



1301 South Mopac Expressway, Suite 400
Austin, Texas 78746
texasgasservice.com

OCC RECEIVED AT
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February 21, 2019

VIA UPS

Honorable Mayors and Council Members of

Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas:

RE: Annual Reporting Requirement per Rate Schedule Pipeline Integrity Testing (PIT) Rider for the Central Texas Service Area served by Texas Gas Service Company

Texas Gas Service Company, a division of ONE Gas, Inc., ("TGS" or the "Company") was authorized recovery of Pipeline Integrity Testing ("PIT") expenses for the Central Texas Service Area ("CTSA") pursuant to Rate Schedule PIT Rider approved by city ordinance or by operation of law in October 2016. TGS is filing this letter in compliance with the annual reporting requirements of the PIT Rider rate schedule.

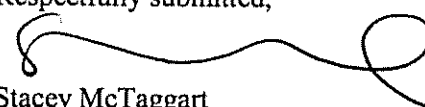
For the calendar year ending December 31, 2018, the Company incurred Pipeline Integrity Testing expenses in the CTSA totaling \$758,590. The Company incurred no testing expenses during the calendar year ending December 31, 2017 and recovered \$0.00 in 2017 testing costs from customers. The Company is proposing a PIT rate of \$0.00449 per Ccf for the 12-month period, April 2019 through March 2020.

In addition, the Company will provide written notice to each affected customer on or before March 31, 2019 either by separate mailing or by insert with the Company's monthly billing statements. The Company will file an affidavit with the CTSA Cities certifying that notice has been provided to customers in this manner. The initial form of notice has been provided to the CTSA Cities for review and approval, pursuant to Rate Schedule PIT.

Enclosed are a copy of the PIT-Rider tariff showing the \$0.00449 rate, a copy of the Public Notice in both English and Spanish as required by the tariff and supporting documentation.

If you have any questions or concerns, please contact me at stacey.mctaggart@txgas.com or at 512-370-8354.

Respectfully submitted,


Stacey McTaggart
Rates and Regulatory Director

Enclosures

PIPELINE INTEGRITY TESTING (PIT) SURCHARGE RIDER

A. APPLICABILITY

The Pipeline Integrity Testing Surcharge (PIT) rate as set forth in Section (B) below is pursuant to Final Order in GUD 10526. This rate shall apply to the following rate schedules of Texas Gas Service Company in the incorporated and unincorporated areas of and adjacent to the Central Texas Service Area (CTSA): 10, 20, 30, 40, 48, C-1, CNG-1, T-1, 1Z, 2Z, 3Z, 4Z, 4H, C-1-ENV, CNG-A-ENV and T-1-ENV.

B. PIT RATE

\$0.00449 per Ccf

This rate will be in effect until all approved and expended pipeline integrity testing expenses are recovered under the applicable rate schedules.

C. OTHER ADJUSTMENTS

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

D. CONDITIONS

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

Initial Rate

Meters Read On and After
March 29, 2019

PUBLIC NOTICE
2019 CTSA Pipeline Integrity Testing Rider

Texas Gas Service Company, a division of ONE Gas, Inc., (the “Company” or “TGS”) hereby gives notice of rates to be charged from April 2019 through March 2020 under the Pipeline Integrity Testing (“PIT”) Rider applicable to the Central Texas Service Area incorporated and environs areas of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum Texas and the environs of Buda, Texas. The PIT Rider permits the Company to recover the cost of pipeline safety testing that the Company is required to perform by law.

The effect of the PIT Rider on the various customer classes within the CTSA is set forth in the table below:

Rate Schedule	PIT Rate per Ccf	Average Monthly Bill Impact	Number of Customers
Residential	\$0.00449	\$0.14	247,975
Commercial	\$0.00449	\$1.16	12,479
Public Authority	\$0.00449	\$1.87	585
Industrial	\$0.00449	\$11.49	26
Standard Transportation	\$0.00449	\$14.83	866

Persons with questions or who want more information about this filing may contact the Company at 1-800-700-2443. A copy of the filing will be available for inspection during normal business hours at the Company’s office at 5613 Avenue F in Austin, Texas or on the Company’s website at <https://www.texasgasservice.com/newsletters-and-notices/rate-notices>.

NOTIFICACIÓN PÚBLICA

Evaluación de la Integridad de las Tuberías para el Área de Servicio del Centro de Texas para el 2019

La compañía Texas Gas Service Company, una división de ONE Gas, Inc., (de aquí en adelante, la “Compañía” o “TGS” – por sus siglas en inglés), por este medio notifica al público el ajuste de tarifas que implementará en el servicio de gas que le provee a los clientes dentro del Área de Servicio del Centro de Texas (de aquí en adelante, “CTSA”, por sus siglas en inglés) de la Compañía, que incluye las áreas incorporadas y de la periferia de Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, y Yoakum, Texas, y de la periferia de Buda, Texas, para el periodo de abril 2019 a marzo 2020, de conformidad con la Clase de Tarifa de Evaluación de la Integridad de las Tuberías (de aquí en adelante, “PIT”, por sus siglas en inglés). La Clase de Tarifa PIT le permitirá a la Compañía recuperar los costos por la evaluación de la integridad de las tuberías que la Compañía está obligada por ley a hacer.

