

GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13306

DESCRIPTION: Distribution Sales STATUS: A
 EFFECTIVE DATE: 04/01/2014 ORIGINAL CONTRACT DATE: RECEIVED DATE: 05/16/2014
 GAS CONSUMED: N AMENDMENT DATE: OPERATOR NO:
 BILLS RENDERED: Y INACTIVE DATE:

RATE SCHEDULE

SCHEDULE ID	DESCRIPTION
3_Area	CITY AND COUNTY SERVICE AREAS Applicable to Entire System CITIES AND TOWNS Eagle Pass COUNTIES Maverick
4_Defin	DEFINITIONS Applicable to Entire System
	<p>COMMISSION: The Railroad Commission of Texas COMPANY Texas State Natural Gas, Inc., its successors, and its assigns</p> <p>CUSTOMER: An individual, family, partnership, association, joint venture, corporation, etc., or governmental agency who is receiving gas service or who is receiving the benefit of gas service at a specified point of delivery</p> <p>LARGE VOLUME COMMERCIAL/INDUSTRIAL CUSTOMER: A customer, other than a residential customer or public authority customer, and who is not otherwise covered by a contract under the contract rate provisions of Section 104.003 of the Texas Utilities Code, and either:</p> <ol style="list-style-type: none"> whose annual volumetric usage is greater than 48,000 Ccf per year or whose average monthly usage is greater than 4,000 Ccf over a twelve month period. <p>PUBLIC AUTHORITY CUSTOMER: All governmental agencies and educational institutions other than those involving manufacturing, electrical generation, or that use boiler fuel for industrial purposes.</p> <p>RATE SCHEDULE: A statement of the method of determining charges for gas service, including the conditions under which such method applies.</p> <p>RESIDENTIAL CUSTOMER: Unless otherwise specified in the rate schedule, a customer whose service is separately and individually metered in an individual private dwelling unit or in an individually metered apartment, condominium, or similar dwelling and who uses natural gas primarily for Residential End Uses and occupies the building.</p> <p>RESIDENTIAL END USES: Heating, space heating, cooking, water heating, and other similar type uses in a dwelling.</p> <p>SMALL VOLUME COMMERCIAL/INDUSTRIAL CUSTOMER: A customer, other than a residential customer, public authority customer, or Large Volume Commercial/Industrial Customer as defined herein, and who is not otherwise covered by a contract under the contract rate provisions of Section 104.003 of the Texas Utilities Code.</p>
7_LV	RATE LV LARGE VOLUME COMMERCIAL/INDUSTRIAL SALES
	<p>APPLICATION OF SCHEDULE:</p> <p>Schedule applies to all Large Volume Commercial and Large Volume Industrial</p>

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13306

RATE SCHEDULESCHEDULE IDDESCRIPTION

Customers in the incorporated area Of Eagle Pass, TX.

MONTHLY BASE RATE:

Customer's base monthly bill will be calculated using the following Customer and Ccf charges:

Customer Charge \$40.00 per month, plus
all Ccf at \$0.6315 per Ccf.

PURCHASED GAS FACTOR:

In addition to the base monthly bill above, each customer's bill will include a Purchased Gas Factor to account for purchased gas costs and computed in accordance with Texas State Natural Gas, Inc. Purchased Gas Factor Schedule No. 1.

TAXES:

In addition to the monthly charges above, each customer's bill will include a charge for an amount equivalent to the customer's proportional part of the city franchise fees, state gross receipts taxes, or other governmental levies payable by the Company, exclusive of federal income taxes. Municipal franchise fees are determined by each municipality's franchise ordinance. Each municipality's franchise ordinance will specify the percentage and applicability of franchise fees. From time to time, the tax factor may be adjusted, if required, to account for any over or under recovery of municipal franchise fees by the Company and to include an amount equivalent to the proportionate part of any new tax or increased franchise fee or tax, or any other governmental imposition, rental fee, or charge levied, assessed or imposed subsequent to the effective date of this tariff by any governmental authority, including districts, created under the laws of the State of Texas. The Company will also collect sales taxes where applicable.

SURCHARGES:

In addition to the monthly charges above, each customer's bill will include an amount for surcharges calculated in accordance with the applicable rider(s).

CONDITIONS:

1. Subject in all respects to applicable laws, rules and regulations from time to time in effect.

2. Delivery of 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 consumers served. Also refer to Rate CP.

9_PGF

RATE PGF PURCHASED GAS FACTOR SCHEDULE NO. 1
Applicable to Entire System

Purpose and Intent

This provision is intended to allow collection of the Company's gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13306

RATE SCHEDULESCHEDULE IDDESCRIPTION

that actual costs billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. The billing methods set forth herein are intended to be followed to the extent the goals are realized. To the extent the billing methods fail to achieve these goals, the methodology shall be revised and a revised tariff filed to reflect such revisions.

Applicability

This clause shall apply to all Texas State Natural Gas, Inc. tariffs that incorporate this Purchased Gas Factor tariff provision and which have been properly filed and implemented with the appropriate jurisdictional authority. Definitions Standard Cubic Foot of Gas the amount of gas contained in one (1) cubic foot of space at a standard pressure of fourteen and sixty-five hundredths (14.65) pounds per square inch, absolute and a standard temperature of sixty (60) degrees Fahrenheit. Ccf one hundred standard cubic feet of gas. Mcf one thousand standard cubic feet of gas.

Purchased Gas Volumes

The volumes of gas, expressed in Mcf's, purchased by the Company and received into the Company's distribution systems from all sources, including withdrawals from storage, and excluding gas injected into storage.

Purchased Gas Cost(s)

The total cost of Purchased Gas Volumes, as received into the Company's distribution systems, all as more specifically described herein.

Weighted Average Cost of Gas

The Purchased Gas Costs divided by the Purchased Gas Volumes, calculated on a monthly basis, and expressed as dollars per Mcf. Billed Gas Volumes The volumes of gas billed to customers, plus volumes of gas billed to third parties following losses or damages, expressed in Mcf's.

Billed Gas Revenues

The total amount of revenues attributable to billings by Texas State Natural Gas, Inc. for Purchased Gas Costs during a given period, exclusive of any billings for any Reconciliation Factor during the same period. Lost and Unaccounted for Gas (LUG) Purchased Gas Volumes minus the sum of Billed Gas Volumes and metered Company used gas.

Purchased Gas Factor (PGF)

A factor on each customer's monthly bill, expressed in dollars per Ccf, to reflect the Purchase Gas Costs and the Reconciliation Factor, all as more specifically described herein.

Annual Review Period

The 12 month period ending June 30 of each year.

Annual Review - An annual review of the Company's records covering the 12 month period ending June 30 to determine LUG volumes and any imbalances between the Purchased Gas Costs and Billed Gas Revenues existing at the end of the Annual Review Period.

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13306

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

Annual Imbalance Total

The total amount determined through the Annual Review to be credited or surcharged to customers' bills, plus interest, in order to balance Purchased Gas Costs with Billed Gas Revenues.

Reconciliation Factor

A credit or surcharge included in the Purchased Gas Factor to reflect the pro rated adjustment in billings for any over or under collections on an annual basis, inclusive of interest.

Record Keeping

The Company shall keep accurate records of all gas metered in and out of its system, gas purchases, and Company owned gas injected into and withdrawn from storage, and any adjustments, including interest, relative to any imbalances. The records shall include date, quantity, and cost details for all gas handled.

Purchased Gas Cost Calculation

The Purchased Gas Cost shall be determined for each month to fairly and accurately reflect the cost to the Company at the points of delivery into the Company's distribution systems. The determination shall include, but not be limited to, volumetric and demand charges for Purchased Gas Volumes, fees paid to others where such fees are integrally tied to the purchase or transportation of gas purchased by Texas State Natural Gas, Inc., pipeline transportation charges (both volumetric and demand), and gas storage charges (both volumetric and demand). The Company shall account for gas injected into and withdrawn from storage on a weighted average cost basis.

Purchased Gas Factor Calculation

Each customer bill shall include a Purchased Gas Factor reflecting the estimated Weighted Average Cost of Gas for the period covered by the bill, which estimate shall include, as applicable, a pro rata amount to adjust for previous over or under estimates of the Weighted Average Cost of Gas, plus a Reconciliation Factor to account for any Annual Imbalance Total.

Annual Review

For each Annual Review Period, the Company shall determine (i) the amount of any imbalance between the Purchased Gas Costs and Billed Gas Revenues, and (ii) the LUG volume for the Annual Review Period. As limited by the LUG volume limitation set forth below, the Annual Imbalance Total shall then be credited or surcharged, together with interest, to the customers' bills over a twelve month period commencing each September 1 following the Annual Review Period. Annual Imbalance Total Where LUG Volume less than five percent of Purchased Gas Volumes or LUG Volume is negative; If the Annual Review shows the LUG volume for the Annual Review Period to be less than five percent of the Purchased Gas Volumes, or if the LUG volume is negative (indicating a line gain), the Annual Imbalance Total shall be the difference between the total Purchased Gas Cost and the total Billed Gas Revenues for the Annual Review Period. Annual Imbalance Total Where LUG Volume is positive and is greater than five percent of Purchased Gas Volumes; If the Annual Review shows the LUG volume for the Annual Review Period to be positive and to be greater than five percent of the Purchased Gas Volumes, the Annual Imbalance Total shall be determined as follows: The difference between the total Purchased Gas

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13306

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

Costs and the total Billed Gas Revenues for the Annual Review Period shall be determined; minus, The Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company's weighted Average Cost of Purchased Gas for the Review Period. Reconciliation Factor Calculation The Annual Imbalance Total (whether positive or negative) shall be credited or surcharged over twelve months in equal total amounts per month, together with interest on the declining unrecovered or uncredited balance. The recovery shall be through a Reconciliation Factor included in the Purchased Gas Factor. The Reconciliation Factor for each month shall be determined as follows: The total interest to be collected or paid shall be computed by using a monthly interest factor equal to the annual interest rate divided by 12. The annual interest rate shall be the interest rate established pursuant to Section 183.003 of the Texas Utilities Code, as applicable to customer deposits, if any, of customers covered by this tariff, as such rate is in effect during the last month of the Annual Review Period. The total interest to be collected or paid over the 12-month period shall be added to the Annual Imbalance Total. The resulting total shall then be divided by 12 to determine the total amount to be credited or surcharged each month. Each month of the twelve month reconciliation period, the Reconciliation Factor, expressed in Ccfs, shall be calculated by dividing the sum of amount to be credited or surcharged during that month (which amount shall include, as necessary, an amount to correct for any previous over or under estimates of Billed Gas Volumes during the previous month or months in the same reconciliation period), by the estimated Billed Gas Volumes for the month. At the end of each 12 month period, any remaining balance in the Annual Imbalance Total shall be included in any Annual Imbalance Total to be credited or surcharged during the successor 12 month period.

The Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company's Weighted Average Cost of Purchased Gas for the Review Period.

Special Transition Provision

It is recognized that a cumulative imbalance between gas costs and sales gas revenues collected under Texas State Natural Gas, Inc.'s Purchased Gas Adjustment Clause previously in effect, may exist at the time this new Purchased Gas Adjustment becomes effective. Subject to the limitation for Lost and Unaccounted for Gas, the Company shall amortize any such imbalance as a credit or surcharge on customers' bills over the twelve months commencing September 1, 2005. The cumulative imbalance to be amortized under this provision shall be the imbalance, if any, attributable to the period from inception of Texas State Natural Gas, Inc. through June 30, 2005.

10_PSF

Rider PSF Pipeline Safety Fee. Applicable to all customer classes. Company will charge a surcharge to recover pipeline safety fees assessed by the Commission pursuant to Section 121.211 of the Texas Utilities Code and Commission Rule 16 TAC section 8.201. The surcharge will be charged not more often than once a year and will be billed following payment by the Company to the Commission, in accordance with the Commission's rules. The Company will charge a one-time customer charge per bill of \$1.35, based on \$1.35 per service line. The Pipeline Safety Fee shall not be billed to a state agency as that term is defined in Texas Utilities Code, 101.003.

1_Index

TABLE OF CONTENTS
Applicable to Entire System Rate Schedule Description

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13306

RATE SCHEDULE

SCHEDULE IDDESCRIPTION

1. TABLE OF CONTENTS
2. UTILITY OPERATIONS
3. CITY AND COUNTY SERVICE AREAS
4. DEFINITIONS
5. RATE R RESIDENTIAL SALES
6. RATE SV SMALL VOLUME COMMERCIAL/INDUSTRIAL SALES
7. RATE LV LARGE VOLUME COMMERCIAL/INDUSTRIAL SALES
8. RATE PA PUBLIC AUTHORITY SALES
9. RATE PGF PURCHASED GAS FACTOR SCHEDULE NO. 1
10. RIDER PSF PIPELINE SAFETY FEE
11. RIDER RCE RATE CASE EXPENSES
12. RATE M MISCELLANEOUS SERVICE CHARGES
13. RATE LEP LINE EXTENSION POLICY
14. WNA Weather Normalization Adjustment

2_Oper

UTILITY OPERATIONS Applicable to Entire System Texas State Natural Gas, Inc. owns and operates a natural gas distribution system that provides natural gas service in Texas. The following will respond to inquiries regarding provisions of this Tariff for Gas Service: Texas State Natural Gas, Inc. Carlos S. Libson General Manager P.O. Drawer 887 Eagle Pass, Texas 78853 (830) 773-9511 Email Address: clibson@sbcglobal.net

17_CPC

RIDER CPC - COSA PROCESSING COST

APPLICATION OF SCHEDULE:

Applicable to all customer classes.

Monthly calculation:

The bill of each customer shall include a surcharge designed to recover the Company's costs incurred to prepare the COSA, file public notice, and reimburse regulatory authorities conducting a review of the Company's annual adjustment, as described by and subject to the limitations identified in Rate Schedule 16, Rider COSA, under the heading Cost of Service Adjustment Expense. The surcharge will be calculated on Ccf basis using total company volumes for all customer classes, over a period of twelve (12) months commencing no earlier than the effective date for the related COSA adjustment and no later than one month after the receipt of a request for reimbursement of expenses from a regulatory authority seeking reimbursement under the provision of COSA Rate Schedule 16.

All Collections with this surcharge will be applied monthly to the outstanding uncollected balance of such COSA processing expenses, and interest at the rate of six (6) percent per year shall be calculated on, and added to, the declining balance each month. To the extent that some expenses may be estimates, the Company is authorized to add such expenses as incurred to the amount to be surcharged up to the total estimated expenses of Company and municipalities being reimbursed pursuant to the order in question, subject to the limitations identified in Rate Schedule 16, Rider COSA - Cost of Service Adjustment Expense. Costs incurred to prepare the 2013 filing and publish notice shall not exceed \$5000.

16_COSA

RIDER COSA - COST OF SERVICE ADJUSTMENT

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13306

RATE SCHEDULESCHEDULE IDDESCRIPTION

APPLICATION OF SCHEDULE

This Cost of Service Adjustment Clause applies to Rate R-Residential Sales, Rate SV-Small Volume Commercial/Industrial, Rate LV-Large Volume Commercial/Industrial and Rate PA-Public Authority.

If, through the implementation of the provisions of this mechanism, it is determined that charges under this rider should be increased, then the monthly volumetric charge (i.e. charger per Ccf) will be adjusted accordingly in the manner set forth herein. The adjustment implemented under this mechanism will reflect annual changes in the Company's cost of service and rate base. If, through the implementation of the provisions of this mechanism, it is determined that charges under this rider should be decreased, then no adjustment will be made to any of the Company's rates.

This Rider COSA-Cost of Service Adjustment is authorized for an initial implementation period of three (3) years commencing with the Company's filing under this rate schedule to be effective September 1, 2012, and ending with the implementation of the adjustment, if any, with the Company's filing under this rate schedule to be effective September 1, 2015; and will automatically renew for successive three year periods unless either the Company or the City provides written notice to the contrary to the other by February 1, 2015, or February 1 of the third filing year of any succeeding three year renewal period.

EFFECTIVE DATE OF ADJUSTMENT

Adjustments will be made in accordance with the procedures described below on an annual basis. The Company will make its annual filing no later than June 1, with the adjustments to charges effective with the bills rendered on or after September 1st of each year. The first filing pursuant to this Rider will be no later than June 1, 2012, and will be based on the calendar year ending December 31, 2011.

COMPONENTS OF THE ADJUSTMENT

Calculations of the adjustment will be based on calendar year operating expenses, return on investment, Texas gross margin tax and federal income tax. The calendar year operating expenses will be those reported to the Railroad Commission of Texas in the annual report of the Company. The adjustment will be included in the per Ccf charge of the Residential, Small Volume Commercial/Industrial, Large Volume Commercial/Industrial, and Public Authority rate schedules. The Company will file with the regulatory authority having original jurisdiction over the Company's rates, the schedules specified below by FERC Account for the applicable calendar year period. The schedules will be based upon the Company's financial data as reported to the Railroad Commission of Texas in the annual report of the Company. The will include the following information:

OPERATING EXPENSES - Operating expenses will be determined using the year-end amounts for the applicable calendar year. The applicable expenses are:

Operation and Maintenance Expense;

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13306

RATE SCHEDULESCHEDULE IDDESCRIPTION

Customer Related Expenses;

Administrative & General Expenses;

Depreciation and Amortization Expense, based upon the methods and lives used in the company's most recent rate case;

Taxes Other Than Income Tax;

Texas Gross Margin Tax;

Interest on Customer Deposits.

The following expenses will be excluded:

Cost of gas;

City Franchise Fees;

State Gross Receipts taxes;

Any other revenue-related taxes;

Any non-gas utility revenues or expenses.

Rate adjustments due to changes in revenue-related taxes and municipal franchise fees will be governed in accordance with the provisions of the Company's tariffs: Rate R-Residential Sales, Rate SV-Small Volume Commercial/Industrial, Rate LV-Large Volume Commercial/Industrial, and Rate P-Public Authority.

The Company will provide additional information for all operating expenses upon request by the regulatory authority during the ninety-day (90) review period.

RETURN ON INVESTMENT - The return on investment is nine point zero-six percent (9.06%) multiplied by the rate base balance for the applicable calendar year. The rate of return specified herein does not establish precedent for the authorized rate of return in the Company's future rate filings. The rate base balance will include:

Annual average Net Utility Plant Service;

13-Month average of Inventories;

13-Month Average of Materials and Supplies Inventories;

13-Month Average of Prepayments;

Cash Working Capital computed as 12.5% of Operating Expenses;

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13306

RATE SCHEDULESCHEDULE IDDESCRIPTION

Annual average Deferred Federal Income Taxes (if an asset).

The rate base balance will be reduced by:

Annual average Customer Deposits;

Annual average Deferred Federal Income Taxes (if a liability).

Supporting information for all rate base items will be provided to the regulatory authority during the ninety-day (90) review period upon request to the Company.

TEXAS GROSS MARGIN TAX - The Texas Franchise Tax will be the calendar year-end amount as recorded in the Company's books and records.

FEDERAL INCOME TAX - Federal Income Tax will be calculated by multiplying seventy-one percent (71.38%) of the Return on Investment by the Federal Income Tax Factor of 1.53845.

COST OF SERVICE ADJUSTMENT - The amount to be collected through the Cost of Service Adjustment is equal to the sum of the following: 1) Operating Expense, 2) Return on Investment, 3) Texas Gross Margin Tax, and 4) Federal Income Tax; and, by subtracting the year-end balances for the following: base revenues and other revenues (i.e. service charges).

The sum of the items listed above will be multiplied by the Federal Income Tax Factor and then by the Texas Gross Margin Tax Factor, sequentially. The Texas Gross Margin Tax factor is equal to 1.0101.

COST OF SERVICE ADJUSTMENT CHARGE - The Cost of Service Adjustment will be allocated among the customer classes in the same manner as the volumetric revenues were allocated among classes of customers in the Company's latest effective rates.

1. The per-class adjustment will be the Cost of Service Adjustment as allocated to each class, divided by the weather normalized volumes by class for the test year.

2. The resulting per Ccf charge by class will be compared to the current per Ccf rate by class increased by five (5)%. If the resulting per Ccf charge is greater than five (5)% of the current charge, the adjustment will be an increase of five (5)% of the current charge.

3. If the resulting per Ccf charge is less than the current charge increased by five (5)%, the adjustment will be equal to the adjusted Ccf charge.

ATTESTATION - A sworn statement will be filed by the Company affirming that the filed schedules are in compliance with the provisions of this tariff and are true and correct to the best of its knowledge, information, and belief. No testimony

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13306

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

will be filed.

PROOF OF REVENUES - The Company will also provide a schedule demonstrating the proof of revenues relied upon to calculate the proposed cost of service adjustment. The proposed adjustment will conform as closely as practicable to the revenue allocation principles in effect prior to the adjustment.

NOTICE - Notice of the annual Cost of Service Adjustment will be published in a manner consistent with that required under Section 104.103, Tex.Util.Code.no later than forty-five (45) days after the Company makes its annual filing pursuant to this rate schedule with the regulatory authority.

REGULATORY REVIEW OF ANNUAL ADJUSTMENT

The regulatory authority with original jurisdiction will have a period of not less than ninety days (90) within which to review the proposed annual adjustment. During the review period, Company will provide additional information and supporting documents as requested by the regulatory authority and such information will be provided within ten (10) working days of the original request. The rate adjustment will take effect with the bills rendered on or after September 1st of each year.

This Cost of Service Adjustment Schedule does not limit the legal rights and duties of the regulatory authority. The Company's annual adjustment will be made in accordance with all applicable laws. If at the end of the ninety day (90) review period, the Company and the regulatory authority with original jurisdiction have not reached agreement on the proposed Cost of Service Adjustment, the regulatory authority may take action to deny such adjustment, and the Company will have the right to appeal the regulatory authority's action. Upon the filing of any appeal, the Company will have the right to implement the proposed Cost of Services Adjustment, subject to refund.

COST OF SERVICE ADJUSTMENT EXPENSES

To defray the cost, if any, of regulatory authorities conducting a review of the Company's annual adjustment, the Company will reimburse the regulatory authorities for their reasonable expenses for such review in an aggregate amount not to exceed \$15,000. Any reimbursement contemplated hereunder will be deemed a reasonable and necessary operating expense of the Company in the year in which the reimbursement is made. A regulatory authority seeking reimbursement under this provision, will submit its request for reimbursement to the Company no later than October 1st of the year in which the adjustment is made and the Company will reimburse the regulatory authorities in accordance with this provision on or before October 15th of the year the adjustment is made.

The cost of service adjustment expenses for the Company, including the cost to provide public notice and reimburse City expenses as required herein, will not to exceed \$35,000.

