

**EXCESS DEFERRED INCOME TAX CREDIT**

**A. APPLICABILITY**

This Excess Deferred Income Tax Credit applies to all general service rate schedules of Texas Gas Service Company, a Division of ONE Gas, Inc. (“Company”) currently in force in the Company's Central-Gulf Service Area within the incorporated and unincorporated areas of Austin, Bastrop (environs only), Bayou Vista, Beaumont, Bee Cave, Buda, Cedar Park, Cuero, Dripping Springs, Galveston, Gonzales, Groves, Hutto (environs only), Jamaica Beach, Kyle, Lakeway, Lockhart, Luling, Marble Falls, Mustang Ridge, Nederland, Nixon, Pflugerville, Port Arthur, Port Neches, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas: 10, 20, 30, 40, 48, C-1, CNG-1, 1Z, 2Z, 3Z, 4H, 4Z, C-1-ENV, CNG-1-ENV, T-1, and T-1-ENV.

**B. CALCULATION OF CREDIT**

The annual amortization of the regulatory liability for excess deferred income taxes resulting from the Tax Cuts and Jobs Act of 2017 and in compliance with GUD No. 10695, will be credited to customers annually on a one-time, per bill basis in February of each year and will show as a separate line item on the customer’s bill until fully amortized. The initial credit will occur in September 2020.

EDIT CREDIT – The total amount, if any, of the credit in a given year will be determined by:

- The average rate assumption method (“ARAM”) as required by the Tax Cuts and Jobs Act of 2017 Section 13001(d) for the protected portion of the regulatory liability for excess deferred income taxes; and
- A 4-year amortization for nonprotected property.

TRUE-UP ADJUSTMENT – The Excess Deferred Income Tax credit shall be trued-up annually. The True-Up Adjustment will be the difference between the amount of that year’s EDIT Credit and the amount actually credited to customers.

EDIT CREDIT PER CUSTOMER – The EDIT credit per customer will be determined by allocating that year’s credit, plus/minus any prior year true up adjustment, among the customer classes utilizing the same class revenue allocation as approved in the most recent general rate case, and then by dividing each class’s portion by the number of customers in that class.

**C. EDIT CREDIT PER CUSTOMER**

Residential:	\$ 3.13
Commercial:	\$ 14.42
Industrial:	\$ 211.23
Public Authority:	\$ 26.05
Public Schools Space Heat:	\$ 26.05
Electrical Cogeneration:	\$ 26.05
Compressed Natural Gas:	\$ 180.63

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

Supersedes Same Rate Schedule Dated  
January 27, 2023 (CGSA except Bastrop Env., Buda  
Inc., Hutto Env., Marble Falls, Mustang Ridge and  
Pflugerville)  
January 15, 2024 (Hutto Env. and Mustang Ridge)

Meters Read On and After  
January 29, 2024

**EXCESS DEFERRED INCOME TAX CREDIT**  
**(Continued)**

**D. OTHER ADJUSTMENTS**

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

**E. ANNUAL FILING**

The Company shall make a filing with the Commission each year no later than December 31, including the following information:

- a. the total dollar amount of that year's EDIT Credit;
- b. the total dollar amount actually credited to customers;
- c. true-up amount, if any, due to the difference between items a. and b., above;
- d. the amount of the upcoming year's EDIT Credit; and
- e. the amounts of the upcoming year's EDIT Credit per Customer.

**F. CONDITIONS**

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

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