)	6.67%	(2,825.00)	3.44%	(1,457.72)	1,367.28
Total Consolidated Universal Gas		(4,364,177.26)		(149,105.91)		(128,315.62)	20,790.29

APPENDIX C - Comparison of Depreciation Parameters

**Texas Gas Utility Services
Proposed versus Existing Depreciation Parameters**

Consolidated Hooks					Consolidated UniGas				Proposed Parameters	
Account	Description	Hooks	1486	TGPC	UniGas	Gas Energy	Consumers Gas	Entex	Life	Curve
302	Franchises and Consents								65	SQ
303	MiscellaneousIntangible		10						15	SQ
365	Land Rights	Non Depreciable			Non Depreciable				65	R1
367	Transmission Mains	40	40	40					65	R1
369	Measuring & Regulating Station	40	15	15					45	R2
374	Land Rights	Non Depreciable			Non Depreciable				65	R1
376	Distribution Mains				40	40	40	40	65	R1
378	City Gate and Meter Stations	15			15	15	15	15	45	R2
380	Services				40	40	40 and 15	40	50	R2
381	Meters				15 and 10	15 and 10	15	15	30	R2
381.1	AMR Meters								20	R2
383	Regulators				15	15	15	15	40	R2
391	Office Furniture					10		10	20	SQ
391.1	Computer Equipment				3	3			3	SQ
396	Operating Equipment				3				8	L2
397	Communication Equipment				3				15	SQ
398	Miscellaneous Equipment				3				25	SQ

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable)	Company	Year	Description
Texas, New Mexico	Federal Energy Regulatory Commission	ER20-277-000	Southwestern Public Service Company	2019	Electric Production and General Plant Depreciation Study
Alaska	Regulatory Commission of Alaska	U-19-086	Alaska Electric Light and Power	2019	Electric Depreciation Study
Delaware	Delaware Public Service Commission	19-0615	Suez Water Delaware	2019	Water Depreciation Study
Texas	Public Utility Commission of Texas	49831	Southwestern Public Service Company	2019	Electric Depreciation Study
New Mexico	New Mexico Public Regulation Commission	19-00170-UT	Southwestern Public Service Company	2019	Electric Depreciation Study
Georgia	Georgia Public Service Commission	42516	Georgia Power Company	2019	Electric Depreciation Study
Georgia	Georgia Public Service Commission	42315	Atlanta Gas Light	2019	Gas Depreciation Study
Arizona	Arizona Corporation Commission	G-01551A-19-0055	Southwest Gas Corporation	2019	Gas Removal Cost Study
New Hampshire	New Hampshire Public Service Commission	DE 19-064	Liberty Utilities	2019	Electric Distribution and General
New Jersey	New Jersey Board of Public Utilities	GR19040486	Elizabethtown Natural Gas	2019	Gas Depreciation Study
Texas	Public Utility Commission of Texas	49421	CenterPoint Houston Electric LLC	2019	Electric Depreciation Study
North Carolina	North Carolina Utilities Commission	Docket No. G-9, Sub 743	Piedmont Natural Gas	2019	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-18-121	Municipal Power and Light City of Anchorage	2018	Electric Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable)	Company	Year	Description
Various	FERC	RP19-352-000	Sea Robin	2018	Gas Depreciation Study
Texas New Mexico	Federal Energy Regulatory Commission	ER19-404-000	Southwestern Public Service Company	2018	Electric Transmission Depreciation Study
California	Federal Energy Regulatory Commission	ER19-221-000	San Diego Gas and Electric	2018	Electric Transmission Depreciation Study
Kentucky	Kentucky Public Service Commission	2018-00281	Atmos Kentucky	2018	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-18-054	Matanuska Electric Coop	2018	Electric Generation Depreciation Study
California	California Public Utilities Commission	A17-10-007	San Diego Gas and Electric	2018	Electric and Gas Depreciation Study
Texas	Public Utility Commission of Texas	48401	Texas New Mexico Power	2018	Electric Depreciation Study
Nevada	Public Utility Commission of Nevada	18-05031	Southwest Gas	2018	Gas Depreciation Study
Texas	Public Utility Commission of Texas	48231	Oncor Electric Delivery	2018	Depreciation Rates
Texas	Public Utility Commission of Texas	48371	Entergy Texas	2018	Electric Depreciation Study
Kansas	Kansas Corporation Commission	18-KCPE-480-RTS	Kansas City Power and Light	2018	Electric Depreciation Study
Arkansas	Arkansas Public Service Commission	18-027-U	Liberty Pine Bluff Water	2018	Water Depreciation Study
Kentucky	Kentucky Public Service Commission	2017-00349	Atmos KY	2018	Gas Depreciation Rates

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable)	Company	Year	Description
Tennessee	Tennessee Public Utility Commission	18-00017	Chattanooga Gas	2018	Gas Depreciation Study
Texas	Railroad Commission of Texas	10679	Si Energy	2018	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-17-104	Anchorage Water and Wastewater	2017	Water and Waste Water Depreciation Study
Michigan	Michigan Public Service Commission	U-18488	Michigan Gas Utilities Corporation	2017	Gas Depreciation Study
Texas	Railroad Commission of Texas	10669	CenterPoint South Texas	2017	Gas Depreciation Study
Arkansas	Arkansas Public Service Commission	17-061-U	Empire District Electric Company	2017	Depreciation Rates for New Wind Generation
Kansas	Kansas Corporation Commission	18-EPDE-184-PRE	Empire District Electric Company	2017	Depreciation Rates for New Wind Generation
Oklahoma	Oklahoma Corporation Commission	PUD 201700471	Empire District Electric Company	2017	Depreciation Rates for New Wind Generation
Missouri	Missouri Public Service Commission	EO-2018-0092	Empire District Electric Company	2017	Depreciation Rates for New Wind Generation
Michigan	Michigan Public Service Commission	U-18457	Upper Peninsula Power Company	2017	Electric Depreciation Study
Florida	Florida Public Service Commission	20170179-GU	Florida City Gas	2017	Gas Depreciation Study
Michigan	FERC	ER18-56-000	Consumers Energy	2017	Electric Depreciation Study
Missouri	Missouri Public Service Commission	GR-2018-0013	Liberty Utilities	2017	Gas Depreciation Study
Michigan	Michigan Public Service Commission	U-18452	SEMCO	2017	Gas Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable)	Company	Year	Description
Texas	Public Utility Commission of Texas	47527	Southwestern Public Service Company	2017	Electric Production Depreciation Study
MultiState	FERC	ER17-1664	American Transmission Company	2017	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-17-008	Municipal Power and Light City of Anchorage	2017	Generating Unit Depreciation Study
Mississippi	Mississippi Public Service Commission	2017-UN-041	Atmos Energy	2017	Gas Depreciation Study
Texas	Public Utility Commission of Texas	46957	Oncor Electric Delivery	2017	Electric Depreciation Study
Oklahoma	Oklahoma Corporation Commission	PUD 201700078	CenterPoint Oklahoma	2017	Gas Depreciation Study
New York	FERC	ER17-1010-000	New York Power Authority	2017	Electric Depreciation Study
Texas	Railroad Commission of Texas	GUD 10580	Atmos Pipeline Texas	2017	Gas Depreciation Study
Texas	Railroad Commission of Texas	GUD 10567	CenterPoint Texas	2016	Gas Depreciation Study
MultiState	FERC	ER17-191-000	American Transmission Company	2016	Electric Depreciation Study
New Jersey	New Jersey Board of Public Utilities	GR16090826	Elizabethtown Natural Gas	2016	Gas Depreciation Study
North Carolina	North Carolina Utilities Commission	Docket G-9 Sub 77H	Piedmont Natural Gas	2016	Gas Depreciation Study
Michigan	Michigan Public Service Commission	U-18195	Consumers Energy/DTE Electric	2016	Ludington Pumped Storage Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable)	Company	Year	Description
Alabama	FERC	ER16-2313-000	SEGCO	2016	Electric Depreciation Study
Alabama	FERC	ER16-2312-000	Alabama Power Company	2016	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-18127	Consumers Energy	2016	Natural Gas Depreciation Study
Mississippi	Mississippi Public Service Commission	2016 UN 267	Willmut Natural Gas	2016	Natural Gas Depreciation Study
Iowa	Iowa Utilities Board	RPU-2016-0003	Liberty-Iowa	2016	Natural Gas Depreciation Study
Illinois	Illinois Commerce Commission	GRM #16-208	Liberty-Illinois	2016	Natural Gas Depreciation Study
Kentucky	FERC	RP16-097-000	KOT	2016	Natural Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-16-067	Alaska Electric Light and Power	2016	Generating Unit Depreciation Study
Florida	Florida Public Service Commission	160170-EI	Gulf Power	2016	Electric Depreciation Study
California	California Public Utilities Commission	A 16-07-002	California American Water	2016	Water and Waste Water Depreciation Study
Arizona	Arizona Corporation Commission	G-01551A-16-0107	Southwest Gas	2016	Gas Depreciation Study
Texas	Public Utility Commission of Texas	45414	Sharyland	2016	Electric Depreciation Study
Colorado	Colorado Public Utilities Commission	16A-0231E	Public Service Company of Colorado	2016	Electric Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable)	Company	Year	Description
Multi-State NE US	FERC	16-453-000	Northeast Transmission Development, LLC	2015	Electric Depreciation Study
Arkansas	Arkansas Public Service Commission	15-098-U	CenterPoint Arkansas	2015	Gas Depreciation Study and Cost of Removal Study
New Mexico	New Mexico Public Regulation Commission	15-00296-UT	Southwestern Public Service Company	2015	Electric Depreciation Study
Atmos Energy Corporation	Tennessee Regulatory Authority	14-00146	Atmos Tennessee	2015	Natural Gas Depreciation Study
New Mexico	New Mexico Public Regulation Commission	15-00261-UT	Public Service Company of New Mexico	2015	Electric Depreciation Study
Hawaii	NA	NA	Hawaii American Water	2015	Water/Wastewater Depreciation Study
Kansas	Kansas Corporation Commission	16-ATMG-079-RTS	Atmos Kansas	2015	Gas Depreciation Study
Texas	Public Utility Commission of Texas	44704	Entergy Texas	2015	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-15-089	Fairbanks Water and Wastewater	2015	Water and Waste Water Depreciation Study
Arkansas	Arkansas Public Service Commission	15-031-U	Source Gas Arkansas	2015	Underground Storage Gas Depreciation Study
New Mexico	New Mexico Public Regulation Commission	15-00139-UT	Southwestern Public Service Company	2015	Electric Depreciation Study
Texas	Public Utility Commission of Texas	44746	Wind Energy Transmission Texas	2015	Electric Depreciation Study
Colorado	Colorado Public Utilities Commission	15-AL-0299G	Atmos Colorado	2015	Gas Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable)	Company	Year	Description
Arkansas	Arkansas Public Service Commission	15-011-U	Source Gas Arkansas	2015	Gas Depreciation Study
Texas	Railroad Commission of Texas	GUD 10432	CenterPoint- Texas Coast Division	2015	Gas Depreciation Study
Kansas	Kansas Corporation Commission	15-KCPE-116-RTS	Kansas City Power and Light	2015	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-14-120	Alaska Electric Light and Power	2014-2015	Electric Depreciation Study
Texas	Public Utility Commission of Texas	43950	Cross Texas Transmission	2014	Electric Depreciation Study
New Mexico	New Mexico Public Regulation Commission	14-00332-UT	Public Service of New Mexico	2014	Electric Depreciation Study
Texas	Public Utility Commission of Texas	43695	Xcel Energy	2014	Electric Depreciation Study
Multi State – SE US	FERC	RP15-101	Florida Gas Transmission	2014	Gas Transmission Depreciation Study
California	California Public Utilities Commission	A.14-07-006	Golden State Water	2014	Water and Waste Water Depreciation Study
Michigan	Michigan Public Service Commission	U-17653	Consumers Energy Company	2014	Electric and Common Depreciation Study
Colorado	Public Utilities Commission of Colorado	14AL-0660E	Public Service of Colorado	2014	Electric Depreciation Study
Wisconsin	Wisconsin	05-DU-102	WE Energies	2014	Electric, Gas, Steam and Common Depreciation Studies

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable)	Company	Year	Description
Texas	Public Utility Commission of Texas	42469	Lone Star Transmission	2014	Electric Depreciation Study
Nebraska	Nebraska Public Service Commission	NG-0079	Source Gas Nebraska	2014	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-14-055	TDX North Slope Generating	2014	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-14-054	Sand Point Generating LLC	2014	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-14-045	Matanuska Electric Coop	2014	Electric Generation Depreciation Study
Texas, New Mexico	Public Utility Commission of Texas	42004	Southwestern Public Service Company	2013-2014	Electric Production, Transmission, Distribution and General Plant Depreciation Study
New Jersey	New Jersey Board of Public Utilities	GR13111137	South Jersey Gas	2013	Gas Depreciation Study
Various	FERC	RP14-247-000	Sea Robin	2013	Gas Depreciation Study
Arkansas	Arkansas Public Service Commission	13-078-U	Arkansas Oklahoma Gas	2013	Gas Depreciation Study
Arkansas	Arkansas Public Service Commission	13-079-U	Source Gas Arkansas	2013	Gas Depreciation Study
California	California Public Utilities Commission	Proceeding No.: A.13-11-003	Southern California Edison	2013	Electric Depreciation Study
North Carolina/South Carolina	FERC	ER13-1313	Progress Energy Carolina	2013	Electric Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable)	Company	Year	Description
Wisconsin	Public Service Commission of Wisconsin	4220-DU-108	Northern States Power Company - Wisconsin	2013	Electric, Gas and Common Transmission, Distribution and General
Texas	Public Utility Commission of Texas	41474	Sharyland	2013	Electric Depreciation Study
Kentucky	Kentucky Public Service Commission	2013-00148	Atmos Energy Corporation	2013	Gas Depreciation Study
Minnesota	Minnesota Public Utilities Commission	13-252	Allete Minnesota Power	2013	Electric Depreciation Study
New Hampshire	New Hampshire Public Service Commission	DE 13-063	Liberty Utilities	2013	Electric Distribution and General
Texas	Railroad Commission of Texas	10235	West Texas Gas	2013	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-12-154	Alaska Telephone Company	2012	Telecommunications Utility
New Mexico	New Mexico Public Regulation Commission	12-00350-UT	Southwestern Public Service Company	2012	Electric Depreciation Study
Colorado	Colorado Public Utilities Commission	12AL-1269ST	Public Service Company of Colorado	2012	Gas and Steam Depreciation Study
Colorado	Colorado Public Utilities Commission	12AL-1268G	Public Service Company of Colorado	2012	Gas and Steam Depreciation Study
Alaska	Regulatory Commission of Alaska	U-12-149	Municipal Power and Light City of Anchorage	2012	Electric Depreciation Study
Texas	Texas Public Utility Commission	40824	Xcel Energy	2012	Electric Depreciation Study
South Carolina	Public Service Commission of South Carolina	Docket 2012-384-E	Progress Energy Carolina	2012	Electric Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable)	Company	Year	Description
Alaska	Regulatory Commission of Alaska	U-12-141	Interior Telephone Company	2012	Telecommunications Utility
Michigan	Michigan Public Service Commission	U-17104	Michigan Gas Utilities Corporation	2012	Gas Depreciation Study
North Carolina	North Carolina Utilities Commission	E-2 Sub 1025	Progress Energy Carolina	2012	Electric Depreciation Study
Texas	Texas Public Utility Commission	40606	Wind Energy Transmission Texas	2012	Electric Depreciation Study
Texas	Texas Public Utility Commission	40604	Cross Texas Transmission	2012	Electric Depreciation Study
Minnesota	Minnesota Public Utilities Commission	12-858	Northern States Power Company - Minnesota	2012	Electric, Gas and Common Transmission, Distribution and General
Texas	Railroad Commission of Texas	10170	Atmos Mid-Tex	2012	Gas Depreciation Study
Texas	Railroad Commission of Texas	10174	Atmos West Texas	2012	Gas Depreciation Study
Texas	Railroad Commission of Texas	10182	CenterPoint Beaumont/ East Texas	2012	Gas Depreciation Study
Kansas	Kansas Corporation Commission	12-KCPE-764-RTS	Kansas City Power and Light	2012	Electric Depreciation Study
Nevada	Public Utility Commission of Nevada	12-04005	Southwest Gas	2012	Gas Depreciation Study
Texas	Railroad Commission of Texas	10147, 10170	Atmos Mid-Tex	2012	Gas Depreciation Study
Kansas	Kansas Corporation Commission	12-ATMG-564-RTS	Atmos Kansas	2012	Gas Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable)	Company	Year	Description
Texas	Texas Public Utility Commission	40020	Lone Star Transmission	2012	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-16938	Consumers Energy Company	2011	Gas Depreciation Study
Colorado	Public Utilities Commission of Colorado	11AL-947E	Public Service of Colorado	2011	Electric Depreciation Study
Texas	Texas Public Utility Commission	39896	Entergy Texas	2011	Electric Depreciation Study
MultiState	FERC	ER12-212	American Transmission Company	2011	Electric Depreciation Study
California	California Public Utilities Commission	A1011015	Southern California Edison	2011	Electric Depreciation Study
Mississippi	Mississippi Public Service Commission	2011-UN-184	Atmos Energy	2011	Gas Depreciation Study
Michigan	Michigan Public Service Commission	U-16536	Consumers Energy Company	2011	Wind Depreciation Rate Study
Texas	Public Utility Commission of Texas	38929	Oncor	2011	Electric Depreciation Study
Texas	Railroad Commission of Texas	10038	CenterPoint South TX	2010	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-10-070	Inside Passage Electric Cooperative	2010	Electric Depreciation Study
Texas	Public Utility Commission of Texas	36633	City Public Service of San Antonio	2010	Electric Depreciation Study
Texas	Texas Railroad Commission	10000	Atmos Pipeline Texas	2010	Gas Depreciation Study
Multi State – SE US	FERC	RP10-21-000	Florida Gas Transmission	2010	Gas Depreciation Study
Maine/ New Hampshire	FERC	10-896	Granite State Gas Transmission	2010	Gas Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable)	Company	Year	Description
Texas	Public Utility Commission of Texas	38480	Texas New Mexico Power	2010	Electric Depreciation Study
Texas	Public Utility Commission of Texas	38339	CenterPoint Electric	2010	Electric Depreciation Study
Texas	Texas Railroad Commission	10041	Atmos Amarillo	2010	Gas Depreciation Study
Georgia	Georgia Public Service Commission	31647	Atlanta Gas Light	2010	Gas Depreciation Study
Texas	Public Utility Commission of Texas	38147	Southwestern Public Service	2010	Electric Technical Update
Alaska	Regulatory Commission of Alaska	U-09-015	Alaska Electric Light and Power	2009-2010	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-10-043	Utility Services of Alaska	2009-2010	Water Depreciation Study
Michigan	Michigan Public Service Commission	U-16055	Consumers Energy/DTE Energy	2009-2010	Ludington Pumped Storage Depreciation Study
Michigan	Michigan Public Service Commission	U-16054	Consumers Energy	2009-2010	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-15963	Michigan Gas Utilities Corporation	2009	Gas Depreciation Study
Michigan	Michigan Public Service Commission	U-15989	Upper Peninsula Power Company	2009	Electric Depreciation Study
Texas	Railroad Commission of Texas	9869	Atmos Energy	2009	Shared Services Depreciation Study
Mississippi	Mississippi Public Service Commission	09-UN-334	CenterPoint Energy Mississippi	2009	Gas Depreciation Study
Texas	Railroad Commission of Texas	9902	CenterPoint Energy Houston	2009	Gas Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable)	Company	Year	Description
Colorado	Colorado Public Utilities Commission	09AL-299E	Public Service Company of Colorado	2009	Electric Depreciation Study
Louisiana	Louisiana Public Service Commission	U-30689	Cleco	2008	Electric Depreciation Study
Texas	Public Utility Commission of Texas	35763	Southwestern Public Service Company	2008	Electric Production, Transmission, Distribution and General Plant Depreciation Study
Wisconsin	Wisconsin	05-DU-101	WE Energies	2008	Electric, Gas, Steam and Common Depreciation Studies
North Dakota	North Dakota Public Service Commission	PU-07-776	Northern States Power Company - Minnesota	2008	Net Salvage
New Mexico	New Mexico Public Regulation Commission	07-00319-UT	Southwestern Public Service Company	2008	Testimony – Depreciation
Multiple States	Railroad Commission of Texas	9762	Atmos Energy	2007-2008	Shared Services Depreciation Study
Minnesota	Minnesota Public Utilities Commission	E015/D-08-422	Minnesota Power	2007-2008	Electric Depreciation Study
Texas	Public Utility Commission of Texas	35717	Oncor	2008	Electric Depreciation Study
Texas	Public Utility Commission of Texas	34040	Oncor	2007	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-15629	Consumers Energy	2006-2009	Gas Depreciation Study
Colorado	Colorado Public Utilities Commission	06-234-EG	Public Service Company of Colorado	2006	Electric Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable)	Company	Year	Description
Arkansas	Arkansas Public Service Commission	06-161-U	CenterPoint Energy – Arkla Gas	2006	Gas Distribution Depreciation Study and Removal Cost Study
Texas, New Mexico	Public Utility Commission of Texas	32766	Southwestern Public Service Company	2005-2006	Electric Production, Transmission, Distribution and General Plant Depreciation Study
Texas	Railroad Commission of Texas	9670/9676	Atmos Energy Corp	2005-2006	Gas Distribution Depreciation Study
Texas	Railroad Commission of Texas	9400	TXU Gas	2003-2004	Gas Distribution Depreciation Study
Texas	Railroad Commission of Texas	9313	TXU Gas	2002	Gas Distribution Depreciation Study
Texas	Railroad Commission of Texas	9225	TXU Gas	2002	Gas Distribution Depreciation Study
Texas	Public Utility Commission of Texas	24060	TXU	2001	Line Losses
Texas	Public Utility Commission of Texas	23640	TXU	2001	Line Losses
Texas	Railroad Commission of Texas	9145-9148	TXU Gas	2000-2001	Gas Distribution Depreciation Study
Texas	Public Utility Commission of Texas	22350	TXU	2000-2001	Electric Depreciation Study, Unbundling
Texas	Railroad Commission of Texas	8976	TXU Pipeline	1999	Pipeline Depreciation Study
Texas	Public Utility Commission of Texas	20285	TXU	1999	Fuel Company Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable)	Company	Year	Description
Texas	Public Utility Commission of Texas	18490	TXU	1998	Transition to Competition
Texas	Public Utility Commission of Texas	16650	TXU	1997	Customer Complaint
Texas	Public Utility Commission of Texas	15195	TXU	1996	Mining Company Depreciation Study
Texas	Public Utility Commission of Texas	12160	TXU	1993	Fuel Company Depreciation Study
Texas	Public Utility Commission of Texas	11735	TXU	1993	Electric Depreciation Study

DIRECT TESTIMONY

OF

CHARLES E. LOY

ON BEHALF OF

**UNIVERSAL NATURAL GAS, LLC D/B/A UNIVERSAL NATURAL GAS, INC.;
GAS ENERGY, LLC;
ENERTEX NB, LLC;
CONSUMERS GAS COMPANY, LLC D/B/A CONSUMERS GAS COMPANY, INC.;
HOOKS GAS PIPELINE, LLC;
TEXAS GAS PIPELINE COMPANY, LLC; AND
1486 GAS PIPELINE, LLC**

OCTOBER 9, 2020

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EXECUTIVE SUMMARY OF CHARLES E. LOY

1 My testimony addresses the revenue requirements models of Universal Natural Gas, LLC
2 and Hooks Gas Pipeline, LLC, which support the base revenues requested in these
3 proceedings, and provides an overview summary of the rate requests. I address the
4 consolidation of three other local distribution companies, EnerTex NB, LLC, Gas Energy,
5 LLC, and Consumers Gas Company, LLC, into Universal Natural Gas, LLC
6 (“Consolidated UniGas”), and the consolidation of two pipeline companies, Texas Gas
7 Pipeline Company, LLC and 1486 Gas Pipeline, LLC, into Hooks Gas Pipeline, LLC
8 (“Consolidated Hooks” and, together with Consolidated UniGas, the “Company”), and the
9 associated impact these consolidations will have on the requested rates. I also describe the
10 services provided to Consolidated UniGas and Consolidated Hooks by an affiliate, Texas
11 Gas Utility Services, Inc., and explain how charges for the services are determined and
12 how the costs for these services are assigned to the Company. I review the various
13 components and related adjustments resulting in the proposed revenue requirements of
14 Consolidated UniGas and Consolidated Hooks. In addition, I recommend and support the
15 revenue increases and rate design for the Residential and Commercial customer classes for
16 Consolidated UniGas and the revenue increases and rate design for Consolidated Hooks,
17 and present the resulting bill impacts.

DIRECT TESTIMONY OF CHARLES E. LOY

I. INTRODUCTION AND QUALIFICATIONS

Q.1. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Charles E. Loy. I am a Principal at GDS Associates, Inc. ("GDS") and my business address is 919 Congress Avenue, Suite 1100, Austin, Texas 78701.

Q.2. PLEASE DESCRIBE YOUR EDUCATION, PROFESSIONAL QUALIFICATIONS AND PREVIOUS WORK EXPERIENCE.

A. I received a Bachelor of Business Administration degree with a concentration in accounting from the University of Texas at Austin. I am a Certified Public Accountant in the State of Texas. Prior to joining GDS in June of 2001, I was General Manager of Rates and Regulatory Affairs with AquaSource, Inc. ("AquaSource"), a wholly owned water and wastewater subsidiary of DQE, Inc., a publicly traded electric utility located in Pittsburgh, Pennsylvania. My responsibilities included the organization, preparation, and management of various rate filings and proceedings on rate requests and other regulatory matters in the twelve states where AquaSource provided water and wastewater utility service. Prior to joining AquaSource, I was a Manager of Regulatory Affairs for Citizens Utilities Company, Public Services Sector ("Citizens"). At Citizens, I was responsible for various regulatory matters, including rate cases for water/wastewater, gas, and electric services in eight states. Prior to joining Citizens, I was a Rate Manager with Southern Union Gas where I prepared rate filings, cost of service studies, and testimony for their various operations in Texas and Oklahoma. My utility regulation experience began with Diversified Utility Consultants as a Senior Analyst, where I assisted in the review and analysis of various gas, electric, and water company rate filings. My professional resume is included as Exhibit CEL-1.

Q.3. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of four gas local distribution companies ("LDCs"): Universal Natural Gas, LLC d/b/a Universal Natural Gas, Inc. ("UniGas"); EnerTex NB, LLC ("EnerTex"); Gas Energy, LLC ("Gas Energy"); and Consumers Gas Company, LLC d/b/a Consumers Natural Gas, Inc. ("Consumers"), as well as three pipeline companies ("TransCos"); Hooks Gas Pipeline, LLC ("Hooks"); Texas Gas Pipeline Company, LLC ("TGPC"); and 1486 Gas Pipeline, LLC ("1486"). As explained in Mr. Robert Barnwell IV's Direct Testimony, Centric Gas Services, LLC ("Centric") is the non-regulated parent company of the LDCs and TransCos, as well as the non-regulated operating company Texas Gas Utility Services, Inc. ("TXGUS"), which provides centralized management, administrative, accounting, corporate finance, engineering, field, and emergency services to all the LDCs and TransCo listed above. Centric proposes to consolidate all the LDCs into one entity under the name Universal Natural Gas, LLC and all the TransCos into one entity under the name Hooks Gas Pipeline, LLC. I will refer to the consolidated LDC as "Consolidated UniGas" and the consolidated TransCo as "Consolidated Hooks" in my testimony. TXGUS will continue to manage and provide services to Consolidated UniGas and Consolidated Hooks on a consolidated basis.

Q.4. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY COMMISSIONS?

A. Yes. Exhibit CEL-1 provides the proceedings in which I have testified and/or presented testimony, which includes the Railroad Commission of Texas ("Commission").

II. PURPOSE OF TESTIMONY

Q.5. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. My testimony will:

1. Provide an overview of the rate request and address Centric's proposal to consolidate the LDCs and TransCos into two separate entities (Consolidated UniGas and Consolidated Hooks) that share services from TXGUS;
2. Present the revenue requirement models and filing schedules for both Consolidated UniGas and Consolidated Hooks, which support their respective proposed revenue requirements;
3. Describe the services provided by TXGUS to Consolidated UniGas and Consolidated Hooks and explain how TXGUS charges for the services it provides and how the costs for these services are assigned to Consolidated UniGas and Consolidated Hooks pursuant to the modified updated Cost Allocation Manual ("CAM") filed contemporaneously with my testimony in these dockets;
4. Review the various components and related adjustments resulting in the proposed revenue requirement and the corresponding proposed increases for both Consolidated UniGas and Consolidated Hooks;
5. Discuss the customer class cost of service study performed for Consolidated UniGas;
6. Recommend and support the revenue increases and rate design for the Consolidated UniGas customer classes and present the resulting bill impacts; and
7. Recommend and support the revenue increases and rate design for Consolidated Hooks and present the resulting bill impacts.

Q.6. ARE YOU SPONSORING ANY EXHIBITS AND SCHEDULES?

- A. Yes. I am sponsoring the exhibits listed in the table of contents. I also am sponsoring the following set of schedules for Consolidated UniGas provided in the filing for the LDCs: A, A-1 through A-4, B-1 through B-3, C-1 through C-5, D-1, D-2, E-1 through E-4, F-1 through F-5, G-1 through G-13, H-1 through H-4, I-1 through I-3, J-1 through J-6, K-1, and L-1, some of which have additional related schedules (e.g., A-2-1, A-2-2), and the following set of schedules for Consolidated Hooks provided in the filing for the TransCos: A, A-1 through A-4, B-1 through B-3, C-1 through C-5, D-1, D-2, E-1 through E-3, F-1 through F-5, G-1 through G-12, H-1 through H-4, I-1 through I-3, J-1 through J-6, K-1, and L-1, some of which also have additional related schedules (e.g., A-2-1, A-2-2).

1 **Q.7. WERE THESE SCHEDULES PREPARED BY YOU OR UNDER YOUR**
2 **SUPERVISION?**

3 A. Yes.

4 **Q.8. ARE THERE OTHER WITNESSES TESTIFYING TO INFORMATION IN THIS**
5 **CASE THAT CONTRIBUTES TO THE DETERMINATION OF THE PROPOSED**
6 **REVENUE REQUIREMENT?**

7 A. Yes. Company witness Mr. Robert Barnwell IV testifies to the structure of the LDCs and
8 TransCos, as well as the consolidation of the LDCs into one entity, Consolidated UniGas,
9 and consolidation of the TransCos into one entity, Consolidated Hooks, and the effect of
10 the consolidations on customers. Mr. Robert Barnwell IV also testifies to the various
11 affiliate transactions entered into by and shared services provided to Consolidated UniGas
12 and Consolidated Hooks and the reasonableness of those transactions. Company witness
13 Mr. J. Ross Buttermore supports the historic books and records of the LDCs and TransCos,
14 which I then use to provide my revenue requirement analysis and cost of service study.
15 Mr. J. Ross Buttermore addresses other inputs into the cost of service analysis, including
16 the actual and targeted capital structure for the Company, various aspects of the accounts
17 and adjustments reflected in the cost of service for Consolidated UniGas and Consolidated
18 Hooks, details regarding the CAM, and proposed tariff provisions for Consolidated UniGas
19 and Consolidated Hooks. In addition, Dr. Bruce H. Fairchild provides further testimony
20 on capital structure and on the recommended cost of debt, return on equity, and overall rate
21 of return. Finally, Mr. Dane A. Watson provides testimony regarding the results of his
22 depreciation study used to develop the requested depreciation expense used in the revenue
23 requirement computation.

**III. RATE FILINGS OVERVIEW FOR CONSOLIDATED UNIGAS AND
CONSOLIDATED HOOKS**

Q.9. WHY IS THE COMPANY FILING RATE REQUESTS AT THIS TIME?

A. As explained in Mr. Robert Barnwell IV's Direct Testimony, the LDCs and TransCos have grown substantially since the last rate case and open inquiries, including investment of approximately \$23.5 million into gross plant for the LDCs, and consolidated operating costs have increased accordingly. The existing rates for the LDCs and TransCos do not accurately reflect the current net plant in service and operating expenses.

Q.10. IN ADDITION TO THE REVIEW OF RATES REQUIRED BY THE COMMISSION, WHAT OTHER CONSIDERATIONS APPLY TO THESE FILINGS?

A. As discussed previously, Centric is taking this opportunity to report its intent to consolidate its LDCs under Consolidated UniGas and its TransCos under Consolidated Hooks as required under Texas Utilities Code § 102.051. Consolidated UniGas and Consolidated Hooks are establishing base rates that reflect both the substantial growth of the LDCs and TransCos and the consolidation of the historic activities performed by the various affiliated entities. The LDCs and TransCos request that the Commission render a determination that these consolidations are consistent with the public interest; the purpose and benefits of these consolidations are further discussed in Mr. Robert Barnwell IV's Direct Testimony and Mr. J. Ross Buttermore's Direct Testimony.

Q.11. PLEASE PROVIDE AN OVERVIEW OF BOTH THE RATE FILINGS.

A. This testimony addresses the two separate filings, one for the consolidated LDCs listed above under the name Universal Natural Gas, LLC (i.e., Consolidated UniGas) and one for the TransCos, which serve the LDCs, under the name Hooks Gas Pipeline, LLC (i.e., Consolidated Hooks). TXGUS is the centralized management and operations company

1 responsible for managing and operating both the LDCs and TransCos, and as I will describe
2 in my testimony and as described in Mr. J. Ross Buttermore's and Mr. Robert Barnwell
3 IV's Direct Testimonies, costs from TXGUS are allocated to the LDCs and TransCos.
4 Each filing uses a test year ended June 30, 2020 (the "Test Year"), and includes proposed
5 adjustments to the Test Year actual per-book amounts provided by the Company.

6 **Q.12. HOW DID YOU CALCULATE REVENUE REQUIREMENT AMOUNTS OF**
7 **CONSOLIDATED UNIGAS AND CONSOLIDATED HOOKS, RESPECTIVELY?**

8 A. I combined the test year trial balances from the four LDCs to obtain balances for
9 Consolidated UniGas, then applied the various adjustments discussed in the rate schedules
10 and testimony to calculate its revenue requirement. Similarly, I combined the test year trial
11 balances for the three TransCos to obtain balances for Consolidated Hooks, then applied
12 the various adjustments discussed in the rate schedules and testimony to calculate its
13 revenue requirement.

14 **Q.13. WHAT IS THE TOTAL BASE RATE REVENUE REQUIREMENT THE**
15 **COMPANY IS PROPOSING FOR CONSOLIDATED UNIGAS IN THESE RATE**
16 **FILINGS?**

17 A. The Company is proposing a \$7,902,230 base rate revenue requirement for Consolidated
18 UniGas, which represents a \$1,643,634 increase as compared to Test Year adjusted
19 revenues.

20 **Q.14. WHAT IS THE TOTAL BASE RATE REVENUE REQUIREMENT THE**
21 **COMPANY IS PROPOSING FOR CONSOLIDATED HOOKS IN THE RATE**
22 **FILING?**

23 A. The Company is proposing a \$2,599,600 revenue requirement for Consolidated Hooks,
24 which represents a \$1,260,504 increase as compared to Test Year adjusted revenues.

1 **Q.15. HOW DOES THE CONSOLIDATION OF THE LDCS AND TRANCOS IMPACT**
2 **THE RATES PAID BY THE CUSTOMERS OF ENERTEX, GAS ENERGY,**
3 **CONSUMERS, TGPC, AND 1486 (THE “LEGACY COMPANIES”)?**

4 A. The direct customer impact of the consolidations, along with the impact on the proposed
5 revenue requirement, is reflected in the proposed rate changes and will be discussed in
6 detail in the Rate Design section in this testimony. In addition, there are long-term benefits
7 of this consolidation as further discussed in Mr. Robert Barnwell IV’s Direct Testimony
8 and Mr. J. Ross Buttermore’s Direct Testimony.

9 **IV. TXGUS SERVICES TO CONSOLIDATED UNIGAS AND CONSOLIDATED**
10 **HOOKS AND THE MODIFIED CAM**

11 **Q.16. PLEASE DESCRIBE TXGUS.**

12 A. TXGUS centralizes management and operations of all the LDCs and TransCos. It mitigates
13 operating liabilities, shares and minimizes overhead expenses, and attempts to maximize
14 efficiencies through economies of scale. TXGUS operates at cost, that is, there is no direct
15 profitability mark-up of costs incurred by TXGUS on behalf of its regulated utility
16 affiliates. Because TXGUS provides services to affiliates, there are specific guidelines that
17 must be followed for the charges to be acceptable for rate making purposes. I address these
18 requirements in my testimony. In addition, Mr. Robert Barnwell IV provides testimony
19 regarding the reasonableness and necessity of the costs associated with the services
20 provided by TXGUS.

21 **Q.17. WHAT IS GAS UTILITIES REGULATORY ACT (“GURA”)**
22 **SECTION 104.055(b)?**

23 A. Section 104.055(b) of the GURA mandates the treatment of affiliate expenses. It states:

24 “In establishing a gas utility’s rates, the regulatory authority may not
25 allow a gas utility’s payment to an affiliate for the cost of a service,
26 property, right, or other item or for an interest expense to be included
27 as capital cost or as expense related to gas utility service except to
28 the extent that the regulatory authority finds the payment is

reasonable and necessary for each item or class of items as determined by the regulatory authority. That finding must include:

(1) a specific finding of the reasonableness and necessity of each item or class of items allowed; and

(2) a finding that the price to the gas utility is not higher than the prices charged by the supplying affiliate to its other affiliates or divisions or to a nonaffiliated person for the same item or class of items.”

