



PUBLIC NOTICE OF PROPOSED RATE CHANGE

NATURAL GAS UTILITY RATES

On June 29, 2020, EPCOR Gas Texas Inc. (“EPCOR Gas” or the “Company”) filed a Statement of Intent with the Railroad Commission of Texas (“Commission”) to increase its gas utility rates and implement a new schedule of rates and tariffs applicable to all customers within the unincorporated areas served by EPCOR Gas within Austin, Colorado, Grimes, Harris, Montgomery, and Waller counties. The proposed rates will affect 4,174 residential, 27 residential secondary, 62 commercial, and 11 public authority customers within the unincorporated areas. The proposed effective date of the requested change is August 5, 2020.

If approved, the proposed rates and tariffs are expected to increase the Company’s annual revenue within the unincorporated area by \$37,202, or 0.6%, including gas costs, or by \$958,645, or 26%, 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 Unincorporated Customers

Customer Class	Number of Customers	Current Customer Charge	Proposed Customer Charge	Current Volumetric Charge (Mcf)	Proposed Volumetric Charge (Mcf)
Residential	4,174	\$37.05	\$43.32	\$6.5600	\$8.7510
Residential Secondary	27	\$11.62	\$15.16	\$6.5600	\$8.7510
Commercial	62	\$37.05	\$45.00	\$6.5600	\$9.9040
Public Authority	11	\$23.25	\$45.00	\$2.0900	\$9.9040

TABLE 2 – Impact on Average Bill for Unincorporated 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	\$105.82	\$106.28	\$0.46	0.4%	24.5%
Residential Secondary	\$31.91	\$33.73	\$1.83	5.7%	31.8%
Commercial	\$605.05	\$610.40	\$5.35	0.9%	47.3%
Public Authority	\$141.53	\$215.63	\$74.10	52.4%	238.4%

*Average Monthly Usage Mcf is as follows: Residential (4.8 Mcf); Residential Secondary (1.4 Mcf); Commercial (39.4 Mcf); Public Authority (11.9 Mcf).

In addition to the rate change to the Company's residential, residential secondary, commercial, and public authority 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 prudency 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/environ-rate-review.aspx>.

In addition, any affected person may file in writing comments or a protest concerning the proposed change in the unincorporated areas rates with Docket Services Section of the Office of the Hearings Division, Railroad Commission of Texas, P.O. Box 12967, Austin, Texas 78711-2976, at any time within 30 days following the date on which the change would or has become effective. Please reference GUD No. 10988.

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 no-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.