

**RAILROAD COMMISSION OF TEXAS
OVERSIGHT AND SAFETY DIVISION**

**GAS UTILITIES
INFORMATION BULLETIN**

No. 1037



**RAILROAD COMMISSION
OF TEXAS**

**David Porter, Chairman
Christi Craddick, Commissioner
Ryan Sitton, Commissioner**

**Kari French
Director
Oversight and Safety Division**

June 14, 2016

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SECTION 1

NEW APPEALS AND APPLICATIONS FILED

DOCKET NO. -- 10522
CAPTION -- Application filed by ETC Texas P/L, Ltd. to report acquired assets from ETC Field Services LLC.
DATE FILED -- 05/31/2016
FILED BY -- Claire Johnson
EXAMINER --
TECHNICAL -- Christina Poole

DOCKET NO. -- 10523
CAPTION -- Application filed by Oasis Pipe Line Company Texas, L.P. to report acquired assets from ETC Field Services LLC.
DATE FILED -- 05/31/2016
FILED BY -- Claire Johnson
EXAMINER --
TECHNICAL -- Christina Poole

DOCKET NO. -- 10524
CAPTION -- Inquiry into the Failure of Metro S.A. Property Management to Comply with Safety Standards.
DATE FILED -- 06/13/2016
FILED BY -- Commission's Own Motion
EXAMINER --
TECHNICAL --

DOCKET NO. -- 10525
CAPTION -- Inquiry into the Failure of Metro S.A. Property Management to Comply with Safety Standards.
DATE FILED -- 06/13/2016
FILED BY -- Commission's Own Motion
EXAMINER --
TECHNICAL --

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SECTION 2

APPEALS AND APPLICATIONS SET FOR HEARING OR PREHEARING CONFERENCE[Office of General Counsel Weekly Hearing Schedules for 2016](#)BEFORE THE
RAILROAD COMMISSION OF TEXAS

STATEMENT OF INTENT OF TEXAS	§	
GAS SERVICE COMPANY, A	§	
DIVISION OF ONE GAS, INC., TO	§	GAS UTILITIES DOCKET
INCREASE GAS UTILITY RATES	§	NO. 10506
WITHIN THE UNINCORPORATED	§	
AREAS OF THE EL PASO SERVICE	§	
AREA (EPSA), PERMIAN SERVICE	§	
AREA (PSA), AND DELL CITY	§	
SERVICE AREA (DCSA)	§	

NOTICE OF HEARING

Summary of the Proceeding. On March 30, 2016, Texas Gas Service Company (“TGS”), a division of ONE Gas, Inc. (“ONE Gas”), filed with the Railroad Commission of Texas (“Commission”) a statement of intent to increase gas utility rates within the unincorporated areas of the El Paso Service Area (“EPSA”), Permian Service Area (“PSA”), and Dell City Service Area (“DCSA”) (the “Statement of Intent”). In addition to requesting a change in rates, TGS also proposes to consolidate the EPSA, PSA, and DCSA into a new service area to be called the West Texas Service Area (“WTSA”). As part of its rate filing, TGS also seeks: Commission approval of new depreciation rates for distribution and general plant within the WTSA, TGS Division plant, and corporate assets allocated to TGS and the WTSA; a prudency determination with regard to its capital investment booked to plant in the unincorporated areas of the EPSA, PSA, and DCSA through December 31, 2015, including all capital investment reflected in TGS’s interim rate adjustment (“IRA”) filings made in the EPSA environs since the last EPSA environs statement of intent rate proceeding; a Commission finding that the transfer of TGS to ONE Gas is in the public interest; and reasonable rate case expenses.

The EPSA is comprised of the incorporated areas of Anthony, Clint, El Paso, Horizon City, San Elizario, Socorro, and Vinton, Texas, and their associated environs, including Fabens, Texas. The PSA is comprised of the incorporated areas of Andrews, Barstow, Crane, McCamey, Monahans, Pecos, Pyote, Thorntonville, Wickett, and Wink, Texas, and their associated environs. The DCSA is comprised of the incorporated areas of Dell City, Texas, and its associated environs.

