

# **Attachment 1 to Ordinance**

**(TGS CAC Rate Ordinance)**

## CONSERVATION ADJUSTMENT CLAUSE

### DESCRIPTION

The Conservation Adjustment Clause recovers the costs associated with the Conservation and Energy Efficiency Program offered by Texas Gas Service, a Division of ONE Gas, Inc., (“Company”), which offers assistance to residential and commercial customers to encourage efficient use of energy, reduce net energy consumption and lower energy utility bills.

### APPLICABILITY

This rate schedule is applicable to the residential and commercial rate schedules of Texas Gas Service, a Division of ONE Gas, Inc., that apply to the incorporated areas of the Central Texas Service Area. This tariff will be effective beginning with the first billing cycle of 2019.

### TERRITORY

The incorporated areas of the Central Texas Service Area include Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

### DEFINED TERMS

The following definitions are for use specifically in this rider:

1. CAC Charge: The charge on customers’ monthly utility bills, the proceeds from which are used to fund the Conservation and Energy Efficiency Program;
2. Regulatory Body: A city in the Central Texas Service Area, including any department or office within a city with delegated authority to review and approve the Conservation and Energy Efficiency budget and CAC Charge adjustment;
3. Residential Customers: All incorporated residential gas sales customers within the Central Texas Service Area; and
4. Commercial Customers: All incorporated commercial gas sales and transportation customers within the Central Texas Service Area.

### TERMS AND CONDITIONS

1. The CAC Charge outlined in this tariff shall be updated every three years in conjunction with the filing of the CAC budget.
2. The programs offered under the Conservation Adjustment Clause (CAC) may include, but are not limited to, residential, new construction and commercial customer rebates and a low-income free appliance replacement program.

**CONSERVATION ADJUSTMENT CLAUSE (continued)**

3. A minimum of seventy percent (70 percent) of total annual program costs shall be for direct programs including, but not limited to, direct installation programs, weatherization, low-income free equipment, and rebates on high-efficiency natural gas appliances.
4. The remaining program costs shall be spent on common education and administrative costs. Administrative costs shall not exceed fifteen percent (15 percent) of total CAC program costs.
5. Common education and administrative costs will be allocated to each rate class based upon the proportion of direct costs.
6. Actual expenditures on direct programs may vary from the budgeted amounts among approved programs of the same customer class.
7. The overall portfolio of direct program offerings shall be designed to conserve energy and contain a comprehensive array of programs that allows for participation from a wide variety of customer types. The overall budget shall be cost-effective based on the evaluation of a third-party consultant using industry standard methodologies, such as those prescribed by the California Standard Practice Manual.
8. Texas Gas Service will provide the City of Austin Resource Management Commission (“Commission”) or successor board or commission the proposed program selection and budget no later than 45 days prior to a budget filing. The Commission will review the program selection and budget, provide input and make a recommendation to the City of Austin. Public comment and/or input shall be heard by the Commission during these meetings.
9. A proposed budget shall be deemed approved if all terms and conditions are met.

**ADJUSTMENT OF CAC CHARGE**

The CAC Charge for a given three-year period will be separately calculated for each individual customer class according to the following and shall be included on the customer’s monthly utility bill. The initial charge, to begin with the first billing cycle of 2019, will be implemented in conjunction with the budget for the years 2019-2021.

<b>Residential</b>	<b>Commercial</b>
CAC Fixed Charge = $\frac{BCD + BA}{NB}$	CAC Volumetric Charge = $\frac{BCD + BA}{NV}$

BCD = Budgeted Conservation Dollars. The BCD shall include all expected costs attributable to the Company’s Conservation and Energy Efficiency Program for the 12-month period ending December 31 of each year, including but not limited to, rebates paid, material costs, cost of educational and consumer awareness materials related to energy conservation/efficiency, planning, development, implementation, evaluation and administration of the CAC program.

**CONSERVATION ADJUSTMENT CLAUSE (continued)**

BA = Balance Adjustment. The BA shall compute the differences between Rider CAC collections by class and expenditures by class for the 36-month period ending the prior (date) and collect the over/under recovery during the subsequent 36-month period beginning (date) of the following year.

