

May 5, 2015

To: Ms. Rondella Hawkins  
Telecommunications & Regulatory Affairs Officer  
City of Austin

From: Marilyn J. Fox, Director  
SimplySmart Solutions, LLC

Re: Review and Analysis of Texas Gas Service Gas Reliability Infrastructure Program Rate Filing to the City of Austin dated February 11, 2015

The purpose of this memorandum is to present the results of SimplySmart Solutions, LLC (SSS) review and analysis of Texas Gas Service's (TGS) Gas Reliability Infrastructure Program (GRIP) filing to the City of Austin (COA) dated February 11, 2015. This memorandum discusses the Texas utility statute that governs TGS GRIP filing, TGS GRIP filing schedules and work papers, SSS's review and analysis of the TGS GRIP filing and our findings and conclusions related to our review and analysis.

#### Executive Summary

The 2015 Filing is the 5th TGS GRIP filing. The GRIP statute requires TGS to file a complete rate case no later than November 2016. Since the last GRIP test year, TGS's ownership changed significantly. Prior to January 2014, TGS was an operating division of ONEOK Inc., the corporate holding company of 3 local gas distribution utilities, and sole general partner of ONEOK Partners, L.P. On January 31, 2014, ONEOK separated its natural gas distribution business into a stand-alone publicly-traded company called ONE Gas. ONEOK also transferred assets and liabilities primarily related to its natural gas distribution business to ONE Gas. ONE Gas now consists of Kansas Gas Service, Oklahoma Natural Gas and Texas Gas Service. The Company serves more than 2 million customers in three states, and is a 100 percent regulated, publicly traded, natural gas utility. ONE Gas has its own board of directors and capitalization. Texas Gas Service serves over 600,000 customers in ten service areas. Austin and the surrounding areas are in its Central Texas Service Area (CTX) and includes the cities of Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and Westlake Hills.

The costs incurred by TGS to provide service in CTX are direct cost, divisional cost and corporate costs. As part of the corporate spin off of ONE Gas, some of the assets recorded on ONEOK's books were transferred to ONE Gas. These assets were then allocated down to TGS and the Central Texas Service System. Some of these costs are included in the GRIP filing but resulted in a decrease of \$1,255,160 from the corporate and divisional assets allocated to CTX in the last GRIP filing. The restructuring also allowed ONE Gas to reduce its cost of debt.

Although the restructuring resulted in a reduced cost of debt, the GRIP statute and RRC precedent dictate that the changes be reflected in the next general rate case, not the GRIP filings. The appropriateness of the transferred assets will also be reviewed in the general rate case.

After a complete and thorough review of the GRIP filing, SSS recommends that the COA approve and adopt TGS GRIP schedules and tariffs as submitted to the COA on February 11, 2015. The TGS rates for all customer classes from test years 2008 through 2014 are shown below.

**TEXAS GAS SERVICE COMPANY  
CENTRAL TEXAS SERVICE AREA  
INTERIM COST RECOVERY AND RATE ADJUSTMENT  
TARIFF CHANGES FOR TEST YEARS 2008 THROUGH 2013  
  
CHANGE IN CUSTOMER CHARGE BY CUSTOMER CLASS**

Rate Schedule - Customer Class	COA Approved Customer Charge					TGS Proposed	TGS Proposed
	2008	2010	2011	2012	2013	2014 Interim Adjustment	Customer Charge
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
<u>Gas Sales</u>							
10 - Residential	\$ 9.75	\$ 10.21	\$ 11.33	\$ 12.62	\$ 14.24	\$ 1.04	\$ 15.28
20 - Commercial	\$ 12.75	\$ 14.36	\$ 18.41	\$ 23.23	\$ 29.42	\$ 3.98	\$ 33.40
22 - Large Commercial	\$ 80.00	\$ 97.84	\$ 158.68	\$ 213.67	\$ 285.96	\$ 45.87	\$ 331.83
30 - Industrial	\$ 40.00	\$ 46.26	\$ 64.34	\$ 88.83	\$ 118.27	\$ 20.32	\$ 138.59
32 - Large Industrial	\$ 80.00	\$ 105.10	\$ 166.62	\$ 233.09	\$ 340.29	\$ 90.36	\$ 430.65
40 - Public Authority	\$ 20.00	\$ 22.22	\$ 27.93	\$ 34.14	\$ 42.28	\$ 5.33	\$ 47.61
42 - Large Public Authority	\$ 80.00	\$ 111.13	\$ 186.08	\$ 267.18	\$ 367.35	\$ 63.07	\$ 430.42
48 - Public Schools/Space Heating	\$ 40.00	\$ 46.86	\$ 64.17	\$ 79.58	\$ 98.51	\$ 11.86	\$ 110.37
CNG -1- Compressed Nat. Gas	\$ 25.00	\$ 29.27	\$ 38.94	\$ 45.07	\$ 52.61	\$ 5.13	\$ 57.74
<u>T-1 Standard Transportation</u>							
Commercial	\$ 75.00	\$ 86.38	\$ 113.42	\$ 143.01	\$ 182.21	\$ 24.50	\$ 206.71
Large Commercial	\$ 150.00	\$ 187.03	\$ 278.54	\$ 381.10	\$ 523.31	\$ 90.21	\$ 613.52
Industrial	\$ 80.00	\$ 97.61	\$ 140.33	\$ 190.01	\$ 257.49	\$ 45.47	\$ 302.96
Large Industrial	\$ 150.00	\$ 224.19	\$ 406.02	\$ 512.44	\$ 785.28	\$ 178.05	\$ 963.33
Public Authority	\$ 25.00	\$ 28.16	\$ 34.64	\$ 40.80	\$ 48.94	\$ 5.04	\$ 53.98
Large Public Authority	\$ 100.00	\$ 141.64	\$ 249.69	\$ 352.77	\$ 464.62	\$ 70.73	\$ 535.35
Public Schools/Space Heating	\$ 60.00	\$ 67.03	\$ 84.44	\$ 104.91	\$ 131.29	\$ 17.14	\$ 148.43
CNG -1- Compressed Nat. Gas	\$ 40.00	\$ 41.57	\$ 45.42	\$ 49.92	\$ 55.69	\$ 3.01	\$ 58.70

TGS current GRIP revenue requirement of \$3,696,732 is shown in Table 1 of this memorandum, and includes rate components allowed by Texas utility statutes including return on net plant investment (i.e., TGS Direct, Corporate and TGS Division), federal income tax expense, and other plant related costs including depreciation expense and ad valorem (i.e., property) tax expense for the period January 1,

2014 through December 31, 2014. The primary reason for the increase in TGS GRIP revenue requirement from that approved by the COA in prior GRIP filing relates to the increase in net plant investment (i.e., TGS direct and corporate/division allocated plant in service and completed construction not classified plant) occurring during the period January 1, 2014 through December 31, 2014.

**Table 1 – TGS Central Texas Revenue Requirement (GRIP Schedule 1)**

**TEXAS GAS SERVICE COMPANY  
CENTRAL TEXAS SERVICE AREA  
INTERIM COST RECOVERY AND RATE ADJUSTMENT  
CHANGES FROM JANUARY 1, 2014 THROUGH DECEMBER 31, 2014**

**SUMMARY**

LINE NO.	DESCRIPTION	NET CHANGE THROUGH 12/31/2014	SSS RECOMMENDED 12/31/2014	PROPOSED ADJUSTMENTS
1	Change in Net Investment (Schedule 2, Line 8)	\$25,139,227	\$25,139,227	\$ -
2	Authorized Return Approved in most recent Rate Case* (Schedule 4)	8.400%	8.400%	0.000%
3	Change in Return on Net Investment - (Line 1 times Line 2)	\$2,111,783	\$2,111,783	\$ -
4	Change in Depreciation Expense - (Schedule 3, Line 58)	529,161	529,161	\$ -
5	Change in Ad Valorem Tax (Schedule 5, Line 3)	284,539	284,539	\$ -
6	Change in Federal Income Taxes - (Schedule 6, Line 14)	771,249	771,249	\$ -
7	Total Change in Revenue Requirement	\$3,696,732	\$3,696,732	\$0

The costs associated with TGS plant investment for the central Texas service area are shown in plant investment reports filed by TGS as part of its COA GRIP rate application. The majority of the \$25.1 million of TGS net plant additions during calendar year 2014 relate to transmission, distribution and general plant assets recorded to the following Federal Energy Regulatory Commission (FERC) plant accounts.

