

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 5181 COMPANY NAME: HUGHES NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 18176

DESCRIPTION: Distribution Sales STATUS: A
 EFFECTIVE DATE: 06/13/2006 ORIGINAL CONTRACT DATE: 06/13/2006 RECEIVED DATE: 01/07/2008
 GAS CONSUMED: N AMENDMENT DATE: OPERATOR NO:
 BILLS RENDERED: Y INACTIVE DATE:

RATE SCHEDULE

SCHEDULE ID	DESCRIPTION
Mag Low Density Sur	Low density surcharge equal to \$4.65 per 1,000 cubic feet applies in newly constructed developments in which the average length of main exceeds 150 feet per customer. The average length of main per customer is calculated by dividing the total length of main within the platted boundaries of the development by the total number of residential and commercial lots within the platted boundaries of the development.
Mag Base Rate	Applicable to both residential and commercial customers. Net Monthly Rate includes a Monthly Service Fee of \$12.50 plus a Volumetric Cost of Service of \$5.75 per 1,000 cubic feet. The Minimum Monthly Bill is \$12.50. Each Customer shall receive an invoice on a regular monthly schedule which shall include the Monthly Service Fee, plus the Volumetric Cost of Service, plus the Low-Density Surcharge if applicable, plus the Cost of Gas, plus the appropriate allocated and assigned portion of the Franchise Fees, plus any applicable Tax Adjustments.
Mag Cost of Gas	Each Customer invoice will include the reasonable and necessary cost of gas purchased by Buyer during the 30-day cycle approximately corresponding to the 30-day billing cycle covered by the current invoice. The following provisions shall apply: (1) Each Customer invoice shall be increased by the weighted average cost of gas per mcf charged the Buyer by its suppliers and multiplied by a volume factor to recover an allowance for lost and unaccounted for gas equal to the lesser of the actual amount or five percent (5%) of all natural gas metered into the Distribution System. (2) Taxes on the purchased gas shall be included in the calculations, to the extent permitted by Law. Any changes in applicable tax law will be reflected as either upward or downward proportional adjustments and shall be reported to the regulatory authority. (3) Cost of gas allowance information will be filed with the applicable regulatory authority (if required) each month for the previous month. (4) Nothing in this provision is intended to prevent or otherwise limit a Governmental or Regulatory Authority (including Seller) to review the costs charged hereunder pursuant to applicable Law.
Mag Tax Adj	Any applicable changes in Taxes affecting the Volumetric Cost of Service portion of Customer invoices shall be reflected in either upward or downward adjustments, to the extent permitted by Law, to Customer invoices and shall be reported to the applicable regulatory authority. The tax adjustment shall be an amount equivalent to the proportionate part of any new Tax or increase in existing Tax, or any other governmental imposition, rental fee, or charge levied, assessed or imposed

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 5181 COMPANY NAME: HUGHES NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 18176

RATE SCHEDULE

SCHEDULE IDDESCRIPTION

<u>SCHEDULE ID</u>	<u>DESCRIPTION</u>
101A	<p>subsequent to the effective date of this tariff. Any adjustments in relation to Taxes shall be reported to the applicable regulatory authority.</p> <p>Customers bills will be adjusted \$0.37 per bill for the 2007 Pipeline Safety Fee</p> <p>(a) Pursuant to Texas Utilities Code, 121.211, the Commission establishes a pipeline safety inspection fee, to be assessed annually against operators of natural gas distribution pipelines and pipeline facilities and natural gas master metered pipelines and pipeline facilities subject to the Commission's pipeline safety jurisdiction under Texas Utilities Code, Chapter 121. The total amount of revenue estimated to be collected under this section does not exceed the amount the Commission estimates to be necessary to recover the costs of administering the pipeline safety program under Texas Utilities Code, Chapter 121, excluding costs that are fully funded by federal sources for any fiscal year.</p> <p>(b) The Commission hereby assesses each operator of a natural gas distribution system an annual pipeline safety program fee of \$0.37 for each service (service line) reported to be in service at the end of calendar year 2006 by each system operator on the Distribution Annual Report, Form F7100.1-1, to be filed on March 15, 2007.</p> <p>(1) Each operator of a natural gas distribution system shall calculate the total amount of the annual pipeline safety program fee to be paid to the Commission by multiplying the number of services listed in Part B, Section 3, of Department of Transportation (DOT) Distribution Annual Report, Form F7100.1-1, due to be filed on March 15, 2007 by \$0.37.</p> <p>(2) Each operator of a natural gas distribution system shall remit to the Commission on April 20, 2007, the amount calculated under paragraph (1) of this subsection.</p> <p>(3) Each operator of a natural gas distribution system shall recover, by a surcharge to its existing rates, the amount the operator paid to the Commission under paragraph (1) of this subsection. The surcharge:</p> <p>(A) shall be a flat rate, one-time surcharge;</p> <p>(B) shall not be billed before the operator remits the pipeline safety program fee to the Commission;</p> <p>(C) shall be applied in the billing cycle or cycles immediately following the date on which the operator paid the Commission;</p> <p>(D) shall not exceed \$0.50 per service or service line; and</p> <p>(E) shall not be billed to a state agency, as that term is defined in Texas Utilities Code, 101.003.</p> <p>(4) No later than 90 days after the last billing cycle in which the pipeline safety program fee surcharge is billed to customers, each operator of a natural gas distribution system shall file with the Commission's Gas Services Division and the</p>

