



PUBLIC NOTICE OF PROPOSED RATE CHANGE NATURAL GAS UTILITY RATES

On July 1, 2020, EPCOR Gas filed a Statement of Intent with the City of Magnolia (“City”) to increase its gas utility rates and implement a new schedule of rates and tariffs applicable to all customers within the incorporated areas served by EPCOR Gas. The proposed rates will affect all 388 residential and 64 commercial customers within the City. The proposed effective date of the requested change for City customers is August 5, 2020.

If approved, the proposed rates and tariffs are expected to increase the Company’s annual revenue within the incorporated areas by \$6,365, or 0.9%, including gas costs, or by \$117,254, or 28%, excluding gas cost.

The above calculations and those shown in Table 2 are based on a \$7.86 cost of gas for current bills and \$4.45 cost of gas for proposed bills. This decrease in the cost of gas occurs as a result of the Company’s proposed consolidation of Alamo Pipeline LLC assets to EPCOR Gas Texas Inc. as described below.

The proposed change in rates constitutes a “major change” as that term is defined in Section 104.101 of the Texas Utilities Code because the proposed changes will increase the total aggregate revenues of the Company by more than two and one-half percent.

The Company proposes to implement the rates included in Tables 1 below:

TABLE 1 – Proposed Rate Changes for Incorporated Customers

Customer Class	Number of Customers	Current Customer Charge	Proposed Customer Charge	Current Volumetric Charge (Mcf)	Proposed Volumetric Charge (Mcf)
Residential	388	\$21.39	\$30.50	\$9.4276	\$ 9.4276
Commercial	64	\$21.39	\$45.00	\$9.4276	\$12.1623

TABLE 2 – Impact on Average Bill for Incorporated Customers

Customer Class (Average Monthly Usage Mcf/Ccf)**	Current Average Monthly Bill with Gas Cost	Proposed Average Monthly Bill with Gas Cost	Proposed Monthly Increase	Percentage Increase with Gas Cost	Percentage Change without Gas Cost
Residential	\$65.14	\$65.62	\$0.48	0.7%	20.1%
Commercial	\$488.18	\$493.56	\$5.38	1.1%	35.3%

**Average Monthly Usage Mcf is as follows: Residential (2.5 Mcf); Commercial (27.0 Mcf).

continued >

In addition to the rate change to the Company's residential and commercial customers, the other proposed tariff changes include revisions to the Company's line extension policy and weather normalization adjustment. The Company also requests a favorable public interest determination regarding its planned consolidation of Alamo Pipeline LLC into EPCOR Gas. Further, the Company seeks approval of new depreciation rates for its transmission, distribution and general plant assets. The Company is also requesting a prudence determination with regard to its capital investment booked to plant through June 30, 2020, including all capital investment reflected in the Company's interim rate adjustment filings made since EPCOR Gas's last statement of intent rate proceeding, pursuant to Texas Utilities Code § 104.301. Finally, the Company seeks to recover all of its rate case expenses allowed by law. The exact amount of rate case expense will not be known until the case is completed.

Persons with specific questions or desiring additional information about this filing may contact EPCOR Gas Texas Inc. at (281) 766-1290. Complete copies of the filed Statement of Intent, including all proposed rates, schedules and tariffs are available for inspection at EPCOR Gas's offices located at 4003 Pinehurst Meadow, Magnolia, Texas 77355 and on our website at <https://www.epcor.com/products-services/natural-gas/rates-and-tariffs/Pages/magnolia-rate-review.aspx>

Any affected person within the City of Magnolia may contact his or her city council.

Este aviso tiene el propósito de informar a los clientes de EPCOR Gas Texas Inc., que la Compañía ha presentado una solicitud para aumentar las tarifas del servicio público de gas y cambiar las tarifas para el servicio público de gas. Esta solicitud afecta a todos los clientes residenciales, comerciales, y públicos en las áreas incorporadas servidas por EPCOR Gas Texas Inc. Aquellos individuos con preguntas específicas o que deseen recibir más información adicional sobre esta solicitud pueden llamar a la Compañía llamando al (281) 766-1290.