

RESIDENTIAL SERVICE RATE

APPLICABILITY

Applicable to a residential customer in a single dwelling, or in a dwelling unit of a multiple dwelling or residential apartment, for domestic purposes. A residential consumer includes an individually-metered residential unit or dwelling that is operated by a public housing agency acting as an administrator of public housing programs under the direction of the U.S. Department of Housing and Urban Development. This rate is only available to full requirements customers of Texas Gas Service Company.

TERRITORY

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and West Lake Hills, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of \$9.75 plus -
All Ccf per monthly billing period @ \$.08257 per Ccf.

OTHER ADJUSTMENTS

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule 1-INC.
2. Adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.
3. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
4. Adjustments in accordance with the provisions of the Relocation Cost Recovery, Rate Schedule RCR, if applicable.
5. Adjustments in accordance with the provisions of the Interim Rate Adjustment, Rate Schedule IRA-CTX-IS.
6. All applicable taxes and fees (including franchise fees).

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Residential service shall have priority in supply.

This Rate Schedule replaces Residential Rate Schedules:
10 dated 7/1/93 (Austin & Sunset Valley), 14 dated 10/30/08
(West Lake Hills), 15 dated 7/1/93 (Cedar Park), 16 dated 7/1/93
(Rollingwood), and 10 dated 12/29/03(Kyle)

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs –
Initial Rate)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

COMMERCIAL SERVICE RATE

APPLICABILITY

Applicable to any qualifying commercial customer whose annual average consumption is less than 3,100 Ccf per monthly billing period and to any customer not otherwise specifically provided for under any other rate schedule. This rate is only available to full requirements customers of Texas Gas Service Company.

TERRITORY

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and West Lake Hills, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$12.75 plus -
All Ccf per monthly billing period @	\$.13010 per Ccf.

OTHER ADJUSTMENTS

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule 1-INC.
2. Adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.
3. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
4. Adjustments in accordance with the provisions of the Relocation Cost Recovery, Rate Schedule RCR, if applicable.
5. Adjustments in accordance with the provisions of the Interim Rate Adjustment, Rate Schedule IRA-CTX-IS.
6. All applicable taxes and fees (including franchise fees).

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of 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 customers served.

This Rate Schedule replaces Commercial Rate Schedules:
20 dated 7/1/93 (Austin & Sunset Valley), 24 dated 10/30/08
(West Lake Hills), 25 dated 7/1/93 (Cedar Park), 26 dated
7/1/93 (Rollingwood), and 20 dated 12/29/03 (Kyle)

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs –
Initial Rate)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

LARGE VOLUME COMMERCIAL SERVICE RATE

APPLICABILITY

Applicable to any qualifying commercial customer whose annual average consumption exceeds 3,100 Ccf per monthly billing period. This rate is only available to full requirements customers of Texas Gas Service Company.

TERRITORY

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and West Lake Hills, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$80.00 plus -
All Ccf per monthly billing period @	\$.10898 per Ccf

OTHER ADJUSTMENTS

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule 1-INC.
2. Adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.
3. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
4. Adjustments in accordance with the provisions of the Relocation Cost Recovery, Rate Schedule RCR, if applicable.
5. Adjustments in accordance with the provisions of the Interim Rate Adjustment, Rate Schedule IRA-CTX-IS.
6. All applicable taxes and fees (including franchise fees).

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of 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 customers served.

Supersedes Same Sheet Dated
July 1, 1993

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs –
Initial Rate)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

INDUSTRIAL SERVICE RATE

APPLICABILITY

Applicable to any qualifying industrial customer whose annual average consumption is less than 10,000 Ccf per monthly billing period. Service under this rate schedule is available to any qualifying customer whose primary business activity at the location served is included in one of the following classifications of the Standard Industrial Classification Manual of the U.S. Government.

- Division B - Mining - all Major Groups
- Division D - Manufacturing - all Major Groups
- Divisions E and J - Utility and Government - facilities generating power
for resale only

TERRITORY

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and West Lake Hills, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$40.00 plus -
All Ccf per monthly billing period @	\$.10675 per Ccf.

OTHER ADJUSTMENTS

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule 1-INC.
2. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
3. Adjustments in accordance with the provisions of the Relocation Cost Recovery, Rate Schedule RCR, if applicable.
4. Adjustments in accordance with the provisions of the Interim Rate Adjustment, Rate Schedule IRA-CTX-IS.
5. All applicable taxes and fees (including franchise fees).

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of 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 customers served.

Supersedes Same Sheet Dated
July 1, 1993

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs –
Initial Rate
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

LARGE VOLUME INDUSTRIAL SERVICE RATE

APPLICABILITY

Applicable to any qualifying industrial customer whose annual average consumption exceeds 10,000 Ccf per monthly billing period. This rate is only available to full requirements customers of Texas Gas Service Company. Service under this rate schedule is available to any qualifying customer whose primary business activity at the location served is included in one of the following classifications of the Standard Industrial Classification Manual of the U.S. Government.

- Division B - Mining - all Major Groups
- Division D - Manufacturing - all Major Groups
- Divisions E and J - Utility and Government - facilities generating power
for resale only

TERRITORY

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and West Lake Hills, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$80.00 plus -
All Ccf per monthly billing period @	\$.10064 per Ccf.

OTHER ADJUSTMENTS

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule 1-INC.
2. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
3. Adjustments in accordance with the provisions of the Relocation Cost Recovery, Rate Schedule RCR, if applicable.
4. Adjustments in accordance with the provisions of the Interim Rate Adjustment, Rate Schedule IRA-CTX-IS.
5. All applicable taxes and fees (including franchise fees).

