

**PUBLIC NOTICE OF PROPOSED RATE CHANGE  
NATURAL GAS UTILITY RATES**

On June 30, 2023, Texas Gas Service Company, a Division of ONE Gas, Inc. (“TGS” or the “Company”), filed a Statement of Intent to Change Rates (“Statement of Intent”) in the Rio Grande Valley Service Area (“RGVSA”) with the Railroad Commission of Texas (“Commission”) and with the Cities of Alamo, Alton, Brownsville, Combes, Donna, Edcouch, Edinburg, Elsa, Harlingen, Hidalgo, La Feria, Laguna Vista, La Joya, La Villa, 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 for the gas utility rates charged by the Company to customers. The proposed change in rates will affect all residential, commercial, commercial transportation, church, industrial, industrial transportation, public authority, and public authority transportation customers within the cities listed above and the unincorporated areas of the RGVSA. The proposed effective date of the requested rate changes is August 23, 2023.

The proposed rates and tariffs are expected to increase the Company’s annual system-wide revenues within the RGVSA by approximately \$9.81 million or 16.10% including gas cost or 25.94% excluding gas cost. The proposed change in rates does constitute a “major change” as that term is defined by Section 104.101 of the Texas Utilities Code because the proposed rates will increase the total aggregate revenues of the Company in the RGVSA by more than two and one-half percent. The proposed change in rates will not become effective until similar changes have become effective within the nearest incorporated city.

The Company proposes to implement the rates included in Table 1 below:

**TABLE 1 – Proposed Rate Changes for Incorporated and Unincorporated/Environs Customers**

| Customer Class                    | Current Rates Incorporated and Unincorporated/Environs |                      | Proposed RGVSA Rates |
|-----------------------------------|--|----------------------|----------------------|
|                                   | RGVSA Incorporated Rates                               | RGVSA Environs Rates |                      |
| <b>Residential</b>                |  |                      |                      |
| No. of Customers Affected         | 56,078   | 3,306                |                      |
| Customer Charge                   | \$18.02  | \$21.87              |                      |
| Volumetric Charge (per Ccf)       | \$0.88854  | \$0.34028            |                      |
| Small Customer Charge             |  |                      | \$20.00              |
| Small Volumetric Charge (per Ccf) |  |                      | \$2.33897            |
| Large Customer Charge             |  |                      | \$35.00              |
| Large Volumetric Charge (per Ccf) |  |                      | \$0.95435            |
| <b>Commercial</b>                 |  |                      |                      |
| No. of Customers Affected         | 3,574  | 164                  |                      |
| Customer Charge                   | \$141.62   | \$117.13             |                      |
| Volumetric Charge (per Ccf)       | \$0.31650  | \$0.31650            |                      |
| Small Customer Charge             |  |                      | \$80.00              |
| Small Volumetric Charge (per Ccf) |  |                      | \$0.61849            |
| Large Customer Charge             |  |                      | \$250.00             |
| Large Volumetric Charge (per Ccf) |  |                      | \$0.21049            |

