



**INTERIM COST RECOVERY AND RATE ADJUSTMENT REPORT
OF
EPCOR GAS TEXAS INC.**

TO THE

RAILROAD COMMISSION OF TEXAS

FOR THE

Twelve Month Period Ending 12/31/2018

Check one:

This is an original submission []

This is a revised submission []

Date of submission: 7/1/2019

**EPCOR GAS TEXAS INC.
ENVIRONS SERVICE AREA
Twelve Month Period Ending 12/31/2018**

GENERAL QUESTIONS

If additional space is required, please attach pages providing the requested information.

1. State the exact name of the utility.

EPCOR GAS TEXAS INC.

2. State the date when the utility was originally organized.

May 15, 1996

3. Report any change in name during the most recent year and state the effective date.

**NAME WAS CHANGED IN OCTOBER 2018, FROM HUGHES
NATURAL GAS, INC. TO EPCOR GAS TEXAS INC.**

4. State the name, title, phone number, email address, and office address of the officer of the utility to whom correspondence should be addressed concerning this report.

**David Billinger
Director of Gas Operations
(281) 766-1290
dbillinger@epcor.com
38203 FM 1774, Magnolia, TX 77355**

5. State the name, title, phone number, email address, and office address of any other individual designated the utility to answer questions regarding this report (optional).

**David Billinger
Director of Gas Operations
(281) 766-1290
dbillinger@epcor.com
38203 FM 1774, Magnolia, TX 77355**

6. State the location of the office where the Company's accounts and records are kept.

38203 FM 1774, Magnolia, TX 77355

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7. IF THIS IS A REVISED REPORT, provide the schedule number, line number, an column designation where each change input data appears.
8. Please provide a customer count for environs and total customers across all customer classes served by EGT as of December 31, 2018.

	Customer Counts				
	<u>Total</u>	<u>Residential</u>	<u>Commercial</u>	<u>Public Author.</u>	<u>Resale</u>
Environs	4,084	4,016	57	11	0
Incorporated	444	383	61	0	0
	4,528	4,399	118	11	0

9. Provide the amount in both dollars and percentage of all projects to be recovered in this IRA filing that is attributed to Steel Pipe Replacement programs.

None.

10. Provide the amount in both dollars and percentage of all projects to be recovered in this IRA filing that is attributed to integrity testing.

None.

11. Did the company include any meal expenses over \$25.00 per meal in the project amounts included in this docket?

No.

12. Did the Company include employee travel for hotel expense greater than \$150.00 per night in the project amounts included in this docket? If so, provide detail for hotel amounts over \$150.00 per night. Please also provide employee expense report policy and limits utilized by the Company.

No. All expenses for meals and travel must be approved in advance and have been limited to offsite training sessions.

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- 13.** Did the Company include any first class travel or meals and travel for spouses in this docket? If so, provide detail.

No.

- 14.** Affirm that the utility is proposing no other changes in the existing rates or tariffs for Residential, Commercial, Public Authority and resale customers on file with the Commission other than those Interim Rate Adjustments to the customer charges proposed in this filing.

We hereby affirm we are not proposing any other changes to the existing rates or tariffs for Residential, Commercial, Public Authority or Resale customers.

- 15.** Has the corporate structure of HNG and its affiliates changed since the issuance of the Final Order in GUD 10190?

Yes.

- 16.** Has the Company's request for bid process as developed in accordance with GUD 10190, Finding of Fact 19, changed since it was provided to the Commission on June 20, 2016?

No.

- 17.** Referencing IRA-12 Project List, please identify by project number all projects that included furniture (desks, chairs, Cabinets), building enhancements, and/or remodeling that might include refrigerators, freezers, microwaves, artwork etc. If these amounts have been removed, provide a schedule and evidence of the adjustment.

Projects 1006096, 1006817 and 1006938 included furniture, building enhances or remodeling. These projects have not been removed.

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- 18.** Please indicate whether a COSA for the same period was filed with the City of Magnolia, and if so, please provide the status of that filing.

No COSA filing has been made with the City of Magnolia.

- 19.** Please provide the Company's projected integrity testing schedule for the environs service areas.

Integrity testing is only required when new facilities are put into service.

- 20.** Were any payments to an affiliate capitalized in projects in this instant project?

Yes.

- 21.** Were any projects completed as relocations of facilities at the request of a governmental authority and did the Company verify the requesting governmental authority was unable to reimburse the Company for the relocation?

No.

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22. Please provide a comparison between the customer and commodity charges proposed in this instant docket with the customer and commodity charges currently in effect in the Company's incorporated service area(s) and the customer and commodity charges proposed in the most recent COSA filed with the City of Magnolia. Please provide the same average bill information based on average consumption in January and average consumption in July.

	<u>Volumes (Mcf)</u>	<u>Environs</u>	<u>Incorporated</u>
Current Charges			
Monthly Customer Charge		\$36.28	\$20.37
Volumetric Fee (\$/Mcf)		\$6.56	\$8.9787
2018 Avg. cost of gas		\$8.99	\$8.99
Average monthly bill			
RRC Residential Standard	6	\$129.58	\$128.18
RRC Commercial Standard	30	\$502.76	\$559.41
EGT Usage July 2018	2.25	\$71.27	\$60.80
EGT Usage January 2018	17.92	\$314.89	\$342.31
Average per Customer	69.20	\$1,497.60	\$1,509.74
 Proposed Charges			
Monthly Customer Charge		\$37.05	\$20.37
Volumetric Fee (\$/Mcf)		\$6.56	\$8.9787
2018 Avg. cost of gas		\$8.99	\$8.99
Average monthly bill			
RRC Residential Standard	6	\$130.35	\$128.18
RRC Commercial Standard	30	\$503.53	\$559.41
EGT Usage July 2018	2.25	\$72.04	\$60.80
EGT Usage January 2018	17.92	\$315.66	\$342.31

EPCOR GAS TEXAS INC.
ENVIRONS SERVICE AREA
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EPCOR GAS TEXAS INC.'S NOTICE OF ANNUAL GAS RELIABILITY
INFRASTRUCTURE PROGRAM (GRIP) INTERIM RATE ADJUSTMENT

Pursuant to Texas Utilities Code Section 104.301, on July 1, 2019, EPCOR Gas Texas Inc. ("EPCOR" or the "Company") filed its annual Gas Reliability Infrastructure Program ("GRIP") interim rate adjustment with the Railroad Commission of Texas ("Commission"). This annual GRIP adjustment will apply to all standard sales service customers served by the Company in the unincorporated areas of Austin, Colorado, Grimes, Harris, Waller, Washington and Montgomery Counties, except for customers within the City of Magnolia.