Rider RCE Rate Case Expenses.

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13306

RATE SCHEDULE

SCHEDULE IDDESCRIPTION

11_RCE_F

Application: Applicable to all customer classes.

Monthly Calculation: The bill of each residential and commercial customer shall include a surcharge designed to recover the Company's rate case expenses. The surcharge will be calculated on a Ccf basis using total company volumes for Residential and Commercial customers, over a period of twelve (12) months commencing with the effective date stated above. All collections of the surcharge will be applied monthly to the outstanding uncollected balance of such rate case expenses, and interest at the rate of six (6) percent per year shall be calculated on, and added to, the declining balance each month. To the extent that some expenses may be estimates, Company is authorized to add such expenses as incurred to the amount to be surcharged up to the total estimated expenses being reimbursed. The surcharge will also reflect any taxes applicable to the rate case expense recovery charge. Company shall file an annual report with each regulatory authority with jurisdiction setting forth recoveries and the remaining balance in the rate expense account.

RCE Rate: .026470 per Ccf.

14_WNA

RIDER WNA - WEATHER NORMALIZATION ADJUSTMENT

APPLICATION

Applicable to all customer classes.

MONTHLY CALCULATION: In order to reflect weather variances in a timely and accurate manner, the Weather Normalization Adjustment rate (WNA) shall be separately calculated and adjusted monthly by rate class for each meter reading or billing cycle (Cycle). Monthly WNA adjustments will be based upon weather information for the periods beginning with the first Cycle read in October and ending with the last Cycle read in the following April. The Weather Normalization Adjustment rate for each Cycle shall be based on the following formula:

$$\text{WNA Rate} = \text{WND} / \text{CMV} + \text{RC}$$

WND is calculated based on the following formula:

$$\text{WND} = [(\text{HDDn} / \text{HDDa} * \text{HL}) - \text{HL}] * \text{VR}$$

DEFINITIONS:

WND - Weather Normalized Dollars to be collected from the Cycle.

CMV - Current Month Volumes billed for the Cycle.

HDDn - Normal heating degree days during the Cycle.

HDDa - Actual heating degree days during the Cycle.

HL - Heat Load volumes calculated using the following formula: Total volumes for the Cycle less Base Load volumes where Base Load volumes are calculated by multiplying the Base Load per customer as established in the most recent rate case by the number of customers in the Cycle.

VR - Volumetric cost of service rate for the applicable customer class.

RC - The Reconciliation Component amount to be return to or recovered from customers each month from October through April as a result of any prior year's over or under collections.

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13306

RATE SCHEDULESCHEDULE IDDESCRIPTION

RECONCILIATION AUDIT : An annual review shall be performed of the Company's books and records for each seven month period beginning with October and ending with the subsequent April to determine the amount of over or under collection by customer class occurring during such seven month period. The audit shall determine: (a) the total amount of volumetric revenues collected from customers, including WNA revenues, (b) the Base Load revenues collected from customers using the Base Load per customer established in the most recent rate case multiplied by the number of customers during the period, (c) the difference between the volumetric revenues collected from customers and the Base Load, which represents the weather-sensitive revenues billed, (d) the calculated WNA revenues determined by the operation of the provisions of this weather normalization adjustment clause, and (e) the amount of any over or under collection of WNA revenues from operation of the provisions of this clause.

DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT

If the Reconciliation Audit reflects either an over recovery or under recovery of the revenues in any rate class, such amount, if any, shall be divided by the gas sales volumes by rate class, adjusted for the effects of weather, growth, and conservation for the subsequent period beginning with the first Cycle read in October and ending with the last Cycle read in the following April. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied for a seven (7) period beginning with the first Cycle in October and continuing through the last Cycle in April at which time it will terminate until a new Reconciliation Component is determined.

MONTHLY REPORT: By the 25th day of the following month, the Company will file with the Regulatory Authority a monthly report showing the current rate adjustments for each applicable rate schedule. Supporting documentation will be made available for review upon request.

ANNUAL REPORT: By each September 1, the Company will file with the Regulatory Authority an annual report verifying the past year's WNA collections or refunds, which shall include but not necessarily be limited to:

1. A schedule of the actual gas sales volumes and respective revenues by rate class by month for the seven months ending April 30, with revenues collected via this clause identified separately.
2. A schedule of the weather normalized volumes and respective revenues by rate class for the seven months ending April 30 using the methodology adopted in the most recent rate case.
3. A calculation of the difference between the actual gas sales volumes and revenues by rate class and the weather normalized gas sales volumes and revenues.
4. A schedule showing the difference between the total amount to be collected or refunded through the annual reconciliation component and the actual amount collected or refunded during the same period.

RATE ADJUSTMENT PROVISIONS

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13306

None

CUSTOMERS

<u>RRC CUSTOMER NO</u>	<u>CONFIDENTIAL?</u>	<u>BILLING UNIT</u>	<u>PGA CURRENT CHARGE</u>	<u>PGA EFFECTIVE DATE</u>
18323	N	ccf	\$.7068	06/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6027	08/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6631	07/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6434	09/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.7528	05/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			

REASONS FOR FILING

NEW?: N RRC DOCKET NO: CITY ORDINANCE NO: City Ordinance 2013-19, City O
 AMENDMENT(EXPLAIN):
 OTHER(EXPLAIN): File 2014 Pipeline Safety Fee

SERVICES

<u>TYPE OF SERVICE</u>	<u>SERVICE DESCRIPTION</u>
B	Commercial Sales
<u>OTHER TYPE DESCRIPTION</u>	
C	Industrial Sales
<u>OTHER TYPE DESCRIPTION</u>	

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13307

DESCRIPTION: Distribution Sales STATUS: A
 EFFECTIVE DATE: 04/01/2014 ORIGINAL CONTRACT DATE: RECEIVED DATE: 05/16/2014
 GAS CONSUMED: N AMENDMENT DATE: OPERATOR NO:
 BILLS RENDERED: Y INACTIVE DATE:

RATE SCHEDULE

SCHEDULE ID	DESCRIPTION
3_Area	CITY AND COUNTY SERVICE AREAS Applicable to Entire System CITIES AND TOWNS Eagle Pass COUNTIES Maverick
4_Defin	DEFINITIONS Applicable to Entire System
	<p>COMMISSION: The Railroad Commission of Texas COMPANY Texas State Natural Gas, Inc., its successors, and its assigns</p> <p>CUSTOMER: An individual, family, partnership, association, joint venture, corporation, etc., or governmental agency who is receiving gas service or who is receiving the benefit of gas service at a specified point of delivery</p> <p>LARGE VOLUME COMMERCIAL/INDUSTRIAL CUSTOMER: A customer, other than a residential customer or public authority customer, and who is not otherwise covered by a contract under the contract rate provisions of Section 104.003 of the Texas Utilities Code, and either:</p> <ol style="list-style-type: none"> whose annual volumetric usage is greater than 48,000 Ccf per year or whose average monthly usage is greater than 4,000 Ccf over a twelve month period. <p>PUBLIC AUTHORITY CUSTOMER: All governmental agencies and educational institutions other than those involving manufacturing, electrical generation, or that use boiler fuel for industrial purposes.</p> <p>RATE SCHEDULE: A statement of the method of determining charges for gas service, including the conditions under which such method applies.</p> <p>RESIDENTIAL CUSTOMER: Unless otherwise specified in the rate schedule, a customer whose service is separately and individually metered in an individual private dwelling unit or in an individually metered apartment, condominium, or similar dwelling and who uses natural gas primarily for Residential End Uses and occupies the building.</p> <p>RESIDENTIAL END USES: Heating, space heating, cooking, water heating, and other similar type uses in a dwelling.</p> <p>SMALL VOLUME COMMERCIAL/INDUSTRIAL CUSTOMER: A customer, other than a residential customer, public authority customer, or Large Volume Commercial/Industrial Customer as defined herein, and who is not otherwise covered by a contract under the contract rate provisions of Section 104.003 of the Texas Utilities Code.</p>
8_PA	RATE PA PUBLIC AUTHORITY SALES
	<p>APPLICATION OF SCHEDULE:</p> <p>Schedule applies to all Public Authority Customers in the incorporated area of</p>

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13307

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

Eagle Pass, TX.

MONTHLY BASE RATE:

Customer's base monthly bill will be calculated using the following Customer and Ccf charges:

Customer Charge \$40.00 per month, plus
all Ccf at \$0.6563 per Ccf.

PURCHAED GAS FACTOR:

In addition to the base monthly bill above, each customer's bill will include a Purchased Gas Factor to account for purchased gas costs and computed in accordance with Texas State Natural Gas, Inc. Purchased Gas Factor Schedule No. 1.

TAXES:

In addition to the monthly charges above, each customer's bill will include a charge for an amount equivalent to the customer's proportional part of the city franchise fees, state gross receipts taxes, or other governmental levies payable by the Company, exclusive of federal income taxes. Municipal franchise fees are determined by each municipality's franchise ordinance. Each municipality's franchise ordinance will specify the percentage and applicability of franchise fees. From time to time, the tax factor may be adjusted, if required, to account for any over or under recovery of municipal franchise fees by the Company and to include an amount equivalent to the proportionate part of any new tax or increased franchise fee or tax, or any other governmental imposition, rental fee, or charge levied, assessed or imposed subsequent to the effective date of this tariff by any governmental authority, including districts, created under the laws of the State of Texas. The Company will also collect sales taxes where applicable.

SURCHARGES:

In addition to the monthly charges above, each customer's bill will include an amount for surcharges calculated in accordance with the applicable rider(s).

CONDITIONS:

1. Subject in all respects to applicable laws, rules and regulations from time to time in effect.

2. Delivery of 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 consumers served. Also refer to Rate CP.

9_PGF

RATE PGF PURCHASED GAS FACTOR SCHEDULE NO. 1
Applicable to Entire System

Purpose and Intent

This provision is intended to allow collection of the Company's gas purchase costs

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13307

RATE SCHEDULESCHEDULE IDDESCRIPTION

in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that actual costs billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. The billing methods set forth herein are intended to be followed to the extent the goals are realized. To the extent the billing methods fail to achieve these goals, the methodology shall be revised and a revised tariff filed to reflect such revisions.

Applicability

This clause shall apply to all Texas State Natural Gas, Inc. tariffs that incorporate this Purchased Gas Factor tariff provision and which have been properly filed and implemented with the appropriate jurisdictional authority. Definitions Standard Cubic Foot of Gas the amount of gas contained in one (1) cubic foot of space at a standard pressure of fourteen and sixty-five hundredths (14.65) pounds per square inch, absolute and a standard temperature of sixty (60) degrees Fahrenheit. Ccf one hundred standard cubic feet of gas. Mcf one thousand standard cubic feet of gas.

Purchased Gas Volumes

The volumes of gas, expressed in Mcf's, purchased by the Company and received into the Company's distribution systems from all sources, including withdrawals from storage, and excluding gas injected into storage.

Purchased Gas Cost(s)

The total cost of Purchased Gas Volumes, as received into the Company's distribution systems, all as more specifically described herein.

Weighted Average Cost of Gas

The Purchased Gas Costs divided by the Purchased Gas Volumes, calculated on a monthly basis, and expressed as dollars per Mcf. Billed Gas Volumes The volumes of gas billed to customers, plus volumes of gas billed to third parties following losses or damages, expressed in Mcf's.

Billed Gas Revenues

The total amount of revenues attributable to billings by Texas State Natural Gas, Inc. for Purchased Gas Costs during a given period, exclusive of any billings for any Reconciliation Factor during the same period. Lost and Unaccounted for Gas (LUG) Purchased Gas Volumes minus the sum of Billed Gas Volumes and metered Company used gas.

Purchased Gas Factor (PGF)

A factor on each customer's monthly bill, expressed in dollars per Ccf, to reflect the Purchase Gas Costs and the Reconciliation Factor, all as more specifically described herein.

Annual Review Period

The 12 month period ending June 30 of each year.

Annual Review - An annual review of the Company's records covering the 12 month period ending June 30 to determine LUG volumes and any imbalances between the Purchased Gas Costs and Billed Gas Revenues existing at the end of the Annual

GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13307

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

Review Period.

Annual Imbalance Total

The total amount determined through the Annual Review to be credited or surcharged to customers' bills, plus interest, in order to balance Purchased Gas Costs with Billed Gas Revenues.

Reconciliation Factor

A credit or surcharge included in the Purchased Gas Factor to reflect the pro rated adjustment in billings for any over or under collections on an annual basis, inclusive of interest.

Record Keeping

The Company shall keep accurate records of all gas metered in and out of its system, gas purchases, and Company owned gas injected into and withdrawn from storage, and any adjustments, including interest, relative to any imbalances. The records shall include date, quantity, and cost details for all gas handled.

Purchased Gas Cost Calculation

The Purchased Gas Cost shall be determined for each month to fairly and accurately reflect the cost to the Company at the points of delivery into the Company's distribution systems. The determination shall include, but not be limited to, volumetric and demand charges for Purchased Gas Volumes, fees paid to others where such fees are integrally tied to the purchase or transportation of gas purchased by Texas State Natural Gas, Inc., pipeline transportation charges (both volumetric and demand), and gas storage charges (both volumetric and demand). The Company shall account for gas injected into and withdrawn from storage on a weighted average cost basis.

Purchased Gas Factor Calculation

Each customer bill shall include a Purchased Gas Factor reflecting the estimated Weighted Average Cost of Gas for the period covered by the bill, which estimate shall include, as applicable, a pro rata amount to adjust for previous over or under estimates of the Weighted Average Cost of Gas, plus a Reconciliation Factor to account for any Annual Imbalance Total.

Annual Review

For each Annual Review Period, the Company shall determine (i) the amount of any imbalance between the Purchased Gas Costs and Billed Gas Revenues, and (ii) the LUG volume for the Annual Review Period. As limited by the LUG volume limitation set forth below, the Annual Imbalance Total shall then be credited or surcharged, together with interest, to the customers' bills over a twelve month period commencing each September 1 following the Annual Review Period. Annual Imbalance Total Where LUG Volume less than five percent of Purchased Gas Volumes or LUG Volume is negative; If the Annual Review shows the LUG volume for the Annual Review Period to be less than five percent of the Purchased Gas Volumes, or if the LUG volume is negative (indicating a line gain), the Annual Imbalance Total shall be the difference between the total Purchased Gas Cost and the total Billed Gas Revenues for the Annual Review Period. Annual Imbalance Total Where LUG Volume is positive and is greater than five percent of Purchased Gas Volumes; If the Annual Review shows the LUG volume for the Annual Review Period to be positive and to be

GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13307

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

greater than five percent of the Purchased Gas Volumes, the Annual Imbalance Total shall be determined as follows: The difference between the total Purchased Gas Costs and the total Billed Gas Revenues for the Annual Review Period shall be determined; minus, The Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company's weighted Average Cost of Purchased Gas for the Review Period. Reconciliation Factor Calculation The Annual Imbalance Total (whether positive or negative) shall be credited or surcharged over twelve months in equal total amounts per month, together with interest on the declining unrecovered or uncredited balance. The recovery shall be through a Reconciliation Factor included in the Purchased Gas Factor. The Reconciliation Factor for each month shall be determined as follows: The total interest to be collected or paid shall be computed by using a monthly interest factor equal to the annual interest rate divided by 12. The annual interest rate shall be the interest rate established pursuant to Section 183.003 of the Texas Utilities Code, as applicable to customer deposits, if any, of customers covered by this tariff, as such rate is in effect during the last month of the Annual Review Period. The total interest to be collected or paid over the 12-month period shall be added to the Annual Imbalance Total. The resulting total shall then be divided by 12 to determine the total amount to be credited or surcharged each month. Each month of the twelve month reconciliation period, the Reconciliation Factor, expressed in Ccfs, shall be calculated by dividing the sum of amount to be credited or surcharged during that month (which amount shall include, as necessary, an amount to correct for any previous over or under estimates of Billed Gas Volumes during the previous month or months in the same reconciliation period), by the estimated Billed Gas Volumes for the month. At the end of each 12 month period, any remaining balance in the Annual Imbalance Total shall be included in any Annual Imbalance Total to be credited or surcharged during the successor 12 month period. The Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company's Weighted Average Cost of Purchased Gas for the Review Period.

Special Transition Provision

It is recognized that a cumulative imbalance between gas costs and sales gas revenues collected under Texas State Natural Gas, Inc.'s Purchased Gas Adjustment Clause previously in effect, may exist at the time this new Purchased Gas Adjustment becomes effective. Subject to the limitation for Lost and Unaccounted for Gas, the Company shall amortize any such imbalance as a credit or surcharge on customers' bills over the twelve months commencing September 1, 2005. The cumulative imbalance to be amortized under this provision shall be the imbalance, if any, attributable to the period from inception of Texas State Natural Gas, Inc. through June 30, 2005.

10_PSF

Rider PSF Pipeline Safety Fee. Applicable to all customer classes. Company will charge a surcharge to recover pipeline safety fees assessed by the Commission pursuant to Section 121.211 of the Texas Utilities Code and Commission Rule 16 TAC section 8.201. The surcharge will be charged not more often than once a year and will be billed following payment by the Company to the Commission, in accordance with the Commission's rules. The Company will charge a one-time customer charge per bill of \$1.35, based on \$1.35 per service line. The Pipeline Safety Fee shall not be billed to a state agency as that term is defined in Texas Utilities Code, 101.003.

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13307

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

11_RCE_F

Rider RCE Rate Case Expenses.

Application: Applicable to all customer classes.

Monthly Calculation: The bill of each residential and commercial customer shall include a surcharge designed to recover the Company's rate case expenses. The surcharge will be calculated on a Ccf basis using total company volumes for Residential and Commercial customers, over a period of twelve (12) months commencing with the effective date stated above. All collections of the surcharge will be applied monthly to the outstanding uncollected balance of such rate case expenses, and interest at the rate of six (6) percent per year shall be calculated on, and added to, the declining balance each month. To the extent that some expenses may be estimates, Company is authorized to add such expenses as incurred to the amount to be surcharged up to the total estimated expenses being reimbursed. The surcharge will also reflect any taxes applicable to the rate case expense recovery charge. Company shall file an annual report with each regulatory authority with jurisdiction setting forth recoveries and the remaining balance in the rate expense account.

RCE Rate: .026470 per Ccf.

1_Index

TABLE OF CONTENTS

Applicable to Entire System Rate Schedule Description

1. TABLE OF CONTENTS
2. UTILITY OPERATIONS
3. CITY AND COUNTY SERVICE AREAS
4. DEFINITIONS
5. RATE R RESIDENTIAL SALES
6. RATE SV SMALL VOLUME COMMERCIAL/INDUSTRIAL SALES
7. RATE LV LARGE VOLUME COMMERCIAL/INDUSTRIAL SALES
8. RATE PA PUBLIC AUTHORITY SALES
9. RATE PGF PURCHASED GAS FACTOR SCHEDULE NO. 1
10. RIDER PSF PIPELINE SAFETY FEE
11. RIDER RCE RATE CASE EXPENSES
12. RATE M MISCELLANEOUS SERVICE CHARGES
13. RATE LEP LINE EXTENSION POLICY
14. WNA Weather Normalization Adjustment

2_Oper

UTILITY OPERATIONS Applicable to Entire System Texas State Natural Gas, Inc. owns and operates a natural gas distribution system that provides natural gas service in Texas. The following will respond to inquiries regarding provisions of this Tariff for Gas Service: Texas State Natural Gas, Inc. Carlos S. Libson General Manager P.O. Drawer 887 Eagle Pass, Texas 78853 (830) 773-9511 Email Address: clibson@sbcglobal.net

14_WNA

RIDER WNA - WEATHER NORMALIZATION ADJUSTMENT

APPLICATION

Applicable to all customer classes.

MONTHLY CALCULATION: In order to reflect weather variances in a timely and accurate manner, the Weather Normalization Adjustment rate (WNA) shall be

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13307

RATE SCHEDULESCHEDULE IDDESCRIPTION

separately calculated and adjusted monthly by rate class for each meter reading or billing cycle (Cycle). Monthly WNA adjustments will be based upon weather information for the periods beginning with the first Cycle read in October and ending with the last Cycle read in the following April. The Weather Normalization Adjustment rate for each Cycle shall be based on the following formula:

$$\text{WNA Rate} = \text{WND} / \text{CMV} + \text{RC}$$

WND is calculated based on the following formula:

$$\text{WND} = [(\text{HDDn} / \text{HDDa} * \text{HL}) - \text{HL}] * \text{VR}$$

DEFINITIONS:

WND - Weather Normalized Dollars to be collected from the Cycle.

CMV - Current Month Volumes billed for the Cycle.

HDDn - Normal heating degree days during the Cycle.

HDDa - Actual heating degree days during the Cycle.

HL - Heat Load volumes calculated using the following formula: Total volumes for the Cycle less Base Load volumes where Base Load volumes are calculated by multiplying the Base Load per customer as established in the most recent rate case by the number of customers in the Cycle.

VR - Volumetric cost of service rate for the applicable customer class.

RC - The Reconciliation Component amount to be return to or recovered from customers each month from October through April as a result of any prior year's over or under collections.

RECONCILIATION AUDIT : An annual review shall be performed of the Company's books and records for each seven month period beginning with October and ending with the subsequent April to determine the amount of over or under collection by customer class occurring during such seven month period. The audit shall determine:(a) the total amount of volumetric revenues collected from customers, including WNA revenues, (b) the Base Load revenues collected from customers using the Base Load per customer established in the most recent rate case multiplied by the number of customers during the period, (c) the difference between the volumetric revenues collected from customers and the Base Load, which represents the weather-sensitive revenues billed, (d) the calculated WNA revenues determined by the operation of the provisions of this weather normalization adjustment clause, and (e) the amount of any over or under collection of WNA revenues from operation of the provisions of this clause.

DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT

If the Reconciliation Audit reflects either an over recovery or under recovery of the revenues in any rate class, such amount, if any, shall be divided by the gas sales volumes by rate class, adjusted for the effects of weather, growth, and conservation for the subsequent period beginning with the first Cycle read in October and ending with the last Cycle read in the following April. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied for a seven (7) period beginning with the first Cycle in October and continuing through the last Cycle in April at which time it will terminate until a new Reconciliation Component is determined.

GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13307

RATE SCHEDULE

SCHEDULE ID DESCRIPTION

MONTHLY REPORT: By the 25th day of the following month, the Company will file with the Regulatory Authority a monthly report showing the current rate adjustments for each applicable rate schedule. Supporting documentation will be made available for review upon request.