The utility must demonstrate that each good or service provided by the affiliate is reasonable and necessary and that the charge for each good or service is reasonable and necessary. Finally, the utility must demonstrate that the price charged to each affiliate for each good or service is no higher than that charged to other affiliates or nonaffiliates.¹

Q.18. WHY ARE AFFILIATE TRANSACTIONS HELD TO A HIGHER STANDARD THAN TRANSACTIONS WITH NON-RELATED ENTITIES?

A. The main concern with transactions between and among affiliates is the possibility of self-dealing or improper shifting of costs from non-regulated competitive operations to regulated monopoly operations.

Q.19. IN YOUR OPINION, DO THE CHARGES FROM TXGUS MEET ALL OF THESE REQUIREMENTS?

A. Yes. The Modified Cost Allocation Manual or CAM, as described in and attached to Mr. J. Ross Buttermore’s Direct Testimony, details how TXGUS will directly assign and/or allocate actual costs without a markup to Consolidated UniGas and Consolidated Hooks and follow the GURA requirements. The Modified CAM categorizes Operations and Maintenance (“O&M”) and Administrative and General (“A&G”) expenses into seven service categories: Executive Management; Accounting, Finance & Treasury; Human

¹ This burden of proof was set forth in the case *Railroad Commission vs. Rio Grande Valley Gas Co.*, 683 S.W.2d 783 (Tex.App. 1985).

1 Resources & Administration; Customer Billing; Field Operations; Regulatory; and General
2 & Administrative Overhead services. TXGUS was formed for efficiencies gained from
3 centralized management and operations, and the intent of TXGUS is to serve as a break-
4 even, pass-through entity.

5 **Q.20. WHAT COSTS WILL THE MODIFIED CAM DIRECTLY ASSIGN TO**
6 **CONSOLIDATED UNIGAS AND CONSOLIDATED HOOKS?**

7 A. Whenever possible, costs are directly assigned to the affiliate receiving the service.
8 Construction services and regulatory services are directly charged to the affiliate receiving
9 the service. In addition, all Customer Billing costs are directly charged to Consolidated
10 UniGas because Consolidated UniGas will be the only entity that will bill a substantial
11 number of customers. Consolidated Hooks' billing will consist of twelve bills per year to
12 a very small number of customers and will be handled internally by the Accounting
13 Department, meaning there will be no billing costs for Consolidated Hooks other than the
14 minimal costs incurred by internal accounting.

15 **Q.21. WHAT ALLOCATION METHODS DOES TXGUS USE TO ALLOCATE COSTS**
16 **THAT CANNOT BE DIRECTLY ASSIGNED?**

17 A. When direct assignment is not possible, two allocation methodologies are used to assign
18 costs based on sound cost causation principles. Payroll, when applicable, is directly
19 assigned to construction projects, and payroll attributed to Customer Service and Customer
20 Billing is directly assigned to Consolidated UniGas. The non-direct payroll is proposed to
21 be allocated between Consolidated UniGas and Consolidated Hooks using the updated
22 CAM composite formula ("Modified CAM Composite"). Payroll related costs such as
23 employee benefits and payroll taxes are allocated on payroll cost distribution. All costs that

1 cannot be directly assigned are allocated using the Modified CAM Composite; this includes
2 O&M and A&G services not directly assigned.

3 **Q.22. PLEASE DESCRIBE HOW THE MODIFIED CAM COMPOSITE FORMULA IS**
4 **DIFFERENT FROM THE ORIGINAL COMPOSITE FORMULA.**

5 A. Like the Modified CAM Composite formula, the original CAM composite formula is a
6 weighted average of key metrics for regulated utilities. The original CAM composite
7 formula is an equally weighted average of the following three key metrics: (1) Net plant in
8 service, (2) Number of customers, and (3) Gross revenues.

9 The Modified CAM Composite formula improves the original by replacing the number of
10 customers (i.e., metric (2) above) with a different metric, the volumes of gas sold. This
11 revision was made to avoid a disproportionate allocation to LDC customers versus TransCo
12 customers.

13 Also, the gross revenue metric is replaced by a base revenues metric, or revenues that
14 exclude the cost of gas. The cost of gas was removed from this metric as it overly inflated
15 the LDC allocation versus the TransCo allocation.

16 Finally, the Modified CAM Composite formula also adds a fourth metric based on a
17 calculation of the inch-feet of pipeline for each of Consolidated UniGas and Consolidated
18 Hooks. This measure reflects both size and the length of the pipe for each of Consolidated
19 UniGas and Consolidated Hooks. The total number of inch-feet of pipe in each of
20 Consolidated UniGas and Consolidated Hooks is determined by multiplying the length of
21 each size of pipe by its nominal diameter, with steel lines receiving additional weighting
22 by multiplying the inch-feet computed by two.² Steel pipe requires more operational and

² For instance, 1,000 feet of 4" polyethylene pipe and 1,000 feet of 4" steel pipe would receive a 4,000 and 8,000 weighting, respectively.

1 maintenance expense than polyethylene pipe, which makes up the bulk of the lines for both
2 systems. Both companies have many miles of pipelines; however, Consolidated Hooks has
3 larger-diameter lines and more steel lines than Consolidated UniGas. Thus, the allocation
4 results in a reasonable assignment of costs to each of Consolidated UniGas and
5 Consolidated Hooks based on the amount of pipe and the relative cost of the specific type
6 of pipe. This is a valid and fair depiction of the size and complexity of each company, and
7 therefore a reasonable way to allocate the costs of operating these entities.

8 Similar to the original CAM composite formula, the Modified CAM Composite formula
9 will be calculated annually using the previous fiscal year-end data and applying equal
10 weighting to the four metrics. However, the year-end calculations for the Modified CAM
11 Composite formula will include only two companies, Consolidated UniGas and
12 Consolidated Hooks, rather than seven as the original formula included. The Modified
13 CAM Composite formula is a reasonable method for allocating costs that are incurred on
14 behalf of all affiliates that cannot be directly assigned. For example, rent on the corporate
15 and field offices cannot be assigned based on square footage or another similar metric
16 because the buildings benefit both affiliates.

17 **Q.23. PLEASE EXPLAIN HOW THE MODIFIED CAM COMPOSITE FORMULA IS**
18 **AN IMPROVEMENT OVER THE EXISTING CAM COMPOSITE FORMULA.**

19 A. The removal of the customer count factor eliminates a metric that logically applies when
20 comparing LDCs, but not when comparing an LDC to a pipeline with very few customers.
21 Removal of this factor is also appropriate as the primary expense related to the number of
22 customers—billing and billing-related payroll—is now directly assigned to the LDC.
23 Adding the volumes sold and pipeline inch-feet factors offers better cost causation metrics
24 that are common to LDCs and gas pipelines. Changing the revenue factor from gross

1 revenues to base services revenues excludes the cost of gas, which can have significant
2 price fluctuations due to changing market conditions—and therefore cause an inconsistent
3 and disproportionate effect. This is especially true when the LDC's cost of gas reflects the
4 TransCo's rate. Moving to base revenues will remove this risk and mitigate any cost
5 assignments not reflective of cost differences between the two entities' operations.

6 **Q.24. PLEASE EXPLAIN WHY THE CAM NEEDED TO BE MODIFIED OTHER THAN**
7 **TO IMPROVE THE CAM COMPOSITE FORMULA.**

8 A. The proposed consolidations significantly impact the CAM cost assignments by moving
9 from cost assignments involving seven entities (four LDCs and three TransCos) to only
10 two (Consolidated UniGas and Consolidated Hooks). For example, the consolidations
11 eliminate the need for a price list, which was used to assign costs between the LDCs. The
12 price list was relevant prior to consolidation, due to TXGUS providing various services to
13 multiple LDCs. The consolidation simplifies matters, and allows personnel and equipment
14 costs attributed to performing certain tasks to be allocated directly to the corresponding
15 type of entity—LDC or TransCo. Further, assignments of actual costs, rather than fixed
16 prices that may require frequent updating, will be less complicated and more
17 straightforward. The updated CAM improves the cost assignment through the Modified
18 CAM Composite formula and streamlines the cost assignment process altogether. Table 1
19 below shows both the current and Modified CAM Composite formulas as they would be
20 applied to Consolidated UniGas and Consolidated Hooks entities.

Table 1

CURRENT COMPOSITE FORMULA			
	Unigas	Hooks	Total
Net Plant	\$22,577,945	\$6,469,199	\$29,047,144
<i>% of Total</i>	77.729%	22.271%	100.000%
Customer Count	16,423	4	16,427
<i>% of Total</i>	99.976%	0.024%	100.000%
Gross Revenues	\$12,695,682	\$1,280,281	\$13,975,962
<i>% of Total</i>	90.839%	9.161%	100.000%
Composite Allocato	89.515%	10.485%	100.000%
PROPOSED COMPOSITE FORMULA			
	Unigas	Hooks	Total
Net Plant	\$22,577,945	\$6,469,199	\$29,047,144
<i>% of Total</i>	77.729%	22.271%	100.000%
Volume (Mcf)	910,036	846,913	1,756,949
<i>% of Total</i>	51.796%	48.204%	100.000%
Inch-Feet	6,032,516	1,252,948	7,285,465
<i>% of Total</i>	82.802%	17.198%	100.000%
Base Revenues	\$5,471,037	\$ 1,214,662	\$6,685,699
<i>% of Total</i>	81.832%	18.168%	100.000%
Composite Allocato	73.540%	26.460%	100.000%

Q.25. IS THE MODIFIED CAM COMPOSITE FORMULA REFLECTED IN THESE RATE FILINGS?

A. The percentages as set forth in the proposed Modified CAM Composite formula above are used to allocate costs in these rate filings that cannot be directly assigned. I would note that the base revenues above are based on the unadjusted base revenues during the Test Year (aggregated from the LDCs and TransCos, respectively) and do not include the proposed increase. Including the proposed increase in the base revenues used to determine the Modified CAM Composite formula would result in a recursive feedback loop where additional costs would be allocated to one of the functions as the base rate increase was raised to cover those costs.

1 **Q.26. ARE THERE ANY OTHER AFFILIATE TRANSACTIONS INCLUDED IN THE**
2 **PROPOSED REVENUE REQUIREMENT THAT YOU WOULD LIKE TO**
3 **ADDRESS?**

4 A. Yes. As explained in Mr. Robert Barnwell IV's Direct Testimony, Barney Barnwell owns
5 one of the field offices in which Texas Gas personnel work, and the use of this office space
6 is reasonable and necessary as part of management and operations conducted by Texas Gas
7 on behalf of the LDCs and TransCos. Included with Mr. Robert Barnwell IV's Direct
8 Testimony is a market report (submitted as CONFIDENTIAL Exhibit RSB-4) that
9 demonstrates that the rent payments Texas Gas pays and then allocates to the LDCs and
10 TransCos for this office space is not higher than the market rent price that would be charged
11 to other affiliates or nonaffiliated persons if Texas Gas did not occupy this office space.

12 **Q.27. DO THE AFFILIATE TRANSACTIONS BETWEEN TXGUS AND ITS**
13 **AFFILIATES MEET THE REQUIREMENTS OF GURA §104.055?**

14 A. Yes, I believe they do. TXGUS provides services that are necessary to the provision of
15 utility service and provides these services at reasonable costs. The reasonableness of these
16 costs is further explained in Mr. Robert Barnwell IV's Direct Testimony. The
17 methodologies used to allocate costs among TXGUS and its affiliates are well-recognized
18 and accepted methodologies for rate making purposes.

19 **V. PROPOSED REVENUE REQUIREMENTS FOR CONSOLIDATED UNIGAS AND**
20 **CONSOLIDATED HOOKS**

21 **Q.28. HOW ARE THE PER-BOOK BALANCES PRESENTED AND ADJUSTED IN THE**
22 **DEVELOPMENT OF THE REVENUE REQUIREMENT?**

23 A. The seven individual company book balances for each LDC and TransCo were provided
24 to me by the Company. I then consolidated these balances and the book balances in the
25 rate filings to reflect the consolidation of the four LDCs for Consolidated UniGas and the

three TransCos for Consolidated Hooks. The breakdown by company of the balances can be found in the workpapers provided with these filings.³

A. RATE BASE

Q.29. PLEASE PROVIDE AN OVERVIEW OF THE RATE BASE AND RATE BASE ADJUSTMENTS YOU WILL BE ADDRESSING.

A. The rate base summary can be found in Schedule B-1 of each company's respective filing. The summary lists each of the items I will be addressing. The rate base items and related adjustments that I will be discussing are as follows: plant and accumulated depreciation balances, the allocation of the common plant between Consolidated UniGas and Consolidated Hooks, working capital, and customer deposits and advances. Generally, the Schedule number I will reference will apply to both the Consolidated UniGas and Consolidated Hooks filings. Otherwise, I will indicate the appropriate Schedule number for each rate filing.

1. PLANT AND ACCUMULATED DEPRECIATION

Q.30. PLEASE DISCUSS THE PLANT AND ACCUMULATED DEPRECIATION ADJUSTMENTS RELATED TO THE CONSOLIDATION OF THE LDCS AND TRANCOS DISCUSSED ABOVE.

A. Schedules B-2 and B-3 in each filing show the consolidated plant and accumulated depreciation balances, respectively, by FERC account. Table 2 below provides a summary breakdown of the consolidated per-books gross plant and accumulated depreciation balances for both Consolidated UniGas and Consolidated Hooks.

³ Please refer to Consolidated Financials WP – Confidential.xls.

Table 2

Company	Gross Plant	Accumulated Depreciation	Net Plant
UniGas	\$14,104,500	(\$4,427,355)	\$9,677,145
Gas Energy	\$8,462,294	(\$1,567,569)	\$6,894,725
Consumers	\$669,729	(\$116,599)	\$553,130
Enertex	\$5,615,352	(\$162,407)	\$5,452,945
Total UniGas	<u>\$28,851,875</u>	<u>(\$6,273,930)</u>	<u>\$22,577,945</u>
Hooks	\$4,757,840	(\$390,092)	\$4,367,748
1486	\$343,521	(\$162,918)	\$180,603
TGPC	\$2,106,958	(\$186,110)	\$1,920,848
Total Hooks	<u>\$7,208,319</u>	<u>(\$739,120)</u>	<u>\$6,469,199</u>

Q.31. WHAT ADJUSTMENTS HAVE BEEN MADE TO GROSS PLANT AND ACCUMULATED DEPRECIATION?

A. Gross Plant and accumulated depreciation for each Company have been adjusted to reflect their share of Common Plant. Schedule B-2-1 for each of Consolidated UniGas and Consolidated Hooks shows each Company's allocated and proportionate share of Common Plant used to provide utility service found on the books maintained by TXGUS. Schedule B-3 shows the corresponding amount of accumulated depreciation for the Common Plant.

Q.32. PLEASE EXPLAIN THE ALLOCATION OF COMMON PLANT.

A. Common Plant consists of plant that is used and useful to both Consolidated UniGas and Consolidated Hooks. For instance, Transportation Equipment, Tools, Structures, and Furniture benefit and are necessities for both companies and thus should be shared between the two. Most of the Common Plant balances are assigned using the Modified CAM Composite formula. The one exception is the billing computer equipment, devices and software, which was assigned 100% to Consolidated UniGas as I explained earlier. Because of this direct assignment, the associated accumulated depreciation for Common

1 Plant was allocated using the proportional balance of Common Plant assigned to each of
2 Consolidated UniGas and Consolidated Hooks. These adjustments can be seen on Schedule
3 B-1 under the Known and Measurable Adjustment column.

4 **Q.33. THE CONSOLIDATED UNIGAS FILING HAS PLANT ADJUSTMENTS**
5 **APPEARING ON SCHEDULE B-2-2 AND B-2-3; PLEASE EXPLAIN.**

6 The adjustment made in Schedule B-2-2 reclassifies \$87,976 of start-up costs that were
7 incurred on behalf of EnerTex from FERC Account 923, Outside Services to FERC
8 Account 303, Miscellaneous Intangible Plant.

9 Schedule B-2-3 shows a number of adjustments that were made to the per-books plant
10 amounts in preparation for these filings. The majority of these adjustments involve either
11 transferring plant from one FERC account to another or removing specific items of fully
12 depreciated plant and the associated accumulated depreciation balance, both of which have
13 no effect on the overall plant balances included in rate base. The exception is a \$144
14 reduction to the accumulated depreciation balance that is required to tie to the fixed asset
15 schedule relied upon by Mr. Dane A. Watson.

16 **Q.34. WHAT IS THE TOTAL AMOUNT OF PLANT AND ACCUMULATED**
17 **DEPRECIATION REQUESTED IN RATE BASE FOR CONSOLIDATED UNIGAS**
18 **AND CONSOLIDATED HOOKS?**

19 A. Schedules B-1 shows Net Plant balances for Consolidated UniGas of approximately \$23.5
20 million and for Consolidated Hooks of approximately \$6.7 million under the As Adjusted
21 column.

22 **2. WORKING CAPITAL**

23 **Q.35. WHAT IS WORKING CAPITAL?**

24 A. The typical components that make up working capital for regulatory purposes are
25 inventories for items such as materials and supplies, prepayments and cash working capital.

1 Schedule E-3 shows thirteen-month averages for Materials and Supplies and Prepayments.
2 Thirteen-month averages are typically used to smooth out any volatility that may have
3 occurred over the Test Year.

4 **Q.36. WHAT DO THESE ITEMS REPRESENT, AND HOW ARE THEY ASSIGNED?**

5 A. The materials and supplies balances represent inventory of AMR meters, replacement
6 parts, and fittings and are therefore 100% assigned to Consolidated UniGas. The
7 prepayment balances represent the consolidation of several different prepayments made by
8 TXGUS such as rent, insurance, computer maintenance fees, etc. found on the books of
9 TXGUS. The prepayment balance applies to both Consolidated UniGas and Consolidated
10 Hooks and are allocated to each based on the Modified CAM Composite formula presented
11 earlier in this testimony. Both the Materials and Supplies and Prepayments require an
12 adjustment to reflect their thirteen-month averages. The adjustments can be found on line
13 15 of Schedule E-3 and are carried forward to Schedule B-1, under the Known and
14 Measurable Adjustments column.

15 **Q.37. THE CONSOLIDATED HOOKS FILING SCHEDULE E-3 PROVIDES A**
16 **WORKING CAPITAL ITEM OF A \$25,000 DEPOSIT. PLEASE EXPLAIN.**

17 A. Each TransCo provided a \$25,000 Certificate of Deposit to the Commission, for a total of
18 \$75,000 reflected on the books of Consolidated Hooks for the Test Year. Now that the
19 TransCos will be consolidated into one entity, the Certificate of Deposit requirement will
20 be reduced, and the known and measurable change has been reflected on Schedule E-3 as
21 an adjustment to reduce the Test Year balance to reflect one \$25,000 Certificate of Deposit
22 for Consolidated Hooks.

Q.38. WHAT ABOUT CASH WORKING CAPITAL?

A. In this case, Consolidated UniGas and Consolidated Hooks are requesting \$0 cash working capital be included in rate base. The \$0 request is in order to avoid the time and expense associated with conducting two separate multi-company lead/lag studies.

3. OTHER RATE BASE ITEMS

Q.39. PLEASE DISCUSS THE CUSTOMER DEPOSITS AND ADVANCES.

A. Consolidated UniGas Schedule E-4 presents the thirteen-month average balances for Customer Deposits and Advances. The Customer Deposits represent a source of cost-free capital and serve as a reduction to rate base. Similarly, the Advances represent an interest-free loan provided by developers for the installation of gas infrastructure. The loans are paid back as customers are added to the systems built with the advances. As with Customer Deposits, Advances are a source of cost-free capital and are applied as a reduction to rate base. Both Schedule E-3 and Schedule E-4 adjust the book balances to reflect the thirteen-month averages for rate making purposes. The Materials and Supplies, Prepayments, and Customer Deposits and Advances are adjusted to reflect thirteen-month averages in order to smooth out any volatility that may have occurred over the Test Year. Schedule E-3 in the Consolidated Hooks rate filing reflects Consolidated Hooks' share of the Prepayments.

Q.40. WHAT IS THE TOTAL AMOUNT OF THE PROPOSED CONSOLIDATED RATE BASE REQUESTED FOR CONSOLIDATED UNIGAS AND CONSOLIDATED HOOKS?

A. As shown on Schedule B-1, the proposed consolidated rate base for Consolidated UniGas is \$20,972,919 and for Consolidated Hooks is \$6,763,684.

VI. CONSOLIDATED UNIGAS AND CONSOLIDATED HOOKS INCOME STATEMENT

Q.41. PLEASE SUMMARIZE YOUR ADJUSTMENTS TO REVENUES AND EXPENSES APPEARING IN THE INCOME STATEMENT.

A. The rate filings reflect Test Year consolidated base revenues and expenses for both Consolidated UniGas and Consolidated Hooks. Since gas costs are billed using a separate surcharge mechanism that is not included in the base rates, we have removed all revenue recoveries and expenses related to gas costs, leaving only revenues that reflect the tariff service rates and all non-gas expenses that are incurred to provide gas service. The consolidated base revenues for Consolidated UniGas have been adjusted for weather, customer growth, and the discontinuance of customer discounts. In addition, there is a proposed increase to miscellaneous fees, which serves to reduce the base rate revenue requirement of Consolidated UniGas. The consolidated base revenues for Consolidated Hooks have been adjusted for normalization as well. Expense adjustments for both entities have been made to remove costs that are recovered through riders, such as the cost of gas and certain taxes. Expenses for both entities also have been adjusted for changes in staffing levels and compensation and annualized or updated based on known and measurable criteria. Expenses have been removed that are not recoverable in rates or are not expected to reoccur. All the adjustments made to Test Year revenues and expenses are summarized on Schedule A-2 in both filings.

A. REVENUE ADJUSTMENTS

Q.42. PLEASE DESCRIBE YOUR ADJUSTMENTS TO TEST YEAR GAS SERVICE REVENUES.

A. Adjustments have been made to the per-books revenues for gas service in order to ensure that the effects of customer growth and any unusual weather patterns have been removed

1 from the filings. I have also made an adjustment to eliminate the discount that is currently
2 provided to some LDC customers. The net effect of these adjustments increases revenues
3 by approximately \$728,000 and \$111,000 for Consolidated UniGas and Consolidated
4 Hooks respectively. The supporting workpapers for the adjustments I will be discussing
5 can be found in the Consolidated UniGas and Consolidated Hooks workpaper files. The
6 workpaper reference numbers will correspond to the applicable filing's Schedule number.

7 **1. WEATHER NORMALIZATION**

8 **Q.43. PLEASE DESCRIBE YOUR ADJUSTMENTS TO CONSOLIDATED UNIGAS'**
9 **TEST YEAR GAS SERVICE REVENUES RELATED TO WEATHER**
10 **NORMALIZATION PROVIDED ON SCHEDULE A-2-13.**

11 A. Adjustments to gas volumes were made to ensure that the revenue levels upon which rates
12 are based do not over-recover or under-recover the utility's allowed cost of service as a
13 result of weather conditions during the Test Year. The Test Year volumes are used as the
14 basis for setting rates on an ongoing basis. Volumes will be overstated or understated based
15 upon the variance of heating degree days ("HDD") during the Test Year and whether they
16 were higher or lower than average. Traditional ratemaking requires the adjustment of Test
17 Year volumes to levels that would have occurred under normal, or average, weather
18 conditions. The weather normalization adjustments for existing customers of UniGas, Gas
19 Energy, and Consumers were computed using regression models for the volumes
20 associated with those LDCs. The models quantify the relationship between monthly
21 volumes and HDD for Conroe, Texas. Normal HDD were based on the average for the
22 10 years ending June 2020. The impact of HDD on gas consumption is represented by its
23 respective coefficient in the regression model. Adjustments for each rate class were
24 calculated according to the formula presented in Table 3 below.

Table 3: Weather Normalization Adjustment Formula

$$\text{Adjustment} = \text{HDD coefficient} \times (\text{HDD}_{n,t-1} - \text{HDD}_{t-1})$$

Where:

$$\text{Adjustment} = \text{Residential MCF adjustment in period } t$$

$$\text{HDD}_{n,t} = \text{Normal heating degree days in period } t$$

$$\text{HDD } t = \text{Actual heating degree days in period } t$$

$$t = \text{Time period (month)}$$

The weather normalization adjustment for EnerTex was slightly different. Weather normalizing with a regression model, as was conducted for UniGas, Gas Energy, and Consumers, requires several years of usage history. Because EnerTex is a relatively new utility, there was not enough usage history to apply the regression approach. Consequently, we used a 10-year HDD normal for San Antonio to weather normalize Test Year volumes for EnerTex and applied the traditional approach as outlined in the Railroad Commission of Texas Natural Gas Rate Review Handbook. The adjustment, which changes both the test year revenues and the amount of forfeited discounts received, is an approximately \$139,000 increase to the consolidated Test Year base revenues of Consolidated UniGas as shown in Schedule A-2-13. The details of the proposed weather normalization adjustment provision are shown in the proposed tariff for Consolidated UniGas attached to the SOI.

2. CUSTOMER GROWTH

Q.44. PLEASE DESCRIBE THE ADJUSTMENT MADE TO ANNUALIZE THE NUMBER OF CUSTOMERS ADDED TO CONSOLIDATED UNIGAS DURING THE TEST YEAR.

A. The customer adjustments reflect the growth in the number of customers by rate class from the actual monthly levels occurring during the Test Year to the number of customers receiving service at the end of the Test Year. The method used to adjust volumes for year-end customers is based on simple ratios incorporating the number of customers in June

2020, the last month of the Test Year, and the number of customers in prior months. The adjusted Mcf and number of bills are then used to annualize revenues due to the change in number of customers, resulting in total revenue increase of approximately \$293,000 as shown on Schedule A-2-13.

3. CONSOLIDATED HOOKS REVENUE NORMALIZATION AND RATE ANNUALIZATION

Q.45. ARE YOU PROPOSING TO NORMALIZE CONSOLIDATED HOOKS REVENUE?

A. Yes. Currently, all volumes transported by the TransCos are delivered to the LDCs, thus, a weather normalization and customer annualization factor based on Consolidated UniGas' weather and customer growth adjustments was developed and applied to each month's volume. Schedule A-2-13 shows a corresponding \$111,077 increase in transportation revenues to match the increase in Consolidated UniGas.

Q.46. PLEASE EXPLAIN THE CHANGE IN CONSOLIDATED HOOKS' RATES THAT OCCURRED DURING THE TEST YEAR.

A. The tariffs of Hooks and 1486 contain escalation provisions that allow for annual rate adjustments every January 1. Hooks is allowed an annual \$0.04 (four cents) per MMBtu increase and 1486 is allowed a 3.0% annual increase. Annualizing the Hooks and 1486 January 2020 rate increases results in an approximately \$13,000 increase in consolidated revenue for Consolidated Hooks, which can be found in Consolidated Hooks' Schedule A-2-21.

4. DISCONTINUANCE OF DISCOUNTS

Q.47. DOES CONSOLIDATED UNIGAS OFFER CUSTOMERS DISCOUNTS ON BASE RATES FOR EARLY PAYMENT?

A. Yes, UniGas, Gas Energy and Consumers all offer a 5% early pay discount to customers. With the exception of EnerTex, all the base revenues recorded on books reflect these

discounted rates. If the customer does not take advantage of the discounted rates, they pay the full amount, and the additional amount received is booked to Forfeited Discounts.

Q.48. DOES CONSOLIDATED UNIGAS INTEND TO CONTINUE THE RATE DISCOUNT?

A. No, so the consolidated revenues for Consolidated UniGas should be adjusted accordingly. The revenue adjustment to reflect that there will be no discount going forward is presented on Schedule A-2-13. Base revenues are increased by about \$298,259 to reflect that discounts will no longer be offered.

5. MISCELLANEOUS REVENUE ADJUSTMENTS

Q.49. ARE ANY OTHER ADJUSTMENTS MADE TO TEST YEAR REVENUES?

A. Yes. Each LDC Company had its own miscellaneous tariff schedule. Consolidated UniGas will be adopting a miscellaneous service charge schedule and prices like EnerTex, the most recent and up to date of all the LDC tariffs. This will result in some new charges and some fee increases for customers not currently served by EnerTex. Schedule A-1 and the associated workpapers support fee increases of approximately \$47,000 based on the Test Year activity. Additionally, during the Test Year approximately \$1,800 in propane conversion fees were booked in Account 488. As these services are performed on the customer side of the meter, they have been removed. Both of these adjustments can be found on Schedule A-2-21.

6. SALES FOR RESALE

Q.50. WERE ANY ADJUSTMENTS MADE TO SALES FOR RESALE?

A. Yes. The majority of sales for resale revenues were removed from the books of Consolidated UniGas and Consolidated Hooks when consolidating adjustments were being identified for preparation of audited financial statements. \$756 of Test Year revenue

1 remained at Consolidated UniGas and \$270 of revenue at Consolidated Hooks, each of
2 which has been removed in Schedules A-2-22 of the respective filings.

3 **7. TOTAL REVENUES REQUESTED**

4 **Q.51. WHAT IS THE TOTAL AMOUNT OF BASE REVENUES AS ADJUSTED FOR**
5 **CONSOLIDATED UNIGAS?**

6 A. The as-adjusted base revenues for Consolidated UniGas consolidated is about \$6.3 million
7 total with a proposed base revenue increase of around \$1.6 million. This makes the total
8 base revenue request of approximately \$7.9 million.

9 **Q.52. WHAT IS THE TOTAL AMOUNT OF BASE REVENUES AS ADJUSTED FOR**
10 **CONSOLIDATED HOOKS?**

11 A. The as-adjusted base revenues for Consolidated Hooks is about \$1.3 million, but the total
12 revenue requirement is approximately \$2.6 million, demonstrating a a revenue deficiency
13 of approximately \$1.3 million.

14 **B. KNOWN & MEASURABLE EXPENSE ADJUSTMENTS**

15 **Q.53. PROVIDE AN OVERVIEW OF THE EXPENSE ADJUSTMENTS YOU**
16 **SUMMARIZED ON SCHEDULE A-2.**

17 A. The expense adjustments on Schedule A-2 have been grouped by FERC account function.
18 Operation and Maintenance expenses, Customer expenses, Administrative and General
19 expenses, Taxes Other than Income Taxes, etc. In addition to the adjustments I am
20 sponsoring, amounts resulting from the proposed depreciation rates that are sponsored and
21 discussed by Mr. Watson in his Direct Testimony are shown in these schedules.

22 **Q.54. DO YOU HAVE ANY COMMENTS ON THE STRUCTURE OF THE A-2**
23 **SCHEDULES AND WORKPAPERS BEFORE REVIEWING THE**
24 **ADJUSTMENTS IN DETAIL?**

25 A. Yes. My first comment is on the structure of the A-2 schedules. As previously discussed,
26 many of the expenses to the LDCs and TransCos are incurred at the TXGUS (or Centric)

1 level and are then allocated to the utilities using the CAM methodology. I will refer to these
2 expenses incurred at the parent level as “shared services”. As adjustments to shared
3 services will affect both the Consolidated UniGas and Consolidated Hooks revenue
4 requirement, for presentation purposes these adjustments are bundled together in the filings
5 in Schedules A-2-2 through A-2-12. Adjustments shown on a specific shared services
6 schedule for Consolidated UniGas will correspond to the same schedule in the
7 Consolidated Hooks filing; for example, Schedule A-2-5 will be payroll adjustments in
8 both filings. A-2 schedules following A-2-12 are adjustments specific to either the
9 Consolidated UniGas or Consolidated Hooks system, but present the same type of
10 adjustment (e.g. Adjustments to Other Taxes or Non-Operating Revenues) in each filing to
11 the greatest extent possible.

12 My second comment is on the workpapers provided along with the filings. For
13 schedules that have workpapers, the top-level workpaper follows the naming convention
14 of the schedule, e.g., WP A-2-2 is the top level workpaper for Schedule A-2-2, WP A-2-3
15 is the top level workpaper for Schedule A-2-3, and so forth. Supporting documents and
16 workpapers below the top level will be sequentially named, for example, WP A-2-2-1 or
17 A-2-2-2. Both the Consolidated UniGas and Consolidated Hooks filings reference the same
18 set of shared services workpapers, as these adjustments affect both companies and seeing
19 both adjustments on the same sheet is helpful for understanding the nature and allocation
20 of the adjustments.

21 Finally, an overview of the adjustments by FERC account, with the shared service
22 and utility-level adjustments identified, is provided on Schedule A-2-1.

1 **1. O&M EXPENSES ADJUSTMENTS**

2 **Q.55. PLEASE ADDRESS THE ADJUSTMENT FOR HYDRO TESTING.**

3 A. As explained in Mr. J. Ross Buttermore's Direct Testimony, as part of the integrity
4 management programs, each of Consolidated UniGas and Consolidated Hooks has and will
5 conduct periodic hydrostatic testing. The proposed adjustment on Consolidated UniGas'
6 Schedule A-2-15 of \$40,580 represents a five-year amortization of the non-commodity
7 hydro testing charges or, the cost minus the replacement gas cost recovered. Consolidated
8 Hooks Schedule A-2-15 shows an amortization of \$85,535 per year, which I will discuss
9 further below. The Company is requesting approval to create separate regulatory assets for
10 the Consolidated UniGas and Consolidated Hooks systems to recover hydro testing costs
11 over the five-year amortization period.

12 **Q.56. PLEASE EXPLAIN WHY THE COMPANY IS NOT REQUESTING TO INCLUDE**
13 **THE ENTIRE AMOUNT OF THE HYDRO TESTING COSTS BUT PROPOSES**
14 **TO AMORTIZE THE AMOUNT.**

15 A. Given that the cost of hydro testing is significant and effectively will reoccur every five
16 years, acceptable rate making principles suggest that the cost be "smoothed out" over a
17 reasonable amortization period, or in this case five years, which is the life of the hydro
18 testing. Given the need for periodic hydro testing, five years is a reasonable period of time
19 over which to amortize hydro testing costs for Consolidated UniGas and Consolidated
20 Hooks.

21 **Q.57. DOES CONSOLIDATED HOOKS HAVE HYDRO TESTING COSTS?**

22 A. Yes. In fact, as explained in Mr. J. Ross Buttermore's Direct Testimony, the Company
23 estimates that it will incur almost \$1 million dollars in hydro testing costs over the next
24 five years. In order to recover these significant costs, the Company must either defer the
25 costs for future recovery, resulting in a significant amount to recover in future rates, or seek

an alternative treatment that will help smooth out future annual expense levels and mitigate the future rate impacts as much as possible.

Q.58. PLEASE DISCUSS FURTHER THE ALTERNATIVE TREATMENT YOU ARE PROPOSING TO RECOVER THESE COSTS.

A. Column (a) in Table 4 below presents estimates of future hydro testing costs for Consolidated Hooks. These cost estimates are based on the recent hydro test and hydro tests conducted shortly after construction of the TransCo's pipeline facilities, as discussed in Mr. J. Ross Buttermore's Direct Testimony. Column (b) provides the five- or seven-year annual straight-line amortization levels of the deferred hydro testing costs starting in 2022. Because the future hydro testing costs for Consolidated Hooks will be significant, column (c) reflects the Company's request to recover them in rates with an annual amortization amount of \$85,535 starting in 2021.

Table 4 – Consolidated Hooks Hydro Testing

Year	Estimated Hydro Cost	Straight Line Amortization	Proposed Amortization
	(a)	(b)	(c)
2021	\$0	\$0	\$85,535
2022	\$224,000	\$38,400	\$85,535
2023	\$178,250	\$74,050	\$85,535
2024	\$408,250	\$145,514	\$85,535
2025	\$121,000	\$169,714	\$85,535
Year 5 Balance	\$931,500	\$427,679	\$427,675
Deferral Account Balance		\$503,821	\$503,825

Table 5 shows that after five years the amortization expense using a traditional straight-line approach will equal the amortization recovered in rates under the Company's proposal. The Company believes that around the five-year mark it will most likely be in

1 for a rate request, and the approved amortization hydro testing amortization rate can be
2 reset based on the unrecovered deferred balances and upcoming hydro testing
3 requirements. The workpapers⁴ provided with the Consolidated Hooks filing include a
4 detailed analysis supporting the numbers presented in Table 4 and includes a 10-year
5 forecast of hydro testing costs and straight-line amortization.

6 **Q.59. IS THE COMPANY REQUESTING RATE BASE TREATMENT OF THE**
7 **UNAMORTIZED DEFERRED BALANCE, WHICH WILL BE CLASSIFIED ON**
8 **THE BALANCE SHEET AS A REGULATORY ASSET?**

9 A. No.

10 **Q.60. IS THERE A POSSIBLE ALTERNATIVE METHODOLOGY TO THE ONE**
11 **PROPOSED ABOVE?**

12 A. It is possible that a surcharge mechanism can be utilized like the local tax recovery
13 surcharge mechanisms in use by some gas LDCs. If the Commission does not find our
14 proposed recovery method acceptable, the Company is willing to consider other
15 alternatives suggested by this Commission.

16 **2. CUSTOMER ACCOUNTS EXPENSES**

17 **Q.61. PLEASE ADDRESS THE CUSTOMER ACCOUNT EXPENSE ADJUSTMENTS**
18 **FOR CONSOLIDATED UNIGAS.**

19 A. The customer account adjustments can be found in Schedules A-2-2, A-2-23, A-2-24, and
20 A-2-25 with additional support in the corresponding workpapers. Schedule A-2-2 reassigns
21 Account 903 charges from Consolidated Hooks to Consolidated UniGas. Since
22 Consolidated Hooks' only customer is Consolidated UniGas, Consolidated Hooks does not
23 incur customer account-related expenses. The adjustment of about \$13,000 moves all
24 Account 903 expenses booked at Consolidated Hooks during the Test Year to Consolidated

⁴See Hooks Workpapers.xls, "Future Hydro Testing" tab.