**Change in Net Investment 2014**

Total Intangible Plant	\$	(26,663)
Total Transmission Plant	\$	974,874
Total Distribution Plant	\$	20,825,177
Total General Plant	\$	3,155,691
Regulatory Asset	\$	210,147
Total Change in Net Plant and Related Assets	\$	25,139,227

In response to SSS data requests, TGS provided additional narrative descriptions of some of the specific types of direct and corporate/division allocated plant in service and completed construction projects

that benefit central Texas service area customers and the rationale for such expenditures. TGS responses to SSS data requests 1-3 and 1-4 are summarized in Appendix 1 of this memorandum. Appendix 2 compares TGS proposal rates for Residential and Commercial to rates of other Texas gas utilities.

TGS proposes a \$25.1 million increase in net plant investment. A complete list of all changes in TGS direct and allocated TGS net plant investment account balances during calendar year 2014, including the Rule 8.209 Regulatory Asset, are shown in Appendix 3. Rule 8.209 Regulatory Asset had a net change of \$210,147. Inclusion of this regulatory asset in TGS 2015 GRIP filings is appropriate and in accordance with regulatory statutes governing gas utility rates approved by the Railroad Commission of Texas.

All GRIP schedules are mathematically accurate and properly compute TGS central Texas GRIP revenue requirement and associated rate design to customer classes using the rate design methodology approved by the COA in TGS previous central Texas rate filing approved by the COA. Therefore, SSS recommends that City Staff present the new tariffs for the approval by the City Council.

## **Review and Analysis of Texas Gas Service Gas Reliability Infrastructure Program Rate Filing to the City of Austin dated February 11, 2015**

### **Background**

#### **Utility Statute Governing TGS GRIP Filing**

TGS submitted a GRIP filing to the COA on February 11, 2015 requesting interim rate adjustments for increases in return (income) dollars and federal income tax expense resulting from TGS increases in TGS plant investment as well as increases in plant related costs such as depreciation expense and property tax expense. These increases in TGS costs occurred subsequent to TGS most recent 2014 GRIP filing approved by the COA, and represent increases in costs incurred for the period January 1, 2014 through December 31, 2014. This GRIP filing represents TGS's fifth GRIP filing under applicable utility statutes. The Texas Utilities Code (TUC) Section 103.301 titled *Interim Adjustment for Changes in Investment* governs the filing submitted by TGS. TUC §104.301 include the following provisions:

- A gas utility that has filed a rate case under Subchapter C within the preceding two years may file with the regulatory authority a tariff or rate schedule that provides for an interim adjustment in the utility's monthly customer charge or initial block rate to recover the cost of changes in the investment in service for gas utility services. The adjustment shall be allocated among the gas utility's classes of customers in the same manner as the cost of service was allocated among classes of customers in the utility's latest effective rates for the area in which the tariff or rate schedule is implemented.
- The gas utility shall file the tariff or rate schedule, or the annual adjustment under Subsection (c), with the regulatory authority at least 60 days before the proposed implementation date of the tariff, rate schedule, or annual adjustment. The gas utility shall provide notice of the tariff, rate schedule, or annual adjustment to affected customers by bill insert or direct mail not later than the 45th day after the date the utility files the tariff, rate schedule, or annual adjustment with the regulatory authority. During the 60-day period, the regulatory authority may act to suspend the implementation of the tariff, rate schedule, or annual adjustment for up to 45 days.
- The amount the gas utility shall adjust the utility's rates upward or downward under the tariff or rate schedule each calendar year is based on the difference between the value of the invested capital for the preceding calendar year and the value of the invested capital for the calendar year preceding that calendar year. The value of the invested capital is equal to the original cost of the investment at the time the investment was first dedicated to public use minus the accumulated depreciation related to that investment.

- A gas utility may only adjust the utility's rates under the tariff or rate schedule for the return on investment, depreciation expense, ad valorem taxes, revenue related taxes, and incremental federal income taxes related to the difference in the value of the invested capital as determined under Subsection (b). The return on investment, depreciation, and incremental federal income tax factors used in the computation must be the same as the factors reflected in the final order issued by or settlement agreement approved by the regulatory authority establishing the gas utility's latest effective rates for the area in which the tariff or rate schedule is implemented.
- A gas utility that implements a tariff or rate schedule under this section shall file with the regulatory authority an annual report describing the investment projects completed and placed in service during the preceding calendar year and the investments retired or abandoned during the preceding calendar year. The annual report shall also state the cost, need, and customers benefited by the change in investment.
- In addition to the report required under Subsection (e), the gas utility shall file with the regulatory authority an annual earnings monitoring report demonstrating the utility's earnings during the preceding calendar year.
- If a gas utility that implements a tariff or rate schedule under this section does not file a rate case under Subchapter C before the fifth anniversary of the date on which the tariff or rate schedule takes effect, the gas utility shall file a rate case under that subchapter not later than the 180th day after that anniversary in relation to any rates subject to the tariff or rate schedule.

The COA has 60 days to review and evaluate the GRIP filing before revised rates may be implemented. In addition, the COA can suspend rate implementation for an additional 45 days. COA did suspend implementation of TGS rates on March 26, 2015 to on or about May 27, 2015.

The 2015 Filing is the 5th TGS GRIP filing. The GRIP statute requires TGS to file a complete rate case no later than November 2016. Since the last GRIP test year, TGS's ownership changed significantly. Prior to January 2014, TGS was an operating division of ONEOK Inc., the corporate holding company of 3 local gas distribution utilities, and sole general partner of ONEOK Partners, L.P. On January 31, 2014, ONEOK separated its natural gas distribution business into a stand-alone publicly-traded company called ONE Gas. ONEOK also transferred assets and liabilities primarily related to its natural gas distribution business to ONE Gas. ONE Gas now consists of Kansas Gas Service, Oklahoma Natural Gas and Texas Gas Service. The Company serves more than 2 million customers in three states, and is a 100 percent regulated, publicly traded, natural gas utility. ONE Gas has its own board of directors and capitalization. Texas Gas Service serves over 600,000 customers in ten service areas. Austin and the surrounding areas are in its Central Texas Service Area (CTX) and includes the cities of Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and Westlake Hills.

The costs incurred by TGS to provide service in CTX are direct cost, divisional cost and corporate costs. As part of the corporate spin off of ONE Gas, some of the assets recorded on ONEOK's books were transferred to ONE Gas. These assets were then allocated down to TGS and the Central Texas Service Area. Some of these costs are included in the GRIP filing but resulted in a decrease of \$1,255,160 from the corporate and divisional assets allocated to CTX in the last GRIP filing. The restructuring also allowed ONE Gas to reduce its cost of debt.

Although the restructuring resulted in a reduced cost of debt, the GRIP statute and RRC precedent dictate that the changes be reflected in the next general rate case, not the GRIP filings. The appropriateness of the transferred assets will also be reviewed in the general rate case.

