

CONSERVATION ADJUSTMENT CLAUSE

A. APPLICABILITY

The Conservation Adjustment Clause (CAC) shall apply to all rate schedules of Texas Gas Service Company (Company) in all incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Cedar Park, Kyle, Rollingwood, Sunset Valley and West Lake Hills, Texas. The CAC rate shall be adjusted annually and applied to subsequent usage for each customer class.

B. COMPUTATION OF CAC RATE

The CAC rate for a given year will be separately calculated for each individual customer class according to the following:

$$\text{CAC Rate} = \frac{(\text{BCD} + \text{PYUC}) \text{ or } (\text{BCD} - \text{PYOC})}{\text{NV}}$$

BCD = Budgeted conservation dollars for each individual rate class during the upcoming fiscal year. These dollars will be submitted for the City of Austin's approval 30 days prior to the beginning of the upcoming fiscal year. If no action is taken by the City of Austin within 30 days, the budget will automatically be approved.

PYUC = Accumulated under collection from prior years for each individual rate class, or the actual amount collected in prior years minus the actual amount disbursed in prior years.

PYOC = Accumulated over collection from prior years for each individual rate class, or the actual amount collected in prior years minus the actual amount disbursed in prior years.

NV = Actual volumes from the prior fiscal year (normalized for weather and growth/attrition) listed in Ccf for each rate class.

C. FILING WITH THE CITY OF AUSTIN

The following documents will be filed with the City of Austin:

- a) A schedule indicating the new CAC rates for each of the effected rate classes, to be filed within 30 days of implementation.
- b) An annual report of the prior fiscal year collections and disbursements, to be filed within 90 days of the prior fiscal year end.