

**RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION**

**GAS UTILITIES
INFORMATION BULLETIN**

No. 878



**RAILROAD COMMISSION
OF TEXAS**

**Victor G. Carrillo, Chairman
Elizabeth A. Jones, Commissioner
Michael L. Williams, Commissioner**

**William O. Geise
Director
Gas Services Division**

October 26, 2009

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Orders were issued in the following dockets:

GUD No. 9902: Statement of Intent Filed by CenterPoint Energy Resources Corp., D/B/A/ CenterPoint Energy Entex and CenterPoint Energy Texas Gas to Increase Gas Utility Rates Within the Cities of Galena Park, Jacinto City, Southside Place, West University Place, and all of the Unincorporated Areas Served by the Houston Division – *Interim Order*.

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SECTION 1
NEW APPEALS AND APPLICATIONS FILED

DOCKET NO. -- 9916
CAPTION -- Appeal of CenterPoint Energy Entex for Review of the Petition of Municipal Rate Decision on the Utility's COSA, Request for Declaratory Order, Motion to Consolidate for Shoreacres, Freeport, Pearland, and West Columbia.
DATE FILED -- October 13, 2009
FILED BY -- Dane McKaughn
EXAMINER -- Eugene Montes

DOCKET NO. -- 9917
CAPTION -- Atmos Cities Steering Committee Petition for Review of Rates Charged by Atmos Pipeline - Texas.
DATE FILED -- October 15, 2009
FILED BY -- Georgia N. Crump
EXAMINER -- John Chakales

DOCKET NO. -- 9918
CAPTION -- Application of Texas Gas Service for Review of the Relocation Cost Recovery for the Environs of the Central Texas Services Area.
DATE FILED -- October 19, 2009
FILED BY -- Paul Wilson
EXAMINER -- David Ferguson

DOCKET NO. -- 9919
CAPTION -- Appeal of CenterPoint Energy Entex from the Actions of the City of League City, Texas.
DATE FILED -- October 23, 2009
FILED BY -- Dane McKaughn
EXAMINER -- Eugene Montes

SECTION 2
APPEALS AND APPLICATIONS SET FOR HEARING OR PREHEARING CONFERENCE

None at this time.

SECTION 3
STATUS OF PENDING CASES

None at this time.

SECTION 4
NOTICES OF DISMISSAL

None at this time.

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SECTION 5
ORDERS OF THE COMMISSION

RAILROAD COMMISSION OF TEXAS

STATEMENT OF INTENT FILED BY	§	
CENTERPOINT ENERGY RESOURCES CORP.,	§	
D/B/A CENTERPOINT ENERGY ENTEX AND	§	
CENTERPOINT ENERGY TEXAS GAS TO	§	GAS UTILITIES DOCKET NO. 9902
INCREASE GAS UTILITY RATES WITHIN THE	§	
CITIES OF GALENA PARK, JACINTO CITY,	§	
SOUTHSIDE PLACE,	§	WEST
UNIVERSITY PLACE, AND ALL OF THE	§	
UNINCORPORATED AREAS SERVED BY THE	§	
HOUSTON DIVISION.	§	

INTERIM ORDER

FINDINGS OF FACT

1. On July 31, 2008, CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas ("CenterPoint") filed a *Statement of Intent* to change rates in the company's statewide gas utility system.

System-Wide Rates

2. In its Statement of Intent, CenterPoint proposed that system-wide rates be established for the Houston Division.
3. The Commission has previously determined that a utility may establish system-wide rates.
 1. Tex. R.R. Comm'n, *TXU Gas Company Statement of Intent to Change Rates in the Company's Statewide Gas Utility System*, Docket No. 9400 (Gas Utils. Div. May 25, 2004) (final order granting application) ("GUD No. 9400").
 2. Tex. R.R. Comm'n, *Petition for De Novo Review of The Reduction of the Gas Utility Rates of Atmos Energy Corp., Mid-Tex Division, by the Cities of Blue Ridge, Caddow Milles et al.; Atmos Energy Corporation Statement of Intent to Change Rates in the Atmos Energy Corp., Mid-Tex Division Gas Utility System; Petition for Review from Actions of Municipalities Denying Rate Request* (Gas Utils. Div. June 16, 2007) (final order on rehearing) ("GUD No. 9670")
 3. Tex. R.R. Comm'n, *Statement of Intent filed by Atmos Energy Corporation to Increase Utility Rates within the Unincorporated Areas Served by the Atmos Energy Corp., Mid-Tex Division and Petition for De Novo Review of the Denial of the Statement of Intent filed by Atmos in Various Municipalities* (Gas Utils. Div. June 24, 2008) (final order granting application) ("GUD No. 9762").
4. In each of those cases the Commission concluded that it was reasonable for a utility to establish system-wide rates.
5. CenterPoint may seek system-wide rates in this proceeding but must establish that system-wide rates are reasonable.