### **SimplySmart Solutions Review and Analysis of TGS GRIP Filing**

The COA engaged SSS to review and analyze TGS GRIP filing. The purpose of SSS's review and analysis of the TGS GRIP filing was to:

- ☐ Determine whether TGS is earning below its authorized rate of return on rate base for the twelve months ended December 31, 2014;
- ☐ Determine whether TGS GRIP filing was prepared in accordance with TUC GRIP filing statutes and requirements;
- ☐ Determine whether TGS direct GRIP project descriptions relate to TGS central Texas service areas and to the customers who benefited from such projects and that the project activity costs for the GRIP period (January 1, 2014 through December 31, 2014) were adequately reported in the TGS filing;
- ☐ Determine whether ONE Gas Corporate and TGS Division project descriptions are reasonable as allocated to the TGS central Texas service area and to the customers who benefited from such projects and that the project activity costs for the GRIP period (January 1, 2014 through December 31, 2014) were adequately reported in the TGS filing;
- ☐ Determine whether plant asset account balances and related accumulated depreciation account balances at 12/31/2014 were properly derived from the books, records, and/or fixed asset reports of TGS, ONE Gas Corporate and TGS Division and reported in the TGS GRIP filing;
- ☐ Determine whether ratemaking adjustments related to TGS previous central Texas service area GRIP filing as approved by the COA were properly reflected in the current TGS GRIP filing as appropriate;

- Determine whether ONE Gas corporate and TGS division allocation factors used to allocate plant asset balances to the central Texas service area were reasonable in relation to those factors used in TGS previous central Texas service area GRIP filing approved by the COA;
- Determine whether all TGS GRIP schedules, workpapers, and reports were mathematically accurate and computed the correct revenue requirement for the central Texas service area; and
- Determine whether the TGS central Texas service area revenue requirement as assigned to customer class was computed correctly based on the rate design methodology used in TGS previous central Texas service area GRIP filing as approved by the COA.

During the course of SSS's review and analysis of the TGS GRIP filing, SSS prepared and submitted three data requests to TGS for response. The data requests primarily related to obtaining additional documentation in the form of detailed fixed asset accounting records to support plant asset balances shown in the GRIP filing as well as other questions, related to certain ratemaking adjustments included in the GRIP filing and the rate design used to allocate the GRIP revenue requirement for the central Texas service area. SSS notes that TGS provided complete and timely responses to all SSS data requests. We appreciate the prompt attention provided by TGS and ONE Gas corporate representatives in responding to our data request.

#### **TGS GRIP Filing Schedules, Workpapers, and other Reports**

To comply with the provisions of TUC §104.301, TGS filed certain schedules, workpapers, reports and revised customer tariffs (collectively referred to as the TGS GRIP filing) with the COA to implement new customer rates. The TGS GRIP schedules, workpapers, reports are described as follows:

- *Schedule 1 – TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 Summary* – this schedule summarizes the change in return resulting from increases in net plant investment, and changes in other costs including depreciation expense, ad valorem (i.e., property taxes) and federal income taxes.
- *Schedule 2 – TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 Change in Net Investment* - this schedule presents the change in net investment (i.e., gross plant in service and completed construction not classified less accumulated depreciation) summarized as intangible, distribution plant, and general plant. This schedule also includes the Rule 8.209 Regulatory Asset balance.
- *Schedule 2a -TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Changes in Net Plant – Direct and Allocated*



*Corporate and TGS Division* - this schedule presents the change in net plant (i.e., gross plant in service and completed construction not classified less accumulated depreciation) costs by primary Federal Energy Regulatory Account (FERC) Uniform System of Accounts classification for TGS direct and allocated ONE Gas corporate and TGS division net plant costs.

- *Schedule 2b -TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Change in Plant In Service (101) – Direct and Allocated Corporate and TGS Division* – this schedule presents the change in plant in service (i.e., Acct. 101 ) for TGS direct and ONE Gas corporate and TGS division plant.
- *WKP 2b.1 -TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Changes in Plant In Service (101) – Direct* – this schedule presents the change in plant in service (i.e., Acct. 101) costs for TGS direct plant.
- *WKP 2b.2 -TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Changes in Plant In Service (101) – Direct* – this schedule presents the change in plant in service (i.e., Acct. 101 ) costs for ONE Gas corporate and TGS division plant costs.
- *Schedule 2c -TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Change in CCNC (106) – Direct and Allocated Corporate and TGS Division* – this schedule presents the change in completed construction not classified costs (i.e., Acct. 106) for TGS direct and ONE Gas corporate and TGS division costs.
- *WKP 2c.1 -TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Change in CCNC (106) – Direct* – this workpaper presents the change in completed construction not classified costs (i.e., Acct. 106) for TGS direct plant.
- *WKP 2c.2 -TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Change in CCNC (106) – Allocated Corporate and TGS Division* – this workpaper presents the change in completed construction not classified costs (i.e., Acct. 106 ) for ONE Gas corporate and TGS division plant.
- *Schedule 2d -TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Change in Accumulated Depreciation and Amortization – Direct and Allocated Corporate and TGS Division* – this schedule presents the

change in the accumulated depreciation and amortization account balances for TGS direct and ONE GAS corporate and TGS division plant.

- *WKP 2d.1 -TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Change in Accumulated Depreciation and Amortization) – Direct* – this workpaper presents the change in accumulated depreciation account balances for TGS direct plant.
- *WKP 2d.2 -TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Change in Accumulated Depreciation and Amortization – Allocated Corporate and TGS Division* – this workpaper presents the change in accumulated depreciation account balances for ONE Gas corporate and TGS division plant.
- *Schedule 3 - Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Change in Depreciation and Amortization Expense – Direct and Allocated Corporate and TGS Division* – this schedule summarizes the net changes in depreciation and amortization expense account balances for plant in service and completed construction not classified plant for TGS direct and ONE Gas corporate and TGS division plant.
- *WKP 3a -TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Depreciation and Amortization Expense – Direct* – this workpaper presents the change in depreciation expense account balances for TGS direct plant in service and completed construction not classified plant.
- *WKP 3b -TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Change in Depreciation and Amortization Expense – Allocated Corporate* – this workpaper presents the change in depreciation expense account balances for allocated ONE Gas corporate plant in service accounts.
- *WKP 3c -TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Change in Depreciation and Amortization Expense – Allocated Division* – this workpaper presents the change in depreciation expense account balances for allocated TGS Division plant in service accounts.
- *Schedule 4 – TGS Central Texas Service Area Interim Cost and Rate Adjustment – Cost of Capital* – this schedule shows the cost of capital and capital structure approved in the most recent central Texas rate case with test year ended 9/30/08 filed with the COA.

- *Schedule 5 – TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Change in Ad Valorem Tax* – this schedule shows the computation of the 2014 effective property tax rate and the change in property taxes for the period January 1, 2014 through December 31, 2014.
- *Schedule 6 – TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Change in Federal Income Tax* – this schedule shows the computations of the December 31, 2013 federal income tax expense as approved by the COA in the TGS last GRIP filing and the change in expense for the period January 1, 2014 through December 31, 2014.
- *WKP 6a -TGS Central Texas Service Area Interim Cost and Rate Adjustment – Investment Tax Credit Amortization* – this workpaper shows the amortization of investment tax credits used in the calculation of federal income tax expense.
- *Schedule 7 – TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Change in Customer Charge by Customer Class* – this schedule shows the rate design computations to assign the GRIP revenue requirement to the customer charge for each customer class.
- *TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Investment Report – Summary of CTX Direct Plant in Service (101 & 106) Project Activity* – this report includes all plant in service and completed construction not classified project related to the central Texas service area and the costs incurred for each project for the period January 1, 2014 through December 31, 2014. Each project includes a project description as well as the customers benefiting from the project. This report also includes adjustments to plant costs related to TGS previous GRIP filing as approved by the COA.
- *TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Investment Report – Summary of Corporate Plant in Service (101 & 106) Project Activity* – this report includes all plant in service and completed construction not classified project activity related to ONE Gas Corporate and the costs incurred for each project for the period January 1, 2014 through December 31, 2014 as allocated to the central Texas service area. Each project includes a project description as well as the customers benefiting from the project. This report also includes adjustments to project costs related to TGS previous GRIP filing approved by the COA, as well as other adjustments to project costs to recognize changes in corporate allocation percentages occurring between January 1, 2014 and December 31, 2014.