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 5181 COMPANY NAME: HUGHES NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 18176

RATE SCHEDULE

SCHEDULE IDDESCRIPTION

Safety Division a report showing:

- (A) the pipeline safety program fee amount paid to the Commission;
- (B) the unit rate and total amount of the surcharge billed to each customer;
- (C) the date or dates on which the surcharge was billed to customers; and
- (D) the total amount collected from customers from the surcharge.

(5) Each operator of a natural gas distribution system that is a utility subject to the jurisdiction of the Commission pursuant to Texas Utilities Code, Chapters 101 - 105, shall file a generally applicable tariff for its surcharge in conformance with the requirements of 7.315 of this title, relating to Filing of Tariffs.

(6) Amounts recovered from customers under this subsection by an investor-owned natural gas distribution system or a cooperatively owned natural gas distribution system shall not be included in the revenue or gross receipts of the system for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122, nor shall such amounts be subject to a sales and use tax imposed by Chapter 151, Tax Code, or Subtitle C, Title 3, Tax Code.

(c) The Commission hereby assesses each master meter system an annual inspection fee of \$100 per master meter system.

(1) Each operator of a natural gas master meter system shall pay the annual inspection fee of \$100 per master meter system no later than June 30 of each year.

(2) The Commission shall send an invoice to each affected natural gas master meter operator no later than April 30 of each year as a courtesy reminder. The failure of a natural gas master meter operator to receive an invoice shall not exempt the natural gas master meter operator from its obligation to remit the annual pipeline safety program fee on June 30 each year.

(3) Each operator of a natural gas master meter system shall recover as a surcharge to its existing rates the amounts paid to the Commission under this subsection.

(4) No later than 90 days after the last billing cycle in which the pipeline safety program fee surcharge is billed to customers, each master meter operator shall file with the Commission's Gas Services Division and the Safety Division a report showing:

- (A) the pipeline safety program fee amount paid to the Commission;
- (B) the unit rate and total amount of the surcharge billed to each customer;
- (C) the date or dates on which the surcharge was billed to customers; and
- (D) the total amount collected from customers from the surcharge.

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 5181 COMPANY NAME: HUGHES NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 18176

RATE SCHEDULE

SCHEDULE ID

DESCRIPTION

(d) If the operator of a natural gas distribution system or a natural gas master meter system does not submit payment of the annual inspection fee to the Commission within 30 days of the due date, the Commission shall assess a late payment penalty of 10 percent of the total assessment due under subsection (b) or (c) of this section, as applicable, and shall notify the operator.