Pursuant to the Commission's rules, this annual interim Rate Adjustment is designed to recover the incremental costs related to the capital investments the Company has made in its natural gas distribution system from January 1, 2018 to December 31, 2018. Those costs are incremental to and not included in the rates currently in effect for the unincorporated areas of EPCOR's service territory. The Company's calculation of the Interim Rate Adjustment amount that would be added to the current customer charge on customer bills is shown below. The current monthly customer charge is \$17.06 per month. The 2013 Interim Rate Adjustment is \$7.01, the 2014 Interim Rate Adjustment is \$3.76, the 2015 Interim Rate Adjustment is \$2.89, the 2016 Interim Rate Adjustment is \$3.09, the 2017 Interim Rate Adjustment is \$2.47, and the proposed 2018 Interim Rate Adjustment is \$0.77, resulting in a proposed monthly customer charge of \$37.05 per month.

A residential customer receiving a bill for 6 Mcf will see a bill of approximately \$130.35 including gas costs, which would constitute an increase of approximately 0.59% in unincorporated areas. A residential customer receiving a bill for 6 Mcf will see a bill of approximately \$76.41 excluding gas costs, which would constitute an increase of approximately 1.02% in unincorporated areas. A commercial customer receiving a bill for 30 Mcf will see a bill of approximately \$503.53 including gas costs, which would constitute an increase of approximately 0.15% in unincorporated areas. A commercial customer receiving a bill for 30 Mcf will see a bill of approximately \$233.85 excluding gas costs, which would constitute an increase of approximately 0.33% in unincorporated areas. These monthly bills are based on a gas cost of \$8.99 per Mcf, which changed monthly pursuant to the Gas Cost Adjustment Clause.

A complete copy of the Interim Rate Adjustment filing, with supporting documents, filed with the Railroad Commission of Texas on July 1, 2019, is available for inspection in the EPCOR office located at 38203 FM 1774, Magnolia, TX 77355 or may be downloaded from EPCOR's website, epcor.com. Persons with specific questions or who want information about this filing may contact EPCOR at (281) 766-1290. In addition, any affected person may file written comments or a protest concerning the proposed annual Interim Rate Adjustment with Gas Services, Market Oversight Section, Railroad Commission of Texas, P.O. Box 12967, Austin, Texas 78711-2967.

Summary
EPCOR GAS TEXAS INC.
ENVIRONS SERVICE AREA
Twelve Month Period Ending 12/31/2018

LINE NO.	DESCRIPTION	PER GRIP AT 12/31/17	INCREASE	PER BOOK As of 12/31/2018
	(a)	(b)	(c)	(d)
1	Utility Plant Investment	\$20,732,142	\$598,504	\$21,330,646
2	(376) Mains - CapGas CIAC (See Footnote 1)	(\$75,263)	\$0	(\$75,263)
3	Accum. Depr CapGas CIAC (See Footnote 1)	\$75,263	\$0	\$75,263
4	Acquisition Adjustment (See Footnote 2)	(\$194,962)	\$64,988	(\$129,974)
5	Accumulated Depreciation	(\$5,478,490)	(\$685,867)	(\$6,164,357)
6	Net Investment	\$15,058,690	(\$22,376)	\$15,036,314
7	Increase (Decrease) in Net Investment		(\$22,376)	
8	Authorized Return on Capital (See Footnote 3)		9.00%	
9	Change in Return on Net Investment		(\$2,014)	
10	Depreciation Expense	731,959		776,245
11	CapGas CIAC Depreciation (See Footnote 1)	(1,882)		(1,882)
		730,077		774,363
12	Change in Depreciation Expense		\$44,286	
13	Change in Ad Valorem Tax (See Footnote 4)		\$0	
14	Change in Revenue-Related Taxes (See Footnote 4)		\$0	
15	Change in Federal Tax		(\$350)	
16	Change in Revenue Requirement (See Footnote 6)		\$41,922	
			<u>Monthly Fee</u>	<u>Volumetric Fee</u>
17	Billing Determinants (See Footnote 5)		54,037	311,679
18	Proposed IRA:		<u>\$0.77</u>	<u>\$0.00</u>
19	Resulting impact on revenues:		\$41,608.49	\$0.00
20	Revenue deferred:		\$313.67	

Current and Proposed Bill Information - With Gas Cost (See Footnote 5)

	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	<u>% Change</u>
Residential Customers				
21 Average Monthly Bill @ 6 MCF	\$129.58	\$130.35	\$0.77	0.59%
Commercial Customers				
22 Average Monthly Bill @ 30 MCF	\$502.76	\$503.53	\$0.77	0.15%

Current and Proposed Bill Information - Without Gas Cost

Residential Customers				
23 Average Monthly Bill @ 6 MCF	\$75.64	\$76.41	\$0.77	1.02%
Commercial Customers				
24 Average Monthly Bill @ 30 MCF	\$233.08	\$233.85	\$0.77	0.33%

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Proposed Tariff Update for Section 1.2:

1.2 (A) Rates.

The following rates are effective for bills rendered on and after the date of the Commission's Final Order in Gas Utilities Docket No. 10190:

- 1.2.1** Monthly Customer Charge, residential and commercial customers:
\$17.10, applies per meter, per month
- 1.2.2** Volumetric Fee, residential and commercial customers:
\$7.05. applies per thousand cubic feet (Mcf)

(B) Rates.