- *TGS Central Texas Service Area Interim Cost and Rate Adjustment Changes from January 1, 2014 through December 31, 2014 – Investment Report – Summary of TGS Division Plant in Service (101 & 106) Project* – this report includes all plant in service and completed construction not classified project activity related to TGS Division and the costs incurred for each project for the period January 1, 2014 through December 31, 2014, as allocated to the central Texas service area. Each project includes a project description as well as the customers benefiting for the project. This report also includes adjustments to project costs related to TGS previous GRIP filing approved the COA.
- *TGS Central Texas Service Area Interim Cost and Rate Adjustment Twelve Months Ended December 31, 2014 – Earnings Report* – this report together with supporting schedules and workpapers shows TGS calculations of its earned return on rate base for the twelve months ended December 31, 2014 for its central Texas service area. Schedule A shows that TGS earned return on rate base for the twelve months ended December 31, 2014 is 6.60% which is below the 8.40% allowed return approved in the most recent 9/30/09 TGS central Texas rate case and previous GRIP filing approved by the COA.

#### **SSS Findings and Conclusions Related to TGS Central Texas GRIP Filing**

Based on our review of the TGS GRIP filing including plant investment reports, earnings report and responses to all data requests, SSS concludes the following:

1. The TGS earnings monitoring report for the central Texas service area for the twelve months ended December 31, 2014 indicates that the TGS earned return on rate base (i.e., 6.60%) is below the authorized rate of return of 8.40% on rate base authorized and approved by the COA in TGS most recent general rate case (test year ended 9/30/08) and previous central Texas service area GRIP filing approved by the COA;
2. TGS GRIP filing is consistent with TUC §104.301;
3. The plant investment reports for central Texas Direct, Corporate and TGS Division plant projects filed to support plant asset cost activity and accumulated depreciation changes for the period January 1, 2014 through December 31, 2014 are mathematically accurate and include certain ratemaking adjustments that are reasonable to reflect the proper activity costs related to the central Texas service area;
4. The TGS GRIP filing contains the appropriate plant asset and accumulated depreciation account balances, ratemaking adjustments and authorized rate of return authorized and approved by the COA in TGS previous central Texas service area GRIP filing;

5. The ratemaking adjustments related to TGS prior central Texas GRIP filing as approved by the COA are properly reflected in the current GRIP as appropriate and other adjustments to 12/31/2014 plant asset account balances appear reasonable and are applicable to central Texas customer classes for the period January 1, 2014 through December 31, 2014.
6. The ONE Gas corporate and TGS allocation methods used in the GRIP filing are consistent with those similar factors used in TGS previous central Texas GRIP filing as approved by the COA, and are calculated the allocation factors as of December 31, 2014;
7. All GRIP schedules are mathematically accurate and properly compute TGS central Texas GRIP revenue requirement and associated rate design to customer classes using the rate design methodology approved by the COA in TGS previous central Texas rate filing approved by the COA.

Table 1 summarizes TGS proposed and SSS recommended revenue requirement applicable to the current central Texas service area for the period January 1, 2014 through December 31, 2014.

Table 2 shows the proposed rates by customer class.

Appendix 1 provides a brief description of the projects by FERC Chart of Accounts.

Appendix 2 compares rates requested by TGS to rates charged by Atmos, CenterPoint and CPS Energy for residential and commercial customers

Appendix 3 shows the net plant changes in dollars by FERC Chart of Accounts.

**Table 1 – TGS Central Texas Revenue Requirement (GRIP Schedule 1)**

<b>TEXAS GAS SERVICE COMPANY</b>				
<b>CENTRAL TEXAS SERVICE AREA</b>				
<b>INTERIM COST RECOVERY AND RATE ADJUSTMENT</b>				
<b>CHANGES FROM JANUARY 1, 2014 THROUGH DECEMBER 31, 2014</b>				
<b>SUMMARY</b>				
		NET CHANGE THROUGH	SSS RECOMMENDED	PROPOSED ADJUSTMENTS
DESCRIPTION		12/31/2014	12/31/2014	
Change in Net Investment (Schedule 2, Line 8)		\$25,139,227	\$25,139,227	\$ -
Authorized Return Approved in most recent Rate Case* (Schedule 4)		8.400%	8.400%	0.000%
Change in Return on Net Investment - (Line 1 times Line 2)		\$2,111,783	\$2,111,783	\$ -
Change in Depreciation Expense - (Schedule 3, Line 58)		529,161	529,161	\$ -
Change in Ad Valorem Tax (Schedule 5, Line 3)		284,539	284,539	\$ -
Change in Federal Income Taxes - (Schedule 6, Line 14)		771,249	771,249	\$ -
Total Change in Revenue Requirement		\$3,696,732	\$3,696,732	\$0

**Table 2 – TGS Central Texas Customer Charge History and Current Increase**

**TEXAS GAS SERVICE COMPANY  
CENTRAL TEXAS SERVICE AREA  
INTERIM COST RECOVERY AND RATE ADJUSTMENT  
TARIFF CHANGES FOR TEST YEARS 2008 THROUGH 2013**

**CHANGE IN CUSTOMER CHARGE BY CUSTOMER CLASS**

Rate Schedule - Customer Class	COA Approved Customer Charge					TGS Proposed	TGS Proposed
	2008	2010	2011	2012	2013	2014 Interim Adjustment	Customer Charge
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>Gas Sales</b>							
10 - Residential	\$ 9.75	\$ 10.21	\$ 11.33	\$ 12.62	\$ 14.24	\$ 1.04	\$ 15.28
20 - Commercial	\$ 12.75	\$ 14.36	\$ 18.41	\$ 23.23	\$ 29.42	\$ 3.98	\$ 33.40
22 - Large Commercial	\$ 80.00	\$ 97.84	\$ 158.68	\$ 213.67	\$ 285.96	\$ 45.87	\$ 331.83
30 - Industrial	\$ 40.00	\$ 46.26	\$ 64.34	\$ 88.83	\$ 118.27	\$ 20.32	\$ 138.59
32 - Large Industrial	\$ 80.00	\$ 105.10	\$ 166.62	\$ 233.09	\$ 340.29	\$ 90.36	\$ 430.65
40 - Public Authority	\$ 20.00	\$ 22.22	\$ 27.93	\$ 34.14	\$ 42.28	\$ 5.33	\$ 47.61
42 - Large Public Authority	\$ 80.00	\$ 111.13	\$ 186.08	\$ 267.18	\$ 367.35	\$ 63.07	\$ 430.42
48 - Public Schools/Space Heating	\$ 40.00	\$ 46.86	\$ 64.17	\$ 79.58	\$ 98.51	\$ 11.86	\$ 110.37
CNG -1- Compressed Nat. Gas	\$ 25.00	\$ 29.27	\$ 38.94	\$ 45.07	\$ 52.61	\$ 5.13	\$ 57.74
<b>T-1 Standard Transportation</b>							
Commercial	\$ 75.00	\$ 86.38	\$ 113.42	\$ 143.01	\$ 182.21	\$ 24.50	\$ 206.71
Large Commercial	\$ 150.00	\$ 187.03	\$ 278.54	\$ 381.10	\$ 523.31	\$ 90.21	\$ 613.52
Industrial	\$ 80.00	\$ 97.61	\$ 140.33	\$ 190.01	\$ 257.49	\$ 45.47	\$ 302.96
Large Industrial	\$ 150.00	\$ 224.19	\$ 406.02	\$ 512.44	\$ 785.28	\$ 178.05	\$ 963.33
Public Authority	\$ 25.00	\$ 28.16	\$ 34.64	\$ 40.80	\$ 48.94	\$ 5.04	\$ 53.98
Large Public Authority	\$ 100.00	\$ 141.64	\$ 249.69	\$ 352.77	\$ 464.62	\$ 70.73	\$ 535.35
Public Schools/Space Heating	\$ 60.00	\$ 67.03	\$ 84.44	\$ 104.91	\$ 131.29	\$ 17.14	\$ 148.43
CNG -1- Compressed Nat. Gas	\$ 40.00	\$ 41.57	\$ 45.42	\$ 49.92	\$ 55.69	\$ 3.01	\$ 58.70

