



**Texas
Gas Service™**
A Division of ONE Gas

1301 South Mopac Expressway, Suite 400
Austin, TX 78746
texasgasservice.com

October 15, 2018

Rondella Hawkins
Officer, Telecommunications and Regulatory Affairs
City of Austin
P.O. Box 1088
124 West 8th Street, Suite 210
Austin, TX 78701

Re: Texas Gas Service Company Energy Efficiency Program: Proposed Calendar Year 2019 and 2019-2021 Budgets

Dear Ms. Hawkins:

Pursuant to the requirements of existing Rate Schedule CAC, Texas Gas Service Company, a division of ONE Gas, Inc., ("TGS") is providing the proposed Calendar Year 2019 budget for the TGS Energy Efficiency Program. TGS is also providing a budget for Calendar Years 2019-2021 for reasons explained below.

As you may be aware, on October 1, 2018, TGS made a filing with each of the cities in its Central Texas Service Area ("CTSA") requesting approval of changes to the Conservation Adjustment Clause tariff (Rate Schedule CAC) and related tariff changes for tariffs that are in effect within the incorporated areas of the CTSA. If approved, the new tariff changes will become effective November 30, 2018 and will supercede the existing tariffs. The revised Rate Schedule CAC requires that TGS submit a three-year budget for the Energy Efficiency Program. As such, in addition to the one-year budget for 2019 that would be applicable under the current Rate Schedule CAC, TGS is also providing a budget for Calendar Years 2019-2021 for review and approval to comply with the revised Rate Schedule CAC, should the revised tariff be approved. TGS requests approval of the three-year budget so that new rates for the Energy Efficiency Program will comply with the changes to Rate Schedule CAC that TGS is requesting from all CTSA cities. The new rates under Rate Schedule CAC would be effective for meters read on and after December 31, 2018.

In addition to the proposed budgets, TGS has included a narrative explaining the proposed three-year budget, changes to rebate offerings, updates to the program, and the annual adjustment to Conservation Adjustment Clause rates as shown below and included in the attached proposed Rate Schedule 1C.

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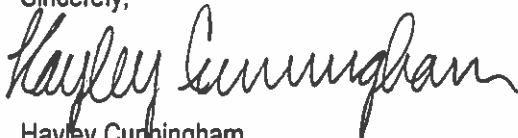
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Customer Class	Current Conservation Rate	Proposed Conservation Rate Under Existing Tariff	Proposed Conservation Rate Under New Tariff
Residential	\$0.05210 per Ccf	\$0.03893 per Ccf	\$1.19 per month
Commercial	\$0.00520 per Ccf	\$0.00520 per Ccf	\$0.00520 per Ccf
Commercial Transportation	\$0.00000 per Ccf	\$0.00000	\$0.00520 per Ccf

Larry Graham and I look forward to working with you, and we are happy to answer any questions you may have concerning the budgets or the Energy Efficiency Program. Please do not hesitate to contact me.

Sincerely,



Hayley Cunningham
Manager, Energy Efficiency Programs
Texas Gas Service Company

c.c. Jannette Goodall,
City Clerk, Austin