ANNUAL REPORT: By each September 1, the Company will file with the Regulatory Authority an annual report verifying the past year's WNA collections or refunds, which shall include but not necessarily be limited to:

1. A schedule of the actual gas sales volumes and respective revenues by rate class by month for the seven months ending April 30, with revenues collected via this clause identified separately.
2. A schedule of the weather normalized volumes and repective revenues by rate class for the seven months ending April 30 using the methodology adopted in the most recent rate case.
3. A calculation of the difference between the actual gas sales volumes and revenues by rate class and the weather mormalized gas sales volumes and revenues.
4. A schedule showing the difference between the total amount to be collected or refunded through the annual reconciliation component and the actual amount collected or refunded during the same period.

16_COSA

RIDER COSA - COST OF SERVICE ADJUSTMENT

APPLICATION OF SCHEDULE

This Cost of Service Adjustment Clause applies to Rate R-Residential Sales, Rate SV-Small Volume Commercial/Industrial, Rate LV-Large Volume Commercial/Industrial and Rate PA-Public Authority.

If, through the implementation of the provisions of this mechanism, it is determined that charges under this rider should be increased, then the monthly volumetric charge (i.e. charger per Ccf) will be adjusted accordingly in the manner set forth herein. The adjustment implemented under this mechanism will reflect annual changes in the Company's cost of service and rate base. If, through the implementation of the provisions of this mechanism, it is determined that charges under this rider should be decreased, then no adjustment will be made to any of the Company's rates.

This Rider COSA-Cost of Service Adjustment is authorized for an initial implementation period of three (3) years commencing with the Company's filing under this rate schedule to be effective September 1, 2012, and ending with the implementation of the adjustment, if any, with the Company's filing under this rate schedule to be effective September 1, 2015; and will automatically renew for successive three year periods unless either the Company or the City provides written notice to the contrary to the other by February 1, 2015, or February 1 of the third filing year of any succeeding three year renewal period.

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13307

RATE SCHEDULESCHEDULE IDDESCRIPTION

EFFECTIVE DATE OF ADJUSTMENT

Adjustments will be made in accordance with the procedures described below on an annual basis. The Company will make its annual filing no later than June 1, with the adjustments to charges effective with the bills rendered on or after September 1st of each year. The first filing pursuant to this Rider will be no later than June 1, 2012, and will be based on the calendar year ending December 31, 2011.

COMPONENTS OF THE ADJUSTMENT

Calculations of the adjustment will be based on calendar year operating expenses, return on investment, Texas gross margin tax and federal income tax. The calendar year operating expenses will be those reported to the Railroad Commission of Texas in the annual report of the Company. The adjustment will be included in the per Ccf charge of the Residential, Small Volume Commercial/Industrial, Large Volume Commercial/Industrial, and Public Authority rate schedules. The Company will file with the regulatory authority having original jurisdiction over the Company's rates, the schedules specified below by FERC Account for the applicable calendar year period. The schedules will be based upon the Company's financial data as reported to the Railroad Commission of Texas in the annual report of the Company. The will include the following information:

OPERATING EXPENSES - Operating expenses will be determined using the year-end amounts for the applicable calendar year. The applicable expenses are:

Operation and Maintenance Expense;

Customer Related Expenses;

Administrative & General Expenses;

Depreciation and Amortization Expense, based upon the methods and lives used in the company's most recent rate case;

Taxes Other Than Income Tax;

Texas Gross Margin Tax;

Interest on Customer Deposits.

The following expenses will be excluded:

Cost of gas;

City Franchise Fees;

State Gross Receipts taxes;

Any other revenue-related taxes;

Any non-gas utility revenues or expenses.

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13307

RATE SCHEDULESCHEDULE IDDESCRIPTION

Rate adjustments due to changes in revenue-related taxes and municipal franchise fees will be governed in accordance with the provisions of the Company's tariffs: Rate R-Residential Sales, Rate SV-Small Volume Commercial/Industrial, Rate LV-Large Volume Commercial/Industrial, and Rate P-Public Authority.

The Company will provide additional information for all operating expenses upon request by the regulatory authority during the ninety-day (90) review period.

RETURN ON INVESTMENT - The return on investment is nine point zero-six percent (9.06%) multiplied by the rate base balance for the applicable calendar year. The rate of return specified herein does not establish precedent for the authorized rate of return in the Company's future rate filings. The rate base balance will include:

Annual average Net Utility Plant Service;

13-Month average of Inventories;

13-Month Average of Materials and Supplies Inventories;

13-Month Average of Prepayments;

Cash Working Capital computed as 12.5% of Operating Expenses;

Annual average Deferred Federal Income Taxes (if an asset).

The rate base balance will be reduced by:

Annual average Customer Deposits;

Annual average Deferred Federal Income Taxes (if a liability).

Supporting information for all rate base items will be provided to the regulatory authority during the ninety-day (90) review period upon request to the Company.

TEXAS GROSS MARGIN TAX - The Texas Franchise Tax will be the calendar year-end amount as recorded in the Company's books and records.

FEDERAL INCOME TAX - Federal Income Tax will be calculated by multiplying seventy-one percent (71.38%) of the Return on Investment by the Federal Income Tax Factor of 1.53845.

COST OF SERVICE ADJUSTMENT - The amount to be collected through the Cost of Service Adjustment is equal to the sum of the following: 1) Operating Expense, 2) Return on Investment, 3) Texas Gross Margin Tax, and 4) Federal Income Tax; and, by subtracting the year-end balances for the following: base revenues and other

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13307

RATE SCHEDULESCHEDULE IDDESCRIPTION

revenues (i.e. service charges).

The sum of the items listed above will be multiplied by the Federal Income Tax Factor and then by the Texas Gross Margin Tax Factor, sequentially. The Texas Gross Margin Tax factor is equal to 1.0101.

COST OF SERVICE ADJUSTMENT CHARGE - The Cost of Service Adjustment will be allocated among the customer classes in the same manner as the volumetric revenues were allocated among classes of customers in the Company's latest effective rates.

1. The per-class adjustment will be the Cost of Service Adjustment as allocated to each class, divided by the weather normalized volumes by class for the test year.

2. The resulting per Ccf charge by class will be compared to the current per Ccf rate by class increased by five (5)%. If the resulting per Ccf charge is greater than five (5)% of the current charge, the adjustment will be an increase of five (5)% of the current charge.

3. If the resulting per Ccf charge is less than the current charge increased by five (5)%, the adjustment will be equal to the adjusted Ccf charge.

ATTESTATION - A sworn statement will be filed by the Company affirming that the filed schedules are in compliance with the provisions of this tariff and are true and correct to the best of its knowledge, information, and belief. No testimony will be filed.

PROOF OF REVENUES - The Company will also provide a schedule demonstrating the proof of revenues relied upon to calculate the proposed cost of service adjustment. The proposed adjustment will conform as closely as practicable to the revenue allocation principles in effect prior to the adjustment.

NOTICE - Notice of the annual Cost of Service Adjustment will be published in a manner consistent with that required under Section 104.103, Tex.Util.Code.no later than forty-five (45) days after the Company makes its annual filing pursuant to this rate schedule with the regulatory authority.

REGULATORY REVIEW OF ANNUAL ADJUSTMENT

The regulatory authority with original jurisdiction will have a period of not less than ninety days (90) within which to review the proposed annual adjustment. During the review period, Company will provide additional information and supporting documents as requested by the regulatory authority and such information will be provided within ten (10) working days of the original request. The rate adjustment will take effect with the bills rendered on or after September 1st of each year.

This Cost of Service Adjustment Schedule does not limit the legal rights and duties

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13307

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

of the regulatory authority. The Company's annual adjustment will be made in accordance with all applicable laws. If at the end of the ninety day (90) review period, the Company and the regulatory authority with original jurisdiction have not reached agreement on the proposed Cost of Service Adjustment, the regulatory authority may take action to deny such adjustment, and the Company will have the right to appeal the regulatory authority's action. Upon the filing of any appeal, the Company will have the right to implement the proposed Cost of Services Adjustment, subject to refund.

COST OF SERVICE ADJUSTMENT EXPENSES

To defray the cost, if any, of regulatory authorities conducting a review of the Company's annual adjustment, the Company will reimburse the regulatory authorities for their reasonable expenses for such review in an aggregate amount not to exceed \$15,000. Any reimbursement contemplated hereunder will be deemed a reasonable and necessary operating expense of the Company in the year in which the reimbursement is made. A regulatory authority seeking reimbursement under this provision, will submit its request for reimbursement to the Company no later than October 1st of the year in which the adjustment is made and the Company will reimburse the regulatory authorities in accordance with this provision on or before October 15th of the year the adjustment is made.

The cost of service adjustment expenses for the Company, including the cost to provide public notice and reimburse City expenses as required herein, will not to exceed \$35,000.

17_CPC

RIDER CPC - COSA PROCESSING COST

APPLICATION OF SCHEDULE:

Applicable to all customer classes.

Monthly calculation:

The bill of each customer shall include a surcharge designed to recover the Company's costs incurred to prepare the COSA, file public notice, and reimburse regulatory authorities conducting a reveiw of the Company's annual adjustment, as described by and subject to the limitations identified in Rate Schedule 16, Rider COSA, under the heading Cost of Service Adjustment Expense. The surcharge will be calculated on Ccf basis using total company volumes for all customer classes, over a period of twelve (12) months commencing no earlier than the effective date for the related COSA adjustment and no later than one month after the receipt of a request for reimbursement of expenses from a regulatory authority seeking reimbursement under the provision of COSA Rate Schedule 16.

All Collections with this surcharge will be applied monthly to the outstanding uncollected balance of such COSA processing expenses, and interest at the rate of six (6) percent per year shall be calculated on, and added to, the declinging balance each month. To the extent that some expenses may be estimates, the Company is authorized to add such expenses as incurred to the amount to be surcharged up to the total estimated expenses of Company and municipalities being reimbursed pursuant to the order in question, subject to the limitations identified in Rate

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13307

RATE SCHEDULE

<u>SCHEDULE ID</u>	<u>DESCRIPTION</u>
	Schedule 16, Rider COSA - Cost of Service Adjustment Expense. Costs incurred to prepare the 2013 filing and publish notice shall not exceed \$5000.

RATE ADJUSTMENT PROVISIONS

None

CUSTOMERS

<u>RRC CUSTOMER NO</u>	<u>CONFIDENTIAL?</u>	<u>BILLING UNIT</u>	<u>PGA CURRENT CHARGE</u>	<u>PGA EFFECTIVE DATE</u>
18323	N	ccf	\$.7068	06/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6027	08/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6631	07/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6434	09/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.7528	05/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			

REASONS FOR FILING

NEW?: N RRC DOCKET NO: CITY ORDINANCE NO: City Ordinance 2013-19, City O
 AMENDMENT(EXPLAIN) :
 OTHER(EXPLAIN) : File 2014 Pipeline Safety Fee

SERVICES

<u>TYPE OF SERVICE</u>	<u>SERVICE DESCRIPTION</u>
D	Public Authority Sales
<u>OTHER TYPE DESCRIPTION</u>	

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13308

DESCRIPTION: Distribution Sales STATUS: A
EFFECTIVE DATE: 04/01/2014 ORIGINAL CONTRACT DATE: RECEIVED DATE: 05/16/2014
GAS CONSUMED: N AMENDMENT DATE: OPERATOR NO:
BILLS RENDERED: Y INACTIVE DATE:

RATE SCHEDULE

SCHEDULE ID	DESCRIPTION
3_Area	CITY AND COUNTY SERVICE AREAS Applicable to Entire System CITIES AND TOWNS Eagle Pass COUNTIES Maverick
4_Defin	DEFINITIONS Applicable to Entire System COMMISSION: The Railroad Commission of Texas COMPANY Texas State Natural Gas, Inc., its successors, and its assigns CUSTOMER: An individual, family, partnership, association, joint venture, corporation, etc., or governmental agency who is receiving gas service or who is receiving the benefit of gas service at a specified point of delivery LARGE VOLUME COMMERCIAL/INDUSTRIAL CUSTOMER: A customer, other than a residential customer or public authority customer, and who is not otherwise covered by a contract under the contract rate provisions of Section 104.003 of the Texas Utilities Code, and either: 1. whose annual volumetric usage is greater than 48,000 Ccf per year or 2. whose average monthly usage is greater than 4,000 Ccf over a twelve month period. PUBLIC AUTHORITY CUSTOMER: All governmental agencies and educational institutions other than those involving manufacturing, electrical generation, or that use boiler fuel for industrial purposes. RATE SCHEDULE: A statement of the method of determining charges for gas service, including the conditions under which such method applies. RESIDENTIAL CUSTOMER: Unless otherwise specified in the rate schedule, a customer whose service is separately and individually metered in an individual private dwelling unit or in an individually metered apartment, condominium, or similar dwelling and who uses natural gas primarily for Residential End Uses and occupies the building. RESIDENTIAL END USES: Heating, space heating, cooking, water heating, and other similar type uses in a dwelling. SMALL VOLUME COMMERCIAL/INDUSTRIAL CUSTOMER: A customer, other than a residential customer, public authority customer, or Large Volume Commercial/Industrial Customer as defined herein, and who is not otherwise covered by a contract under the contract rate provisions of Section 104.003 of the Texas Utilities Code.
5_RES	RATE R RESIDENTIAL SALES APPLICATION OF SCHEUDLE: Schedule applies to all Residential Customers in the incorporated area of Eagle

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13308

RATE SCHEDULESCHEDULE IDDESCRIPTION

Pass, TX.

MONTHLY BASE RATE:

Customer's base monthly bill will be calculated using the following Customer and Ccf charges:

Customer Charge \$16.00 per month, plus
all Ccf at \$0.5951 per Ccf.

PURCHASED GAS FACTOR:

In addition to the base monthly bill above, each customer's bill will include a Purchased Gas Factor to account for purchased gas costs and computed in accordance with Texas State Natural Gas, Inc. Purchased Gas Factor Schedule No. 1.

TAXES:

In addition to the monthly charges above, each customer's bill will include a charge for an amount equivalent to the customer's proportional part of the city franchise fees, state gross receipts taxes, or other governmental levies payable by the Company, exclusive of federal income taxes. Municipal franchise fees are determined by each municipality's franchise ordinance. Each municipality's franchise ordinance will specify the percentage and applicability of franchise fees. From time to time, the tax factor may be adjusted, if required, to account for any over or under recovery of municipal franchise fees by the Company and to include an amount equivalent to the proportionate part of any new tax or increased franchise fee or tax, or any other governmental imposition, rental fee, or charge levied, assessed or imposed subsequent to the effective date of this tariff by any governmental authority, including districts, created under the laws of the State of Texas. The Company will also collect sales taxes where applicable.

SURCHARGES: In addition to the monthly charges above, each customer's bill will include an amount for surcharges calculated in accordance with the applicable rider(s).

CONDITIONS:

Subject in all respects to applicable laws, rules and regulations from time to time in effect.

9_PGF

RATE PGF PURCHASED GAS FACTOR SCHEDULE NO. 1
Applicable to Entire System

Purpose and Intent

This provision is intended to allow collection of the Company's gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that actual costs billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. The billing methods set forth herein are intended to be followed to the extent the goals are realized. To the extent the billing methods fail to achieve these goals, the methodology shall be revised and a revised tariff filed to reflect such

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13308

RATE SCHEDULESCHEDULE IDDESCRIPTION

revisions.

Applicability

This clause shall apply to all Texas State Natural Gas, Inc. tariffs that incorporate this Purchased Gas Factor tariff provision and which have been properly filed and implemented with the appropriate jurisdictional authority. Definitions Standard Cubic Foot of Gas the amount of gas contained in one (1) cubic foot of space at a standard pressure of fourteen and sixty-five hundredths (14.65) pounds per square inch, absolute and a standard temperature of sixty (60) degrees Fahrenheit. Ccf one hundred standard cubic feet of gas. Mcf one thousand standard cubic feet of gas.

Purchased Gas Volumes

The volumes of gas, expressed in Mcf's, purchased by the Company and received into the Company's distribution systems from all sources, including withdrawals from storage, and excluding gas injected into storage.

Purchased Gas Cost(s)

The total cost of Purchased Gas Volumes, as received into the Company's distribution systems, all as more specifically described herein.

Weighted Average Cost of Gas

The Purchased Gas Costs divided by the Purchased Gas Volumes, calculated on a monthly basis, and expressed as dollars per Mcf. Billed Gas Volumes The volumes of gas billed to customers, plus volumes of gas billed to third parties following losses or damages, expressed in Mcf's.

Billed Gas Revenues

The total amount of revenues attributable to billings by Texas State Natural Gas, Inc. for Purchased Gas Costs during a given period, exclusive of any billings for any Reconciliation Factor during the same period. Lost and Unaccounted for Gas (LUG) Purchased Gas Volumes minus the sum of Billed Gas Volumes and metered Company used gas.

Purchased Gas Factor (PGF)

A factor on each customer's monthly bill, expressed in dollars per Ccf, to reflect the Purchase Gas Costs and the Reconciliation Factor, all as more specifically described herein.

Annual Review Period

The 12 month period ending June 30 of each year.

Annual Review - An annual review of the Company's records covering the 12 month period ending June 30 to determine LUG volumes and any imbalances between the Purchased Gas Costs and Billed Gas Revenues existing at the end of the Annual Review Period.

Annual Imbalance Total

The total amount determined through the Annual Review to be credited or surcharged to customers' bills, plus interest, in order to balance Purchased Gas Costs with Billed Gas Revenues.

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13308

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

Reconciliation Factor

A credit or surcharge included in the Purchased Gas Factor to reflect the pro rated adjustment in billings for any over or under collections on an annual basis, inclusive of interest.

Record Keeping

The Company shall keep accurate records of all gas metered in and out of its system, gas purchases, and Company owned gas injected into and withdrawn from storage, and any adjustments, including interest, relative to any imbalances. The records shall include date, quantity, and cost details for all gas handled.

Purchased Gas Cost Calculation

The Purchased Gas Cost shall be determined for each month to fairly and accurately reflect the cost to the Company at the points of delivery into the Company's distribution systems. The determination shall include, but not be limited to, volumetric and demand charges for Purchased Gas Volumes, fees paid to others where such fees are integrally tied to the purchase or transportation of gas purchased by Texas State Natural Gas, Inc., pipeline transportation charges (both volumetric and demand), and gas storage charges (both volumetric and demand). The Company shall account for gas injected into and withdrawn from storage on a weighted average cost basis.

Purchased Gas Factor Calculation

Each customer bill shall include a Purchased Gas Factor reflecting the estimated Weighted Average Cost of Gas for the period covered by the bill, which estimate shall include, as applicable, a pro rata amount to adjust for previous over or under estimates of the Weighted Average Cost of Gas, plus a Reconciliation Factor to account for any Annual Imbalance Total.

Annual Review

For each Annual Review Period, the Company shall determine (i) the amount of any imbalance between the Purchased Gas Costs and Billed Gas Revenues, and (ii) the LUG volume for the Annual Review Period. As limited by the LUG volume limitation set forth below, the Annual Imbalance Total shall then be credited or surcharged, together with interest, to the customers' bills over a twelve month period commencing each September 1 following the Annual Review Period. Annual Imbalance Total Where LUG Volume less than five percent of Purchased Gas Volumes or LUG Volume is negative; If the Annual Review shows the LUG volume for the Annual Review Period to be less than five percent of the Purchased Gas Volumes, or if the LUG volume is negative (indicating a line gain), the Annual Imbalance Total shall be the difference between the total Purchased Gas Cost and the total Billed Gas Revenues for the Annual Review Period. Annual Imbalance Total Where LUG Volume is positive and is greater than five percent of Purchased Gas Volumes; If the Annual Review shows the LUG volume for the Annual Review Period to be positive and to be greater than five percent of the Purchased Gas Volumes, the Annual Imbalance Total shall be determined as follows: The difference between the total Purchased Gas Costs and the total Billed Gas Revenues for the Annual Review Period shall be determined; minus, The Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company's weighted Average Cost of Purchased Gas for the Review Period. Reconciliation Factor Calculation The Annual Imbalance Total (whether positive or negative) shall be credited or

GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13308

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

surcharged over twelve months in equal total amounts per month, together with interest on the declining unrecovered or uncredited balance. The recovery shall be through a Reconciliation Factor included in the Purchased Gas Factor. The Reconciliation Factor for each month shall be determined as follows: The total interest to be collected or paid shall be computed by using a monthly interest factor equal to the annual interest rate divided by 12. The annual interest rate shall be the interest rate established pursuant to Section 183.003 of the Texas Utilities Code, as applicable to customer deposits, if any, of customers covered by this tariff, as such rate is in effect during the last month of the Annual Review Period. The total interest to be collected or paid over the 12-month period shall be added to the Annual Imbalance Total. The resulting total shall then be divided by 12 to determine the total amount to be credited or surcharged each month. Each month of the twelve month reconciliation period, the Reconciliation Factor, expressed in Ccfs, shall be calculated by dividing the sum of amount to be credited or surcharged during that month (which amount shall include, as necessary, an amount to correct for any previous over or under estimates of Billed Gas Volumes during the previous month or months in the same reconciliation period), by the estimated Billed Gas Volumes for the month. At the end of each 12 month period, any remaining balance in the Annual Imbalance Total shall be included in any Annual Imbalance Total to be credited or surcharged during the successor 12 month period.

The Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company's Weighted Average Cost of Purchased Gas for the Review Period.

Special Transition Provision

It is recognized that a cumulative imbalance between gas costs and sales gas revenues collected under Texas State Natural Gas, Inc.'s Purchased Gas Adjustment Clause previously in effect, may exist at the time this new Purchased Gas Adjustment becomes effective. Subject to the limitation for Lost and Unaccounted for Gas, the Company shall amortize any such imbalance as a credit or surcharge on customers' bills over the twelve months commencing September 1, 2005. The cumulative imbalance to be amortized under this provision shall be the imbalance, if any, attributable to the period from inception of Texas State Natural Gas, Inc. through June 30, 2005.

10_PSF

Rider PSF Pipeline Safety Fee. Applicable to all customer classes. Company will charge a surcharge to recover pipeline safety fees assessed by the Commission pursuant to Section 121.211 of the Texas Utilities Code and Commission Rule 16 TAC section 8.201. The surcharge will be charged not more often than once a year and will be billed following payment by the Company to the Commission, in accordance with the Commission's rules. The Company will charge a one-time customer charge per bill of \$1.35, based on \$1.35 per service line. The Pipeline Safety Fee shall not be billed to a state agency as that term is defined in Texas Utilities Code, 101.003.

11_RCE_F

Rider RCE Rate Case Expenses.

Application: Applicable to all customer classes.

