

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., currently in force in the City of El Paso including Rate Schedules 10, 20, 21, 30, 40, 41, 42, E5, SS, C-1, and T-1.

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 applicable City of El Paso Resolutions, will be credited to customers annually on a one-time, per bill basis and will show as a separate line item on the customer's bill until fully amortized.

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 10-year amortization for the nonprotected portion of the regulatory liability for excess deferred income taxes.

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:	\$ 5.20
Commercial:	\$ 16.51
Commercial Air Conditioning:	\$ 16.51
Industrial:	\$ 408.60
Public Authority:	\$ 63.83
Public Authority Air Conditioning:	\$ 63.83
Municipal Water Pumping:	\$ 219.60
Fort Bliss:	\$36,447.91

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

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(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 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.