The following rates are effective for bills rendered one year after the date of the Commission's Final Order in Gas Utilities Docket No. 10190:

- 1.2.3** Monthly Customer Charge, residential and commercial customers:
\$18.35, applies per meter, per month
- 1.2.4** Volumetric Fee, residential and commercial customers:
\$7.05. applies per thousand cubic feet (Mcf)

(C) Rates.

The following rates are effective for bills rendered on and after January 1, 2015

- 1.2.5** Monthly Customer Charge, residential and commercial customers:
\$18.35 Applies per meter, per month
\$7.83 2013 IRA Surcharge

\$26.18 Total applies per meter, per month
- 1.2.6** Volumetric Fee, residential and commercial customers:
\$7.05. applies per thousand cubic feet (Mcf)

(D) Rates.

The following rates are effective for bills rendered on and after the date of the Commission's Final Order concerning the 2014 IRA:

- 1.2.7** Monthly Customer Charge, residential and commercial customers:
\$18.35 Applies per meter, per month
\$7.83 2013 IRA Surcharge
\$4.19 2014 IRA Surcharge

\$30.37 Total applies per meter, per month
- 1.2.8** Volumetric Fee, residential and commercial customers:
\$7.05. applies per thousand cubic feet (Mcf)

(E) Rates.

The following rates are effective for bills rendered on and after the date of the Commission's Final Order concerning the 2015 IRA:

1.2.9	Monthly Customer Charge, residential and commercial customers:
	\$18.35 Applies per meter, per month
	\$7.83 2013 IRA Surcharge
	\$4.19 2014 IRA Surcharge
	<u>\$3.18</u> 2015 IRA Surcharge
	\$33.55 Total applies per meter, per month

1.2.10	Volumetric Fee, residential and commercial customers:
	\$7.05. applies per thousand cubic feet (Mcf)

(F) Rates.

The following rates are effective for bills rendered on and after September 1, 2016:

1.2.11	Monthly Customer Charge, residential customers with Primary Meters:
	\$18.35 Applies per meter, per month
	\$7.83 2013 IRA Surcharge
	\$4.19 2014 IRA Surcharge
	<u>\$3.18</u> 2015 IRA Surcharge
	\$33.55 Total applies per meter, per month

1.2.12	Monthly Customer Charge, residential customers with Secondary Meters:
	\$12.50, applies per secondary meter, per month;

1.2.13	Monthly Customer Charge, commercial customers:
	\$18.35 Applies per meter, per month
	\$7.83 2013 IRA Surcharge
	\$4.19 2014 IRA Surcharge
	<u>\$3.18</u> 2015 IRA Surcharge
	\$33.55 Total applies per meter, per month

1.2.12	Volumetric Fee, residential and commercial customers:
	\$7.05. applies per thousand cubic feet (Mcf)

(G) Rates.

The following rates are effective for bills rendered on and after the date of the Commission's Final Order concerning the 2016 IRA:

1.2.13	Monthly Customer Charge, residential customers with Primary Meters:
	\$18.35 Applies per meter, per month
	\$7.83 2013 IRA Surcharge
	\$4.19 2014 IRA Surcharge
	\$3.18 2015 IRA Surcharge
	<u>\$3.38</u> 2016 IRA Surcharge
	\$36.93 Total applies per meter, per month

1.2.14	Monthly Customer Charge, residential customers with Secondary Meters:
	\$12.50, applies per secondary meter, per month;

- 1.2.15** Monthly Customer Charge, commercial customers:
 \$18.35 Applies per meter, per month
 \$7.83 2013 IRA Surcharge
 \$4.19 2014 IRA Surcharge
 \$3.18 2015 IRA Surcharge
\$3.38 2016 IRA Surcharge
 \$36.93 Total applies per meter, per month

- 1.2.16** Volumetric Fee, residential and commercial customers:
 \$7.05. applies per thousand cubic feet (Mcf)

(H) Rates.

The following rates are effective for bills rendered on and after the date of the Commission's Final Order concerning the 2017 IRA. The 2017 filing adjusted previous base rates to account for the effect of the TCJA.

- 1.2.13** Monthly Customer Charge, residential customers with Primary Meters:
 \$17.06 Applies per meter, per month
 \$7.01 2013 IRA Surcharge
 \$3.76 2014 IRA Surcharge
 \$2.89 2015 IRA Surcharge
 \$3.09 2016 IRA Surcharge
\$2.47 2017 IRA Surcharge
 \$36.28 Total applies per meter, per month

- 1.2.14** Monthly Customer Charge, residential customers with Secondary Meters:
 \$11.62, applies per secondary meter, per month;

- 1.2.15** Monthly Customer Charge, commercial customers:
 \$17.06 Applies per meter, per month
 \$7.01 2013 IRA Surcharge
 \$3.76 2014 IRA Surcharge
 \$2.89 2015 IRA Surcharge
 \$3.09 2016 IRA Surcharge
\$2.47 2017 IRA Surcharge
 \$36.28 Total applies per meter, per month

- 1.2.16** Volumetric Fee, residential and commercial customers:
 \$6.56. applies per thousand cubic feet (Mcf)

(I) Rates.