1 UniGas, consistent with the proposed CAM. Schedule A-2-23 recognizes that significant
2 customer growth during the Test Year will increase costs related to new customer credit
3 checks, postage, and billing. The approximately \$5,700 increase was determined by
4 applying the Test Year end customer growth factor of 5% to the Test Year credit check,
5 postage, and billing costs. Schedule A-2-24 adjusts Test Year bad debt expense to
6 proportionally reflect future revenues. This number will change as the revenue increase
7 changes. Finally, as explained in Mr. Robert Barnwell IV's Direct Testimony, in 2019 the
8 LDCs began installing automated meters on the LDC systems. As the automated meters
9 will significantly reduce the cost of meter reading, Schedule A-2-25 removes most of the
10 Test Year meter reading expenses. The adjustment removes about 93% or about \$276,000
11 of meter reading costs incurred during the Test Year.

12 **Q.62. ARE THERE ANY CUSTOMER ACCOUNT ADJUSTMENTS FOR**
13 **CONSOLIDATED HOOKS?**

14 A. The only customer account expense adjustment to Consolidated Hooks was the transfer of
15 the Account 903 costs from Consolidated Hooks to Consolidated UniGas as discussed
16 above.

17 **3. ADMINISTRATIVE AND GENERAL EXPENSE ADJUSTMENTS**

18 **Q.63. PLEASE ADDRESS THE ADJUSTMENTS TO A&G EXPENSES.**

19 A. Most of the A&G expense adjustments relate to the shared services allocated pursuant to
20 the CAM. First, I will address the adjustments to payroll expense, related taxes and
21 benefits. I will then turn to address the other A&G expense adjustments.

1 **4. PAYROLL, PAYROLL TAX AND BENEFITS ADJUSTMENTS**

2 **Q.64. WHICH SCHEDULES SHOW THE AS-ADJUSTED PAYROLL AND RELATED**
3 **PAYROLL TAX AND BENEFIT EXPENSES?**

4 A. I will discuss Schedule A-2-5, which presents the Company's proposed payroll adjustment,
5 Schedule A-2-6, which provides the impact on payroll taxes resulting from the proposed
6 payroll expense adjustment, Schedule A-2-7 employee benefits, which includes medical
7 insurance, life, and dental, and Schedule A-2-10, which adjusts 401k matching expense.
8 The adjustments to payroll, payroll benefits, and payroll taxes are comprised of: (1)
9 Annualizing changes in expense that occurred mid-year during the Test Year, (2) Known
10 and measurable adjustments for raises to normalized market levels as set forth in the Direct
11 Testimony of Mr. Morey Villareal, (3) New hires that started during the Test Year that are
12 only partially accounted for in the Test Year expenses, and (4) Other events that have
13 occurred since the end of the Test Year, such as the hiring of new employees and
14 adjustments pursuant to the recommendations of Mr. Morey Villareal, who filed testimony
15 in this proceeding.

16 **Q.65. PLEASE ADDRESS THE ADJUSTMENTS TO PAYROLL EXPENSE.**

17 A. The base payroll and performance-based compensation adjustments are shown on Schedule
18 A-2-5 and are split between Consolidated UniGas and Consolidated Hooks. The detail
19 supporting the payroll expense adjustment can be found in the "Shared Services WP –
20 Confidential" file to be provided as "WP A-2-5-1" upon execution of the applicable exhibit
21 attached to the Protective Order proposed with these filings. The adjustment starts with the
22 base pay of exempt and non-exempt employees for the last pay period of the Test Year,
23 then annualizes the pay period amounts for 26 pay periods ("Adjusted Salaries"). The
24 Adjusted Salaries are adjusted for cost of living increases or are increased based on an

1 extensive market compensation study as set forth in the Direct Testimony of Mr. Morey
2 Villareal. The next step normalizes non-exempt overtime with a three-year average
3 overtime factor. After overtime is computed, performance-based compensation is assigned
4 based on the market compensation study for the exempt employees and an amount equal
5 to 7% of base pay for non-exempt employees. The base pay, overtime, and performance-
6 based compensation are summed up by employee to determine proposed gross payroll
7 before capitalization. In addition, the adjustment includes six post-Test Year hires, as well
8 as the payroll cost for the Summer Intern Program. These amounts can be found on lines
9 32, 39, and 44 through 47 of the workpaper worksheet. The final step shown on the
10 workpaper is to assign the payroll expenses related to customer billing employees 100% to
11 Consolidated UniGas with the remainder of payroll expense subject to the Modified CAM
12 Composite formula. The gross as-adjusted payroll is reduced by a normalized capitalization
13 factor as shown on WP A-2-5 located in the non-confidential shared services workpapers.
14 The proposed payroll expense is shown on Schedule A-2-5 of both filings, where the total
15 normalized expense adjustment for rate making purposes is determined.

16 **Q.66. PLEASE ADDRESS THE ADJUSTMENTS TO EMPLOYER PAYROLL TAXES**
17 **AS SHOWN ON SCHEDULE A-2-6.**

18 A. The proposed payroll tax adjustment is developed on WP A-2-6-1, which can be found in
19 the “Shared Services WP – Confidential” file. The calculation starts with the proposed
20 gross payroll values computed on WP A-2-5-1 discussed above. The workpaper shows the
21 calculation of Social Security, Medicare (FICA), Federal Unemployment Taxes (FUTA),
22 and Texas Unemployment Taxes (SUTA) by employee. Like the payroll adjustment, the
23 resulting tax amounts relating to customer billing personnel are assigned to Consolidated
24 UniGas 100%. The totals by company are carried over to WP A-2-6 in the non-confidential

1 workpapers and the capitalization rate is applied to determine the expense amounts for
2 Consolidated UniGas and Consolidated Hooks. The resulting amounts are shown on
3 Schedule A-2-6 of both filings, where the total normalized expense adjustment is
4 determined.

5 **Q.67. PLEASE EXPLAIN THE ADJUSTMENTS TO BENEFITS APPEARING ON**
6 **SCHEDULE A-2-7.**

7 A. Mr. J. Ross Buttermore's Direct Testimony addresses the need for this adjustment. The
8 adjustment detail provided in the "Shared Services WP – Confidential" file summarizes
9 the monthly costs of each employee's benefits plan on WP A-2-7-1. This workpaper breaks
10 down employee insurance coverages and provides the employee head counts by service
11 selected. The normalized capitalization percentage is applied to determine the benefits
12 expenses on WP A-2-7, which is then allocated between Consolidated UniGas and
13 Consolidated Hooks on the basis of as-adjusted base payroll.

14 **Q.68. PLEASE EXPLAIN WHY THE BENEFIT ADJUSTMENT RESULTS IN NET**
15 **REDUCTION TO EXPENSE.**

16 A. During the Test Year the benefits expenses were not capitalized along with payroll. The
17 increase in benefit expense is not large enough to offset the reduction that occurs as a result
18 of capitalizing a portion of the expense.

19 **Q.69. PLEASE EXPLAIN THE ADJUSTMENT THAT IS BEING MADE IN SCHEDULE**
20 **A-2-10.**

21 A. As explained in Mr. J. Ross Buttermore's Direct Testimony, the Company recently began
22 offering 401(k) matches of employee contributions. This adjustment assumes that the
23 Company will be required to contribute one half of one percent of the gross as-adjusted
24 payroll. As with other payroll-related costs, this expense is then reduced by the
25 capitalization rate and allocated using proportionate base payroll.

Q.70. WHAT CAPITALIZATION RATE WAS USED FOR THE LABOR-RELATED ADJUSTMENTS?

A. A capitalization rate of 34% was used for determining the pro forma amounts of labor-related expense included in the revenue requirement. The 34% was determined by averaging the actual capitalization rates of the 24 months ending with June of 2020. The use of this average rate is more reasonable than the use of the Test Year average of 43% as the test year capitalization rate was significantly higher than is expected to occur in the future.

5. OTHER A&G ADJUSTMENTS

Q.71. PLEASE EXPLAIN SCHEDULE A-2-2 AND REALLOCATION OF TEST YEAR COSTS ON THAT SCHEDULE.

A. The allocated shared services costs in the Test Year contain six months from 2019 and six months from 2020. The adjustment on Schedule A-2-2 applies the 2020 Modified Composite Formula discussed earlier in my testimony to the Test Year amounts, before any known and measurable adjustments. This results in a shift of shared service costs of about \$484,000 from Consolidated UniGas to Consolidated Hooks, inclusive of the assignment of Account 903 expense directly allocated to Consolidated UniGas that I discussed above.

Q.72. WHAT EFFECT DOES THIS ADJUSTMENT HAVE ON THE OTHER SHARED SERVICES ADJUSTMENTS?

A. As the Test Year spans portions of two calendar years and the CAM allocation is reset at the beginning of each calendar year, per-books amounts reflect two separate allocation factors. Making the reallocation the first step in the adjustments simplifies the following shared service adjustments as it allows the Company to make all subsequent adjustment calculations as if a constant rate was in effect for the entire period.

Q.73. PLEASE EXPLAIN THE SCHEDULE A-2-3 ADJUSTMENT.

A. This adjustment corrects a worksheet reference error made in the allocation process during the Test Year. This adjustment corrects the Test Year per-book amounts.

Q.74. PLEASE EXPLAIN THE SCHEDULE A-2-4 ADJUSTMENT.

A. Three adjustments are being made in Schedule A-2-4. The first is to annualize the existing rent expense of \$13,250, which was only recorded for the last six months of the Test Year. Secondly, an adjustment is made to reflect additional office space, which was necessary to accommodate the hiring of additional senior level and administrative support employees due to rapid growth. This adjustment represents a “levelized” seven-year lease payment and the related office services such as cleaning, security, data services, etc. The third adjustment is the annualization of the January 2020 rent increase on the existing field office. The detail data and calculations supporting the \$279,502 adjustment to overall rent expense can be found in WP A-2-4. This adjustment is then allocated between the utilities on the basis of the Modified CAM Composite formula.

Q.75. PLEASE ADDRESS SCHEDULE A-2-8, INSURANCE EXPENSE ADJUSTMENT.

A. This adjustment annualizes the increases that were incurred during the Test Year for auto, various types of liability, and property insurance. The details of the adjustment can be found in the Shared Service workpaper file on WP A-2-8.

Q.76. PLEASE DISCUSS THE ADJUSTMENTS PRESENTED IN SCHEDULE A-2-9.

A. Mr. J. Ross Buttermore’s Direct Testimony discusses the need for this adjustment and the professional employer organization (or PEO) contracted to assist with human resource issues, payroll and benefits. The service costs \$90 per month per employee, or \$1,080 per employee per year. This adjustment annualizes the PEO fees based on the number of

1 employees at the time of these filings, resulting in an adjustment of about \$27,000, which
2 is then allocated between the utilities.

3 **Q.77. WHAT ADJUSTMENTS ARE MADE TO ENTERTAINMENT, MEALS AND**
4 **TRAVEL EXPENSE INCURRED DURING THE TEST YEAR?**

5 A. The Company is not seeking recovery of these expenses from ratepayers, and the removal
6 of these expenses is shown on Schedule A-2-11.

7 **Q.78. PLEASE DISCUSS THE ADJUSTMENTS BEING MADE TO THE COSTS**
8 **PASSED DOWN TO THE UTILITIES FROM CENTRIC SERVICES.**

9 A. Three adjustments, which are shown on Schedule A-2-12, are made to costs that originate
10 at Centric. The first is the annualization of the costs incurred during the Test Year for board
11 fees and ongoing regulatory consulting fees. The second is to reallocate these costs to
12 reflect the proposed CAM allocation between Consolidated UniGas and Consolidated
13 Hooks. The third adjustment is the transfer of these expenses into the correct FERC
14 account. Board fees, which were originally booked into Account 923, have been
15 reallocated to Account 930.2, Miscellaneous General Expenses. Regulatory consulting fees
16 have been transferred from Account 928, Regulatory Expenses to Account 923, Outside
17 Expenses.

18 **Q.79. ARE THERE ANY ADJUSTMENTS TO REMOVE MEMBERSHIPS AND**
19 **DONATIONS EXPENSES AS REQUIRED BY COMMISSION RULE?**

20 A. No. TXGUS does not allocate or assign donations or membership costs to the regulated
21 utilities.

22 **Q.80. WHAT ADJUSTMENTS ARE MADE TO CONSOLIDATED UNIGAS FERC**
23 **ACCOUNT 930.20 EXPENSES?**

24 A. Two adjustments are made to the Account 930.20 expense incurred at Consolidated
25 UniGas. The first, shown on Schedule A-2-26, removes meals and entertainment expenses

1 that were incurred at the utility level and penalties that resulted from the late filing of 2018
2 franchise taxes. The second adjustment is shown on Schedule A-2-27.

3 **Q.81. PLEASE EXPLAIN THE SCHEDULE A-2-27 ADJUSTMENT.**

4 A. This adjustment reclassifies EnerTex-associated startup costs from Account 930.2
5 “Miscellaneous General Expenses,” where it was initially booked, to the appropriate plant
6 Account 303 “Miscellaneous Intangible Plant.” I discussed this adjustment previously in
7 the rate base adjustments section of my testimony.

8 **6. PURCHASED GAS EXPENSE**

9 **Q.82. WHAT ADJUSTMENTS ARE MADE TO PURCHASED GAS EXPENSE?**

10 A. Purchased gas expense is recovered through Consolidated UniGas’ PGA factor and
11 therefore is not recovered in base rates. For purposes of determining base rate requirements,
12 the cost of gas has been removed in Schedule A-2-14 of both filings.

13 **7. NON-OPERATING REVENUES & EXPENSES**

14 **Q.83. THE COMPANY IS PROPOSING TO REMOVE NON-OPERATING REVENUES**
15 **AND EXPENSES. PLEASE EXPLAIN.**

16 A. As further explained in Mr. J. Ross Buttermore’s Direct Testimony, the non-operating
17 revenues and expenses represent services performed by TXGUS on the “customer side of
18 the meter” for customers who need extended yard lines and fittings. The materials costs
19 incurred in providing these services exceeded the revenues realized during the Test Year.
20 Consequently, the Company is proposing to remove these amounts so customers will not
21 absorb the loss in their rates. Adjustment A-2-17 removes non-operating revenues of
22 approximately \$295,000 and non-operating expenses of approximately \$460,000. As
23 discussed in the miscellaneous revenues section, during the Test Year a small amount of

1 revenues associated with propane-to-gas conversions was booked in Account 488, and
2 these revenues also are removed.

3 **8. INTEREST EXPENSE**

4 **Q.84. WHAT ADJUSTMENT IS MADE ON SCHEDULE A-2-18 OF THE**
5 **CONSOLIDATED UNIGAS FILING?**

6 A. Schedule A-2-18 shows the removal of interest expense from per-books expenses as the
7 return on rate base includes a provision for interest expense.

8 **9. DEPRECIATION AND AMORTIZATION EXPENSES**
9 **ADJUSTMENT**

10 **Q.85. DID YOU INCORPORATE THE PROPOSED DEPRECIATION RATES**
11 **RECOMMENDED BY MR. WATSON IN HIS DIRECT TESTIMONY?**

12 Yes. The depreciation rates provided by Mr. Watson have been applied to the adjusted
13 plant balances discussed above in order to calculate the annualized depreciation expense
14 for the Test Year. Both adjustments for Consolidated UniGas and Consolidated Hooks are
15 presented in Schedule A-2-16 in both filings.

16 **Q.86. SCHEDULES A-2-16 INCLUDE A SEPARATE ADJUSTMENT FOR SHARED**
17 **PLANT, WHICH IS DETAILED AT THE BOTTOM OF EACH SCHEDULE. DID**
18 **MR. WATSON'S STUDY INCLUDE THE SHARED PLANT?**

19 A. No. The shared plant consists of relatively new items that have been assigned book lives
20 of seven to ten years. Shared plant includes items such as furniture, computer equipment,
21 vehicles and leasehold improvements. Including these items in a depreciation study would
22 most likely yield similar assigned lives.

23 **10. PROPERTY AND FRANCHISE TAX EXPENSE**

24 **Q.87. DISCUSS THE TREATMENT OF PROPERTY, MARGIN, AND FRANCHISE**
25 **TAXES IN THE REVENUE REQUIREMENT.**

26 A. The Company is proposing to recover Property, Margin, and Franchise taxes using a Tax
27 Rider. Therefore, these expenses are passed through balance sheet accounts rather than the

1 expense accounts shown on the A series of Schedules and are not included in the
2 calculation of base rates. The adjustment to reflect the proposed treatment of these taxes is
3 shown on Schedule A-2-20.

4 **Q.88. UPON CONSOLIDATION, WILL THE TAX RIDER INCLUDE PROPERTY**
5 **TAXES PREVIOUSLY PAID BY ALL THE LDCS AND TRASCOS?**

6 A. Yes. Consolidation of the LDCs and TransCos will mean that the taxes previously
7 attributable to each of the Legacy Companies will be included in the applicable
8 Consolidated UniGas and Consolidated Hooks Tax Rider.

9 **11. CUSTOMER DEPOSIT INTEREST EXPENSE**

10 **Q.89. HOW DOES THE COMPANY RECORD CUSTOMER DEPOSIT INTEREST**
11 **EXPENSE?**

12 A. The Company calculates the interest expense when the customer leaves the system and
13 their deposit is returned. The interest expense is then booked to Account 431 Other
14 Interest. No adjustment is made to this amount.

15 **12. INCOME TAX EXPENSE**

16 **Q.90. PLEASE DESCRIBE THE CALCULATION OF FEDERAL INCOME TAX**
17 **EXPENSE.**

18 A. The calculation of the federal income tax expense is shown on Schedule A-2-19. For each
19 utility, an equity return amount is calculated based on the proposed rate base and weighted
20 equity return provided in Dr. Bruce H. Fairchild's Direct Testimony. The equity return
21 amounts are then multiplied by the grossed-up income tax rate of 26.58% or 21% divided
22 by 1 minus 21, resulting in a calculated Federal Income Tax Expense of approximately
23 \$420,000 for Consolidated UniGas and approximately \$135,000 for Consolidated Hooks.

VII. PROPOSED COST OF SERVICE & RATE DESIGN

A. OVERVIEW

Q.91. IS THE COMPANY PROPOSING ANY RATE STRUCTURE CHANGES IN THIS PROCEEDING?

A. Yes. The Company is proposing to consolidate the Schools customer class into the Commercial Class and expand Commercial to four sub-classes based on customer average usage levels. Consolidated UniGas is the only LDC that has a rate tariff specifically for Schools. Gas Energy, Consumers and EnerTex all service schools under their Commercial tariffs. The Company is proposing to adopt EnerTex's four-tier Commercial rate schedule and eliminate the separate Schools customer class under the Consolidated UniGas tariff. Thus, going forward, Schools will be billed under the proposed four-tier Commercial rate, which is consistent with the treatment under EnerTex's tariff during the Test Year.

B. COST OF SERVICE

Q.92. WHAT IS THE PURPOSE OF A COST OF SERVICE STUDY?

A. Once a utility's revenue requirement has been calculated, a determination must be made concerning how the recovery will be allocated between the utility's customers. The cost of service study provides guidance on this allocation, and how the recovery should be split between the customer charges and volumetric charges for each rate class. First, costs are directly assigned or allocated between the commodity and customer classifications. Next, various metrics (e.g., the total gas sales to each class, load placed on the system, or number of customers) are used to equitably apportion the costs to each class of customer. The resulting cost of service for each class is the starting point for assigning any required revenue increases. The Cost of Service Study ("COSS") can be found in Schedule K-1 and includes customer class assignments.

Q.93. PLEASE DESCRIBE HOW THE CLASSIFICATION OF COSTS DISCUSSED ABOVE IS PERFORMED.

A. The classification of each cost and rate base item reflects that cost or asset's basic causal relationship to the functions provided by the utility. Costs related to the capacity component reflect the cost of providing gas to each customer class at the time of their highest or peak demand, and commodity costs vary based on the amount of gas used by customers. Customer-classified costs are those that are required to connect the customer to the system and provide functions (such as billing) that are required regardless of the consumption of gas. Some costs and assets are allocated between two or more classifications, e.g., the distribution system assets and the associated maintenance work. A portion of the costs of mains is classified as customer-related, with the rest being capacity-related. This represents the split between the distribution system needed to attach and provide basic service to each customer and the portion of the distribution system that must be sized larger to meet the peak-day demands of customers. The portions of the system assigned to each classification were determined using a "minimum system study" in which the cost of constructing a system designed to attach each customer to the distribution system and to meet minimal usage is compared to the cost of the actual system. The proportion of costs associated with the theoretical minimum system are assigned to the customer function, which represents the portion of plant needed to connect a customer to the system regardless of their usage.

Q.94. WHAT IS THE RESULT OF THE COSS?

A. Table 5 below shows the results of the cost of service study.

Table 5

Rate Class	Rate Base	Current Revenue	Cost of Service	Return	Rate of Return
Residential	\$ 19,316,736	\$ 5,789,196	\$ 5,453,798	\$ 335,398	1.74%
Commercial	1,793,586	469,401	453,908	15,493	0.86%
Total	\$ 21,110,323	\$ 6,258,597	\$ 5,907,706	\$ 350,891	1.66%

The results indicate that the Company requires a significant increase in revenue related to both the Residential and Commercial classes in order to reach the requested after-tax return of 9.51%. Table 6 below shows that rates designed to follow the cost of service study would require a 26% increase for the Residential class and 33% for the Commercial class.

Table 6

Rate Class	Current Revenue	Proposed Revenue	Percent Increase
Residential	\$ 5,789,196	\$ 7,278,863	26%
Commercial	469,401	623,368	33%
Total	\$ 6,258,597	\$ 7,902,230	26%

C. RATE DESIGN

Q.95. ARE THERE ANY THEORIES, PRINCIPLES, AND PRACTICAL CONSIDERATIONS TO WEIGH WHEN DEVELOPING RATES FOR NATURAL GAS UTILITY SERVICE?

A. Yes. While there are several approaches to rate design, there is general agreement that gas utility rates should be designed to encourage and facilitate the following objectives:

- Equity in the rates charged to gas customers;
- Rates should provide a reasonable opportunity to recover the cost of service;
- Preference should be given to moderate changes rather than significant changes from present rates, if possible;
- Customer understandability; and
- Reasonable incentives for the gas utility to control costs.

Q.96. PLEASE EXPLAIN THE COMPANY'S APPROACH TO THE PROPOSED RATE DESIGN FOR CONSOLIDATED UNIGAS

A. In addition to the general principles discussed above, we considered the following:

- The recovery of a reasonable amount of revenues through fixed charges; and
- The elimination of the School rate class in Consolidated UniGas and application of the EnerTex Commercial rate structure to all commercial customers.

Q.97. PLEASE EXPLAIN HOW YOU DEVELOPED THE PROPOSED CUSTOMER CHARGES AND THE VOLUMETRIC RATES FOR CONSOLIDATED UNIGAS

A. The rates are set using the class revenue requirements determined in the COSS discussed above. The proposed customer charges for Consolidated UniGas were set at the levels currently approved for EnerTex and, as explained in Mr. J. Ross Buttermore's Direct Testimony, at a level necessary to maintain adequate and stable cash flows to meet ongoing fixed costs. The proposed customer charges are less than the cost-based monthly charges recommended by the COSS. Table 7 below shows the monthly cost-based charges determined by the COSS. The remaining amounts left over after the proposed customer charge levels are applied are recovered in the remaining target revenue levels.

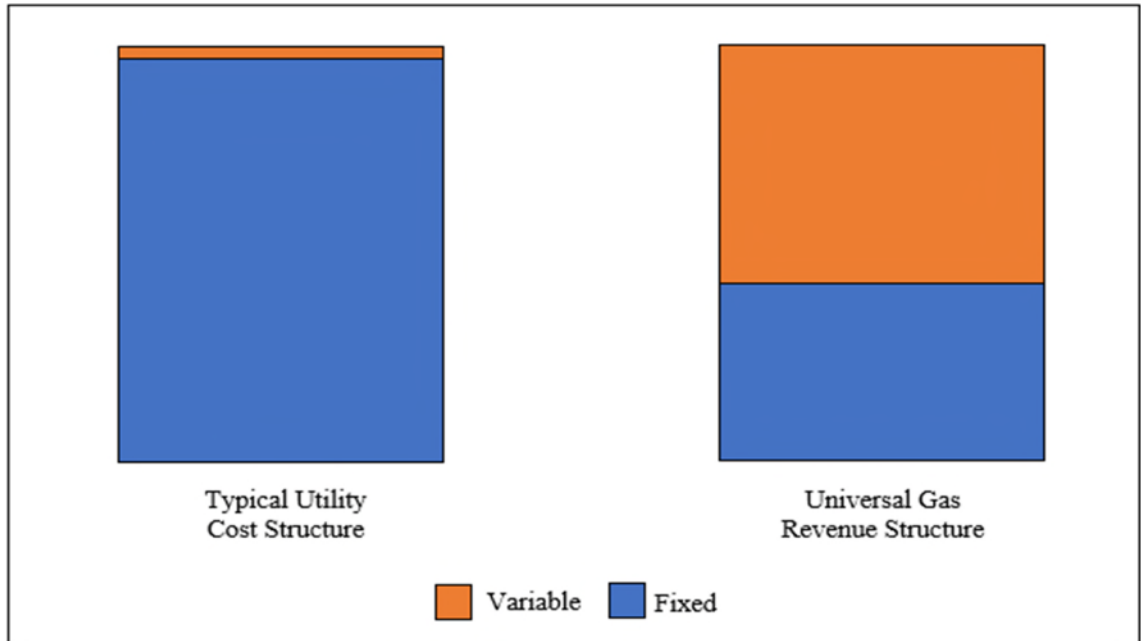
Table 7

Rate Component	Residential	Commercial	Total
Customer Rate Base	\$ 11,858,919	\$ 1,291,930	\$ 13,150,849
Rate of Return Grossed -Up	11.51%	11.51%	11.51%
Return on Rate Base	\$ 1,364,962	\$ 148,701	\$ 1,513,663
Customer O&M & A&G Expense	3,011,544	279,979	3,291,523
Depreciation Expense	570,001	60,875	630,876
Other Taxes	106,682	10,064	116,746
Total Customer Costs	\$5,053,189	\$499,619	\$5,552,808
Normalized Bills	205,595	3,425	209,020
	\$ 24.58	\$ 145.88	\$ 53.13

1 **Q.98. PLEASE EXPLAIN HOW MAINTAINING A REASONABLE LEVEL OF FIXED**
2 **REVENUE GIVES CONSOLIDATED UNIGAS A REASONABLE**
3 **OPPORTUNITY TO RECOVER THE COST OF SERVICE?**

4 A. The current rates for the LDCs result in approximately forty percent of revenues being
5 recovered through fixed revenues that occur every month (i.e., customer charges). Table 8
6 below demonstrates the challenge that a utility faces when designing rates. When the cost
7 of gas is removed from the revenue requirement, the large portion of costs that remain are
8 fixed in nature and will be incurred regardless of usage. These costs include debt service,
9 payroll and payroll-related taxes and benefits, capital costs, depreciation and taxes.
10 Variable costs, or those that are incurred as gas is consumed, typically make up a negligible
11 amount in proportion to the total revenue requirement.

Table 8 - Comparison of Gas Utilities' Actual Costs Incurred to Base Rate Revenues Collected Under Current Rates

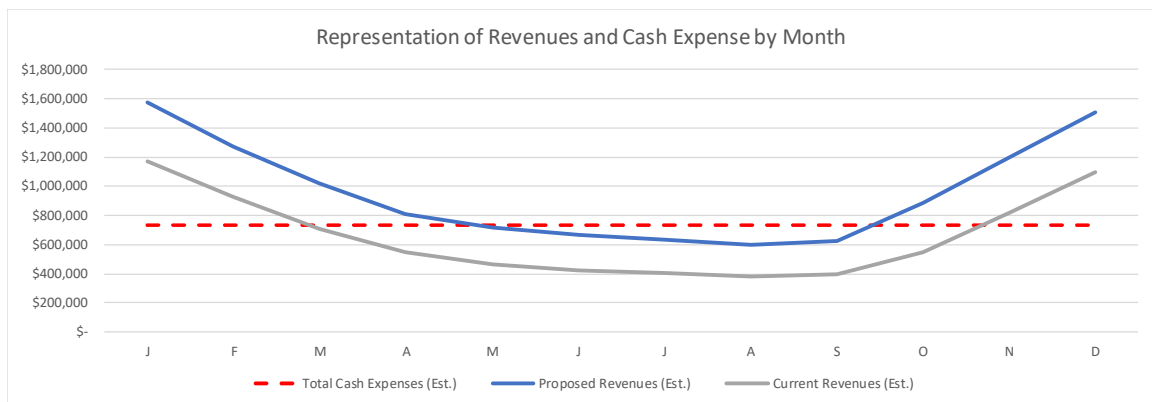


Q.99. EXPLAIN HOW THE LEVEL OF FIXED AND VARIABLE COSTS IMPACTS RATE DESIGN FOR GAS UTILITIES.

A. Base revenue from fixed charges can be predicted with a high degree of certainty and are important for maintaining adequate and stable cash flows to meet ongoing fixed costs. Stable fixed cash flows benefit the utility and its customers: The utility gains a measure of security against a year or several consecutive years of warmer than average temperatures leading to under-recovery of the revenue requirement, while the customers of the utility are insulated from the bill impacts of years with lower than average temperatures as volumetric charges make up a smaller portion of their bill. Both the utility and customers benefit from the higher accuracy of revenue forecasts under fixed charges, which lowers the cost of financing and allows for planning of system replacements with more certainty. Higher customer charges help to maintain a reasonable cash flow during the summer months when revenues from capacity charges are extremely low. Table 9 below provides

a representation of the Consolidated UniGas monthly cash flow before (grey line) and after (blue line) net cash flow. When the line is below the dotted line, it means there is a negative cash flow. The graph provides an illustration of how with the higher proposed customer charges Consolidated UniGas will significantly close, but not entirely close, the “cash flow gap” that occurs during the low gas usage months.

Table 9



Q.100. DO ANY OTHER FACTORS MAKE THE PROPOSED FIXED/VARIABLE STRUCTURE REASONABLE?

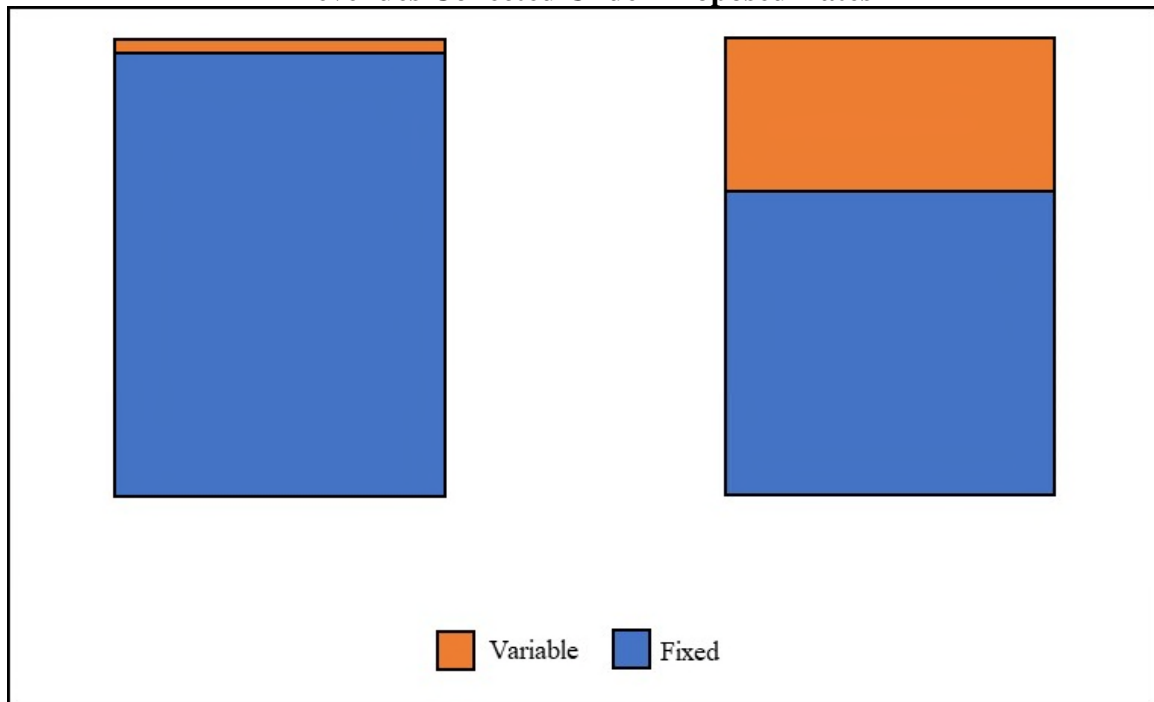
A. Yes. Conservation efforts have been widespread and are viewed favorably by most of the population in the United States, thereby making it unlikely that consumption will return to previous levels. This is especially true given that acceptance of conservation has gradually expanded over the past forty years. Federal legislation (e.g., the Energy Policy Act of 1992, the Energy Policy Act of 2005, and the Energy Independence and Security Act of 2007) has led to the development of more efficient fixtures and appliances and lower average usage. Given that appliances and fixtures will continue to become more energy efficient, these factors make it unlikely that consumption will return to the levels seen ten, or even five years ago. In order to maintain cost recovery and earnings, fixed charges must be set at a level that recognizes this trend. However, the base rates that a gas company charges

1 must strike a reasonable balance between fixed and variable cost recovery. The fixed costs
2 must be reasonable to customers, while the variable cost must be set at a level that sends
3 an adequate price signal regarding variable use.

4 **Q.101. TABLE 8 ABOVE COMPARED A TYPICAL GAS UTILITY'S COST**
5 **STRUCTURE TO CONSOLIDATED UNIGAS' CURRENT REVENUE**
6 **STRUCTURE. WHAT WOULD BE CONSOLIDATED UNIGAS' REVENUE**
7 **STRUCTURE IF THE COMPANY'S PROPOSED RATE DESIGN TOOK**
8 **EFFECT?**

9 A. Table 10 below shows a comparison of a typical gas utility cost structure with the
10 Company's revenue structure under the proposed customer charge levels. At the proposed
11 levels, the Company will recover 62% of its base rates through fixed charges.

12 **Table 10 - Comparison of Gas Utilities' Actual Costs Incurred to Base Rate**
13 **Revenues Collected Under Proposed Rates**



Q.102. PLEASE ADDRESS THE BASE RATES YOU ARE PROPOSING AS COMPARED TO THE EXISTING RATES.

A. The proposed base rates are presented in filing schedule K-1-3. As discussed above, the fixed charge increases need to be significant in order to move the rate structure more closely into alignment with the cost structure.

Q.103. HAVE YOU PREPARED A COMPARISON OF TYPICAL BILL IMPACTS CONSOLIDATED UNIGAS CUSTOMERS WILL SEE UNDER THE PROPOSED RATES?

A. Yes. Below I present the impact of the proposed rates on customer bills, both with and without the cost of gas. The usage levels presented below are based on the lowest, highest, and average monthly weather-adjusted usage for each class. The bills that include the cost of gas are based on a rate of \$2.92 per Mcf of gas, which was determined by taking the \$2,658,481 Test Year cost of gas and dividing it by the unadjusted Mcf billed to customers of \$910,036.

Table 11 - Bill Impacts Under Proposed Rates - Excl. Cost of Gas

Rate Class and Average Usage	Current Bill	Proposed Bill	Increase - \$	Increase - %
<i>UniGas</i>				
Residential - 4.2 Mcf	\$ 22.16	\$ 35.41	\$ 13.25	59.78%
General Small - 22.0 Mcf	78.24	103.32	25.08	32.05%
General Mid - 186.3 Mcf	475.85	763.77	287.92	60.51%
School - 247.4 Mcf	590.11	899.47	309.36	52.42%
<i>Gas Energy</i>				
Residential - 4.2 Mcf	\$ 36.91	\$ 35.41	\$ (1.49)	-4.04%
General Small - 22.0 Mcf	142.71	103.32	(39.39)	-27.60%
General Mid - 186.3 Mcf	1,051.29	763.77	(287.52)	-27.35%
<i>Consumers</i>				
Residential - 4.2 Mcf	\$ 27.91	\$ 35.41	\$ 7.50	26.89%
General Small - 22.0 Mcf	108.00	103.32	(4.68)	-4.33%
General Mid - 186.3 Mcf	765.20	763.77	(1.43)	-0.19%
<i>EnerTex</i>				
Residential - 4.2 Mcf	\$ 42.45	\$ 35.41	\$ (7.04)	-16.57%
General Small - 22.0 Mcf	85.70	103.32	17.62	20.56%
General Mid - 186.3 Mcf	638.77	763.77	125.00	19.57%

Table 12 - Bill Impacts Under Proposed Rates - Incl. Cost of Gas at \$2.92 per Mcf

Rate Class and Average Usage	Current Bill	Proposed Bill	Increase - \$	Increase - %
<i>UniGas</i>				
Residential - 4.2 Mcf	\$ 34.43	\$ 47.68	\$ 13.25	38.48%
General Small - 22.0 Mcf	142.51	167.59	25.08	17.60%
General Mid - 186.3 Mcf	1,020.08	1,308.01	287.92	28.23%
School - 247.4 Mcf	1,312.84	1,622.20	309.36	23.56%
<i>Gas Energy</i>				
Residential - 4.2 Mcf	\$ 49.18	\$ 47.68	\$ (1.49)	-3.03%
General Small - 22.0 Mcf	206.98	167.59	(39.39)	-19.03%
General Mid - 186.3 Mcf	1,595.53	1,308.01	(287.52)	-18.02%
<i>Consumers</i>				
Residential - 4.2 Mcf	\$ 40.18	\$ 47.68	\$ 7.50	18.68%
General Small - 22.0 Mcf	172.27	167.59	(4.68)	-2.72%
General Mid - 186.3 Mcf	1,309.44	1,308.01	(1.43)	-0.11%
<i>EnerTex</i>				
Residential - 4.2 Mcf	\$ 54.72	\$ 47.68	\$ (7.04)	-12.86%
General Small - 22.0 Mcf	149.97	167.59	17.62	11.75%
General Mid - 186.3 Mcf	1,183.00	1,308.01	125.00	10.57%

Q.104. EXPLAIN WHY REVIEWING IMPACTS THAT BOTH INCLUDE AND EXCLUDE THE COST OF GAS IS IMPORTANT.