| <b>Commercial Transportation</b>           |            |           |            |
|--|------------|-----------|------------|
| No. of Customers Affected                  | 24         | 3         |            |
| Customer Charge                            | \$483.62   | \$459.13  | \$500.00   |
| Volumetric Charge (per Ccf)                |            |           |            |
| All Ccf                                    |            |           | \$0.10163  |
| First 5000                                 | \$0.31650  | \$0.31650 | N/A        |
| All Over 5000                              | \$0.01777  | \$0.01777 | N/A        |
| <b>Church (Reclassified to Commercial)</b> |            |           |            |
| No. of Customers Affected                  | 194        | 5         |            |
| Customer Charge                            | \$123.62   | \$99.13   | \$80.00    |
| Volumetric Charge (per Ccf)                | \$0.31650  | \$0.31650 | \$0.61849  |
| <b>Industrial</b>                          |            |           |            |
| No. of Customers Affected                  | 20         | 14        |            |
| Customer Charge                            | \$903.88   | \$680.49  | \$850.00   |
| Volumetric Charge (per Ccf)                | \$0.30336  | \$0.30336 | \$0.36782  |
| <b>Industrial Transportation</b>           |            |           |            |
| No. of Customers Affected                  | 17         | 20        |            |
| Customer Charge                            | \$1,153.88 | \$930.49  | \$1,000.00 |
| Volumetric Charge (per Ccf)                |            |           |            |
| All Ccf                                    |            |           | \$0.11076  |
| First 5000                                 | \$0.30336  | \$0.30336 | N/A        |
| All Over 5000                              | \$0.03453  | \$0.03453 | N/A        |
| <b>Public Authority</b>                    |            |           |            |
| No. of Customers Affected                  | 449        | 55        |            |
| Customer Charge                            | \$132.93   | \$106.36  | \$200.00   |
| Volumetric Charge (per Ccf)                | \$0.38068  | \$0.38068 | \$0.33119  |
| <b>Public Authority Transportation</b>     |            |           |            |
| No. of Customers Affected                  | 3          | 3         |            |
| Customer Charge                            | \$487.93   | \$461.36  | \$2,500.00 |
| Volumetric Charge (per Ccf)                |            |           |            |
| All Ccf                                    |            |           | \$0.04521  |
| First 5000                                 | \$0.38068  | \$0.38068 | N/A        |
| All Over 5000                              | \$0.01595  | \$0.01595 | N/A        |
| <b>Electric Generation</b>                 |            |           |            |
| No. of Customers Affected                  | 0          | 0         |            |
| Customer Charge                            | N/A        | N/A       | \$250.00   |
| Volumetric Charge (per Ccf)                | N/A        | N/A       | \$0.21049  |
| <b>Electric Generation Transportation</b>  |            |           |            |
| No. of Customers Affected                  | 0          | 0         |            |
| Customer Charge                            | N/A        | N/A       | \$500.00   |
| Volumetric Charge (per Ccf)                |            |           |            |
| All Ccf                                    | N/A        | N/A       | \$0.10163  |

\*Electric Generation and Electric Generation Transportation current rates are N/A because they are new proposed rates and do not currently have customers.

**TABLE 2 – Impact on Average Bill**

| <b>Customer Class<br/>RGVSA</b>                            | <b>Current<br/>Average<br/>Monthly Bill<br/>Including<br/>Cost of Gas</b> | <b>Proposed<br/>Average<br/>Monthly Bill<br/>Including Cost<br/>of Gas</b> | <b>Proposed<br/>Monthly<br/>Dollar<br/>Change</b> | <b>Proposed<br/>Percentage<br/>Change with<br/>Gas Cost</b> | <b>Proposed<br/>Percentage<br/>Change<br/>without Gas<br/>Cost</b> |
|--|---|--|---|---|--|
| <b>Sales Service</b>                                       |   |  |   |   |  |
| <b>Residential – Small (5 Ccf)</b>                         |   |  |   |   |  |
| Incorporated   | \$26.63   | \$36.31  | \$9.68  | 36.35%  | 42.61%   |
| Environs   | \$27.56   | \$36.31  | \$8.75  | 31.75%  | 36.95%   |
| <b>Residential – Large (18 Ccf)</b>                        |   |  |   |   |  |
| Incorporated   | \$46.52   | \$64.66  | \$18.14   | 38.99%  | 53.89%   |
| Environs   | \$40.72   | \$64.66  | \$23.94   | 58.79%  | 85.93%   |
| <b>Commercial – Small (135 Ccf)</b>                        |   |  |   |   |  |
| Incorporated   | \$283.08  | \$262.25   | \$(20.83)   | (7.36)%   | (11.30)%   |
| Environs   | \$258.59  | \$262.25   | \$3.66  | 1.42%   | 2.28%  |
| <b>Commercial – Large (1,066 Ccf)</b>                      |   |  |   |   |  |
| Incorporated   | \$1,258.55  | \$1,253.87   | \$(4.68)  | (0.37)%   | (0.97)%  |
| Environs   | \$1,234.06  | \$1,253.87   | \$19.81   | 1.61%   | 4.36%  |
| <b>Church (Withdrawing/Proposed Reclass to Commercial)</b> |   |  |   |   |  |
| Incorporated   | \$147.71  | \$111.04   | \$(36.67)   | (24.83)%  | (28.01)%   |
| Environs   | \$123.22  | \$111.04   | \$(12.18)   | (9.88)%   | (11.45)%   |
| <b>Industrial – (3,953 Ccf)</b>                            |   |  |   |   |  |
| Incorporated   | \$4,992.15  | \$5,193.08   | \$200.93  | 4.02%   | 9.55%  |
| Environs   | \$4,768.76  | \$5,193.08   | \$424.32  | 8.90%   | 22.57%   |
| <b>Public Authority – (283 Ccf)</b>                        |   |  |   |   |  |
| Incorporated   | \$447.50  | \$500.56   | \$53.06   | 11.86%  | 22.05%   |
| Environs   | \$420.93  | \$500.56   | \$79.63   | 18.92%  | 37.20%   |
| <b>Electric Generation</b>                                 |   |  |   |   |  |
| Incorporated   | N/A   | N/A  | \$0.00  | 0.00%   |  |
| Environs   | N/A   | N/A  | \$0.00  | 0.00%   |  |
| <b>Transportation Service</b>                              |   |  |   |   |  |
| <b>Commercial Transportation – (13,518 Ccf)</b>            |   |  |   |   |  |
| Incorporated   | \$11,603.26   | \$11,259.61  | \$(343.65)  | (2.96)%   | (15.50)%   |
| Environs   | \$11,578.77   | \$11,259.61  | \$(319.16)  | (2.76)%   | (14.55)%   |
| <b>Industrial Transportation – (20,202 Ccf)</b>            |   |  |   |   |  |
| Incorporated   | \$17,222.20   | \$17,264.17  | \$41.97   | 0.24%   | 1.31%  |
| Environs   | \$16,998.81   | \$17,264.17  | \$265.36  | 1.56%   | 8.93%  |
| <b>Public Authority Transportation – (13,824 Ccf)</b>      |   |  |   |   |  |
| Incorporated   | \$12,130.31   | \$12,723.22  | \$592.91  | 4.89%   | 23.42%   |
| Environs   | \$12,103.74   | \$12,723.22  | \$619.48  | 5.12%   | 24.72%   |
| <b>Electric Generation Transportation</b>                  |   |  |   |   |  |
| Incorporated   | N/A   | N/A  | \$0.00  | 0.00%   |  |
| Environs   | N/A   | N/A  | \$0.00  | 0.00%   |  |