The following rates are effective for bills rendered on and after the date of the Commission's Final Order concerning the 2018 IRA:

- 1.2.13** Monthly Customer Charge, residential customers with Primary Meters:
 \$17.06 Applies per meter, per month
 \$7.01 2013 IRA Surcharge
 \$3.76 2014 IRA Surcharge
 \$2.89 2015 IRA Surcharge
 \$3.09 2016 IRA Surcharge
 \$2.47 2017 IRA Surcharge
\$0.77 2018 IRA Surcharge
 \$37.05 Total applies per meter, per month

1.2.14 Monthly Customer Charge, residential customers with Secondary Meters:
\$11.62, applies per secondary meter, per month;

1.2.15 Monthly Customer Charge, commercial customers:

\$17.06 Applies per meter, per month

\$7.01 2013 IRA Surcharge

\$3.76 2014 IRA Surcharge

\$2.89 2015 IRA Surcharge

\$3.09 2016 IRA Surcharge

\$2.47 2017 IRA Surcharge

\$0.77 2018 IRA Surcharge

\$37.05 Total applies per meter, per month

1.2.16 Volumetric Fee, residential and commercial customers:
\$6.56 applies per thousand cubic feet (Mcf)

Revenue Related and Other Taxes
EPCOR GAS TEXAS INC.
ENVIRONS SERVICE AREA
Twelve Month Period Ending 12/31/2018

			12 Month End	12 Month End		
	Total	Adjustments*	(Present Rates)	Adjustments*	(Proposed Rates)	Change
	(a)	(b)	(c)	(d)	(e)	(f)
Non Revenue - Related						
1	Ad Valorem Tax	<i>These Taxes are surcharged each year according to approved Tariff.</i>				
Revenue - Related						
2	State Gross Receipts - Tax	<i>These Taxes are surcharged each year according to approved Tariff.</i>				
3	Local Gross Receipts - Tax	N/A				
4	Railroad Commission - Gas Utility Tax	N/A				
5	Total Revenue Related Taxes					
6	TOTAL TAXES OTHER THAN INCOME	\$0.00				
* Reference All Adjustments						

Federal Income Tax
EPCOR GAS TEXAS INC.
ENVIRONS SERVICE AREA
Twelve Month Period Ending 12/31/2018

	12/31/2017	12/31/2018
Description	Amount	Amount
Return on Investment		
Invested Capital (Rate Base)	\$15,058,690	\$15,036,314
Rate of Return	9.000%	9.000%
Return on Investment	\$1,355,282	\$1,353,268
Interest Expense		
Invested Capital (Rate Base)	\$15,058,690	\$15,036,314
Weighted Cost of Debt	3.115%	3.115%
Interest Expense	\$469,078	\$468,381
Before Tax Return	\$886,204	\$884,887
Federal Income Tax Rate	21.00%	21.00%
Gross-up Factor = $1 + (D27 / (1 - D27))$	1.2658	1.2658
Federal Income Tax	\$235,573	\$235,223

CHANGE IN FEDERAL INCOME TAX

(\$350)

Investment Detail
EPCOR GAS TEXAS INC.
ENVIRONS SERVICE AREA
Twelve Month Period Ending 12/31/2017

FERC Account No.	FERC Account Titles	Original Cost	RRC Approved Depr. Rate	Annual Depreciation	Accumulated Depreciation	Net Plant
	Intangible	300	n/a	n/a		300
	DISTRIBUTION PLANT					
(374)	Land & Land Rights	49,596	n/a	n/a	n/a	49,596
(376)	Mains	14,747,028	2.50%	368,676	2,831,618	11,915,411
(379)	Meas & Reg Station	527,528	3.03%	15,984	155,528	372,000
(380)	Services	1,838,056	4.00%	73,522	646,849	1,191,208
(381)	Meters	2,605,759	4.00%	104,230	1,268,152	1,337,607
(383)	Regulators	334,401	4.00%	13,376	133,972	200,429
	Total Distribution Plant	<u>20,102,369</u>		<u>575,788</u>	<u>5,036,118</u>	<u>15,066,251</u>
	GENERAL PLANT					
(391)	(391) Office Furniture & Equipmen	25,665	10.00%	2,567	17,480	8,186
(392)	(392) Transportation Equipment	246,377	33.33%	82,117	174,928	71,449
(397)	(397) Comm., Comp & Software	209,861	20.00%	41,972	183,395	26,466
(398)	(398) Miscellaneous General Plant	147,570	20.00%	29,514	66,569	81,001
	Total General Plant	<u>629,473</u>		<u>156,170</u>	<u>442,372</u>	<u>187,101</u>
		<u>20,732,142</u>		<u>731,959</u>	<u>5,478,490</u>	<u>15,253,652</u>

Investment Detail
Current Investment
EPCOR GAS TEXAS INC.
ENVIRONS SERVICE AREA
Twelve Month Period Ending 12/31/2018

FERC Account No.	FERC Account Titles	Original Cost	RRC Approved Depr. Rate	Annual Depreciation	Accumulated Depreciation	Net Plant
	Intangible	300	n/a	n/a	n/a	300
	DISTRIBUTION PLANT					
(374)	Land & Land Rights	49,596	n/a	n/a	n/a	49,596
(376)	Mains	15,077,385	2.50%	376,935	3,205,564	11,871,821
(379)	Meas & Reg Station	529,031	3.03%	16,030	171,322	357,709
(380)	Services	1,862,551	4.00%	74,502	721,153	1,141,398
(381)	Meters	2,729,122	4.00%	109,165	1,344,003	1,385,119
(383)	Regulators	345,610	4.00%	13,824	146,151	199,459
	Total Distribution Plant	20,593,294		590,456	5,588,193	15,005,101
	GENERAL PLANT					
(391)	(391) Office Furniture & Equipmen	33,007	10.00%	3,301	22,065	10,942
(392)	(392) Transportation Equipment	312,674	33.33%	104,214	269,592	43,082
(397)	(397) Comm., Comp & Software	209,861	20.00%	41,972	189,924	19,937
(398)	(398) Miscellaneous General Plant	181,509	20.00%	36,302	94,584	86,926
	Total General Plant	737,051		185,789	576,164	160,887
		<u>21,330,646</u>		<u>776,245</u>	<u>6,164,357</u>	<u>15,166,288</u>

Net Investment
(Investment To Be Recovered Through Interim Filing)
EPCOR GAS TEXAS INC.
ENVIRONS SERVICE AREA
Twelve Month Period Ending 12/31/2018

