

**RAILROAD COMMISSION OF TEXAS  
GAS SERVICES DIVISION**

**GAS UTILITIES  
INFORMATION BULLETIN**

**No. 841**



**RAILROAD COMMISSION  
OF TEXAS**

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

**Stephen L. Pitner  
Director  
Gas Services Division**

**April 10, 2008**

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Orders were issued in the following dockets:

**GUD No. 9733:**

Application Filed by West Texas Gas, Inc. to Abandon and Permanently Discontinue Service To Rural Domestic and Commercial Customers in Brown, Coleman, and McCulloch Counties, Texas – *Final Order*.

**GUD No. 9772:**

Application of Atmos Energy, West Texas Division for the 2006 Annual Gas Reliability Infrastructure Program Rate Adjustment for the Environs of the Lubbock Rate Division – *Interim Rate Adjustment Order*.

**GUD No. 9788:**

Application of Atmos Pipeline-Texas for Test Year 2007 Annual Interim Rate Adjustment for Pipeline System – *Interim Rate Adjustment Order*.

**GUD No. 9791:**

Statement of Intent Filed By Centerpoint Energy Resources Corp. d/b/a Centerpoint Energy Entex and Centerpoint Energy Texas Gas to Increase the Rates in the Unincorporated Areas of the Texas Coast Division – *Suspension Order*.

**SECTION 1**  
**NEW APPEALS AND APPLICATIONS FILED**

**DOCKET NO.** -- 9792  
**CAPTION** -- Inquiry into the Failure of the City of Alto to Comply with Safety Standards  
**DATE FILED** -- March 31, 2008  
**FILED BY** -- Commission's Own Motion  
**EXAMINER** --

**DOCKET NO.** -- 9793  
**CAPTION** -- Inquiry into the Failure of Royal Production Company, Inc. to Comply with Safety Standards.  
**DATE FILED** -- April 3 , 2008  
**FILED BY** -- Commission's Own Motion  
**EXAMINER** --

**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**

**BEFORE THE**  
**RAILROAD COMMISSION OF TEXAS**

<b>APPLICATION FILED BY WEST TEXAS GAS, INC. TO ABANDON AND PERMANENTLY DISCONTINUE SERVICE TO RURAL DOMESTIC AND COMMERCIAL CUSTOMERS IN BROWN, COLEMAN, AND MCCULLOCH COUNTIES, TEXAS.</b>	<b>GAS UTILITIES DOCKET NO. 9733</b>
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**FINAL ORDER**

Notice of Open Meeting to consider this Order was duly posted with the Secretary of State within the time period provided by law pursuant to TEX. GOV=T CODE ANN. Chapter 551, et seq. (Vernon 1994 & Supp. 2006). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

**FINDINGS OF FACT**

1. On May 16, 2007, West Texas Gas, Inc. (AWTG@) filed an application to abandon gas service to rural customers located in Brown, Coleman and McCulloch Counties, Texas.
2. WTG is a gas utility and is subject to the jurisdiction of the Railroad Commission of Texas (ACommission@).
3. On June 14, 2007, WTG filed its first amended petition to abandon gas service to rural customers located in Brown, Coleman and McCulloch Counties, Texas.
4. Judi L. Bryan intervened in this matter. Mrs. Bryan was present and participated in the final hearing of this matter.
5. A final hearing was convened on September 19, 2007, to take testimony, other evidence, and legal argument on all issues of law and fact that were raised in or relevant to WTG=s application, for the purpose of developing a record that the Commission will use in deciding this matter.
6. WTG=s closing argument was filed on October 19, 2007. No other party, intervenor or person filed a closing argument in this docket.
7. WTG=s first amended application to abandon contained the information required for such applications in 16 TEX. ADMIN. CODE '7.465(b)(1) (2002), is complete and contains all necessary information required for review of the application by the Commission and its staff.
8. WTG owns and operates the North Brady Rural Distribution System (ANBS@) which is located in Brown, Coleman and McCulloch Counties, Texas.