El efecto de la Clase de Tarifa PIT en varios tipos de clientes dentro del CTSA se puede ver en la tabla a continuación:

Clase de Tarifa	Tarifa PIT por Ccf	Diferencia en la Factura Mensual Promedio	Cantidad de Clientes
Residencial	\$0.00449	\$0.14	247,975
Comercial	\$0.00449	\$1.16	12,479
Autoridad Pública	\$0.00449	\$1.87	585
Industrial	\$0.00449	\$11.49	26
Transporte Estándar	\$0.00449	\$14.83	866

Cualquier persona que tenga una pregunta específica o que desee obtener información adicional acerca de este asunto, puede contactar a la Compañía al teléfono 1-800-700-2443. Si desea revisar el ajuste de tarifa presentado, puede encontrar una copia completa en horas hábiles en las oficinas corporativas de la Compañía, localizadas en 5613 Avenue F en Austin, Texas, o visitando la página de internet de la Compañía en <https://www.texasgasservice.com/newsletters-and-notice/rate-notice>.

Texas Gas Service Company, a Division of ONE Gas, Inc.
Central Texas Service Area
Pipeline Integrity Testing Rider
2019 Rate Calculation

Line	Description	Amount
1	Pipeline Integrity Testing Costs Deferred in 2018	758,590
2	Prior years true-up	-
3	Total to Recover April 2019 through March 2020	<u>\$758,590</u>
4	Annual Volumes (Ccf)	<u>168,973,363</u>
5	PIT Rider Rate per Ccf for April 2019 through March 2020	<u>\$0.00449</u>
6	(Line 3 divided by Line 4)	<u><u>\$0.00449</u></u>

Texas Gas Service Company, a Division of ONE Gas, Inc.
Central Texas Service Area
Pipeline Integrity Testing Rider
2019 Bill Impact

Line	Rate Schedule	Bills	Customers	Volumes	Average Use per Customer	PIT Rate per Ccf	Average Monthly Bill Impact
1	Residential	2,975,695	247,975	92,353,700	31	0.00449	\$ 0.14
2	Commercial	149,742	12,479	38,577,330	258	0.00449	1.16
3	Industrial	312	26	798,338	2,559	0.00449	11.49
4	Public Authority	7,021	585	2,919,284	416	0.00449	1.87
6	Standard Transportation	10,391	866	34,324,710	3,303	0.00449	14.83

ACTUAL CAPITAL EXPENDITURES BY PROGRAM FOR 1980

Walter: Please don't do that. I don't want to be a hero.

[illegible][illegible]

1. *Staphylococcus aureus* (100 µg)

City Total	758,540.18
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Texas Gas Service Company, a Division of ONE Gas, Inc.
Central Texas Service Area
Pipeline Integrity Testing Rider
True-up of prior years recovery of Pipeline Integrity Testing expenses

Line	Description	Amount
1	Approved 2017 Amount to Recover	\$0
2	Recoveries Apr-Dec 2018	0
3	Unrecovered 2017 PIT Expenses at 12/13/2017	\$0
4	Estimated recoveries Jan-Mar 2018	-
5	Estimated unrecovered 2016 PIT Expenses at 3/31/2018	\$0

Texas Gas Service Company, a Division of ONE Gas, Inc.
Central Texas Service Area
Pipeline Integrity Testing Rider
2018 Bills and Volumes

Central Texas				
Revenue Class Description	CY 2018 Unadjusted Volumes (CCF)	CY 2018 WNA Adjustment Volumes	CY 2018 CTX Normalized Volumes	
Residential	97,702,652	(5,348,952)	92,353,700	
Commercial	39,190,109	(612,779)	38,577,330	
Industrial	798,338		798,338	
Public Authority	3,089,915	(170,631)	2,919,284	
Standard Transportation	34,324,710		34,324,710	
Total	175,105,725	(6,132,363)	168,973,363	

Gas Sales Customers	Inc or Env	Revenue Class Description	2018 Annual Bills	2018 Customer Count	
E	E	Residential	253,526	21,127.00	
		Commercial	7,657	638.00	
		Industrial	19	2.00	
		Public Authority	554	46.00	
		Public School Space Heating	12	1.00	
		E Total	261,768	21,814.00	
I	I	Residential	2,722,169	226,847.00	
		CNG	24	2.00	
		Commercial	142,061	11,838.00	
		Industrial	293	24.00	
		Public Authority	6,411	534.00	
		Public School Space Heating	44	4.00	
I Total		2,871,002	239,250.00		
		Residential	2,975,695	247,975.00	
		CNG	24	2.00	
		Commercial	149,718	12,477.00	
		Industrial	312	26.00	
		Public Authority	6,965	580.00	
		Public School Space Heating	56	5.00	
CTX Grand Total		3,132,770	261,064.00		

Std. Transportation Customers	Inc or Env	Revenue Class Description	2018 Annual Bills	2018 Customer Count	
E	E	Industrial	24	2.00	
		CNG	9	1.00	
		Commercial	99	8.00	

E Total	Public Authority	72	6.00
	Public School Space Heating	24	2.00
		228	19.00
I Total	Industrial	411	34.00
	CNG	36	3.00
	Commercial	4,033	336.00
	Public Authority	4,653	388.00
	Public School Space Heating	1,018	85.00
	COGEN	12	1.00
		10,163	847.00
CTX Grand Total	Industrial	435	36.00
	CNG	45	4.00
	Commercial	4,132	344.00
	Public Authority	4,725	394.00
	Public School Space Heating	1,042	87.00
	COGEN	12	1.00
		10,391	866.00