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>
27024	N	mcf	\$9.3690	05/01/2007
<u>CUSTOMER NAME</u>	Magnolia Incorporated			
27024	N	mcf	\$9.6590	06/01/2007
<u>CUSTOMER NAME</u>	Magnolia Incorporated			
27024	N	mcf	\$9.9240	07/01/2007
<u>CUSTOMER NAME</u>	Magnolia Incorporated			
27024	N	mcf	\$9.1930	08/01/2007
<u>CUSTOMER NAME</u>	Magnolia Incorporated			
27024	N	mcf	\$8.1060	09/01/2007
<u>CUSTOMER NAME</u>	Magnolia Incorporated			
27024	N	mcf	\$7.4160	10/01/2007
<u>CUSTOMER NAME</u>	Magnolia Incorporated			
27024	N	mcf	\$8.5090	11/01/2007
<u>CUSTOMER NAME</u>	Magnolia Incorporated			
27024	N	mcf	\$9.3022	01/01/2008
<u>CUSTOMER NAME</u>	Magnolia Incorporated			
27024	N	mcf	\$8.6419	02/01/2008
<u>CUSTOMER NAME</u>	Magnolia Incorporated			
27024	N	mcf	\$8.9363	03/01/2008
<u>CUSTOMER NAME</u>	Magnolia Incorporated			
27024	N	mcf	\$12.5573	04/01/2008
<u>CUSTOMER NAME</u>	Magnolia Incorporated			
27024	N	mcf	\$9.1510	12/01/2007
<u>CUSTOMER NAME</u>	Magnolia Incorporated			

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 5181 COMPANY NAME: HUGHES NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 18176

REASONS FOR FILING

NEW?: N RRC DOCKET NO: CITY ORDINANCE NO: 2006-092

AMENDMENT(EXPLAIN):

OTHER(EXPLAIN): Tariff was refiled to remove Magnolia Environs & to add the pipeline safety fee on tariff.

SERVICES

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

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 5181 COMPANY NAME: HUGHES NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 18924

DESCRIPTION: Distribution Sales STATUS: A
 EFFECTIVE DATE: 11/06/2007 ORIGINAL CONTRACT DATE: 11/06/2007 RECEIVED DATE: 12/05/2007
 GAS CONSUMED: N AMENDMENT DATE: OPERATOR NO:
 BILLS RENDERED: Y INACTIVE DATE:

RATE SCHEDULE

SCHEDULE ID	DESCRIPTION
MAGENV Cost of Gas	<p>Each customer invoice will include the reasonable and necessary cost of gas purchased by the Company during the calendar month approximately corresponding to the monthly meter reading cycle covered by the current invoice.</p> <p>The following provisions shall apply:</p> <ol style="list-style-type: none"> The per Mcf Weighted Average Cost of Gas charged the utility by its natural gas suppliers on each customer invoice shall be multiplied by a volume factor determined for the distribution system as the ratio of Mcf purchased divided by Mcf sold for the twelve (12) month period ended June 30 of every year, to account for lost and unaccounted for gas (LUG). The volume factor shall not exceed 1.0526. If the volume factor is less than 1.0526, then the lesser factor shall be applied. Any over collection or under collection shall be refunded or collected in the following month when discovered; Taxes on the purchased gas shall be included in the calculations, to the extent permitted by Law. Any changes in applicable tax law will be reflected as either upward or downward proportional adjustments and shall be reported to the regulatory authority; Cost of gas allowance information will be filed with the applicable regulatory authority (if required) each month for the previous month.
MAGENV Tax Adj	Any applicable changes in Taxes affecting the Volumetric Cost of Service portion of Customer invoices shall be reflected in either upward or downward adjustments, to the extent permitted by Law, to Customer invoices and shall be reported to the applicable regulatory authority. The tax adjustment shall be an amount equivalent to the proportionate part of any new Tax or increase in existing Tax, or any other governmental imposition, rental fee, or charge levied, assessed or imposed subsequent to the effective date of this tariff. Any adjustments in relation to Taxes shall be reported to the applicable regulatory authority.
MAGENV Total Inv	Each Customer shall receive an invoice on a regular monthly schedule that shall include the Monthly Customer Charge Service Fee, plus the Volumetric Service Fee as adjusted for Weather Normalization, plus the Cost of Gas, plus any applicable Tax Adjustments and shall reflect line items as required by the Commissions Final Order in GUD 9731.
MAGENV Pipe Saf	Customers bills will be adjusted in the first bill following the payment of the Pipeline Safety Fee to the Railroad Commission of Texas, consistent with the provisions of 16 TEX. ADMIN. CODE 8.201
MAGENV Base Rate	Applicable to all customers served by the Company outside of the incorporated City of Magnolia.
	<p>Phase 1</p> <p>Net Monthly Rate effective November 6, 2007:</p> <p>\$12.50 monthly service fee (Monthly Service Fee) plus a volumetric service fee</p>

