

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: 08/20/2008 ORIGINAL CONTRACT DATE: RECEIVED DATE: 10/20/2008  
GAS CONSUMED: N AMENDMENT DATE: OPERATOR NO:  
BILLS RENDERED: Y INACTIVE DATE: 05/27/2009

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.
7_LV	RATE LV LARGE VOLUME COMMERCIAL/INDUSTRIAL SALES: Application of Schedule Schedule applies to all Large Volume Commercial and Large Volume Industrial 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 \$ 25.00 per month, plus All Ccf at \$ 0.3864 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

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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, 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

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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. **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 interest on the declining unrecovered or uncredited balance. The recovery shall be

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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 \$.67, based on \$.50 per service line, effective 4/1/08 through 4/30/08.

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 Company's reasonable 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

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14\_WNA

the rate expense account. RCE Rate: .0297 per ccf.

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 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

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	<p>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.</p> <p>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:</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ol>
1_Index	<p>TABLE OF CONTENTS Applicable to Entire System Rate Schedule Description</p> <ol style="list-style-type: none"> <li>1. TABLE OF CONTENTS</li> <li>2. UTILITY OPERATIONS</li> <li>3. CITY AND COUNTY SERVICE AREAS</li> <li>4. DEFINITIONS</li> <li>5. RATE R RESIDENTIAL SALES</li> <li>6. RATE SV SMALL VOLUME COMMERCIAL/INDUSTRIAL SALES</li> <li>7. RATE LV LARGE VOLUME COMMERCIAL/INDUSTRIAL SALES</li> <li>8. RATE PA PUBLIC AUTHORITY SALES</li> <li>9. RATE PGF PURCHASED GAS FACTOR SCHEDULE NO. 1</li> <li>10. RIDER PSF PIPELINE SAFETY FEE</li> <li>11. RIDER RCE RATE CASE EXPENSES</li> <li>12. RATE M MISCELLANEOUS SERVICE CHARGES</li> <li>13. RATE LEP LINE EXTENSION POLICY</li> </ol>
2_Oper	<p>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</p>

**RATE ADJUSTMENT PROVISIONS**

None

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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>
18323	N	ccf	\$.9871	10/01/2008
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.7131	11/01/2008
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.7572	12/01/2008
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6480	01/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.5297	02/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.5002	03/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			

**REASONS FOR FILING**

NEW?: N RRC DOCKET NO: CITY ORDINANCE NO: 08-10  
 AMENDMENT (EXPLAIN):  
 OTHER (EXPLAIN): File 2008 Rate Schedule changes

**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>	

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4_Defin	<p>DEFINITIONS Applicable to Entire System</p> <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: 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. 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>
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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. 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 interest on the declining unrecovered or uncredited balance. The recovery 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: 13306

**RATE SCHEDULE**

SCHEDULE ID

DESCRIPTION

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 \$.50, based on \$.50 per service line, effective 4/1/09 through 4/30/09.

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 Company's reasonable 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

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

TARIFF CODE: DS RRC TARIFF NO: 13306

**RATE SCHEDULE**

SCHEDULE ID

DESCRIPTION

14\_WNA

the rate expense account. RCE Rate: .0297 per ccf.

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 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

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GSD - 1 TARIFF REPORT

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SCHEDULE ID

DESCRIPTION

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.

1\_Index

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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

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TARIFF CODE: DS RRC TARIFF NO: 13306

**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	\$.5158	04/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.5951	05/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6723	06/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.5503	07/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.4890	08/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			

**REASONS FOR FILING**

NEW?: N RRC DOCKET NO: CITY ORDINANCE NO: City Ordinance 08-10  
 AMENDMENT (EXPLAIN):  
 OTHER (EXPLAIN): Specify city ordinance

**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: 04/01/2009 ORIGINAL CONTRACT DATE: RECEIVED DATE: 05/11/2009  
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.
8_PA	RATE PA PUBLIC AUTHORITY SALES: Application of Schedule Schedule applies to all Public Authority 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 \$ 25.00 per month, plus All Ccf at \$ 0.4209 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

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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, 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



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SCHEDULE ID

DESCRIPTION

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. 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 interest on the declining unrecovered or uncredited balance. The recovery shall be

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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 \$.50, based on \$.50 per service line, effective 4/1/09 through 4/30/09.

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 Company's reasonable 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

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**RATE SCHEDULE**

SCHEDULE ID

DESCRIPTION

14\_WNA

the rate expense account. RCE Rate: .0297 per ccf.

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 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

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>
	<p>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.</p> <p>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:</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ol>
1_Index	<p>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</p>
2_Oper	<p>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</p>

**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: 13307

**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	\$.5158	04/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.5951	05/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6723	06/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.5503	07/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.4890	08/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			

**REASONS FOR FILING**

NEW?: N RRC DOCKET NO: CITY ORDINANCE NO: City Ordinance 08-10  
 AMENDMENT(EXPLAIN):  
 OTHER(EXPLAIN): Specify city ordinance

**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: 04/01/2009 ORIGINAL CONTRACT DATE: RECEIVED DATE: 05/11/2009  
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 Schedule Schedule applies to all Residential 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: \$12.25 per month, plus All Ccf at \$0.4433 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

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

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 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: 13308

**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 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



## 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 IDDESCRIPTION

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 \$.50, based on \$.50 per service line, effective 4/1/09 through 4/30/09.

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 Company's reasonable 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: .0297 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

## 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 IDDESCRIPTION

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 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.

ANNUAL REPORT: By each September 1, the Company will file with the Regulatory

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**

<u>SCHEDULE ID</u>	<u>DESCRIPTION</u>
	<p>Authority an annual report verifying the past year's WNA collections or refunds, which shall include but not necessarily be limited to:</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ol>
1_Index	<p>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</p>
2_Oper	<p>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</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>
18323	N	ccf	\$.5158	04/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.5951	05/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6723	06/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.5503	07/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.4890	08/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			

GAS SERVICES DIVISION

GSD - 1 TARIFF REPORT

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

TARIFF CODE: DS RRC TARIFF NO: 13308

REASONS FOR FILING

NEW?: N RRC DOCKET NO: CITY ORDINANCE NO: City Ordinance 08-10

AMENDMENT(EXPLAIN):

OTHER(EXPLAIN): Specify city ordinace

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: 04/01/2009 ORIGINAL CONTRACT DATE: RECEIVED DATE: 05/11/2009  
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. Monthly Base Rate: Customer's base monthly bill will be calculated using the following Customer and Ccf charges: Customer Charge \$25.00 per month, plus All Ccf at \$ 0.4209 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

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

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, 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 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

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. 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 interest on the declining unrecovered or uncredited balance. The recovery shall be

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SCHEDULE ID

DESCRIPTION

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 \$.50, based on \$.50 per service line, effective 4/1/09 through 4/30/09.

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 Company's reasonable 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



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14\_WNA

the rate expense account. RCE Rate: .0297 per ccf.

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 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

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	<p>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.</p> <p>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:</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ol>
1_Index	<p>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</p>
2_Oper	<p>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</p>

**RATE ADJUSTMENT PROVISIONS**

None

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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>
18323	N	ccf	\$.5158	04/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.5951	05/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.6723	06/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.5503	07/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			
18323	N	ccf	\$.4890	08/01/2009
<u>CUSTOMER NAME</u>	Eagle Pass			

**REASONS FOR FILING**

NEW?: N RRC DOCKET NO: CITY ORDINANCE NO: City Ordinance 08-10  
 AMENDMENT(EXPLAIN):  
 OTHER(EXPLAIN): Specify city ordinance

**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>	