FERC Account No.	FERC Account Titles	Net Change Original Cost	RRC Approved Depr. Rate	Annual Depreciation	Additions	Retirements
	Intangible	-			-	-
	DISTRIBUTION PLANT					
(374)	Land & Land Rights	-	n/a	n/a	-	-
(376)	Mains	330,356	2.50%	8,259	330,356	-
(379)	Meas & Reg Station	1,503	3.03%	46	8,413	6,911
(380)	Services	24,495	4.00%	980	32,136	7,641
(381)	Meters	123,362	4.00%	4,934	152,666	29,303
(383)	Regulators	11,209	4.00%	448	16,099	4,891
	Total Distribution Plant	<u>490,925</u>		<u>14,667</u>	<u>539,671</u>	<u>48,746</u>
	GENERAL PLANT					
(391)	(391) Office Furniture & Equipmen	7,342	10.00%	734	7,342	-
(392)	(392) Transportation Equipment	66,297	33.33%	22,097	66,297	-
(397)	(397) Comm., Comp & Software	-	20.00%	0	-	-
(398)	(398) Miscellaneous General Plant	33,940	20.00%	6,788	33,940	-
	Total General Plant	<u>107,578</u>		<u>29,619</u>	<u>107,578</u>	-
		<u>598,504</u>		<u>44,286</u>	<u>647,249</u>	<u>48,746</u>

Investment Detail-Additions
EPCOR GAS TEXAS INC.
ENVIRONS SERVICE AREA
Twelve Month Period Ending 12/31/2018

FERC Account No.	FERC Account Titles	Original Cost	RRC Approved Depr. Rate	Annual Depreciation
	Intangible	n/a	n/a	n/a
	DISTRIBUTION PLANT			
(374)	Land & Land Rights	-	n/a	-
(376)	Mains	330,356	2.50%	8,259
(379)	Meas & Reg Station	8,413	3.03%	255
(380)	Services	32,136	4.00%	1,285
(381)	Meters	152,666	4.00%	6,107
(383)	Regulators	16,099	4.00%	644
	Total Distribution Plant	<u>539,671</u>		<u>16,550</u>
	GENERAL PLANT			
(391)	(391) Office Furniture & Equipmen	7,342	10.00%	734
(392)	(392) Transportation Equipment	66,297	33.33%	22,097
(397)	(397) Comm., Comp & Software	-	20.00%	-
(398)	(398) Miscellaneous General Plant	33,940	20.00%	6,788
	Total General Plant	<u>107,578</u>		<u>29,619</u>
		<u><u>647,249</u></u>		<u><u>46,169</u></u>

FOOTNOTES:

EPCOR GAS TEXAS INC.

ENVIRONS SERVICE AREA

Twelve Month Period Ending 12/31/2018

Footnote 1

CIAC represents amount identified in GUD 10190 associated with the CapGas acquisition.

Accumulated amount represents 12 months of 2016 at \$1,432.08 per month

Footnote 2

Per GUD 10190 Settlement Agreement Article I :

- B. A negative acquisition amount of \$536,148 associated with the CapGas acquisition will be included in rate base for the purpose of setting rates in this docket as reflected in Updated exhibit CEL-6
- C. The total negative acquisition amount on EGT's books and records shall be amortized over twelve years below the line beginning at the date incurred.

Calculate Net Acquisition Adjustment at 12/31/2018 Per Settlement Agreement

Negative Acquisition Adjustment Per Settlement 9/30/12	(\$536,148)
Amortization included in the 2013 GRIP Filing	\$81,236
Amortization included in the 2014 GRIP Filing	\$64,988
Amortization included in the 2015 GRIP Filing	\$64,988
Amortization included in the 2016 GRIP Filing	\$64,988
Amortization included in the 2017 GRIP Filing	\$64,988
Amortize 12 Months Per Settlement (\$5.415 per month)	<u>\$64,988</u>
Net Acquisition Adjustment as of 12/31/18.	<u><u>(\$129,974)</u></u>

Footnote 3

Cost of Capital:

The capital structure stipulated to in the GUD 10190 Settlement Agreement represents a proxy. The overall rate of return and the individual components are consistent with recent Commission precedent and the Examiners found that they were just and reasonable.

Footnote 4

Ad Valorem and Revenue Related Taxes are surcharged each year according to approved Tariff.

Footnote 5

Annualized Billing Determinants - 2018 Annual Report

	Bill Counts					
	<u>Total</u>	<u>Residential</u>	<u>Res. Secondary</u>	<u>Commercial</u>	<u>Public Author.</u>	<u>Resale</u>
Environs	48,745	47,652	288	672	132	1
Incorporated	<u>5,292</u>	<u>4,584</u>	0	<u>708</u>	<u>0</u>	<u>0</u>
	54,037	52,236	288	1,380	132	1

Volumes (Mcf)

Environs	277,804
Incorporated	<u>33,875</u>
	311,679

Increase per Bill per Month	\$0.77
Cost of Gas (per Mcf):	\$8.99

FOOTNOTES:
EPCOR GAS TEXAS INC.
ENVIRONS SERVICE AREA
Twelve Month Period Ending 12/31/2018