A. For a typical Consolidated UniGas bill, the total cost of gas will exceed the charges originating from Consolidated UniGas. Although Consolidated UniGas has limited influence over this portion of the bill through contracts and other means, the main driver of the cost of gas is the market. Customers tend to focus on the bottom line of a bill, i.e., utility charges and cost of gas, rather than the charges specific to the utility. So it is important to note that while Consolidated UniGas may be proposing a 60% base rate

increase to a typical current UniGas residential customer, the actual percentage change to the customer's total bill will be significantly lower.

Q.105. IS CONSOLIDATED UNIGAS PROPOSING ANY CHANGES TO THE TARIFFS OTHER THAN THE PROPOSED RATES?

A. Yes, as further explained in Mr. J. Ross Buttermore's Direct Testimony, Consolidated UniGas is proposing revised tariff provisions, including a Weather Normalization Adjustment ("WNA"). The WNA would be in effect during the coldest winter months of December, January, and February. The tariff applies the 10-year normal for the Montgomery County and the New Braunfels service areas as described earlier in my testimony. In addition to the 10-year normal, a non-heating load was established for each service area in the tariff.

D. CONSOLIDATED HOOKS PIPELINE

Q.106. PLEASE DISCUSS THE CALCULATION OF THE PROPOSED RATE FOR CONSOLIDATED HOOKS GAS.

A. The proposed Consolidated Hooks volumetric rate is calculated as the total revenue requirement for Consolidated Hooks, divided by the as-adjusted Test Year Mcf, which results in a rate of \$2.8110 per Mcf. In the table below, I compare the proposed rate to the transportation rates currently being charged at each one of the existing TransCo affiliates.

Table 13 - Comparison of Current and Proposed Transportation Rates

System Name	Current Rate	Proposed Rate	Increase - \$	Increase - %
1486 Pipeline (\$/Mcf)	\$ 2.3500	\$ 2.8110	\$ 0.4610	20%
Hooks Gas (\$/Mcf)	1.1800	2.8110	1.6310	138%
Texas Gas Pipeline (\$/Mcf)	3.2000	2.8110	(0.3890)	-12%

1 The table above excludes the non-capacity component of 1486's tariffed rate and the Lake
2 Creek Lateral delivery point rate from Hooks from the Current Rate column in order to
3 provide an accurate comparison of current and proposed rates.

4 **Q.107. IS CONSOLIDATED HOOKS PROPOSING ANY CHANGES TO THE TARIFFS**
5 **OTHER THAN THE PROPOSED RATES?**

6 A. Yes. The proposed revised tariff revisions for Consolidated Hooks also are explained in
7 Mr. J. Ross Buttermore's Direct Testimony.

8 **VIII. CONCLUSION**

9 **Q.108. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

10 A. Yes.

AFFIDAVIT

STATE OF TEXAS §

COUNTY OF Travis §

Before me, the undersigned authority, on this day personally appeared Charles E. Loy, who, being by me first duly sworn, stated on his oath that he has read the foregoing instrument, “Direct Testimony of Charles E. Loy on behalf of Universal Natural Gas, LLC d/b/a Universal Natural Gas, Inc.; Gas Energy, LLC; EnerTex NB, LLC; Consumers Gas Company, LLC d/b/a Consumers Gas Company, Inc.; Hooks Gas Pipeline Company, LLC; Texas Gas Pipeline Company, LLC; and 1486 Gas Pipeline Company, LLC”, and that it is true and correct to the best of his information and belief.





Charles E. Loy

Sworn to and subscribed before me on the 8th day of October 2020, by Charles E. Loy, to certify which witness my hand and seal of office.



Notary Public, State of Texas

Charles E. Loy, CPA

Principal

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EDUCATION: BBA Accounting, University of Texas at Austin
 Certified Public Accountant, Texas

PROFESSIONAL MEMBERSHIPS:

American Water Works Association
 National Association of Water Companies
 Water Environment Federation
 Texas Society of Certified Public Accountants
 American Gas Association
 American Public Gas Association
 Texas Gas Association

EXPERIENCE:

Mr. Loy has over 25 years' of experience helping organizations meet challenges arising in both regulated and competitive environments within in the utility industry.

- 2001-Present GDS Associates, Inc.: Principal – Mr. Loy started with GDS in June of 2001. His focus is on regulatory accounting and finance. He is experienced in water, wastewater, natural gas, and electric regulatory and accounting matters. Mr. Loy assisted a number of water, wastewater and gas distribution clients with rate case filings before various regulatory authorities in a number of states. He has assisted with the financial analysis of wholesale purchase power and retail aggregation projects as a result of the deregulation of the electric industry in Texas. He has conducted analysis and developed recommendations regarding the Southwest Power Administration's rate increase on behalf of member clients. He has participated in a number of natural gas and electric projects involving rate increases, acquisition analysis and other special projects.
- 1999-2001 AquaSource Inc.: General Manager Rates and Regulatory Affairs - AquaSource Inc., a wholly owned subsidiary of DQE Inc and parent of Duquesne Light. AquaSource was formed in 1997 to take advantage of the consolidation in the water and wastewater industries and spent three years and more than \$400 million acquiring water and wastewater companies. Mr. Loy's duties included directing the compilation and filing of rate cases, acquisition analyses and related filings, regulatory commission/governmental relations in the twelve states in which AquaSource operates. Additionally, he supervised a professional staff located throughout the country and assisted in business development, developer contract negotiations and other special projects. His appointment came in the middle of AquaSource's aggressive acquisition phase. Accordingly, his first year was spent primarily working to clean up a very chaotic regulatory situation.
- 1993-1999 Citizens Utilities Company: Manager, Regulatory Affairs – Mr. Loy served as Project Manager of numerous multiple-company water and wastewater rate case filings, in Ohio, Illinois, Pennsylvania and Arizona. In those cases, he prepared and presented testimony, developed revenue requirement calculations, generated revenue and expense pro forma adjustments, performed working capital lead/lag studies, and evaluated rate design/cost of service issues. He proposed surcharge mechanisms for purchased water, a reverse osmosis process, and contract waste treatment. Additionally, Mr. Loy designed and directed the development of the multiple company revenue requirement models that generated filing schedules. In the fall of 1997, Citizens promoted Mr. Loy to Manager Regulatory Affairs. In the new position, he supervised the staff responsible for all regulatory activity involving gas, electric and water/wastewater in ten states. He was a key member of a team that negotiated a multimillion dollar water and wastewater agreement with a major developer in Phoenix on behalf of Citizens.

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- 1989-1993 Southern Union Gas Company: Rate Manager – Mr. Loy joined Southern Union as Sr. Internal Auditor. In that capacity, he contributed to multiple projects pertaining to the upcoming merger with a large publicly traded corporation. These projects included supervising audits of gas purchases, accounts receivable, accounts payable and oil and gas holdings. He was promoted to Rate Manager reporting to the Vice President of Regulatory Affairs. In that capacity, he supervised a team of four directing the preparation and implementation of 16 rate increase applications before various municipal and state regulatory bodies, and led negotiating sessions with elected and municipal officials. In addition to improving efficiency, he developed several rate mechanisms that resulted in increased earnings. One such efficiency was the Weather Normalization Adjustment Clause (WNAC). By eliminating weather-sensitive fluctuations, the WNAC increased earnings as much as 12%. He also developed a Cost of Service Adjustment Clause (CSAC) which was established in several smaller municipal jurisdictions. The CSAC allowed annual rate increases without the time and expense of major rate filings. Also, Mr. Loy performed analysis and due diligence for numerous municipal and private acquisitions.
- 1987-1989 Diversified Utility Consultants, Inc.: Sr. Accounting Analyst - Diversified Utility Consultants (DUC) is a consulting firm which represents consumers' interests in rate case proceedings. The firm's clients include municipalities and various state-supported consumer agencies. As a Sr. Accounting Analyst, Mr. Loy worked on seven electric rate cases, two gas rate cases and one water rate case.
- Prior to 1987 Mr. Loy spent summers in college rough necking, both offshore and onshore, on oil and gas drilling rigs. His first job after college was in the oil & gas industry where he started in accounts receivable and specialized in collecting past due accounts. He was in the Joint Interest Auditing Department where he reviewed drilling costs and negotiated refunds for the company and its joint interest owners.

Regulatory Experience:

Mr. Loy has presented testimony and/or participated in cases before the following regulatory bodies:

Pennsylvania Public Utility Commission – Water/Wastewater, Steam
 Public Utilities Commission of Ohio – Water/Wastewater, Gas
 Indiana Regulatory Commission – Water/Wastewater
 Idaho Public Utilities Commission- Water
 Illinois Commerce Commission – Water/Wastewater
 Arizona Corporation Commission – Water/Wastewater, Conservation Rates, Reclaimed Water
 Arkansas Public Utility Commission - Water
 Oklahoma Corporation Commission – Gas
 Hawaii Public Utilities Commission – Water/Wastewater
 Texas Railroad Commission - Gas
 Texas Public Utilities Commission – Electric, Water/Wastewater
 Texas Commission on Environmental Quality – Water/Wastewater, Conservation Rates
 Delaware Public Service Commission – Water, Conservation Rates
 New Mexico Public Regulation Commission – Water/Wastewater, Conservation rates
 New York Public Service Commission – Water
 Public Service Commission of Montana - Gas
 Public Service Commission of South Carolina – Water/Wastewater
 Public Service Commission of West Virginia - Gas
 Connecticut Department of Public Utility Control - Water
 New Jersey Board of Public Utilities - Water
 El Paso Public Utilities Board – Gas
 Federal Energy Regulatory Commission -Gas

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**WATER/WASTEWATER/GAS/ELECTRIC EXPERIENCE
LIST OF TESTIMONY, EXPERT PROCEEDINGS, AND ENGAGEMENTS BY
CHARLES E. LOY, CPA**

GAS UTILITY RATES AND REGULATION EXPERIENCE

Railroad Commission of Texas

GUD Docket 10988

Prepared filing and testimony of behalf of EPCOR Texas Gas 2020 rate increase for the environs of the City of Magnolia.

GUD Docket 10190

Prepared filing and testimony of behalf of Hughes Natural Gas 2012 rate increase for the environs of the City of Magnolia.

GUD Docket 10083

Prepared filing and testimony of behalf of Hughes Natural Gas 2011 rate increase for the incorporated area of the City of Magnolia and environs.

GUD Docket 9731

Prepared filing and testimony of behalf of Hughes Natural Gas 2007 rate increase for the environs of the City of Magnolia.

GUD Docket 9488-9512

Prepared filing and testimony of behalf of West Texas Gas 2004 rate increase for the environs of cities served.

GUD Docket 8033

Filed testimony on behalf of Southern Union Gas Company's 1991 appeal for a rate increase in South Jefferson County.

GUD Docket 7878

Filed testimony and prepared the rate filing on behalf of Southern Union Gas Company's 1991 request for a rate increase in the Austin environs.

GUD Docket 6968

Assisted in the analysis of Southern Union Gas Company's 1987 appeal for a rate increase on the behalf of the City of Austin

Public Service Commission of Montana

Docket D2017.9.80

Filed testimony and prepared the cost of service and rate design, developed and explained the proposed Gas Infrastructure Reliability Clause (GIRC) and addressed the negative acquisition adjustment in the Energy West Montana's 2017/2018 rate filing.

Public Utility Commission of Ohio

Case Nos. 18-1720-GA-AIR; 18-1721-GA-ATA; 18-1722-GA-AAM

Filed testimony and prepared the cost of service and rate design, developed and explained the proposed Gas Infrastructure Clause in Northeast Ohio's 2018/2019 rate filing.

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Oklahoma Corporation Commission

Docket No. 001345

Presented testimony and prepared the rate filing on behalf of Southern Union Gas Company's 1992 rate request.

Pennsylvania Public Utility Commission

Docket No. 2013-2386293

Assisted the University of Pennsylvania with the analysis of Veolia Energy Philadelphia Inc.'s 2013 steam rate case.

Docket No. 2009-2111011

Assisted the University of Pennsylvania with the analysis of Trigen-Philadelphia Energy Corp's 2009 steam rate case.

Public Service Commission of West Virginia

Case No. 19-0549-G-BC

Filed testimony on behalf of the Independent Oil and Gas Association of West Virginia Inc. regarding Hope Gas Inc.'s 2019 Application for consent and approval for an asset conveyance agreement with an affiliate.

Federal Energy Regulatory Commission

Docket No. RP19-1353-000

Filed testimony on behalf of municipal and LDC customers of Northern Natural Gas' 2019 rate increase Section 4 rate increase.

Docket No. RP09-791-000

Assist municipal customers of MoGas analyze issues in FERC 2009 gas transportation rate case.

City of Austin

- Presented testimony and prepared filing as well as conducted settlement negotiations associated with Southern Union's 1993 rate request.
- Presented testimony and prepared filing on behalf of Southern Union Gas Company's 1991 rate request.
- Assisted in the analysis of Southern Union Gas Company's 1987 rate request on behalf of the City of Austin.

City of El Paso Public Service Board

- Presented testimony and prepared filing as well as participated in the settlement negotiations of Southern Union's 1993 rate request.
- Presented testimony and prepared filing on behalf of Southern Union Gas Company 1991 rate request.

City of El Paso Public Service Board-cont.

- Presented testimony and prepared the filing on behalf of Southern Union Gas Company 1990 request.

City of Port Arthur

- Presented testimony and prepared filing on behalf of Southern Union Gas Company's 1991 rate request.
- Participated in Southern Union Gas Company's 1990 rate request.

City of Monahans

- Presented testimony and prepared filing on behalf of Southern Unions Gas Company's 1992 rate request.
- Assisted in the analysis of Southern Union Gas Company's 1989 rate request on the behalf of the City of Monahans.

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City of Borger

- Prepared testimony and prepared the filing on behalf of Southern Union Gas Company's 1992 rate request.

City of Borger-cont.

- Participated in Southern Union Gas Company's 1989 rate request on the behalf of the City of Borger.

City of Galveston

- Presented testimony and prepared the filing on behalf of Southern Union Gas Company's 1992 rate request.

Other Gas Related Engagements*City of Laurens, South Carolina*

Developed cost of service and rate design study 2018

Lower Valley Energy Distribution Cooperative – Afton, Wyoming

Developed cost of service and rate design study 2017/2018

City of Clinton, South Carolina

Developed cost of service and rate design study 2016/2017

City of Alexandria, Louisiana

Financial review, allocated cost of service and rate study for the gas system 2012/2013

City of George West, Texas

Gas utility rate study 2011/2012

EPCOR

Report and analysis of Gas IOU's and their regulation in the State of Texas

Mitchell County Utility

Assist with divestiture of gas utility assets

Hughes Natural Gas

Ongoing assistance with GRIP filings

Markwest Energy Partners

Ongoing transportation rates and regulatory consulting

Consolidated Asset Management Services (CAMS)

Ongoing assistance regarding RRC Transmission pipeline issues

Alamo Transmission

Assisted with initial tariff development and related cost of service

Dynamic Energy Concepts Incorporated

Assisted with the review of gas contracts, tariffs, analyzed usage data and assessed procurement practices for a number of US Veteran Hospitals across the country.

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WATER UTILITY RATES AND REGULATION EXPERIENCE**Arizona Corporation Commission**

Docket No. WS-01303A-006-0403

Presented testimony, prepared the Cost of Service study and rate design on behalf of Arizona-American Sun City and Sun City West Wastewater rate request.

Docket No. WS-01303A-06-0403

Presented testimony, prepared the Cost of Service study and rate design on behalf of Arizona-American Anthem/Aqua Fria Water and Wastewater rate request.

Docket No. WS-01303A-06-0014

Presented testimony, prepared the Cost of Service study, rate design, and assisted with the preparation of the revenue requirements on behalf of Arizona-American Mohave Water and Wastewater rate request.

Docket No. W-01656A-98-0577, SW-02334A-98-0577

Presented testimony for approval of a Central Arizona Project Water utilization plan, the implementation of a Groundwater Savings Fee and the recovery of deferred project costs.

Docket WS-02334A-98-0569

Presented a filing for the approval of an agreement relating to a wastewater plant de-nitrification project with the Sun City Recreation Centers and Del Webb Corporation.

Docket U-3454-97-599

Prepared and presented a filing for the approval of a CCN to provide water and wastewater services to Del Webb's Anthem project and the approval of two related agreements.

Docket No. E-1032-95-417 ET AL.

Presented testimony and prepared the rate filing on behalf of Citizens Utilities Maricopa County water properties 1995 rate request.

Arkansas Public Service Commission

Docket No. 09-130-U

Presented pro forma adjustments to revenues and prepared the Cost of Service study and rate design on behalf of United Water Arkansas's 2009 rate request.

Docket No. 06-160-U

Presented testimony, prepared the Cost of Service study and rate design on behalf of United Water Arkansas's 2006 rate request.

Docket No. 03-161-U

Presented testimony, prepared the Cost of Service study, rate design, and assisted with the preparation of the revenue requirements on behalf of United Water Arkansas's 2003 rate request.

Connecticut Department of Public Utility Control

Docket No. 07-05-44

Prepared the rate filing and supporting testimony on behalf of United Water Connecticut's 2007 water rate request.

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Public Service Commission of South Carolina

Docket No. 2019 -281-S

Represented the Commission Staff in the analysis and recommended accounting treatment of a IOU's purchase of donated property from a Municipality.

Docket No. 2014-346-WS

Represented ratepayers in Daufuskie Island Utility Company's 2014 Request for Increase for Water and Sewer Rates and in the Rehearing or Supreme Court Remand in 2017. Filed Testimony in both proceedings.

Public Service Commission of Delaware

PSC Docket No. 16-0163

Presented testimony, prepared the Revenue Requirements Schedules, Cost of Service study and rate design on behalf of SUEZ Water Delaware's 2016 rate request

PSC Docket No. 09-60

Presented testimony, prepared the Cost of Service study and rate design on behalf of United Water Delaware's 2009 rate request.

PSC Docket No. 06-174

resented testimony, prepared the Cost of Service study, rate design, revenue normalization and cash working capital requirements on behalf of United Water Delaware's 2006 rate request.

Hawaii Public Utilities Commission

Docket 2019-0057

Filed testimony on revenue requirements, rate design and original cost trending study on behalf of Kalaeloa Water Company's water and wastewater systems.

Idaho Public Utilities Commission

Case No. UWI-W-09-01

Presented testimony, prepared revenue and expense pro forma adjustments, and proposed rate design on behalf of United Water Idaho, Inc. 2010 rate request.

Indiana Utility Regulatory Commission

Cause No. 41842

Prepared the filing and presented testimony for the Petition of Utility Center Inc. for the recovery of Distribution System Improvement Charges -2001

Cause No. 41559

Prepared the filing and presented testimony for a Certificate of Territorial Authority to render Sewage service.- 2000

Cause No. 41968

Directed the preparation of Utility Center Inc.' request for authority to increase its rates and charges for water and sewer service. -2000

Illinois Commerce Commission

Docket No. 94-0481

Presented testimony and prepared the filing on behalf of Citizens Utilities Company of Illinois 1994 rate request.

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Illinois Commerce Commission-cont.

Docket No. 95-0633

Presented testimony on behalf of Citizens Utilities Company of Illinois in Tudor Park Apartments vs. Citizens Utilities of Illinois.- 1995

Docket No. 97-0372

Presented testimony on behalf of Citizens Utilities of Illinois in the Application for Consent to and Approval of a Contract with Affiliated Interests. 1997

State Board of New Jersey Public Utilities

BPU Docket No. WRO702125

Prepared and presented testimony on the determination of the cash working capital requirements on behalf of United Water New Jerseys 2007 rate request.

New Mexico Public Regulation Commission

Case No. 18-00124-UT

Presented testimony and assisted with the preparation of the water rate filing on behalf of EPCOR Water New Mexico Clovis District 2018/2019 Rate Request

Case No. 11-00196-UT

Presented testimony and assisted with the preparation of the water rate filing on behalf of New Mexico American Water Company Clovis District 2011 Rate Request

Case No. 09-00156-UT

Presented testimony and prepared the water rate filing on behalf of New Mexico American Water Company Edgewood District 2009 Rate Request

Case No. 07-00435-UT

Presented testimony and prepared the water and wastewater rate filing on behalf of New Mexico Utilities Inc. 2007 Rate Request

Case No. 08-00134-UT

Presented testimony and prepared the water rate filing on behalf of New Mexico –American Water Co. 2008 Rate Request

New York Public Service Commission

Presented testimony, prepared the Cost of Service study and rate design on behalf of United Water New Rochelle's 2010 rate request.

Public Utilities Commission of Ohio

Docket No. 98-178-WS-AIR

Presented testimony and prepared the filing on behalf of Citizens Utilities Company of Ohio 1998 rate request.

Docket No. 94-1237

Presented testimony and prepared the filing on behalf of Citizens Utilities Company of Ohio 1994 rate request.

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Pennsylvania Public Utility Commission

Docket Nos. R-2018-3002645 and R-2018-3002647

Filed testimony on behalf of People's Natural Gas of Pittsburgh regarding Pittsburgh Water and Sewer Authority's 2018 rate increase request.

Docket No. R-2009-2122887

Presented testimony, prepared the Cost of Service study and rate design on behalf of United Water Pennsylvania's 2009 rate request.

Docket No. R-00051186

Assisted with analysis/filing preparation of United Water Pennsylvania, Inc. 2005 Rate Case.

Docket No. R-00953300

Presented testimony on behalf of Citizens Utilities Company of Pennsylvania 1995 rate request.

Public Utility Commission of Texas

Docket 49367

Petition by Out of District Ratepayers Appealing the Water Rates Established by the El Paso Water Control and Improvement District No. 4. Filed an Affidavit on behalf of the WCID and assisted in settlement negotiations.

Docket 49892

Application for a 2019 Water Rate Tariff Change for Concho Rural Water Corporation. Prepared the application for a Class B Water Utility.

Docket 47680

Application for a 2018 Sewer Rate Tariff Change of Bolivar Utility Services Assisted with the preparation of the application and filed supporting testimony.

Docket 43242

Application for a 2014 Water Rate Tariff Change of Wiedenfeld Water Works. Prepared the application and filed testimony

Docket 44911

Application for a 2015 Sewer Rate Tariff Change of Bolivar Utility Services. Assisted in the preparation of the application

Docket 44809

Application for a 2015 Water/Sewer Rate Tariff Change of Quadvest LP. Prepared the application and filed testimony

Docket 47680

Application for a 2018 Sewer Rate Tariff Change of Bolivar Utility Services. Assisted in the preparation of the application and filed testimony

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Texas Commission of Environmental Quality

SOAH Docket 582-14-3415

Application for a 2013 Water Rate/Tariff Change of Canyon Lake Water Service Company

Prepared the application and filed testimony on behalf of Canyon Lake WSC.

SOAH Docket No. 582-14-3384

Application for a 2013 Water and Sewer Rate/Tariff Change of SWWC Inc.

Prepared application on behalf of SWWC, Inc.

SOAH 582-14-3381

Application for a 2013 Water and Sewer Rate/Tariff Change of Monarch Utilities LP

Prepared application on behalf of SWWC, Inc.

SOAH Docket No. 582-12-0224

STM Application of Monarch Utilities I, L.P. to Transfer Water and Sewer Facilities and Certificates of Convenience and Necessity – provided assistance

Application 37531-R

Application for a Water Rate/Tariff Change of Quadvest L.P. Prepared application on behalf of Quadvest L.P.

Prepared application on behalf of Quadvest L.P.

Applications 37507-R and 37508-R

Application for a Water and Sewer Rate/Tariff Change of Ranch Utilities, Inc. Prepared application on behalf of Ranch Utilities, Inc.

Application 37317-R

Application for a Water Rate/Tariff Change of Wiedenfeld Water Works, Inc. Prepared application on behalf of Wiedenfeld Water Works, Inc.

Applications 37234-R and 37235-R

Application for a Water and Sewer Rate/Tariff Change of Aqua Texas, Inc. North and Southwest Regions

Prepared application on behalf of Aqua Texas, Inc.

SOAH Docket No. 582-12-0224

Application for a Water and Sewer Rate/Tariff Change of Monarch Utilities LP

Prepared application on behalf of SWWC, Inc.

SOAH Docket No. 582-11-1468

Application for a 2010 Water Rate/Tariff Change of Canyon Lake Water Service Company

Prepared the application and filed testimony on behalf of Canyon Lake WSC.

SOAH Docket No. 582-11-1458

Application for a Water and Sewer Rate/Tariff Change of Aqua Texas, Inc. Southeast Region

Prepared application on behalf of Aqua Texas, Inc.

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Texas Commission of Environmental Quality-cont.

Docket No. 0580-UCR

Application for a 2009 Water Rate/Tariff Change of Canyon Lake Water Service Company

Prepared the application on behalf of Canyon Lake WSC.

Docket No. 35850-R

Application for a 2007 Water Rate/Tariff Change of Canyon Lake Water Service Company

Prepared the application on behalf of Canyon Lake WSC.

Docket No. 33763-R

Application for a 2007 Water and Sewer Rate/Tariff Change of Midway, Inc. For the City of Oak Point Service area. Filing initially made with the City of Oak Point.

Docket Nos. 35748-R & 35747-R

Application for a Water and Sewer Rate/Tariff Change of Monarch Utilities LP

Prepared the application on behalf of Monarch.

Docket No. 2006-0072-UCR

Application for a Water and Sewer Rate/Tariff Change of Aqua Texas, Inc

Prepared application and presented testimony on behalf of Aqua Texas, Inc.

Docket No. 2007-0478-UCR

Application for a Water and Sewer Rate/Tariff Change of Texas American Water Inc.

Prepared the application on behalf of Texas American Water.

Docket No. 2005-0114-UCR

Application for a Water and Sewer Rate/Tariff Change of Aqua Texas, Inc

Presented Testimony on behalf of Aqua Texas, Inc.

Docket No. 2004-2029-UCR

Application for a Water and Sewer Rate/Tariff Change of Walker Water Works, Inc.

Prepared the application on behalf of Texas American Water.

Application Nos. 34658-R & 34659-R

Application for a Water and Sewer Rate/Tariff Change of Southwest Utilities, Inc.

Prepared the application on behalf of Texas American Water.

Docket Nos. 2000-1074-UCR, 2000-1075-UCR, 2000-1366 UCR through 2000-1369 UCR

Assisted in the preparation and presentation of the Aqua Source 2000 rate increase

Application No. 7371-R (Texas Water Commission)

Assisted in the analysis of Southern Utilities 1988 rate request on the behalf of Southern Utilities customers.

Other Water Related Engagements and Expert Proceedings*Ector County Municipal Utility District**Assisted with wholesale water rate contract negotiations with the City of Odessa*

Charles E. Loy, CPA

Principal

GDS Associates, Inc.

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Other Water Related Engagements and Expert Proceedings-cont.***South Carolina Office of Regulatory Staff***

Assisted with the review of Palmetto Utilities Inc. Certain Assets Purchased from City of Columbia

The Landings Association – Savannah, Georgia

Assist with the annual review of water and sewer rate adjustments proposed by Utilities Inc of Georgia according to Settlement Agreement

The City of Hutto, Texas

Independent Assessment of Proposed Acquisition of Groundwater Supply by the City of Hutto

Woodland Oaks Utilities, Conroe Texas

Assist with the Texas PUC Transition

City of Laurens, South Carolina

Developed cost of service and rate design study 2018

City of Clinton, South Carolina

Developed cost of service and rate design study 2016/2017

City of Alexandria, Louisiana

Financial review, allocated cost of service and rate study for the gas system 2012/2013

Town of Providence Village, Texas

Developed Expert Witness Report for Denton County Court Cause No. 2011-60876-393

Analysis of Agreements between Mustang SUD and Providence Village WCID

City of Page, Arizona

Developed retail water and wastewater rate model, recommended retail water and wastewater rates and provided results and recommendations in a written report and presentation to the City of Page Council

Mitchell County Utility, Texas

Assist with divestiture of water utility assets

City of Longview, Texas

Ongoing assistance with development of annual formulary wholesale water and wastewater rates.

Aqua Texas, Inc.

Calculations and updates of Regional Uniform CIAC Fees

Dripping Springs WSC, Hays County WCID 1&2

Review and analysis of West Travis County Public Utility Agency wholesale rate cost of service and rate increase 2012.

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Other Water Related Engagements and Expert Proceedings-cont.***SWWC Inc.***

- Decertification analysis and valuation of the CCN for Crosswinds development area.
- Decertification analysis and valuation of the CCN for TXI development area.
- Decertification analysis and valuation of the CCN for Tower Terrace/Kilgore Tract development area.
- Decertification analysis and valuation of the CCN for Villages at Warner Ranch development area.
- Long term forecast of all components of the revenue requirements of all Texas utilities

Crystal Clear WSC

Decertification analysis and valuation of the CCN for Texas GLO development area around New Braunfels Texas

Woodbine Development Corp.

Analysis and assistance with LCRA Windmill Ranch wholesale wastewater services contract renegotiations.

Rebecca Creek MUD

Before and after rate comparison, analysis and forecast regarding the merger proposed by Canyon Lake Water Supply Company.

Global Water Resources

Expert witness before American Arbitration Association regarding the financial standing and regulatory status of Global Water.

Corix Utilities

Assistance with bid preparation and analysis regarding the LCRA retail water and wastewater divestiture.

Golden State Water Company

Assistance with bid concerning divestiture of SWWC Inc.

United Water Management and Services

Developed report regarding Texas IOU regulation for internal assessment of the Texas water regulatory status.

Austin Apartment Association

Represented the Multi-Family water and wastewater classes in the City of Austin's Public Involvement Committee to review the 2017 water and wastewater rate study.

Greater Austin Water Forum

Assisted industrial class water users with analysis and participation in the City of Austin 2008 Cost of Service Study.

New Mexico Utilities

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Other Water Related Engagements and Expert Proceedings-cont.

Review/analysis and critique report on Albuquerque Bernalillo County Water Utility Authority's Cost of Service Wholesale Wastewater Rate Model

Hays County Water Control & Improvement District No. 1 and No. 2

Developed 2015/2016 retail water and wastewater rate model, recommended retail water and wastewater rates and provided results and recommendations in a written report and presentation to the Boards of each utility.

ELECTRIC UTILITY RATES AND REGULATION EXPERIENCE**Public Utility Commission of Texas**

Docket No.50288

Prepared the 2018/2019 Application for Update of Wholesale Transmission Rates and testimony for the Kerrville Public Utility Board.

Docket No.50263

Prepared the 2018/2019 Application for Interim Update of Wholesale Transmission Rates and testimony for Houston County Electric COOP

Docket No. 49584

Prepared the 2018/2019 Application for Interim Update of Wholesale Transmission Rates and testimony for Pedernales Electric COOP

Docket No. 48840

Prepared the 2018/2019 Application for Interim Update of Wholesale Transmission Rates and testimony for Guadalupe Valley Electric COOP

Docket No. 48002

Prepared the 2018 Application for Interim Update of Wholesale Transmission Rates and testimony for Guadalupe Valley Electric COOP

Docket No. 46710

Prepared the 2016/2017 Application for Interim Update of Wholesale Transmission Rates and testimony for Guadalupe Valley Electric COOP.

Docket No, 45414

Prepared a cash working capital study and testimony on behalf of Sharyland Utilities L.P.'s 2016 Rate Application to establish retail distribution rates.

Docket No. 43731

Prepared a cash working capital study and testimony on behalf of Cross Texas Transmission LLC 2015 Rate Application to establish rates.

Docket No. 41474

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Public Utility Commission of Texas-cont.

Prepared a cash working capital study and testimony on behalf of Sharyland Utilities L.P.'s 2013 Rate Application to establish retail distribution rates.

Docket No. 31250

Presented testimony and rate filing on behalf of Rio Grande Electrical Cooperatives 2005 Change in rates for wholesale transmission service.

Docket No. 8702

Assisted in the analysis of Gulf States Utilities 1987 rate request.

Docket 8646

Assisted in the analysis of Central Power & Light's 1988 rate request.

Docket 7661

Assisted in the analysis of the City of Fredericksburg's proposed amendment to Certificate of Convenience.

Docket 7510

Assisted in the analysis of West Texas Utilities Company's 1987 rate request.

Federal Energy Regulatory Commission

Docket No. ER88-202-0000

Assisted in the analysis of the Maine Yankee Atomic Power Plant Decommissioning.

Docket No. ER88-224-0000

Assisted in the analysis of the Carolina Power & Light Company Atomic Power Plant Decommissioning.

City of Bryan

- Developed and programmed data management system for the city electric department.

City of Fredericksburg

- Organized and performed an electric rate survey of Central Texas.
- Assisted in a load and rate design study.

City of Austin

- Assisted in the analysis of the City Electric Utility Department's 1989 rate request.

Other Electric Related Engagements***Dynamic Energy Concepts Incorporated***

Assisted with the review of electric contracts, tariffs, analyzed usage data and assessed procurement practices for a number of US Veteran Hospitals across the country

H.E. Butt Grocery Company

Electricity procurement assistance and analysis of supply alternatives

Martin Marietta Materials

Electricity procurement assistance and analysis of supply alternatives

Charles E. Loy, CPA

Principal

GDS Associates, Inc.

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Other Electric Related Engagements-cont.*C.H. Guenther & Son, Inc.*

Electricity procurement assistance and analysis of supply alternatives

Van Tuyl, Inc.

Electricity procurement assistance and analysis of supply alternatives

Northeast Texas Electrical Cooperative

- Ongoing review/analysis of Southwest Power Administration's annual Integrated Power Repayment Studies and resulting rates.
- Ongoing review/analysis of Southwest Electric Power Company's annual formulary wholesale rate adjustments.

Tex-La Electric Cooperative

- Ongoing review/analysis of Southwest Power Administration's annual Integrated Power Repayment Studies and resulting rates.
- Ongoing review/analysis of Southwest Electric Power Company's annual formulary wholesale rate adjustments

Sam Rayburn G&T Electrical Cooperative

- Ongoing review/analysis of Southwest Power Administration's annual Integrated Power Repayment Studies and resulting rates.
- Ongoing review/analysis of Southwest Power Administration's annual Robert D. Willis Power Repayment Studies and resulting rates.

East Texas Electrical Cooperative

- Ongoing review/analysis of Southwest Electric Power Company's annual formulary wholesale rate adjustments
- Ongoing review/analysis of Southwest Power Administration's annual Robert D. Willis Power Repayment Studies and resulting rates.

EXHIBIT E

PUBLIC NOTICE OF PROPOSED RATE INCREASE NATURAL GAS UTILITY RATES

On October 9, 2020, Universal Natural Gas, LLC d/b/a Universal Natural Gas, Inc. (“UniGas”), Consumers Gas Company, LLC d/b/a Consumers Gas Company, Inc. (“Consumers”), EnerTex NB, LLC (“EnerTex”), and Gas Energy, LLC (“Gas Energy”) (collectively, the “Applicants”), filed a Statement of Intent to Increase and Consolidate Rates (“Statement of Intent”) with the Railroad Commission of Texas (“Commission”) for the gas utility rates that Applicants charge to all customers within the unincorporated areas of Texas, including but not limited to customers in unincorporated areas of Comal, Grimes, Harris, Liberty, Montgomery and Walker Counties. The proposed increase in rates will affect all of Applicants’ residential, commercial, industrial, and independent school district customers within the unincorporated areas of Texas that are or may be served by the Applicants. Applicants also propose to consolidate their companies—including all assets, liabilities, rates, tariffs, and services. If approved, UniGas would be the surviving entity of this consolidation upon the effective date of the requested rate changes and would continue to be regulated by the Commission as a gas utility. This notice will refer to the surviving entity of this proposed consolidation as “Consolidated UniGas”. The proposed effective date of the requested rate changes is November 14, 2020.

On an aggregate basis with respect to all four Applicants, if approved, the proposed rates of Consolidated UniGas compared to the existing rates of the four Applicants would result in an increase to aggregate, adjusted annual revenues of the four Applicants of approximately \$1,643,634, or 15.50% (including gas cost) or 24.95% (excluding gas cost). The proposed change in rates constitutes a “major change”, as that term is defined by Section 104.101 of the Texas Utilities Code, with respect to the four Applicants on an aggregate basis, because the proposed changes would increase the total aggregate revenues of the four Applicants by more than two and one-half percent.