NB = Actual bills from the prior calendar year, normalized for growth/attrition

NV = Actual volumes from the prior calendar year normalized for weather and growth/attrition, listed in Ccf

**REPORTING**

Program selection and the annual budget will be determined for a 3-year period.

The following documents will be filed with the Regulatory Body beginning in 2018:

1. Rate Schedule 1C indicating the new CAC Charge for each of the affected rate classes, to be filed within 20 days of implementation;
2. An annual report of the prior calendar year collections and disbursements, to be filed within 120 days following the prior calendar year end. The annual report will also be made available on the Company's website. The annual filing shall include the BCD, twelve-month BA, data on the total cost of the Conservation and Energy Efficiency Program, and reporting of program administrative and education costs; and
3. A calendar year budget will be provided to the Regulatory Body by the Company on or before October 15 of the year prior to start of the following 3-year period. If no action is taken by the Regulatory Body by November 30, the budget and resulting CAC charge will automatically be approved for the next three-year period.

**NOTICE AND REGULATORY EXPENSES**

The cost of any public notice issued or regulatory expenses incurred will be recovered through the subsequent CAC Charge and are not subject to the approved budget or administrative cap.

**CONSERVATION ADJUSTMENT CLAUSE RATE**

**A. APPLICABILITY**

The Conservation Adjustment Clause (“CAC”) rate, calculated pursuant to Rate Schedule CAC, shall apply to the following rate schedules listed below for all incorporated areas served by the Company in its Central Texas Service Area which includes Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

**B. CURRENT CAC RATE**

<u>Rate Schedule</u>	<u>Customer Class</u>	<u>*Monthly Conservation Rate</u>
10	Residential Service	\$ 1.19 fixed customer charge
20	Commercial Service	\$ 0.00520 per Ccf
T-1	Commercial Transportation Service	\$ 0.00520 per Ccf

\*The Conservation Rate will change every three years, starting with meters read on and after December 31, 2018, pursuant to Rate Schedule CAC.

Supersedes Rate Schedule Dated:  
January 26, 2018

Meters Read On and After:  
December 31, 2018

**RESIDENTIAL SERVICE RATE**

**APPLICABILITY**

Applicable to a residential customer in a single dwelling, or in a dwelling unit of a multiple dwelling or residential apartment, for domestic purposes. A residential consumer includes an individually-metered residential unit or dwelling that is operated by a public housing agency acting as an administrator of public housing programs under the direction of the U.S. Department of Housing and Urban Development. This rate is only available to full requirements customers of Texas Gas Service Company.

**TERRITORY**

The incorporated areas of the Central Texas Service Area which includes, Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of Interim Rate Adjustments (IRA)	\$15.28 plus \$ 2.07 per month (Footnote 1)
Total Customer Charge	\$17.35 per month

All Ccf per monthly billing period @	\$0.12061 per Ccf (Footnote 2)
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**OTHER ADJUSTMENTS**

**Cost of Gas Component:** The basic rates for cost of service set forth above shall be increased by the amount of the Cost of Gas Component for the billing month computed in accordance with the provisions of Rate Schedule 1-INC.

**Weather Normalization Adjustment:** The billing shall reflect adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.

**Conservation Adjustment:** Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC and Rate Schedule 1C.

**Pipeline Integrity Testing Rider:** The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT.

**Rate Schedule RCE:** Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider.

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

**CONDITIONS**

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

Footnote 1: 2016 IRA - \$1.33; revised to \$1.19 (GUD No. 10714); 2017 IRA - \$0.88

Footnote 2: \$0.16032 (GUD No. 10526) revised to \$0.12061 (GUD No. 10714)

**COMMERCIAL SERVICE RATE**

**APPLICABILITY**

Applicable to all commercial customers and to customers not otherwise specifically provided for under any other rate schedule. This rate is only available to full requirements customers of Texas Gas Service Company.