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of 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 customers served.

Supersedes Same Sheet Dated
July 1, 1993

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs –
Initial Rate)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

PUBLIC AUTHORITY SERVICE RATE

APPLICABILITY

Applicable to any qualifying public authority customer whose annual average consumption is less than 2,900 Ccf per monthly billing period. Applicable to qualifying public and parochial schools and colleges, and to all facilities operated by Governmental agencies not specifically provided for in other rate schedules or special contracts. This rate is only available to full requirements customers of Texas Gas Service Company.

TERRITORY

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and West Lake Hills, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$20.00 plus -
All Ccf per monthly billing period @	\$.11838 per Ccf.

OTHER ADJUSTMENTS

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule 1-INC.
2. Adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.
3. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
4. Adjustments in accordance with the provisions of the Relocation Cost Recovery, Rate Schedule RCR, if applicable.
5. Adjustments in accordance with the provisions of the Interim Rate Adjustment, Rate Schedule IRA-CTX-IS.
6. All applicable taxes and fees (including franchise fees).

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of 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 customers served.

Supersedes Same Sheet Dated
July 1, 1993 (CTX except West Lake Hills)
and Rate Sch 44 dated 10/30/08 (West Lake Hills)

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs –
Initial Rate)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

LARGE VOLUME PUBLIC AUTHORITY SERVICE RATE

APPLICABILITY

Applicable to any qualifying public authority customer whose annual average consumption exceeds 2,900 Ccf per monthly billing period. Applicable to qualifying public and parochial schools and colleges, and to all facilities operated by Governmental agencies not specifically provided for in other rate schedules or special contracts. This rate is only available to full requirements customers of Texas Gas Service Company.

TERRITORY

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and West Lake Hills, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$80.00 plus -
All Ccf per monthly billing period @	\$.11041 per Ccf.

OTHER ADJUSTMENTS

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule 1-INC.
2. Adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.
3. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
4. Adjustments in accordance with the provisions of the Relocation Cost Recovery, Rate Schedule RCR, if applicable.
5. Adjustments in accordance with the provisions of the Interim Rate Adjustment, Rate Schedule IRA-CTX-IS.
6. All applicable taxes and fees (including franchise fees).

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of 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 customers served.

Supersedes Same Sheet Dated
July 1, 1993

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs –
Initial Rate)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

PUBLIC SCHOOLS SPACE HEATING SERVICE RATE

APPLICABILITY

Applicable to public schools for space heating purposes. This rate is only available to full requirements customers of Texas Gas Service Company.

TERRITORY

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and West Lake Hills, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$40.00 plus -
All Ccf per monthly billing period @	\$.11689 per Ccf.

OTHER ADJUSTMENTS

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule 1-INC.
2. The billing shall reflect adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.
3. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
4. Adjustments in accordance with the provisions of the Relocation Cost Recovery, Rate Schedule RCR, if applicable.
5. Adjustments in accordance with the provisions of the Interim Rate Adjustment, Rate Schedule IRA-CTX-IS.
6. All applicable taxes and fees (including franchise fees).

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, for peak shaving purposes or, in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for any or all customers.

Supersedes Same Sheet Dated
July 1, 1993

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs –
Initial Rate)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

INTERIM RATE ADJUSTMENT

A. APPLICABILITY

This Interim Rate Adjustment (IRA) applies to all general service rate schedules of Texas Gas Service Company (Company) currently in force in the incorporated areas of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, Texas. Applicable rate schedules include 10, 20, 22, 30, 32, 40, 42, 48, CNG-1, and T-1.

B. PURPOSE

Section 104.301, Subchapter G of the Texas Utility Code, effective on September 1, 2003, provides for an interim adjustment in a gas utility's monthly customer charge or initial block usage rate to recover the cost of changes in the utility's infrastructure investment and related expenses and revenues for providing gas utility service. The filing date of the utility's most recent rate case establishing rates for the area in which the interim rate adjustment will apply shall be no more than two years prior to the date the utility files its initial interim rate adjustment application for that area. The interim adjustment shall be recalculated on an annual basis, unless the utility files a written request and obtains approval from the regulatory authority to suspend the operation of the interim adjustment rate schedule for any year. This rate schedule establishes the interim adjustment provisions consistent with Section 104.301, Subchapter G of the Texas Utility Code.

C. BILLING

The following Interim Rate Adjustments (IRA-2010 and IRA-2011) will be added to the applicable Rate Schedule Customer Charge for each monthly billing period:

Rate Schedule	Customer Class	Current Customer Charge	2010 Interim Rate Adjustment	2011 Interim Rate Adjustment	Total Customer Charge
10	Residential	\$9.75	\$0.46	\$1.12	\$11.33
20	Commercial	\$12.75	\$1.61	\$4.05	\$18.41
22	Lg. Commercial	\$80.00	\$17.84	\$60.84	\$158.68
30	Industrial	\$40.00	\$6.26	\$18.08	\$64.34
32	Lg. Industrial	\$80.00	\$25.10	\$61.52	\$166.62
40	Public Authority	\$20.00	\$2.22	\$5.71	\$27.93
42	Lg. Public Authority	\$80.00	\$31.13	\$74.95	\$186.08
48	Public Schools Space Heating	\$40.00	\$6.86	\$17.31	\$64.17
CNG-1	Compressed Natural Gas	\$25.00	\$4.27	\$9.67	\$38.94

All applicable fees and taxes will be added to the above rate.

