

WEATHER NORMALIZATION ADJUSTMENT CLAUSE

APPLICABILITY

The Weather Normalization Adjustment Clause (WNA) shall apply to the following general service rate schedules of Texas Gas Service Company in the incorporated and unincorporated areas served in the Central Texas Area including Austin, Bee Cave, Buda (environs Only), Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills, and Yoakum: Rate Schedules 10, 1Z, 20, 2Z, 40, 4Z, 48 and 4H. The WNA shall be effective during the September through May billing cycles.

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.

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:

Supersedes Rate Schedule Dated:
June 30, 2009 (Other CTX 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)
April 30, 2008 (STX Svc Area)

Meters Read On and After
October 26, 2016 (Cities of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, TX)
January 6, 2017 (Cities of Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum, TX)
November 23, 2016 (Unincorporated Areas of the Central Texas Service Area)

**WEATHER NORMALIZATION ADJUSTMENT CLAUSE
(Continued)**

WNAD = (HDD Diff * CB * WF) * COS rate, where

HDD Diff = (Normal HDD – Actual 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.

Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills:

Residential 0.15429; Commercial 0.39358; Public Authority 1.97830; Public Schools 4.27513

Cuero, Gonzales, Lockhart, Luling, Nixon, Shiner, and Yoakum

Residential 0.13457; Commercial 0.29094

CV = Current Volumes for the billing period.

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

The Company will file 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.

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