**Appendix 1 – TGS Direct and Corporate/Division Allocated Plant in Service and Completed Construction Project Descriptions Provided in Response to SSS Data Request 1-3 and 1-4**

**Plant in Service (101) Direct**

- Acct. 367 – Transmission Mains – The increases in activity for this account are primarily attributable to the retirement of transmission mains.
- Acct. 376 - Distribution Mains – The increases in activity for this account are primarily attributable to the following:
  - The replacement or relocation of mains, service, measuring and regulating station equipment, meter settings, valves, control equipment, replacement of cathodic protection equipment, equipment used to monitor gas quality, and monitoring and communicating pressures and volumes in response to Texas Gas Service’s efforts to continuously evaluate and modernize infrastructure. An example of a large improvement project is “REPL-ENFIELD FROM HOPI TRAIL TO ROCKMOOR AVENUE-H&T”. This project and others like it are essential for the safe and efficient operation of the TGS distribution system in Central Texas.
  - Distribution line extensions to connect new customers. This includes new pipelines and associated city gates and regulation equipment; a larger example of which was the “FM 973 8” VHP MAIN EXTENSION”. TGS must provide main extensions from existing distribution lines to meet its service obligations as Central Texas continues to grow.
  - Labor, materials, regulators, etc. necessary to provide service from existing distribution and high pressure distribution pipelines to service new customers. An example of one of the larger projects completed for this purpose is the “MAIN EXT – 12600 AVERY RANCH BLVD – MUIR LAKE APARTMENTS”. TGS must provide new service from existing distribution lines to meet its service obligations as growth and expansion occurs.
- Acct. 378 – Meas. & Re. Station – General – The increases in activity for the account are primarily attributable to the following:
  - Labor, material, regulators, etc. necessary to install and maintain regulating stations across the TGS Central Texas service area. An example of a project completed for this purpose is “NEW LP REG STATION @ ENFIELD & HARTFORD”. This project was completed to replace an existing regulator station in response to Texas Gas Service’s efforts to provide safe and reliable service.
- Acct. 380 - Services- The increases in activity for this account are primarily attributable to the following:
  - Labor, material, regulators, etc. necessary to provide service from distribution and high pressure distribution mains to serve new customers; TGS must provide extensions to meet its service obligations as the population of Central Texas continues to grow. Projects also include replacement of existing services that



are of obsolete materials. Examples of projects completed for this purpose are the “BLANKET WORK ORDER – NEW SERVICES” and “BLANKET REPLACEMENT SERVICES” projects.

- Acct. 381 – Meters- The increases in activity for this account are primarily attributable to the following:
  - Labor, material, regulators, etc. necessary to provide service from distribution and high pressure distribution mains to serve new customers and projects also include replacement of existing meters that are obsolete. Examples of projects completed for these purposes are “METER PURCHASE BLANKET” and “Meter Replacements”.
- Acct. 383 – House Regulators- The increases in activity for this account are primarily attributable to the following:
  - Labor, material, regulators, etc. necessary to provide service from distribution and high pressure distribution mains to serve new customers. TGS must provide extensions to meet its service obligations as the population of Central Texas continues to grow. An example of a project completed for this purpose is “BLANKET REGULATORS”.
- Acct. 385 – Indust. Meas. & Reg. Stat. Equipment- The increases in activity for this account are primarily attributable to the following:
  - Labor, material, regulators, etc, necessary to install regulator and measuring facilities to provide service to Central Texas customers. TGS provided service to many apartments, hospitals and schools to meet its service obligations as the population of Central Texas continues to grow. Examples of such projects include the “WESTLAKE MEDICAL PHASE 2 -- 5858 BEE CAVES” and “UNIVERSITY OF TEXAS (J. J. PICKLE) -- 10100 BURNET ROAD” projects.
- Acct. 390.2 – Leasehold Improvements – The increases in activity for this account are primarily attributable to the following:
  - Installation of R-410A Compressor for Air Conditioning Unit at the Austin Service Center was done to ensure efficient office cooling.
  - Austin Fire Department Haz-Mat and Maintenance Inspections which were done to ensure a safe work environment.
- Acct. 391 – Office Furniture & Equipment – The increases in activity for this account are primarily attributable to the following:
  - Purchase and installation of cubes and furniture for expansion of the engineering group at Austin Service Center.
- Acct. 391.2 – Data Processing Equipment – There is no activity in this asset account related to Direct plant.
- Acct. 391.6 – Purchased Software – There is no activity in this asset account related to Direct Plant.
- Acct. 391.9 – Computers & Electronic Equipment – The increases in activity for this account are primarily attributable to the following:

- Enhancements to our Geographical Information System (GIS) used for tracking pipe underground. TGS is currently standardizing its GIS databases across the company in order to support various business needs such as safety, reliability, critical infrastructure protection, regulatory compliance, and process improvements. GIS provides TGS the ability to analyze the gas distribution system to help improve service reliability and safety, reduce costs, more effectively manage its infrastructure, and comply with all state and federal requirements.
- Acct. 392 – Transportation Equipment – The increases in activity for this account are primarily attributable to the following:
  - Replacing aging vehicles which are used in the field (vehicles over 7 years of age or with mileage over 150,000 miles). Additionally, vehicles were purchased to accommodate additions to the Central Texas field personnel. These vehicles are necessary to provide safe, uninterrupted service to customers.
  - Purchase of trailers required to transport construction equipment from the TGS yard to construction sites around the service area. These trailers are necessary to provide safe, uninterrupted service to customers.
- Acct. 394 – Tools, Shop & Garage – The increases in activity for this account are primarily attributable to the following:
  - Replacement or new purchase of tools and equipment necessary to perform maintenance or installation of gas piping and related regulation and metering equipment. Additionally, leak survey and pipeline locating equipment was purchased. This equipment is necessary to install new service to customers and to inspect and maintain existing infrastructure in order to comply with all state and federal regulations.
- Acct. 396 Major Work Equipment – The increases in activity for this account are primarily attributable to the following:
  - Purchase of welding equipment and transfer from purchase of automobiles.
- Acct. 397 – Communications Equipment – The increases in activity for this account are primarily attributable to the following:
  - The company has installed gas meters, odorizers, communication boxes, and regulation stations for the provision of efficient and safe service to CTX customers.
  - The company upgraded the phone system at the St. Elmo Training Center to support E-911 emergency calling for the safety of employees and visitors.

#### **Plant in Service (101) TGS Division**

- Account 367 – Transmission Mains- There is no activity in this plant asset account.
- Account 376 - Distribution Mains- There is no activity in this plant asset account.
- Account 378 – Meas. & Re. Station - General- There is no activity in this plant asset account.
- Account 380 - Services- There is no activity in this plant asset account.