Supersedes Same Sheet Dated
May 29, 2012 (all cities except Dripping Springs)

Meters Read On and After
May 29, 2012 (Other Cities)
September 4, 2012 (Dripping Springs)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

INTERIM RATE ADJUSTMENT
(Continued)

Rate Schedule	Customer Class	Current Customer Charge	2010 Interim Rate Adjustment	2011 Interim Rate Adjustment	Total Customer Charge
T-1	Commercial	\$75.00	\$11.38	\$27.04	\$113.42
T-1	Lg. Commercial	\$150.00	\$37.03	\$91.51	\$278.54
T-1	Industrial	\$80.00	\$17.61	\$42.72	\$140.33
T-1	Lg. Industrial	\$150.00	\$74.19	\$181.83	\$406.02
T-1	Public Authority	\$25.00	\$3.16	\$6.48	\$34.64
T-1	Lg. Pub Auth	\$100.00	\$41.64	\$108.05	\$249.69
T-1	Public Schools				
T-1	Space Heating	\$60.00	\$7.03	\$17.41	\$84.44
T-1	CNG	\$40.00	\$1.57	\$3.85	\$45.42

All applicable fees and taxes will be added to the above rate.

D. COMPUTATION OF IRA RATE

The amount the Company shall adjust its utility rates upward or downward under this 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.

Based on the difference between the values of the invested capital amounts as determined above, the Company may adjust only the following related components of its revenue requirement: return on investment, depreciation expense, ad valorem taxes, revenue related taxes and incremental federal income taxes. The factors for these components shall be the same as those established in the Company's most recent rate case for the service area in which this interim rate adjustment is to be implemented.

The revenue requirement calculated pursuant to this rate schedule shall be allocated among the Company's customer classes for this service area in the same manner as the cost of service was allocated among customer classes in the Company's latest effective rates for this area.

E. FILING WITH THE REGULATORY AUTHORITY

1. The Company shall file either the initial interim adjustment or the annual interim adjustment with the regulatory authority at least 60 days before the proposed implementation date. During the 60-day period, the regulatory authority may act to suspend implementation of the adjustment.
2. The Company shall provide notice to customers by bill insert or direct mail not later than the 45th day after the date of filing the interim adjustment.

Supersedes Same Sheet Dated
May 29, 2012 (all cities except Dripping Springs)

Meters Read On and After
May 29, 2012 (Other Cities)
September 4, 2012 (Dripping Springs)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

**INTERIM RATE ADJUSTMENT
(Continued)**

E. FILING WITH THE REGULATORY AUTHORITY (cont.)

3. The Company 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.
4. In addition, the Company shall file with the regulatory authority an annual earnings monitoring report demonstrating the Company's earnings during the preceding calendar year. Should the Company earn a return of more than 75 basis points above the return established in the latest effective rates implemented under this rate schedule, the Company shall file a statement stating the reasons why the rates are not unreasonable or in violation of the law.
5. After the issuance of a final order or decision by a regulatory authority in a rate case that is filed after the implementation of a tariff or rate schedule under this section, any change in investment that has been included in an approved interim adjustment shall no longer be subject to subsequent review for reasonableness or prudence. All amounts collected under this rate schedule are subject to refund until the issuance of a final decision in the next rate case filing for this service area.
6. The Company shall file a rate case no later than the 180th day after the fifth anniversary date its initial interim rate adjustment for this service area became effective.
7. The provisions under Section 104.301, Subchapter G of the Texas Utility Code for this interim adjustment do not limit the power of the regulatory authority under Section 104.151.

Supersedes Same Sheet Dated
May 29, 2012 (all cities except Dripping Springs)

Meters Read On and After
May 29, 2012 (Other Cities)
September 4, 2012 (Dripping Springs)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

CONSERVATION ADJUSTMENT CLAUSE RATE

A. APPLICABILITY

The Conservation Adjustment Clause ("CAC") rate, calculated pursuant to Rate Schedule CAC, shall apply to the following rate schedules listed below for all incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and West Lake Hills, Texas.

B. CURRENT CAC RATE

<u>Rate Schedule</u>	<u>Customer Class</u>	<u>*Conservation Rate</u>
10	Residential Service	\$.0346
20	Commercial	\$.0052
22	Large Volume Commercial	\$.0254
30	Industrial	\$.0122
32	Large Volume Industrial	\$.0000

*The Conservation Rate will change annually pursuant to Rate Schedule CAC.

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, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, 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.

Supersedes Same Sheet Dated
September 24, 2002 (Austin)
December 23, 2002 (Sunset Valley)

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs – Initial Rate)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

ELECTRICAL COGENERATION AND ENERGY CONSERVATION RATE

APPLICABILITY

Service under this rate schedule is available to any customer who uses natural gas for the purpose of cogeneration. Cogeneration is defined as the use of thermal energy to produce electricity with recapture of by-product heat in the form of steam, exhaust heat, etc. for industrial process use, space heating, food processing or other purposes.

TERRITORY

This rate shall be available throughout the Company's Central Texas Service Area.

COST OF SERVICE RATE

During each monthly billing period:

	<u>Nov.-May</u> <u>Winter</u>	<u>June Oct.</u> <u>Summer</u>
A customer charge per meter per month of	\$100.00 plus	\$100.00 plus
For the First 5,000 Ccf/Month	\$.0950	\$.0760
For the Next 35,000 Ccf/Month	\$.0855	\$.0684
For the Next 60,000 Ccf/Month	\$.0727	\$.0545
All Over 100,000 Ccf/Month	\$.0570	\$.0399

OTHER ADJUSTMENTS

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule No. 1 for unincorporated areas and Rate Schedule No. 1-INC for incorporated areas.
2. All applicable taxes and fees (including franchise fees).