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Contemporaneously with its Statement of Intent, TGS filed a statement of intent to increase rates with the municipalities retaining original jurisdiction in the EPSA and the DCSA (together with the Statement of Intent, and to the extent the Commission acquires jurisdiction over these municipal actions, the “Consolidated Requested Relief”).

On May 27, 2016, the rate case expenses portion of GUD No. 10506 was severed into GUD No. 10521.

NOTICE IS HEREBY GIVEN THAT a public hearing will be held, at the time and place set out below, to consider all issues of fact and law raised in or relevant to TGS’s Statement of Intent and/or its Consolidated Requested Relief. The issues that may be addressed at the hearing include, but are not limited to, the following:

1. The legality and effect of TGS’s Statement of Intent and/or its Consolidated Requested Relief;
2. The justness and reasonableness of all of the utility rates, operations, and services, including the operations of the various applicable tariffs of TGS;
3. The safety, adequacy, efficiency, and reasonableness of services provided by TGS;
4. TGS’s compliance with all applicable statutes, rules, orders, duties, direction, or requirements of the Commission, enforced by the Commission, or imposed by the Commission;
5. Whether any changes should be imposed on any existing tariffs;
6. Whether the changes in rates and services proposed by TGS are unreasonably preferential, prejudicial, or discriminatory, and whether they are sufficient, equitable, and consistent in application to each class of customer, in compliance with applicable provisions of the Texas Utilities Code;
7. Whether all of TGS’s rate base is reasonable and necessary to the provision of safe and reliable natural gas service and whether any amounts collected under an interim rate adjustment tariff or rates schedule filed pursuant to Section 104.301 of the Texas Utilities Code, not previously reviewed and approved, are subject to refund;
8. Whether the EPSA, PSA, and DCSA should be consolidated into the new WTSA;
9. The prudence of capital investment booked to plant in the unincorporated areas of the EPSA, PSA, and DCSA through December 31, 2015, including all capital investment reflected in TGS’s interim IRA filings made in the EPSA environs since the last EPSA environs statement of intent rate proceeding, pursuant to Section 104.301 of the Texas Utilities Code;

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10. New depreciation rates for distribution and general plant within the WTSA, TGS Division plant, and corporate assets allocated to TGS and the WTSA;
11. Whether the transfer of TGS to ONE Gas is in the public interest; and
12. Any and all other issues raised in the pleadings, evidence, or argument that are necessary for the Commission to render a final decision on the merits of this case.

Legal Authority and Jurisdiction. The Commission has jurisdiction over TGS and the matters at issue in these proceedings pursuant to Sections 102.001, 103.051, 104.001, 121.051, 121.052, and 121.151 of the Texas Utilities Code. The Administrative Law Judge and the Technical Examiners shall conduct the hearing pursuant to the requirements of Chapter 2001 of the Texas Government Code, Title 16 of the Texas Administrative Code, and other applicable authority.

Particular Statutes and Rules Involved. The statutes and rules applicable to this proceeding include, but are not limited to, the following:

1. All sections of the Texas Utilities Code, Chapters 101, 102, 103, 104, and 121; and
2. Title 16 of the Texas Administrative Code, including Chapters 1 and 7.

IT IS DIRECTED that all parties desiring to present sworn testimony, documentary and demonstrative evidence, and argument regarding any issue of law or fact at the final hearing on the merits **SHALL** appear in person or by an attorney.

Time, Place, and Nature of Hearing. **IT IS FURTHER DIRECTED** that the hearing on the merits shall commence at **10:00 a.m., Tuesday, July 19, 2016**, at the Commission's offices in the William B. Travis Building, 1701 North Congress Avenue, Austin, Texas, 12th floor, room 12-126. If the hearing is not concluded on the day it commences, the hearing will be continued from day to day, as announced until concluded.