Compared to current UniGas customers, Consolidated UniGas proposes to implement the rates included in Table 1 below:

TABLE 1: Proposed Rate Changes for All Current UniGas Unincorporated/Environs Customers

Customer Class	Number of Current UniGas Customers Affected	Current Customer Charge – UniGas	Proposed Customer Charge – Consolidated UniGas	Current Volumetric Charge (per Mcf) – UniGas	Proposed Volumetric Charge (per Mcf) – Consolidated UniGas
Residential	9,955	\$12.00	\$22.50	\$2.42	\$3.07
Commercial & Industrial (General Small Commercial) – Less than ____	228*	\$25.00	\$45.00	\$2.42	\$2.65

Mcf monthly usage					
Commercial & Industrial (General Mid Commercial)	228*	\$25.00	\$350.00	\$2.42	\$2.22
Commercial & Industrial (General Mid Large Commercial)	0	\$25.00	\$500.00	\$2.42	\$2.08
Commercial & Industrial (General Large Commercial)	0	\$25.00	\$750.00	\$2.42	\$1.36
School ¹	9	\$25.00	\$350.00	\$2.28	\$2.22

Compared to current UniGas customers, Consolidated UniGas also provides the following Table 2 showing the impact on an average customer bill:

TABLE 2: Impact on Average Bill on Existing UniGas Unincorporated/Environs Customers

Customer Class (Average Monthly Usage in Mcf)	Current Average Monthly Bill with Gas Cost – UniGas	Proposed Average Monthly Bill with Gas Cost – Consolidated UniGas	Proposed Monthly Increase	Percentage Increase with Gas Cost	Percentage Change without Gas Cost
Residential (4.2 Mcf)	\$34.43	\$47.68	\$13.25	38%	60%
Commercial & Industrial – General Small Commercial (22.0 Mcf)	\$142.51	\$167.59	\$25.08	18%	32%
Commercial & Industrial – General Mid Commercial (186.3 Mcf)	\$1,020.08	\$1,308.01	\$287.92	28%	61%

¹ UniGas's current school class customers are proposed to shift to the applicable commercial/industrial rate class of Consolidated UniGas based on monthly consumption. Based on average school customer usage, schools are classified into the General Mid Commercial class of Consolidated UniGas for purposes of this Notice.

School (247.4 Mcf)	\$1,312.84	\$1,622.20	\$309.36	24%	52%
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Compared to current Consumers customers, Consolidated UniGas proposes to implement the rates included in Table 3 below:

TABLE 3: Proposed Rate Changes for All Current Consumers Unincorporated/Environs Customers

Customer Class	Number of Current Consumers Customers Affected	Current Customer Charge – Consumers	Proposed Customer Charge – Consolidated UniGas	Current Volumetric Charge (per Mcf) – Consumers	Proposed Volumetric Charge (per Mcf) – Consolidated UniGas
Residential	272	\$13.00	\$22.50	\$3.55	\$3.07
Commercial & Industrial (General Small Commercial)	11*	\$20.00	\$45.00	\$3.55	\$2.65
Commercial & Industrial (General Mid Commercial)	11*	\$20.00	\$350.00	\$3.55	\$2.22
Commercial & Industrial (General Mid Large Commercial)	0	\$20.00	\$500.00	\$4.00	\$2.08
Commercial & Industrial (General Large Commercial)	0	\$20.00	\$750.00	\$4.00	\$1.36

Compared to current Consumers customers, Consolidated UniGas also provides the following Table 4 showing the impact on an average customer bill:

TABLE 4: Impact on Average Bill on Existing Consumers Unincorporated/Environs Customers

Customer Class (Average Monthly Usage in Mcf)	Current Average Monthly Bill with Gas Cost – Consumers	Proposed Average Monthly Bill with Gas Cost –	Proposed Monthly Increase/ (Decrease)	Percentage Increase/ (Decrease) with Gas Cost	Percentage Change without Gas Cost
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		Consolidated UniGas			
Residential (4.2 Mcf)	\$40.18	\$47.68	\$7.50	19%	27%
Commercial & Industrial – General Small Commercial (22.0 Mcf)	\$172.27	\$167.59	(\$4.68)	(3%)	(4%)
Commercial & Industrial – General Mid Commercial (186.3 Mcf)	\$1,309.44	\$1,308.01	(\$1.43)	(0%)	(0%)

Compared to current EnerTex customers, Consolidated UniGas proposes to implement the rates included in Table 5 below:

TABLE 5: Proposed Rate Changes for All EnerTex Unincorporated/Environs Customers

Customer Class	Number of Current EnerTex Customers Affected	Current Customer Charge – EnerTex	Proposed Customer Charge – Consolidated UniGas	Current Volumetric Charge (per Mcf) – EnerTex	Proposed Volumetric Charge (per Mcf) – Consolidated UniGas
Residential	451	\$22.50	\$22.50	\$4.75	\$3.07
Commercial & Industrial (General Small Commercial)	5*	\$45.00	\$45.00	\$1.85	\$2.65
Commercial & Industrial (General Mid Commercial)	5*	\$350.00	\$350.00	\$1.55	\$2.22
Commercial & Industrial (General Mid Large Commercial)	0	\$500.00	\$500.00	\$1.45	\$2.08
Commercial & Industrial (General Large Commercial)	0	\$750.00	\$750.00	\$0.95	\$1.36

Compared to current EnerTex customers, Consolidated UniGas also provides the following Table 6 showing the impact on an average customer bill:

TABLE 6: Impact on Average Bill on Existing EnerTex Unincorporated/Environs Customers

Customer Class (Average Monthly Usage in Mcf)	Current Average Monthly Bill with Gas Cost – Enertex	Proposed Average Monthly Bill with Gas Cost – Consolidated UniGas	Proposed Monthly Increase/ (Decrease)	Percentage Increase/ (Decrease) with Gas Cost	Percentage Change without Gas Cost
Residential (4.2 Mcf)	\$54.72	\$47.68	(\$7.04)	(13%)	(17%)
Commercial & Industrial – General Small Commercial (22.0 Mcf)	\$149.97	\$167.59	\$17.62	12%	21%
Commercial & Industrial – General Mid Commercial (186.3 Mcf)	\$1,183.00	\$1,308.01	\$125.01	11%	20%

Compared to current Gas Energy customers, Consolidated UniGas proposes to implement the rates included in Table 7 below:

TABLE 7: Proposed Rate Changes for All Gas Energy Unincorporated/Environs Customers

Customer Class	Number of Current Gas Energy Customers Affected	Current Customer Charge – Gas Energy	Proposed Customer Charge – Consolidated UniGas	Current Volumetric Charge (per Mcf) – Gas Energy	Proposed Volumetric Charge (per Mcf) – Consolidated UniGas
Residential	6,455	\$13.68	\$22.50	\$5.53	\$2.83
Commercial & Industrial (General Small Commercial)	32*	\$21.05	\$45.00	\$5.53	\$4.25
Commercial & Industrial (General Mid Commercial)	32*	\$21.05	\$350.00	\$5.53	\$3.56

Commercial & Industrial (General Mid Large Commercial)	0	\$21.05	\$500.00	\$5.53	\$3.33
Commercial & Industrial (General Large Commercial)	0	\$21.05	\$750.00	\$5.53	\$2.18

Compared to current Gas Energy customers, Consolidated UniGas also provides the following Table 8 showing the impact on an average customer bill:

TABLE 8: Impact on Average Bill on Existing Gas Energy Unincorporated/Environs Customers

Customer Class (Average Monthly Usage in Mcf)	Current Average Monthly Bill with Gas Cost – Gas Energy	Proposed Average Monthly Bill with Gas Cost – Consolidated UniGas	Proposed Monthly Increase/ (Decrease)	Percentage Increase/ (Decrease) with Gas Cost	Percentage Change without Gas Cost
Residential (4.2 Mcf)	\$49.18	\$47.68	(\$1.49)	(3%)	(4%)
Commercial & Industrial – General Small Commercial (22.0 Mcf)	\$206.98	\$167.59	(\$39.39)	(19%)	(28%)
Commercial & Industrial – General Mid Commercial (186.3 Mcf)	\$1,595.53	\$1,308.01	(\$287.52)	(18%)	(27%)

*Total number of each company's commercial customers. Because consumption may vary, the company's total commercial customer count is duplicated in each sub-class for illustration purposes.

The above calculations in Tables 1 – 8 are based on a \$2.92/Mcf cost of gas.

The Commercial & Industrial customer sub-classes discussed above are classified based on monthly consumption, as follows:

- General Small Commercial: 0-150 Mcf/month;
- General Mid Commercial: 150-750 Mcf/month;
- General Mid-Large Commercial: 750-2,000 Mcf/month; and

General Large Commercial: over 2,000 Mcf/month

Consolidated UniGas also proposes to adopt Miscellaneous Service Charges which are briefly summarized in Table 9 below.

TABLE 9: Proposed Miscellaneous Service Charges for Consolidated UniGas

Miscellaneous Service Charge (No.)	Miscellaneous Service Charge (Description)	Proposed Charge
M-1	Application for Service	\$35.00
M-2	Connection Charge (normal business hours)	Actual Cost
M-3	Connection Charge (after normal business hours)	Actual Cost
M-4	Special Field Read of Meter	\$35.00
M-5	Charge for Temporary Discontinuance of Service, Residential	\$35.00
M-6	Charge for Temporary Discontinuance of Service, Commercial and Industrial	\$60.00
M-7	Charge for Meter Testing	Actual Cost
M-8	Change Regulator Pressure and Additional Regulators	\$50.00/Actual Cost
M-9	Change Meter Location	Actual Cost
M-10	Collection Call or Missed Appointment	\$35.00
M-11	Returned Check, Returned ACH, Declined Credit Card	\$35.00
M-12	New Construction Service Deposit – Residential	\$75.00
M-13	Residential Customer Deposit (after history established)	Varies
M-14	New Construction Deposit – Small Commercial	\$250.00
M-15	Small Commercial Customer Deposit (after history established)	Varies
M-16	Large Commercial & Industrial Customer Deposit	Varies
M-17	Tampering Charge	\$175.00
M-18	Repair Damaged Meters & Regulators	Actual Cost
M-19	Tap and Meter Setting Fee – Residential	\$325.00 and Actual Cost
M-20	Tap and Meter Setting Fee – Commercial & Industrial	\$400.00 and Actual Cost
M-21	Line Extension and/or Re-Route Policy	Actual Cost
M-22	Law Enforcement Escort or Animal Control Fee	Greater of \$200.00 or Actual Cost
M-23	History Research Fee	\$30.00
M-24	Meter Upgrade	Actual Cost
M-25	Stand-By Generator Recovery of Connection Cost	Actual Cost
M-26	Excess Flow Valve	Actual Cost

M-27	Light Customer's Appliance Pilot Lights (at Customer Request)	\$50.00 (first appliance); \$25.00 (each additional appliance)
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The above proposed Miscellaneous Service Charges reflect an estimated net increase of \$45,702 in Applicants' aggregate revenues.

Consolidated UniGas is also seeking to: (1) establish new depreciation rates for its various plant accounts; (2) obtain a Commission determination that the capital investments made by Applicants through June 30, 2020, were reasonable, necessary and prudent; (3) obtain a Commission determination that the proposed consolidation of Applicants into Consolidated UniGas is consistent with the public interest under Texas Utilities Code Section 102.051; (4) eliminate the existing transmission tariff of UniGas relating to distribution sales, whose sole customer under this tariff is another Applicant; (5) eliminate the separate independent school district customer class currently offered by UniGas and move those customers to the applicable Consolidated UniGas commercial and industrial customer class based on monthly usage; and (6) recover all reasonable rate case expenses incurred as a result of this rate filing through a surcharge to customer rates. The exact amount of rate case expenses will not be known until this rate case is completed.

Consolidated UniGas also proposes to adopt EnerTex's existing tariff provisions, with some modifications. In addition to tariff updates to reflect the utility name change and various non-substantive and conforming changes, the proposed tariff provisions would: adopt a modified line extension policy; add a weather normalization adjustment provision for residential customers; clarify the existing tax rider provision for taxes other than federal income tax; and clarify the application of the Pipeline Safety Inspection Fee.

Persons with specific questions or desiring additional information about this filing may contact Ross Buttermore at 281-252-6700, extension 107. Complete copies of the filed Statement of Intent, including all proposed rates and schedule changes, are available for inspection at Applicants' offices, located at 9750 FM 1488, Magnolia, Texas 77354, or on Applicants' website at <https://www.txgas.net/frequently-asked-questions>. Any affected person within the environs may file written comments or a protest concerning the proposed rate change with the Docket Services Section of the Office of the Hearings Division, Railroad Commission of Texas, P.O. Box 12967, Austin, Texas 78711-2967, at any time within 30 days following the date on which this change would or has become effective, or December 14, 2020. Please reference Gas Utility Case No. OS-20-00004865.

Este aviso tiene como fin informarle a los clientes de Universal Natural Gas, LLC ("Universal") que Universal ha presentado una solicitud para aumentar las tarifas del servicio público de gas. Esta solicitud afecta a todos los clientes. Las personas que deseen hacer preguntas específicas o recibir más información sobre esta solicitud pueden comunicarse con Universal llamando al 1-281.252.6700 extensión 107.

Este aviso tiene como fin informarle a los clientes de EnerTex NB, LLC ("EnerTex") que EnerTex ha presentado una solicitud para aumentar las tarifas del servicio público de gas. Esta solicitud

afecta a todos los clientes. Las personas que deseen hacer preguntas específicas o recibir más información sobre esta solicitud pueden comunicarse con EnerTex llamando al 1-281.252.6700 extensión 107.

Este aviso tiene como fin informarle a los clientes de Consumers Gas Company, LLC (“Consumers”) que Consumers ha presentado una solicitud para aumentar las tarifas del servicio público de gas. Esta solicitud afecta a todos los clientes. Las personas que deseen hacer preguntas específicas o recibir más información sobre esta solicitud pueden comunicarse con Consumers llamando al 1-281.252.6700 extensión 107.

Este aviso tiene como fin informarle a los clientes de Gas Energy, LLC (“Gas Energy”) que Gas Energy ha presentado una solicitud para aumentar las tarifas del servicio público de gas. Esta solicitud afecta a todos los clientes. Las personas que deseen hacer preguntas específicas o recibir más información sobre esta solicitud pueden comunicarse con Gas Energy llamando al 1-281.252.6700 extensión 107.

EXHIBIT F

GAS UTILITIES CASE NO. 00004865

STATEMENT OF INTENT TO	§	
INCREASE AND CONSOLIDATE	§	
GAS UTILITY RATES WITHIN THE	§	BEFORE THE
UNINCORPORATED AREAS	§	
SERVED BY UNIVERSAL	§	RAILROAD COMMISSION
NATURAL GAS, INC., ENERTEX	§	
NB, LLC, CONSUMERS GAS	§	OF TEXAS
COMPANY, INC., AND GAS	§	
ENERGY, LLC	§	

PROTECTIVE ORDER

This Protective Order shall govern the use of all information deemed Protected Materials or Highly Sensitive Protected Materials (as defined below) by a party providing information to the Railroad Commission of Texas ("Commission") or responding to discovery requests, including information whose confidentiality may be under dispute in this docket and all dockets consolidated herewith. This order may be modified by the Examiner *sua sponte*, or on advice of the Open Records Coordinator, Office of General Counsel, and the Railroad Commission of Texas.

1. Designation of Protected Materials

Any party or person producing or filing a document, including, but not limited to, records stored or encoded on a computer disk or other similar electronic storage medium, in this proceeding may designate that document, or any portion of it, as confidential by typing or stamping on its face **"PROTECTED MATERIALS PROVIDED PURSUANT TO PROTECTIVE ORDER ISSUED IN GUD NO. 00004865"** (hereinafter referred to as "Protected Materials"). The documents shall be consecutively Bates Stamped when necessary. On or before the date the Protected Materials or Highly Sensitive Protected Materials (as this term is defined in Paragraph 6 herein) are provided to the Commission or parties, the Producing Party, as defined herein, shall file and deliver to each party to the proceeding a written statement, which may be in the form of an objection, indicating: (1) any and all exemptions to the Public Information Act, TEX. GOV'T CODE ANN. Chapter 552, claimed to be applicable to the alleged Protected Materials; (2) the reasons supporting the providing party's claim that the responsive information is exempt from the public disclosure under the Public Information Act and subject to treatment as Protected Materials; and (3) that counsel for the providing party has reviewed the information sufficiently to state in good faith that the information is exempt from public disclosure under the Public Information Act and merits Protected Materials designation.

2. Materials Excluded from Protected Materials Designation

Protected Materials shall not include any information or document contained in the public files of the Commission or any other federal or state agency, court, or local government authority subject to the Public Information Act or under the Federal Freedom of Information Act, provided however, that any party or person may assert any privilege or exception available under these Acts. Protected Materials also shall not include materials that at the time of or prior to disclosure in these

proceedings, is or was publicly disclosed, on a non-confidential basis. The disclosure of materials to a party, its customers, or their respective employees, agents, consultants, or counsel in the normal course of business shall not preclude a claim that such materials are Protected Materials hereunder. Protected Materials disclosed by someone other than an employee, agent, or consultant of the originating party in violation of this Protective Order shall not lose their status as Protected Materials as a result of such disclosure.

3. Definition of “Reviewing Party.”

A “Reviewing Party” is defined for purposes of this Protective Order as a party expressly admitted or that has had a Motion to Intervene granted in GUD No. 00004865.

4. Definition of “Producing Party.”

A “Producing Party” is defined for purposes of this Protective Order as a party expressly admitted or that has had a Motion to Intervene granted in GUD No. 00004865, which has had discovery propounded upon it in any form as provided by applicable law.

5. Access to Protected Materials

A Reviewing Party shall be permitted access to Protected Materials only through its Authorized Representatives. “Authorized Representatives” of a party include its counsel of record in this proceeding and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by the party that are directly engaged in these proceedings, provided that prior to being an Authorized Representative, a person must sign and deliver the certification required by Paragraph 8 to the Producing Party.

6. Designation of Highly Sensitive Protected Materials

The term “Highly Sensitive Protected Materials” is a subset of “Protected Materials.” The term refers to, but is not limited to, documents and information the provision of which to the Reviewing Party or its Authorized Representatives would: (1) expose the Producing Party or any of its affiliates to an unreasonable risk of harm, or (2) would result in disclosure of information that would be subject to a privilege against disclosure, a contractual confidentiality agreement or other Protective Agreement or agreement. Highly Sensitive Protected Materials further include, but are not limited to, business operations or financial information that is commercially sensitive. Documents so classified by a Producing Party shall bear the designation “**HIGHLY SENSITIVE PROTECTED MATERIALS PROVIDED PURSUANT TO THE PROTECTIVE ORDER ISSUED IN GUD NO. 00004865.**”

7. Restrictions on Copies and Inspection of Highly Sensitive Protected Materials

Highly Sensitive Protected Materials shall be made available for inspection only at the address specified pursuant to Paragraph 9. Additionally, only one copy of Highly Sensitive Protected Materials shall be provided to counsel of any party to GUD No. 00004865 upon written request following completion of the certifications required by Paragraph 8 herein. A party may make one additional copy of reproduced Highly Sensitive Protected Materials for use in this proceeding

pursuant to this Protective Order. No additional copies of such Highly Sensitive Protected Materials may be made, except that additional copies may be made in order to have sufficient copies for introduction of the material into the evidentiary record if the material is to be offered for admission into the record. A record of any copies that are made of Highly Sensitive Protected Materials shall be kept and a copy of the record shall be sent to the Producing Party upon request. The record shall include information on the location and the person in possession of the copy. The Authorized Representatives for the purpose of access to Highly Sensitive Protected Materials must be persons who are: (1) counsel for the Reviewing Party, (2) consultants for the Reviewing Party working under the direction of the Reviewing Party's counsel, (3) permanent non-elected employees of municipalities that are parties in GUD No. 00004865, who have primary responsibility for utility regulation. The Authorized Representatives for the Commission's Director of Gas Services or the State of Texas for the purpose of access to these materials shall consist of its respective counsel of record in this docket and associated attorneys, paralegals, economists, statisticians, accountants, consultants, or other persons employed or retained by those agencies and directly engaged in this docket. Limited notes may be made of Highly Sensitive Protected Materials, and such notes shall themselves be treated as Highly Sensitive Protected Materials unless such notes are restricted to a description of the document and a general characterization of its subject matter in a manner that does not include any substantive information contained in such Highly Sensitive Protected Materials.

8. Required Certification

Each person who inspects the Protected Materials shall, before such inspection, agree in writing to follow certification set forth in Exhibit A to this Order:

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in GUD No. 00004865, and that I have been given a copy of and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and shall be used only for the purpose of the proceeding in GUD No. 00004865. I acknowledge that the obligations imposed by this certification are pursuant to a ruling issued by the Examiners in this docket. However, if the information contained in the Protected Materials is obtained from independent sources that did not obtain such information from documents obtained in this docket, the understanding stated herein shall not apply.

In addition, reviewing parties who are permitted access to Highly Sensitive Protected Materials under the terms of this ruling shall, before inspection of such materials, agree in writing to the following certification set forth in Exhibit A to this Protective Order:

I certify that I am eligible to have access to Highly Sensitive Protected Materials under the terms of the Protective Order in GUD No. 00004865.

A copy of each signed certification shall be provided to counsel for the party asserting confidentiality. Except for Highly Sensitive Protected Materials, any Authorized Representative may disclose Protected Materials to any other person who is an Authorized Representative,

provided that, if the person to whom disclosure is to be made has not executed and provided for delivery of a signed certification to the party asserting confidentiality, that certification shall be executed prior to any disclosure. An Authorized Representative may disclose Highly Sensitive Protected Materials to other reviewing representatives who are permitted access to such materials and have executed the additional certification required for persons who receive access to Highly Sensitive Protected Materials. In the event that any Authorized Representative to whom Protected Materials are disclosed ceases to be engaged in these proceedings, access to Protected Materials by that person shall be terminated and all notes or memoranda or other information derived from the Protected Materials shall be returned to the party on whose behalf that person was acting. Any person who has agreed to either or both of the foregoing certifications shall continue to be bound by the provisions of this Protective Order, even if no longer engaged in these proceedings. Parties who assert confidentiality shall maintain a list of persons who sign a certification pursuant to this Paragraph.

9. Voluminous Materials

(a) Voluminous Protected Materials which exceed eight linear feet shall be made available for inspections in its normal repository between the hours of 9:30 a.m. and 5:00 p.m., Monday through Friday (except holidays) in accordance with the Texas Rules of Civil Procedure. A party shall notify the other parties of the address at which the voluminous data will be produced simultaneously with the production of such data. For purposes of this Protective Order voluminous materials or data shall mean responses to a particular question or subpart that consist of 100 pages or more in the aggregate.

(b) Except for Highly Sensitive Protected Materials as provided for in Paragraph 7, and for Protected Materials that are voluminous, the party asserting confidentiality shall provide a party one copy of the Protected Materials upon receipt of the signed certifications described in Paragraph 8. Except as provided above for Highly Sensitive Protected Materials, parties may take notes regarding the information contained in Protected Materials made available for inspection pursuant to Paragraph 9(a). Only one copy of such Protected Materials shall be reproduced for each party. Parties shall make a diligent, good-faith effort to limit the amount of copying requested to only that which is appropriate for purposes of this proceeding. Notwithstanding the foregoing provisions of this Paragraph 9(b), a party may make further copies of reproduced Protected Materials for use in this proceeding pursuant to this Protective Order, but a record shall be maintained as to the documents produced and the number of copies made, and upon request, the party shall provide the party asserting confidentiality with a copy of that record.

10. Availability for Purposes of this Filing

All Protected Materials shall be made available to the parties solely for the purposes of this proceeding. Protected Materials, as well as a party's notes, memoranda, or other information regarding, or derived from the Protected Materials are to be treated confidentially by the parties and shall not be disclosed or used by the party except as permitted and provided in this Protective Order. Information derived from or describing the Protected Materials shall be maintained in a secure place and shall not be placed in the public or general files of the party except in accordance with the provisions of this Protective Order. A party must take all reasonable precautions to ensure that the

Protected Materials, including notes and analysis made from Protected Materials, are not viewed or taken by any person other than an Authorized Representative of the party.

All non-voluminous Protected Materials may be reviewed only during the “reviewing period,” which period shall commence upon issuance of this Protective Order and continue until conclusion of the plenary jurisdiction of the Commission in this proceeding. The “reviewing period” shall reopen if the Commission regains jurisdiction due to a remand as provided by law. Protected Materials that are admitted into the evidentiary record or accompanying the evidentiary record as offers of proof, may be reviewed while this proceeding or any appeals hereof are pending.

11. Treatment of Protected Materials

If a party tenders for filing any written testimony, exhibit, brief, or other submission that quotes from Protected Materials or discloses the confidential content of Protected Materials, the confidential portion of such testimony, exhibit, brief, or other submission shall be sealed and shall be filed and served in accordance with the appropriate procedures utilized by the Commission. The Examiners may subsequently, on their own motion or on motion of a party, issue a ruling respecting whether or not the inclusion, incorporation, or reference to Protected Materials is such that the written testimony, exhibit, brief, or other submission should remain under seal.

Any party or person giving testimony in this proceeding may designate those portions of his or her testimony deemed to be confidential materials in accordance with Paragraph 1 of this Protective Order by advising the Examiner of such fact. In that event, the Examiner shall, on a case-by-case basis, devise procedures which are fair to all parties without unduly burdening the record in this docket.

All Protected Materials filed with the Commission, the Examiner, any other judicial or administrative body in support of or as part of a motion, other pleading, brief, or other document, shall be filed and served in sealed envelopes or other appropriate containers.

12. Changes to Protective Order

Nothing herein restricts the party seeking Protected Materials and the party producing the Protected Materials from agreeing to other procedures/methods for handling of Protected Materials, including Highly Sensitive Protected Materials. In addition, each party shall have the right to seek changes in this Protective Order as appropriate from the Examiners, the Commission, or the courts. Nothing herein shall prevent any party from opposing efforts to seek changes to this ruling.

13. Judicial Findings

In the event that the Examiner at any time in the course of this proceeding finds that all or part of the Protected Materials are not confidential, by finding, for example, that such materials have entered the public domain, those materials shall nevertheless be subject to the protection afforded by this ruling for three full working days, unless otherwise ordered, from the latest of (i) the date of receipt by the party asserting confidentiality of the Examiner’s order, or (ii) the date of a final and appealable Commission order denying an appeal filed within the three full working day

period from the Examiner's order; or (iii) approval of such order by operation of law following the filing of such an appeal. Neither the party asserting confidentiality nor any Reviewing Party waives its right to seek additional administrative or judicial remedies after the Commission's denial of any appeal.

14. Disclosure of Protected Materials

During the pendency of GUD No. 00004865, in the event that a party wishes to disclose Protected Materials to any person to whom disclosure is not authorized by this Protective Order, or wishes to have changed the designation of certain information or material as Protected Materials by alleging, for example, that such information or material has entered the public domain, such party shall first file and serve on all parties written notice of such proposed disclosure or request for change in designation, identifying with particularity each of such Protected Materials. In the event that the party asserting confidentiality wishes to contest such proposed disclosure or request for change in designation, that party shall file with the Commission its objection to such proposal, with supporting sworn affidavits, if any, within five working days after receiving such notice of proposed disclosure or request for change in designation. Failure of that party to file such an objection within this period shall be deemed a waiver of objection to the proposed disclosure or request for change in designation. Upon the request of either the Producing Party or Reviewing Party or upon the Examiner's own initiative, the Examiner may conduct a prehearing conference. If either the producing or Reviewing Party wishes to submit materials in question for an in camera inspection, it shall do so at the time of filing its written notice or objection to disclosure. Responses to such an objection, with supporting affidavits, if any, shall be filed within five working days after receipt of the objection. The Examiner will determine whether the proposed disclosure or change in designation is appropriate. The burden is on the party asserting confidentiality to show that such proposed disclosure or change in designation should not be made. If the Examiner determines that such proposed disclosure or change in designation should be made, disclosure shall not take place earlier than three full working days after such determination unless otherwise ordered. No party waives any right to seek additional administrative or judicial remedies concerning such Examiner's ruling. As long as the periods set out in this Protective Order for filing the pleadings described above for consideration by the Examiner and for challenging the determination of the Examiner or the Commission have not expired and while a challenge is pending, the Protected Materials shall maintain the confidential treatment and status provided for in this Protective Order.

All Protected Materials shall be afforded the confidential treatment and status provided for in this Protective Order during the period an appeal on an Examiner's ruling is pending before the Commission and during the periods for challenging the various orders.

All notices, applications, responses, or other correspondence shall be made in a manner that protects Protected Materials from unauthorized disclosure.

15. Objection to Protected Materials

Nothing in this ruling shall be construed as precluding any party from objecting to the use of Protected Materials on grounds other than confidentiality, including the lack of required relevance. Nothing in this ruling shall be construed as an agreement by any party that the Protected Materials are entitled to confidential classification.

16. Acts upon Conclusion of Proceeding

Following the conclusion of these proceedings, each party must, no later than thirty days following receipt of the notice described below, destroy or return to the party asserting confidentiality all copies of the Protected Materials provided by that party pursuant to this Protective Order and all copies reproduced by a Reviewing Party, and counsel for each party must provide to the party asserting confidentiality a verified certification that, to the best of his or her knowledge, information, and belief, all copies of notes, memorandum, and other documents regarding or derived from the Protected Materials (including copies of Protected Materials) that have not been so returned, if any, have been destroyed, other than notes, memoranda, or other documents which contain information in a form which, if made public, would not cause disclosure of Protected Materials. Promptly following the conclusion of this proceeding, counsel for the party asserting confidentiality will send a written notice to all parties, reminding them of their obligations under this Paragraph. Nothing in this Paragraph shall prohibit counsel for each party from retaining two copies of any filed testimony, exhibit, brief, application for rehearing, or other pleading which refers to Protected Materials provided that any such Protected Materials retained by counsel shall remain subject to the provisions of this ruling. As used in this Paragraph, “conclusion of this proceeding” refers to the exhaustion of available appeals, or the running of the time for making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then “the conclusion of these proceedings” is extended by the remand to the exhaustion of available appeals, or the running of the time for the making of such appeals, as provided by applicable law. If, following any appeal, the Commission conducts a remand proceeding, then the “conclusion of this proceeding” is extended by the remand to the exhaustion of available appeals of the remand or the running of time for making such appeals of the remand, as provided by applicable law.

17. Compliance with Legal Requirements

This Protective Order is subject to the requirements of the Public Information Act, the Open Meetings Act, and any other applicable law, provided that parties subject to those acts will give the party asserting confidentiality notice, if possible under those acts, prior to disclosure pursuant to those acts.

18. Effect of Court Order

If required by order of a government or judicial body, the party may release to such body the confidential information required by such order, provided, however, the party agrees that prior to such disclosure, it shall promptly notify the party asserting confidentiality of the order and allow such party sufficient time to contest release of the confidential information; provided, further, the party shall use its best efforts to prevent such confidential information from being disclosed.

The term “best efforts” as used in the preceding paragraph requires that the party’s attempt to ensure that disclosure is not made by its employees or Authorized Representatives unless such disclosure is pursuant to a final order of a governmental or judicial body or written opinion of the Attorney General which was sought in compliance with Government Code §552.301 (Public Information). The party is not required to delay compliance with a lawful order to disclose such information but is simply required to timely notify the party asserting confidentiality, or its

counsel, that it has received a challenge to the confidentiality of the information and that the Reviewing Party will either proceed under the provisions of §552.301 of the Texas Government Code or intends to comply with the final governmental or court order.

19. Effect of Violation of Court Order

In the event of a breach of the provisions contained in Paragraph 18, the party asserting confidentiality will not have an adequate remedy in money or damages, and accordingly, shall in addition to any other available legal or equitable remedies, be entitled to an injunction against such breach. The Producing Party shall not be relieved of proof of any element required to establish the right to injunctive relief.

Signed this ____ day of _____, 2020.

Administrative Law Judge

Exhibit A to the Protective Order Issued in GUD No. 00004865

CERTIFICATION

Certification for Protected Materials only:

I certify my understanding that the Protected Materials are provided to me pursuant to the terms and restrictions of the Protective Order in GUD No. 00004865, and that I have been given a copy of and have read the Protective Order and agree to be bound by it. I understand that the contents of the Protected Materials, any notes, memoranda, or any other form of information regarding or derived from the Protected Materials shall not be disclosed to anyone other than in accordance with the Protective Order and shall be used only for the purpose of the proceeding in GUD No. 00004865. I acknowledge that the obligations imposed by this certification are pursuant to a ruling issued by the Examiners in this docket. However, if the information contained in the Protected Materials is obtained from independent sources that did not obtain such information from documents obtained in this docket, the understanding stated herein shall not apply.

By: _____

Printed Name: _____

Title: _____

Representing: _____

Date: _____

Additional certification for Highly Sensitive Protected Materials:

I certify that I am eligible to have access to Highly Sensitive Protected Materials under the terms of the Protective Order in GUD No. 00004865.