Footnote 6

Reconciliation of Revenue Requirement Increase

Plant Description	Additions	Retirements	Net Plant	Depr Rates	Depr Expense	Return	FIT	Total
Land & Land Rights (374)	-	-	-	n/a	-	-	-	-
Mains (376)	330,356	-	330,356	2.50%	8,259	29,732	5,168	43,159
Meas & Reg Station (379)	8,413	6,911	15,324	3.03%	464	1,379	240	2,083
Services (380)	32,136	7,641	39,777	4.00%	1,591	3,580	622	5,793
Meters (381)	152,666	29,303	181,969	4.00%	7,279	16,377	2,847	26,503
Regulators (383)	16,099	4,891	20,990	4.00%	840	1,889	328	3,057
Office Furniture & Equipment (391)	7,342	-	7,342	10.00%	734	661	115	1,510
Trans Equip (392)	66,297	-	66,297	33.33%	22,097	5,967	1,037	29,101
Comm, Comp & Softwre (397)	-	-	-	20.00%	-	-	-	-
Misc Gen Plant (398)	33,940	-	33,940	20.00%	6,788	3,055	531	10,373
Change In Accumulated Depreciation			(685,867)	n/a		(61,728)	(10,729)	(72,458)
Change In Acquisition Adjustment (See Footnote 2)			64,988			5,849	1,017	6,866
Change In CIAC (See Footnote 1)			-			-	-	-
Rounding	-	-	-		-	-	-	-
	<u>647,249</u>	<u>48,746</u>	<u>75,116</u>		<u>48,052</u>	<u>6,760</u>	<u>1,175</u>	
Change in Revenue Requirement								<u>\$ 55,987</u>

Infrastructure Detail - Additions
EPCOR GAS TEXAS INC.
ENVIRONS SERVICE AREA
Twelve Month Period Ending 12/31/2018