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 5181 COMPANY NAME: HUGHES NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 18924

RATE SCHEDULE

<u>SCHEDULE ID</u>	<u>DESCRIPTION</u>
	<p>(Volumetric Service Fee) of \$5.75 per 1,000 cubic feet (mcf) of natural gas used as adjusted for Weather Normalization. The minimum monthly fee shall be \$12.50;</p> <p>Phase II Net Monthly Rate effective July 1, 2008: \$15.50 monthly service fee (Monthly Service Fee) plus a volumetric service fee (Volumetric Service Fee) of \$5.365 per 1,000 cubic feet (mcf) of natural gas used as adjusted for Weather Normalization. The minimum monthly fee shall be \$15.50</p>
MAGENV Weather	<p>The Weather Normalization clause is designed to refund and/or surcharge over-collections and/or under-collections of revenue due to colder and/or warmer than normal weather, as established in the Company's most recent rate filing. In order to reflect weather variances in a timely and accurate manner, the adjustment shall be calculated monthly based on monthly weather information for the five-month period beginning with November and ending with March.</p> <p>The WNF is a multiplication factor that adjusts the Volumetric Service Fee for each 1,000 cubic feet of natural gas sold as follows:</p> <p>(1) Heating Degree-Day Factor (HDD Factor) = HDD divided by AvgHDD; (2) Adjusted Heating Load (Mcf) = Heating Load divided by HDD Factor; (3) WNF = [Adjusted Heating Load plus Base Non-Heating Load] divided by Total Volume Sold;</p> <p>Where:</p> <p>(4) Bills = Number of bills issued to customers for gas sold that month; (5) Base Non-Heating Load (Mcf) = 2.30 times the number of bills issued; (6) Heating Load (Mcf) = Total Volume Sold minus Base Non-Heating Load; (7) HDD = Actual heating degree-days for that calendar month as measured by the U.S. Meteorological Service at their weather station located in Conroe, Texas; (8) AvgHDD = Average heating degree-days for that calendar month as reported by the U.S. Department of Commerce and as measured by the National Oceanic and Atmospheric Administration for the period 1997 through 2006 at Conroe, Texas;</p> <p>(9) The average heating degree-day values (AvgHDD) that will apply for the purposes of calculating the WNF shall be: (10) November 173; December 414; January 373; February 296; March 150.</p>
101A	<p>Customers bills will be adjusted \$0.37 per bill for the 2007 Pipeline Safety Fee</p> <p>(a) Pursuant to Texas Utilities Code, 121.211, the Commission establishes a pipeline safety inspection fee, to be assessed annually against operators of natural gas distribution pipelines and pipeline facilities and natural gas master metered pipelines and pipeline facilities subject to the Commission's pipeline safety jurisdiction under Texas Utilities Code, Chapter 121. The total amount of revenue estimated to be collected under this section does not exceed the amount the Commission estimates to be necessary to recover the costs of administering the pipeline safety program under Texas Utilities Code, Chapter 121, excluding costs that are fully funded by federal sources for any fiscal year.</p> <p>(b) The Commission hereby assesses each operator of a natural gas distribution</p>

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 5181 COMPANY NAME: HUGHES NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 18924

RATE SCHEDULESCHEDULE IDDESCRIPTION

system an annual pipeline safety program fee of \$0.37 for each service (service line) reported to be in service at the end of calendar year 2006 by each system operator on the Distribution Annual Report, Form F7100.1-1, to be filed on March 15, 2007.

(1) Each operator of a natural gas distribution system shall calculate the total amount of the annual pipeline safety program fee to be paid to the Commission by multiplying the number of services listed in Part B, Section 3, of Department of Transportation (DOT) Distribution Annual Report, Form F7100.1-1, due to be filed on March 15, 2007 by \$0.37.

(2) Each operator of a natural gas distribution system shall remit to the Commission on April 20, 2007, the amount calculated under paragraph (1) of this subsection.