Monthly Calculation: The bill of each residential and commercial customer shall include a surcharge designed to recover the Company's rate case expenses. The surcharge will be calculated on a Ccf basis using total company volumes for

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13308

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

Residential and Commercial customers, over a period of twelve (12) months commencing with the effective date stated above. All collections of the surcharge will be applied monthly to the outstanding uncollected balance of such rate case expenses, and interest at the rate of six (6) percent per year shall be calculated on, and added to, the declining balance each month. To the extent that some expenses may be estimates, Company is authorized to add such expenses as incurred to the amount to be surcharged up to the total estimated expenses being reimbursed. The surcharge will also reflect any taxes applicable to the rate case expense recovery charge. Company shall file an annual report with each regulatory authority with jurisdiction setting forth recoveries and the remaining balance in the rate expense account.

RCE Rate: .026470 per Ccf.

14_WNA

RIDER WNA - WEATHER NORMALIZATION ADJUSTMENT

APPLICATION

Applicable to all customer classes.

MONTHLY CALCULATION: In order to reflect weather variances in a timely and accurate manner, the Weather Normalization Adjustment rate (WNA) shall be separately calculated and adjusted monthly by rate class for each meter reading or billing cycle (Cycle). Monthly WNA adjustments will be based upon weather information for the periods beginning with the first Cycle read in October and ending with the last Cycle read in the following April. The Weather Normalization Adjustment rate for each Cycle shall be based on the following formula:

$$WNA \text{ Rate} = WND / CMV + RC$$

WND is calculated based on the following formula:

$$WND = [(HDDn / HDDa * HL) - HL] * VR$$

DEFINITIONS:

WND - Weather Normalized Dollars to be collected from the Cycle.

CMV - Current Month Volumes billed for the Cycle.

HDDn - Normal heating degree days during the Cycle.

HDDa - Actual heating degree days during the Cycle.

HL - Heat Load volumes calculated using the following formula: Total volumes for the Cycle less Base Load volumes where Base Load volumes are calculated by multiplying the Base Load per customer as established in the most recent rate case by the number of customers in the Cycle.

VR - Volumetric cost of service rate for the applicable customer class.

RC - The Reconciliation Component amount to be return to or recovered from customers each month from October through April as a result of any prior year's over or under collections.

RECONCILIATION AUDIT : An annual review shall be performed of the Company's books and records for each seven month period beginning with October and ending with the subsequent April to determine the amount of over or under collection by customer class occuring during such seven month period. The audit shall determine:(a) the total amount of volumetric revenues collected from customers, including WNA

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13308

RATE SCHEDULESCHEDULE IDDESCRIPTION

revenues, (b) the Base Load revenues collected from customers using the Base Load per customer established in the most recent rate case multiplied by the number of customers during the period, (c) the difference between the volumetric revenues collected from customers and the Base Load, which represents the weather-sensitive revenues billed, (d) the calculated WNA revenues determined by the operation of the provisions of this weather normalization adjustment clause, and (e) the amount of any over or under collection of WNA revenues from operation of the provisions of this clause.

DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT

If the Reconciliation Audit reflects either an over recovery or under recovery of the revenues in any rate class, such amount, if any, shall be divided by the gas sales volumes by rate class, adjusted for the effects of weather, growth, and conservation for the subsequent period beginning with the first Cycle read in October and ending with the last Cycle read in the following April. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied for a seven (7) period beginning with the first Cycle in October and continuing through the last Cycle in April at which time it will terminate until a new Reconciliation Component is determined.

MONTHLY REPORT: By the 25th day of the following month, the Company will file with the Regulatory Authority a monthly report showing the current rate adjustments for each applicable rate schedule. Supporting documentation will be made available for review upon request.

ANNUAL REPORT: By each September 1, the Company will file with the Regulatory Authority an annual report verifying the past year's WNA collections or refunds, which shall include but not necessarily be limited to:

1. A schedule of the actual gas sales volumes and respective revenues by rate class by month for the seven months ending April 30, with revenues collected via this clause identified separately.
2. A schedule of the weather normalized volumes and respective revenues by rate class for the seven months ending April 30 using the methodology adopted in the most recent rate case.
3. A calculation of the difference between the actual gas sales volumes and revenues by rate class and the weather normalized gas sales volumes and revenues.
4. A schedule showing the difference between the total amount to be collected or refunded through the annual reconciliation component and the actual amount collected or refunded during the same period.

16_COSA

RIDER COSA - COST OF SERVICE ADJUSTMENT

APPLICATION OF SCHEDULE

This Cost of Service Adjustment Clause applies to Rate R-Residential Sales, Rate SV-Small Volume Commercial/Industrial, Rate LV-Large Volume Commercial/Industrial and Rate PA-Public Authority.

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13308

RATE SCHEDULESCHEDULE IDDESCRIPTION

If, through the implementation of the provisions of this mechanism, it is determined that charges under this rider should be increased, then the monthly volumetric charge (i.e. charger per Ccf) will be adjusted accordingly in the manner set forth herein. The adjustment implemented under this mechanism will reflect annual changes in the Company's cost of service and rate base. If, through the implementation of the provisions of this mechanism, it is determined that charges under this rider should be decreased, then no adjustment will be made to any of the Company's rates.

This Rider COSA-Cost of Service Adjustment is authorized for an initial implementation period of three (3) years commencing with the Company's filing under this rate schedule to be effective September 1, 2012, and ending with the implementation of the adjustment, if any, with the Company's filing under this rate schedule to be effective September 1, 2015; and will automatically renew for successive three year periods unless either the Company or the City provides written notice to the contrary to the other by February 1, 2015, or February 1 of the third filing year of any succeeding three year renewal period.

EFFECTIVE DATE OF ADJUSTMENT

Adjustments will be made in accordance with the procedures described below on an annual basis. The Company will make its annual filing no later than June 1, with the adjustments to charges effective with the bills rendered on or after September 1st of each year. The first filing pursuant to this Rider will be no later than June 1, 2012, and will be based on the calendar year ending December 31, 2011.

COMPONENTS OF THE ADJUSTMENT

Calculations of the adjustment will be based on calendar year operating expenses, return on investment, Texas gross margin tax and federal income tax. The calendar year operating expenses will be those reported to the Railroad Commission of Texas in the annual report of the Company. The adjustment will be included in the per Ccf charge of the Residential, Small Volume Commercial/Industrial, Large Volume Commercial/Industrial, and Public Authority rate schedules. The Company will file with the regulatory authority having original jurisdiction over the Company's rates, the schedules specified below by FERC Account for the applicable calendar year period. The schedules will be based upon the Company's financial data as reported to the Railroad Commission of Texas in the annual report of the Company. The will include the following information:

OPERATING EXPENSES - Operating expenses will be determined using the year-end amounts for the applicable calendar year. The applicable expenses are:

Operation and Maintenance Expense;

Customer Related Expenses;

Administrative & General Expenses;

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13308

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

Depreciation and Amortization Expense, based upon the methods and lives used in the company's most recent rate case;

Taxes Other Than Income Tax;

Texas Gross Margin Tax;

Interest on Customer Deposits.

The following expenses will be excluded:

Cost of gas;

City Franchise Fees;

State Gross Receipts taxes;

Any other revenue-related taxes;

Any non-gas utility revenues or expenses.

Rate adjustments due to changes in revenue-related taxes and municipal franchise fees will be governed in accordance with the provisions of the Company's tariffs: Rate R-Residential Sales, Rate SV-Small Volume Commercial/Industrial, Rate LV-Large Volume Commercial/Industrial, and Rate P-Public Authority.

The Company will provide additional information for all operating expenses upon request by the regulatory authority during the ninety-day (90) review period.

RETURN ON INVESTMENT - The return on investment is nine point zero-six percent (9.06%) multiplied by the rate base balance for the applicable calendar year. The rate of return specified herein does not establish precedent for the authorized rate of return in the Company's future rate filings. The rate base balance will include:

Annual average Net Utility Plant Service;

13-Month average of Inventories;

13-Month Average of Materials and Supplies Inventories;

13-Month Average of Prepayments;

Cash Working Capital computed as 12.5% of Operating Expenses;

Annual average Deferred Federal Income Taxes (if an asset).

The rate base balance will be reduced by:

GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13308

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

Annual average Customer Deposits;

Annual average Deferred Federal Income Taxes (if a liability).

Supporting information for all rate base items will be provided to the regulatory authority during the ninety-day (90) review period upon request to the Company.

TEXAS GROSS MARGIN TAX - The Texas Franchise Tax will be the calendar year-end amount as recorded in the Company's books and records.

FEDERAL INCOME TAX - Federal Income Tax will be calculated by multiplying seventy-one percent (71.38%) of the Return on Investment by the Federal Income Tax Factor of 1.53845.

COST OF SERVICE ADJUSTMENT - The amount to be collected through the Cost of Service Adjustment is equal to the sum of the following: 1) Operating Expense, 2) Return on Investment, 3) Texas Gross Margin Tax, and 4) Federal Income Tax; and, by subtracting the year-end balances for the following: base revenues and other revenues (i.e. service charges).

The sum of the items listed above will be multiplied by the Federal Income Tax Factor and then by the Texas Gross Margin Tax Factor, sequentially. The Texas Gross Margin Tax factor is equal to 1.0101.

COST OF SERVICE ADJUSTMENT CHARGE - The Cost of Service Adjustment will be allocated among the customer classes in the same manner as the volumetric revenues were allocated among classes of customers in the Company's latest effective rates.

1. The per-class adjustment will be the Cost of Service Adjustment as allocated to each class, divided by the weather normalized volumes by class for the test year.

2. The resulting per Ccf charge by class will be compared to the current per Ccf rate by class increased by five (5)%. If the resulting per Ccf charge is greater than five (5)% of the current charge, the adjustment will be an increase of five (5)% of the current charge.

3. If the resulting per Ccf charge is less than the current charge increased by five (5)%, the adjustment will be equal to the adjusted Ccf charge.

ATTESTATION - A sworn statement will be filed by the Company affirming that the filed schedules are in compliance with the provisions of this tariff and are true and correct to the best of its knowledge, information, and belief. No testimony will be filed.

PROOF OF REVENUES - The Company will also provide a schedule demonstrating the proof of revenues relied upon to calculate the proposed cost of service adjustment.

The proposed adjustment will conform as closely as practicable to the revenue

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13308

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

allocation principles in effect prior to the adjustment.

NOTICE - Notice of the annual Cost of Service Adjustment will be published in a manner consistent with that required under Section 104.103, Tex.Util.Code.no later than forty-five (45) days after the Company makes its annual filing pursuant to this rate schedule with the regulatory authority.

REGULATORY REVIEW OF ANNUAL ADJUSTMENT

The regulatory authority with original jurisdiction will have a period of not less than ninety days (90) within which to review the proposed annual adjustment. During the review period, Company will provide additional information and supporting documents as requested by the regulatory authority and such information will be provided within ten (10) working days of the original request. The rate adjustment will take effect with the bills rendered on or after September 1st of each year.

This Cost of Service Adjustment Schedule does not limit the legal rights and duties of the regulatory authority. The Company's annual adjustment will be made in accordance with all applicable laws. If at the end of the ninety day (90) review period, the Company and the regulatory authority with original jurisdiction have not reached agreement on the proposed Cost of Service Adjustment, the regulatory authority may take action to deny such adjustment, and the Company will have the right to appeal the regulatory authority's action. Upon the filing of any appeal, the Company will have the right to implement the proposed Cost of Services Adjustment, subject to refund.

COST OF SERVICE ADJUSTMENT EXPENSES

To defray the cost, if any, of regulatory authorities conducting a review of the Company's annual adjustment, the Company will reimburse the regulatory authorities for their reasonable expenses for such review in an aggregate amount not to exceed \$15,000. Any reimbursement contemplated hereunder will be deemed a reasonable and necessary operating expense of the Company in the year in which the reimbursement is made. A regulatory authority seeking reimbursement under this provision, will submit its request for reimbursement to the Company no later than October 1st of the year in which the adjustment is made and the Company will reimburse the regulatory authorities in accordance with this provision on or before October 15th of the year the adjustment is made.

The cost of service adjustment expenses for the Company, including the cost to provide public notice and reimburse City expenses as required herein, will not to exceed \$35,000.

17_CPC

RIDER CPC - COSA PROCESSING COST

APPLICATION OF SCHEDULE:

Applicable to all customer classes.

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13308

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

Monthly calculation:

The bill of each customer shall include a surcharge designed to recover the Company's costs incurred to prepare the COSA, file public notice, and reimburse regulatory authorities conducting a review of the Company's annual adjustment, as described by and subject to the limitations identified in Rate Schedule 16, Rider COSA, under the heading Cost of Service Adjustment Expense. The surcharge will be calculated on Ccf basis using total company volumes for all customer classes, over a period of twelve (12) months commencing no earlier than the effective date for the related COSA adjustment and no later than one month after the receipt of a request for reimbursement of expenses from a regulatory authority seeking reimbursement under the provision of COSA Rate Schedule 16.

All Collections with this surcharge will be applied monthly to the outstanding uncollected balance of such COSA processing expenses, and interest at the rate of six (6) percent per year shall be calculated on, and added to, the declining balance each month. To the extent that some expenses may be estimates, the Company is authorized to add such expenses as incurred to the amount to be surcharged up to the total estimated expenses of Company and municipalities being reimbursed pursuant to the order in question, subject to the limitations identified in Rate Schedule 16, Rider COSA - Cost of Service Adjustment Expense. Costs incurred to prepare the 2013 filing and publish notice shall not exceed \$5000.

1_Index

TABLE OF CONTENTS

Applicable to Entire System Rate Schedule Description

1. TABLE OF CONTENTS
2. UTILITY OPERATIONS
3. CITY AND COUNTY SERVICE AREAS
4. DEFINITIONS
5. RATE R RESIDENTIAL SALES
6. RATE SV SMALL VOLUME COMMERCIAL/INDUSTRIAL SALES
7. RATE LV LARGE VOLUME COMMERCIAL/INDUSTRIAL SALES
8. RATE PA PUBLIC AUTHORITY SALES
9. RATE PGF PURCHASED GAS FACTOR SCHEDULE NO. 1
10. RIDER PSF PIPELINE SAFETY FEE
11. RIDER RCE RATE CASE EXPENSES
12. RATE M MISCELLANEOUS SERVICE CHARGES
13. RATE LEP LINE EXTENSION POLICY
14. WNA Weather Normalization Adjustment

2_Oper

UTILITY OPERATIONS Applicable to Entire System Texas State Natural Gas, Inc. owns and operates a natural gas distribution system that provides natural gas service in Texas. The following will respond to inquiries regarding provisions of this Tariff for Gas Service: Texas State Natural Gas, Inc. Carlos S. Libson General Manager P.O. Drawer 887 Eagle Pass, Texas 78853 (830) 773-9511 Email Address: clibson@sbcglobal.net

RATE ADJUSTMENT PROVISIONS

None

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13308

CUSTOMERS

<u>RRC CUSTOMER NO</u>	<u>CONFIDENTIAL?</u>	<u>BILLING UNIT</u>	<u>PGA CURRENT CHARGE</u>	<u>PGA EFFECTIVE DATE</u>
18323	N	ccf	\$.7068	06/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6027	08/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6631	07/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6434	09/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.7528	05/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			

REASONS FOR FILING

NEW?: N RRC DOCKET NO: CITY ORDINANCE NO: City Ordinance 2013-19, City O
 AMENDMENT(EXPLAIN):
 OTHER(EXPLAIN): File 2014 Pipeline Safety Fee

SERVICES

<u>TYPE OF SERVICE</u>	<u>SERVICE DESCRIPTION</u>
A	Residential Sales
<u>OTHER TYPE DESCRIPTION</u>	

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13309

DESCRIPTION: Distribution Sales STATUS: A
 EFFECTIVE DATE: 04/01/2014 ORIGINAL CONTRACT DATE: RECEIVED DATE: 05/16/2014
 GAS CONSUMED: N AMENDMENT DATE: OPERATOR NO:
 BILLS RENDERED: Y INACTIVE DATE:

RATE SCHEDULE

SCHEDULE ID	DESCRIPTION
3_Area	CITY AND COUNTY SERVICE AREAS Applicable to Entire System CITIES AND TOWNS Eagle Pass COUNTIES Maverick
4_Defin	DEFINITIONS Applicable to Entire System COMMISSION: The Railroad Commission of Texas COMPANY Texas State Natural Gas, Inc., its successors, and its assigns CUSTOMER: An individual, family, partnership, association, joint venture, corporation, etc., or governmental agency who is receiving gas service or who is receiving the benefit of gas service at a specified point of delivery LARGE VOLUME COMMERCIAL/INDUSTRIAL CUSTOMER: A customer, other than a residential customer or public authority customer, and who is not otherwise covered by a contract under the contract rate provisions of Section 104.003 of the Texas Utilities Code, and either: 1. whose annual volumetric usage is greater than 48,000 Ccf per year or 2. whose average monthly usage is greater than 4,000 Ccf over a twelve month period. PUBLIC AUTHORITY CUSTOMER: All governmental agencies and educational institutions other than those involving manufacturing, electrical generation, or that use boiler fuel for industrial purposes. RATE SCHEDULE: A statement of the method of determining charges for gas service, including the conditions under which such method applies. RESIDENTIAL CUSTOMER: Unless otherwise specified in the rate schedule, a customer whose service is separately and individually metered in an individual private dwelling unit or in an individually metered apartment, condominium, or similar dwelling and who uses natural gas primarily for Residential End Uses and occupies the building. RESIDENTIAL END USES: Heating, space heating, cooking, water heating, and other similar type uses in a dwelling. SMALL VOLUME COMMERCIAL/INDUSTRIAL CUSTOMER: A customer, other than a residential customer, public authority customer, or Large Volume Commercial/Industrial Customer as defined herein, and who is not otherwise covered by a contract under the contract rate provisions of Section 104.003 of the Texas Utilities Code.
6_SV	RATE SV SMALL VOLUME COMMERCIAL/INDUSTRIAL SALES APPLICATION OF SCHEDULE: Schedule applies to all Small Volume Commercial and Small Volume Industrial Customers in the incorporated area of Eagle Pass, TX.

GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13309

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

MONTHLY BASE RATE: Customer's base monthly bill will be calculated using the following Customer and Ccf charges:

Customer Charge \$40.00 per month, plus all Ccf at \$0.6563 per Ccf.

PURCHASED GAS FACTOR:

In addition to the base monthly bill above, each customer's bill will include a Purchased Gas Factor to account for purchased gas costs and computed in accordance with Texas State Natural Gas, Inc. Purchased Gas Factor Schedule No. 1.

TAXES:

In addition to the monthly charges above, each customer's bill will include a charge for an amount equivalent to the customer's proportional part of the city franchise fees, state gross receipts taxes, or other governmental levies payable by the Company, exclusive of federal income taxes. Municipal franchise fees are determined by each municipality's franchise ordinance. Each municipality's franchise ordinance will specify the percentage and applicability of franchise fees. From time to time, the tax factor may be adjusted, if required, to account for any over or under recovery of municipal franchise fees by the Company and to include an amount equivalent to the proportionate part of any new tax or increased franchise fee or tax, or any other governmental imposition, rental fee, or charge levied, assessed or imposed subsequent to the effective date of this tariff by any governmental authority, including districts, created under the laws of the State of Texas. The Company will also collect sales taxes where applicable.

SURCHARGES:

In addition to the monthly charges above, each customer's bill will include an amount for surcharges calculated in accordance with the applicable rider(s).

CONDITIONS:

1. Subject in all respects to applicable laws, rules and regulations from time to time in effect.

2. Delivery of 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 consumers served. Also refer to Rate CP.

9_PGF

RATE PGF PURCHASED GAS FACTOR SCHEDULE NO. 1
 Applicable to Entire System

Purpose and Intent

This provision is intended to allow collection of the Company's gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that actual costs billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. The billing methods set forth herein are intended to be followed to the extent the goals are realized. To the extent the billing methods fail to achieve these goals,

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13309

RATE SCHEDULESCHEDULE IDDESCRIPTION

the methodology shall be revised and a revised tariff filed to reflect such revisions.

Applicability

This clause shall apply to all Texas State Natural Gas, Inc. tariffs that incorporate this Purchased Gas Factor tariff provision and which have been properly filed and implemented with the appropriate jurisdictional authority. Definitions Standard Cubic Foot of Gas the amount of gas contained in one (1) cubic foot of space at a standard pressure of fourteen and sixty-five hundredths (14.65) pounds per square inch, absolute and a standard temperature of sixty (60) degrees Fahrenheit. Ccf one hundred standard cubic feet of gas. Mcf one thousand standard cubic feet of gas.

Purchased Gas Volumes

The volumes of gas, expressed in Mcf's, purchased by the Company and received into the Company's distribution systems from all sources, including withdrawals from storage, and excluding gas injected into storage.

Purchased Gas Cost(s)

The total cost of Purchased Gas Volumes, as received into the Company's distribution systems, all as more specifically described herein.

Weighted Average Cost of Gas

The Purchased Gas Costs divided by the Purchased Gas Volumes, calculated on a monthly basis, and expressed as dollars per Mcf. Billed Gas Volumes The volumes of gas billed to customers, plus volumes of gas billed to third parties following losses or damages, expressed in Mcf's.

Billed Gas Revenues

The total amount of revenues attributable to billings by Texas State Natural Gas, Inc. for Purchased Gas Costs during a given period, exclusive of any billings for any Reconciliation Factor during the same period. Lost and Unaccounted for Gas (LUG) Purchased Gas Volumes minus the sum of Billed Gas Volumes and metered Company used gas.

Purchased Gas Factor (PGF)

A factor on each customer's monthly bill, expressed in dollars per Ccf, to reflect the Purchase Gas Costs and the Reconciliation Factor, all as more specifically described herein.

Annual Review Period

The 12 month period ending June 30 of each year.

Annual Review - An annual review of the Company's records covering the 12 month period ending June 30 to determine LUG volumes and any imbalances between the Purchased Gas Costs and Billed Gas Revenues existing at the end of the Annual Review Period.

Annual Imbalance Total

The total amount determined through the Annual Review to be credited or surcharged to customers' bills, plus interest, in order to balance Purchased Gas Costs with

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13309

RATE SCHEDULESCHEDULE IDDESCRIPTION

Billed Gas Revenues.

Reconciliation Factor

A credit or surcharge included in the Purchased Gas Factor to reflect the pro rated adjustment in billings for any over or under collections on an annual basis, inclusive of interest.