Line No.	Asset ID	Project Purpose	Project	Invoice	Start Date	Completion Date	Customers Benefited	\$ Amount
1	FERC Account #376 - Mains							
2	1007055	Safety/Infrastructure - New	2018.01 Mains	PUC Inv#: 18497, 18520, 18540, Overhead Allocation		01/31/18	All	\$ 73,908
3	1007055	Safety/Infrastructure - New	2018.02 Mains	PUC Inv#: 18548, 18576, 18598-18599, Overhead Allocation		02/28/18	All	40,073
4	1007055	Safety/Infrastructure - New	2018.03 Mains	PUC Inv#: 18646-18647, 18655, 18661, Overhead Allocation		03/31/18	All	26,215
5	1007055	Safety/Infrastructure - New	2018.04 Mains	PUC Inv#: 18663, 18681, Overhead Allocation		04/30/18	All	23,823
6	1007055	Safety/Infrastructure - New	2018.05 Mains	PUC Inv#: 18724, 18733, Overhead Allocation		05/31/18	All	2,381
7	1007055	Safety/Infrastructure - New	2018.06 Mains	PUC Inv#: 18741, 18749, 18752, Overhead Allocation		06/30/18	All	7,459
8	1007055	Safety/Infrastructure - New	2018.07 Mains	PUC Inv#: 18761-18762, 18776-18777, 18779, 18781, 18788-18789, Overhead Allocation		07/31/18	All	80,215
9	1007055	Safety/Infrastructure - New	2018.08 Mains	PUC Inv#: 18790, 18807, Overhead Allocation		08/31/18	All	43,756
10	1007055	Safety/Infrastructure - New	2018.09 Mains	PUC Inv#: 18808, 18823, Overhead Allocation		09/30/18	All	22,342
11	1007794	Safety/Infrastructure - New	Wildwood Trace Extension Mains	No invoices, just labor and OH		12/31/18	All	10,184
12	Total FERC Account #376 - Mains							
								330,356
13	FERC Account #379 - Measuring and Regulating Station Equipment - City Gate Check Stations							
14	1007228	Replacement	Goodson Loop Meter Station	PUC Inv#: 18699		04/30/18	All	6,889
15	1007135	Blanket Regulators - New, Replacements	2018.11 Regulators 6N	No invoices, just materials and supplies from inventory		11/30/18	All	1,524
16	Total FERC Account #379 - Measuring and Regulating Station Equipment - City Gate Check Stations							
								8,413
17	FERC Account #380 - Services							
18	1007056	Blanket Services - New, Replacements, Overhead Allocations	2018.01 Services	PUC Inv#: 18502-18504, Overhead Allocation		01/31/18	All	2,677
19	1007056	Blanket Services - New, Replacements, Overhead Allocations	2018.02 Services	PUC Inv#: 18550, 18592, Overhead Allocation		02/28/18	All	2,369
20	1007056	Blanket Services - New, Overhead Allocations	2018.03 Services	PUC Inv#: 18606, 18643-18644, 18654		03/31/18	All	2,250
21	1007056	Blanket Services - New, Overhead Allocations	2018.04 Services	PUC Inv#: 18666, 18671, Overhead Allocation		04/30/18	All	1,201
22	1007056	Blanket Services - New, Overhead Allocations	2018.05 Services	PUC Inv#: 18709, Overhead Allocation		05/31/18	All	623
23	1007056	Blanket Services - New, Overhead Allocations	2018.06 Services	PUC Inv#: 18751, Overhead Allocation		06/30/18	All	793
24	1007056	Blanket Services - New, Replacements, Overhead Allocations	2018.07 Services	PUC Inv#: 18768, 18786, Overhead Allocation		07/31/18	All	1,882
25	1007056	Blanket Services - New, Overhead Allocations	2018.08 Services	PUC Inv#: 18803, Overhead Allocation		08/31/18	All	601
26	1007056	Blanket Services - New, Overhead Allocations	2018.09 Services	PUC Inv#: 18822, Overhead Allocation		09/30/18	All	527
27	1007132	Blanket Services - New	2018.11 Services 6N	No invoices, just labor and OH		11/30/18	All	19,214
28	Total FERC Account #380 - Services							
								32,136
29	FERC Account #381 - Meters							
30	1007057	Blanket Meters - New, Replacements, Overhead Allocations	2018.01 Meters	PUC Inv#: 18499, 18500, 18502-18503, 18505, 18507-18518, 18521-18522, 18524-18529, 18531-18532, 18534-18536		01/31/18	All	16,561
31	1007057	Blanket Meters - New, Replacements, Overhead Allocations	2018.02 Meters	PUC Inv#: 18543, 18545, 18547, 18551-18572, 18574, 18577-18583, 18585-18590, 18592-18593, 18595, 18597, Overl		02/28/18	All	16,208
32	1007057	Blanket Meters - New, Replacements, Overhead Allocations	2018.03 Meters	PUC Inv#: 18600-18602, 18606-18607, 18609-18640, 18642-18644, 18648-18650, 18652, 18654, 18657, 18659-18660		03/31/18	All	20,079
33	1007057	Blanket Meters - New, Replacements, Overhead Allocations	2018.04 Meters	PUC Inv#: 18664, 18666, 18668-18673, 18678-18679, 18687-18688, 18693, 18695, 18698, Overhead Allocation		04/30/18	All	10,188
34	1007057	Blanket Meters - New, Replacements, Overhead Allocations	2018.05 Meters	PUC Inv#: 18701-18702, 18704, 18706, 18709-18713, 18716, 18719, 18722-18723, 18725-18726, 18729-18731, Overh		05/31/18	All	17,184
35	1007057	Blanket Meters - New, Replacements, Overhead Allocations	2018.06 Meters	PUC Inv#: 18734-18735, 18737-18739, 18742-18743, 18750-18751, 18753-18755, 18757-18758, Overhead Allocation		06/30/18	All	10,525
36	1007057	Blanket Meters - New, Replacements, Overhead Allocations	2018.07 Meters	PUC Inv#: 18763, 18765-18768, 18770-18772, 18784, 18786, Overhead Allocation		07/31/18	All	5,811
37	1007057	Blanket Meters - New, Replacements, Overhead Allocations	2018.08 Meters	PUC Inv#: 18791-18795, 18798, 18801-18804, 18806, Overhead Allocation		08/31/18	All	8,222
38	1007057	Blanket Meters - New, Replacements, Overhead Allocations	2018.09 Meters	PUC Inv#: 18809, 18811, 18815-18818, 18820-18822, 18824, 18827-18828, Overhead Allocation		09/30/18	All	8,714
39	1007058	Blanket Meters - New, Replacements, Overhead Allocations	2018.10 AMR Meters	PUC Inv#: 18500, 18502-18503, 18505, 18507-18508, 18511, 18513-18514, 18521, 18524-18525, 18536, 18538, 18541		01/31/18	All	1,860
40	1007058	Blanket Meters - New, Replacements, Overhead Allocations	2018.02 AMR Meters	PUC Inv#: 18543, 18545, 18547, 18551-18554, 18556-18562, 18564, 18566-18569, 18571-18572, 18574, 18577 18578		02/28/18	All	4,466
41	1007058	Blanket Meters - New, Replacements, Overhead Allocations	2018.03 AMR Meters	PUC Inv#: 18600-18602, 18606-18607, 18609-18610, 18612-18617, 18627-18640, 18642-18644, 18648-18650, 18652,		03/31/18	All	4,742
42	1007058	Blanket Meters - New, Replacements, Overhead Allocations	2018.04 AMR Meters	PUC Inv#: 18664, 18666, 18668-18673, 18678-18679, 18687-18688, 18693, 18695		04/30/18	All	1,735
43	1007058	Blanket Meters - New, Replacements, Overhead Allocations	2018.05 AMR Meters	PUC Inv#: 18701-18702, 18704, 18706, 18709, 18711-18713, 18719, 18722-18723, 18725, 18729-18731		05/31/18	All	1,862
44	1007058	Blanket Meters - New, Replacements, Overhead Allocations	2018.06 AMR Meters	PUC Inv#: 18734-18735, 18737-18739, 18742-18743, 18753-18755		06/30/18	All	1,239
45	1007131	Blanket Meters - New, Replacements	2018.11 Meters 6N	No invoices, just materials and supplies from inventory and labor and OH		11/30/18	All	23,271
46	Total FERC Account #381 - Meters							
								152,666
47	FERC Account #383 - House Regulators							
48	1007059	Blanket Regulators - New, Replacements, Overhead Allocations	2018.01 Regulators	PUC Inv#: 18500, 18502-18503, 18505, 18507-18508, 18513, 18519, 18521-18522, 18524-18527, 18530, 18533, 1853		01/31/18	All	2,391
49	1007059	Blanket Regulators - New, Replacements, Overhead Allocations	2018.02 Regulators	PUC Inv#: 18543, 18545, 18547, 18551-18552, 18567-18569, 18572, 18574, 18584-18585, 18592-18593, 18595, 18597, Overl		02/28/18	All	1,844
50	1007059	Blanket Regulators - New, Replacements, Overhead Allocations	2018.03 Regulators	PUC Inv#: 18600-18602, 18606-18607, 18609, 18640, 18642-18644, 18648-18650, 18652, 18654, 18657, 18659-18660		03/31/18	All	2,233
51	1007059	Blanket Regulators - New, Replacements, Overhead Allocations	2018.04 Regulators	PUC Inv#: 18664, 18666, 18668-18674, 18678-18679, 18687-18688, 18693, 18695, Overhead Allocation		04/30/18	All	1,964
52	1007059	Blanket Regulators - New, Replacements, Overhead Allocations	2018.05 Regulators	PUC Inv#: 18702, 18704, 18706, 18709, 18710-18713, 18719, 18722-18723, 18725, 18729-18731, Overhead Allocation		05/31/18	All	1,917
53	1007059	Blanket Regulators - New, Replacements, Overhead Allocations	2018.06 Regulators	PUC Inv#: 18734-18735, 18737-18739, 18742, 18750-18751, 18753-18755, Overhead Allocation		06/30/18	All	1,592
54	1007059	Blanket Regulators - New, Replacements, Overhead Allocations	2018.07 Regulators	PUC Inv#: 18763, 18765-18768, 18770-18772, 18784, 18786, Overhead Allocation		07/31/18	All	1,101
55	1007059	Blanket Regulators - New, Replacements, Overhead Allocations	2018.08 Regulators	PUC Inv#: 18791-18795, 18798, 18801-18804, 18806, Overhead Allocation		08/31/18	All	1,373
56	1007059	Blanket Regulators - New, Replacements, Overhead Allocations	2018.09 Regulators	PUC Inv#: 18809, 18811, 18813, 18815-18818, 18820-18822, 18824, 18827-18828, Overhead Allocation		09/30/18	All	1,683
57	Total FERC Account #383 - House Regulators							
								16,099
58	FERC Account #391 - Office Furniture and Equipment							
59	1006096	New	Hughes - Defibrillator - 6N	Cintas Inv#: 9020808115		02/28/18	All	2,750
60	1006817	New	Cabinet - Flammables - 6N	Uline Inv#: 99884580		09/30/18	All	1,452
61	1006938	New	18 Ice Maker 6N - 6N	Cool Tech Ice Inv#: 5785		10/31/18	All	3,139
62	Total FERC Account #391 - Office Furniture and Equipment							
								7,342
63	FERC Account #392 - Transportation Equipment							
64	1006650	New	Forklift - Hughes - 6N	United Rentals Inv#: 159171752-00		10/31/18	All	66,297
65	Total FERC Account #392 - Transportation Equipment							
								66,297
66	FERC Account #398 - Miscellaneous Equipment							
67	1006422	New	40' Container Purchase - 6N	All-Star Containers Inv#: 128876		04/30/18	All	14,666
68	1006624	New	Ace Fence - Hughes - 6N	Ace Fence Inv#: 80611		06/30/18	All	3,325
69	1006160	New	Radio detection Equipment - 6N	Green Equipment Company Inv#: 38256		02/28/18	All	5,971
70	1006590	New	AMR Programmers - 6N	Neptune Inv#: N529159, N533702, N535782		09/01/18	All	9,977