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Recovery of gas cost portion of uncollectible expenses

6. The Commission has previously determined that a utility may recover the gas cost portion of uncollectible expenses through the purchase gas adjustment clause.
 1. Tex. R.R. Comm'n, *Statement of Intent filed by Atmos Energy Corporation to Change Gas Rates in the Environs of Amarillo, Texas* (Gas Utils. Div. March 8, 2005) (final order granting application) ("GUD No. 9539");
 2. GUD No. 9762.
7. It is reasonable for a utility to seek recovery of the gas cost portion of uncollectible expenses through the purchase gas adjustment clause.
8. CenterPoint must establish in this proceeding that the processes to recover those expenses set out in Finding of Fact No. 6 and 7 are reasonable.

Federal Income Taxes

9. The Commission hereby takes notice that a utility will be required to account for federal income taxes based on the revenues generated by the utility.
10. The Commission has previously determined that the recovery of federal income taxes using the income tax rate of 35 percent is reasonable:
 1. Tex. R.R. Comm'n, *Statement of Intent filed by CenterPoint Energy Entex, A division of CenterPoint Energy Resources Corp., to Change Rates in the Unincorporated Areas of the Beaumont/East Texas Division* (Gas Utils. Div. April 5, 2005) (final order granting application) ("GUD No. 9533")
 2. Tex. R.R. Comm'n, *Statement of Intent filed by CenterPoint Energy Entex, A division of CenterPoint Energy Resources Corp., to Change Rates in the Unincorporated Areas of the Beaumont/East Texas Division* (Gas Utils. Div. April 5, 2005) (final order granting application) ("GUD No. 9534");
 3. GUD No. 9670;
 4. GUD No. 9762.
11. Rate case expenses for GUD No. 9902 will be considered by the Commission in accordance with Tex. Util. Code Ann. § 103.022 and § 104.008 (Vernon 2008), and Tex. Admin. Code § 7.5530, in a separate proceeding.

CONCLUSIONS OF LAW

1. CenterPoint is a gas utility as defined in the Texas Utilities Code. TEX. UTIL. CODE ANN. §§ 101.003(7) and 121.001 (Vernon Supp. 2008).
2. CenterPoint is subject to the jurisdiction of the Railroad Commission of Texas. TEX. UTIL. CODE ANN.

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102.001 (Vernon 2008).

3. In a proceeding involving a proposed rate change, the gas utility has the burden of proving that the rate change is just and reasonable. TEX. UTIL. CODE ANN. § 104.008 (Vernon 1998).
4. A utility may seek to implement system-wide rates and it is consistent with 16 TEX. ADMIN. CODE § 7.220 (2005). *City of Dallas v. Railroad Commission of Texas*, No. 03-06-00580-CV, 2008 WL 483225 (Tex. App. - Austin Nov. 6, 2008, no pet.) (mem. Op.).
5. An uncollectible gas cost is a "gas cost" under 16 TEX. ADMIN. CODE § 7.5519(a).

IT IS THEREFORE ORDERED that the issue of whether a utility may seek system-wide rates shall not be litigated in this proceeding. This ruling, however, does not preclude litigation regarding whether CenterPoint has established that system-wide rates are appropriate for the Houston Division.

IT IS FURTHER ORDERED that it is determined that for purposes of 16 TEX. ADMIN. CODE § 7.5519(a) an uncollectible gas cost is a "gas cost." CenterPoint must establish, however, that it is reasonable for this utility to recover the gas cost portion of uncollectible expenses through its purchase gas adjustment clause.