- Account 381 – Meters- There is no activity in this plant asset account.
- Account 383 – House Regulators- There is no activity in this plant asset account.
- Account 385 – Indust. Meas. & Reg. Stat. Equipment- There is no activity in this plant asset account.
- Account 390.2 – Leasehold Improvements – This account decreased by \$55,380
- Account 391 – Office Furniture & Fixtures – This account decreased by \$44,440
- Account 391.2 – Data Processing Equipment - There is no activity in this plant asset account.
- Account 391.6 – Purchased Software - There is no activity in this plant asset account.
- Account 391.9 – Computers & Electronic Equipment - The increase of \$969,011 in plant activity for this account is mainly due to the following:
  - Program Change Requests (PCR's) are groups of individual functionality enhancements to various systems in order to provide updates driven by regulatory changes or to enhance customer service capabilities.
  - Banner PCR: enhancements to our customer billing system including the ability to capture historical weather normalization history allowing the Company to analyze weather normalization adjustment billing factors, addition of customer collection features allowing the Company to suspend the final bill transfer when it is a pending draft; which decreases the delay in payment processing, and implementation of a new standard error of estimate method for determining high/low estimations for meter reading, which provides the ability to address meter reading exceptions based on extreme weather conditions. Banner is the billing system the company uses to maintain records of ONE Gas' approximate 2 million customers, premises, services, accounts, meter readings, and other information critical to providing reliable billing and customer service.
  - PragmaCAD PCR: Technical upgrade to expand and support ongoing field enablement improvements to our job scheduling and dispatch program the company uses to schedule and assign resources to ensure safe, timely, and reliable service to customers.
  - The Transmission mapping project which was implemented to update mapping information in Geographical Information System (GIS), by enhancing the system to include scanned service orders and the electronic conversion of large format drawings which enables better system and capacity planning, and electronic retention of records allowing the Company to access data quicker.
- Acct. 392 – Transportation Equipment - There is no activity in this plant asset account.
- Acct. 394 – Tools, Shop & Garage - There is no activity in this plant asset account.
- Acct. 396 Major Work Equipment - There is no activity in this plant asset account.
- Acct. 397 – Communications Equipment - The increase of \$3,691 in plant activity for this account is mainly due to the following:
  - The installation of videoconferencing in a Texas Divisional conference room to improve the quality of the meetings held by allowing face to face interaction, negating the need for travel for employees who provide service directly to Texas Gas Service customers.

### **Plant in Service (101) Allocated Corporate**

TGS current GRIP Schedule 2b does not reflect any significant increases for allocated corporate plant in service. The allocated corporate plant in service accounts either reflect a zero balance or a decrease from 12/31/13 through 12/31/14. This is primarily due to the separation of ONE Gas from ONEOK.

ONE Gas separated from ONEOK into a stand-alone publicly traded company, with sole ownership of Texas Gas Service as well as Kansas Gas Service and Oklahoma Natural Gas. The separation of the Companies occurred January 31, 2014, and ONE Gas, Inc. became an independent, publicly traded company. During the separation, management from both companies worked together to identify and appropriately separate assets that both companies utilized. As a result, the below plant asset accounts decreased primarily due to ONEOK's retention of its utilized portion of the assets on its balance sheet:

- ☐ Account 367 – Transmission Mains- There is no activity in this plant asset account.
- ☐ Account 376 - Distribution Mains- There is no activity in this plant asset account.
- ☐ Account 378 – Meas. & Re. Station - General- There is no activity in this plant asset account.
- ☐ Account 380 - Services- There is no activity in this plant asset account.
- ☐ Account 381 – Meters- There is no activity in this plant asset account.
- ☐ Account 383 – House Regulators- There is no activity in this plant asset account.
- ☐ Account 385 – Indust. Meas. & Reg. Stat. Equipment- There is no activity in this plant asset account.
- ☐ Account 390.2 – Leasehold Improvements – This account decreased by \$127,832.
- ☐ Account 391 – Office Furniture & Fixtures – This account decreased by \$240,337.
- ☐ Account 391.2 – Data Processing Equipment - This account decreased by \$3,211,830.
- ☐ Account 391.6 – Purchased Software - This account decreased by \$1,336,603.
- ☐ Account 391.9 – Computers & Electronic Equipment – There is no activity in this plant asset account.
- ☐ Acct. 392 – Transportation Equipment - This account decreased by \$18,557.
- ☐ Acct. 394 – Tools, Shop & Garage - There is no activity in this plant asset account.
- ☐ Acct. 396 Major Work Equipment - There is no activity in this plant asset account.

Acct. 397 – Communications Equipment - This account decreased by \$38,342.

### **CCNC (106) Direct**

- ☐ Acct. 376 – Distribution Mains – The increases in activity for this account are primarily attributable to the following:
  - The replacement or relocation of mains, service, measuring and regulating station equipment, meter settings, valves, control equipment, replacement of cathodic protection equipment, equipment used to monitor gas quality, monitoring and communicating pressures and volumes in response to Texas Gas Service's efforts to continuously evaluate and modernize infrastructure. An example of a large improvement project is "REPL-ZILKER EAST AREA". This project and others like it are essential for the safe and efficient operation of the TGS distribution system in Central

Texas.

- Distribution line extensions to connect new customers. This includes new pipelines and associated city gates and regulation equipment. The largest project completed in 2014 was the “SERENE HILLS DRIVE-EXISTING PIPE-NO CONSTRUCTION - PIC - L.I. TEX”. TGS must provide main extensions from existing distribution lines to meet its service obligations as the population of Central Texas continues to grow.
- Labor, materials, regulators, etc. necessary to relocate existing distribution and high pressure distribution pipelines in anticipation of government sponsored projects. An example of one of the larger project completed for this purpose is the “CIP-GROUP 7 PH2-RELO”. TGS must relocate facilities found to be in conflict with government projects per existing agreements/ordinances/laws.
- Acct. 378 – Meas. & Reg. Station – General – The increases in activity for the account are primarily attributable to the following:
  - Labor material, regulators, etc. necessary to install and maintain regulating stations across the TGS Central Texas service area. An example of a project completed for this purpose is “HPD TRAUTWEIN ROAD REGULATOR STATION”. TGS must provide pressure control regulation when providing service from existing higher pressure lines to meet its service obligations as the population of Central Texas continues to grow.
- Acct. 380 – Services – The increases in activity for this account are primarily attributable to the following:
  - Labor, material, regulators, etc. necessary to provide service from distribution and high pressure distribution mains to serve new customers. TGS must provide extensions to meet its service obligations as the population of Central Texas continues to grow.
- Acct. 381 – Meters – The increases in activity for this account are primarily attributable to the following:
  - Labor, material, regulators, etc. necessary to provide service from distribution and high pressure distribution mains to serve new customers. TGS must provide extensions to meet its service obligations as the population of Central Texas continues to grow.