\*Electric Generation and Electric Generation Transportation current rates are N/A because they are new proposed rates and do not currently have customers.

Table 2 calculations are based on a \$0.73 cost of gas and do not include revenue-related taxes.

The Company also proposes changes to Miscellaneous Service Charges included in Table 3 below.

**Table 3 – Miscellaneous Service Charges**

| Incorporated/Environs<br>Service Fees and Deposits | RGVSA       |              |
|--|-------------|--------------|
|  | Current Fee | Proposed Fee |
| Reconnect  | \$35.00     | \$38.00      |
| Connect Fee - Read Only                            | \$10.00     | \$18.00      |
| Special Handling                                   | \$6.00      | \$18.00      |
| Expedited Service/Overtime                         | \$67.50     | \$70.00      |
| Regular Labor Rate                                 | \$45.00     | \$50.00      |
| After Hours Rates                                  | \$67.50     | \$70.00      |
| No Access Fee (Door Tag)                           | \$10.00     | \$18.00      |
| Meter Test Up to 1500 CFH                          | \$80.00     | \$150.00     |
| Meter Test Over 1500 CFH                           | \$100.00    | \$225.00     |
| Orifice Meters                                     | \$100.00    | \$200.00     |
| Payment Re-processing Fee (Returned Check Fee)     | \$25.00     | \$25.00      |
| Collection Fee (All Classes)                       | \$12.00     | \$18.00      |
| Special Read                                       | \$10.00     | \$20.00      |
| Meter Exchange without ERT (Customer Request)      | \$100.00    | Discontinue  |
| Meter Exchange (Customer Request)                  | \$150.00    | \$180.00     |
| Unauthorized Consumption (Plus Expenses)           | \$20.00     | \$30.00      |
| Meter Removal Fee                                  | \$50.00     | \$25.00      |
| Account Research per hour Fee                      | \$25.00     | \$20.00      |
| Excess Flow Valve Installation Fee                 | \$400.00    | \$400.00     |
| Minimum Deposit Residential                        | \$75.00     | \$75.00      |
| Minimum Non Residential Deposit                    | \$250.00    | \$250.00     |
| Meter Tampering (Residential)                      | \$100.00    | \$180.00     |

The proposed changes in Table 3 reflect a net increase of \$68,812 in revenues.

