

WINTER STORM URI SURCHARGE

A. PURPOSE

The purpose of the Winter Storm Uri Surcharge is to authorize Texas Gas Service Company, a Division of ONE Gas, Inc. (“TGS” or the “Company”) to recover the reasonable, necessary and prudent extraordinary costs incurred by the Company for its West Texas Service Area as a result of Winter Storm Uri. The rate schedule is authorized by the Railroad Commission of Texas’s (“Commission”) (1) Regulatory Asset Determination Order in OS-21-00007061, (2) original jurisdiction to prescribe the manner and form of the books, records, and accounts for gas utilities under Texas Utilities Code § 102.101(a), (b) and (d), (3) Regulatory Asset Notice issued on February 13, 2021, and (4) Notice to Gas Utilities issued on June 17, 2021. The Commission authorizes and directs the Company to assess the Winter Storm Uri Surcharge rate as set forth in Section (C) below.

B. APPLICABILITY

This rate shall apply to the following rate schedules of the Company within the incorporated and unincorporated areas of its West Texas Service Area: Andrews, Anthony, Barstow, Clint, Crane, Dell City, El Paso, Horizon City, McCamey, Monahans, Pecos, Pyote, San Elizario, Socorro, Thorntonville, Vinton, Wickett, and Wink, Texas and in the environs areas of Canutillo and Fabens, Texas: 10, 20, 21, 30, 40, 41, 42, 60, E5, SS, C-1, 1Z, 2Z, 2A, 3Z, 4Z, 4A, 4B, 6Z and C-1-ENV.

C. SURCHARGE RATE

All Ccf during each billing period: \$0.11800 per Ccf

This rate will be in effect until all approved and expended Winter Storm Uri costs, up to \$59,663,320 (“Regulatory Asset Amount”) plus carrying cost, are recovered under the applicable rate schedules. Any excess recovery of the Regulatory Asset Amount shall be calculated and refunded to customers through a final true-up under this rate schedule.

D. OTHER ADJUSTMENTS

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

E. CONDITIONS

1. Subject to all applicable laws and orders, and the Company's rules and regulations on file with the regulatory authority.
2. Carrying cost shall be applied beginning January 1, 2022 at the pre-tax weighted average cost of capital approved in the last West Texas Service Area rate case, GUD No. 10506.
3. Uncollectible amounts, actually written off, associated with this surcharge shall be added back to the balance to be recovered via this surcharge.

WINTER STORM URI SURCHARGE (Continued)

4. Any amounts that were included in the Regulatory Asset Amount that are refunded to the Company subsequent to the Regulatory Determination Order shall be subtracted from the balance and shall not be recovered via this surcharge.
5. City of El Paso's actual legal and consulting expenses in an amount not to exceed \$132,560 will be reimbursed by the Company and recovered via this surcharge in addition to the Regulatory Asset Amount in subsection C.
6. By January 31, 2022, TGS will provide to Commission Staff and the City of El Paso confirmation of actual legal and consulting costs expended to confirm the balance to be recovered as stated in (C).

F. WINTER STORM URI SURCHARGE RECOVERY COMPLIANCE REPORT

TGS shall file a reconciliation report annually on or before December 31st, commencing in 2022 and ceasing after a reconciliation report is filed at the end of the month following the month in which the Regulatory Asset Amount is fully recovered via the final reconciliation true-up (if applicable). TGS shall file the report with the Commission, addressed to the Director of the Oversight and Safety Division and referencing OS-21-00007061, Winter Storm Uri Surcharge Recovery Report. The report shall include:

- The volumes used by month by customer class during the applicable period,
- The amount of surcharge recovered, by month
- The outstanding balance, by month
- The carry cost accrued, by month
- The associated uncollectibles, by month
- Any credits for amounts the Company received that would offset the Regulatory Asset Amount

Reports for the Commission should be filed electronically at GUD_Compliance@rrc.texas.gov or at the following address:

Compliance Filing
Director of Oversight and Safety Division
Gas Services Dept.
Railroad Commission of Texas
P.O. Box 12967
Austin, TX 78711-2967

TGS shall also provide a copy of annual reconciliation report to the City of El Paso.