Written Transcript of the Hearing. The record of the hearing will be made by stenographic transcription by the court reporter. Any party that desires a copy of the written transcript of the hearing should contact the court reporter at (512) 282-0313. The Commission may assess the cost of the transcript or expedited transcript to one or more parties pursuant to Section 2001.059 of the Texas Government Code.

Auxiliary Aids or Services for Persons with a Disability. Any individual with a disability who needs auxiliary aids and services in order to have an equal opportunity to effectively communicate and participate in the hearing must request such aids or services at least two weeks prior to the hearing by notifying the Human Resources Department of the Commission by mail at P.O. Box 12967, Austin, Texas 78711 – 2967 or by telephone at (512) 463-6981 or TDD No. (800) 735-2989.

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Contact for Additional Information – *In accordance with Tex. Gov't Code Ann. §2001.061 and 16 Tex. Admin. Code § 1.6, ex parte communications with the Administrative Law Judge, Hearings Examiners and Commissioners are prohibited. Any persons or entities desiring additional information may contact the Commission by writing to the Director, Hearings Division, Railroad Commission of Texas, 1701 North Congress Avenue, P. O. Box 12967, Capitol Station, and Austin, Texas 78711-2967. Any persons or entities having clerical questions, such as questions regarding the number of copies of filings, the service list or reviewing the record, may contact, Docket Services, at (512) 463-6848.*

John Dodson
Administrative Law Judge

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SECTION 3

STATUS OF PENDING CASES

None at this time.

SECTION 4

NOTICES OF DISMISSAL

None at this time.

SECTION 5

ORDERS OF THE COMMISSION

[GUD No. 10504](#)

[Application of Hughes Natural Gas, Inc. for Test Year 2015 Annual Interim Rate Adjustment Program for the environs area.](#)

[GUD No. 10509](#)

[Application of CenterPoint Energy Entex for Test Year 2015 Annual Interim Rate Adjustment Program for the environs of the South Texas Division and the Cities of Beeville, Eagle Lake, El Campo, Floresville, Goliad, Hallettsville, Kenedy, New Braunfels, Nordheim, Palacios, Pleasanton, San Diego, San Marcos, Schertz, Seguin, Selma, Sinton, and Weimer, which have ceded jurisdiction to the Commission pursuant to GURA §103.003.](#)

[GUD No. 10510](#)

[Application of CenterPoint Energy Entex for Test Year 2015 Annual Interim Rate Adjustment Program for the environs of the Beaumont/East Texas Division and the Cities of Ames, Avinger, Center, Colmesneil, Crockett, Dayton, Diboll, Elkhart, Gilmer, Grapeland, Groveton, Hideaway, Hudson, Jasper, Latexo, Lovelady, Lumberton, Maud, Nacogdoches, Pinehurst, Rose City, San Augustine, Shepherd, Tenaha, Timpson, Trinity, Vidor, and West Orange, which have ceded jurisdiction to the Commission pursuant to GURA §103.003](#)

SECTION 6
MISCELLANEOUS

Kari French, OVERSIGHT AND SAFETY DIRECTOR

1. OFFICE OF THE DIRECTOR

A. Publications

1. Texas Utilities Code Titles 3 and 4. Now available at the State of Texas' website at:

<http://www.statutes.legis.state.tx.us>

Special Rules of Practice and Procedure and Substantive Rules. Now available thru the Commission's Website at:

[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=4&ti=16&pt=1&ch=7](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=4&ti=16&pt=1&ch=7)

2. Annual Report for Fiscal Year – Now available via the Commission's website at:

<http://www.rrc.texas.gov/gas-services/publications-statistics/gas-utility-statistical-reports/>

3. Six MCF Monthly Residential Gas Bill Analysis for Twenty-five Texas Cities - Now available via the Commission's website at:

<http://www.rrc.texas.gov/gas-services/publications-statistics/six-mcf-report/>

B. Interest Rate on Customer Deposits

We have been advised by the Public Utility Commission that the interest rate to be applied to customer deposits in calendar year 2016 is 0.11%. All gas utilities should use 0.07% for the calendar year 2015 and 0.09% for calendar year 2014.

