

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

**GAS UTILITIES  
INFORMATION BULLETIN**

**No. 1043**



**RAILROAD COMMISSION  
OF TEXAS**

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

**Kari French  
Director  
Oversight and Safety Division**

**September 14, 2016**

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## SECTION 1

NEW APPEALS AND APPLICATIONS FILED

**DOCKET NO.** -- **10549**  
**CAPTION** -- Application filed by Aethon United Gas LP to Report Acquired Assets from J-W Gathering Company  
**DATE FILED** -- 09/01/16  
**FILED BY** -- Michelle T. Boudreaux  
**EXAMINER** --  
**TECHNICAL** -- Christina Poole

**DOCKET NO.** -- **10550**  
**CAPTION** -- Application filed by ETC Katy Pipeline, LTD to Report Acquired Assets from Regency DeSoto Pipeline LLC.  
**DATE FILED** -- 09/01/16  
**FILED BY** -- Claire Johnson  
**EXAMINER** --  
**TECHNICAL** -- Christina Poole

**DOCKET NO.** -- **10551**  
**CAPTION** -- Application filed by Oasis Pipe Line Company TX L.P. to Report Acquired Assets from Regency DeSoto Pipeline LLC.  
**DATE FILED** -- 09/01/16  
**FILED BY** -- Claire Johnson  
**EXAMINER** --  
**TECHNICAL** -- Christina Poole

**DOCKET NO.** -- **10552**  
**CAPTION** -- Application filed by CenterPoint Energy Entex to show the City of China, Texas Surrendered Municipal Jurisdiction to the Railroad Commission of Texas.  
**DATE FILED** -- 09/01/16  
**FILED BY** -- Thomas Stevens  
**EXAMINER** --  
**TECHNICAL** -- Mark Evarts

**DOCKET NO.** -- **10553**  
**CAPTION** -- Application of Texas Gas Service Company 2016 Gas Reliability Infrastructure Program Rate Adjustment for the Unincorporated Areas of The North Texas Service Area.  
**DATE FILED** -- 09/02/2016  
**FILED BY** -- Denise Dembowski  
**EXAMINER** --  
**TECHNICAL** -- Erin Cromleigh

**DOCKET NO.** -- **10554**  
**CAPTION** -- Application filed by Mitchell County Utility Company to Report Customer Deposits due to Sale or Transfer Pursuant to Quality of Service Rule §7.45 Section (5)(G).  
**DATE FILED** -- 09/08/16  
**FILED BY** -- Mike Hemphill  
**EXAMINER** --  
**TECHNICAL** -- Mark Evarts

September 14, 2016

## 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 (TGS), A	§	
DIVISION OF ONE GAS, INC., TO	§	GAS UTILITIES DOCKET
CHANGE GAS UTILITY RATES	§	NO. 10526
WITHIN THE UNINCORPORATED	§	
AREAS OF THE CENTRAL TEXAS	§	
SERVICE AREA (CTSA) AND SOUTH	§	
TEXAS SERVICE AREA (STSA)	§	

NOTICE OF HEARING

*Summary of the Proceeding.* On June 20, 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 Central Texas Service Area (“CTSA”) and South Texas Service Area (“STSA”) (the “Statement of Intent”). In addition to requesting a change in rates, TGS also proposes to consolidate the CTSA and STSA into a single Central Texas Consolidated Service Area (“CTCSA”). As part of its rate filing, TGS also requests that the Commission: approve the prudence of capital investment in the proposed CTCSA made through December 31, 2015; approve new depreciation rates; find that the transfer of TGS to ONE Gas is in the public interest, to the extent necessary; authorize TGS to recover all reasonable rate case expenses incurred in connection with this proceeding; and grant such further relief to which TGS is entitled.

The CTSA is comprised of the incorporated areas of Austin, Bee Cave, Cedar Park, Dripping Springs, Kyle, Lakeway, Rollingwood, Sunset Valley, and West Lake Hills, Texas, and their associated environs, including the environs of Buda, Texas. The STSA is comprised of the incorporated areas of Cuero, Gonzales, Luling, Lockhart, Shiner, Yoakum, and Nixon, Texas, and their associated environs.