**TERRITORY**

The incorporated areas of the Central Texas Service Area which includes, Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas.

**COST OF SERVICE RATE**

During each monthly billing period:

A customer charge per meter per month of	\$38.00
Interim Rate Adjustments (IRA)	\$ 8.92 per month (Footnote 1)
Total Customer Charge	\$46.92 per month
All Ccf per monthly billing period @	\$0.11614 per Ccf (Footnote 2)

**OTHER ADJUSTMENTS**

**Cost of Gas Component:** The basic rates for cost of service set forth above shall be increased by the amount of the Cost of Gas Component for the billing month computed in accordance with the provisions of Rate Schedule 1-INC.

**Weather Normalization Adjustment:** The billing shall reflect adjustments in accordance with the provisions of the Weather Normalization Adjustment Clause, Rate Schedule WNA.

**Conservation Adjustment:** Adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC and Rate Schedule 1C, if applicable.

**Pipeline Integrity Testing Rider:** The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT.

**Rate Schedule RCE:** Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider.

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

**CONDITIONS**

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

Footnote 1: 2016 IRA - \$5.79 revised to \$5.17 (GUD No. 10714); 2017 IRA - \$3.75  
Footnote 2: \$0.13174 (GUD No. 10526) revised to \$0.11614 (GUD No. 10714)

**TRANSPORTATION SERVICE RATE**

**APPLICABILITY**

Applicable to customers who have elected Transportation Service not otherwise specifically provided for under any other rate schedule.

Service under this rate schedule is available for the transportation of customer-owned natural gas through the Company's distribution system. The customer must arrange with its gas supplier to have the customer's gas delivered to one of the Company's existing delivery receipt points for transportation by the Company to the customer's facilities at the customer's delivery point. The receipt points shall be specified by the Company at its reasonable discretion, taking into consideration available capacity, operational constraints, and integrity of the distribution system.

**AVAILABILITY**

Natural gas service under this rate schedule is available to any individually metered, non-residential customer for the transportation of customer owned natural gas through the Company's Central Texas distribution system which includes the incorporated areas of Austin, Bee Cave, Cedar Park, Cuero, Dripping Springs, Gonzales, Kyle, Lakeway, Lockhart, Luling, Nixon, Rollingwood, Shiner, Sunset Valley, West Lake Hills and Yoakum, Texas. Such service shall be provided at any point on the Company's System where adequate capacity and gas supply exists, or where such capacity and gas supply can be provided in accordance with the applicable rules and regulations and at a reasonable cost as determined by the Company in its sole opinion.

**COST OF SERVICE RATE**

During each monthly billing period, a customer charge per meter per month listed by customer class as follows:

Commercial	\$ 250.00 per month		
plus Interim Rate Adjustments	\$8.92 (Footnote 1)	Total Rate	\$258.92
Industrial	\$ 350.00 per month		
plus Interim Rate Adjustments	\$103.62 (Footnote 2)	Total Rate	\$453.62
Public Authority	\$ 70.00 per month		
plus Interim Rate Adjustments	\$21.49 (Footnote 3)	Total Rate	\$91.49

**TRANSPORTATION SERVICE RATE**  
**(Continued)**

Public Schools Space Heat	\$ 200.00 per month		
plus Interim Rate Adjustments	\$21.49 (Footnote 4)	Total Rate	\$221.49
Compressed Natural Gas	\$ 75.00 per month		
plus Interim Rate Adjustments	\$99.23 (Footnote 5)	Total Rate	\$174.23
Electrical Cogeneration	\$ 70.00 per month		
plus Interim Rate Adjustments	\$21.49 (Footnote 6)	Total Rate	\$91.49

Plus – All Ccf per monthly billing period listed by customer class as follows:

Commercial	-	\$0.11614 per Ccf (Footnote 7)
Industrial	-	\$0.10273 per Ccf (Footnote 8)
Public Authority	-	\$0.11541 per Ccf (Footnote 9)
Public Schools Space Heat	-	\$0.10012 per Ccf (Footnote 10)
Compressed Natural Gas	-	\$0.06684 per Ccf (Footnote 11)
Electrical Cogeneration	-	
For the First 5,000Ccf/month		\$0.07720 per Ccf (Footnote 12)
For the Next 35,000 Ccf/month		\$0.06850 per Ccf (Footnote 13)
For the Next 60,000 Ccf/month		\$0.05524 per Ccf (Footnote 14)
All Over 100,000 Ccf/month		\$0.04016 per Ccf (Footnote 15)

**ADDITIONAL CHARGES:**

- 1) A charge will be made each month to recover the cost of taxes paid to the State of Texas pursuant to Texas Utilities Code, Chapter 122 as such may be amended from time to time which are attributable to the transportation service performed hereunder.
- 2) A charge will be made each month to recover the cost of any applicable franchise fees paid to the cities.
- 3) In the event the Company incurs a demand or reservation charge from its gas supplier(s) or transportation providers in the incorporated areas of the Central Texas Service Area, the customer may be charged its proportionate share of the demand or reservation charge based on benefit received by the customer.
- 4) Adjustments in accordance with provisions of the Rate Case Expense Surcharge Rider (RCE).

**TRANSPORTATION SERVICE RATE**  
**(Continued)**

- 5) The billing shall reflect adjustments in accordance with provisions of the Pipeline Integrity Testing Rider, Rate Schedule PIT.
- 6) The billing of commercial transportation shall reflect adjustments in accordance with the provisions of the Conservation Adjustment Clause, Rate Schedule CAC and Rate Schedule IC, if applicable.

**SUBJECT TO**

- 1) Tariff T-TERMS, General Terms and Conditions for Transportation
- 2) Transportation of natural gas hereunder may be interrupted or curtailed at the discretion of the Company in case of shortage or threatened shortage of gas supply from any cause whatsoever, to conserve gas for residential and other higher priority customers served. The curtailment priority of any customer served under this schedule shall be the same as the curtailment priority established for other customers served pursuant to the Company's rate schedule which would otherwise be available to such customer.
- 3) Subject to all applicable laws and orders, and the Company's rules and regulations on file with the regulatory authority.

Footnote 1: 2016 IRA - \$5.79 revised to \$5.17 (GUD No. 10714); 2017 IRA - \$3.75  
Footnote 2: 2016 IRA - \$65.77 revised to \$58.71 (GUD No. 10714); 2017 IRA - \$44.91  
Footnote 3: 2016 IRA - \$13.96 revised to \$12.46 (GUD No. 10714); 2017 IRA - \$9.03  
Footnote 4: 2016 IRA - \$13.96; revised to \$12.46 (GUD No. 10714); 2017 IRA - \$9.03  
Footnote 5: 2016 IRA - \$60.25 revised to \$53.78 (GUD No. 10714); 2017 - \$45.45  
Footnote 6: 2016 IRA - \$13.96 revised to \$12.46 (GUD No. 10714); 2017 IRA - \$9.03  
Footnote 7: \$0.13174 (GUD No. 10526) revised to \$0.11614 (GUD No. 10714)  
Footnote 8: \$0.11186 (GUD No. 10526) revised to \$0.10273 (GUD No. 10714)  
Footnote 9: \$0.12529 (GUD No. 10526) revised to \$0.11541 (GUD No. 10714)  
Footnote 10: \$0.11000 (GUD No. 10526) revised to \$0.10012 (GUD No. 10714)  
Footnote 11: \$0.07148 (GUD No. 10526) revised to \$0.06684 (GUD No. 10714)  
Footnote 12: \$0.08708 (GUD No. 10526) revised to \$0.07720 (GUD No. 10714)  
Footnote 13: \$0.07838 (GUD No. 10526) revised to \$0.06850 (GUD No. 10714)  
Footnote 14: \$0.06512 (GUD No. 10526) revised to \$0.05524 (GUD No. 10714)  
Footnote 15: \$0.05004 (GUD No. 10526) revised to \$0.04016 (GUD No. 10714)