#### **CCNC (106) TGS Division**

In TGS GRIP Schedule 2c, there has been no activity from 12/31/13 through 12/31/14 in completed construction not classified (CCNC) (106) for division for the following accounts:

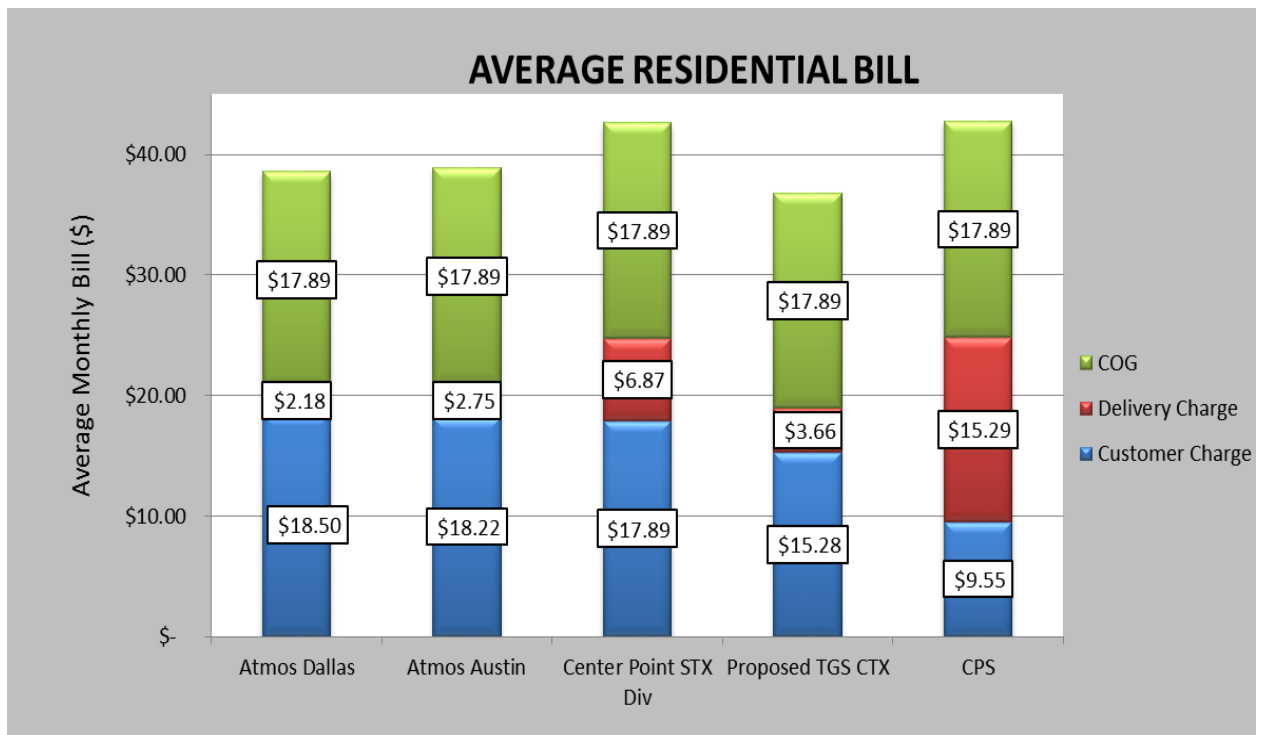
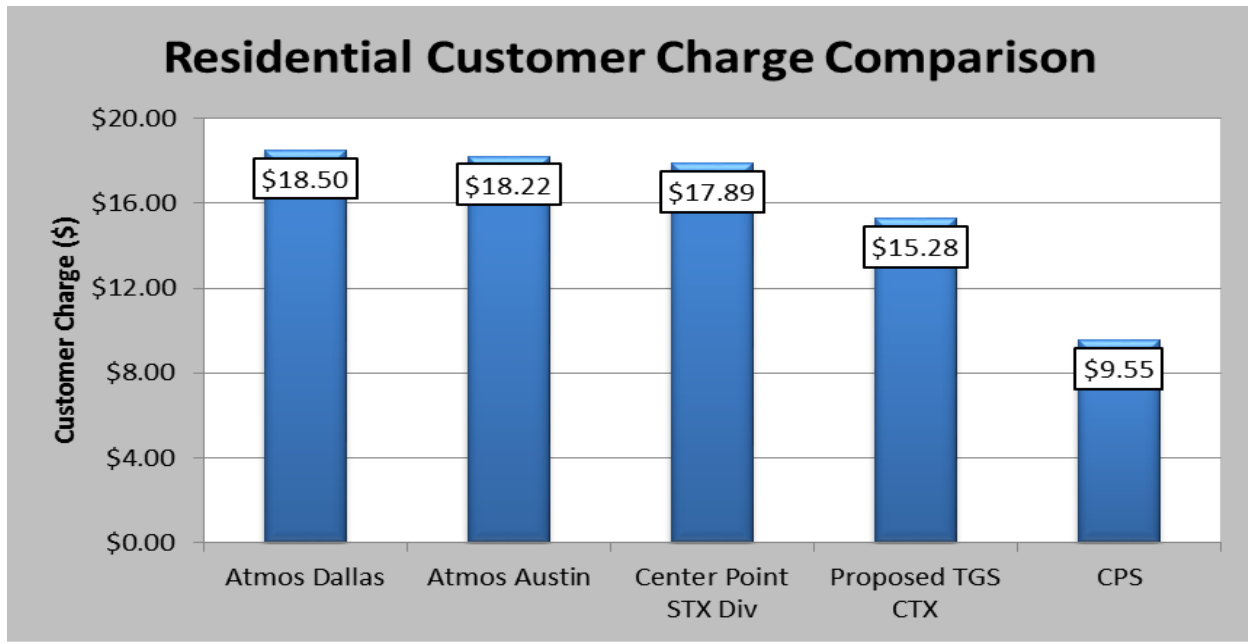
- Acct. 376 - Mains
- Acct. 378 – Meas. & Reg. Stat. General
- Acct. 380 – Services
- Acct.381 – Meters

#### **CCNC (106) Allocated Corporate**

In TGS GRIP Schedule 2c, there has been no activity from 12/31/13 through 12/31/14 in completed construction not classified (CCNC) (106) for allocated corporate for the following accounts:

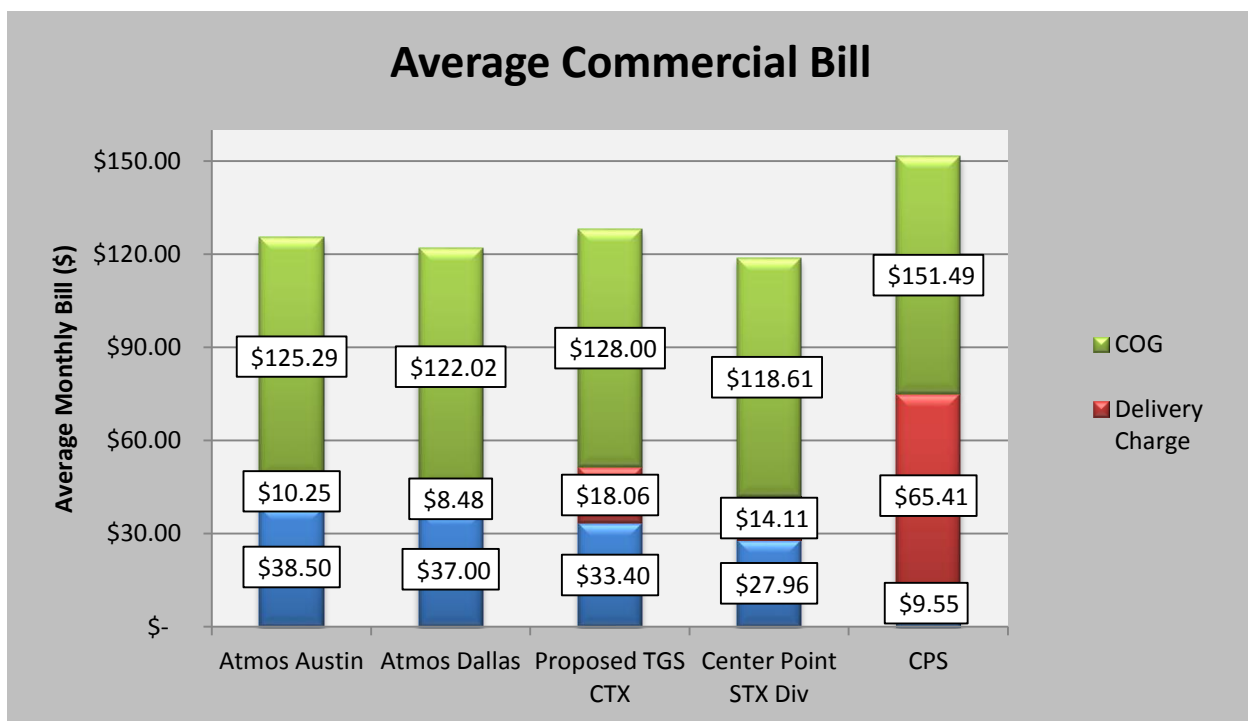
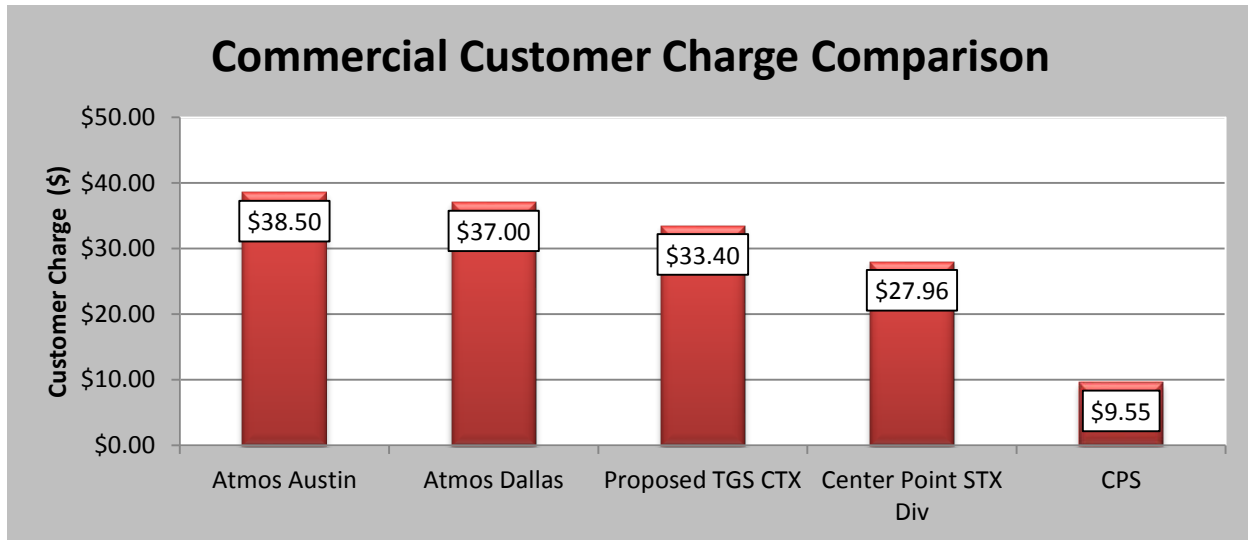
- ☐ Acct. 376 - Mains
- ☐ Acct. 378 – Meas. & Reg. Stat. General
- ☐ Acct. 380 – Services
- ☐ Acct.381 – Meters

## Appendix 2



Rate Information for CPS, CenterPoint South Texas Division, Atmos Austin and Atmos Dallas was taken from each company's website, supplied by TGS.

## Appendix 2



Rate Information for CPS, CenterPoint South Texas Division, Atmos Austin and Atmos Dallas was taken from each company's website, supplied by TGS.



## Appendix 3

TEXAS GAS SERVICE COMPANY				
CENTRAL TEXAS SERVICE AREA				
INTERIM COST RECOVERY AND RATE ADJUSTMENT				
CHANGES FROM JANUARY 1, 2014 THROUGH DECEMBER 31, 2014				
CHANGE IN NET PLANT - DIRECT AND ALLOCATED CORPORATE AND TGS DIVISION				
		At 12/31/13	At 12/31/14	
LINE NO.	DESCRIPTION	TOTAL ADJUSTED NET PLANT	TOTAL ADJUSTED NET PLANT	CHANGE IN TOTAL ADJUSTED NET PLANT
	INTANGIBLE PLANT			
1	(301) Organization	\$0	\$0	\$0
2	(302) Franchises & Consents	0	0	0
3	(303) Misc. Intangible	26,663	0	(26,663)
4	Total Intangible Plant	\$26,663	\$0	(\$26,663)
	TRANSMISSION PLANT			
5	(367) Mains	\$2,098,785	\$2,577,700	\$478,914
6	(369) Meas. & Reg. Station Equipment	0	495,960	495,960
7	Total Transmission Plant	\$2,098,785	\$3,073,660	\$974,874
	DISTRIBUTION PLANT			
8	(374) Land & Land Rights	\$87,493	\$87,493	\$0
9	(375.1) Structures & Improvements	74,606	74,606	0
10	(375.2) Other System Structures	18,021	28,302	10,281
11	(376) Mains	124,506,614	136,344,054	11,837,440
12	(377) Compressor Station Equipment	0	0	0
13	(378) Meas. & Reg. Station - General	2,254,956	2,384,852	129,895
14	(379) Meas. & Reg. Station - C.G.	596,306	564,418	(31,888)
15	(380) Services	54,823,105	60,828,731	6,005,626
16	(381) Meters	22,486,367	24,868,501	2,382,134
17	(382) Meter Installations	619,621	618,855	(765)
18	(383) House Regulators	1,607,821	1,937,119	329,299
19	(385) Indust. Meas. & Reg. Stat. Equipment	4,159,703	4,322,860	163,157
20	(386) Other Property on Customer Premises	(20,246)	(20,246)	0
21	(387) Meas. & Reg. Stat. Equipment	0	0	0
22	Total Distribution Plant	\$211,214,368	\$232,039,546	\$20,825,177
	GENERAL PLANT			
23	(389) Land & Land Rights	\$10,616	\$0	(\$10,616)
24	(390.1) Structures & Improvements	375,162	295,447	(79,715)
25	(390.17) Building Improve Plum	954	\$0	(954)
26	(390.2) Leasehold Improvements	708,307	810,092	101,785
27	(390.21) Leasehold Equipment EOL	9,395	0	(9,395)
28	(391) Office Furniture & Equipment	689,470	686,946	(2,524)
29	(391.2) Data Processing Equipment	641,643	0	(641,643)
30	(391.3) Office Machines	4,945	3,047	(1,898)
31	(391.4) Audio Visual Equipment	6,564	0	(6,564)
32	(391.6) Purchased Software	3,229,793	5,598,018	2,368,224
33	(391.8) Micro Computer Equipment	83,421	235,479	152,058
34	(391.9) Computers & Electronic Equipment	4,331,785	4,750,710	418,925
35	(392) Transportation Equipment	1,960,330	1,575,502	(384,828)
36	(392.3) Transportation Equipment (Trucks 3/4 to 3 Ton)	487	0	(487)
37	(392.5) Trailers	42	0	(42)
38	(393) Stores Equipment	5,673	43,151	37,478
39	(394) Tools, Shop & Garage	1,514,093	2,132,699	618,606
40	(395) Laboratory Equipment	1,151	1,151	0
41	(396) Major Work Equipment	379,446	337,275	(42,171)
42	(397) Communication Equipment	8,378,956	9,025,219	646,263
43	(398) Miscellaneous General Plant	65,546	58,734	(6,812)
44	Total General Plant	\$22,397,779	\$25,553,470	\$3,155,691
45	Total Net Plant Investment	\$235,737,595	\$260,666,675	\$24,929,080
46	Rule 8.209 Regulatroy Asset Balance Change During the 2014			\$210,147
47	Total Invested Capital			\$25,139,227