On August 9, 2016, the Commission suspended the effective date for TGS’s rate increase for the unincorporated areas of the CTSA and STSA for 150 days, until January 9, 2017, pursuant to Section 104.107 (Rate Suspension; Deadline) of the Gas Utility Regulatory Act (“GURA”) of the Texas Utilities Code. On August 17, 2016, the Administrative Law Judge severed the rate case expenses portion of this docket into a separate docket, GUD No. 10546.

Contemporaneously with its Statement of Intent, TGS filed statements of intent to increase rates with the municipalities retaining original jurisdiction in the CTSA (together with the Statement

of Intent, and to the extent the Commission acquires jurisdiction over these municipal actions, the “Consolidated Requested Relief”).

***Intervening Parties.*** Two parties have intervened as litigants in this docket: (1) Staff of the Railroad Commission (“Staff”), and (2) a coalition of municipalities (“Central Texas Municipalities”), which is comprised of the Cities of Austin, Bee Cave, Lakeway, Cedar Park, and Sunset Valley.

**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 TGS’s proposed rates, operations, services, and tariffs;
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 GURA Section 104.301 (Interim Adjustment for Changes in Investment), not previously reviewed and approved, are subject to refund;
8. Whether the CTSA and STSA should be consolidated into the new CTCSA;
9. The prudence of capital investment in the proposed CTCSA made through December 31, 2015, including all capital investment reflected in previous interim rate adjustment (“IRA”) filings;
10. TGS’s proposed depreciation rates for the proposed CTCSA;

11. Whether the transfer of TGS to ONE Gas is in the public interest<sup>1</sup>; 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, or may have, jurisdiction over TGS and the matters at issue in this proceeding pursuant to GURA Sections 102.001 (Railroad Commission Jurisdiction), 103.003 (Surrender of Municipal Jurisdiction to Railroad Commission; Reinstatement of Jurisdiction), 103.051 (Appeal by Party), 103.052 (Appeal by Residents), 103.053 (Appeal by Ratepayers Outside Municipality), and 104.001 (Authorization to Establish and Regulate Rates), and/or pursuant to GURA Sections 121.051 (Gas Utility: Public Interest and Jurisdiction of Railroad Commission), 121.052 (Pipelines: Monopolies Subject to Railroad Commission), and 121.151 (Railroad Commission Regulation of Gas Pipelines). The Administrative Law Judge and the Technical Examiners shall conduct the hearing pursuant to the requirements of Chapter 2001 (Administrative Procedure) of the Texas Government Code and pursuant to Title 16, Part 1 (Railroad Commission of Texas), of the Texas Administrative Code, and other applicable authority.

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

1. All sections in GURA Chapters 101 (General Provisions and Office of Public Utility Counsel), 102 (Jurisdiction and Powers of Railroad Commission and Other Regulatory Authorities), 103 (Jurisdiction and Powers of Municipality), 104 (Rates and Services), and 121 (Gas Pipelines); and
2. Title 16, Part 1 (Railroad Commission of Texas), of the Texas Administrative Code, including Chapters 1 (Practice and Procedure) and 7 (Gas Services Division).

**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. on Wednesday, October 12, 2016**, at the Commission's offices in the William B. Travis Building, 1701 North Congress Avenue, Austin, Texas, 12<sup>th</sup> 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 (Transcript) of the Texas Government Code.

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<sup>1</sup> This issue has been precluded from litigation in this docket, pursuant to Examiners' Letter No. 12 (Ruling on TGS's Motion to Preclude), issued August 26, 2016.

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***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.

***Contact for Additional Information*** – *In accordance with Tex. Gov't Code §2001.061 and 16 Tex. Admin. Code § 1.6, ex parte communications with the Administrative Law Judges, 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.*

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John Dodson  
Administrative Law Judge

### 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**

**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. 13<sup>th</sup> St Suite B

Josh Settle, Senior Auditor

Yolandra Davis, Senior Auditor

Telephone (817) 882-8966

Fax (817) 882-8951

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](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**

Curtilment 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.