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9. The NBS is approximately 199,000 feet in length and is comprised of 5, 6, 7, and 8 inch diameter pipeline.
10. The NBS provides gas distribution to approximately 68 residential, 11 public and 2 commercial customers who are all located in rural areas of Brown, Coleman and McCulloch Counties, Texas.
11. The NBS is not connected to the City of Brady, Texas and does not provide city-gate service.
12. WTG acquired the NBS from the City of Brady in 1997.
13. The NBS was constructed in the 1920s and is over 80 years old.
14. When WTG acquired the NBS in 1997, the pipeline was in a state of disrepair and suffered from inadequate cathodic protection, internal corrosion and external corrosion.
15. Since acquiring the NBS in 1997, WTG has incurred approximately \$367,920 in maintenance and repair expense on the NBS.
16. The NBS continues to have problems with leaks, a high level of lost and unaccounted for gas, and other safety issues.
17. The NBS= continual problems with gas leaks and other safety problems are due to the age of the system. The pipeline is over 80 years old and has internal and external corrosion as a result of its age and many years of operation.
18. Continued maintenance and repair of the NBS is not feasible because the pipeline will continue to develop new leaks and other safety issues as a result of the pipeline=s age and condition.
19. The NBS needs to have all the pipeline replaced in order to provide continued gas distribution service.
20. There is no evidence that WTG failed to properly maintain the NBS or otherwise neglected the pipeline since acquiring the pipeline in 1997.
21. The cost to replace the pipe on the NBS is estimated to cost \$1 million or more.
22. WTG submitted a cost of service model for gas distribution service based on the replacement cost of the pipe on the NBS. WTG=s cost of service model yielded volumetric gas distribution rates of \$118 per Mcf.
23. Volumetric gas rates of \$118 per Mcf are substantially higher than other comparable gas utility rates. Volumetric gas rates of \$118 per Mcf are substantially higher than the energy equivalent rates for alternative energy sources such as liquid propane gas and electricity.
24. It is not economically viable for WTG to replace the pipe on the NBS because the cost of replacement will result in gas service rates that are far in excess of alternative sources of energy and no customer would be likely to continue to receive gas service at such rates.
25. At least six alternative liquid propane gas distribution companies are located in and provide service to customers in Brown, Coleman and McCulloch, Counties.
26. At least three alternative electricity service providers are located in and provide service to customers in Brown, Coleman and McCulloch, Counties.

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27. In April, 2007, WTG made a Aqualifying offer,@ as that term is defined in 16 TEX. ADMIN. CODE ' 7.115(30) (2002), to its customers receiving gas service on the NBS.

28. It is reasonable, necessary and in the public interest to allow WTG to abandon gas service to its rural distribution service customers on the NBS because alternative sources of energy are available to these customers; the pipe on the NBS needs to be replaced and the corresponding replacement cost would result in exorbitantly high gas service rates.

29. It is reasonable, necessary and in the public interest to allow WTG to abandon gas service to its rural distribution service customers on the NBS after all customers have been successfully converted to alternative sources of energy.

### CONCLUSIONS OF LAW

1. West Texas Gas, Inc. (AWTG@) is a gas utility as defined in TEX. UTIL. CODE ANN. ' ' 101.003(7), 121.001 (Vernon 1998 & Supp. 2006) and is subject to the Commission=s jurisdiction under TEX. UTIL. CODE ANN. ' ' 104.001, 121.051 (Vernon 1998 & Supp. 2006).
2. The Commission has the authority to review, revise, and regulate an order or agreement that establishes a price, rate, rule, regulation, or condition of service under TEX. UTIL. CODE ANN. ' 121.153 (Vernon 1998 & Supp. 2005).
3. The Commission has the authority to review, revise, and cancel any order entered by the Commission. TEX. UTIL. CODE ANN. ' ' 102.001 and 104.001 (Vernon 1998 & Supp. 2005).
4. A gas utility shall obtain written Commission approval prior to the abandonment or permanent discontinuance of service to any residential or commercial customer that involves the removal or abandonment of facilities other than a meter pursuant to 16 TEX. ADMIN. CODE ' 7.465(b) (2002).
5. WTG has the burden to prove that its proposal to abandon gas service to residential and commercial customers is reasonable and necessary and not contrary to the public interest under 16 TEX. ADMIN. CODE ' 7.465(b)(5) (2002).
6. The findings of fact enumerated herein establish that gas distribution service provided by WTG to rural customers on its North Brady Rural Distribution System (ANBS@) is no longer economically viable for WTG and WTG=s customers under 16 TEX. ADMIN. CODE ' 7.465(b)(5)(A) (2002).
7. The findings of fact enumerated herein establish that the WTG=s customers on the NBS have economically viable alternatives to gas distribution service from WTG under 16 TEX. ADMIN. CODE ' 7.465(b)(5)(B) (2002).
8. The findings of fact enumerated herein establish that WTG=s proposed abandonment of gas distribution service to rural customers on the NBS is reasonable, necessary and not contrary to the public interest under 16 TEX. ADMIN. CODE ' 7.465(b)(5) (2002).

**IT IS THEREFORE ORDERED** that West Texas Gas, Inc. (AWTG@) application to abandon gas service to the rural customers on the North Brady Rural Distribution System (ANBS@) is hereby **GRANTED**. **IT IS FURTHER ORDERED** that WTG shall not abandon gas service to any customer until the customer to be abandoned

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has been converted to alternative energy sources or the customer has elected to receive a cash payment equivalent to the cost of conversion and WTG has made that payment to the customer.

