

Texas Gas Service

2025 Rate Case

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Natural Gas Utility in Texas

Committed to Texans

- **Serves** 706,000 Texans
- **Available** in 111 communities
- **Employs** over 1,000 Texans
- **100%** regulated local distribution company
- **13%** market share, third-largest in Texas



Texas Gas Service Impact in 2024

- **\$309 million** invested throughout the State
- **\$71 million** in annual payroll
- Remitted **\$17.5 million** in property taxes
- **~\$913,000** in charitable donations & sponsorships across Texas from the company and its Foundation
- **1,423 hours** spent volunteering by Texas employees serving their local communities



Volunteering in the Community

Texas Gas Service employees volunteered at 40+ events since January 2024

- American Red Cross (El Paso)
- Adopt a Highway (RGV)
- Boy Scouts of America (Port Arthur)
- Central Texas Food Bank (Austin)
- El Pasoans Food Bank (El Paso)
- Galveston County Youth Soccer
- Meals on Wheels and More (Austin)
- Ronald McDonald House (Austin)
- Texas Beach Clean Up (RGV)
- United Way of El Paso



2025 Rate Case Filing

Periodically, it's important to have a rate case to evaluate:

- Cost of capital
- Operating expenses
- Depreciation rates
- Rate design

The 2025 Rate Case Filing includes:

- Consolidation of service areas
- *Share the Warmth* adjustments



2025 Statewide Rate Case Filing



Continued consolidation of service areas:

- One statewide rate for the currently designated Rio Grande Valley (RGVSA), Central-Gulf (CGSA) and West North (WNSA) service areas.
- Today, customers in different areas may pay different rates, even though we provide the same level of service and operate the same way statewide.

Why a statewide rate filing?

- More consistent and equivalent cost impacts on customers
- Aligns rate structure with how our operations are managed
- Risks and Costs spread across the entire Texas customer base
- Reduced administrative costs



2025 Rate Case Filing

Proposed Rate Changes

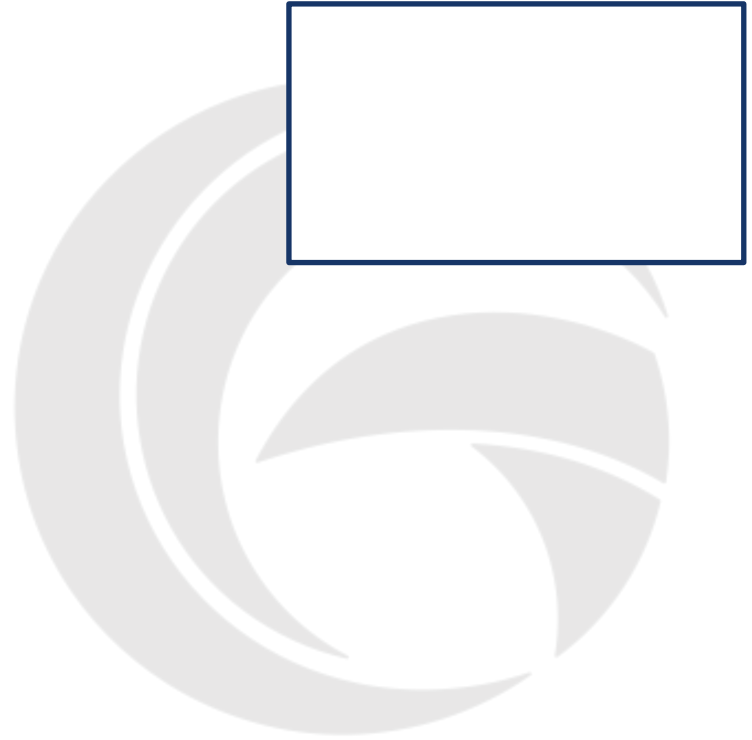
As filed, Texas Gas Service requested a \$41 million statewide revenue increase to recover changes in expenses and investments.

Reasons for the rate change:

- Continued investment in the distribution system's safety and reliability
 - Maintain standing as one of the safest natural gas distribution companies in the nation
- Recovery of increased operating costs due to inflation and compliance efforts
- Employee salaries and benefits
- Depreciation expense



New Rate Design Proposals



Residential Customer Assistance



***Share the Warmth* Contribution**

- A greater contribution to our *Share the Warmth* fund, which offers financial assistance to qualifying customers struggling to pay their energy bills. Several agencies across the state will administer to qualified customers.
- This contribution would be an ordinary expense recovered via base rates.



As Filed - Proposed Rates

- All Residential and Commercial Customers throughout the state will have the same rate, if approved.
- Usage rates shown here do not include the Cost of Gas.

		Current CGSA Incorporated and Envrions Rates		Current WNSA Incorporated and Envrions Rates		Current RGVSA Incorporated and Envrions Rates		Recommended All TGS	
Most Recent Rate Case		June 3, 2024		June 30, 2022		June 30, 2023			
Residential		<u>Small</u>	<u>Large</u>	<u>Small</u>	<u>Large</u>	<u>Small</u>	<u>Large</u>	<u>Small</u>	<u>Large</u>
Customer Charge		\$21.36	\$33.36	\$21.85	\$38.35	\$23.64	\$38.64	\$29.50	\$39.50
Usage Rates	All Ccf	0.87646	0.46737	0.46668	0.01668	2.02007	0.63545	0.67553	0.31189
Commercial									
Customer Charge		\$72.88	\$87.88	\$92.73	\$92.73	\$120.32	\$275.32	\$75.00	\$150.00
Usage Rates	All Ccf	0.27930	0.22985	0.09394	0.09394	0.63855	0.26655	0.43589	0.13589



Average Bill Impact Proposed Adjusted



Average monthly bills using average monthly usage in Ccf for the currently designated service area.

AVERAGE			
Monthly Bill Including Cost of Gas, based on area usage			
Residential - Small	Current	Proposed	Change
All WNSA Customers (21 Ccf)	\$36.08	\$45.89	\$9.81
Residential - Large	Current	Proposed	Change
All WNSA Customers (48 Ccf)	\$58.30	\$71.53	\$13.23

Small / Large Rate Design



- “Breakpoint” for residential customers is 331 Ccf and 3,001 Ccf for commercial customers
 - The “breakpoint” is the annual consumption level at which customers are economically indifferent to one rate option versus the other.
- We will assign residential and commercial customers to the small or large rate structure based on their usage history over the prior year (with no action needed on the customer’s part).
- Customers can choose the rate structure they prefer. They must remain on that option for one year.



2025 Rate Case Filing Timeline

- **June 30, 2025:** Rate case filed with all cities and the Railroad Commission of Texas.
- **August 19, 2025:** Cities may request that the implementation of rates be suspended by this date to allow an additional 90 days for review. If the City takes no action, the proposed rates can go into effect in August.
- **November 17, 2025:** Cities' final jurisdictional deadline.
- **January 27, 2026:** Commission final jurisdictional deadline.



Here to Help Customers

Financial assistance is available

- *Share The Warmth* financial assistance
- 2-1-1 Texas
- LIHEAP
- Payment arrangements
 - Average Payment Plan
 - Call 1-800-700-2443



Thank You