Initial Rate Schedule

Meters Read On and After
October 11, 2011 (Incorp only City of Austin)
November 2, 2011 (Incorp only Other CTX Cities)
September 25, 2012 (Incorp only City of Bee Cave)
October 19, 2012 (Incorp only City of Lakeway)

ELECTRICAL COGENERATION AND ENERGY CONSERVATION RATE
(Continued)

CONDITIONS

1. Gas taken under this rate shall be used exclusively for the purpose of cogeneration as defined in the Applicability section of this rate schedule and not for other purposes. The gas taken under this rate will be separately metered.
2. This rate will not be available for standby use.
3. The curtailment priority of any customer served under this rate schedule shall be the same as the curtailment priority which would pertain if gas were used directly to provide energy for uses as defined and listed in Section 1.08.02 of the Company's Central Texas Rules of Service.
4. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.

Initial Rate Schedule

Meters Read On and After

October 11, 2011 (Incorp only City of Austin)

November 2, 2011 (Incorp only Other CTX Cities)

September 25, 2012 (Incorp only City of Bee Cave)

October 19, 2012 (Incorp only City of Lakeway)

COMPRESSED NATURAL GAS SERVICE RATE

APPLICABILITY

Applicable to any non-residential customer for usage where customer purchases natural gas which will be compressed and used as a motor fuel. Service will be separately metered. This rate does not include compression by the Company beyond normal meter sales pressure.

TERRITORY

All incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and West Lake Hills, Texas.

COST OF SERVICE RATE

During each monthly billing period:

A customer charge per meter per month of	\$25.00 plus -
All Ccf per monthly billing period @	\$.07018 per Ccf

OTHER ADJUSTMENTS

In addition to the Cost of Service charges set forth above, each customer's bill shall include the following:

1. The Cost of Gas for the billing month determined in accordance with the provisions of the Cost of Gas Clause, Rate Schedule 1-INC.
2. Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC, if applicable.
3. Adjustments in accordance with the provisions of the Relocation Cost Recovery Rate Schedule RCR, if applicable.
4. The basic rates for cost of service shall include the amount of the Interim Rate Adjustment in accordance with the provisions of Rate Schedule IRA-CTX-IS.
5. All applicable taxes and fees (including franchise fees).

CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. Delivery of gas hereunder may be interrupted or curtailed at the discretion of the Company, in case of shortage or threaten shortage of gas supply from any cause whatsoever, to conserve gas for residential and other customers served.
3. The Company's ABC Plan is not available to customers taking this service.
4. This rate does not include any road use fees, permits, or taxes etc. It provides for the delivery of uncompressed natural gas only.
5. Customer must provide affidavit to the Company certifying that the gas delivered will be compressed for use as motor fuel.
6. Compressor station subject to inspection by Company engineers.

Supersedes Same Sheet Dated
January 1, 1988 (all except Kyle)

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs – Initial Rate)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

GREEN SAVER TARIFF**A. APPLICABILITY**

Applicable to the residence of any residential customer who uses natural gas for water heating and space heating and either (a) occupies an Austin Energy Green Building certified Green Home, minimum three stars certified within three years of the application for this tariff, or (b) has participated in the Austin Energy Home Performance with Energy Star program (or comparable program) and received a certificate of completion, or (c) has participated in the Austin Energy or Travis County low income weatherization program (or comparable program).

Applicable to a small commercial customer who uses natural gas for water heating and space heating and who occupies an office building that is currently certified three stars by the Austin Green Building Program. Applicability is limited to the customer's office(s) in that certified office building.

B. TERRITORY

All areas served by the Company in its Central Texas Service Area whose regulatory body has adopted the Conservation Adjustment Clause for service provided within the corporate limits of each city served by the Company. The Central Texas Service Area includes Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, Texas.

C. RATE

During each monthly billing period for a period of twenty-four (24) months, a credit per meter per month of \$2.00 will be given to each customer qualifying for this tariff. The credit will be billed during the next billing cycle after the documentation has been submitted and approved by the Company.

All amounts credited to customers shall be recorded and included in the Company's submittal in the annual budget and reconciliation process outlined in the Company's Conservation Adjustment Clause.

D. CONDITIONS

1. Subject in all respects to applicable laws, rules, and regulations from time to time in effect.
2. The customer must provide to the Company proof of qualification under the applicable criteria set forth in Section A above.
3. Eligibility for the "Green Saver" rate will be limited to the number of participants included in the applicable line item in the annual Conservation Program budget submitted to the City each year.
4. Each residence or commercial location is eligible to receive the green saver tariff only one time.

Initial Rate Schedule (all cities)

Meters Read On and After
October 1, 2009 (Other Cities)
December 9, 2011 (City of Dripping Springs – Initial Rate)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

COST OF GAS CLAUSE

A. APPLICABILITY

This Cost of Gas Clause shall apply to all general service rate schedules of Texas Gas Service Company ("The Company") in all incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and West Lake Hills, Texas.