**IT IS FURTHER ORDERED** that WTG shall not abandon gas service to any customer until the customer to be abandoned has been converted to alternative energy sources or the customer has elected to receive a cash payment equivalent to the cost of conversion and WTG has made that payment to the customer.

**IT IS FURTHER ORDERED** that the Director of Gas Services may administratively grant WTG the right to terminate and abandon gas service to a customer without completing a conversion cost estimate upon application to the Gas Services Division and submitting evidence that WTG made a good faith attempt on reasonable terms and circumstances to perform a conversion estimate but was unable to perform the cost estimate due to the customer's failure to reasonably cooperate with WTG. WTG shall make a cash equivalent payment, equal to the average conversion cost incurred by WTG, to any customer that is abandoned as a result thereof. In the event that WTG has completed a conversion cost estimate and the customer fails to reasonably cooperate with WTG's attempt to perform the conversion under reasonable terms and circumstances, the Director of Gas Services may administratively grant WTG the right to terminate and abandon gas service to a customer after WTG's makes payment of the estimated conversion cost to that customer.

This Order will not be final and appealable until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE '2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the order is served on the parties.

Each exception to the examiners' proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

**SIGNED** this 8<sup>th</sup> day of April, 2008.

**RAILROAD COMMISSION OF TEXAS**

*/s/* \_\_\_\_\_  
**MICHAEL L. WILLIAMS**  
**CHAIRMAN**

*/s/* \_\_\_\_\_  
**VICTOR G. CARRILLO**  
**COMMISSIONER**

*/s/* \_\_\_\_\_  
**ELIZABETH A. JONES**  
**COMMISSIONER**

**ATTEST**



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11. On September 2, 2005, Atmos West Texas filed its first IRA, **GUD No. 9609**, using a test year ended December 31, 2004. The order approved implementation of the IRA to be effective for bills rendered after December 13, 2005.
12. On September 1, 2006, Atmos West Texas filed its second IRA, **GUD No. 9692**, using a test year ended December 31, 2005. In that order, Atmos West Texas did not ask for an Interim Rate Adjustment. The filing under this docket was required by Statute and Commission rule as an annual filing regardless of a change in the rate. The order approved the application as a compliance filing on December 5, 2006.
13. This docket is the third annual IRA for the Lubbock Rate Division environs of Atmos West Texas subsequent to its most recent rate case for Distribution, GUD No. 9563, Statement of Intent Filed by Atmos Energy Corporation to increase Rates and change Tariffs in the Environs of the Lubbock Rate Division.
14. Until promulgation of TEX. UTIL. CODE ANN, §104.301 (Vernon Supp 2007), a utility could not increase its rates applicable to environs customers without filing with the Commission a formal statement of intent rate case, including a comprehensive cost of service rate review.
15. Atmos West Texas' proposed IRA will allow an opportunity to recover, subject to refund, a return on investment, depreciation expense, and related taxes on the incremental cost of infrastructure investment since its last rate case, without the necessity of filing a formal statement of intent rate case and without review by the Commission of Atmos West Texas' comprehensive cost of service.

*Applicability*

16. This docket applies to only those rates over which the Commission has original jurisdiction, which includes all of Atmos West Texas' environs customers in the Lubbock Rate Division.
17. As of year-end 2006, the Lubbock Rate Division environs customers totaled approximately 761,335 Residential customers, 74,533 Commercial customers, and 1,009 Industrial customers, 1,900 Public Authority customers, and 666 State Institution customers.

*Most Recent Comprehensive Rate Case*

18. Atmos West Texas' most recent rate case for Distribution for the area in which the IRA will be implemented is GUD No. 9563, Statement of Intent Filed by Atmos Energy Corporation to change Gas Rates in the Environs of Lubbock, Texas.
19. GUD No. 9563 was filed on January 10, 2005.
20. The data used in GUD No. 9563 was based on a test-year ending March 31, 2003.
21. The Commission signed the GUD No. 9563 on June 21, 2005.
22. The Commission in GUD No. 9563 set the rates currently charged by Atmos West Texas in the environs of the Lubbock Rate Division.
23. The following chart shows the factors that were established in GUD No. 9563 to calculate the return on investment, depreciation expense, incremental federal income tax, and ad valorem taxes