(3) Each operator of a natural gas distribution system shall recover, by a surcharge to its existing rates, the amount the operator paid to the Commission under paragraph (1) of this subsection. The surcharge:

(A) shall be a flat rate, one-time surcharge;

(B) shall not be billed before the operator remits the pipeline safety program fee to the Commission;

(C) shall be applied in the billing cycle or cycles immediately following the date on which the operator paid the Commission;

(D) shall not exceed \$0.50 per service or service line; and

(E) shall not be billed to a state agency, as that term is defined in Texas Utilities Code, 101.003.

(4) No later than 90 days after the last billing cycle in which the pipeline safety program fee surcharge is billed to customers, each operator of a natural gas distribution system shall file with the Commission's Gas Services Division and the Safety Division a report showing:

(A) the pipeline safety program fee amount paid to the Commission;

(B) the unit rate and total amount of the surcharge billed to each customer;

(C) the date or dates on which the surcharge was billed to customers; and

(D) the total amount collected from customers from the surcharge.

(5) Each operator of a natural gas distribution system that is a utility subject to the jurisdiction of the Commission pursuant to Texas Utilities Code, Chapters 101 - 105, shall file a generally applicable tariff for its surcharge in conformance with the requirements of 7.315 of this title, relating to Filing of Tariffs.

(6) Amounts recovered from customers under this subsection by an investor-owned

GAS SERVICES DIVISION
GSD - 1 TARIFF REPORT

RRC COID: 5181 COMPANY NAME: HUGHES NATURAL GAS, INC.

TARIFF CODE: DS RRC TARIFF NO: 18924

RATE SCHEDULE

<u>SCHEDULE ID</u>	<u>DESCRIPTION</u>
	<p>natural gas distribution system or a cooperatively owned natural gas distribution system shall not be included in the revenue or gross receipts of the system for the purpose of calculating municipal franchise fees or any tax imposed under Subchapter B, Chapter 182, Tax Code, or under Chapter 122, nor shall such amounts be subject to a sales and use tax imposed by Chapter 151, Tax Code, or Subtitle C, Title 3, Tax Code.</p> <p>(c) The Commission hereby assesses each master meter system an annual inspection fee of \$100 per master meter system.</p> <p>(1) Each operator of a natural gas master meter system shall pay the annual inspection fee of \$100 per master meter system no later than June 30 of each year.</p> <p>(2) The Commission shall send an invoice to each affected natural gas master meter operator no later than April 30 of each year as a courtesy reminder. The failure of a natural gas master meter operator to receive an invoice shall not exempt the natural gas master meter operator from its obligation to remit the annual pipeline safety program fee on June 30 each year.</p> <p>(3) Each operator of a natural gas master meter system shall recover as a surcharge to its existing rates the amounts paid to the Commission under this subsection.</p> <p>(4) No later than 90 days after the last billing cycle in which the pipeline safety program fee surcharge is billed to customers, each master meter operator shall file with the Commission's Gas Services Division and the Safety Division a report showing:</p> <p>(A) the pipeline safety program fee amount paid to the Commission;</p> <p>(B) the unit rate and total amount of the surcharge billed to each customer;</p> <p>(C) the date or dates on which the surcharge was billed to customers; and</p> <p>(D) the total amount collected from customers from the surcharge.</p> <p>(d) If the operator of a natural gas distribution system or a natural gas master meter system does not submit payment of the annual inspection fee to the Commission within 30 days of the due date, the Commission shall assess a late payment penalty of 10 percent of the total assessment due under subsection (b) or (c) of this section, as applicable, and shall notify the operator.</p>

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>
27025	N			
<u>CUSTOMER NAME</u>	Magnolia Environs			

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

RRC COID: 5181	COMPANY NAME: HUGHES NATURAL GAS, INC.
-----------------------	---

TARIFF CODE: DS	RRC TARIFF NO: 18924
------------------------	-----------------------------

REASONS FOR FILING

NEW?: N **RRC DOCKET NO:** GUD 9731 **CITY ORDINANCE NO:**

AMENDMENT(EXPLAIN) Rates and service charges for Magnolia Environs were approved pursuant in GUD 9731.

OTHER(EXPLAIN): To add pipeline safety fee rate on tariff.

SERVICES

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