Record Keeping

The Company shall keep accurate records of all gas metered in and out of its system, gas purchases, and Company owned gas injected into and withdrawn from storage, and any adjustments, including interest, relative to any imbalances. The records shall include date, quantity, and cost details for all gas handled.

Purchased Gas Cost Calculation

The Purchased Gas Cost shall be determined for each month to fairly and accurately reflect the cost to the Company at the points of delivery into the Company's distribution systems. The determination shall include, but not be limited to, volumetric and demand charges for Purchased Gas Volumes, fees paid to others where such fees are integrally tied to the purchase or transportation of gas purchased by Texas State Natural Gas, Inc., pipeline transportation charges (both volumetric and demand), and gas storage charges (both volumetric and demand). The Company shall account for gas injected into and withdrawn from storage on a weighted average cost basis.

Purchased Gas Factor Calculation

Each customer bill shall include a Purchased Gas Factor reflecting the estimated Weighted Average Cost of Gas for the period covered by the bill, which estimate shall include, as applicable, a pro rata amount to adjust for previous over or under estimates of the Weighted Average Cost of Gas, plus a Reconciliation Factor to account for any Annual Imbalance Total.

Annual Review

For each Annual Review Period, the Company shall determine (i) the amount of any imbalance between the Purchased Gas Costs and Billed Gas Revenues, and (ii) the LUG volume for the Annual Review Period. As limited by the LUG volume limitation set forth below, the Annual Imbalance Total shall then be credited or surcharged, together with interest, to the customers' bills over a twelve month period commencing each September 1 following the Annual Review Period. Annual Imbalance Total Where LUG Volume less than five percent of Purchased Gas Volumes or LUG Volume is negative; If the Annual Review shows the LUG volume for the Annual Review Period to be less than five percent of the Purchased Gas Volumes, or if the LUG volume is negative (indicating a line gain), the Annual Imbalance Total shall be the difference between the total Purchased Gas Cost and the total Billed Gas Revenues for the Annual Review Period. Annual Imbalance Total Where LUG Volume is positive and is greater than five percent of Purchased Gas Volumes; If the Annual Review shows the LUG volume for the Annual Review Period to be positive and to be greater than five percent of the Purchased Gas Volumes, the Annual Imbalance Total shall be determined as follows: The difference between the total Purchased Gas Costs and the total Billed Gas Revenues for the Annual Review Period shall be determined; minus, The Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company's weighted Average Cost of

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13309

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

Purchased Gas for the Review Period. Reconciliation Factor Calculation The Annual Imbalance Total (whether positive or negative) shall be credited or surcharged over twelve months in equal total amounts per month, together with interest on the declining unrecovered or uncredited balance. The recovery shall be through a Reconciliation Factor included in the Purchased Gas Factor. The Reconciliation Factor for each month shall be determined as follows: The total interest to be collected or paid shall be computed by using a monthly interest factor equal to the annual interest rate divided by 12. The annual interest rate shall be the interest rate established pursuant to Section 183.003 of the Texas Utilities Code, as applicable to customer deposits, if any, of customers covered by this tariff, as such rate is in effect during the last month of the Annual Review Period. The total interest to be collected or paid over the 12-month period shall be added to the Annual Imbalance Total. The resulting total shall then be divided by 12 to determine the total amount to be credited or surcharged each month. Each month of the twelve month reconciliation period, the Reconciliation Factor, expressed in Ccfs, shall be calculated by dividing the sum of amount to be credited or surcharged during that month (which amount shall include, as necessary, an amount to correct for any previous over or under estimates of Billed Gas Volumes during the previous month or months in the same reconciliation period), by the estimated Billed Gas Volumes for the month. At the end of each 12 month period, any remaining balance in the Annual Imbalance Total shall be included in any Annual Imbalance Total to be credited or surcharged during the successor 12 month period. The Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company's Weighted Average Cost of Purchased Gas for the Review Period.

Special Transition Provision

It is recognized that a cumulative imbalance between gas costs and sales gas revenues collected under Texas State Natural Gas, Inc.'s Purchased Gas Adjustment Clause previously in effect, may exist at the time this new Purchased Gas Adjustment becomes effective. Subject to the limitation for Lost and Unaccounted for Gas, the Company shall amortize any such imbalance as a credit or surcharge on customers' bills over the twelve months commencing September 1, 2005. The cumulative imbalance to be amortized under this provision shall be the imbalance, if any, attributable to the period from inception of Texas State Natural Gas, Inc. through June 30, 2005.

10_PSF

Rider PSF Pipeline Safety Fee. Applicable to all customer classes. Company will charge a surcharge to recover pipeline safety fees assessed by the Commission pursuant to Section 121.211 of the Texas Utilities Code and Commission Rule 16 TAC section 8.201. The surcharge will be charged not more often than once a year and will be billed following payment by the Company to the Commission, in accordance with the Commission's rules. The Company will charge a one-time customer charge per bill of \$1.35, based on \$1.35 per service line. The Pipeline Safety Fee shall not be billed to a state agency as that term is defined in Texas Utilities Code, 101.003.

11_RCE_F

Rider RCE Rate Case Expenses.

Application: Applicable to all customer classes.

Monthly Calculation: The bill of each residential and commercial customer shall

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13309

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

include a surcharge designed to recover the Company's rate case expenses. The surcharge will be calculated on a Ccf basis using total company volumes for Residential and Commercial customers, over a period of twelve (12) months commencing with the effective date stated above. All collections of the surcharge will be applied monthly to the outstanding uncollected balance of such rate case expenses, and interest at the rate of six (6) percent per year shall be calculated on, and added to, the declining balance each month. To the extent that some expenses may be estimates, Company is authorized to add such expenses as incurred to the amount to be surcharged up to the total estimated expenses being reimbursed. The surcharge will also reflect any taxes applicable to the rate case expense recovery charge. Company shall file an annual report with each regulatory authority with jurisdiction setting forth recoveries and the remaining balance in the rate expense account.

RCE Rate: .026470 per Ccf.

1_Index

TABLE OF CONTENTS
Applicable to Entire System Rate Schedule Description

- 1. TABLE OF CONTENTS
- 2. UTILITY OPERATIONS
- 3. CITY AND COUNTY SERVICE AREAS
- 4. DEFINITIONS
- 5. RATE R RESIDENTIAL SALES
- 6. RATE SV SMALL VOLUME COMMERCIAL/INDUSTRIAL SALES
- 7. RATE LV LARGE VOLUME COMMERCIAL/INDUSTRIAL SALES
- 8. RATE PA PUBLIC AUTHORITY SALES
- 9. RATE PGF PURCHASED GAS FACTOR SCHEDULE NO. 1
- 10. RIDER PSF PIPELINE SAFETY FEE
- 11. RIDER RCE RATE CASE EXPENSES
- 12. RATE M MISCELLANEOUS SERVICE CHARGES
- 13. RATE LEP LINE EXTENSION POLICY
- 14. WNA Weather Normalization Adjustment

2_Oper

UTILITY OPERATIONS Applicable to Entire System Texas State Natural Gas, Inc. owns and operates a natural gas distribution system that provides natural gas service in Texas. The following will respond to inquiries regarding provisions of this Tariff for Gas Service: Texas State Natural Gas, Inc. Carlos S. Libson General Manager P.O. Drawer 887 Eagle Pass, Texas 78853 (830) 773-9511 Email Address: clibson@sbcglobal.net

14_WNA

RIDER WNA - WEATHER NORMALIZATION ADJUSTMENT

APPLICATION
Applicable to all customer classes.

MONTHLY CALCULATION: In order to reflect weather variances in a timely and accurate manner, the Weather Normalization Adjustment rate (WNA) shall be separately calculated and adjusted monthly by rate class for each meter reading or billing cycle (Cycle). Monthly WNA adjustments will be based upon weather information for the periods beginning with the first Cycle read in October and ending with the last Cycle read in the following April. The Weather Normalization Adjustment rate for each Cycle shall be based on the following formula:

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13309

RATE SCHEDULESCHEDULE IDDESCRIPTION

WNA Rate = WND / CMV + RC

WND is calculated based on the following formula:

WND = [(HDDn / HDDa * HL) - HL] * VR

DEFINITIONS:

WND - Weather Normalized Dollars to be collected from the Cycle.

CMV - Current Month Volumes billed for the Cycle.

HDDn - Normal heating degree days during the Cycle.

HDDa - Actual heating degree days during the Cycle.

HL - Heat Load volumes calculated using the following formula: Total volumes for the Cycle less Base Load volumes where Base Load volumes are calculated by multiplying the Base Load per customer as established in the most recent rate case by the number of customers in the Cycle.

VR - Volumetric cost of service rate for the applicable customer class.

RC - The Reconciliation Component amount to be return to or recovered from customers each month from October through April as a result of any prior year's over or under collections.

RECONCILIATION AUDIT : An annual review shall be performed of the Company's books and records for each seven month period beginning with October and ending with the subsequent April to determine the amount of over or under collection by customer class occurring during such seven month period. The audit shall determine: (a) the total amount of volumetric revenues collected from customers, including WNA revenues, (b) the Base Load revenues collected from customers using the Base Load per customer established in the most recent rate case multiplied by the number of customers during the period, (c) the difference between the volumetric revenues collected from customers and the Base Load, which represents the weather-sensitive revenues billed, (d) the calculated WNA revenues determined by the operation of the provisions of this weather normalization adjustment clause, and (e) the amount of any over or under collection of WNA revenues from operation of the provisions of this clause.

DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT

If the Reconciliation Audit reflects either an over recovery or under recovery of the revenues in any rate class, such amount, if any, shall be divided by the gas sales volumes by rate class, adjusted for the effects of weather, growth, and conservation for the subsequent period beginning with the first Cycle read in October and ending with the last Cycle read in the following April. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied for a seven (7) period beginning with the first Cycle in October and continuing through the last Cycle in April at which time it will terminate until a new Reconciliation Component is determined.

MONTHLY REPORT: By the 25th day of the following month, the Company will file with the Regulatory Authority a monthly report showing the current rate adjustments for each applicable rate schedule. Supporting documentation will be made available for review upon request.

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13309

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

ANNUAL REPORT: By each September 1, the Company will file with the Regulatory Authority an annual report verifying the past year's WNA collections or refunds, which shall include but not necessarily be limited to:

1. A schedule of the actual gas sales volumes and respective revenues by rate class by month for the seven months ending April 30, with revenues collected via this clause identified separately.
2. A schedule of the weather normalized volumes and repective revenues by rate class for the seven months ending April 30 using the methodology adopted in the most recent rate case.
3. A calculation of the difference between the actual gas sales volumes and revenues by rate class and the weather mormalized gas sales volumes and revenues.
4. A schedule showing the difference between the total amount to be collected or refunded through the annual reconciliation component and the actual amount collected or refunded during the same period.

16_COSA

RIDER COSA - COST OF SERVICE ADJUSTMENT

APPLICATION OF SCHEDULE

This Cost of Service Adjustment Clause applies to Rate R-Residential Sales, Rate SV-Small Volume Commercial/Industrial, Rate LV-Large Volume Commercial/Industrial and Rate PA-Public Authority.

If, through the implementation of the provisions of this mechanism, it is determined that charges under this rider should be increased, then the monthly volumetric charge (i.e. charger per Ccf) will be adjusted accordingly in the manner set forth herein. The adjustment implemented under this mechanism will reflect annual changes in the Company's cost of service and rate base. If, through the implementation of the provisions of this mechanism, it is determined that charges under this rider should be decreased, then no adjustment will be made to any of the Company's rates.

This Rider COSA-Cost of Service Adjustment is authorized for an initial implementation period of three (3) years commencing with the Company's filing under this rate schedule to be effective September 1, 2012, and ending with the implementation of the adjustment, if any, with the Company's filing under this rate schedule to be effective September 1, 2015; and will automatically renew for successive three year periods unless either the Company or the City provides written notice to the contrary to the other by February 1, 2015, or February 1 of the third filing year of any succeeding three year renewal period.

EFFECTIVE DATE OF ADJUSTMENT

Adjustments will be made in accordance with the procedures described below on an annual basis. The Company will make its annual filing no later than June 1, with the adjustments to charges effective with the bills rendered on or after September 1st of each year. The first filing pursuant to this Rider will be no later than

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13309

RATE SCHEDULESCHEDULE IDDESCRIPTION

June 1, 2012, and will be based on the calendar year ending December 31, 2011.

COMPONENTS OF THE ADJUSTMENT

Calculations of the adjustment will be based on calendar year operating expenses, return on investment, Texas gross margin tax and federal income tax. The calendar year operating expenses will be those reported to the Railroad Commission of Texas in the annual report of the Company. The adjustment will be included in the per Ccf charge of the Residential, Small Volume Commercial/Industrial, Large Volume Commercial/Industrial, and Public Authority rate schedules. The Company will file with the regulatory authority having original jurisdiction over the Company's rates, the schedules specified below by FERC Account for the applicable calendar year period. The schedules will be based upon the Company's financial data as reported to the Railroad Commission of Texas in the annual report of the Company. The will include the following information:

OPERATING EXPENSES - Operating expenses will be determined using the year-end amounts for the applicable calendar year. The applicable expenses are:

Operation and Maintenance Expense;

Customer Related Expenses;

Administrative & General Expenses;

Depreciation and Amortization Expense, based upon the methods and lives used in the company's most recent rate case;

Taxes Other Than Income Tax;

Texas Gross Margin Tax;

Interest on Customer Deposits.

The following expenses will be excluded:

Cost of gas;

City Franchise Fees;

State Gross Receipts taxes;

Any other revenue-related taxes;

Any non-gas utility revenues or expenses.

Rate adjustments due to changes in revenue-related taxes and municipal franchise fees will be governed in accordance with the provisions of the Company's tariffs: Rate R-Residential Sales, Rate SV-Small Volume Commercial/Industrial, Rate LV-Large Volume Commercial/Industrial, and Rate P-Public Authority.

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13309

RATE SCHEDULESCHEDULE IDDESCRIPTION

The Company will provide additional information for all operating expenses upon request by the regulatory authority during the ninety-day (90) review period.

RETURN ON INVESTMENT - The return on investment is nine point zero-six percent (9.06%) multiplied by the rate base balance for the applicable calendar year. The rate of return specified herein does not establish precedent for the authorized rate of return in the Company's future rate filings. The rate base balance will include:

Annual average Net Utility Plant Service;

13-Month average of Inventories;

13-Month Average of Materials and Supplies Inventories;

13-Month Average of Prepayments;

Cash Working Capital computed as 12.5% of Operating Expenses;

Annual average Deferred Federal Income Taxes (if an asset).

The rate base balance will be reduced by:

Annual average Customer Deposits;

Annual average Deferred Federal Income Taxes (if a liability).

Supporting information for all rate base items will be provided to the regulatory authority during the ninety-day (90) review period upon request to the Company.

TEXAS GROSS MARGIN TAX - The Texas Franchise Tax will be the calendar year-end amount as recorded in the Company's books and records.

FEDERAL INCOME TAX - Federal Income Tax will be calculated by multiplying seventy-one percent (71.38%) of the Return on Investment by the Federal Income Tax Factor of 1.53845.

COST OF SERVICE ADJUSTMENT - The amount to be collected through the Cost of Service Adjustment is equal to the sum of the following: 1) Operating Expense, 2) Return on Investment, 3) Texas Gross Margin Tax, and 4) Federal Income Tax; and, by subtracting the year-end balances for the following: base revenues and other revenues (i.e. service charges).

The sum of the items listed above will be multiplied by the Federal Income Tax Factor and then by the Texas Gross Margin Tax Factor, sequentially. The Texas Gross Margin Tax factor is equal to 1.0101.

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13309

RATE SCHEDULESCHEDULE IDDESCRIPTION

COST OF SERVICE ADJUSTMENT CHARGE - The Cost of Service Adjustment will be allocated among the customer classes in the same manner as the volumetric revenues were allocated among classes of customers in the Company's latest effective rates.

1. The per-class adjustment will be the Cost of Service Adjustment as allocated to each class, divided by the weather normalized volumes by class for the test year.

2. The resulting per Ccf charge by class will be compared to the current per Ccf rate by class increased by five (5)%. If the resulting per Ccf charge is greater than five (5)% of the current charge, the adjustment will be an increase of five (5)% of the current charge.

3. If the resulting per Ccf charge is less than the current charge increased by five (5)%, the adjustment will be equal to the adjusted Ccf charge.

ATTESTATION - A sworn statement will be filed by the Company affirming that the filed schedules are in compliance with the provisions of this tariff and are true and correct to the best of its knowledge, information, and belief. No testimony will be filed.

PROOF OF REVENUES - The Company will also provide a schedule demonstrating the proof of revenues relied upon to calculate the proposed cost of service adjustment. The proposed adjustment will conform as closely as practicable to the revenue allocation principles in effect prior to the adjustment.

NOTICE - Notice of the annual Cost of Service Adjustment will be published in a manner consistent with that required under Section 104.103, Tex.Util.Code.no later than forty-five (45) days after the Company makes its annual filing pursuant to this rate schedule with the regulatory authority.

REGULATORY REVIEW OF ANNUAL ADJUSTMENT

The regulatory authority with original jurisdiction will have a period of not less than ninety days (90) within which to review the proposed annual adjustment. During the review period, Company will provide additional information and supporting documents as requested by the regulatory authority and such information will be provided within ten (10) working days of the original request. The rate adjustment will take effect with the bills rendered on or after September 1st of each year.

This Cost of Service Adjustment Schedule does not limit the legal rights and duties of the regulatory authority. The Company's annual adjustment will be made in accordance with all applicable laws. If at the end of the ninety day (90) review period, the Company and the regulatory authority with original jurisdiction have not reached agreement on the proposed Cost of Service Adjustment, the regulatory authority may take action to deny such adjustment, and the Company will have the right to appeal the regulatory authority's action. Upon the filing of any appeal,

GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13309

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

the Company will have the right to implement the proposed Cost of Services Adjustment, subject to refund.

COST OF SERVICE ADJUSTMENT EXPENSES

To defray the cost, if any, of regulatory authorities conducting a review of the Company's annual adjustment, the Company will reimburse the regulatory authorities for their reasonable expenses for such review in an aggregate amount not to exceed \$15,000. Any reimbursement contemplated hereunder will be deemed a reasonable and necessary operating expense of the Company in the year in which the reimbursement is made. A regulatory authority seeking reimbursement under this provision, will submit its request for reimbursement to the Company no later than October 1st of the year in which the adjustment is made and the Company will reimburse the regulatory authorities in accordance with this provision on or before October 15th of the year the adjustment is made.

The cost of service adjustment expenses for the Company, including the cost to provide public notice and reimburse City expenses as required herein, will not to exceed \$35,000.

17_CPC

RIDER CPC - COSA PROCESSING COST

APPLICATION OF SCHEDULE:

Applicable to all customer classes.

Monthly calculation:

The bill of each customer shall include a surcharge designed to recover the Company's costs incurred to prepare the COSA, file public notice, and reimburse regulatory authorities conducting a reveiw of the Company's annual adjustment, as described by and subject to the limitations identified in Rate Schedule 16, Rider COSA, under the heading Cost of Service Adjustment Expense. The surcharge will be calculated on Ccf basis using total company volumes for all customer classes, over a period of twelve (12) months commencing no earlier than the effective date for the related COSA adjustment and no later than one month after the receipt of a request for reimbursement of expenses from a regulatory authority seeking reimbursement under the provision of COSA Rate Schedule 16.

All Collections with this surcharge will be applied monthly to the outstanding uncollected balance of such COSA processing expenses, and interest at the rate of six (6) percent per year shall be calculated on, and added to, the declinging balance each month. To the extent that some expenses may be estimates, the Company is authorized to add such expenses as incurred to the amount to be surcharged up to the total estimated expenses of Company and municipalities being reimbursed pursuant to the order in question, subject to the limitations identified in Rate Schedule 16, Rider COSA - Cost of Service Adjustment Expense. Costs incurred to prepare the 2013 filing and publish notice shall not exceed \$5000.

RATE ADJUSTMENT PROVISIONS

None

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 13309

CUSTOMERS

<u>RRC CUSTOMER NO</u>	<u>CONFIDENTIAL?</u>	<u>BILLING UNIT</u>	<u>PGA CURRENT CHARGE</u>	<u>PGA EFFECTIVE DATE</u>
18323	N	ccf	\$.7068	06/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6027	08/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6631	07/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6434	09/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.7528	05/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass			

REASONS FOR FILING

NEW?: N RRC DOCKET NO: CITY ORDINANCE NO: City Ordinance 2013-19, City O
 AMENDMENT(EXPLAIN):
 OTHER(EXPLAIN): File 2014 Pipeline Safety Fee

SERVICES

<u>TYPE OF SERVICE</u>	<u>SERVICE DESCRIPTION</u>
B	Commercial Sales
<u>OTHER TYPE DESCRIPTION</u>	
C	Industrial Sales
<u>OTHER TYPE DESCRIPTION</u>	

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26444

DESCRIPTION: Distribution Sales STATUS: A
 EFFECTIVE DATE: 04/01/2014 ORIGINAL CONTRACT DATE: RECEIVED DATE: 05/16/2014
 GAS CONSUMED: N AMENDMENT DATE: OPERATOR NO:
 BILLS RENDERED: Y INACTIVE DATE:

RATE SCHEDULE

SCHEDULE ID	DESCRIPTION
AREA_E	<p>CITY AND COUNTY SERVICE AREAS</p> <p>Applicable to unincorporated Areas of Eagle Pass, TX</p> <p>CITIES & TOWNS Eagle Pass Unincorporated Areas</p> <p>COUNTIES: Maverick</p>
DEF_E	<p>DEFINITIONS</p> <p>Applicable to unincorporated Areas of Eagle Pass, TX</p> <p>COMMISSION - The Railroad Commission of Texas</p> <p>COMPANY - Texas State Natural Gas, Inc., its successors, and its assigns</p> <p>CUSTOMER - An individual, family, partnership, association, joint venture, corporation, etc., or governmental agency who is receiving gas service or who is receiving the benefit of gas service at a specified point of delivery.</p> <p>LARGE VOLUME COMMERCIAL/INDUSTRIAL CUSTOMER - A customer, other than a residential customer or public authority customer, and who is not otherwise covered by a contract under the contract rate provisions of Section 104.003 of the Texas Utilities Code, and either: 1. whose annual volumetric usage is greater than 48,000 Ccf per year or 2. whose average monthly usage is greater than 4,000 Ccf over a twelve month period.</p> <p>PUBLIC AUTHORITY CUSTOMER - All governmental agencies and educational institutions other than those involving manufacturing, electrical generation, or that use boiler fuel for industrial purposes.</p> <p>RATE SCHEDULE - A statement of the method of determining charges for gas service, including the conditions under which such method applies.</p> <p>RESIDENTIAL CUSTOMER - Unless otherwise specified in the rate schedule, a customer whose service is separately and individually metered in an individual private dwelling unit or in an individually metered apartment, condominium, or similar dwelling and who uses natural gas primarily for Residential End Uses and occupies the building.</p> <p>RESIDENTIAL END USES - Heating, space heating, cooking, water heating, and other similar type uses in a dwelling.</p> <p>SMALL VOLUME COMMERCIAL/INDUSTRIAL CUSTOMER - A customer, other than a residential customer, public authority customer, or Large Volume Commercial/Industrial Customer</p>

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26444

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

as defined herein, and who is not otherwise covered by a contract under the contract rate provisions of Section 104.003 of the Texas Utilities Code.