IT IS FURTHER ORDERED that issues related to the federal income tax rate to be applied in this case are precluded from further litigation. This ruling, however, does not preclude litigation of other calculations used to arrive at the proposed allowance for federal income taxes.

SIGNED this 22ND day of October, 2009.

RAILROAD COMMISSION OF TEXAS

/s/

VICTOR G. CARRILLO, CHAIRMAN

/s/

ELIZABETH A. JONES, COMMISSIONER

/s/

MICHAEL L. WILLIAMS, COMMISSIONER

ATTEST

Rachel Hampton
COMMISSION SECRETARY

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SECTION 6
MISCELLANEOUS

WILLIAM O. GEISE, GAS SERVICES DIVISION 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://info.sos.state.tx.us/pls/pub/readtac\\$ext.ViewTAC?tac_view=4&ti=16&pt=1&ch=7](http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC?tac_view=4&ti=16&pt=1&ch=7)

- 2.
- a. Annual Report for Fiscal Year 2007 – Now available via the Commission's website at:
<http://www.rrc.state.tx.us/data/gasservices/annualrpt/2007/index.php>
 - b. Annual Report for Fiscal Year 2006 – Now available via the Commission's website at:
<http://www.rrc.state.tx.us/data/gasservices/annualrpt/2006/index.php>
 - c. Annual Report for Fiscal Year 2005 – Now available via the Commission's website at:
<http://www.rrc.state.tx.us/data/gasservices/annualrpt/2005/index.php>
 - d. Annual Report for Fiscal Year 2004 – Now available via the Commission's website at:
<http://www.rrc.state.tx.us/data/gasservices/annualrpt/2004/index.php>
 - e. Annual Report for Fiscal Year 2003 – Now available via the Commission's website at:
<http://www.rrc.state.tx.us/data/gasservices/annualrpt/2003/index.php>
 - f. Annual Report for Fiscal Year 2002 – Now available via the Commission's website at:
<http://www.rrc.state.tx.us/data/gasservices/annualrpt/2002/index.php>
 - g. Annual Report for Fiscal Year 2001 – available via the Commission's website at:
<http://www.rrc.state.tx.us/data/gasservices/annualrpt/2001/index.php>
3. Six MCF Monthly Residential Gas Bill Analysis for Twenty-five Texas Cities - \$2.00 – Now available via the Commission's website at:

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<http://www.rrc.state.tx.us/data/gasservices/sixmcf/index.php>**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 2009 is 2.09%. All gas utilities should use 4.69% through December 31, 2008 and use 2.09% effective January 1, 2009.

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	Telephone (512) 463-7022 Fax (512) 475-3180
Ed Abrahamson, Director, Utility Audit Section Pearl Rodriguez, Program Specialist	
Dallas District- 1546 Rowlett Rd., Suite 107, Garland, Texas 75043	Telephone (972) 240-5757 Fax (972) 303-1897
Yolandra Davis, Auditor Josh Settle, Auditor	
Austin District- P. O. Box 12967, Austin, Texas 78711-2967	Telephone (512) 463-7022 Fax (512) 475-3180
Stephen Cooper, Senior Auditor	
Houston District- 1706 Seamist Drive. Suite 501 Houston, TX 77008-3135	Telephone (713) 869-8425 Fax (713) 869-3219
Margie Stoney, Senior Auditor Larry Alcorn, Auditor Dale Francis, Auditor LaToya Johnson, Auditor Konata Uzoma, 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

Copies of gas utility annual reports (2000 to present), as well as information relating to any of the above, A through C, 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.

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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 Everts, Director

Telephone (512) 463-7164

B. Gas Utilities Information Bulletin

Published on the Commission's web site at:

<http://www.rrc.state.tx.us/forms/newsletters/gasutilitybulletins/index.php>**C. Proposals For Decision**Published on the Commission's web site at: <http://www.rrc.state.tx.us/meetings/dockets/index.php>**D. Tariff Filings**

Questions pertaining to the filing of tariffs and/or quality of service rules should be directed to Kathy Arroyo, Yolanda Lovelace or Marie Blanco 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.

F. Compliance Filings

Questions regarding gas utilities docket compliance filing requirements should be referred to Mark Brock at (512) 463-7164.

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:

GUD No. 9277 Amendments to §7.305 Curtailment Rule

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.