By: _____

Printed Name: _____

Title: _____

Representing: _____

Date: _____

EXHIBIT G

Universal Natural Gas, LLC
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Test Year Ended June 30, 2020

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5	Summary of Adjustments by FERC Account	A-2-1	Loy; Buttermore
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12	Shared Services - Insurance Expense Annualization Adjustment	A-2-8	Loy; Buttermore
13	Shared Services - Payroll/HR Service Adjustment	A-2-9	Loy; Buttermore
14	Shared Services - 401k Matching Expense	A-2-10	Loy; Buttermore
15	Shared Services - Entertainment, Meals and Travel Expense	A-2-11	Loy; Buttermore
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17	Annualization and Weather Normalization Adjustments	A-2-13	Loy
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Universal Natural Gas, LLC
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Test Year Ended June 30, 2020

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Universal Natural Gas, LLC
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Test Year Ended June 30, 2020

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100	Test Year Information by Customer Class	L-1	Loy

Universal Natural Gas, LLC
Summary of Adjusted Revenues and Expenses
Test Year Ended June 30, 2020

Line No.	Description	Historical Test Year per Books, Unadjusted	Known & Measurable Changes	As Adjusted at Current Rates	Claimed Revenue Deficiency	Proposed Revenue Requirement
	(a)	(b)	(c)	(d)	(e)	(f)
1	<u>Operating Revenues</u>					
2	Base Rate Revenues	\$ 5,471,037	\$ 787,560	\$ 6,258,597	\$ 1,643,634	\$ 7,902,230
3	Purchased Gas Revenues	5,135,220	(5,135,220)	-		-
4	Sales for Resale	(756)	756	-		-
5	Forfeited Discounts	57,345	(57,345)	-		-
6	Misc. Service Revenues	329,071	45,702	374,773		374,773
7	Total Operating Revenues	10,991,917	(4,358,548)	6,633,369	1,643,634	8,277,003
8	Non-Operating Revenues	295,839	(295,839)	-		-
9	Total Revenue	\$ 11,287,756	\$ (4,654,387)	\$ 6,633,369	\$ 1,643,634	\$ 8,277,003
10	<u>Operating Expenses</u>					
11	Cost of Gas	2,658,481	(2,658,481)	-		-
12	Distribution Operations	700,847	40,580	741,427		741,427
13	Distribution Maintenance	24,436	-	24,436		24,436
14	Customer Accounts	533,267	(257,005)	276,262		276,262
15	Customer Service and Informational	6,250	-	6,250		6,250
16	Administrative and General	3,028,236	690,146	3,718,382		3,718,382
17	Taxes Other than Income Taxes	68,517	101,259	169,776		169,776
18	Depreciation and Amortization	811,790	114,152	925,942		925,942
19	Total Operating Expenses	7,831,824	(1,969,350)	5,862,474	-	5,862,474
20	Federal Income Taxes	-	420,004	420,004		420,004
21	Total Expenses Excl. Interest & Non-Op.	7,831,824	(1,549,345)	6,282,478	-	6,282,478
22	Interest on Customer Deposits	-	-	-		-
23	Interest Expense	360,489	(360,489)	-		-
24	Other Non-Operating Expenses	460,272	(460,272)	-		-
25	Total Expenses	8,652,585	(2,370,106)	6,282,478	-	6,282,478
26	Return on Rate Base (\$)	\$ 2,635,171	\$ (2,284,280)	\$ 350,891	\$ 1,643,634	\$ 1,994,525
27	Total Revenue Requirement					\$ 8,277,003
28	Less: Non-Operating Revenues					-
29	Less: Misc. Service Revenues					(374,773)
30	Less: As Adjusted Forfeited Discounts					-
31	Base Rate Revenue Requirement					\$ 7,902,230
32	Rate Base					\$ 20,972,919
33	Return on Rate Base (%)					9.51%
34	Increase % (Excluding Gas Cost)					24.95%
35	Increase % (Including Gas Cost)					15.50%

Universal Natural Gas, LLC
Other Operating Revenues
Test Year Ended June 30, 2020

Line No.	Description	Historical Test Year per Books, Unadjusted	Known & Measurable Changes	As Adjusted at Current Rates	Rate Change	Proposed Revenue Requirement
	(a)	(b)	(c)	(d)	(e)	(f)
1	Application Fee	\$ 64,160	\$ -	\$ 64,160	\$ 41,400	\$ 105,560
2	Collections	650	-	650	260	910
3	ECO DP	569	(569)	-	-	-
4	Restoration Fee	39,130	-	39,130	-	39,130
5	Returned Check - Not for Insufficient Funds	375	-	375	20	395
6	Returned Check - Insufficient Funds	3,450	-	3,450	1,380	4,830
7	Special Meter Read	11,070	-	11,070	4,400	15,470
8	Propane Conversion	1,189	(1,189)	-	-	-
9	Tariff Materials and Supplies	208,478	-	208,478	-	208,478
10	Total Other Operating Revenues	\$ 329,071	\$ (1,758)	\$ 327,313	\$ 47,460	\$ 374,773

Universal Natural Gas, LLC
Summary of Adjustments by Category
Test Year Ended June 30, 2020

Line No.	Description	Historical Test Year per Books, Unadjusted	Known and Measurable Adjustments	As Adjusted	Schedule Reference
	(a)	(b)	(c)	(d)	(e)
1	Base Rate Revenues (Incl. Forfeited Discounts)	\$ 5,528,382			
2	Weather Adjustment		139,298		A-2-13
3	Customer Growth Adjustment		292,659		A-2-13
4	Discount Removal Adjustment		360,318		A-2-13
5	Remove Forfeited Discounts		(62,059)		A-2-13
6	Total Base Rate Revenues	5,528,382	730,215	6,258,597	
7	Purchased Gas Revenues	5,135,220			
8	Remove Gas Cost Revenues from Test Year		(5,135,220)		A-2-14
9	Total Gas Cost Revenues	5,135,220	(5,135,220)	-	
10	Sales for Resale	756			
11	Remove Sales for Resale		(756)		A-2-22
12	Total Other Operating Revenues	756	(756)	-	
13	Misc. Service Revenues	329,071			
14	Adjust for Proposed Misc. Fees Rates		45,702		A-2-21
15	Total Other Operating Revenues	329,071	45,702	374,773	
16	Non-Operating Revenues	295,839			
17	Remove Non-Operating Income		(295,839)		A-2-17
18	Total Non-Operating Revenues	295,839	(295,839)	-	
19	Cost of Gas	2,658,481			
20	Remove Purchased Gas Expense		(2,658,481)		A-2-14
21	Total Purchased Gas Expense	2,658,481	(2,658,481)	-	
22	Distribution Operations	700,847			
23	Annualize Hydro Expenses		40,580		A-2-15
24	Total System Operation	700,847	40,580	741,427	
25	Distribution Maintenance	24,436			
26	Total System Maintenance	24,436	-	24,436	
27	Customer Accounts	533,267			
28	Reallocate Test Year Shared Expenses		12,647		A-2-2
29	Adjust Billing Expense		5,645		A-2-23
30	Adjust Uncollectibles for Increased Revenues		369		A-2-24
31	Adjust Meter Reading Exp. for AMR		(275,666)		A-2-25
32	Total Customer Accounts and Information	533,267	(257,005)	276,262	
33	Customer Service and Informational	6,250			
34	Total Customer Accounts and Information	6,250	-	6,250	
35	Administrative and General	3,028,236			
36	Reallocate Test Year Shared Expenses		(496,316)		A-2-2
37	Correct Shared Services Calculation Error		(758)		A-2-3
38	Office Rent and Office Supplies Expense Adj.		205,545		A-2-4
39	Payroll Adjustment		1,158,362		A-2-5
40	Payroll Taxes Adjustment		(102,906)		A-2-6
41	Employee Benefits		(41,387)		A-2-7

Universal Natural Gas, LLC
Summary of Adjustments by Category
Test Year Ended June 30, 2020

Line No.	Description	Historical Test Year per Books, Unadjusted	Known and Measurable Adjustments	As Adjusted	Schedule Reference
	(a)	(b)	(c)	(d)	(e)
42	Insurance Adjustment		9,530		A-2-8
43	HR Service Adjustment		19,668		A-2-9
44	401k Match		12,233		A-2-10
45	Remove Unrecoverable Expense		(13,000)		A-2-11
46	Centric Shared Service Adjustments		31,555		A-2-12
47	Misc. Expense Adjustments		(4,404)		A-2-26
48	Remove Startup Expenses		(87,976)		A-2-27
49	Total Administrative and General	3,028,236	690,146	3,718,382	
50	Taxes Other than Income Taxes	68,517			
51	Payroll Taxes Adjustment		169,776		A-2-6
52	Remove Taxes Recovered in Tax Rider		(68,517)		A-2-20
53	Total Taxes Other than Income Taxes	68,517	101,259	169,776	
54	Depreciation and Amortization	811,790			
55	Depreciation Expense Adjustment		59,302		A-2-16
56	Total Depreciation and Amortization	811,790	59,302	871,092	
57	Federal Income Taxes	-			
58	Add Calculated Federal Income Taxes		420,004		A-2-19
59	Total Income Tax Expense	-	420,004	420,004	
60	Interest Expense	360,489			
61	Remove Interest Expense		(360,489)		A-2-18
62	Total Interest on Customer Deposits	360,489	(360,489)	-	
63	Interest on Customer Deposits	-			
64	Total Interest on Customer Deposits	-	-	-	
65	Other Non-Operating Expenses	460,272			
66	Remove Non-Operating Expenses		(460,272)		A-2-17
67	Total Non-Operating Expenses	460,272	(460,272)	-	

Universal Natural Gas, LLC
Summary of Adjustments by FERC Account
Test Year Ended June 30, 2020

Shared Services Adjustments ->												
Line No.	FERC Acct.	Description	Test Year per Books (Cr.)/Dr.	A-2-2 Reallocation (Cr.)/Dr.	A-2-3 Correction (Cr.)/Dr.	A-2-4 Office (Cr.)/Dr.	A-2-5 Payroll (Cr.)/Dr.	A-2-6 Payroll Taxes (Cr.)/Dr.	A-2-7 Benefits (Cr.)/Dr.	A-2-8 Insurance (Cr.)/Dr.	A-2-9 HR Service (Cr.)/Dr.	A-2-10 401k (Cr.)/Dr.
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(l)
1	403.00	Depreciation Expense	\$ 808,524	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	404.00	Amortization Expense	3,266	-	-	-	-	-	-	-	-	-
3	408.10	Taxes Other than Income Taxes	68,517	-	-	-	-	169,776	-	-	-	-
4	409.00	Income Taxes	-	-	-	-	-	-	-	-	-	-
5	415.00	Revenues from Merchandising, Jobbing and Contr	(295,141)	-	-	-	-	-	-	-	-	-
6	416.00	Costs and Expenses from Merchandising, Jobbing	460,272	-	-	-	-	-	-	-	-	-
7	419.00	Interest and Dividend Income	(698)	-	-	-	-	-	-	-	-	-
8	420.00	Investment Tax Credits	-	-	-	-	-	-	-	-	-	-
9	421.00	Misc. Non-Operating Income	-	-	-	-	-	-	-	-	-	-
10	426.00	Other Deductions	-	-	-	-	-	-	-	-	-	-
11	427.00	Interest on Long-Term Debt	360,489	-	-	-	-	-	-	-	-	-
12	430.00	Interest on Debt to Associated Companies	-	-	-	-	-	-	-	-	-	-
13	431.00	Other Interest Expense	-	-	-	-	-	-	-	-	-	-
14	434.00	Extraordinary Income	-	-	-	-	-	-	-	-	-	-
15	480.00	Residential Sales	(5,053,411)	-	-	-	-	-	-	-	-	-
16	481.00	Commercial and Industrial Sales	(417,626)	-	-	-	-	-	-	-	-	-
17	480.10	Residential Gas Cost Revenues	(5,226,782)	-	-	-	-	-	-	-	-	-
18	481.10	Commercial Gas Cost Revenues	91,562	-	-	-	-	-	-	-	-	-
19	483.00	Sales for Resale	756	-	-	-	-	-	-	-	-	-
20	487.00	Forfeited Discounts	(57,345)	-	-	-	-	-	-	-	-	-
21	488.00	Misc. Service Revenues	(329,071)	-	-	-	-	-	-	-	-	-
22	804.00	Natural Gas City Gate Purchases	2,658,481	-	-	-	-	-	-	-	-	-
23	874.00	Mains and Services Expenses	562,254	-	-	-	-	-	-	-	-	-
24	877.00	Measuring and Regulating Station Expenses - City	54,043	-	-	-	-	-	-	-	-	-
25	878.00	Meter and House Regulator Expenses	74,951	-	-	-	-	-	-	-	-	-
26	880.00	Other Expenses	9,599	-	-	-	-	-	-	-	-	-
27	887.00	Maintenance of Mains	7,808	-	-	-	-	-	-	-	-	-
28	892.00	Maintenance of Service	16,628	-	-	-	-	-	-	-	-	-
29	894.00	Maintenance of Other Equipment	-	-	-	-	-	-	-	-	-	-
30	902.00	Meter Reading Expenses	295,666	-	-	-	-	-	-	-	-	-
31	903.00	Customer Records and Collections Expenses	235,162	12,647	-	-	-	-	-	-	-	-
32	904.00	Uncollectible Accounts	2,439	-	-	-	-	-	-	-	-	-
33	909.00	Informational and Instructional Advertising Expen	6,250	-	-	-	-	-	-	-	-	-
34	920.00	Administrative and General Salaries	1,720,475	(320,965)	-	-	1,158,362	(102,906)	-	-	-	-
35	921.00	Office Supplies and Expenses	258,855	(45,541)	-	17,786	-	-	-	-	-	-
36	923.00	Outside Services Employed	261,911	(13,963)	-	-	-	-	-	-	35,740	-
37	924.00	Property Insurance	163,548	(30,803)	-	-	-	-	-	9,530	-	-
38	926.00	Employee Pensions and Benefits	208,719	(39,900)	(3,585)	-	-	-	(41,387)	-	(16,072)	12,233
39	927.00	Franchise Taxes	39,957	-	-	-	-	-	-	-	-	-
40	928.00	Regulatory Commission Expenses	96,801	(16,703)	-	-	-	-	-	-	-	-
41	930.20	Misc. General Expenses	93,780	-	2,827	-	-	-	-	-	-	-
42	931.00	Rents	184,190	(28,441)	-	187,759	-	-	-	-	-	-
43		TOTAL	\$ (2,635,171)	\$ (483,669)	\$ (758)	\$ 205,545	\$ 1,158,362	\$ 66,870	\$ (41,387)	\$ 9,530	\$ 19,668	\$ 12,233

Universal Natural Gas, LLC
Summary of Adjustments by FERC Account
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Shared Services Adjustments ->		LDC-Level Entity Adjustments ->							
			A-2-11 Meals & Ent. (Cr.)/Dr.	A-2-12 Centric Shared (Cr.)/Dr.	A-2-13 WN & Annual (Cr.)/Dr.	A-2-14 Gas Cost (Cr.)/Dr.	A-2-15 Hydro Testing (Cr.)/Dr.	A-2-16 Depr. Exp. (Cr.)/Dr.	A-2-17 Non-Op (Cr.)/Dr.	A-2-18 Interest Exp. (Cr.)/Dr.	A-2-19 Income Taxes (Cr.)/Dr.	A-2-20 Other Taxes (Cr.)/Dr.
	(a)	(b)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)
1	403.00	Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,152	\$ -	\$ -	\$ -	\$ -
2	404.00	Amortization Expense	-	-	-	-	-	-	-	-	-	-
3	408.10	Taxes Other than Income Taxes	-	-	-	-	-	-	-	-	-	(68,517)
4	409.00	Income Taxes	-	-	-	-	-	-	-	-	420,004	-
5	415.00	Revenues from Merchandising, Jobbing and Contr	-	-	-	-	-	-	295,141	-	-	-
6	416.00	Costs and Expenses from Merchandising, Jobbing	-	-	-	-	-	-	(460,272)	-	-	-
7	419.00	Interest and Dividend Income	-	-	-	-	-	-	698	-	-	-
8	420.00	Investment Tax Credits	-	-	-	-	-	-	-	-	-	-
9	421.00	Misc. Non-Operating Income	-	-	-	-	-	-	-	-	-	-
10	426.00	Other Deductions	-	-	-	-	-	-	-	-	-	-
11	427.00	Interest on Long-Term Debt	-	-	-	-	-	-	-	(360,489)	-	-
12	430.00	Interest on Debt to Associated Companies	-	-	-	-	-	-	-	-	-	-
13	431.00	Other Interest Expense	-	-	-	-	-	-	-	-	-	-
14	434.00	Extraordinary Income	-	-	-	-	-	-	-	-	-	-
15	480.00	Residential Sales	-	-	(735,785)	-	-	-	-	-	-	-
16	481.00	Commercial and Industrial Sales	-	-	(51,775)	-	-	-	-	-	-	-
17	480.10	Residential Gas Cost Revenues	-	-	-	5,226,782	-	-	-	-	-	-
18	481.10	Commercial Gas Cost Revenues	-	-	-	(91,562)	-	-	-	-	-	-
19	483.00	Sales for Resale	-	-	-	-	-	-	-	-	-	-
20	487.00	Forfeited Discounts	-	-	57,345	-	-	-	-	-	-	-
21	488.00	Misc. Service Revenues	-	-	-	-	-	-	-	-	-	-
22	804.00	Natural Gas City Gate Purchases	-	-	-	(2,658,481)	-	-	-	-	-	-
23	874.00	Mains and Services Expenses	-	-	-	-	40,580	-	-	-	-	-
24	877.00	Measuring and Regulating Station Expenses - City	-	-	-	-	-	-	-	-	-	-
25	878.00	Meter and House Regulator Expenses	-	-	-	-	-	-	-	-	-	-
26	880.00	Other Expenses	-	-	-	-	-	-	-	-	-	-
27	887.00	Maintenance of Mains	-	-	-	-	-	-	-	-	-	-
28	892.00	Maintenance of Service	-	-	-	-	-	-	-	-	-	-
29	894.00	Maintenance of Other Equipment	-	-	-	-	-	-	-	-	-	-
30	902.00	Meter Reading Expenses	-	-	-	-	-	-	-	-	-	-
31	903.00	Customer Records and Collections Expenses	-	-	-	-	-	-	-	-	-	-
32	904.00	Uncollectible Accounts	-	-	-	-	-	-	-	-	-	-
33	909.00	Informational and Instructional Advertising Expen	-	-	-	-	-	-	-	-	-	-
34	920.00	Administrative and General Salaries	-	-	-	-	-	-	-	-	-	-
35	921.00	Office Supplies and Expenses	(13,000)	-	-	-	-	-	-	-	-	-
36	923.00	Outside Services Employed	-	(19,861)	-	-	-	-	-	-	-	-
37	924.00	Property Insurance	-	-	-	-	-	-	-	-	-	-
38	926.00	Employee Pensions and Benefits	-	-	-	-	-	-	-	-	-	-
39	927.00	Franchise Taxes	-	-	-	-	-	-	-	-	-	-
40	928.00	Regulatory Commission Expenses	-	(54,482)	-	-	-	-	-	-	-	-
41	930.20	Misc. General Expenses	-	105,898	-	-	-	-	-	-	-	-
42	931.00	Rents	-	-	-	-	-	-	-	-	-	-
43		TOTAL	\$ (13,000)	\$ 31,555	\$ (730,215)	\$ 2,476,740	\$ 40,580	\$ 114,152	\$ (164,433)	\$ (360,489)	\$ 420,004	\$ (68,517)

Universal Natural Gas, LLC
Summary of Adjustments by FERC Account
Test Year Ended June 30, 2020

LDC-Level Entity Adjustments ->											
Line No.	FERC Acct.	Description	A-2-21 Misc. Fees (Cr.)/Dr.	A-2-22 Resales (Cr.)/Dr.	A-2-23 Billing Exp. (Cr.)/Dr.	A-2-24 Uncollectible (Cr.)/Dr.	A-2-25 Meter Reading (Cr.)/Dr.	A-2-26 Misc. Exp. (Cr.)/Dr.	A-2-27 Startup (Cr.)/Dr.	Total Adjustments (Cr.)/Dr.	Test Year As Adjusted (Cr.)/Dr.
	(a)	(b)	(w)	(x)	(y)	(z)	(aa)	(ab)	(ac)	(ad)	(ae)
1	403.00	Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,152	\$ 922,676
2	404.00	Amortization Expense	-	-	-	-	-	-	-	-	3,266
3	408.10	Taxes Other than Income Taxes	-	-	-	-	-	-	-	101,259	169,776
4	409.00	Income Taxes	-	-	-	-	-	-	-	420,004	420,004
5	415.00	Revenues from Merchandising, Jobbing and Contr	-	-	-	-	-	-	-	295,141	-
6	416.00	Costs and Expenses from Merchandising, Jobbing	-	-	-	-	-	-	-	(460,272)	-
7	419.00	Interest and Dividend Income	-	-	-	-	-	-	-	698	-
8	420.00	Investment Tax Credits	-	-	-	-	-	-	-	-	-
9	421.00	Misc. Non-Operating Income	-	-	-	-	-	-	-	-	-
10	426.00	Other Deductions	-	-	-	-	-	-	-	-	-
11	427.00	Interest on Long-Term Debt	-	-	-	-	-	-	-	(360,489)	-
12	430.00	Interest on Debt to Associated Companies	-	-	-	-	-	-	-	-	-
13	431.00	Other Interest Expense	-	-	-	-	-	-	-	-	-
14	434.00	Extraordinary Income	-	-	-	-	-	-	-	-	-
15	480.00	Residential Sales	-	-	-	-	-	-	-	(735,785)	(5,789,196)
16	481.00	Commercial and Industrial Sales	-	-	-	-	-	-	-	(51,775)	(469,401)
17	480.10	Residential Gas Cost Revenues	-	-	-	-	-	-	-	5,226,782	-
18	481.10	Commercial Gas Cost Revenues	-	-	-	-	-	-	-	(91,562)	-
19	483.00	Sales for Resale	-	(756)	-	-	-	-	-	(756)	-
20	487.00	Forfeited Discounts	-	-	-	-	-	-	-	57,345	-
21	488.00	Misc. Service Revenues	(45,702)	-	-	-	-	-	-	(45,702)	(374,773)
22	804.00	Natural Gas City Gate Purchases	-	-	-	-	-	-	-	(2,658,481)	-
23	874.00	Mains and Services Expenses	-	-	-	-	-	-	-	40,580	602,834
24	877.00	Measuring and Regulating Station Expenses - City	-	-	-	-	-	-	-	-	54,043
25	878.00	Meter and House Regulator Expenses	-	-	-	-	-	-	-	-	74,951
26	880.00	Other Expenses	-	-	-	-	-	-	-	-	9,599
27	887.00	Maintenance of Mains	-	-	-	-	-	-	-	-	7,808
28	892.00	Maintenance of Service	-	-	-	-	-	-	-	-	16,628
29	894.00	Maintenance of Other Equipment	-	-	-	-	-	-	-	-	-
30	902.00	Meter Reading Expenses	-	-	-	-	(275,666)	-	-	(275,666)	20,000
31	903.00	Customer Records and Collections Expenses	-	-	5,645	-	-	-	-	18,292	253,454
32	904.00	Uncollectible Accounts	-	-	-	369	-	-	-	369	2,808
33	909.00	Informational and Instructional Advertising Expen	-	-	-	-	-	-	-	-	6,250
34	920.00	Administrative and General Salaries	-	-	-	-	-	-	-	734,491	2,454,966
35	921.00	Office Supplies and Expenses	-	-	-	-	-	-	-	(40,755)	218,100
36	923.00	Outside Services Employed	-	-	-	-	1,917	-	-	1,917	263,828
37	924.00	Property Insurance	-	-	-	-	-	-	-	(21,273)	142,275
38	926.00	Employee Pensions and Benefits	-	-	-	-	-	-	-	(88,712)	120,007
39	927.00	Franchise Taxes	-	-	-	-	-	-	-	-	39,957
40	928.00	Regulatory Commission Expenses	-	-	-	-	-	-	-	(71,185)	25,616
41	930.20	Misc. General Expenses	-	-	-	-	-	(4,404)	(87,976)	16,344	110,124
42	931.00	Rents	-	-	-	-	-	-	-	159,319	343,509
43		TOTAL	\$ (45,702)	\$ (756)	\$ 5,645	\$ 369	\$ (275,666)	\$ (4,404)	\$ (87,976)	\$ 2,284,280	\$ (350,891)

Universal Natural Gas, LLC
Shared Services - Reallocate Test Year Cost on Proposed CAM
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	903.00	Customer Records and Collection Exp.	\$ 126,058	\$ 12,647	\$ 138,705	WP A-2-2
2	920.00	Administrative and General Salaries	1,712,038	(320,965)	1,391,073	WP A-2-2
3	921.00	Office Supplies and Expense	242,186	(45,541)	196,645	WP A-2-2
4	923.00	Outside Services Employed	76,659	(13,963)	62,696	WP A-2-2
5	924.00	Property Insurance	163,527	(30,803)	132,724	WP A-2-2
6	926.00	Employee Pensions and Benefits	211,604	(39,900)	171,704	WP A-2-2
7	928.00	Regulatory Commission Expense	93,485	(16,703)	76,782	WP A-2-2
8	931.00	Rents	150,590	(28,441)	122,149	WP A-2-2
9		Total Shared Services Expense	\$ 2,776,147	\$ (483,669)	\$ 2,292,478	

Universal Natural Gas, LLC
Shared Services - Correct Error In Shared Services Expense Calculation
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	921.00	Office Supplies and Expense	\$ 242,186	\$ (3,585)	\$ 238,601	WP A-2-3
2	926.00	Employee Pensions and Benefits	211,604	2,827	214,430	WP A-2-3
3		Total Shared Services Expense	\$ 453,789	\$ (758)	\$ 453,031	
4		Note: Corrects cost allocation calculation error during test year.				

Universal Natural Gas, LLC
Shared Services - Office Lease and Expenses Annualization Adjustment
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	931.00	Account 931 Expense	\$ 150,590			WP A-2
2	931.00	Add New Office Rent Expense		187,759		WP A-2-4
3	931.00	Account 931 Expense as Adjusted			\$ 338,349	
4	921.00	Account 921 Office Expense	\$ 242,186			WP A-2
5	921.00	New Office Internet		8,366		WP A-2-4
6	921.00	New Office Security		353		WP A-2-4
7	921.00	Basic Cable Service		478		WP A-2-4
8	921.00	Nightly Janitorial Service		4,481		WP A-2-4
9	921.00	Copier & Workstation Lease and Maintenance		4,108		WP A-2-4
10	921.00	Account 921 Office Expense as Adjusted			\$ 259,972	

Universal Natural Gas, LLC
Shared Services - Payroll Adjustment
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	920.00	Test Year Shared Services Payroll Expense	\$ 1,712,038			WP A-2
2		Adjustment to Test Year Payroll Expense		1,158,362		WP A-2-5
3		Payroll Expense as Adjusted			\$ 2,870,400	

Universal Natural Gas, LLC
 Shared Services - Payroll Taxes Adjustment
 Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	920.00	Test Year Payroll Tax Expense Incl. in Acct. 920	\$ 102,906			WP A-2
2	920.00	Remove Payroll Tax Expense from 920		(102,906)		
3	408.00	Add Test Year Expense to Acct. 408		102,906		
4	408.00	Increase in Payroll Tax Expense		66,870		WP A-2-6
5		Payroll Tax Expense as Adjusted			\$ 169,776	

Universal Natural Gas, LLC
Shared Services - Benefits Adjustment
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	926.00	Test Year Employee Pension and Benefits	\$ 208,719			A-2-1
2		Increase in Pension and Benefit Expense		(41,387)		WP A-2-7
3		Employee Pension and Benefits, as Adjusted			\$ 167,332	
4		Note: Expenses above do not include pension or post-employment benefits.				

Universal Natural Gas, LLC
 Shared Services - Insurance Expense Annualization Adjustment
 Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	924.00	Insurance Expense	\$ 163,548			A-2-1
2	924.00	Annualization Adjustment		9,530		WP A-2-8
3	924.00	Insurance Expense as Adjusted			\$ 173,078	

Universal Natural Gas, LLC
 Shared Services - Payroll/HR Service Adjustment
 Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	926.00	Test Year Payroll Service Expense	\$ 16,072			WP A-2-9
2	926.00	Remove from Account 926		(16,072)		
3	923.00	Add to Account 923		16,072		
4	923.00	Annualization of June 2020 Expense		19,668		WP A-2-9
5		Payroll Service as Adjusted			\$ 35,740	

Universal Natural Gas, LLC
 Shared Services - 401k Matching Expense
 Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	926.00	401k match expense per books	\$ -			
2	926.00	Add 401k expense		12,233		WP A-2-10
3		401k Expense as Adjusted			\$ 12,233	

Universal Natural Gas, LLC
Shared Services - Entertainment, Meals and Travel Expense
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	921.00	Entertainment, Meals and Travel Exp.	\$ 13,000			WP A-2-11
2	921.00	Remove Unrecoverable Expenses		(13,000)		
3		As Adjusted			\$ -	

Universal Natural Gas, LLC
Shared Services - Centric Gas Services Adjustments
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	923.00	Board Fees per Books	\$ 63,985			WP A-2-12
2	923.00	Remove TY Expense from FERC Account 923		(63,985)		
3	930.20	Add TY Expense to FERC Account 930.2		63,985		
4	930.20	Reallocation based on proposed CAM		(11,204)		WP A-2-12
5	930.20	Annualize reallocated expenses		53,117		WP A-2-12
6		As Adjusted Board Fees			\$ 105,898	
7	928.00	Consultant Expense per Books	\$ 54,482			WP A-2-12
8	928.00	Remove TY Expense from FERC Account 928		(54,482)		
9	923.00	Add TY Expense to Outside Services		54,482		
10	923.00	Reallocate based on proposed CAM		(10,358)		WP A-2-12
11		As Adjusted Consultant Expense			\$ 44,124	

Universal Natural Gas, LLC
Annualization and Weather Normalization Adjustments
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Rate Class / Item	Test Year Unadjusted	Weather Adjustment	Annualization Adjustment	Remove 5% Discount	As Adjusted
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1		Residential					
2	480.00	Base Revenues	\$ 5,053,411	\$ 132,776	\$ 257,554	\$ 345,455	\$ 5,789,196
3	487.00	Forfeited Discounts	53,191	1,398	2,711	(57,300)	-
4		MCF	780,353	43,481	38,983		862,817
5		Number of Customers	16,288		845		17,133
6		Commercial					
7	481.00	Base Revenues	\$ 305,175	\$ 2,096	\$ 17,358	\$ 18,448	\$ 343,076
8	487.00	Forfeited Discounts	5,007	34	285	(5,326)	-
9		MCF	88,664	799	5,437		94,899
10		Number of Customers	258		11		269
11		Schools					
12	481.00	Base Revenues	\$ 112,451	\$ 2,945	\$ 14,513	\$ (3,585)	\$ 126,325
13	487.00	Forfeited Discounts	1,845	48	238	(2,131)	-
14		MCF	41,019	1,115	5,358		47,492
15		Number of Customers	15		1		16
16		Total					
17		Base Revenues	\$ 5,471,037	\$ 137,817	\$ 289,425	\$ 360,318	\$ 6,258,597
18		Forfeited Discounts	57,345	1,480	3,234	(62,059)	-
19		MCF	910,036	45,395	49,778		1,005,208
20		Number of Customers	16,561	-	857		17,418

Universal Natural Gas, LLC
Cost of Gas Adjustments
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	804.00	Cost of Gas	\$ 2,658,481			A-2-1
2	804.00	Remove Cost of Gas		(2,658,481)		
3		Cost of Gas Included in Rev. Req.			\$ -	
4	480.10	Residential Purchased Gas Revenues	\$ (5,226,782)			A-2-1
5	481.10	Commercial Purchased Gas Revenues	91,562			A-2-1
6	480.10	Remove Purchased Gas Revenues		5,226,782		
7	481.10	Remove Purchased Gas Revenues		(91,562)		
8		Purchased Gas Revenues Included in Rev. Req.			\$ -	

Universal Natural Gas, LLC
 Hydro Testing Expense Amortization Adjustment
 Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	874.00	Recent Hydro Testing *	\$ -	\$ 40,580	\$ 40,580	WP A-2-15D
2	Note: Completed in September 2020; Adjustment represents 5-year amortization of actual costs. See the Direct Testimony of					
3	Chuck Loy.					

Universal Natural Gas, LLC
Depreciation Expense Adjustment
Test Year Ended June 30, 2020

Line No.	Account	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	403.0 & 404.0	Test Year Depreciation & Amort. Expense	\$ 811,790			A-2-1
2	403.00	Proposed Depreciation Expense Adj.		59,302		
3	403.00	Proposed CIAC Accrual		(128,316)		
4	403.00	Add Shared Plant		183,165		
5		As Adjusted Depreciation Expense			\$ 925,942	
6						
7			<i>Shared Plant</i>	<i>Per Books Depreciation Rate</i>	<i>Calculated Depreciation Expense</i>	
8		<i>Calculation of Shared Plant Expense</i>				
9	390.00	Structures and Improvements	\$ 165,839	14.29%	\$ 23,698	B-2-1; WP B-2-1
10	391.00	Office Furniture & Equipment	565,489	10.00%	56,549	B-2-1; WP B-2-1
11	392.00	Transportation Equipment	572,231	14.29%	81,772	B-2-1; WP B-2-1
12	394.00	Tools, Shop and Garage	147,977	14.29%	21,146	B-2-1; WP B-2-1
13		Total	\$ 1,451,536		\$ 183,165	

Universal Natural Gas, LLC
Non-Operating Revenues and Expenses Adjustments
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	416.00	Costs and Expenses from Merchandising, Jobbing	\$ 460,272			A-3a
2		Remove 416 Expense		(460,272)		
3		Total			\$ -	
4	415.00	Revenues from Merchandising, Jobbing and Contr	\$ (295,141)			A-3a
5		Remove 415 Revenue		295,141		
6		Total			\$ -	
7	419	Interest Income	\$ 698			A-3a
8		Remove 419 Income		(698)		
9		Total			\$ -	

Universal Natural Gas, LLC
 Remove Interest Expense from Revenue Requirement Calculation
 Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	427.00	Interest Expense on Long Term Debt	\$ 360,489			A-3a
2		Remove Interest Expense from Revenue Req.		(360,489)		
3		Total			\$ -	

Universal Natural Gas, LLC
Federal Income Taxes
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1		Federal Income Taxes	\$ -			
2	409.00	Federal Income Taxes as Calculated		420,004		
3		As Adjusted			\$ 420,004	
4		Calculation of Federal Income Taxes				
5		Total Rate Base	\$ 20,972,919			B-1
6		Rate of Return	9.51%			F-1
7		Return	1,994,525			
8		Less: Debt Portion of Return	(414,509)			F-1
9		Equity Return	1,580,016			
10		Federal Income Tax Rate	21.00%			
11		Federal Income Tax Rate before Gross Up	331,803			
12		Gross-Up of Federal Income Taxes	88,201			
13		Total Federal Income Taxes	\$ 420,004			

Universal Natural Gas, LLC
Taxes Other than Federal Income Taxes
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(a)	(b)	(c)	(d)	(e)
1		Universal Natural Gas is requesting recovery of Property and Gross Margin Taxes through the Tax Rider.				
2	408.10	Test Year Other Taxes	\$ 68,517			A-2-1
3		Remove Taxes included in Tax Rider		(68,517)		
4		Property and Gross Margin Taxes As Adjusted			\$ -	

Universal Natural Gas, LLC
 Misc. Services Fees Adjustment
 Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	488.00	Misc. Service Revenues	\$ 329,071			A-2-1
2		Misc. Service Tariff Consolidation		45,702		
3		Total			\$ 374,773	
4		Note: See Schedule A-1 for adjustment by Misc. Fee type.				

Universal Natural Gas, LLC
Remove Other Sales
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Rate Class / Item	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1		Sales for Resale				
2	483.00	Test Year Sales for Resale	\$ (756)			A-2-1
3		Remove from Test Year		756		
4		As Adjusted			\$ -	

Universal Natural Gas, LLC
 Billing Expense Annualization Adjustment
 Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	903.00	Records and Collection Expense				
2		5003 · Credit Check - New Customers	\$ 11,794			WP A-2-23D
3		6250 · Postage and Billing Supplies	97,255			WP A-2-23D
4		Customer Annualization Adjustments		5,645		
5		Billing Expenses as Adjusted			\$ 114,694	
6		Number of Bills, Test Year Proxy *	198,733			WP A-2-13D
7		Number of Bills, End of Test Year Proxy	209,020			WP A-2-13D
8		Increase/(Decrease) - Absolute	10,287			
9		Increase/(Decrease) - Relative	5%			
10		* Proxy based on actual customer counts				

Universal Natural Gas, LLC
Adjusted Uncollectible Expense
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	904.00	Test Year Bad Debt Expense	\$ 2,439			A-2-1
2		Increase in Revenues - Incl. Cost of Gas		15.50%		A
3		Adjustment to Bad Debt Expense		\$ 369		
4		Bad Debt Expense as Adjusted			\$ 2,808	

Universal Natural Gas, LLC
Meter Reading Expense Adjustment
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	902.00	Test Year Meter Reading Expense	\$ 295,666			A-2-1
2		Remove Test Year Expense		(295,666)		
3		Estimated AMR Reading Expense		20,000		
4		Meter Reading Expense as Adjusted			\$ 20,000	

Universal Natural Gas, LLC
Miscellaneous Expense Adjustments
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	930.20	Meals and Entertainment	\$ 2,828			WP A-2-26D
2		Remove from Revenue Requirement		(2,828)		
3		As Adjusted			\$ -	
4	930.20	Late filing penalty - 2018 Franchise Taxes	1,576			WP A-2-26D
5		Remove from Revenue Requirement		(1,576)		
6		As Adjusted			\$ -	

Universal Natural Gas, LLC
Organizational Startup Costs Adjustment
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	930.20	Enertex Startup Costs in Test Year	\$ 87,976			
2		Transfer Startup Costs		\$ (87,976)		
3		Total			\$ -	
4		Note: See schedule B-2-2. Startup costs are included in Account 303.				