2. UTILITY AUDIT SECTION

A. Maintains headquarters and three district offices as follows:

Headquarters - William B. Travis Building
1701 North Congress, P. O. Box 12967, Austin, Texas 78701
Ed Abrahamson, Director, Utility Audit Section
Pearl Rodriguez, Program Specialist
Amy Bruce, Accounts Examiner

Telephone (512) 463-7022
Fax (512) 475-3180

Fort Worth - City Hall 13th Street Annex, 401 W. 13th St Suite B

Telephone (817) 882-8966
Fax (817) 882-8951

Josh Settle, Senior Auditor
Yolandra Davis, Senior Auditor

Austin District - P. O. Box 12967, Austin, Texas 78711-2967

Stephen Cooper, Advising Auditor

Telephone (512) 463-7119

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Houston District - 1706 Seamist Drive, Suite 501
Houston, TX 77008-3135

Telephone (713) 869-8425
Fax (713) 869-3219

Margie Stoney, Project Auditor
Larry Alcorn, Auditor
Dale Francis, Senior Auditor
Konata Uzoma, Senior Auditor
Vonetta Jackson, Auditor

B. Gas Utility Tax, Annual Reports and Audit Reports

1. Questions relating to gas utility tax, call Pearl Rodriguez at (512) 463-7022.
2. Questions relating to annual reports, call Pearl Rodriguez at (512) 463-7022.
3. Inquiries relating to audit reports, call Pearl Rodriguez at (512) 463-7022.

C. Available Information

Gas Utility Annual Reports - Now available via Commission's website at:

https://rrcsearch3.neubus.com/esd3-rrc/index.php?_module=_esd&_action=_keysearch&profile=13

Information relating to any of the above, are available for review at the William B. Travis Building, Gas Services Division, 9th Floor, 1701 North Congress. All requests for copies must be made in writing and should be addressed to the Audit Section. Copies will be provided for a fee, depending on the volume of copy work desired, allow a minimum of seven to ten business days for completion of requests. Inquiries regarding copies should be directed to the Audit Section at (512) 463-7022, or Fax your request to (512) 475-3180.

3. MARKET OVERSIGHT

A. Maintains the following office to assist you:

Headquarters - William B. Travis Building
1701 North Congress, P.O. Box 12967, Austin, Texas 78711
Mark Evarts, Director

Telephone (512) 463-7167

B. Gas Utilities Information Bulletin

Published on the Commission's web site at:

<http://www.rrc.texas.gov/gas-services/publications-statistics/gas-utilities-information-bulletins/>

C. Proposals For Decision

Published on the Commission's web site at:

<http://www.rrc.texas.gov/hearings/dockets/gas-utility-dockets/>

D. Tariff Filings

Questions pertaining to the filing of tariffs and/or quality of service rules should be directed to Claudia Godoy, Yolanda Lovelace, Andrea Matamoros or Virgie Frausto at (512) 463-7167.

E. Curtailments

Curtailment questions should be referred to (512) 463-7167. Curtailment reports made Monday through Friday, 8:00 a.m. to 5:00 p.m., should be made to (512) 463-7167. Curtailment reports made during hours other than those specified above and holidays, should be made to (512) 463-6788.

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- F. Compliance Filings**
Questions regarding gas utilities docket compliance filing requirements should be referred to Erin Cromleigh at (512) 463-7167.
- G. Complaints and Inquiries**
All complaints and inquiries relating to the gas utility industry should be directed to the Market Oversight Section at (512) 463-7164.
- H. Pending RRC Rules and Regulations:**

4. HEARINGS AND LEGAL ANALYSIS

- A. Miscellaneous**
Anyone wishing to obtain copies of appendices to Orders appearing in Section 5 of this Bulletin should contact the Legal Division at (512) 463-7017.
- B. Status of Pending Cases**
The status of all pending cases listed in Section 3 of this Bulletin is for informational purposes only and is complete up to the time of printing of this Bulletin. For a more accurate status of pending cases, please call the Legal Division at (512) 463-7017.