LV_E

RATE LV-E LARGE VOLUME COMMERCIAL/INDUSTRIAL SALES ENVIRONS

APPLICATION OF SCHEDULE:

Schedule applies to all Large Volume Commercial and Large Volume Industrial Customers in the unincorporated area Of Eagle Pass, TX.

MONTHLY BASE RATE:

Customer`s base monthly bill will be calculated using the following Customer and Ccf charges:

Customer Charge \$40.00 per month,
plus all Ccf at \$0.6014 per Ccf.

SURCHARGES:

In addition to the base monthly charges above, each customer`s bill will include an amount for surcharges calculated in accordance with the applicable rider(s).

- 1. Rate PGF - Purchase Gas Factor
- 2. Rider WNA - Weather Normalization Adjustment
- 3. Rider PSF - Pipeline Safety Fee

CONDITIONS:

- 1. Subject in all respects to applicable laws, rules and regulations from time to time in effect.
- 2. Delivery of 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 consumers served. Also refer to C489-Curtailment Plan.

PGF_E

RATE PGF-E PURCHASED GAS FACTOR SCHEDULE NO. 1

Applicable to the unincorporated area of Eagle Pass, TX

Purpose and Intent

This provision is intended to allow collection of the Company`s gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that actual costs billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. The billing methods set forth herein are intended to be followed to the extent the goals are realized. To the extent the billing methods fail to achieve these goals, the methodology shall be revised and a revised tariff filed to reflect such revisions.

Applicability

This clause shall apply to all Texas State Natural Gas, Inc. tariffs that incorporate this Purchased Gas Factor tariff provision and which have been properly filed and implemented with the appropriate jurisdictional authority.

Definitions

Standard Cubic Foot of Gas-the amount of gas contained in one (1) cubic foot of

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26444

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

space at a standard pressure of fourteen and sixty-five hundredths (14.65) pounds per square inch, absolute and a standard temperature of sixty (60) degrees Fahrenheit.

Ccf-one hundred standard cubic feet of gas.

Mcf-one thousand standard cubic feet of gas.

Purchased Gas Volumes-The volumes of gas, expressed in Mcf`s, purchased by the Company and received into the Company`s distribution systems from all sources, including withdrawals from storage, and excluding gas injected into storage.

Purchased Gas Cost(s)-The total cost of Purchased Gas Volumes, as received into the Company`s distribution systems, all as more specifically described herein.

Weighted Average Cost of Gas-The Purchased Gas Costs divided by the Purchased Gas Volumes, calculated on a monthly basis, and expressed as dollars per Mcf.

Billed Gas Volumes-The volumes of gas billed to customers, plus volumes of gas billed to third parties following losses or damages, expressed in Mcf`s.

Billed Gas Revenues-The total amount of revenues attributable to billings by Texas State Natural Gas, Inc. for Purchased Gas Costs during a given period, exclusive of any billings for any Reconciliation Factor during the same period.

Lost and Unaccounted for Gas (LUG)-Purchased Gas Volumes minus the sum of Billed Gas Volumes and metered Company used gas.

Purchased Gas Factor (PGF)-A factor on each customer`s monthly bill, expressed in dollars per Ccf, to reflect the Purchase Gas Costs and the Reconciliation Factor, all as more specifically described herein.

Annual Review Period-The 12 month period ending June 30 of each year.

Annual Review - An annual review of the Company`s records covering the 12 month period ending June 30 to determine LUG volumes and any imbalances between the Purchased Gas Costs and Billed Gas Revenues existing at the end of the Annual Review Period.

Annual Imbalance Total-The total amount determined through the Annual Review to be credited or surcharged to customers` bills, plus interest, in order to balance Purchased Gas Costs with Billed Gas Revenues.

Reconciliation Factor-A credit or surcharge included in the Purchased Gas Factor to reflect the pro rated adjustment in billings for any over or under collections on an annual basis, inclusive of interest.

Record Keeping

The Company shall keep accurate records of all gas metered in and out of its system, gas purchases, and Company owned gas injected into and withdrawn from storage, and any adjustments, including interest, relative to any imbalances. The

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26444

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

records shall include date, quantity, and cost details for all gas handled.

Purchased Gas Cost Calculation

The Purchased Gas Cost shall be determined for each month to fairly and accurately reflect the cost to the Company at the points of delivery into the Company`s distribution systems. The determination shall include, but not be limited to, volumetric and demand charges for Purchased Gas Volumes, fees paid to others where such fees are integrally tied to the purchase or transportation of gas purchased by Texas State Natural Gas, Inc., pipeline transportation charges (both volumetric and demand), and gas storage charges (both volumetric and demand).

The Company shall account for gas injected into and withdrawn from storage on a weighted average cost basis.

Purchased Gas Factor Calculation

Each customer bill shall include a Purchased Gas Factor reflecting the estimated Weighted Average Cost of Gas for the period covered by the bill, which estimate shall include, as applicable, a pro rata amount to adjust for previous over or under estimates of the Weighted Average Cost of Gas, plus a Reconciliation Factor to account for any Annual Imbalance Total.

Annual Review

For each Annual Review Period, the Company shall determine (i) the amount of any imbalance between the Purchased Gas Costs and Billed Gas Revenues, and (ii) the LUG volume for the Annual Review Period. As limited by the LUG volume limitation set forth below, the Annual Imbalance Total shall then be credited or surcharged, together with interest, to the customers` bills over a twelve month period commencing each September 1 following the Annual Review Period.

Annual Imbalance Total Where LUG Volume less than five percent of Purchased Gas Volumes or LUG Volume is negative;

If the Annual Review shows the LUG volume for the Annual Review Period to be less than five percent of the Purchased Gas Volumes, or if the LUG volume is negative (indicating a line gain), the Annual Imbalance Total shall be the difference between the total Purchased Gas Cost and the total Billed Gas Revenues for the Annual Review Period.

Annual Imbalance Total Where LUG Volume is positive and is greater than five percent of Purchased Gas Volumes;

If the Annual Review shows the LUG volume for the Annual Review Period to be positive and to be greater than five percent of the Purchased Gas Volumes, the Annual Imbalance Total shall be determined as follows:

The difference between the total Purchased Gas Costs and the total Billed Gas Revenues for the Annual Review Period shall be determined; minus,

The Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company`s weighted Average Cost of Purchased Gas for the Review Period.

Reconciliation Factor Calculation

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26444

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

The Annual Imbalance Total (whether positive or negative) shall be credited or surcharged over twelve months in equal total amounts per month, together with interest on the declining unrecovered or uncredited balance. The recovery shall be through a Reconciliation Factor included in the Purchased Gas Factor. The Reconciliation Factor for each month shall be determined as follows:

The total interest to be collected or paid shall be computed by using a monthly interest factor equal to the annual interest rate divided by 12. The annual interest rate shall be the interest rate established pursuant to Section 183.003 of the Texas Utilities Code, as applicable to customer deposits, if any, of customers covered by this tariff, as such rate is in effect during the last month of the Annual Review Period.

The total interest to be collected or paid over the 12-month period shall be added to the Annual Imbalance Total.

The resulting total shall then be divided by 12 to determine the total amount to be credited or surcharged each month.

Each month of the twelve month reconciliation period, the Reconciliation Factor, expressed in Ccfs, shall be calculated by dividing the sum of amount to be credited or surcharged during that month (which amount shall include, as necessary, an amount to correct for any previous over or under estimates of Billed Gas Volumes during the previous month or months in the same reconciliation period), by the estimated Billed Gas Volumes for the month.

At the end of each 12 month period, any remaining balance in the Annual Imbalance Total shall be included in any Annual Imbalance Total to be credited or surcharged during the successor 12 month period.

The Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company's Weighted Average Cost of Purchased Gas for the Review Period.

Special Transition Provision

It is recognized that a cumulative imbalance between gas costs and sales gas revenues collected under Texas State Natural Gas, Inc.'s Purchased Gas Adjustment Clause previously in effect, may exist at the time this new Purchased Gas Adjustment becomes effective. Subject to the limitation for Lost and Unaccounted for Gas, the Company shall amortize any such imbalance as a credit or surcharge on customers' bills over the twelve months commencing September 1, 2011. The cumulative imbalance to be amortized under this provision shall be the imbalance, if any, attributable to the period from inception of Texas State Natural Gas, Inc. through June 30, 2011.

10_PSF

Rider PSF Pipeline Safety Fee. Applicable to all customer classes. Company will charge a surcharge to recover pipeline safety fees assessed by the Commission pursuant to Section 121.211 of the Texas Utilities Code and Commission Rule 16 TAC section 8.201. The surcharge will be charged not more often than once a year and will be billed following payment by the Company to the Commission, in accordance with the Commission's rules. The Company will charge a one-time customer charge per bill of \$1.35, based on \$1.35 per service line. The Pipeline Safety Fee shall not

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26444

RATE SCHEDULE

SCHEDULE IDDESCRIPTION

be billed to a state agency as that term is defined in Texas Utilities Code, 101.003.

Index_E

TABLE OF CONTENTS

Applicable to unincorporated Areas of Eagle Pass, TX
Description

1. TABLE OF CONTENTS
2. UTILITY OPERATIONS
3. CITY AND COUNTY SERVICE AREAS
4. DEFINITIONS
5. RATE R-E - RESIDENTIAL SALES
6. RATE SV-E - SMALL VOLUME COMMERCIAL/INDUSTRIAL SALES
7. RATE LV-E - LARGE VOLUME COMMERCIAL/INDUSTRIAL SALES
8. RATE PA-E - PUBLIC AUTHORITY SALES
9. RATE PGF - PURCHASED GAS FACTOR
10. RIDER PSF - PIPELINE SAFETY FEE
11. RATE M - MISCELLANEOUS SERVICE CHARGES
12. RATE LEP - LINE EXTENSION POLICY
13. RATE DEP - CUSTOMER DEPOSITS
14. WNA - WEATHER NORMALIZATION ADJUSTMENT
15. C489 - CURTAILMENT PLAN
16. QOS745 - QUALITY OF SERVICE RULES

OPER_E

UTILITY OPERATIONS

Applicable to unincorporated Areas of Eagle Pass, TX

Texas State Natural Gas, Inc. owns and operates a natural gas distribution system that provides natural gas service in Texas.

The following will respond to inquiries regarding provisions of this Tariff for Gas Service:

Texas State Natural Gas, Inc.
Carlos S. Libson,
General Manager
P.O. Drawer 887
Eagle Pass, Texas 78853
(830) 773-9511
Email Address: clibson@sbcglobal.net

WNA_E

RIDER WNA-E - WEATHER NORMALIZATION ADJUSTMENT

APPLICATION

Applicable to all customer classes in the unincorporated area of Eagle Pass, Tx.

MONTHLY CALCULATION

In order to reflect weather variances in a timely and accurate manner, the Weather Normalization Adjustment rate (`WNA`) shall be separately calculated and adjusted monthly by rate class for each meter reading or billing cycle (`Cycle`). Monthly WNA adjustments will be based upon weather information, obtained for NOAA's Del Rio International Airport weather station, for the periods beginning with the first Cycle read in October and ending with the last Cycle read in the following April.

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26444

RATE SCHEDULESCHEDULE IDDESCRIPTION

The Weather Normalization Adjustment rate for each Cycle shall be based on the following formula:

$$\text{WNA Rate} = \text{WND} / \text{CMV} + \text{RC}$$

WND is calculated based on the following formula:

$$\text{WND} = [(\text{HDDn} / \text{HDDa} * \text{HL}) - \text{HL}] * \text{VR}$$

DEFINITIONS

WND - Weather Normalized Dollars to be collected from the Cycle.

CMV - Current Month Volumes billed for the Cycle.

HDDn - Normal heating degree days during the Cycle.

HDDa - Actual heating degree days during the Cycle.

HL - Heat Load volumes calculated using the following formula: Total volumes for the Cycle less Base Load volumes where Base Load volumes are calculated by multiplying the Base Load per customer as established in the most recent rate case by the number of customers in the Cycle.

VR - Volumetric cost of service rate for the applicable customer class.

RC - The Reconciliation Component amount to be return to or recovered from customers each month from October through April as a result of any prior year's over or under collections.

RECONCILIATION AUDIT

An annual review shall be performed of the Company's books and records for each seven month period beginning with October and ending with the subsequent April to determine the amount of over or under collection by customer class occurring during such seven month period. The audit shall determine: (a) the total amount of volumetric revenues collected from customers, including WNA revenues, (b) the Base Load revenues collected from customers using the Base Load per customer established in the most recent rate case multiplied by the number of customers during the period, (c) the difference between the volumetric revenues collected from customers and the Base Load, which represents the weather-sensitive revenues billed, (d) the calculated WNA revenues determined by the operation of the provisions of this weather normalization adjustment clause, and (e) the amount of any over or under collection of WNA revenues from operation of the provisions of this clause.

DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT

If the Reconciliation Audit reflects either an over recovery or under recovery of the revenues in any rate class, such amount, if any, shall be divided by the gas sales volumes by rate class, adjusted for the effects of weather, growth, and conservation for the subsequent period beginning with the first Cycle read in

GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26444

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

October and ending with the last Cycle read in the following April. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied for a seven (7) period beginning with the first Cycle in October and continuing throught the last Cycle in April at which time it will terminate until a new Reconciliation Component is determined.

MONTHLY REPORT

By the 25th day of the following month, the Company will file with the Regulatory Authority a monthly report showing the current rate adjustments for each applicable rate schedule. Supporting documentation will be made available for review upon request.

ANNUAL REPORT

By each September 1, the Company will file with the Regulatory Authority an annual report verifying the past year`s WNA collections or refunds, which shall include but not necessarily be limited to:

1. A schedule of the actual gas sales volumes and respective revenues by rate class by month for the seven months ending April 30, with revenues collected via this clause identified separately.
2. A schedule of the weather normalized volumes and repective revenues by rate class for the seven months ending April 30 using the methodology adopted in the most recent rate case.
3. A calculation of the difference between the actual gas sales volumes and revenues by rate class and the weather mormalized gas sales volumes and revenues.
4. A schedule showing the difference between the total amount to be collected or refunded through the annual reconciliation component and the actual amount collected or refunded during the same period.

RATE ADJUSTMENT PROVISIONS

None

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26444

CUSTOMERS

<u>RRC CUSTOMER NO</u>	<u>CONFIDENTIAL?</u>	<u>BILLING UNIT</u>	<u>PGA CURRENT CHARGE</u>	<u>PGA EFFECTIVE DATE</u>
18324	N	ccf	\$.7068	06/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass Environs			
18324	N	ccf	\$.6027	08/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass Environs			
18324	N	ccf	\$.6631	07/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass Environs			
18324	N	ccf	\$.6434	09/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass Environs			
18324	N	ccf	\$.7528	05/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass Environs			

REASONS FOR FILING

NEW?: N RRC DOCKET NO: CITY ORDINANCE NO:
 AMENDMENT(EXPLAIN):
 OTHER(EXPLAIN): File 2014 Pipeline Safety Fee

SERVICES

<u>TYPE OF SERVICE</u>	<u>SERVICE DESCRIPTION</u>
B	Commercial Sales
<u>OTHER TYPE DESCRIPTION</u>	
C	Industrial Sales
<u>OTHER TYPE DESCRIPTION</u>	

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26445

DESCRIPTION: Distribution Sales STATUS: A
EFFECTIVE DATE: 04/01/2014 ORIGINAL CONTRACT DATE: RECEIVED DATE: 05/21/2014
GAS CONSUMED: N AMENDMENT DATE: OPERATOR NO:
BILLS RENDERED: Y INACTIVE DATE:

RATE SCHEDULE

SCHEDULE ID	DESCRIPTION
AREA_E	<p>CITY AND COUNTY SERVICE AREAS</p> <p>Applicable to unincorporated Areas of Eagle Pass, TX</p> <p>CITIES & TOWNS Eagle Pass Unincorporated Areas</p> <p>COUNTIES: Maverick</p>
DEF_E	<p>DEFINITIONS</p> <p>Applicable to unincorporated Areas of Eagle Pass, TX</p> <p>COMMISSION - The Railroad Commission of Texas</p> <p>COMPANY - Texas State Natural Gas, Inc., its successors, and its assigns</p> <p>CUSTOMER - An individual, family, partnership, association, joint venture, corporation, etc., or governmental agency who is receiving gas service or who is receiving the benefit of gas service at a specified point of delivery.</p> <p>LARGE VOLUME COMMERCIAL/INDUSTRIAL CUSTOMER - A customer, other than a residential customer or public authority customer, and who is not otherwise covered by a contract under the contract rate provisions of Section 104.003 of the Texas Utilities Code, and either: 1. whose annual volumetric usage is greater than 48,000 Ccf per year or 2. whose average monthly usage is greater than 4,000 Ccf over a twelve month period.</p> <p>PUBLIC AUTHORITY CUSTOMER - All governmental agencies and educational institutions other than those involving manufacturing, electrical generation, or that use boiler fuel for industrial purposes.</p> <p>RATE SCHEDULE - A statement of the method of determining charges for gas service, including the conditions under which such method applies.</p> <p>RESIDENTIAL CUSTOMER - Unless otherwise specified in the rate schedule, a customer whose service is separately and individually metered in an individual private dwelling unit or in an individually metered apartment, condominium, or similar dwelling and who uses natural gas primarily for Residential End Uses and occupies the building.</p> <p>RESIDENTIAL END USES - Heating, space heating, cooking, water heating, and other similar type uses in a dwelling.</p> <p>SMALL VOLUME COMMERCIAL/INDUSTRIAL CUSTOMER - A customer, other than a residential customer, public authority customer, or Large Volume Commercial/Industrial Customer</p>

GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26445

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

as defined herein, and who is not otherwise covered by a contract under the contract rate provisions of Section 104.003 of the Texas Utilities Code.

PA_E RATE PA-E PUBLIC AUTHORITY SALES ENVIRONS

APPLICATION OF SCHEDULE: Schedule applies to all Public Authority Customers in the unincorporated area of Eagle Pass, TX.

MONTHLY BASE RATE: Customer`s base monthly bill will be calculated using the following Customer and Ccf charges:

Customer Charge \$40.00 per month,
 plus all Ccf at \$0.6563 per Ccf.

SURCHARGES: In addition to the base monthly charges above, each customer`s bill will include an amount for surcharges calculated in accordance with the applicable rider(s).

1. Rate PGF - Purchase Gas Factor
2. Rider WNA - Weather Normalization Adjustment
3. Rider PSF - Pipeline Safety Fee

CONDITIONS:

1. Subject in all respects to applicable laws, rules and regulations from time to time in effect.
2. Delivery of 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 consumers served. Also refer to C489-Curtailment Plan.

PGF_E RATE PGF-E PURCHASED GAS FACTOR SCHEDULE NO. 1

Applicable to the unincorporated area of Eagle Pass, TX

Purpose and Intent
 This provision is intended to allow collection of the Company`s gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that actual costs billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. The billing methods set forth herein are intended to be followed to the extent the goals are realized. To the extent the billing methods fail to achieve these goals, the methodology shall be revised and a revised tariff filed to reflect such revisions.

Applicability
 This clause shall apply to all Texas State Natural Gas, Inc. tariffs that incorporate this Purchased Gas Factor tariff provision and which have been properly filed and implemented with the appropriate jurisdictional authority.

Definitions
 Standard Cubic Foot of Gas-the amount of gas contained in one (1) cubic foot of

GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26445

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

space at a standard pressure of fourteen and sixty-five hundredths (14.65) pounds per square inch, absolute and a standard temperature of sixty (60) degrees Fahrenheit.

Ccf-one hundred standard cubic feet of gas.

Mcf-one thousand standard cubic feet of gas.

Purchased Gas Volumes-The volumes of gas, expressed in Mcf`s, purchased by the Company and received into the Company`s distribution systems from all sources, including withdrawals from storage, and excluding gas injected into storage.

Purchased Gas Cost(s)-The total cost of Purchased Gas Volumes, as received into the Company`s distribution systems, all as more specifically described herein.

Weighted Average Cost of Gas-The Purchased Gas Costs divided by the Purchased Gas Volumes, calculated on a monthly basis, and expressed as dollars per Mcf.

Billed Gas Volumes-The volumes of gas billed to customers, plus volumes of gas billed to third parties following losses or damages, expressed in Mcf`s.

Billed Gas Revenues-The total amount of revenues attributable to billings by Texas State Natural Gas, Inc. for Purchased Gas Costs during a given period, exclusive of any billings for any Reconciliation Factor during the same period.

Lost and Unaccounted for Gas (LUG)-Purchased Gas Volumes minus the sum of Billed Gas Volumes and metered Company used gas.

Purchased Gas Factor (PGF)-A factor on each customer`s monthly bill, expressed in dollars per Ccf, to reflect the Purchase Gas Costs and the Reconciliation Factor, all as more specifically described herein.

Annual Review Period-The 12 month period ending June 30 of each year.

Annual Review - An annual review of the Company`s records covering the 12 month period ending June 30 to determine LUG volumes and any imbalances between the Purchased Gas Costs and Billed Gas Revenues existing at the end of the Annual Review Period.

Annual Imbalance Total-The total amount determined through the Annual Review to be credited or surcharged to customers` bills, plus interest, in order to balance Purchased Gas Costs with Billed Gas Revenues.

Reconciliation Factor-A credit or surcharge included in the Purchased Gas Factor to reflect the pro rated adjustment in billings for any over or under collections on an annual basis, inclusive of interest.

Record Keeping

The Company shall keep accurate records of all gas metered in and out of its system, gas purchases, and Company owned gas injected into and withdrawn from storage, and any adjustments, including interest, relative to any imbalances. The

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26445

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

records shall include date, quantity, and cost details for all gas handled.