In addition to requesting new rates in RGVSA, TGS is requesting: (1) Commission approval of new depreciation rates for Direct and Division distribution and general plant within the RGVSA; (2) a finding from the Commission that the approvals of the administrative orders by the Gas Services Department of the Commission based on the Accounting Order in Gas Utilities Docket (“GUD”) No. 10695 are reasonable and accurate and that TGS has fully complied with the requirements in GUD No. 10695; (3) a finding from the Commission that expenses for Winter Storm Uri and COVID-19 that are contained in regulatory assets authorized by the Commission are reasonable, necessary and accurate; (4) a prudence determination for capital investment made in the RGVSA through December 31, 2022, including capital investment in the Company’s Interim Rate Adjustment (“IRA”) filings made since the last rate cases in the RGVSA pursuant to Texas Utilities Code § 104.301; (5) approval to include Excess Deferred Income Taxes (“EDIT”) in base rates, with discontinuance of the EDIT Rider, to return EDIT to customers; and (6) approval to recover the reasonable rate case expenses associated with this filing through a surcharge on rates, as provided by law.

The Company also proposes revisions to RGVSA rate schedules and tariffs that contain the proposed rates in Table 1. For all proposed incorporated Rate Schedules for General Sales and Transportation Customers, TGS proposes revisions to the "Other Adjustments" section to remove references to Rate Schedule EDIT-Rider, add references to Rate Schedules RCE and PSF, a revision to the "Cost of Service Rate" section to clarify the Company's delivery charge and revisions to the "Territory" section in General Sales rate schedules and the "Availability" section in the Transportation rate schedule for consistency with other Company service areas. For all proposed environs Rate Schedules for General Sales and Transportation Customers, TGS proposes revisions to the "Other Adjustments" section to add references to Rate Schedules RCE-ENV and PSF, a revision to the "Cost of Service Rate" section to clarify the Company's delivery charge and revisions to the "Territory" section in General Sales rate schedules and the "Availability" section in the Transportation rate schedule for consistency with other Company service areas. For Residential Rate Schedules 10, 15, 1Y and 1Z, TGS proposes to add residential builders to the "Applicability" sections, designate 10 and 1Z as Small Residential, add new 15 and 1Y Large Residential rate schedules and revisions to the "Applicability" section for consistency with other Company service areas. For Commercial Rate Schedules, TGS proposes to withdraw the rate for Church service, designate 20 and 2Z as Small Commercial, and add new 25 and 2Y Large Commercial rate schedules. For Public Authority Rate Schedules 40 and 4Z, TGS proposes revisions to the "Applicability" section for consistency with other Company service areas. For Unmetered Gas Light Rate Schedules 70 and 7Z, TGS proposes new rate schedules that provide a mechanism to provide unmetered gas service to customers for gas lighting only. For Electric Generation Rate Schedules C-1 and C-1-ENV, TGS proposes new rate schedules that provide a mechanism for provide natural gas service to non-residential customers for the purpose of electric generation. For Transportation Rate Schedules T-1, T-1-ENV and T-TERMS, TGS proposes to add rates for Electric Generation service; revise section 1.2 to add definitions for "Firm Service" and "Force Majeure" to provide clarity for Customer and Company rights and responsibilities during a curtailment event and add a definition for "Electric Generation Service" to align with Commission Rule §7.455 and include distributed generation and backup power systems that are registered with the applicable balancing authorities; revise sections 1.4 and 1.6 to clarify Qualified Supplier and Company responsibilities for designating receipt points; add clarifying language to section 1.5(g) for Customer's responsibility to provide written notice to the Company; revisions to the "Applicability," "Availability," "Additional Charges," and "Subject To" sections in T-1 and T-1-ENV and sections 1.1, 1.2, 1.4, 1.5, 1.6 and 1.7 in T-TERMS for consistency with other Company service areas; and add sections 1.3 and 1.8 for consistency with other Company service areas. For the Cost of Gas Clauses 1-INC and 1-ENV, TGS proposes to expand language in section B.3 to include other renewable sources of natural gas consistent with approved cost of gas clauses in Docket No. OS-22-00009896; add section B.4 for a Customer Rate Relief charge applicable to all RGVSA customers, authorized by the Commission's Financing Order in Docket No. OS-21-00007061 and update sections B.1 and G to add references to the Customer Rate Relief charge; add clarifying language to sections B, C, F, and H to make consistent with approved Cost of Gas clauses in Docket No. OS-22-00009896 and GUD Nos. 10739, 10766, and 10928; and add clarifying language for the use of financial instruments in sections B.3, B.6, B.8, and H.4 in the incorporated tariff to make consistent with the recently approved cost of gas clauses in Docket No. OS-22-00009896 and GUD No. 10928. For Rate Schedule WNA, TGS proposes revisions to the "Applicability" section to reference new Rate Schedules for Large Residential and Large Commercial; updated weather factors for each class consistent with weather normalization calculation in this case; removed reference to Commercial Church weather factor; and revisions to the "Applicability" and "Filing with the Cities and the Railroad Commission of Texas (RRC)" sections for consistency with the other Company service areas. Proposed Rate Schedules RCE and RCE-ENV provide a mechanism to recover all reasonable rate case expenses incurred by the Company and cities in connection with the Statement of Intent filings that have been made with the cities and the Commission. For the Rules of Service, TGS proposes revisions for consistency with the Commission's Quality of Service Rules and the approved Rules of Service in Docket No. OS-22-00009896. In addition, the Company proposes: updating the Company's contact information on page 1 for customer inquiries; updating § 1.3, Definitions, to include all definitions of terminology in the Rules of Service consistent with approved Rules of Service in Docket No. OS-22-00009896 and GUD Nos. 10739, 10766, and 10928 as well as add definitions for "Firm Service" and "Force Majeure" to provide clarity for Customer and Company rights and responsibilities during a curtailment event, while revising "Electrical Cogeneration Service" to