Infrastructure Detail - Additions
 EPCOR GAS TEXAS INC.
 ENVIRONS SERVICE AREA
 Twelve Month Period Ending 12/31/2018

Line No.	Asset ID	Project Purpose	Project	Invoice	Start Date	Completion Date	Customers Benefited	\$ Amount
71		Total FERC Account #398 - Miscellaneous Equipment						33,940
72		Total Additions						\$ 647,249

Investment Detail-Retirements
EPCOR GAS TEXAS INC.
ENVIRONS SERVICE AREA
Twelve Month Period Ending 12/31/2018

FERC Account No.	FERC Account Titles	Original Cost	RRC Approved Depr. Rate	Annual Depreciation
	Intangible	-		-
	DISTRIBUTION PLANT			
(374)	Land & Land Rights	-	n/a	-
(376)	Mains	-	2.50%	-
(379)	Meas & Reg Station	6,911	3.03%	209
(380)	Services	7,641	4.00%	306
(381)	Meters	29,303	4.00%	1,172
(383)	Regulators	4,891	4.00%	196
	Total Distribution Plant	<u>48,746</u>		<u>1,883</u>
	GENERAL PLANT			
(391)	(391) Office Furniture & Equipmen	-	10.00%	-
(392)	(392) Transportation Equipment	-	33.33%	-
(397)	(397) Comm., Comp & Software	-	20.00%	-
(398)	(398) Miscellaneous General Plant	-	20.00%	-
	Total General Plant	-		-
		<u>48,746</u>		<u>1,883</u>

Infrastructure Detail - Retirements
EPCOR GAS TEXAS INC.
ENVIRONS SERVICE AREA
Twelve Month Period Ending 12/31/2018

Line No.	Asset ID	Project Purpose	Project	In Service Date	Retirement Date	Customers Benefited	Original Cost
1	FERC Account #379 - Meas. & Reg. Stations	n/a	n/a	n/a	n/a	All	\$ 6,911
2	FERC Account #380 - Services	n/a	n/a	n/a	n/a	All	7,641
3	FERC Account #381 - Meters	n/a	n/a	n/a	n/a	All	29,303
4	FERC Account #383 - Regulators	n/a	n/a	n/a	n/a	All	4,891
5	Total Retirements						\$ 48,746

Weighted Average Cost of Capital
EPCOR GAS TEXAS INC.
ENVIRONS SERVICE AREA
Twelve Month Period Ending 12/31/2018
Per Most Recent Rate case - GUD Docket No. 10190

Line No.	Description	Investment Balance	Percent of Total *	Cost	Weighted Cost
1	Common Equity	\$6,675,154	55.50%	10.60%	5.88%
2	Preferred Stock				
3	Preferred Trust Securities				
4	Long-Term Debt	\$2,629,921	44.50%	7.00%	3.12%
5	Short-Term Debt				
6	Total	\$9,305,075	100.00%		9.00%

* See Footnote 3

Allocation of Investment Recovery
EPCOR GAS TEXAS INC.
ENVIRONS SERVICE AREA
Twelve Month Period Ending 12/31/2018

Allocation Factors Per Rate Case - Docket No. 10190

Not Applicable

Both Residential and Commercial Environs classes have identical rates
Public Authorities did not exist as a class

Allocation Factors Requested in this filing

Not Applicable

Both Residential and Commercial Environs classes have identical rates
Public Authorities, Secondary Meters and Resale customers are not subject to IRA increases.

New Investment Recovery Distribution (Distribution of IRA Increase)

	Bill Counts						Distribution of IRA Increase
	<u>Total</u>	<u>Residential</u>	<u>Res. Secondary</u>	<u>Commercial</u>	<u>Public Author.</u>	<u>Resale</u>	
Environs	48,745	47,652	288	672	132	1	
IRA Distribution		\$36,692	\$0	\$517	\$0	\$0	\$37,209
Distribution %		88.18%	0.00%	1.24%	0.00%	0.00%	
Incorporated	5,292	4,584	0	708			
IRA Distribution		\$0.00	\$0.00	\$0.00			\$0
Distribution %		0.00%	0.00%	0.00%			
Total IRA Distribution		\$36,692	\$0	\$517	\$0	\$0	\$37,209
Impact of Proposed IRA (IRA -3 Summary, Line 19, Column C)							\$41,608
Total Distribution %		88.18%		1.24%			
Amounts deferred				10.57%			\$4,399