B. DEFINITIONS

1. Cost of Gas - The rate per billing unit or the total calculation under this clause, consisting of the Commodity Cost, the Reconciliation Component, any surcharges or refunds, Uncollectible Cost of Gas, and the revenue associated fees (including franchise fees) and taxes.
2. Commodity Cost - The Cost of Purchased Gas multiplied by the Purchase Sales Ratio plus an adjustment for any known and quantifiable under or over collection prior to the end of the reconciliation period.
3. Cost of Purchased Gas - The estimated cost for gas purchased by the Company from its suppliers 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 costs for services such as gathering, treating, processing, transportation, capacity and/or supply reservation, storage, balancing including penalties, and swing services necessary for the movement of gas to the Company's city gate delivery points. The Cost of Purchased Gas shall also include gains or losses from the utilization of natural gas financial instruments that are executed by the Company for the purpose of mitigating price volatility. Companies affiliated with the Company shall not be allowed to charge fees for transactions related to natural gas financial instruments utilized for purposes in this Cost of Gas Clause and hence can not realize a profit in this regard. The Cost of Purchased Gas may also include costs related to the purchase and transportation of Renewable Natural Gas (RNG).
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) above) 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 reduced by the amount of revenue associated fees (including franchise fees) and taxes paid by the Company on those revenues, (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 for imbalances under the transportation rate schedule(s) net of franchise fees and applicable taxes, (e) the total amount of Uncollectible Cost of Gas during the period, (f) the total amount of Pipeline Integrity costs during the period and (g) an adjustment, if necessary, to remove lost and unaccounted for gas costs during the period for volumes in excess of five (5) percent of purchases.

This Rate Schedule Replaces Cost of Gas Clause:
1-INC dated 9/8/08 (Austin), 1-INC dated 6/2/08
(Sunset Valley, Rollingwood, West Lake Hills and
Cedar Park) and 1-INC dated 12/29/03 (Kyle)

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs –
Initial Rate)
September 25, 2012 (City of Bee Cave –
Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

COST OF GAS CLAUSE
(Continued)

6. Purchase/Sales Ratio - A ratio determined by dividing the total volumes purchased by general service customers during the twelve (12) month period ending June 30 by the sum of the volumes sold to general service customers. For the purpose of this computation all volumes shall be stated at 14.65 psia. Such ratio as determined shall in no event exceed 1.0526 i.e. $1/(1 - .05)$ unless expressly authorized by the applicable regulatory authority.
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) above) (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) amounts accrued pursuant to the treatment of imbalances under any transportation rate schedule(s), (e) total amount of Uncollectible Cost of Gas during the period, and (f) total amount of Pipeline Integrity costs during the period.
8. Uncollectible Cost of Gas – the amounts actually written off after the effective date of this rate schedule related to cost of gas.
9. Pipeline Integrity Costs – the costs incurred in order to comply with the Texas Railroad Commission's Pipeline Integrity Assessment and Management Plan rule, 16 Tex. Admin. Code §8.101 and any other future Railroad Commission rules related to integrity management plans.

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 below, if any, shall be divided by the general service sales volumes, adjusted for the effects of weather, growth, and conservation for the period beginning with the October billing cycle through the June billing cycle preceding the filing of the Reconciliation Audit. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied, subject to refund, for a nine (9) month period beginning with the October billing cycle and continuing through the next June billing cycle at which time it will terminate.

This Rate Schedule Replaces Cost of Gas Clause:
1-INC dated 9/8/08 (Austin), 1-INC dated 6/2/08
(Sunset Valley, Rollingwood, West Lake Hills and
Cedar Park) and 1-INC dated 12/29/03 (Kyle)

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs –
Initial Rate)
September 25, 2012 (City of Bee Cave –
Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

COST OF GAS CLAUSE
(Continued)

E. INTEREST ON FUNDS

Concurrently with the Reconciliation Audit, the Company shall determine the amount by which the Cost of Gas was over or under collected for each month within the period of audit. The Company shall debit or credit to the Reconciliation Account for each month of the reconciliation period: (1) an amount equal to the outstanding over collected balance multiplied by interest of 6% per annum compounded monthly; or, (2) an amount equal to the outstanding under collected balance multiplied by interest of 6% per annum compounded monthly. The Company shall also be allowed to recover a carrying charge calculated based on the arithmetic average of the beginning and ending balance of gas in storage inventory for the prior calendar month times the authorized rate of return.

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) Interest on Funds, above.

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 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; (e) the revenue associated fees (including franchise fees) and taxes to be applied to revenues generated by the Cost of Gas; (f) the Cost of Gas calculation, including the gains and losses from hedging activities for the month; and (g) the beginning and ending date of the billing period. The statement shall include all data necessary for the Regulatory Authority to review and verify the calculations of the Cost of Gas.

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.

This Rate Schedule Replaces Cost of Gas Clause:
1-INC dated 9/8/08 (Austin), 1-INC dated 6/2/08
(Sunset Valley, Rollingwood, West Lake Hills and
Cedar Park) and 1-INC dated 12/29/03 (Kyle)

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs -
Initial Rate)
September 25, 2012 (City of Bee Cave –
Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

COST OF GAS CLAUSE
(Continued)

H. ANNUAL RECONCILIATION REPORT (cont'd)

4. A description of the hedging activities conducted each month during the twelve months ending June 30, including the types of transaction used, resulting gains and losses, any changes in the hedging program implemented during the period and the rationale for the changes. The report should include the customer impact of hedging activities stated as costs to the average residential and commercial customer during the period.
5. 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.
6. A description of uncollectible cost of gas during the period and its effect on the Cost of Gas Clause to date.
7. A description of pipeline integrity costs during the period and its effect on the Cost of Gas Clause to date.

This report shall be filed concurrently with the Cost of Gas Statement for October. If the Regulatory Authority thereafter determines that an adjustment to the Reconciliation Component is required, such adjustment shall be included in the Reconciliation Component for the next annual Reconciliation Audit following the date of such determination.