"Electric Generation Service" and expand its definition to align with Commission Rule §7.455 and include distributed generation and backup power systems that are registered with the applicable balancing authorities; revisions to § 3 to include language for the availability of rate schedules on the Company's website; revisions to § 4.4 to remove a reference to the Company's previous filed curtailment plan and § 4.4(iv) to include curtailment language consistent with the new Commission Rule §7.455; revisions to § 4.9 to add language regarding force majeure situations to the limitation of liability provision; revisions to § 4.6, § 7.4, § 7.7, § 9.1 and § 9.6 to provide for electronic billing and notice; revisions to § 9.9 (previously § 20.1) to update the language to reflect the current plan description for Average Payment Plan; making an administrative correction to § 12.9; revisions to § 15 (previously § 21), Fees and Deposits, to establish greater consistency for service fees and deposits among the Company's service areas; and withdraw the rules of service addenda RGVSA-Env 7-45 and RGVSA-Env 7-46, as these provisions have been included within the proposed RGVSA Rules of Service in Sections 7.7 and 8.3(e). Finally, TGS proposes to withdraw the Cost of Service Adjustment Clause, Rate Schedule 1-1, Franchise Fee and State Occupancy Tax Factors, Rate Schedule 1B, City Ordinance Listing, Rate Schedule ORD-RGV, and Excess Deferred Income Tax Credit, Rate Schedule EDIT-Rider.

Persons with specific questions or desiring additional information about this filing may contact TGS at 1-800-700-2443. Complete copies of the filed Statement of Intent, including all proposed rates and schedule changes, are available for inspection at TGS's offices located at 5602 E. Grimes Rd., Harlingen, Texas 78550, or on the Company's website at <https://www.texasgasservice.com/RateInformation/RioGrandeValley>. Any affected person may file written comments or a protest concerning the proposed rate change with the Docket Services Section of the Office of the Hearings Division, Railroad Commission of Texas, P.O. Box 12967, Austin, Texas 78711-2967, at any time within 30 days following the date on which this change would or has become effective, or September 22, 2023. Please reference Docket No. OS-23-00014399. Any affected person within an incorporated area may contact their city council.

Este aviso tiene como fin informarle a los clientes de Texas Gas Service Company, una Division de ONE Gas, Inc. ("TGS" o la "Compañía") de el área del Valle del Rio Grande que la Compañía ha presentado una solicitud para aumentar las tarifas del servicio público de gas. Esta solicitud afecta a todos los clientes residenciales, comerciales, transporte comercial, industriales, transporte industrial, de autoridad pública, transporte de autoridad pública, generacion electrica, y transporte de generacion electrica. Las personas que deseen hacer preguntas específicas o recibir más información sobre esta solicitud pueden comunicarse con la Compañía llamando al 1-800-700-2443 o envíe un mensaje de correo electrónico a la dirección ODCInformationCenterWebTeam@onegas.com. Cualquier persona afectada puede presentar por escrito comentarios o una protesta sobre el cambio de tarifas propuesto a la Sección de Servicios de la Oficina de la División de Audiencias, Comisión Ferroviaria de Texas, P.O. Box 12967, Austin, Texas 78711-2967, en cualquier momento dentro de los 30 días siguientes a la fecha en que este cambio entraría en vigencia o el 22 de septiembre del 2023. Por favor, haga referencia a Docket No. OS-23-00014399. Cualquier persona afectada dentro de un área incorporada puede contactar a su Consejo Municipal.