Purchased Gas Cost Calculation

The Purchased Gas Cost shall be determined for each month to fairly and accurately reflect the cost to the Company at the points of delivery into the Company`s distribution systems. The determination shall include, but not be limited to, volumetric and demand charges for Purchased Gas Volumes, fees paid to others where such fees are integrally tied to the purchase or transportation of gas purchased by Texas State Natural Gas, Inc., pipeline transportation charges (both volumetric and demand), and gas storage charges (both volumetric and demand).

The Company shall account for gas injected into and withdrawn from storage on a weighted average cost basis.

Purchased Gas Factor Calculation

Each customer bill shall include a Purchased Gas Factor reflecting the estimated Weighted Average Cost of Gas for the period covered by the bill, which estimate shall include, as applicable, a pro rata amount to adjust for previous over or under estimates of the Weighted Average Cost of Gas, plus a Reconciliation Factor to account for any Annual Imbalance Total.

Annual Review

For each Annual Review Period, the Company shall determine (i) the amount of any imbalance between the Purchased Gas Costs and Billed Gas Revenues, and (ii) the LUG volume for the Annual Review Period. As limited by the LUG volume limitation set forth below, the Annual Imbalance Total shall then be credited or surcharged, together with interest, to the customers` bills over a twelve month period commencing each September 1 following the Annual Review Period.

Annual Imbalance Total Where LUG Volume less than five percent of Purchased Gas Volumes or LUG Volume is negative;

If the Annual Review shows the LUG volume for the Annual Review Period to be less than five percent of the Purchased Gas Volumes, or if the LUG volume is negative (indicating a line gain), the Annual Imbalance Total shall be the difference between the total Purchased Gas Cost and the total Billed Gas Revenues for the Annual Review Period.

Annual Imbalance Total Where LUG Volume is positive and is greater than five percent of Purchased Gas Volumes;

If the Annual Review shows the LUG volume for the Annual Review Period to be positive and to be greater than five percent of the Purchased Gas Volumes, the Annual Imbalance Total shall be determined as follows:

The difference between the total Purchased Gas Costs and the total Billed Gas Revenues for the Annual Review Period shall be determined; minus,

The Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company`s weighted Average Cost of Purchased Gas for the Review Period.

Reconciliation Factor Calculation

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26445

RATE SCHEDULESCHEDULE IDDESCRIPTION

The Annual Imbalance Total (whether positive or negative) shall be credited or surcharged over twelve months in equal total amounts per month, together with interest on the declining unrecovered or uncredited balance. The recovery shall be through a Reconciliation Factor included in the Purchased Gas Factor. The Reconciliation Factor for each month shall be determined as follows:

The total interest to be collected or paid shall be computed by using a monthly interest factor equal to the annual interest rate divided by 12. The annual interest rate shall be the interest rate established pursuant to Section 183.003 of the Texas Utilities Code, as applicable to customer deposits, if any, of customers covered by this tariff, as such rate is in effect during the last month of the Annual Review Period.

The total interest to be collected or paid over the 12-month period shall be added to the Annual Imbalance Total.

The resulting total shall then be divided by 12 to determine the total amount to be credited or surcharged each month.

Each month of the twelve month reconciliation period, the Reconciliation Factor, expressed in Ccfs, shall be calculated by dividing the sum of amount to be credited or surcharged during that month (which amount shall include, as necessary, an amount to correct for any previous over or under estimates of Billed Gas Volumes during the previous month or months in the same reconciliation period), by the estimated Billed Gas Volumes for the month.

At the end of each 12 month period, any remaining balance in the Annual Imbalance Total shall be included in any Annual Imbalance Total to be credited or surcharged during the successor 12 month period.

The Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company's Weighted Average Cost of Purchased Gas for the Review Period.

Special Transition Provision

It is recognized that a cumulative imbalance between gas costs and sales gas revenues collected under Texas State Natural Gas, Inc.'s Purchased Gas Adjustment Clause previously in effect, may exist at the time this new Purchased Gas Adjustment becomes effective. Subject to the limitation for Lost and Unaccounted for Gas, the Company shall amortize any such imbalance as a credit or surcharge on customers' bills over the twelve months commencing September 1, 2011. The cumulative imbalance to be amortized under this provision shall be the imbalance, if any, attributable to the period from inception of Texas State Natural Gas, Inc. through June 30, 2011.

10_PSF

Rider PSF Pipeline Safety Fee. Applicable to all customer classes. Company will charge a surcharge to recover pipeline safety fees assessed by the Commission pursuant to Section 121.211 of the Texas Utilities Code and Commission Rule 16 TAC section 8.201. The surcharge will be charged not more often than once a year and will be billed following payment by the Company to the Commission, in accordance with the Commission's rules. The Company will charge a one-time customer charge per bill of \$1.35, based on \$1.35 per service line. The Pipeline Safety Fee shall not

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26445

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

be billed to a state agency as that term is defined in Texas Utilities Code, 101.003.

WNA_E

RIDER WNA-E - WEATHER NORMALIZATION ADJUSTMENT

APPLICATION

Applicable to all customer classes in the unincorporated area of Eagle Pass, Tx.

MONTHLY CALCULATION

In order to reflect weather variances in a timely and accurate manner, the Weather Normalization Adjustment rate (`WNA`) shall be separately calculated and adjusted monthly by rate class for each meter reading or billing cycle (`Cycle`). Monthly WNA adjustments will be based upon weather information, obtained for NOAA's Del Rio International Airport weather station, for the periods beginning with the first Cycle read in October and ending with the last Cycle read in the following April.

The Weather Normalization Adjustment rate for each Cycle shall be based on the following formula:

$$\text{WNA Rate} = \text{WND} / \text{CMV} + \text{RC}$$

WND is calculated based on the following formula:

$$\text{WND} = [(\text{HDDn} / \text{HDDa} * \text{HL}) - \text{HL}] * \text{VR}$$

DEFINITIONS

WND - Weather Normalized Dollars to be collected from the Cycle.

CMV - Current Month Volumes billed for the Cycle.

HDDn - Normal heating degree days during the Cycle.

HDDa - Actual heating degree days during the Cycle.

HL - Heat Load volumes calculated using the following formula: Total volumes for the Cycle less Base Load volumes where Base Load volumes are calculated by multiplying the Base Load per customer as established in the most recent rate case by the number of customers in the Cycle.

VR - Volumetric cost of service rate for the applicable customer class.

RC - The Reconciliation Component amount to be return to or recovered from customers each month from October through April as a result of any prior year's over or under collections.

RECONCILIATION AUDIT

An annual review shall be performed of the Company's books and records for each seven month period beginning with October and ending with the subsequent April to determine the amount of over or under collection by customer class occurring during such seven month period. The audit shall determine: (a) the total amount of volumetric revenues collected from customers, including WNA revenues, (b) the Base

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26445

RATE SCHEDULESCHEDULE IDDESCRIPTION

Load revenues collected from customers using the Base Load per customer established in the most recent rate case multiplied by the number of customers during the period, (c) the difference between the volumetric revenues collected from customers and the Base Load, which represents the weather-sensitive revenues billed, (d) the calculated WNA revenues determined by the operation of the provisions of this weather normalization adjustment clause, and (e) the amount of any over or under collection of WNA revenues from operation of the provisions of this clause.

DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT

If the Reconciliation Audit reflects either an over recovery or under recovery of the revenues in any rate class, such amount, if any, shall be divided by the gas sales volumes by rate class, adjusted for the effects of weather, growth, and conservation for the subsequent period beginning with the first Cycle read in October and ending with the last Cycle read in the following April. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied for a seven (7) period beginning with the first Cycle in October and continuing through the last Cycle in April at which time it will terminate until a new Reconciliation Component is determined.

MONTHLY REPORT

By the 25th day of the following month, the Company will file with the Regulatory Authority a monthly report showing the current rate adjustments for each applicable rate schedule. Supporting documentation will be made available for review upon request.

ANNUAL REPORT

By each September 1, the Company will file with the Regulatory Authority an annual report verifying the past year's WNA collections or refunds, which shall include but not necessarily be limited to:

1. A schedule of the actual gas sales volumes and respective revenues by rate class by month for the seven months ending April 30, with revenues collected via this clause identified separately.
2. A schedule of the weather normalized volumes and respective revenues by rate class for the seven months ending April 30 using the methodology adopted in the most recent rate case.
3. A calculation of the difference between the actual gas sales volumes and revenues by rate class and the weather normalized gas sales volumes and revenues.
4. A schedule showing the difference between the total amount to be collected or refunded through the annual reconciliation component and the actual amount collected or refunded during the same period.

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26445

RATE SCHEDULESCHEDULE IDDESCRIPTION

Index_E

TABLE OF CONTENTS
 Applicable to unincorporated Areas of Eagle Pass, TX
 Description
 1. TABLE OF CONTENTS
 2. UTILITY OPERATIONS
 3. CITY AND COUNTY SERVICE AREAS
 4. DEFINITIONS
 5. RATE R-E - RESIDENTIAL SALES
 6. RATE SV-E - SMALL VOLUME COMMERCIAL/INDUSTRIAL SALES
 7. RATE LV-E - LARGE VOLUME COMMERCIAL/INDUSTRIAL SALES
 8. RATE PA-E - PUBLIC AUTHORITY SALES
 9. RATE PGF - PURCHASED GAS FACTOR
 10. RIDER PSF - PIPELINE SAFETY FEE
 11. RATE M - MISCELLANEOUS SERVICE CHARGES
 12. RATE LEP - LINE EXTENSION POLICY
 13. RATE DEP - CUSTOMER DEPOSITS
 14. WNA - WEATHER NORMALIZATION ADJUSTMENT
 15. C489 - CURTAILMENT PLAN
 16. QOS745 - QUALITY OF SERVICE RULES

OPER_E

UTILITY OPERATIONS
 Applicable to unincorporated Areas of Eagle Pass, TX

Texas State Natural Gas, Inc. owns and operates a natural gas distribution system that provides natural gas service in Texas.

The following will respond to inquiries regarding provisions of this Tariff for Gas Service:

Texas State Natural Gas, Inc.
 Carlos S. Libson,
 General Manager
 P.O. Drawer 887
 Eagle Pass, Texas 78853
 (830) 773-9511
 Email Address: clibson@sbcglobal.net

RATE ADJUSTMENT PROVISIONS

None

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26445

CUSTOMERS

<u>RRC CUSTOMER NO</u>	<u>CONFIDENTIAL?</u>	<u>BILLING UNIT</u>	<u>PGA CURRENT CHARGE</u>	<u>PGA EFFECTIVE DATE</u>
18324	N	ccf	\$.7528	05/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass Environs			
18324	N	ccf	\$.7068	06/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass Environs			
18324	N	ccf	\$.6027	08/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass Environs			
18324	N	ccf	\$.6631	07/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass Environs			
18324	N	ccf	\$.6434	09/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass Environs			

REASONS FOR FILING

NEW?: N RRC DOCKET NO: CITY ORDINANCE NO:
 AMENDMENT(EXPLAIN):
 OTHER(EXPLAIN): File 2014 Pipeline Safety Fee

SERVICES

<u>TYPE OF SERVICE</u>	<u>SERVICE DESCRIPTION</u>
D	Public Authority Sales
<u>OTHER TYPE DESCRIPTION</u>	

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26446

DESCRIPTION: Distribution Sales STATUS: A
EFFECTIVE DATE: 04/01/2014 ORIGINAL CONTRACT DATE: RECEIVED DATE: 05/16/2014
GAS CONSUMED: N AMENDMENT DATE: OPERATOR NO:
BILLS RENDERED: Y INACTIVE DATE:

RATE SCHEDULE

SCHEDULE ID	DESCRIPTION
AREA_E	<p>CITY AND COUNTY SERVICE AREAS</p> <p>Applicable to unincorporated Areas of Eagle Pass, TX</p> <p>CITIES & TOWNS Eagle Pass Unincorporated Areas</p> <p>COUNTIES: Maverick</p>
DEF_E	<p>DEFINITIONS</p> <p>Applicable to unincorporated Areas of Eagle Pass, TX</p> <p>COMMISSION - The Railroad Commission of Texas</p> <p>COMPANY - Texas State Natural Gas, Inc., its successors, and its assigns</p> <p>CUSTOMER - An individual, family, partnership, association, joint venture, corporation, etc., or governmental agency who is receiving gas service or who is receiving the benefit of gas service at a specified point of delivery.</p> <p>LARGE VOLUME COMMERCIAL/INDUSTRIAL CUSTOMER - A customer, other than a residential customer or public authority customer, and who is not otherwise covered by a contract under the contract rate provisions of Section 104.003 of the Texas Utilities Code, and either: 1. whose annual volumetric usage is greater than 48,000 Ccf per year or 2. whose average monthly usage is greater than 4,000 Ccf over a twelve month period.</p> <p>PUBLIC AUTHORITY CUSTOMER - All governmental agencies and educational institutions other than those involving manufacturing, electrical generation, or that use boiler fuel for industrial purposes.</p> <p>RATE SCHEDULE - A statement of the method of determining charges for gas service, including the conditions under which such method applies.</p> <p>RESIDENTIAL CUSTOMER - Unless otherwise specified in the rate schedule, a customer whose service is separately and individually metered in an individual private dwelling unit or in an individually metered apartment, condominium, or similar dwelling and who uses natural gas primarily for Residential End Uses and occupies the building.</p> <p>RESIDENTIAL END USES - Heating, space heating, cooking, water heating, and other similar type uses in a dwelling.</p> <p>SMALL VOLUME COMMERCIAL/INDUSTRIAL CUSTOMER - A customer, other than a residential customer, public authority customer, or Large Volume Commercial/Industrial Customer</p>

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26446

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

as defined herein, and who is not otherwise covered by a contract under the contract rate provisions of Section 104.003 of the Texas Utilities Code.

RES_E

RATE R-E RESIDENTIAL SALES ENVIRONS

APPLICATION OF SCHEDULE:

Schedule applies to all Residential Customers in the unincorporated area of Eagle Pass, TX.

MONTHLY BASE RATE:

Customer`s base monthly bill will be calculated using the following Customer and Ccf charges:

Customer Charge \$16.00 per month,
plus all Ccf at \$0.5398 per Ccf.

SURCHARGES:

In addition to the base monthly charges above, each customer`s bill will include an amount for surcharges calculated in accordance with the applicable rider(s).

1. Rate PGF - Purchase Gas Factor
2. Rider WNA - Weather Normalization Adjustment
3. Rider PSF - Pipeline Safety Fee

CONDITIONS: Subject in all respects to applicable laws, rules and regulations from time to time in effect.

PGF_E

RATE PGF-E PURCHASED GAS FACTOR SCHEDULE NO. 1

Applicable to the unincorporated area of Eagle Pass, TX

Purpose and Intent

This provision is intended to allow collection of the Company`s gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that actual costs billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. The billing methods set forth herein are intended to be followed to the extent the goals are realized. To the extent the billing methods fail to achieve these goals, the methodology shall be revised and a revised tariff filed to reflect such revisions.

Applicability

This clause shall apply to all Texas State Natural Gas, Inc. tariffs that incorporate this Purchased Gas Factor tariff provision and which have been properly filed and implemented with the appropriate jurisdictional authority.

Definitions

Standard Cubic Foot of Gas-the amount of gas contained in one (1) cubic foot of space at a standard pressure of fourteen and sixty-five hundredths (14.65) pounds per square inch, absolute and a standard temperature of sixty (60) degrees

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26446

RATE SCHEDULESCHEDULE IDDESCRIPTION

Fahrenheit.

Ccf-one hundred standard cubic feet of gas.

Mcf-one thousand standard cubic feet of gas.

Purchased Gas Volumes-The volumes of gas, expressed in Mcf`s, purchased by the Company and received into the Company`s distribution systems from all sources, including withdrawals from storage, and excluding gas injected into storage.

Purchased Gas Cost(s)-The total cost of Purchased Gas Volumes, as received into the Company`s distribution systems, all as more specifically described herein.

Weighted Average Cost of Gas-The Purchased Gas Costs divided by the Purchased Gas Volumes, calculated on a monthly basis, and expressed as dollars per Mcf.

Billed Gas Volumes-The volumes of gas billed to customers, plus volumes of gas billed to third parties following losses or damages, expressed in Mcf`s.

Billed Gas Revenues-The total amount of revenues attributable to billings by Texas State Natural Gas, Inc. for Purchased Gas Costs during a given period, exclusive of any billings for any Reconciliation Factor during the same period.

Lost and Unaccounted for Gas (LUG)-Purchased Gas Volumes minus the sum of Billed Gas Volumes and metered Company used gas.

Purchased Gas Factor (PGF)-A factor on each customer`s monthly bill, expressed in dollars per Ccf, to reflect the Purchase Gas Costs and the Reconciliation Factor, all as more specifically described herein.

Annual Review Period-The 12 month period ending June 30 of each year.

Annual Review - An annual review of the Company`s records covering the 12 month period ending June 30 to determine LUG volumes and any imbalances between the Purchased Gas Costs and Billed Gas Revenues existing at the end of the Annual Review Period.

Annual Imbalance Total-The total amount determined through the Annual Review to be credited or surcharged to customers` bills, plus interest, in order to balance Purchased Gas Costs with Billed Gas Revenues.

Reconciliation Factor-A credit or surcharge included in the Purchased Gas Factor to reflect the pro rated adjustment in billings for any over or under collections on an annual basis, inclusive of interest.

Record Keeping

The Company shall keep accurate records of all gas metered in and out of its system, gas purchases, and Company owned gas injected into and withdrawn from storage, and any adjustments, including interest, relative to any imbalances. The records shall include date, quantity, and cost details for all gas handled.

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26446

RATE SCHEDULESCHEDULE IDDESCRIPTION

Purchased Gas Cost Calculation

The Purchased Gas Cost shall be determined for each month to fairly and accurately reflect the cost to the Company at the points of delivery into the Company's distribution systems. The determination shall include, but not be limited to, volumetric and demand charges for Purchased Gas Volumes, fees paid to others where such fees are integrally tied to the purchase or transportation of gas purchased by Texas State Natural Gas, Inc., pipeline transportation charges (both volumetric and demand), and gas storage charges (both volumetric and demand).

The Company shall account for gas injected into and withdrawn from storage on a weighted average cost basis.

Purchased Gas Factor Calculation

Each customer bill shall include a Purchased Gas Factor reflecting the estimated Weighted Average Cost of Gas for the period covered by the bill, which estimate shall include, as applicable, a pro rata amount to adjust for previous over or under estimates of the Weighted Average Cost of Gas, plus a Reconciliation Factor to account for any Annual Imbalance Total.

Annual Review

For each Annual Review Period, the Company shall determine (i) the amount of any imbalance between the Purchased Gas Costs and Billed Gas Revenues, and (ii) the LUG volume for the Annual Review Period. As limited by the LUG volume limitation set forth below, the Annual Imbalance Total shall then be credited or surcharged, together with interest, to the customers' bills over a twelve month period commencing each September 1 following the Annual Review Period.

Annual Imbalance Total Where LUG Volume less than five percent of Purchased Gas Volumes or LUG Volume is negative;

If the Annual Review shows the LUG volume for the Annual Review Period to be less than five percent of the Purchased Gas Volumes, or if the LUG volume is negative (indicating a line gain), the Annual Imbalance Total shall be the difference between the total Purchased Gas Cost and the total Billed Gas Revenues for the Annual Review Period.

Annual Imbalance Total Where LUG Volume is positive and is greater than five percent of Purchased Gas Volumes;

If the Annual Review shows the LUG volume for the Annual Review Period to be positive and to be greater than five percent of the Purchased Gas Volumes, the Annual Imbalance Total shall be determined as follows:

The difference between the total Purchased Gas Costs and the total Billed Gas Revenues for the Annual Review Period shall be determined; minus,

The Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company's weighted Average Cost of Purchased Gas for the Review Period.

Reconciliation Factor Calculation

The Annual Imbalance Total (whether positive or negative) shall be credited or surcharged over twelve months in equal total amounts per month, together with

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26446

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

interest on the declining unrecovered or uncredited balance. The recovery shall be through a Reconciliation Factor included in the Purchased Gas Factor. The Reconciliation Factor for each month shall be determined as follows:

The total interest to be collected or paid shall be computed by using a monthly interest factor equal to the annual interest rate divided by 12. The annual interest rate shall be the interest rate established pursuant to Section 183.003 of the Texas Utilities Code, as applicable to customer deposits, if any, of customers covered by this tariff, as such rate is in effect during the last month of the Annual Review Period.

The total interest to be collected or paid over the 12-month period shall be added to the Annual Imbalance Total.

The resulting total shall then be divided by 12 to determine the total amount to be credited or surcharged each month.

Each month of the twelve month reconciliation period, the Reconciliation Factor, expressed in Ccfs, shall be calculated by dividing the sum of amount to be credited or surcharged during that month (which amount shall include, as necessary, an amount to correct for any previous over or under estimates of Billed Gas Volumes during the previous month or months in the same reconciliation period), by the estimated Billed Gas Volumes for the month.

At the end of each 12 month period, any remaining balance in the Annual Imbalance Total shall be included in any Annual Imbalance Total to be credited or surcharged during the successor 12 month period.

The Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company's Weighted Average Cost of Purchased Gas for the Review Period.

Special Transition Provision

It is recognized that a cumulative imbalance between gas costs and sales gas revenues collected under Texas State Natural Gas, Inc.'s Purchased Gas Adjustment Clause previously in effect, may exist at the time this new Purchased Gas Adjustment becomes effective. Subject to the limitation for Lost and Unaccounted for Gas, the Company shall amortize any such imbalance as a credit or surcharge on customers' bills over the twelve months commencing September 1, 2011. The cumulative imbalance to be amortized under this provision shall be the imbalance, if any, attributable to the period from inception of Texas State Natural Gas, Inc. through June 30, 2011.

10_PSF

Rider PSF Pipeline Safety Fee. Applicable to all customer classes. Company will charge a surcharge to recover pipeline safety fees assessed by the Commission pursuant to Section 121.211 of the Texas Utilities Code and Commission Rule 16 TAC section 8.201. The surcharge will be charged not more often than once a year and will be billed following payment by the Company to the Commission, in accordance with the Commission's rules. The Company will charge a one-time customer charge per bill of \$1.35, based on \$1.35 per service line. The Pipeline Safety Fee shall not be billed to a state agency as that term is defined in Texas Utilities Code, 101.003.

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26446

RATE SCHEDULESCHEDULE IDDESCRIPTION

WNA_E

RIDER WNA-E - WEATHER NORMALIZATION ADJUSTMENT

APPLICATION

Applicable to all customer classes in the unincorporated area of Eagle Pass, Tx.