Universal Natural Gas, LLC
Trial Balance - Income Statement Accounts
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year				
			Shared Services	LDC-Level	Total	As	
			Dr./ (Cr.)	Dr./ (Cr.)	Dr./ (Cr.)	Adjustment	Adjusted
	(a)	(b)	(c)	(d)	(e)	(d)	(e)
1	403.00	Depreciation Expense	\$ -	\$ 808,524	\$ 808,524	\$ 114,152	\$ 922,676
2	404.00	Amortization Expense	-	3,266	3,266	-	3,266
3	408.10	Taxes Other than Income Taxes	-	68,517	68,517	101,259	169,776
4	409.00	Income Taxes	-	-	-	420,004	420,004
5	415.00	Revenues from Merchandising, Jobbing and	-	(295,141)	(295,141)	295,141	-
6	416.00	Costs and Expenses from Merchandising, Jol	-	460,272	460,272	(460,272)	-
7	419.00	Interest and Dividend Income	-	(698)	(698)	698	-
8	420.00	Investment Tax Credits	-	-	-	-	-
9	421.00	Misc. Non-Operating Income	-	-	-	-	-
10	426.00	Other Deductions	-	-	-	-	-
11	427.00	Interest on Long-Term Debt	-	360,489	360,489	(360,489)	-
12	430.00	Interest on Debt to Associated Companies	-	-	-	-	-
13	431.00	Other Interest Expense	-	-	-	-	-
14	434.00	Extraordinary Income	-	-	-	-	-
15	480.00	Residential Sales	-	(5,053,411)	(5,053,411)	(735,785)	(5,789,196)
16	481.00	Commercial and Industrial Sales	-	(417,626)	(417,626)	(51,775)	(469,401)
17	480.10	Residential Sales - GCA	-	(5,226,782)	(5,226,782)	5,226,782	-
18	481.10	Commercial and Industrial Sales - GCA	-	91,562	91,562	(91,562)	-
19	483.00	Sales for Resale	-	756	756	(756)	-
20	487.00	Forfeited Discounts	-	(57,345)	(57,345)	57,345	-
21	488.00	Misc. Service Revenues	-	(329,071)	(329,071)	(45,702)	(374,773)
22	804.00	Natural Gas City Gate Purchases	-	2,658,481	2,658,481	(2,658,481)	-
23	874.00	Mains and Services Expenses	-	562,254	562,254	40,580	602,834
24	877.00	Measuring and Regulating Station Expenses	-	54,043	54,043	-	54,043
25	878.00	Meter and House Regulator Expenses	-	74,951	74,951	-	74,951
26	880.00	Other Expenses	-	9,599	9,599	-	9,599
27	887.00	Maintenance of Mains	-	7,808	7,808	-	7,808
28	892.00	Maintenance of Service	-	16,628	16,628	-	16,628
29	894.00	Maintenance of Other Equipment	-	-	-	-	-
30	902.00	Meter Reading Expenses	-	295,666	295,666	(275,666)	20,000
31	903.00	Customer Records and Collections Expenses	126,058	109,104	235,162	18,292	253,454
32	904.00	Uncollectible Accounts	-	2,439	2,439	369	2,808
33	909.00	Informational and Instructional Advertising I	-	6,250	6,250	-	6,250
34	920.00	Administrative and General Salaries	1,712,038	8,437	1,720,475	734,491	2,454,966
35	921.00	Office Supplies and Expenses	242,186	16,669	258,855	(40,755)	218,100
36	923.00	Outside Services Employed	76,659	185,252	261,911	1,917	263,828
37	924.00	Property Insurance	163,527	21	163,548	(21,273)	142,275
38	926.00	Employee Pensions and Benefits	211,604	(2,885)	208,719	(88,712)	120,007
39	927.00	Franchise Taxes	-	39,957	39,957	-	39,957
40	928.00	Regulatory Commission Expenses	93,485	3,316	96,801	(71,185)	25,616
41	930.20	Misc. General Expenses	-	93,780	93,780	16,344	110,124
42	931.00	Rents	150,590	33,600	184,190	159,319	343,509
43		Total	\$ 2,776,147	\$ (5,411,318)	\$ (2,635,171)	\$ 2,284,280	\$ (350,891)

Universal Natural Gas, LLC
Trial Balance - Balance Sheet Accounts
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description	Test Year per Books
	(a)	(b)	(c)
1	107.00	Construction Work in Progress	\$ 923,816
2	108.00	Accumulated Depreciation	(6,273,930)
3	131.00	Cash	100
4	135.00	Working Funds	1,278,237
5	141.00	Notes Receivable	15,016
6	142.00	Customer Accounts Receivable	618,453
7	154.00	Materials and Supplies	11,035
8	165.00	Prepays	60,000
9	174.00	Misc. Current and Accrued Assets	2,975
10	186.00	Misc. Deferred Debits	75,375
11	232.00	Accounts Payable	(354,782)
12	235.00	Customer Deposits	(531,902)
13	236.00	Taxes Accrued	(43,157)
14	241.00	Tax Collections Payable	(200)
15	242.00	Misc. Current and Accrued Liabilities	(101,137)
16	252.00	Customer Advances for Construction	(2,431,740)
17	253.00	Other Deferred Credits	(34,774)
18	302.00	Franchises and Consents	76,315
19	303.00	Misc. Intangible Plant	41,919
20	376.00	Mains	17,962,549
21	374.00	Land and Land Rights	1,038,317
22	378.00	Measuring and Regulating Station Equipment - Gen.	1,669,671
23	380.00	Services	2,488,341
24	381.00	Meters	4,360,569
25	383.00	House Regulators	777,478
26	391.00	Office Furniture and Equipment	183,615
27	396.00	Power Operated Equipment	49,859
28	397.00	Communication Equipment	13,100
29	398.00	Misc. Equipment	190,142
30		Total	\$ 22,065,260
31		Note: See Schedule B for proposed adjustments to Rate Base Accounts	

Universal Natural Gas, LLC
Operations & Maintenance and Administrative and General Expenses by Account by Month
Test Year Ended June 30, 2020

Line No.	FERC Account	Account Description													Consolidation/ Audit	Total		Adjusted
			July 2019	August 2019	September 2019	October 2019	November 2019	December 2019	January 2020	February 2020	March 2020	April 2020	May 2020	June 2020	Adj.	Test Year	Adjustments	Balances
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)
1	874	Mains & Service Expenses	\$ 47,254	\$ 56,645	\$ 46,713	\$ 64,954	\$ 98,548	\$ 120,842	\$ 117,711	\$ 103,220	\$ 105,832	\$ 78,779	\$ 71,189	\$ 69,655	\$ (419,089)	\$ 562,254	\$ 40,580	\$ 602,834
2	877	Measuring and regulating station expenses	1,900	6,369	2,468	3,869	11,867	5,259	4,000	7,127	3,159	3,845	1,615	2,564	-	54,043	-	54,043
3	878	Meter & House Regulator Expense	1,024	6,226	7,411	9,625	4,936	7,574	6,064	2,543	4,310	5,960	8,373	10,906	-	74,951	-	74,951
4	880	Other expenses - Fuel	921	1,114	890	1,128	957	890	747	309	680	366	675	923	-	9,599	-	9,599
5	892	Maintenance of Services	1,366	5,678	110	1,292	-	400	658	1,219	1,799	879	1,587	1,641	-	16,628	-	16,628
6	902	Meter Reading Expenses	23,543	23,706	23,834	24,060	24,296	24,512	24,716	24,914	25,175	25,476	25,634	25,803	-	295,666	(275,666)	20,000
7	903	Customer Records & Collections	22,278	19,158	17,439	19,050	18,984	21,345	19,468	18,936	20,170	23,294	15,332	19,709	-	235,162	18,292	253,454
8	904	Bad Debt Expense	879	410	124	(327)	-	547	(32)	464	-	-	373	1	-	2,439	369	2,808
9	909	Informational and instructional advertising expenses	-	-	-	-	-	-	6,250	-	-	-	-	-	-	6,250	-	6,250
10	920	Administrative and general salaries	121,285	121,285	120,932	120,932	120,932	120,932	166,467	175,199	137,273	182,018	156,563	176,659	-	1,720,475	734,491	2,454,966
11	921	Office Supplies & Expense	16,959	12,441	12,715	23,375	29,447	18,054	22,775	29,630	22,630	17,359	21,275	32,195	-	258,855	(40,755)	218,100
12	923	Outside services employed	4,205	17,863	23,825	20,379	5,821	4,951	36,157	16,136	54,408	13,351	25,857	15,668	23,291	261,911	1,917	263,828
13	924	Property Insurance	5,779	11,030	11,378	11,358	14,295	19,684	13,620	15,705	13,907	19,530	13,630	13,630	-	163,548	(21,273)	142,275
14	926	Employee pensions and benefits	15,335	15,602	15,602	14,696	19,332	15,938	22,982	19,236	16,697	17,168	17,101	19,030	-	208,719	(88,712)	120,007
15	927	Franchise Tax	515	-	5,814	-	-	42,249	-	-	-	300	-	-	(8,921)	39,957	-	39,957
16	928	Regulatory Commission Expense	2,020	206	4,161	1,872	2,237	1,450	2,748	21,216	15,482	29,778	67,104	15,725	(67,197)	96,801	(71,185)	25,616
17	931	Rents	14,472	14,510	14,510	14,510	14,510	14,510	17,056	15,987	16,111	16,058	16,058	15,901	-	184,190	159,319	343,509
18		Total	\$ 279,734	\$ 312,242	\$ 307,926	\$ 330,771	\$ 366,160	\$ 419,136	\$ 461,385	\$ 451,841	\$ 437,633	\$ 434,160	\$ 442,364	\$ 420,009	\$ (471,917)	\$ 4,191,448	\$ 457,376	\$ 4,648,824

19 Note: Expense shown by month before consolidating adjustments which eliminate transactions between affiliates. Consolidating adjustments are made during preparation of the financial statements and are applied on an annual basis. These adjustments are shown in Column (o). Adjustments for
20 rounding differences between entity-level and consolidated trial balances not shown.

Universal Natural Gas, LLC
Summary of Invested Capital - Rate Base
Test Year Ended June 30, 2020

Line No.	Description	Historical Test Year per Books, Unadjusted	Test Year-End Adjustments	Known and Measurable Adjustments	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	Intangible Plant	\$ 118,234		\$ 182,039	\$ 300,273	B-2
2	Distribution Plant	28,296,925		-	28,296,925	B-2
3	General Plant	436,716		1,305,812	1,742,528	B-2
4	Gross Plant in Service	28,851,875	-	1,487,851	30,339,726	
5	Net Depreciation and Amortization Reserves	(6,222,126)	-	(1,234,178)	(6,839,215)	B-3
6	Net Plant in Service	22,629,749	-	253,673	23,500,511	
7	Storage Gas	-		-	-	
8	Materials and Supplies Inventory	271,289		76,996	348,285	E-3
9	Prepayments	89,731		9,544	99,275	E-3
10	Cash Working Capital (Note 1)	-		-	-	
11	Customer Deposits	531,902		(19,748)	512,154	E-4
12	Customer Advances for Construction	2,431,740		31,258	2,462,998	E-4
13	Deferred Income Taxes	-		-	-	
14	Total Rate Base	<u>\$ 20,027,126</u>	<u>\$ -</u>	<u>\$ 328,704</u>	<u>\$ 20,972,919</u>	
15	Rate of Return				9.51%	F-1
16	Return on Investment				\$ 1,994,525	
17	Note 1: Universal Natural Gas has not performed a lead-lag study and is requesting \$0 cash working capital.					

Universal Natural Gas, LLC
Adjustments to Plant in Service
Test Year Ended June 30, 2020

Line No.	Account	Description	Historical Test Year per Books, Unadjusted	Test Year-End Adjustments	Known and Measurable Adjustments	As Adjusted
	(a)	(b)	(c)	(d)	(e)	(f)
1	301.00	Organization	\$ -	\$ -	\$ -	\$ -
2	302.00	Franchises and Consents	76,315	-	-	76,315
3	303.00	Misc. Intangible Plant	41,919	-	182,039	223,958
4		Subtotal: Intangible Plant	118,234	-	182,039	300,273
5	374.00	Land and Land Rights	1,038,317	-	-	1,038,317
6	376.00	Mains	17,962,549	-	-	17,962,549
7	378.00	Measure & Regulator Station - General	1,669,671	-	-	1,669,671
8	380.00	Services	2,488,341	-	-	2,488,341
9	381.00	Meters	4,360,569	-	-	4,360,569
10	383.00	House Regulators	777,478	-	-	777,478
11		Subtotal: Distribution Plant	28,296,925	-	-	28,296,925
12	389.00	Land and Land Rights	-	-	-	-
13	390.00	Structures and Improvements	-	-	165,839	165,839
14	391.00	Office Furniture & Equipment	183,615	-	469,506	653,121
15	392.00	Transportation Equipment	-	-	572,231	572,231
16	394.00	Tools, Shop and Garage	-	-	147,977	147,977
17	396.00	Power Operated Equipment	49,859	-	-	49,859
18	397.00	Communication Equipment	13,100	-	(13,100)	-
19	398.00	Misc. Equip	190,142	-	(36,640)	153,502
20		Subtotal: General Plant	436,716	-	1,305,812	1,742,528
21		Total Plant in Service	28,851,875	-	1,487,851	30,339,726

22 Note: Plant booked in Accounts 304 and 367 have been assigned to 303 and 376 respectively.

Universal Natural Gas, LLC
Common Plant Allocation
Test Year Ended June 30, 2020

Line No.	Account	Description	Historical Test Year per Books, Unadjusted	Test Year-End Adjustments	Known and Measurable Adjustments	As Adjusted
	(a)	(b)	(c)	(d)	(e)	(f)
1	389	Land and Land Rights	\$ -	\$ -	\$ -	\$ -
2	390	Structures and Improvements	-	-	165,839	165,839
3	391	Office Furniture & Equipment	183,615	-	565,489	749,104
4	392	Transportation Equipment	-	-	572,231	572,231
5	394	Tools, Shop and Garage	-	-	147,977	147,977
6	396	Power Operated Equipment	49,859	-	-	49,859
7	397	Communication Equipment	13,100	-	-	13,100
8	398	Misc. Equip	190,142	-	-	190,142
9		Subtotal: General Plant	436,716	-	1,451,536	1,888,252
10		Total Plant in Service	436,716	-	1,451,536	1,888,252
11						
12		Common Plant Accumulated Depr.	(6,222,126)	-	(617,089)	(6,839,215)
13		Net Common Allocated Plant	\$ (5,785,410)	\$ -	\$ 834,447	\$ 834,447

Universal Natural Gas, LLC
Startup Costs
Test Year Ended June 30, 2020

Line No.	Account	Description	As Adjusted	Reference
	(a)	(b)	(c)	(d)
1	303	Startup costs removed from 930.2	\$ 87,976	A-2-27

Universal Natural Gas, LLC
Adjustments to Per Books Plant and Accumulated Depreciation
Test Year Ended June 30, 2020

Line No.	Account	Description	Adjustment
	(a)	(b)	(c)
1	303	Transfer Billing Software from Acct. 391	\$ 94,063
2	391	Account 391 Adjustments	
3		Transfer Billing Software to Acct. 391	(94,063)
4		Retire Billing & Intuit Software	(22,256)
5		Retire Non-Capital Investment	(1,085)
6		Transfer Furniture from Acct. 398	21,420
7		Total Account 391 Adjustments	(95,984)
8	397	Account 397 Adjustments	
9		Computer Assets Adjustment	(3,100)
10		Retire Telephone System	(10,000)
11		Total Account 397 Adjustments	(13,100)
12	398	Account 398 Adjustments	
13		Transfer Furniture to Acct. 391	(21,420)
14		Retire Fully Depreciated Assets	(15,220)
15		Total Account 398 Adjustments	(36,640)
16		Total Misc. Plant Adjustments	(51,660)
17	108	Retire Billing Software	(22,256)
18		Retire Non-Capital Investment	(1,085)
19		Computer Assets Adjustment	(3,100)
20		Retire Telephone System	(10,000)
21		Retire Fully Depreciated Assets	(15,220)
22		Tie-out adjustment to Fixed Asset Report	(144)
23		Total Adjustment to Accum. Depreciation	\$ (51,804)

Universal Natural Gas, LLC
Accumulated Depreciation and Amortization
Test Year Ended June 30, 2020

Line No.	Account	Description	Test Year As Adjusted Balance (Note 1)	Test Year-End Adjustments	Known and Measurable Adjustments	As Adjusted
	(a)	(b)	(c)	(d)	(e)	(f)
1	108.00	Accumulated Amortization	\$ -	\$ -	\$ -	\$ -
2	301.00	Organization	-	-	-	-
3	302.00	Franchises and Consents	23,327	-	-	23,327
4	303.00	Misc. Intangible Plant	94,063	-	-	94,063
5		Subtotal: Intangible Plant	117,390	-	-	117,390
6	374.00	Land and Land Rights	41,576	-	-	41,576
7	376.00	Mains	3,012,026	-	-	3,012,026
8	378.00	Measure & Regulator Station - General	442,339	-	-	442,339
9	380.00	Services	821,812	-	-	821,812
10	381.00	Meters	1,138,498	-	-	1,138,498
11	381.10	Meters - AMR	137,403	-	-	137,403
12	383.00	House Regulators	237,514	-	-	237,514
13		Subtotal: Distribution Plant	5,831,166	-	-	5,831,166
14	389.00	Land and Land Rights	-	-	-	-
15	390.00	Structures and Improvements	-	-	70,503	70,503
16	391.00	Office Furniture & Equipment	70,208	-	240,406	310,614
17	392.00	Transportation Equipment	-	-	243,272	243,272
18	394.00	Tools, Shop and Garage	-	-	62,909	62,909
19	396.00	Power Operated Equipment	49,859	-	-	49,859
20	397.00	Communication Equipment	-	-	-	-
21	398.00	Misc. Equip	153,502	-	-	153,502
22		Subtotal: General Plant	273,570	-	617,089	890,659
23		Total Accumulated Depreciation	6,222,126	-	1,234,178	6,839,215
24		Total Depreciation and Amortization	\$ 6,222,126	\$ -	\$ 1,234,178	\$ 6,839,215

25 Note 1: Values from Mr. Dane A. Watson. Column (c) includes adjustment presented on B-2-3.

Universal Natural Gas, LLC
Allocation of Plant in Service to System
Test Year Ended June 30, 2020

Line No.	Account	Description	Historical Test Year per Books, Unadjusted	Percentage Allocation to System	Known and Measurable Adjustments	As Adjusted
	(a)	(b)	(c)	(d)	(e)	(f)
1	301	Organization	\$ -	100%	\$ -	\$ -
2	302	Franchises and Consents	76,315	100%	-	76,315
3	303	Misc. Intangible Plant	41,919	100%	182,039	223,958
4		Subtotal: Intangible Plant	118,234		182,039	300,273
5	374	Land and Land Rights	1,038,317	100%	-	1,038,317
6	376	Mains	17,962,549	100%	-	17,962,549
7	378	Measure & Regulator Station - General	1,669,671	100%	-	1,669,671
8	380	Services	2,488,341	100%	-	2,488,341
9	381	Meters	4,360,569	100%	-	4,360,569
10	383	House Regulators	777,478	100%	-	777,478
11		Subtotal: Distribution Plant	28,296,925		-	28,296,925
12	389	Land and Land Rights	-	100%	-	-
13	391	Office Furniture & Equipment	183,615	100%	469,506	653,121
14	392	Transportation Equipment	-	100%	572,231	572,231
15	394	Tools, Shop and Garage	-	100%	147,977	147,977
16	396	Power Operated Equipment	49,859	100%	-	49,859
17	397	Communication Equipment	13,100	100%	(13,100)	-
18	398	Misc. Equip	190,142	100%	(36,640)	153,502
19		Subtotal: General Plant	436,716		1,139,973	1,576,689
20		Total Plant in Service	28,851,875		1,322,012	30,173,887

Universal Natural Gas, LLC
Unadjusted Cost of Plant in Service by Period
Test Year Ended June 30, 2020

Line No.	FERC Acct.	Account Description	July 2019	August 2019	September 2019	October 2019	November 2019	December 2019	January 2020	February 2020	March 2020	April 2020	May 2020	June 2020	Consolidating/ Audit Adjustments	June 2020 Consolidated
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(l)	(m)	(n)	
1	301	Organization	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125	\$ -	\$ 125	\$ 125	\$ 125	\$ 125	\$ 125	\$ (125)	\$ -
2	302	Franchises and Consents	-	-	-	-	-	-	-	18,251	22,251	36,419	69,292	76,315	-	76,315
3	303	Misc. Intangible Plant	41,919	41,919	41,919	41,919	41,919	41,919	41,919	41,919	41,919	41,919	41,919	41,919	-	41,919
4		Subtotal: Intangible Plant	42,044	42,044	42,044	42,044	42,044	42,044	41,919	60,295	64,295	78,463	111,336	118,359	(125)	118,234
5	374	Land and Land Rights	-	-	-	-	-	-	-	-	-	-	-	-	1,038,317	1,038,317
6	376	Mains	19,080,828	19,348,582	19,521,209	19,824,535	20,305,099	20,305,099	21,108,605	21,290,023	21,506,279	21,726,371	21,868,269	22,120,561	(4,158,012)	17,962,549
7	378	Measure & Regulator Station - General	-	-	-	-	-	-	-	-	-	-	-	-	1,669,671	1,669,671
8	380	Services	-	-	-	-	-	-	-	-	-	-	-	-	2,488,341	2,488,341
9	381	Meters	3,447,824	3,596,352	3,644,426	4,316,868	4,371,774	4,371,774	4,194,227	4,426,321	4,654,793	4,873,771	5,022,978	5,138,044	(777,475)	4,360,569
10	383	House Regulators	-	-	-	-	-	-	-	-	-	-	-	-	777,478	777,478
11		Subtotal: Distribution Plant	22,528,652	22,944,935	23,165,635	24,141,403	24,676,872	24,676,872	25,302,832	25,716,344	26,161,072	26,600,142	26,891,247	27,258,606	1,038,320	28,296,925
12	389	Land and Land Rights	158,608	158,608	233,620	258,620	258,620	258,620	517,871	617,871	818,591	993,650	1,038,317	1,038,317	(1,038,317)	-
13	391	Office Furniture & Equipment	185,765	185,765	185,765	185,765	185,765	185,765	185,765	185,765	185,765	185,765	185,765	185,765	(2,150)	183,615
14	392	Transportation Equipment	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	(4,000)	-
15	394	Tools, Shop and Garage	4,517	4,517	4,517	4,517	4,517	4,517	4,517	4,517	4,517	4,517	4,517	4,517	(4,517)	-
16	396	Power Operated Equipment	49,859	49,859	49,859	49,859	49,859	49,859	49,859	49,859	49,859	49,859	49,859	49,859	-	49,859
17	397	Communication Equipment	13,100	13,100	13,100	13,100	13,100	13,100	13,100	13,100	13,100	13,100	13,100	13,100	-	13,100
18	398	Misc. Equip	190,142	190,142	190,142	190,142	190,142	190,142	190,142	190,142	190,142	190,142	190,142	190,142	-	190,142
19		Subtotal: General Plant	605,990	605,990	681,002	706,002	706,002	706,002	965,253	1,065,253	1,265,973	1,441,032	1,485,699	1,485,699	(1,048,984)	436,716
20		Total Plant in Service	<u>\$23,176,686</u>	<u>\$23,592,968</u>	<u>\$23,888,681</u>	<u>\$24,889,449</u>	<u>\$25,424,918</u>	<u>\$25,424,918</u>	<u>\$26,310,004</u>	<u>\$26,841,892</u>	<u>\$27,491,341</u>	<u>\$28,119,638</u>	<u>\$28,488,282</u>	<u>\$28,862,663</u>	<u>\$ (10,789)</u>	<u>\$ 28,851,875</u>

Universal Natural Gas, LLC
Rule 7.5212 Affidavit
Test Year Ended June 30, 2020

No CWIP is included in Rate Base

Universal Natural Gas, LLC
Asset Accounts, Capital Accounts, and Other Information Required by Rule 8.209(j)
Test Year Ended June 30, 2020

Not Applicable

Universal Natural Gas, LLC

Interim Rate Adjustments Established Pursuant to Texas Utilities Code §104.301

Test Year Ended June 30, 2020

Not Applicable

Universal Natural Gas, LLC
Accumulated Depreciation Balances
Test Year Ended June 30, 2020

Line No.	Account	Description	Historical Test Year per Books, Unadjusted	Test Year-End Adjustments	Known and Measurable Adjustments	As Adjusted
	(a)	(b)	(c)	(d)	(e)	(f)

See Schedule B-3 for Accumulated Depreciation Balances

Universal Natural Gas, LLC
Statement Regarding Depreciation Rates
Test Year Ended June 30, 2020

Please see the Direct Testimony of Mr. Dane A. Watson for support of proposed depreciation rates.

Universal Natural Gas, LLC
Cash Working Capital
Test Year Ended June 30, 2020

Universal Natural Gas, LLC has chosen not to include cash working capital in rate base.

Universal Natural Gas, LLC
Sales of Accounts Receivable
Test Year Ended June 30, 2020

Universal Natural Gas, LLC does not sell accounts receivable.

Universal Natural Gas, LLC
Monthly Balances of Materials and Supplies and Prepayments
Test Year Ended June 30, 2020

Line No.	Time Period	Materials and Supplies	Prepayments
	(a)	(b)	(c)
1	June 2019	\$ 338,458	\$ 58,554
2	July 2019	286,773	49,482
3	Aug 2019	392,193	38,959
4	Sept 2019	359,979	40,929
5	Oct 2019	336,747	33,291
6	Nov 2019	299,570	147,525
7	Dec 2019	439,847	166,637
8	Jan 2020	409,773	150,680
9	Feb 2020	395,684	139,130
10	Mar 2020	380,359	125,754
11	April 2020	285,262	139,506
12	May 2020	331,767	110,395
13	June 2020	271,289	89,731
14	13 - Month Average	348,285	99,275
15	Adjustment to June 2020 Balance	76,996	9,544
16	Total to include in Rate Base	348,285	99,275

Universal Natural Gas, LLC
Monthly Balances of Customer Deposits and Construction Advances
Test Year Ended June 30, 2020

Line No.	Time Period	235	252
		Customer Deposits	Advances
	(a)	(b)	(c)
1	June 2019	\$ 501,292	\$ 2,182,115
2	July 2019	508,148	2,514,125
3	Aug 2019	486,442	2,528,712
4	Sept 2019	487,565	2,528,558
5	Oct 2019	505,724	2,573,970
6	Nov 2019	505,286	2,573,970
7	Dec 2019	505,286	2,573,970
8	Jan 2020	509,677	2,475,279
9	Feb 2020	517,700	2,451,620
10	Mar 2020	527,034	2,394,942
11	April 2020	535,207	2,394,942
12	May 2020	536,736	2,395,028
13	June 2020	531,902	2,431,740
14	13-Month Average	512,154	2,462,998
15	Adjustment to June 2020 Balance	(19,748)	31,258
16	Total to include in Rate Base	512,154	2,462,998

Universal Natural Gas, LLC
Proposed Weighted Average Cost of Capital
Test Year Ended June 30, 2020

Line No.	Capital Component	Percent of Total	Component Cost	Weighted Cost	Reference
	(a)	(b)	(c)	(d)	(e)
1	Debt	37.24%	5.31%	1.98%	F-4
2	Preferred			0.00%	
3	Common Equity	62.76%	12.00%	7.53%	F-2
4	Total	100.00%		9.51%	

Universal Natural Gas, LLC
Common Stock and Cost of Equity Capital
Test Year Ended June 30, 2020

**Line
No.**

- 1 At June 30, 2020, the consolidated balance sheet of Centric Gas Services, LLC and Subsidiaries reflected Members' Equity of \$28,398,098.
- 2
- 3 Centric is requesting a rate of return on equity of 12.0%, which is supported in the Direct Testimony of Dr. Bruce A. Fairchild.
- 4 Workpapers supporting Dr. Bruce A. Fairchild's testimony are provided separately.

Universal Natural Gas, LLC
Preferred Stock
Test Year Ended June 30, 2020

Line No.	Company	Embedded Cost of Preferred Stock
	(a)	(b)
1	Not Applicable.	

Universal Natural Gas, LLC
Long-Term and Short-Term Debt
Test Year Ended June 30, 2020

Line No.	Company	Embedded Cost of Debt	Debt Amount	Annual Interest Expense
	(a)	(b)	(c)	(d)
1	5-year Bank Loan	\$ 16,863,000	5.29%	\$ 892,053
2	Unamortized Debt Costs	(10,334)		-
3	Amortization of Debt Costs	-		2,352
4	Total	<u>16,852,666</u>		<u>894,405</u>
5	Average Cost of Debt		<u>5.31%</u>	

6 Note: At June 30, 2020, Centric Gas Services owed \$1,090,206 under a line of credit with a bank. The line of credit extends
7 through March 2025 and carries a variable interest rate of LIBOR plus an applicable margin. The line of credit is intended to be
8 used to finance construction and working capital requirements.

Universal Natural Gas, LLC
Form 10-K and 10-Q
Test Year Ended June 30, 2020

-
- 1 Please see the Direct Testimony of Mr. J. Ross Buttermore.

Universal Natural Gas, LLC
Payroll Information by Month
Test Year Ended June 30, 2020

Line No.	Time Period	Total Utility Regular Payroll	Total Utility Overtime Payroll	Total Utility Other Payroll	Total Utility Payroll	Total Number of Employees
	(a)	(b)	(c)	(d)	(e)	(f)
1	July 2019	\$ 191,357	\$ 13,271	\$ -	\$ 204,629	33
2	August 2019	179,547	15,777	-	195,324	33
3	September 2019	182,995	11,130	-	194,125	32
4	October 2019	186,076	12,333	-	198,409	34
5	November 2019	282,474	22,518	-	304,992	34
6	December 2019	183,319	11,744	107,034	302,097	34
7	January 2020	225,241	6,704	-	231,945	38
8	February 2020	223,928	12,256	-	236,184	37
9	March 2020	220,549	12,952	186,000	419,501	37
10	April 2020	229,894	10,165	-	240,058	39
11	May 2020	354,004	17,572	-	371,576	39
12	June 2020	234,174	10,499	-	244,673	40
13	Test Year Total	<u>2,693,558</u>	<u>156,921</u>	<u>293,034</u>	<u>3,143,513</u>	
14	July 2018 - June 2019	2,630,643	127,425	222,232	2,980,300	31
15	July 2017 - June 2018	2,180,837	108,795	233,900	2,523,531	31
16	July 2016 - June 2017	1,965,228	109,643	408,000	2,482,871	25

17 Note: Payroll above is from Texas Gas and allocated between the Transcos and LDCs. During the test year, 92% of 2019 expense and 89%
18 of of 2020 expenses were allocated to the LDCs. Please see WP Shared Services for 2019 and 2020 allocation of costs.
19

Universal Natural Gas, LLC
Distribution of Payroll Costs
Test Year Ended June 30, 2020

Line No.	Time Period	Total Payroll Charged to Expense	Total Payroll Charged to Capital Accts.	Total Payroll Charged to Clearing Accts.	Total Company Payroll
	(a)	(b)	(c)	(d)	(e)
1	July 2019	\$ 131,179	\$ 93,378	\$ -	\$ 224,557
2	August 2019	131,179	93,378	-	224,557
3	September 2019	130,797	93,760	-	224,557
4	October 2019	130,797	111,677	-	242,474
5	November 2019	130,797	111,677	-	242,474
6	December 2019	130,797	111,677	-	242,474
7	January 2020	186,725	139,021	-	325,746
8	February 2020	196,520	136,818	-	333,338
9	March 2020	153,978	139,701	-	293,679
10	April 2020	204,169	139,184	-	343,352
11	May 2020	143,465	143,465	-	286,929
12	June 2020	198,157	144,505	-	342,663
13	Test Year Total	<u>\$ 1,868,561</u>	<u>\$ 1,458,240</u>	<u>\$ -</u>	<u>\$ 3,326,801</u>
14	July 2018 - June 2019	1,963,214	560,269	-	\$ 2,523,482
15	July 2017 - June 2018	2,523,531	-	-	2,523,531
16	July 2016 - June 2017	2,482,871	-	-	2,482,871

17 Note: Payroll above is from Texas Gas and allocated between the Transcos and LDCs. During the test year, 92% of 2019 expense and 89%
18 of of 2020 expenses were allocated to the LDCs. Please see WP Shared Services for 2019 and 2020 allocation of costs.
19

Universal Natural Gas, LLC
Non-Standard Payroll Costs to Employees
Test Year Ended June 30, 2020

Line No.	Time Period	Standby Pay	Catastrophic Leave	Rest, Jury, Severance & Other	Bonuses	Total Other Payments to Employees
	(a)	(b)	(c)	(d)	(e)	(f)
1	July 2019	\$ -	\$ -	\$ -	\$ -	\$ -
2	August 2019	-	-	-	-	-
3	September 2019	-	-	-	-	-
4	October 2019	-	-	-	-	-
5	November 2019	-	-	-	-	-
6	December 2019	-	-	-	107,034	107,034
7	January 2020	-	-	-	-	-
8	February 2020	-	-	-	-	-
9	March 2020	-	-	-	186,000	186,000
10	April 2020	-	-	-	-	-
11	May 2020	-	-	-	-	-
12	June 2020	-	-	-	-	-
13	Test Year Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 293,034</u>	<u>\$ 293,034</u>
14	July 2018 - June 2019	\$ -	\$ -	\$ -	222,232	\$ 222,232
15	July 2017 - June 2018	-	-	-	233,900	233,900
16	July 2016 - June 2017	-	-	-	408,000	408,000

17 Note: Payroll above is from Texas Gas and allocated between the Transcos and LDCs. During the test year, 92% of 2019 expense and 89%
18 of of 2020 expenses were allocated to the LDCs. Please see WP Shared Services for 2019 and 2020 allocation of costs.
19

Universal Natural Gas, LLC
Bad Debt Expense
Test Year Ended June 30, 2020

Please see Schedule A-2-24 for adjustments related to bad debts.

Universal Natural Gas, LLC
Advertising Expense
Test Year Ended June 30, 2020

Universal Natural Gas, LLC did not incur any advertising expense during the Test Year.

Universal Natural Gas, LLC
Contributions, Donations & Dues
Test Year Ended June 30, 2020

Universal Natural Gas, LLC did not incur any contributions, donations or dues expense during the Test Year.

Universal Natural Gas, LLC
Legislative or Lobbying Costs
Test Year Ended June 30, 2020

Universal Natural Gas, LLC did not incur any legislative or lobbying expense during the Test Year.

Universal Natural Gas, LLC
Penalties and Fines
Test Year Ended June 30, 2020

Universal Natural Gas, LLC did not incur any penalties or fines expense during the Test Year.

Note 1: The above do not include rate case expenses that were originally written to Account 923 but were removed as a part of the Audit process.

Note 2: Adjustment is related to the reallocation of 2019 expense using the 2020 CAM percentages. See Schedule A-2-2.

Note 3: Office landscaping, cleaning, and communications services not included in the above. See Shared Services worksheet for Test Year expenses.

Universal Natural Gas, LLC
 Miscellaneous General Expenses - Account 930.2
 Test Year Ended June 30, 2020

Line No.	FERC Acct.	Description of Goods/Service Received	Test Year per Books	Adjustment	As Adjusted	Reference
	(a)	(b)	(c)	(d)	(e)	(f)
1	930.20	Misc. General Expenses				
2		Accounting	\$ 1,400	\$ -	\$ 1,400	
3		Travel and Entertainment: Meals	2,828	(2,828)	-	A-2-26
4		Penalties paid for late filing of 2018 franchise taxes	1,576	(1,576)	-	A-2-26
5		Organizational Startup Costs	87,976	(87,976)	-	A-2-27
6		Total	\$ 93,780	\$ (92,380)	\$ 1,400	

Universal Natural Gas, LLC
Regulatory Commission Expenses - Account 928
Test Year Ended June 30, 2020

Line No.	Description of Goods / Services Received	Test Year Amount per Books	Adjustments	Adjusted Amount
	(c)	(d)	(e)	(f)
1	Regulatory Compliance Exp.	\$ 96,751	\$ (71,185)	\$ 25,566
2	Licenses and Permits	50		50
3	Total	\$ 96,801	\$ (71,185)	\$ 25,616

Universal Natural Gas, LLC
Lost and Unaccounted for Gas
Test Year Ended June 30, 2020

Line No.	Time Period	Gas Purchased (Mcf)	Gas Sales (Mcf)	(Gain) / Loss (Mcf)	(Gain) / Loss Percentage
	(a)	(b)	(c)	(d)	(e)
1	July 2019	33,372	36,797	(3,425)	
2	August 2019	32,540	31,976	565	
3	September 2019	34,683	33,607	1,076	
4	October 2019	59,397	57,249	2,147	
5	November 2019	139,995	134,499	5,496	
6	December 2019	178,768	182,699	(3,931)	
7	January 2020	179,625	168,435	11,190	
8	February 2020	181,046	182,868	(1,822)	
9	March 2020	78,490	74,340	4,150	
10	April 2020	66,358	72,520	(6,162)	
11	May 2020	51,678	47,402	4,276	
12	June 2020	40,281	42,498	(2,217)	
13	Line Cuts/Damage	31,369	31,067	302	
14	Test Year Total	1,107,602	1,095,957	11,645	1.05%
15	June 2019 Total	1,086,378	1,063,499	22,879	2.11%
16	June 2018 Total	970,137	954,417	15,720	1.62%
17	June 2017 Total	645,096	633,725	11,372	1.76%

Universal Natural Gas, LLC
FERC Uniform System of Accounts Affidavit
Test Year Ended June 30, 2020

**Line
No.**

See the Direct Testimony of Mr. J. Ross Buttermore

Universal Natural Gas, LLC
Federal Income Taxes
Test Year Ended June 30, 2020

Line No.	Account	Description	Amount
	(a)	(b)	(c)
1		Rate Base	\$ 20,972,919
2		Rate of Return	9.51%
3		Return on Investment	1,994,525
4		Rate Base	20,972,919
5		Weighted Average Cost of Debt	1.98%
6		Interest Expense	415,264
7		After-Tax Income (Return less Interest Expense)	1,579,261
8		Tax Factor (21% / (1 - 21%))	26.58%
9		Requested Federal Income Taxes	\$ 419,768

Universal Natural Gas, LLC
Reconciliation of FIT Timing Differences
Test Year Ended June 30, 2020

**Line
No.**

1 Universal Natural Gas, LLC does not have any deferred tax balance and no timing differences exist.

Universal Natural Gas, LLC
Accumulated Tax Deferrals
Test Year Ended June 30, 2020

Line No.	Time Period	Beginning Balance	Additions	Retirements	Ending Balance
	(a)	(b)	(c)	(d)	(e)
1	January 2018	\$ -	\$ -	\$ -	\$ -
2	February 2018	-	-	-	-
3	March 2018	-	-	-	-
4	April 2018	-	-	-	-
5	May 2018	-	-	-	-
6	June 2018	-	-	-	-
7	July 2018	-	-	-	-
8	August 2018	-	-	-	-
9	September 2018	-	-	-	-
10	October 2018	-	-	-	-
11	November 2018	-	-	-	-
12	December 2018	-	-	-	-
13	Average Balance	\$ -	\$ -	\$ -	\$ -

14 Universal Natural Gas, LLC does not have any deferred tax balance and no timing differences exist.

Universal Natural Gas, LLC
Provision for Deferred Federal Income Tax
Test Year Ended June 30, 2020

Line No.	Description	Amount Per Books	Tax Basis	Difference	Tax Rate	Net Deferred Taxes
	(a)	(b)	(c)	(d)	(e)	(f)
1	Universal Natural Gas, LLC does not have any deferred tax balance and no timing differences exist.					

Universal Natural Gas, LLC
Taxes Other than Income Taxes per Books
Test Year Ended June 30, 2020

Line No.	Account	Description	Historical Test Year per Books, Unadjusted
	(a)	(b)	(c)
1	408.10	Property Tax Expense	\$ 68,537
2	408.10	Payroll Taxes	-
3	408.10	Gas Utility Tax	(20)
4	408.10	Sales Tax	-
5		Total	\$ 68,517

6 Note: Gross Margin Tax is not paid at the Utility Level. Test Year payroll tax was booked to FERC Account 920 and is
7 transferred to Account 408 in Schedule A-2-6.

Universal Natural Gas, LLC
Adjusted Taxes Other than Income Taxes
Test Year Ended June 30, 2020

Line No.	Description	Per Book	Proposed Adjustments	Proforma Amount	Reference
	(a)	(b)	(c)	(d)	(e)
1	Property Tax Expense	68,537	\$ (68,537)	\$ -	A-2-20
2	Payroll Tax Expense	-	169,776	169,776	A-2-6
3	Gas Utility Tax	(20)	20	-	A-2-20
4	Sales Tax Expense	-	-	-	
5	Total	\$ 68,517	\$ 101,259	\$ 169,776	

Universal Natural Gas, LLC
Ad Valorem Tax Expense
Test Year Ended June 30, 2020

Line No.	Date of Assessment	Date Paid	Total Utility Plant in Service	Property Taxes (based on prior year Assessment)	Effective Tax Rate
	(a)	(b)	(c)	(d)	(e)
1	Universal Natural Gas, LLC is proposing recovery of ad valorem taxes through the Tax Rider.				

