**ELECTRIC GENERATION TRANSPORTATION SERVICE RATE**

**APPLICABILITY**

Service under this rate schedule is available to any non-residential customer who enters into a contract with Texas Gas Service Company, a Division of ONE Gas, Inc. (the “Company”), to use natural gas for the purpose of electric generation. Electric generation is defined as bulk power system assets, co-generation facilities, distributed generation, and or backup power systems. The customer must arrange with its gas supplier to have the customer’s gas delivered to one of the Company’s existing receipt points for transportation by the Company to the customer’s facilities at the customer’s delivery point. The receipt points shall be specified by the Company at its reasonable discretion, taking into consideration available capacity, operational constraints, and integrity of the distribution system.

**AVAILABILITY**

Natural gas service under this rate schedule is available to any individually metered, non-residential customer for the transportation of customer-owned natural gas through the Company’s unincorporated areas of the Rio Grande Valley Service Area distribution system which includes the environs of Alamo, Alton, Brownsville, Combes, Donna, Edcouch, Edinburg, Elsa, Harlingen, Hidalgo, La Feria, La Joya, La Villa, Laguna Vista, Los Fresnos, Lyford, McAllen, Mercedes, Mission, Palm Valley, Palmhurst, Palmview, Penitas, Pharr, Port Isabel, Primera, Progreso, Rancho Viejo, Raymondville, Rio Hondo, San Benito, San Juan, Santa Rosa, and Weslaco, Texas, the unincorporated cities of Bayview, Laguna Heights, Monte Alto, Olmito, and San Carlos and the unincorporated areas of Jim Hogg and Starr counties, Texas. Such service shall be provided at any point on the Company’s system where adequate capacity and gas supply exists, or where such capacity and gas supply can be provided in accordance with the applicable rules and regulations and at a reasonable cost as determined by the Company in its sole opinion.

**COST OF SERVICE RATE**

During each monthly billing period, the Cost of Service Rate shall be comprised of:

Electric Generation customer charge per meter $1,000.00 per month plus

A Demand charge of $0.72542 per Ccf MDQ per month plus

A Delivery charge of $0.02000 per Ccf metered @14.65 psi\*

\*All customers will be billed at a Common Billing Pressure of 14.65 psi, but not all customers receive service at the pressure base of 14.65 psi. To determine the pressure base and conversion factors for your location, refer to the Company's Rules of Service (Rate Schedule Number QSR-RGV), Section 13.1.

**ELECTRIC GENERATION TRANSPORTATION SERVICE RATE (Continued)**

**MONTHLY MDQ DEMAND CHARGE**

The Monthly MDQ Demand Charge is the demand charge associated with reserving pipeline capacity to meet the maximum daily usage (hereinafter “maximum daily quantity” or “MDQ”) for an individual customer. If the use of electronic flow measurement (EFM), as defined in the Company's Rules of Service (Rate Schedule Number QSR-TGS), has established an MDQ for a customer during the prior twelve (12)-month period, the MDQ derived from the EFM data shall be utilized. For customers who have not established an MDQ through the use of EFM, the MDQ shall be calculated by using the connected load and applying a diversity factor appropriate for the operations conducted at the facilities. The MDQ in Ccf shall then be multiplied by each applicable Monthly MDQ Demand Charge to determine the amount to be charged to the customer for each billing period. The MDQ may be adjusted at any time for any known and quantifiable additions of equipment or removal of equipment at the customer’s facilities.

Except as allowed by the Company, customers shall not be entitled to receive gas from Company on any day in excess of the MDQ amount established for such customer pursuant to the foregoing provisions. Periods of maximum usage may not be within a calendar month due to variations in billing periods. The Monthly MDQ Demand Charge shall not be prorated.

**OTHER ADJUSTMENTS**

Gas Utility Pipeline Taxes: A charge will be made each month to recover the cost of taxes paid to the State of Texas pursuant to Texas Utilities Code, Chapter 122 as such may be amended from time to time which are attributable to the transportation service performed hereunder.

Taxes: A charge will be made each month to recover the cost of any applicable taxes and fees.

Rate Case Expense Riders: The billing shall reflect adjustments in accordance with provisions of the Rate Case Expense Surcharge Riders, Rate Schedules RCE-RGV-ENV and RCE-ENV.

Pipeline Integrity Testing Rider: The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedules PIT and PIT-Rider, if applicable.

Pipeline Safety and Regulatory Program Fees: The billing shall reflect adjustments in accordance with provisions of the Pipeline Safety and Regulatory Program Fees Rider, Rate Schedule PSF, if applicable.

Other Charges: In the event the Company incurs a demand charge, balancing service rate, or reservation charge from its gas supplier(s) or transportation providers in the unincorporated areas of the Rio Grande Valley Service Area, the customer may be charged its proportionate share of the demand charge, balancing service rate, or reservation charge based on benefit received by the customer.

**SUBJECT TO**

1. Tariff T-TERMS, General Terms and Conditions for Transportation Service.

**ELECTRIC GENERATION TRANSPORTATION SERVICE RATE (Continued)**

2. Customers taking service under this rate schedule will be required to obtain EFM equipment from the Company. If the locations of customer’s facilities or other factors interfere with the ability to communicate EFM volume data using Company’s available cellular telephone technology, customer will be required to provide and maintain, at its own expense, a dedicated telephone line through which communications may be transmitted. The EFM equipment shall remain the property of the Company and at no time may the customer take possession of the EFM equipment without written consent by an authorized representative of the Company.

3. Transportation of natural gas hereunder may be interrupted or curtailed at the discretion of the Company in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other higher priority customers served. The curtailment priority of any customer served under this schedule shall be the same as the curtailment priority established for other customers served pursuant to the Company’s rate schedule which would otherwise be available to such customer.

4. The taking of service under this rate schedule is subject to all valid orders, laws, rules, and regulations of duly constituted State and Federal governmental authorities and agencies having jurisdiction or control over the parties, their facilities or gas supplies, the Agreement, or any provision hereof. The Company reserves the right to seek modification or termination of any of the General Terms and Conditions, the Gas Transportation Agreement, and any of the tariffs to which it applies.

5. The Agreement shall be interpreted under Texas law.