MONTHLY CALCULATION

In order to reflect weather variances in a timely and accurate manner, the Weather Normalization Adjustment rate (`WNA`) shall be separately calculated and adjusted monthly by rate class for each meter reading or billing cycle (`Cycle`). Monthly WNA adjustments will be based upon weather information, obtained for NOAA's Del Rio International Airport weather station, for the periods beginning with the first Cycle read in October and ending with the last Cycle read in the following April.

The Weather Normalization Adjustment rate for each Cycle shall be based on the following formula:

$$\text{WNA Rate} = \text{WND} / \text{CMV} + \text{RC}$$

WND is calculated based on the following formula:

$$\text{WND} = [(\text{HDDn} / \text{HDDa} * \text{HL}) - \text{HL}] * \text{VR}$$

DEFINITIONS

WND - Weather Normalized Dollars to be collected from the Cycle.

CMV - Current Month Volumes billed for the Cycle.

HDDn - Normal heating degree days during the Cycle.

HDDa - Actual heating degree days during the Cycle.

HL - Heat Load volumes calculated using the following formula: Total volumes for the Cycle less Base Load volumes where Base Load volumes are calculated by multiplying the Base Load per customer as established in the most recent rate case by the number of customers in the Cycle.

VR - Volumetric cost of service rate for the applicable customer class.

RC - The Reconciliation Component amount to be return to or recovered from customers each month from October through April as a result of any prior year's over or under collections.

RECONCILIATION AUDIT

An annual review shall be performed of the Company's books and records for each seven month period beginning with October and ending with the subsequent April to determine the amount of over or under collection by customer class occurring during such seven month period. The audit shall determine:(a) the total amount of volumetric revenues collected from customers, including WNA revenues, (b) the Base Load revenues collected from customers using the Base Load per customer established in the most recent rate case multiplied by the number of customers during the

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26446

RATE SCHEDULESCHEDULE IDDESCRIPTION

period, (c) the difference between the volumetric revenues collected from customers and the Base Load, which represents the weather-sensitive revenues billed, (d) the calculated WNA revenues determined by the operation of the provisions of this weather normalization adjustment clause, and (e) the amount of any over or under collection of WNA revenues from operation of the provisions of this clause.

DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT

If the Reconciliation Audit reflects either an over recovery or under recovery of the revenues in any rate class, such amount, if any, shall be divided by the gas sales volumes by rate class, adjusted for the effects of weather, growth, and conservation for the subsequent period beginning with the first Cycle read in October and ending with the last Cycle read in the following April. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied for a seven (7) period beginning with the first Cycle in October and continuing through the last Cycle in April at which time it will terminate until a new Reconciliation Component is determined.

MONTHLY REPORT

By the 25th day of the following month, the Company will file with the Regulatory Authority a monthly report showing the current rate adjustments for each applicable rate schedule. Supporting documentation will be made available for review upon request.

ANNUAL REPORT

By each September 1, the Company will file with the Regulatory Authority an annual report verifying the past year's WNA collections or refunds, which shall include but not necessarily be limited to:

1. A schedule of the actual gas sales volumes and respective revenues by rate class by month for the seven months ending April 30, with revenues collected via this clause identified separately.
2. A schedule of the weather normalized volumes and respective revenues by rate class for the seven months ending April 30 using the methodology adopted in the most recent rate case.
3. A calculation of the difference between the actual gas sales volumes and revenues by rate class and the weather normalized gas sales volumes and revenues.
4. A schedule showing the difference between the total amount to be collected or refunded through the annual reconciliation component and the actual amount collected or refunded during the same period.

Index_E

TABLE OF CONTENTS

Applicable to unincorporated Areas of Eagle Pass, TX

GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26446

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

Description

1. TABLE OF CONTENTS
2. UTILITY OPERATIONS
3. CITY AND COUNTY SERVICE AREAS
4. DEFINITIONS
5. RATE R-E - RESIDENTIAL SALES
6. RATE SV-E - SMALL VOLUME COMMERCIAL/INDUSTRIAL SALES
7. RATE LV-E - LARGE VOLUME COMMERCIAL/INDUSTRIAL SALES
8. RATE PA-E - PUBLIC AUTHORITY SALES
9. RATE PGF - PURCHASED GAS FACTOR
10. RIDER PSF - PIPELINE SAFETY FEE
11. RATE M - MISCELLANEOUS SERVICE CHARGES
12. RATE LEP - LINE EXTENSION POLICY
13. RATE DEP - CUSTOMER DEPOSITS
14. WNA - WEATHERN NORMALIZATION ADJUSTMENT
15. C489 - CURTAILMENT PLAN
16. QOS745 - QUALITY OF SERVICE RULES

OPER_E

UTILITY OPERATIONS

Applicable to unincorporated Areas of Eagle Pass, TX

Texas State Natural Gas, Inc. owns and operates a natural gas distribution system that provides natural gas service in Texas.

The following will respond to inquiries regarding provisions of this Tariff for Gas Service:

Texas State Natural Gas, Inc.
 Carlos S. Libson,
 General Manager
 P.O. Drawer 887
 Eagle Pass, Texas 78853
 (830) 773-9511
 Email Address: clibson@sbcglobal.net

RATE ADJUSTMENT PROVISIONS

None

GAS SERVICES DIVISION
 GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

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CUSTOMERS

<u>RRC CUSTOMER NO</u>	<u>CONFIDENTIAL?</u>	<u>BILLING UNIT</u>	<u>PGA CURRENT CHARGE</u>	<u>PGA EFFECTIVE DATE</u>
18324	N	ccf	\$.7068	06/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass Environs			
18324	N	ccf	\$.6027	08/01/2014
<u>CUSTOMER NAME</u>	Eagle Pass Environs			
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<u>CUSTOMER NAME</u>	Eagle Pass Environs			

REASONS FOR FILING

NEW?: N RRC DOCKET NO: CITY ORDINANCE NO:
 AMENDMENT(EXPLAIN) :
 OTHER(EXPLAIN) : File 2014 Pipeline Safety Fee.

SERVICES

<u>TYPE OF SERVICE</u>	<u>SERVICE DESCRIPTION</u>
A	Residential Sales
<u>OTHER TYPE DESCRIPTION</u>	

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26447

DESCRIPTION: Distribution Sales STATUS: A
 EFFECTIVE DATE: 04/01/2014 ORIGINAL CONTRACT DATE: RECEIVED DATE: 05/16/2014
 GAS CONSUMED: N AMENDMENT DATE: OPERATOR NO:
 BILLS RENDERED: Y INACTIVE DATE:

RATE SCHEDULE

SCHEDULE ID	DESCRIPTION
AREA_E	<p>CITY AND COUNTY SERVICE AREAS</p> <p>Applicable to unincorporated Areas of Eagle Pass, TX</p> <p>CITIES & TOWNS Eagle Pass Unincorporated Areas</p> <p>COUNTIES: Maverick</p>
DEF_E	<p>DEFINITIONS</p> <p>Applicable to unincorporated Areas of Eagle Pass, TX</p> <p>COMMISSION - The Railroad Commission of Texas</p> <p>COMPANY - Texas State Natural Gas, Inc., its successors, and its assigns</p> <p>CUSTOMER - An individual, family, partnership, association, joint venture, corporation, etc., or governmental agency who is receiving gas service or who is receiving the benefit of gas service at a specified point of delivery.</p> <p>LARGE VOLUME COMMERCIAL/INDUSTRIAL CUSTOMER - A customer, other than a residential customer or public authority customer, and who is not otherwise covered by a contract under the contract rate provisions of Section 104.003 of the Texas Utilities Code, and either: 1. whose annual volumetric usage is greater than 48,000 Ccf per year or 2. whose average monthly usage is greater than 4,000 Ccf over a twelve month period.</p> <p>PUBLIC AUTHORITY CUSTOMER - All governmental agencies and educational institutions other than those involving manufacturing, electrical generation, or that use boiler fuel for industrial purposes.</p> <p>RATE SCHEDULE - A statement of the method of determining charges for gas service, including the conditions under which such method applies.</p> <p>RESIDENTIAL CUSTOMER - Unless otherwise specified in the rate schedule, a customer whose service is separately and individually metered in an individual private dwelling unit or in an individually metered apartment, condominium, or similar dwelling and who uses natural gas primarily for Residential End Uses and occupies the building.</p> <p>RESIDENTIAL END USES - Heating, space heating, cooking, water heating, and other similar type uses in a dwelling.</p> <p>SMALL VOLUME COMMERCIAL/INDUSTRIAL CUSTOMER - A customer, other than a residential customer, public authority customer, or Large Volume Commercial/Industrial Customer</p>

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26447

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

as defined herein, and who is not otherwise covered by a contract under the contract rate provisions of Section 104.003 of the Texas Utilities Code.

SV_E

RATE SV-E SMALL VOLUME COMMERCIAL/INDUSTRIAL SALES ENVIRONS

APPLICATION OF SCHEDULE:

Schedule applies to all Small Volume Commercial and Small Volume Industrial Customers in the unincorporated area of Eagle Pass, TX.

MONTHLY BASE RATE:

Customer`s base monthly bill will be calculated using the following Customer and Ccf charges:

Customer Charge \$40.00 per month,
plus all Ccf at \$0.6250 per Ccf.

SURCHARGES:

In addition to the base monthly charges above, each customer`s bill will include an amount for surcharges calculated in accordance with the applicable rider(s).

1. Rate PGF - Purchase Gas Factor
2. Rider WNA - Weather Normalization Adjustment
3. Rider PSF - Pipeline Safety Fee

CONDITIONS:

1. Subject in all respects to applicable laws, rules and regulations from time to time in effect.
2. Delivery of 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 consumers served. Also refer to C489-Curtailment Plan.

PGF_E

RATE PGF-E PURCHASED GAS FACTOR SCHEDULE NO. 1

Applicable to the unincorporated area of Eagle Pass, TX

Purpose and Intent

This provision is intended to allow collection of the Company`s gas purchase costs in a manner that will lessen monthly fluctuations in the gas cost factor and ensure that actual costs billed to customers are fully reconciled with actual costs incurred, subject to limitations for excessive lost and unaccounted for gas. The billing methods set forth herein are intended to be followed to the extent the goals are realized. To the extent the billing methods fail to achieve these goals, the methodology shall be revised and a revised tariff filed to reflect such revisions.

Applicability

This clause shall apply to all Texas State Natural Gas, Inc. tariffs that incorporate this Purchased Gas Factor tariff provision and which have been properly filed and implemented with the appropriate jurisdictional authority.

Definitions

Standard Cubic Foot of Gas-the amount of gas contained in one (1) cubic foot of

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26447

RATE SCHEDULESCHEDULE IDDESCRIPTION

space at a standard pressure of fourteen and sixty-five hundredths (14.65) pounds per square inch, absolute and a standard temperature of sixty (60) degrees Fahrenheit.

Ccf-one hundred standard cubic feet of gas.

Mcf-one thousand standard cubic feet of gas.

Purchased Gas Volumes-The volumes of gas, expressed in Mcf`s, purchased by the Company and received into the Company`s distribution systems from all sources, including withdrawals from storage, and excluding gas injected into storage.

Purchased Gas Cost(s)-The total cost of Purchased Gas Volumes, as received into the Company`s distribution systems, all as more specifically described herein.

Weighted Average Cost of Gas-The Purchased Gas Costs divided by the Purchased Gas Volumes, calculated on a monthly basis, and expressed as dollars per Mcf.

Billed Gas Volumes-The volumes of gas billed to customers, plus volumes of gas billed to third parties following losses or damages, expressed in Mcf`s.

Billed Gas Revenues-The total amount of revenues attributable to billings by Texas State Natural Gas, Inc. for Purchased Gas Costs during a given period, exclusive of any billings for any Reconciliation Factor during the same period.

Lost and Unaccounted for Gas (LUG)-Purchased Gas Volumes minus the sum of Billed Gas Volumes and metered Company used gas.

Purchased Gas Factor (PGF)-A factor on each customer`s monthly bill, expressed in dollars per Ccf, to reflect the Purchase Gas Costs and the Reconciliation Factor, all as more specifically described herein.

Annual Review Period-The 12 month period ending June 30 of each year.

Annual Review - An annual review of the Company`s records covering the 12 month period ending June 30 to determine LUG volumes and any imbalances between the Purchased Gas Costs and Billed Gas Revenues existing at the end of the Annual Review Period.

Annual Imbalance Total-The total amount determined through the Annual Review to be credited or surcharged to customers` bills, plus interest, in order to balance Purchased Gas Costs with Billed Gas Revenues.

Reconciliation Factor-A credit or surcharge included in the Purchased Gas Factor to reflect the pro rated adjustment in billings for any over or under collections on an annual basis, inclusive of interest.

Record Keeping

The Company shall keep accurate records of all gas metered in and out of its system, gas purchases, and Company owned gas injected into and withdrawn from storage, and any adjustments, including interest, relative to any imbalances. The

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26447

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

records shall include date, quantity, and cost details for all gas handled.

Purchased Gas Cost Calculation

The Purchased Gas Cost shall be determined for each month to fairly and accurately reflect the cost to the Company at the points of delivery into the Company`s distribution systems. The determination shall include, but not be limited to, volumetric and demand charges for Purchased Gas Volumes, fees paid to others where such fees are integrally tied to the purchase or transportation of gas purchased by Texas State Natural Gas, Inc., pipeline transportation charges (both volumetric and demand), and gas storage charges (both volumetric and demand).

The Company shall account for gas injected into and withdrawn from storage on a weighted average cost basis.

Purchased Gas Factor Calculation

Each customer bill shall include a Purchased Gas Factor reflecting the estimated Weighted Average Cost of Gas for the period covered by the bill, which estimate shall include, as applicable, a pro rata amount to adjust for previous over or under estimates of the Weighted Average Cost of Gas, plus a Reconciliation Factor to account for any Annual Imbalance Total.

Annual Review

For each Annual Review Period, the Company shall determine (i) the amount of any imbalance between the Purchased Gas Costs and Billed Gas Revenues, and (ii) the LUG volume for the Annual Review Period. As limited by the LUG volume limitation set forth below, the Annual Imbalance Total shall then be credited or surcharged, together with interest, to the customers` bills over a twelve month period commencing each September 1 following the Annual Review Period.

Annual Imbalance Total Where LUG Volume less than five percent of Purchased Gas Volumes or LUG Volume is negative;

If the Annual Review shows the LUG volume for the Annual Review Period to be less than five percent of the Purchased Gas Volumes, or if the LUG volume is negative (indicating a line gain), the Annual Imbalance Total shall be the difference between the total Purchased Gas Cost and the total Billed Gas Revenues for the Annual Review Period.

Annual Imbalance Total Where LUG Volume is positive and is greater than five percent of Purchased Gas Volumes;

If the Annual Review shows the LUG volume for the Annual Review Period to be positive and to be greater than five percent of the Purchased Gas Volumes, the Annual Imbalance Total shall be determined as follows:

The difference between the total Purchased Gas Costs and the total Billed Gas Revenues for the Annual Review Period shall be determined; minus,

The Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company`s weighted Average Cost of Purchased Gas for the Review Period.

Reconciliation Factor Calculation

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 26447

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

The Annual Imbalance Total (whether positive or negative) shall be credited or surcharged over twelve months in equal total amounts per month, together with interest on the declining unrecovered or uncredited balance. The recovery shall be through a Reconciliation Factor included in the Purchased Gas Factor. The Reconciliation Factor for each month shall be determined as follows:

The total interest to be collected or paid shall be computed by using a monthly interest factor equal to the annual interest rate divided by 12. The annual interest rate shall be the interest rate established pursuant to Section 183.003 of the Texas Utilities Code, as applicable to customer deposits, if any, of customers covered by this tariff, as such rate is in effect during the last month of the Annual Review Period.

The total interest to be collected or paid over the 12-month period shall be added to the Annual Imbalance Total.

The resulting total shall then be divided by 12 to determine the total amount to be credited or surcharged each month.

Each month of the twelve month reconciliation period, the Reconciliation Factor, expressed in Ccfs, shall be calculated by dividing the sum of amount to be credited or surcharged during that month (which amount shall include, as necessary, an amount to correct for any previous over or under estimates of Billed Gas Volumes during the previous month or months in the same reconciliation period), by the estimated Billed Gas Volumes for the month.

At the end of each 12 month period, any remaining balance in the Annual Imbalance Total shall be included in any Annual Imbalance Total to be credited or surcharged during the successor 12 month period.

The Purchased Gas Costs attributable to LUG volumes in excess of 5% of the Purchase Gas Volumes, using the Company's Weighted Average Cost of Purchased Gas for the Review Period.

Special Transition Provision

It is recognized that a cumulative imbalance between gas costs and sales gas revenues collected under Texas State Natural Gas, Inc.'s Purchased Gas Adjustment Clause previously in effect, may exist at the time this new Purchased Gas Adjustment becomes effective. Subject to the limitation for Lost and Unaccounted for Gas, the Company shall amortize any such imbalance as a credit or surcharge on customers' bills over the twelve months commencing September 1, 2011. The cumulative imbalance to be amortized under this provision shall be the imbalance, if any, attributable to the period from inception of Texas State Natural Gas, Inc. through June 30, 2011.

10_PSF

Rider PSF Pipeline Safety Fee. Applicable to all customer classes. Company will charge a surcharge to recover pipeline safety fees assessed by the Commission pursuant to Section 121.211 of the Texas Utilities Code and Commission Rule 16 TAC section 8.201. The surcharge will be charged not more often than once a year and will be billed following payment by the Company to the Commission, in accordance with the Commission's rules. The Company will charge a one-time customer charge per bill of \$1.35, based on \$1.35 per service line. The Pipeline Safety Fee shall not

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 6729 COMPANY NAME: TEXAS STATE NATURAL GAS, INC.

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RATE SCHEDULESCHEDULE IDDESCRIPTION

be billed to a state agency as that term is defined in Texas Utilities Code, 101.003.

WNA_E

RIDER WNA-E - WEATHER NORMALIZATION ADJUSTMENT

APPLICATION

Applicable to all customer classes in the unincorporated area of Eagle Pass, Tx.

MONTHLY CALCULATION

In order to reflect weather variances in a timely and accurate manner, the Weather Normalization Adjustment rate (`WNA`) shall be separately calculated and adjusted monthly by rate class for each meter reading or billing cycle (`Cycle`). Monthly WNA adjustments will be based upon weather information, obtained for NOAA's Del Rio International Airport weather station, for the periods beginning with the first Cycle read in October and ending with the last Cycle read in the following April.

The Weather Normalization Adjustment rate for each Cycle shall be based on the following formula:

$$\text{WNA Rate} = \text{WND} / \text{CMV} + \text{RC}$$

WND is calculated based on the following formula:

$$\text{WND} = [(\text{HDDn} / \text{HDDa} * \text{HL}) - \text{HL}] * \text{VR}$$

DEFINITIONS

WND - Weather Normalized Dollars to be collected from the Cycle.

CMV - Current Month Volumes billed for the Cycle.

HDDn - Normal heating degree days during the Cycle.

HDDa - Actual heating degree days during the Cycle.

HL - Heat Load volumes calculated using the following formula: Total volumes for the Cycle less Base Load volumes where Base Load volumes are calculated by multiplying the Base Load per customer as established in the most recent rate case by the number of customers in the Cycle.

VR - Volumetric cost of service rate for the applicable customer class.

RC - The Reconciliation Component amount to be return to or recovered from customers each month from October through April as a result of any prior year's over or under collections.

RECONCILIATION AUDIT

An annual review shall be performed of the Company's books and records for each seven month period beginning with October and ending with the subsequent April to determine the amount of over or under collection by customer class occurring during such seven month period. The audit shall determine: (a) the total amount of volumetric revenues collected from customers, including WNA revenues, (b) the Base

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

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RATE SCHEDULESCHEDULE IDDESCRIPTION

Load revenues collected from customers using the Base Load per customer established in the most recent rate case multiplied by the number of customers during the period, (c) the difference between the volumetric revenues collected from customers and the Base Load, which represents the weather-sensitive revenues billed, (d) the calculated WNA revenues determined by the operation of the provisions of this weather normalization adjustment clause, and (e) the amount of any over or under collection of WNA revenues from operation of the provisions of this clause.

DETERMINATION AND APPLICATION OF THE RECONCILIATION COMPONENT

If the Reconciliation Audit reflects either an over recovery or under recovery of the revenues in any rate class, such amount, if any, shall be divided by the gas sales volumes by rate class, adjusted for the effects of weather, growth, and conservation for the subsequent period beginning with the first Cycle read in October and ending with the last Cycle read in the following April. The Reconciliation Component so determined to collect any revenue shortfall or to return any excess revenue shall be applied for a seven (7) period beginning with the first Cycle in October and continuing through the last Cycle in April at which time it will terminate until a new Reconciliation Component is determined.

MONTHLY REPORT

By the 25th day of the following month, the Company will file with the Regulatory Authority a monthly report showing the current rate adjustments for each applicable rate schedule. Supporting documentation will be made available for review upon request.

ANNUAL REPORT

By each September 1, the Company will file with the Regulatory Authority an annual report verifying the past year's WNA collections or refunds, which shall include but not necessarily be limited to:

1. A schedule of the actual gas sales volumes and respective revenues by rate class by month for the seven months ending April 30, with revenues collected via this clause identified separately.
2. A schedule of the weather normalized volumes and respective revenues by rate class for the seven months ending April 30 using the methodology adopted in the most recent rate case.
3. A calculation of the difference between the actual gas sales volumes and revenues by rate class and the weather normalized gas sales volumes and revenues.
4. A schedule showing the difference between the total amount to be collected or refunded through the annual reconciliation component and the actual amount collected or refunded during the same period.

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

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Index_E

TABLE OF CONTENTS
 Applicable to unincorporated Areas of Eagle Pass, TX
 Description
 1. TABLE OF CONTENTS
 2. UTILITY OPERATIONS
 3. CITY AND COUNTY SERVICE AREAS
 4. DEFINITIONS
 5. RATE R-E - RESIDENTIAL SALES
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RATE ADJUSTMENT PROVISIONS

None

GAS SERVICES DIVISION

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CUSTOMERS

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18324	N	ccf	\$.7528	05/01/2014
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REASONS FOR FILING

NEW?: N RRC DOCKET NO: CITY ORDINANCE NO:

AMENDMENT(EXPLAIN):

OTHER(EXPLAIN): File 2014 Pipeline Safety Fee

SERVICES

<u>TYPE OF SERVICE</u>	<u>SERVICE DESCRIPTION</u>
B	Commercial Sales
<u>OTHER TYPE DESCRIPTION</u>	
C	Industrial Sales
<u>OTHER TYPE DESCRIPTION</u>	