Universal Natural Gas, LLC
Affiliates With Which There Are Transactions
Test Year Ended June 30, 2020

Line No.	Affiliate Name	Description	Services Provided by the Affiliate to the Utility	Services Provided by the Utility to the Affiliate
	(a)	(b)	(c)	(d)
	Centric Gas Services, LLC.	Centric provides management and oversight to the LDCs making up the consolidated group. Expenses are limited to payments for debt held at Centric, board payments and allocated regulatory consultant expense. Centric is the parent entity of Texas Gas Utility Services. Please see direct testimony of Mr. Robert S. Barnwell IV.	Management	None
	Texas Gas Utility Services, Inc.	Texas Gas Utility Services provides management, operations and maintenance, billing, and administrative and general services to the LDC group. Please see direct testimony of Mr. Robert S. Barnwell IV.	Management and Operations	None
	1486 Pipeline	Provides transportation services to LDCs. Please see direct testimony of Mr. Robert S. Barnwell IV.	Transportation Services	None
	Hooks Pipeline	Provides transportation services to LDCs. Please see direct testimony of Mr. Robert S. Barnwell IV.	Transportation Services	None
	Texas Gas Pipeline Company	Provides transportation services to LDCs. Please see direct testimony of Mr. Robert S. Barnwell IV.	Transportation Services	None
	Mr. Robert Barnwell III	Mr. Barnwell owns an office space which rents space to Texas Gas Utility Services for use as a field office and is allocated to the LDCs. Mr. Barnwell is also an owner of Centric. Please see direct testimony of Mr. Robert S. Barnwell IV.	Rental of Field Office	None
	BCX	Gas purchasing services for LDCs. Please see direct testimony of Mr. Robert S. Barnwell IV.	Marketing Company	None
	Janix Energy Services	Gas purchasing services for LDCs. Please see direct testimony of Mr. Robert S. Barnwell IV.	Marketing Company	None

Universal Natural Gas, LLC
Organization Chart
Test Year Ended June 30, 2020

**Line
No.**

1

Please see the Direct Testimony of Mr. Robert S. Barnwell IV.

Universal Natural Gas, LLC
Charges by Affiliates
Test Year Ended June 30, 2020

Line No.	Account	Description	Test Year per Books
	(a)	(b)	(c)
1		Texas Gas Utility Services, Inc.	
2	903.00	Customer Records and Collection Expenses	\$ 126,058
3	920.00	Administrative and General Salaries	1,712,038
4	921.00	Office Supplies and Expenses	242,186
5	923.00	Outside Services Employed	76,659
6	924.00	Property Insurance	163,527
7	926.00	Employee Pensions and Benefits	211,604
8	928.00	Regulatory Commission Expenses	93,485
9	931.00	Rents	150,590
10		Total Texas Gas Utility Services, Inc.	2,776,147
11		Centric Gas Services	
12	923.00	Board Fees	63,985
13	928.00	Regulatory Consultant Costs	54,482
14		Total Centric Gas Services	\$ 118,467
15		Note: Test year cost of gas includes tariffed rates from affiliated transportation pipelines as well as	
16		affiliate marketing fees. See the Direct Testimony of Mr. Robert S. Barnwell IV.	

Universal Natural Gas, LLC
Affiliate Expenses by Account
Test Year Ended June 30, 2020

Line No.	Account	Texas Gas Utility Services Amount	Centric Gas Services Amount	Total per Books Expense	Pro-Forma Adjustments	Pro-Forma Amount
	(a)	(b)	(c)	(d)	(e)	(f)
1	408.10	\$ -	\$ -	\$ -	\$ 169,776	\$ 169,776
2	903.00	126,058	-	126,058	12,647	138,705
3	920.00	1,712,038	-	1,712,038	734,491	2,446,529
4	921.00	242,186	-	242,186	(40,755)	201,431
5	923.00	76,659	63,985	140,643	1,917	142,560
6	924.00	163,527	-	163,527	(21,273)	142,254
7	926.00	211,604	-	211,604	(88,712)	122,892
8	928.00	93,485	54,482	147,968	(71,185)	76,782
9	930.20	-	-	-	108,724	108,724
10	931.00	150,590	-	150,590	159,319	309,909
11	Total	\$ 2,776,147	\$ 118,467	\$ 2,894,614	\$ 964,948	\$ 3,859,562

12 Note: See Schedule A-2-2 through A-2-12 for summary of adjustments to affiliate expenses.

Universal Natural Gas, LLC
Cost Allocation Manual (CAM)
Test Year Ended June 30, 2020

**Line
No.**

1

See the Direct Testimony of Mr. J. Ross Buttermore for a copy of the proposed Cost Allocation Manual.

Universal Natural Gas, LLC

Burden of Proof for Transactions with Affiliates (Texas Utilities Code §104.055)

Test Year Ended June 30, 2020

**Line
No.**

1 See the Direct Testimony of Mr. Robert S. Barnwell IV for discussion of the affiliate transactions burden of proof.

Universal Natural Gas, LLC
Class Cost of Service Study
Test Year Ended June 30, 2020

Line No.	Account	Description	Factor	Factor Description	Total	Residential		Commercial	
						Customer	Capacity	Customer	Capacity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1		Plant in Service							
2	301.00	Organization	PIS-O	Other Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ -
3	302.00	Franchises and Consents	PIS-O	Other Plant in Service	76,315	45,810	23,945	5,041	1,519
4	303.00	Misc. Intangible Plant	PIS-O	Other Plant in Service	223,958	134,437	70,270	14,794	4,458
5	374.00	Land and Land Rights	ADD	Average Day Demand	1,038,317	-	935,431	-	102,886
6	376.00	Mains	Min-Sys	Minimum System	17,962,549	9,709,592	6,820,219	1,067,938	364,801
7	378.00	Measure & Regulator Station - General	ADD	Average Day Demand	1,669,671	-	1,504,224	-	165,447
8	379.00	Measure & Regulator Station - City Gates	ADD	Average Day Demand	-	-	-	-	-
9	380.00	Services	CUST-W	Weighted Customers	2,488,341	2,238,751	-	249,590	-
10	381.00	Meters	CUST-W	Weighted Customers	4,360,569	3,923,187	-	437,382	-
11	383.00	House Regulators	OMAG	O&M and A&G Expenses	777,478	491,195	228,276	45,666	12,340
12	389.00	Land	OMAG	O&M and A&G Expenses	-	-	-	-	-
13	390.00	Structures and Improvements	OMAG	O&M and A&G Expenses	165,839	104,774	48,692	9,741	2,632
14	391.00	Office Furniture & Equipment	OMAG	O&M and A&G Expenses	653,121	412,629	191,764	38,362	10,367
15	392.00	Transportation Equipment	OMAG	O&M and A&G Expenses	572,231	361,524	168,013	33,610	9,083
16	394.00	Tools, Shop and Garage	OMAG	O&M and A&G Expenses	147,977	93,489	43,448	8,692	2,349
17	396.00	Power Operated Equipment	OMAG	O&M and A&G Expenses	49,859	31,500	14,639	2,929	791
18	397.00	Communication Equipment	OMAG	O&M and A&G Expenses	-	-	-	-	-
19	398.00	Miscellaneous Equipment	OMAG	O&M and A&G Expenses	153,502	96,980	45,070	9,016	2,436
20		Total Plant in Service			30,339,726	17,643,868	10,093,991	1,922,759	679,109
21		Accumulated Depreciation and Amortization							
22	108.00	Accumulated Amortization	PIS-O	Other Plant in Service	-	-	-	-	-
23	301.00	Organization	PIS-O	Other Plant in Service	-	-	-	-	-
24	302.00	Franchises and Consents	PIS-O	Other Plant in Service	23,327	14,003	7,319	1,541	464
25	303.00	Misc. Intangible Plant	PIS-O	Other Plant in Service	94,063	56,464	29,513	6,213	1,872
26	374.00	Land and Land Rights	ADD	Average Day Demand	41,576	-	37,456	-	4,120
27	376.00	Mains	Min-Sys	Minimum System	3,012,026	1,628,140	1,143,639	179,076	61,171
28	378.00	Measure & Regulator Station - General	ADD	Average Day Demand	442,339	-	398,508	-	43,831
29	379.00	Measure & Regulator Station - City Gates	ADD	Average Day Demand	-	-	-	-	-
30	380.00	Services	CUST-W	Weighted Customers	821,812	739,381	-	82,431	-
31	381.00	Meters	CUST-W	Weighted Customers	1,138,498	1,024,302	-	114,196	-
32	383.00	House Regulators	OMAG	O&M and A&G Expenses	237,514	150,056	69,737	13,951	3,770
33	389.00	Land	OMAG	O&M and A&G Expenses	-	-	-	-	-
34	390.00	Structures and Improvements	OMAG	O&M and A&G Expenses	70,503	44,542	20,700	4,141	1,119
35	391.00	Office Furniture & Equipment	OMAG	O&M and A&G Expenses	310,614	196,240	91,200	18,244	4,930
36	392.00	Transportation Equipment	OMAG	O&M and A&G Expenses	243,272	153,694	71,427	14,289	3,861
37	394.00	Tools, Shop and Garage	OMAG	O&M and A&G Expenses	62,909	39,745	18,471	3,695	999
38	396.00	Power Operated Equipment	OMAG	O&M and A&G Expenses	49,859	31,500	14,639	2,929	791
39	397.00	Communication Equipment	OMAG	O&M and A&G Expenses	-	-	-	-	-
40	398.00	Miscellaneous Equipment	OMAG	O&M and A&G Expenses	153,502	96,980	45,070	9,016	2,436

Universal Natural Gas, LLC
Class Cost of Service Study
Test Year Ended June 30, 2020

Line No.	Account	Description	Factor	Factor Description	Total	Residential		Commercial	
						Customer	Capacity	Customer	Capacity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
41		Total Accumulated Depreciation			\$ 6,701,812	\$ 4,175,047	\$ 1,947,679	\$ 449,721	\$ 129,365
42		Materials and Supplies Inventory	OMAG	O&M and A&G Expenses	348,285	220,039	102,260	20,457	5,528
		Prepayments	OMAG	O&M and A&G Expenses	99,275	62,720	29,148	5,831	1,576
43		Total Working Capital			447,560	282,759	131,409	26,288	7,104
44		Non-Investor Supplied Capital							
45		Customer Deposits	CUST-W	Weighted Customers	512,154	460,783	-	51,371	-
		Customer Advances	PIS	Plant in Service	2,462,998	1,431,879	819,903	156,025	55,191
46		Total Non-Investor Supplied Capital			2,975,151	1,892,662	819,903	207,396	55,191
47		RATE BASE			21,110,323	11,858,919	7,457,817	1,291,930	501,656
48		Operation and Maintenance Expenses							
49	874.00	Mains and Services Expenses	PIS-M&S	Mains and Services Plant in Service	602,834	352,203	201,041	38,837	10,753
50	877.00	Measuring and Regulator Stat. Expense	PIS-M&S	Mains and Services Plant in Service	54,043	31,574	18,023	3,482	964
51	878.00	Meter and House Reg. Expense	PIS-M&S	Mains and Services Plant in Service	74,951	43,790	24,996	4,829	1,337
52	880.00	Other Expenses - Fuel	PIS-M&S	Mains and Services Plant in Service	9,599	5,608	3,201	618	171
53	887.00	Maintenance of Mains	PIS-M&S	Mains and Services Plant in Service	7,808	4,562	2,604	503	139
54	892.00	Maintenance of Services	PIS-M&S	Mains and Services Plant in Service	16,628	9,715	5,545	1,071	297
55	920.00	Salaries - Operations	PIS-M&S	Mains and Services Plant in Service	605,156	353,560	201,815	38,987	10,795
56	920.00	Salaries - Operations Mgmt.	PIS-M&S	Mains and Services Plant in Service	717,530	419,214	239,291	46,226	12,799
57		Total O&M Expense			2,088,549	1,220,226	696,516	134,553	37,255
58		Administrative and General Expenses							
59	902.00	Meter Reading Expense	CUST	Number of Customers	20,000	19,690	-	310	-
60	903.00	Customer Records and Collection Expenses	CUST	Number of Customers	253,454	249,530	-	3,924	-
61	904.00	Uncollectible Accounts	CUST	Number of Customers	2,808	2,765	-	43	-
62	909.00	Informational and instructional Advertising Exps	CUST	Number of Customers	6,250	6,153	-	97	-
63	920.00	Salaries - Billing	CUST	Number of Customers	167,358	164,767	-	2,591	-
64	920.00	Salaries - Administration and Accounting	OMAG	O&M and A&G Expenses	303,087	191,484	88,990	17,802	4,811
65	920.00	Salaries - Regulatory and Integrity Mgmt.	REGINTEG	Regulatory Integrity	143,831	86,338	45,129	9,501	2,863
66	920.00	Salaries - Executive	OMAG	O&M and A&G Expenses	518,004	327,265	152,092	30,425	8,222
67	921.00	Office Supplies and Expenses	TOT-OM	Total O & M Expense	218,100	127,424	72,735	14,051	3,890
68	923.00	Outside Services Employed	TOT-OM	Total O & M Expense	263,828	154,140	87,985	16,997	4,706
69	924.00	Property Insurance	TOT-OM	Total O & M Expense	142,275	83,123	47,448	9,166	2,538
70	926.00	Employee Pensions and Benefits	Payroll	Payroll	120,007	75,409	35,554	7,114	1,930
71	927.00	Franchise Tax	PIS	Plant in Service	39,957	23,229	13,301	2,531	895
72	928.00	Regulatory Commission Expenses	TOT-OM	Total O & M Expense	25,616	14,966	8,543	1,650	457
73	930.10	General advertising expense	TOT-OM	Total O & M Expense	-	-	-	-	-
74	930.20	Miscellaneous General Expense	TOT-OM	Total O & M Expense	110,124	64,340	36,726	7,095	1,964

Universal Natural Gas, LLC
Class Cost of Service Study
Test Year Ended June 30, 2020

Line No.	Account	Description	Factor	Factor Description	Total	Residential		Commercial	
						Customer	Capacity	Customer	Capacity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
75	931.00	Rents	TOT-OM	Total O & M Expense	\$ 343,509	\$ 200,693	\$ 114,558	\$ 22,130	\$ 6,127
76		Total Administrative and General Expenses			2,678,207	1,791,318	703,058	145,426	38,405
77		TOTAL O&M AND A&G EXPENSES			4,766,757	3,011,544	1,399,573	279,979	75,660
78		Depreciation and Amortization Expenses							
79	301.00	Organization	PIS-O	Other Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ -
80	302.00	Franchises and Consents	PIS-O	Other Plant in Service	\$ 822	\$ 493	\$ 258	\$ 54	\$ 16
81	303.00	Misc. Intangible Plant	PIS-O	Other Plant in Service	\$ 3,942	\$ 2,366	\$ 1,237	\$ 260	\$ 78
82	374.00	Land and Land Rights	ADD	Average Day Demand	\$ 30,086	\$ -	\$ 27,105	\$ -	\$ 2,981
83	376.00	Mains	Min-Sys	Minimum System	\$ 400,099	\$ 216,272	\$ 151,914	\$ 23,787	\$ 8,126
84	378.00	Measure & Regulator Station - General	ADD	Average Day Demand	\$ 41,333	\$ -	\$ 37,237	\$ -	\$ 4,096
85	379.00	Measure & Regulator Station - City Gates	ADD	Average Day Demand	\$ -	\$ -	\$ -	\$ -	\$ -
86	380.00	Services	CUST-W	Weighted Customers	\$ 50,666	\$ 45,584	\$ -	\$ 5,082	\$ -
87	381.00	Meters	CUST-W	Weighted Customers	\$ 198,603	\$ 178,682	\$ -	\$ 19,921	\$ -
88	383.00	House Regulators	OMAG	O&M and A&G Expenses	\$ 20,829	\$ 13,159	\$ 6,116	\$ 1,223	\$ 331
89	389.00	Land	OMAG	O&M and A&G Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
90	390.00	Structures and Improvements	OMAG	O&M and A&G Expenses	\$ 23,698	\$ 14,972	\$ 6,958	\$ 1,392	\$ 376
91	391.00	Office Furniture & Equipment	OMAG	O&M and A&G Expenses	\$ 60,930	\$ 38,495	\$ 17,890	\$ 3,579	\$ 967
92	392.00	Transportation Equipment	OMAG	O&M and A&G Expenses	\$ 81,772	\$ 51,662	\$ 24,009	\$ 4,803	\$ 1,298
93	394.00	Tools, Shop and Garage	OMAG	O&M and A&G Expenses	\$ 21,146	\$ 13,360	\$ 6,209	\$ 1,242	\$ 336
94	396.00	Power Operated Equipment	OMAG	O&M and A&G Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
95	397.00	Communication Equipment	OMAG	O&M and A&G Expenses	\$ 6,140	\$ 3,879	\$ 1,803	\$ 361	\$ 97
96	398.00	Miscellaneous Equipment	OMAG	O&M and A&G Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
98		Amortization	OMAG	O&M and A&G Expenses	\$ (14,124)	\$ (8,923)	\$ (4,147)	\$ (830)	\$ (224)
99		TOTAL DEPRECIATION AND AMORTIZATION EXPENSE			925,942	570,001	276,588	60,875	18,478
100		Taxes Other than Income							
101		Payroll Taxes	Payroll	Payroll	\$ 169,776	\$ 106,682	\$ 50,298	\$ 10,064	\$ 2,731
102		Total Taxes Other than Income			169,776	106,682	50,298	10,064	2,731
103		Return on Investment	RB	Rate Base	\$ 1,994,525	\$ 1,120,443	\$ 704,622	\$ 122,063	\$ 47,397
104		Income Taxes	RB	Rate Base	\$ 420,004	\$ 235,941	\$ 148,378	\$ 25,704	\$ 9,981
105		Interest on Customer Deposits	CUST-W	Weighted Customers	\$ -	\$ -	\$ -	\$ -	\$ -
106		Other Income	RR	Revenue Requirement	\$ (374,773)	\$ (228,414)	\$ (116,795)	\$ (22,580)	\$ (6,984)
107		Forfeited Discounts	RR	Revenue Requirement	\$ -	\$ -	\$ -	\$ -	\$ -
108		TOTAL REVENUE REQUIREMENT			\$ 7,902,230	\$ 4,816,198	\$ 2,462,665	\$ 476,105	\$ 147,263

Universal Natural Gas, LLC
Rate Design
Test Year Ended June 30, 2020

Line No.	Description	Residential Customers	Commercial Customers	Total
	(a)	(b)	(c)	(d)
1	Proposed Cost of Service by Customer Class			
2	Class Cost of Service	\$ 7,278,863	\$ 623,368	\$ 7,902,230
3	Adjustment to Calculated COS	-	-	-
4	As Adjusted Cost of Service	7,278,863	623,368	7,902,230
5	Normalized Revenues	\$ 5,789,196	\$ 469,401	\$ 6,258,597
6	Revenue Change - Absolute Excl. Gas	1,489,667	153,967	1,643,634
7	Revenue Change - Relative Excl. Gas	26%	33%	26%
	Proposed Rates	Customer Charge	Volumetric Charge (/Mcf)	
8	Residential Customers			
9	Proposed Charge	\$ 22.50	\$ 3.07	
10	Billing Determinants	205,595	862,817	
11	Total Revenues	\$ 4,625,893	\$ 2,652,970	
12	General Small Commercial			
13	Proposed Charge	\$ 45.00	\$ 2.65	
14	Billing Determinants	3,017	66,374	
15	Total Revenues	\$ 135,751	\$ 175,947	
16	General Mid Commercial			
17	Proposed Charge	\$ 350.00	\$ 2.22	
18	Billing Determinants	408	76,018	
19	Total Revenues	\$ 142,836	\$ 168,834	
20	General Mid-Large Commercial			
21	Proposed Charge	\$ 500.00	\$ 2.08	
22	Billing Determinants	-	-	
23	Total Revenues	\$ -	\$ -	
24	General Large Commercial			
25	Proposed Charge	\$ 750.00	\$ 1.36	
26	Billing Determinants	-	-	
27	Total Revenues	\$ -	\$ -	

Universal Natural Gas, LLC
Rate Impacts
Test Year Ended June 30, 2020

Line No.	Description/Usage Level	Current Rate	Proposed Rate	Increase Absolute	Increase Relative
	(a)	(b)	(c)	(d)	(e)
1	UniGas Customers				
2	Residential				
3	Customer Charge (per Bill)	\$ 12.00	\$ 22.50	\$ 10.50	88%
4	Volumetric Charge (per Mcf)	2.42	3.07	0.65	27%
5	General Small Commercial				
6	Customer Charge (per Bill)	\$ 25.00	\$ 45.00	\$ 20.00	80%
7	Volumetric Charge (per Mcf)	2.42	2.65	0.23	10%
8	General Mid Commercial				
9	Customer Charge (per Bill)	\$ 25.00	\$ 350.00	\$ 325.00	1300%
10	Volumetric Charge (per Mcf)	2.42	2.22	(0.20)	-8%
11	General Mid-Large Commercial				
12	Customer Charge (per Bill)	\$ 25.00	\$ 500.00	\$ 475.00	1900%
13	Volumetric Charge (per Mcf)	2.42	2.08	(0.34)	-14%
14	General Large Commercial				
15	Customer Charge (per Bill)	\$ 25.00	\$ 750.00	\$ 725.00	2900%
16	Volumetric Charge (per Mcf)	2.42	1.36	(1.06)	-44%
14	School (Note 1)				
17	Customer Charge (per Bill)	\$ 25.00	\$ 350.00	\$ 325.00	1300%
18	Volumetric Charge (per Mcf)	2.28	2.22	(0.06)	-3%
19	Gas Energy Customers				
20	Residential				
21	Customer Charge (per Bill)	\$ 13.68	\$ 22.50	\$ 8.82	64%
22	Volumetric Charge (per Mcf)	5.53	3.07	(2.46)	-44%
23	General Small Commercial				
24	Customer Charge (per Bill)	\$ 21.05	\$ 45.00	\$ 23.95	114%
25	Volumetric Charge (per Mcf)	5.53	2.65	(2.88)	-52%
26	General Mid Commercial				
27	Customer Charge (per Bill)	\$ 21.05	\$ 350.00	\$ 328.95	1563%
28	Volumetric Charge (per Mcf)	5.53	2.22	(3.31)	-60%
29	General Mid-Large Commercial				
30	Customer Charge (per Bill)	\$ 21.05	\$ 500.00	\$ 478.95	2275%
31	Volumetric Charge (per Mcf)	5.53	2.08	(3.45)	-62%
32	General Large Commercial				
33	Customer Charge (per Bill)	\$ 21.05	\$ 750.00	\$ 728.95	3463%
34	Volumetric Charge (per Mcf)	5.53	1.36	(4.17)	-75%
35	Consumers Customers				
36	Residential				
37	Customer Charge (per Bill)	\$ 13.00	\$ 22.50	\$ 9.50	73%
38	Volumetric Charge (per Mcf)	3.55	3.07	(0.48)	-13%
39	General Small Commercial				
40	Customer Charge (per Bill)	\$ 20.00	\$ 45.00	\$ 25.00	125%
41	Volumetric Charge (per Mcf)	4.00	2.65	(1.35)	-34%
42	General Mid Commercial				
43	Customer Charge (per Bill)	\$ 20.00	\$ 350.00	\$ 330.00	1650%

Universal Natural Gas, LLC
Rate Impacts
Test Year Ended June 30, 2020

Line No.	Description/Usage Level	Current Rate	Proposed Rate	Increase Absolute	Increase Relative
	(a)	(b)	(c)	(d)	(e)
44	Volumetric Charge (per Mcf)	4.00	2.22	(1.78)	-44%
45	General Mid-Large Commercial				
46	Customer Charge (per Bill)	\$ 20.00	\$ 500.00	\$ 480.00	2400%
47	Volumetric Charge (per Mcf)	4.00	2.08	(1.92)	-48%
48	General Large Commercial				
49	Customer Charge (per Bill)	\$ 20.00	\$ 750.00	\$ 730.00	3650%
50	Volumetric Charge (per Mcf)	4.00	1.36	(2.64)	-66%
51	Enertex Customers				
52	Residential				
53	Customer Charge (per Bill)	\$ 22.50	\$ 22.50	\$ -	0%
54	Volumetric Charge (per Mcf)	4.75	3.07	(1.68)	-35%
55	General Small Commercial				
56	Customer Charge (per Bill)	\$ 45.00	\$ 45.00	\$ -	0%
57	Volumetric Charge (per Mcf)	1.85	2.65	0.80	43%
58	General Mid Commercial				
59	Customer Charge (per Bill)	\$ 350.00	\$ 350.00	\$ -	0%
60	Volumetric Charge (per Mcf)	1.55	2.22	0.67	43%
61	General Mid-Large Commercial				
62	Customer Charge (per Bill)	\$ 500.00	\$ 500.00	\$ -	0%
63	Volumetric Charge (per Mcf)	1.45	2.08	0.63	43%
64	General Large Commercial				
65	Customer Charge (per Bill)	\$ 750.00	\$ 750.00	\$ -	0%
66	Volumetric Charge (per Mcf)	0.95	1.36	0.41	43%
67	Note 1: Assumes School customers are transferred to the General Mid Commercial class. Actual Impact will depend on usage.				

Universal Natural Gas, LLC
Bill Impacts at Average Usage - Excluding Gas
Test Year Ended June 30, 2020

Line No.	Description/Usage Level	Current Bill	Proposed Bill	Increase Absolute	Increase Relative
	(a)	(b)	(c)	(d)	(e)
1	UniGas Customers				
2	Residential - 4.2 Mcf	\$ 22.16	\$ 35.41	\$ 13.25	60%
3	General Small - 22.0 Mcf	78.24	103.32	25.08	32%
4	General Mid - 186.3 Mcf	475.85	763.77	287.92	61%
5	School - 247.4 Mcf	590.11	899.47	309.36	52%
6	Gas Energy Customers				
7	Residential - 4.2 Mcf	\$ 36.91	\$ 35.41	\$ (1.49)	-4%
8	General Small - 22.0 Mcf	142.71	103.32	(39.39)	-28%
9	General Mid - 186.3 Mcf	1,051.29	763.77	(287.52)	-27%
10	Consumers Customers				
11	Residential - 4.2 Mcf	\$ 27.91	\$ 35.41	\$ 7.50	27%
12	General Small - 22.0 Mcf	108.00	103.32	(4.68)	-4%
13	General Mid - 186.3 Mcf	765.20	763.77	(1.43)	0%
14	Enertex Customers				
15	Residential				
16	Residential - 4.2 Mcf	\$ 42.45	\$ 35.41	\$ (7.04)	-17%
17	General Small - 22.0 Mcf	85.70	103.32	17.62	21%
18	General Mid - 186.3 Mcf	638.77	763.77	125.00	20%
19	Note: As of the end of the test year, no customers of the LDCs would qualify for service under Commercial Mid-Large or Large				
20	customer classes, therefore no bill impacts are shown.				

Universal Natural Gas, LLC
Bill Impacts at Average Usage - Including Gas at \$2.92 per Mcf
Test Year Ended June 30, 2020

Line No.	Description/Usage Level	Current Bill	Proposed Bill	Increase Absolute	Increase Relative
	(a)	(b)	(c)	(d)	(e)
1	UniGas Customers				
2	Residential - 4.2 Mcf	\$ 34.43	\$ 47.68	\$ 13.25	38%
3	General Small - 22.0 Mcf	142.51	167.59	25.08	18%
4	General Mid - 186.3 Mcf	1,020.08	1,308.01	287.92	28%
5	School - 247.4 Mcf	1,312.84	1,622.20	309.36	24%
6	Gas Energy Customers				
7	Residential - 4.2 Mcf	\$ 49.18	\$ 47.68	\$ (1.49)	-3%
8	General Small - 22.0 Mcf	206.98	167.59	(39.39)	-19%
9	General Mid - 186.3 Mcf	1,595.53	1,308.01	(287.52)	-18%
10	Consumers Customers				
11	Residential - 4.2 Mcf	\$ 40.18	\$ 47.68	\$ 7.50	19%
12	General Small - 22.0 Mcf	172.27	167.59	(4.68)	-3%
13	General Mid - 186.3 Mcf	1,309.44	1,308.01	(1.43)	0%
14	Enertex Customers				
15	Residential				
16	Residential - 4.2 Mcf	\$ 54.72	\$ 47.68	\$ (7.04)	-13%
17	General Small - 22.0 Mcf	149.97	167.59	17.62	12%
18	General Mid - 186.3 Mcf	1,183.00	1,308.01	125.00	11%
19	Note: \$2.92 cost of gas was the average cost of gas during the test year.				

Universal Natural Gas, LLC
Development of Allocation Factors
Test Year Ended June 30, 2020

Line No.	Factor	Description	Total	Residential		Commercial	
				Customer	Capacity	Customer	Capacity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	ADD	Average Day Demand					
2		Test Year Volumes	957,716		862,817		94,899
3		Average Day Demand	2,624	-	2,364	-	260
4		Average Day Demand Allocation Factor	100.00%	0.00%	90.09%	0.00%	9.91%
5	CUST-W	Weighted Customers					
6		Number of Customers	17,402	17,133		269	
7		Weighted Meter Costs	\$ 1,555,953	\$ 1,399,885		\$ 156,068	
8		Weighted Meter Allocation Factor	100.00%	89.97%	0.00%	10.03%	0.00%
9	PIS-O	Other Plant in Service					
10		Accounts 376-383	\$ 27,258,608	\$ 16,362,725	\$ 8,552,720	\$ 1,800,575	\$ 542,588
11		Other Plant in Service Allocation Factor	100.00%	60.03%	31.38%	6.61%	1.99%
12	OMAG	O&M and A&G Expenses					
13		Accounts 870-931	\$ 4,766,757	\$ 3,011,544	\$ 1,399,573	\$ 279,979	\$ 75,660
14		O&M and A&G Expense Allocation Factor	100.00%	63.18%	29.36%	5.87%	1.59%
15	PIS	Plant in Service					
16		Accounts 302-3983	\$ 30,039,453	\$ 17,463,621	\$ 9,999,777	\$ 1,902,924	\$ 673,132
17		Plant in Service Allocation Factor	100.00%	58.14%	33.29%	6.33%	2.24%
18	PIS-M&S	Mains and Services Plant in Service					
19		Accounts 376 and 380	\$ 20,450,890	\$ 11,948,343	\$ 6,820,219	\$ 1,317,528	\$ 364,801
20		M&S Plant Allocation Factor	100.00%	58.42%	33.35%	6.44%	1.78%
21	REGS	Measuring and Regulator Station Plant in Service					
22		Accounts 378-379	\$ 1,038,317	\$ -	\$ 935,431	\$ -	\$ 102,886
23		M&R Station Plant Allocation Factor	100.00%	0.00%	90.09%	0.00%	9.91%
24	CUSTINT	Customer Installations Plant in Service					
25		Accounts 381-383	\$ 5,138,047	\$ 4,414,383	\$ 228,276	\$ 483,047	\$ 12,340

Universal Natural Gas, LLC
Development of Allocation Factors
Test Year Ended June 30, 2020

Line No.	Factor	Description	Total	Residential		Commercial	
				Customer	Capacity	Customer	Capacity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
26		Installations Plant Allocation Factor	100.00%	85.92%	4.44%	9.40%	0.24%
27	OPEX-O	Other Operations Expenses					
28		Accounts 874-879	\$ 602,834	\$ 352,203	\$ 201,041	\$ 38,837	\$ 10,753
29		Other Operations Expenses Allocation Factor	100.00%	58.42%	33.35%	6.44%	1.78%
30	PIS-MAINS	Mains Plant in Service					
31		Account 376	\$ 17,962,549	\$ 9,709,592	\$ 6,820,219	\$ 1,067,938	\$ 364,801
32		Mains Plant in Service Allocation Factor	100.00%	54.05%	37.97%	5.95%	2.03%
33	PIS-SERV	Services Plant in Service					
34		Account 380	\$ 17,962,549	\$ 9,709,592	\$ 6,820,219	\$ 1,067,938	\$ 364,801
35		Services Plant in Service Allocation Factor	100.00%	54.05%	37.97%	5.95%	2.03%
36	PIS-MET	Meters and Regulator Plant in Service					
37		Accounts 381-383	\$ 2,488,341	\$ 2,238,751	\$ -	\$ 249,590	\$ -
38		Meters/Regulator Plant Allocation Factor	100.00%	89.97%	0.00%	10.03%	0.00%
39	MAINTEx	Other Maintenance Expenses					
40		Accounts 887-893					
41		Other Maintenance Expenses Allocation Factor	0.00%	0.00%	0.00%	0.00%	0.00%
42	TOT-OM	Total O & M Expense					
43		Accounts 870-912	\$ 2,088,549	\$ 1,220,226	\$ 696,516	\$ 134,553	\$ 37,255
44		O&M Expenses Allocation Factor	100.00%	58.42%	33.35%	6.44%	1.78%
45	NPIS	Net Plant in Service					
46		Total Plant Less Accum. Depr.	\$ 37,041,539	\$ 21,818,915	\$ 12,041,670	\$ 2,372,479	\$ 808,474
47		Net Plant in Service Allocation Factor	100.00%	58.90%	32.51%	6.40%	2.18%
48	RB	Rate Base					
49		Rate Base	\$ 21,110,323	\$ 11,858,919	\$ 7,457,817	\$ 1,291,930	\$ 501,656
50		Rate Base Allocation Factor	100.00%	56.18%	35.33%	6.12%	2.38%

Universal Natural Gas, LLC
Development of Allocation Factors
Test Year Ended June 30, 2020

Line No.	Factor	Description	Total	Residential		Commercial	
				Customer	Capacity	Customer	Capacity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
51	OMXB	O&M Excluding Billing					
52		FERC Accounts 874-902	\$ 785,863	\$ 467,142	\$ 255,410	\$ 49,650	\$ 13,661
53		Rate Base Allocation Factor	100.00%	59.44%	32.50%	6.32%	1.74%
54	REGINTEG	Regulatory Integrity					
55		Regulatory Integrity	\$ 27,258,608	\$ 16,362,725	\$ 8,552,720	\$ 1,800,575	\$ 542,588
56		Reg. Integ. Allocation Factor	100.00%	60.03%	31.38%	6.61%	1.99%
57	Payroll	Payroll					
58		Payroll - All	\$ 2,454,966	\$ 1,542,629	\$ 727,316	\$ 145,532	\$ 39,490
59		Payroll Allocator	100.00%	62.84%	29.63%	5.93%	1.61%
60	RR	Revenue Requirement					
61		Revenue Requirements	\$ 7,902,230	\$ 4,816,198	\$ 2,462,665	\$ 476,105	\$ 147,263
62		Revenue Requirements Allocation Factor	100.00%	60.95%	31.16%	6.02%	1.86%
63	PEAKDEM	Peak Month Demand					
64		January Demand	183,172		173,872		9,300
65		Revenue Requirements Allocation Factor	100.00%	0.00%	94.92%	0.00%	5.08%
66	PEAK-AVG	Peak-Average Day Demand					
67		Average Day Demand Factor	100.00%	0.00%	90.09%	0.00%	9.91%
68		Peak Month Demand Factor	100.00%	0.00%	94.92%	0.00%	5.08%
69		Peak-Average Day Demand Allocation Factor	100.00%	0.00%	92.51%	0.00%	7.49%
70	CUST	Number of Customers					
71		Number of Customers	17,402	17,133	-	269	-
72		Number of Customers Allocation Factor	100.00%	98.45%	0.00%	1.55%	0.00%
73	Min-Sys	Minimum System					
74		Average Day Demand		90.09%	-	9.91%	-
75		Peak Month Demand Factor		0.00%	94.92%	0.00%	5.08%

Universal Natural Gas, LLC
Development of Allocation Factors
Test Year Ended June 30, 2020

Line No.	Factor	Description	Total	Residential		Commercial	
				Customer	Capacity	Customer	Capacity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
76		Base Usage Factor		60%		60%	
77		Peak Usage Factor			40%		40%
78		Minimum System Allocation Factor	100.0%	54.1%	38.0%	5.9%	2.0%

Universal Natural Gas, LLC
Payroll Allocation Detail
Test Year Ended June 30, 2020

Line No.	Pipe Description	UniGas Shared Expensed	Utility-Level Expensed (Note 1)	Total UniGas Expensed
	(a)	(b)	(c)	(d)
1	Customer Billing	\$ 167,358	\$ -	\$ 167,358
2	Administration and Accounting	303,087	-	303,087
3	Operations	596,719	8,437	605,156
4	Operations Management	717,530	-	717,530
5	Regulatory and Integrity Management	143,831	-	143,831
6	Executive	518,004	-	518,004
7	Total	\$ 2,446,529	\$ 8,437	\$ 2,454,966
8	Note 1: Expense incurred at utility level directly allocated to Operations			

Universal Natural Gas, LLC
Test Year Information by Customer Class
Test Year Ended June 30, 2020

Line No.	Rate / Customer Class	Total Number of Customers at Test Year End	Total Consumption in Mcf	Customer Charge Revenue	Commodity Charge Revenue	PGA Adjustment Revenue	Forfeited Discount Revenues	Total Revenue Excluding Unbilled
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Residential	17,133	780,353	\$ 2,382,948	\$ 2,670,463	\$ 4,403,436	\$ 53,191	\$ 9,510,038
2	Commercial	3,101	88,664	66,825	232,617	500,319	6,852	806,614
3	School	175	41,019	4,221	108,230	231,465		343,916
4	Total	20,409	910,036	\$ 2,453,994	\$ 3,011,310	\$ 5,135,220	\$ 60,043	\$ 10,660,568

5 Note: Totals above do not include annualization or weather normalization. PGA revenues assigned on basis of volumes

EXHIBIT H

**WORKPAPERS
TO
DIRECT TESTIMONY
OF
CHARLES E. LOY**

Workpapers to the Direct Testimony of Charles E. Loy are voluminous and are being provided in electronic format.

The workpapers to the Direct Testimony of Charles E. Loy that are Confidential will be provided pursuant to the Commission's Protective Order in this proceeding.

**WORKPAPERS
TO
DIRECT TESTIMONY
OF
BRUCE H. FAIRCHILD**

Workpapers to the Direct Testimony of Bruce H. Fairchild are voluminous and are being provided in electronic format.

The workpapers to the Direct Testimony of Bruce H. Fairchild that are Confidential will be provided pursuant to the Commission's Protective Order in this proceeding.

**WORKPAPERS
TO
DIRECT TESTIMONY
OF
DANE A. WATSON**

Workpapers to the Direct Testimony of Dane A. Watson are voluminous and are being provided in electronic format.