This Rate Schedule Replaces Cost of Gas Clause:
1-INC dated 9/8/08 (Austin), 1-INC dated 6/2/08
(Sunset Valley, Rollingwood, West Lake Hills and
Cedar Park) and 1-INC dated 12/29/03 (Kyle)

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs –
Initial Rate)
September 25, 2012 (City of Bee Cave –
Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

WEATHER NORMALIZATION ADJUSTMENT CLAUSE

A. APPLICABILITY

The Weather Normalization Adjustment Clause (WNA) shall apply to the following general service rate schedules of Texas Gas Service Company in the incorporated areas of the Central Texas Service Area which includes Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and West Lake Hills: 10, 20, 22, 40, 42, and 48. The WNA shall be effective during the September through May billing cycles.

B. PURPOSE

The WNA refunds over-collections or surcharges under-collections of revenue due to colder or warmer than normal weather, as established in the Company's most recent rate filing.

C. WNA MECHANISM

In order to reflect weather effects in a timely and accurate manner, the WNA adjustment shall be calculated separately for each billing cycle and rate schedule. The weather factor, determined for each rate schedule in the most recent rate case, shows the effect of one heating degree day on consumption for that rate schedule. During each billing cycle, the weather factor is multiplied by the difference between normal and actual heating degree days for the billing period and by the number of customers billed. This WNA volume adjustment is priced at the current cost of service rate per Ccf to determine a WNA revenue adjustment, which is spread to the customers in the billing cycle on a prorata basis. The WNA for each billing cycle and rate schedule shall be based on the following formula:

$$\text{WNA Rate} = \frac{\text{WNAD}}{\text{CV}}, \text{ where}$$

WNAD = Weather Normalization Adjustment Dollars to be collected from each billing cycle and rate schedule. This factor shall be based on the following formula:

$$\text{WNAD} = (\text{HDD}_{\text{Diff}} * \text{CB} * \text{WF}) * \text{COS}_{\text{rate}}, \text{ where}$$

$\text{HDD}_{\text{Diff}} = (\text{Normal}_{\text{HDD}} - \text{Actual}_{\text{HDD}})$, the difference between normal and actual heating degree days for the billing period.

CB = Number of customers billed for the billing period.

WF = Weather factor determined for each rate schedule in the most recent rate case.

CV = Current Volumes for the billing period.

This Rate Schedule Replaces Weather Normalization Clause:
WNC dated 7/1/93 (for CTX - excluding Cedar Park)

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs –
Initial Rate)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

WEATHER NORMALIZATION ADJUSTMENT CLAUSE
(Continued)

D. FILING WITH THE CITIES AND THE RAILROAD COMMISSION OF TEXAS (RRC)

The Company will file with the Cities and the RRC monthly reports showing the rate adjustments for each applicable rate schedule. Supporting documentation will be made available for review upon request. By each October 1, the Company will file with the Cities and the RRC an annual report verifying the past year's WNA collections or refunds.

This Rate Schedule Replaces Weather Normalization Clause:
WNC dated 7/1/93 (for CTX - excluding Cedar Park)

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs –
Initial Rate)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

TRANSPORTATION SERVICE RATE

Applicability

Applicable to commercial customers and to consumers not otherwise specifically provided for under any other rate schedule.

Service under this rate schedule is available for the transportation of customer-owned natural gas through the Company's distribution system. The customer must arrange with its gas supplier to have the customer's gas delivered to one of the Company's existing delivery 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, commercial customer for the transportation of customer owned natural gas through the Company's Central Texas distribution system which includes Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and West Lake Hills, 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.

Electronic flow measurement (EFM) may be required for Customers under this tariff at the Company's sole discretion. The customer may be required to reimburse the Company for any cost related to the installation of the EFM as well as provide for or reimburse the Company for any on going maintenance, repair, or communications costs. In the alternative, Customer may elect to discontinue service under this tariff and to receive service under the applicable sales tariff.

Service is not available under this rate schedule for resale to others or for service for a term less than twelve (12) months.

Under this tariff the Company shall perform or cause to be performed all functions necessary to transport the gas commodity from the Point of Receipt to the end use Customer. The Customer is responsible for acquiring the gas commodity from a third party supplier. Such gas supply must be delivered to the pipeline providing upstream services for the system from which the Customer is served.

Customer shall deliver to Company each month, as reimbursement for lost and unaccounted for gas in the form of Payment in Kind (PIK), a volume of gas equal to the Purchase/Sales ratio authorized to be

Initial Rate Schedule (all cities)

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs – Initial Rate)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

collected in the Cost of Gas clause times the volume of gas delivered by the Company for the account of Customer for transportation.

Character of Service

Firm gas transportation service

Cost of Service Rate

During each monthly billing period:

A customer charge per meter per month listed by customer class as follows:

Commercial	-	\$ 75.00
Large Commercial	-	\$150.00
Industrial	-	\$ 80.00
Large Industrial	-	\$150.00
Public Authority	-	\$ 25.00
Large Public Authority	-	\$100.00
Public Schools Space Heating	-	\$ 60.00
Compressed Natural Gas	-	\$ 40.00

Plus –

All Ccf per monthly billing period listed by customer class as follows:

Commercial	-	\$ 0.13010 per Ccf
Large Commercial	-	\$ 0.10898 per Ccf
Industrial	-	\$ 0.10675 per Ccf
Large Industrial	-	\$ 0.10064 per Ccf
Public Authority	-	\$ 0.11838 per Ccf
Large Public Authority	-	\$ 0.11041 per Ccf
Public Schools Space Heating	-	\$ 0.11689 per Ccf
Compressed Natural Gas	-	\$ 0.07018 per Ccf

Additional Charges

- 1) 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.

Initial Rate Schedule (all cities)

Meters Read On and After
June 30, 2009 (Other Cities)
July 17, 2009 (City of Cedar Park)
December 9, 2011 (City of Dripping Springs – Initial Rate)
September 25, 2012 (City of Bee Cave – Initial Rate)
October 19, 2012 (City of Lakeway – Initial Rate)

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- 2) The basic rates for cost of service shall include the amount of the Interim Rate Adjustment in accordance with the provisions of Rate Schedule IRA-CTX-IS.
- 3) A charge will be made each month to recover the cost of any applicable franchise fees paid to the cities.
- 4) In the event the Company incurs a demand or reservation charge from its gas supplier(s) or transportation providers in the Central Texas Service Area, the customer may be charged its proportionate share of the demand or reservation charge based on benefit received by the customer.

Subject to:
Special Provisions

Tariff

General Terms and Conditions for Transportation Service T-GTC

Other Conditions

Transportation of Customer owned natural gas hereunder is subject in all respects to General Terms and Conditions for Transportation Service (T-GTC) and the Transportation Agreement entered into between the Customer and Company prior to commencement of service and all amendments and modifications thereto.

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.

**ELECTRICAL COGENERATION AND ENERGY CONSERVATION
TRANSPORTATION SERVICE RATE**

Applicability

Service under this rate schedule is available to any customer who enters into a contract with the Company to use natural gas for the purpose of cogeneration, and to Qualified Suppliers supplying natural gas to be transported, pursuant to Rate Schedule T-GEN (General Charges, Provisions and Conditions) or Rate Schedule T-GTC, as appropriate. Cogeneration is defined as the use of thermal energy to produce electricity with recapture of by-product heat in the form of steam, exhaust heat, etc. for industrial process use, space heating, food processing or other purposes.

Service under this rate schedule is available for the transportation of customer-owned natural gas through the Company's distribution system. The customer must arrange with its gas supplier to have the customer's gas delivered to one of the Company's existing delivery 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, commercial customer for the transportation of customer owned natural gas through the Company's Central Texas distribution system which includes Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley and West Lake Hills, 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.

Electronic flow measurement (EFM) may be required for Customers under this tariff at the Company's sole discretion. The customer may be required to reimburse the Company for any cost related to the installation of the EFM as well as provide for or reimburse the Company for any on going maintenance, repair, or communications costs. In the alternative, Customer may elect to discontinue service under this tariff and to receive service under the applicable sales tariff.

Service is not available under this rate schedule for resale to others or for service for a term less than twelve (12) months.

Under this tariff the Company shall perform or cause to be performed all functions necessary to transport the gas commodity from the Point of Receipt to the end use Customer. The Customer is responsible for acquiring the gas commodity from a third party supplier. Such gas supply must be delivered to the pipeline providing upstream services for the system from which the Customer is

served.

Customer shall deliver to Company each month, as reimbursement for lost and unaccounted for gas in the form of Payment in Kind (PIK), a volume of gas equal to the Purchase/Sales ratio authorized to be collected in the Cost of Gas clause times the volume of gas delivered by the Company for the account of Customer for transportation.

Character of Service

Firm gas transportation service

Cost of Service Rate

During each monthly billing period:

		<u>Nov.-May</u> <u>Winter</u>	<u>June-Oct.</u> <u>Summer</u>
A customer charge per meter per month of		\$100.00	\$100.00
Plus -			
For the First	5,000 Ccf/month	\$ 0.0950 per Ccf	\$ 0.0760 per Ccf
For the Next	35,000 Ccf/month	\$ 0.0855 per Ccf	\$ 0.0684 per Ccf
For the Next	60,000 Ccf/month	\$ 0.0727 per Ccf	\$ 0.0545 per Ccf
All Over	100,000 Ccf/month	\$ 0.0570 per Ccf	\$ 0.0399 per Ccf

Plus:

See the “Additional Charges to Cost of Service Rate” pursuant to Rate Schedule T-GEN (General Charges, Provisions and Conditions) or Rate Schedule T-GTC, as appropriate.

Additional Charges

- 1) 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.
- 2) A charge will be made each month to recover the cost of any applicable franchise fees paid to the cities.
- 3) In the event the Company incurs a demand or reservation charge from its gas supplier(s) or transportation providers in the Central Texas Service Area, the customer may be charged its proportionate share of the demand or reservation charge based on benefit received by the customer.

Subject to:
Special Provisions

Tariff

General Terms and Conditions for Transportation Service T-GTC or T-GEN, as appropriate

Other Conditions

Transportation of Customer owned natural gas hereunder is subject in all respects to General Terms and Conditions for Transportation Service (T-GTC or T-GEN, as applicable) and the Transportation Agreement entered into between the Customer and Company prior to commencement of service and all amendments and modifications thereto.

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.

INTERIM RATE ADJUSTMENT

A. APPLICABILITY

This Interim Rate Adjustment (IRA) applies to all general service rate schedules of Texas Gas Service Company (Company) currently in force in the incorporated areas of Austin, Dripping Springs, Cedar Park, Kyle, Rollingwood, Sunset Valley, and West Lake Hills, Texas. Applicable rate schedules include 10, 20, 22, 30, 32, 40, 42, 48, CNG-1, and T-1.

B. PURPOSE

Section 104.301, Subchapter G of the Texas Utility Code, effective on September 1, 2003, provides for an interim adjustment in a gas utility's monthly customer charge or initial block usage rate to recover the cost of changes in the utility's infrastructure investment and related expenses and revenues for providing gas utility service. The filing date of the utility's most recent rate case establishing rates for the area in which the interim rate adjustment will apply shall be no more than two years prior to the date the utility files its initial interim rate adjustment application for that area. The interim adjustment shall be recalculated on an annual basis, unless the utility files a written request and obtains approval from the regulatory authority to suspend the operation of the interim adjustment rate schedule for any year. This rate schedule establishes the interim adjustment provisions consistent with Section 104.301, Subchapter G of the Texas Utility Code.

C. BILLING

The following Interim Rate Adjustments (IRA-2010 and IRA-2011) will be added to the applicable Rate Schedule Customer Charge for each monthly billing period:

Rate Schedule	Customer Class	Current Customer Charge	2010 Interim Rate Adjustment	(Excludes Dripping Springs) 2011 Interim Rate Adjustment	Total Customer Charge
10	Residential	\$9.75	\$0.46	\$1.12	\$11.33
20	Commercial	\$12.75	\$1.61	\$4.05	\$18.41
22	Lg. Commercial	\$80.00	\$17.84	\$60.84	\$158.68
30	Industrial	\$40.00	\$6.26	\$18.08	\$64.34
32	Lg. Industrial	\$80.00	\$25.10	\$61.52	\$166.62
40	Public Authority	\$20.00	\$2.22	\$5.71	\$27.93
42	Lg. Public Authority	\$80.00	\$31.13	\$74.95	\$186.08
48	Public Schools Space Heating	\$40.00	\$6.86	\$17.31	\$64.17
CNG-1	Compressed Natural Gas	\$25.00	\$4.27	\$9.67	\$38.94

All applicable fees and taxes will be added to the above rate.

Supersedes Same Sheet Dated
 May 27, 2011 (Other Cities)
 December 9, 2011 (City of Dripping Springs)

Meters Read On and After
 May 29, 2012
 (all cities except Dripping Springs)

INTERIM RATE ADJUSTMENT
(Continued)

Rate Schedule	Customer Class	Current Customer Charge	2010 Interim Rate Adjustment	(Excludes Dripping Springs) 2011 Interim Rate Adjustment	Total Customer Charge
T-1	Commercial	\$75.00	\$11.38	\$27.04	\$113.42
T-1	Lg. Commercial	\$150.00	\$37.03	\$91.51	\$278.54
T-1	Industrial	\$80.00	\$17.61	\$42.72	\$140.33
T-1	Lg. Industrial	\$150.00	\$74.19	\$181.83	\$406.02
T-1	Public Authority	\$25.00	\$3.16	\$6.48	\$34.64
T-1	Lg. Pub Auth	\$100.00	\$41.64	\$108.05	\$249.69
T-1	Public Schools Space Heating	\$60.00	\$7.03	\$17.41	\$84.44
T-1	CNG	\$40.00	\$1.57	\$3.85	\$45.42

All applicable fees and taxes will be added to the above rate.

D. COMPUTATION OF IRA RATE

The amount the Company shall adjust its utility rates upward or downward under this 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.

Based on the difference between the values of the invested capital amounts as determined above, the Company may adjust only the following related components of its revenue requirement: return on investment, depreciation expense, ad valorem taxes, revenue related taxes and incremental federal income taxes. The factors for these components shall be the same as those established in the Company's most recent rate case for the service area in which this interim rate adjustment is to be implemented.

The revenue requirement calculated pursuant to this rate schedule shall be allocated among the Company's customer classes for this service area in the same manner as the cost of service was allocated among customer classes in the Company's latest effective rates for this area.

E. FILING WITH THE REGULATORY AUTHORITY

1. The Company shall file either the initial interim adjustment or the annual interim adjustment with the regulatory authority at least 60 days before the proposed implementation date. During the 60-day period, the regulatory authority may act to suspend implementation of the adjustment.
2. The Company shall provide notice to customers by bill insert or direct mail not later than the 45th day after the date of filing the interim adjustment.

Supersedes Same Sheet Dated
 May 27, 2011(Other Cities)
 December 9, 2011 (City of Dripping Springs)

Meters Read On and After
 May 29, 2012
 (all cities except Dripping Springs)

**INTERIM RATE ADJUSTMENT
(Continued)**

E. FILING WITH THE REGULATORY AUTHORITY (cont.)

3. The Company 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.
4. In addition, the Company shall file with the regulatory authority an annual earnings monitoring report demonstrating the Company's earnings during the preceding calendar year. Should the Company earn a return of more than 75 basis points above the return established in the latest effective rates implemented under this rate schedule, the Company shall file a statement stating the reasons why the rates are not unreasonable or in violation of the law.
5. After the issuance of a final order or decision by a regulatory authority in a rate case that is filed after the implementation of a tariff or rate schedule under this section, any change in investment that has been included in an approved interim adjustment shall no longer be subject to subsequent review for reasonableness or prudence. All amounts collected under this rate schedule are subject to refund until the issuance of a final decision in the next rate case filing for this service area.
6. The Company shall file a rate case no later than the 180th day after the fifth anniversary date its initial interim rate adjustment for this service area became effective.
7. The provisions under Section 104.301, Subchapter G of the Texas Utility Code for this interim adjustment do not limit the power of the regulatory authority under Section 104.151.

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May 27, 2011
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