Rate of Return	9.15 %
Depreciation Rate	3.35
Federal Income Tax Rate	35%

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*Interim Rate Adjustment*

24. Atmos West Texas seeks approval from the Commission for an adjustment to its revenue, based on incremental net utility plant investment, with regard to the following components: return on investment; depreciation expense; ad valorem taxes; revenue related taxes; and federal income taxes.
25. The revenue amounts to be recovered through Atmos West Texas' proposed annual IRA are incremental to the revenue requirement established in Atmos West Texas' most recent rate case for the West Texas Service area in which the IRA is to be implemented, i.e., GUD No. 9563.
26. Atmos West Texas calculated and presented all incremental values for investment, accumulated depreciation, return on investment, depreciation expense, ad valorem taxes, and incremental federal income taxes on a full calendar-year basis.
27. For each IRA following a rate case, the amounts by which Atmos West Texas may adjust its rates are based on the difference between invested capital at the end of the most recent rate case test-year, or that last IRA, (December 31, 2005) and the invested capital at the end of the calendar-year following the end of the most recent rate case test-year (December 31, 2006).
28. This docket is the third IRA for Atmos West Texas. Therefore, to request its IRA in this docket, Atmos West Texas submitted data for the calendar year ending December 31, 2006.
29. The value of invested capital is equal to the original cost of the investment at the time the investment was first dedicated to public use minus the accumulated depreciation related to that investment for the IRA.
30. Atmos West Texas is required to use the same factors to calculate the interim return on investment, depreciation expense, and incremental federal income tax as those established or used in the final order setting rates in Atmos West Texas' most recent rate case for the area in which the IRA is to be implemented.
31. Atmos West Texas filed the Commission's Annual Earnings Monitoring Report (EMR) for Distribution as required by 16 TEXAS ADMINISTRATIVE CODE §7.7101(2004). The Company's actual rate of return is 9.06% as compared with the 9.15% allowed rate of return that was established in GUD No. 9563.
32. Atmos West Texas filed its Annual Project Report for Distribution as required by 16 TEXAS ADMINISTRATIVE CODE §7.7101(2004).
  - Atmos West Texas capital project additions totaled \$3,505,809, net of accumulated depreciation.
  - Safety-related improvements/infrastructure projects totaled \$3,036,800 before depreciation, or 50.00% of total additions.<sup>1</sup>
  - Integrity testing projects totaled \$0.00, or 0.00% of total additions.
33. Atmos West Texas is required to allocate the revenue to be collected through the IRA among its customer classes in the same manner as the cost of service was allocated among its customer classes in its most recent rate case for the area in which the IRA is to be implemented.

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<sup>1</sup> Atmos West Texas filed a report specific to Safety related projects allowing the calculation of the percentage.

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34. Atmos West Texas proposed the IRA as a flat rate to be applied to the monthly customer charges rather than as a volumetric rate to be applied to the initial block usage rates.
  35. Atmos West Texas is required to show its annual IRA on its customers' monthly billing statements as a surcharge.
  36. The proposed IRA by Atmos West Texas does not require an evidentiary proceeding; rather, TEX. UTIL. CODE ANN, §104.301 and 16 TEX. ADMIN. CODE, §7.7101(2004) require the regulatory authority to review a utility's method of calculating the IRA.
  37. Due process protections are deferred until Atmos files its next full statement of intent rate case for Atmos West Texas.

Notice

38. Atmos West Texas completed its notice to the Residential, Commercial, Industrial, Public Authority and State Institution customers between December 1, 2007 and December 31, 2007, completing the application and making the suspension period end on February 27, 2008.
39. Atmos requested, and was granted, an extension of the statutory deadline until April 8, 2008.

Comprehensive Rate Case Required

40. Atmos West Texas is not required to initiate a rate case supporting a statement of intent at the time it applies for an IRA.
41. A gas utility that implements an IRA and does not file a rate case before the fifth anniversary of the date its initial IRA became effective is required to file a rate case not later than the 180th day after that anniversary.

Review of Interim Rate Adjustment

42. Atmos West Texas' proposed IRA is \$726,794, as shown in Exhibit B, based on an incremental net utility plant investment increase of \$6,054,206 using the property-related taxes (Ad Valorem) percentage of 1.17% and a 3.00% Franchise tax rate from GUD No. 9563.
43. Atmos West Texas' proposed allocation methodology complies with TEXAS UTIL. CODE ANN, §104.301 (Vernon 2007), and with 16 TEX. ADMIN. CODE, §7.7101.
44. For allocation methodology, it is reasonable for the Commission to approve use overall cost of service (less other revenue, gas cost, and revenue related taxes) as determined in its most recent rate case. The following overall cost of service allocation factors for use in the calculation of Atmos West Texas' IRA are reasonable:

Customer Class	Allocation Factors
Residential	0.72900
Commercial	0.20600
Industrial	0.03100
Public Authority	0.02600
State Authority	0.00800

45. Atmos West Texas' proposed customer counts comply with TEXAS UTIL. CODE ANN, §104.301 (Vernon2007), and with 16 TEX. ADMIN. CODE, §7.7101.
46. For calculating the number of customer charges per year, it is reasonable for the Commission to approve use of Atmos West Texas' 2006 year-end number of customers multiplied by twelve. The following total numbers of customer and meter charges for use in the calculation of the IRA are reasonable:

Customer Class	Total Number of Customer Charges / Meters
Residential	761,335
Commercial	74,533
Industrial	1,009
Public Authority	1,900
State Authority	666

47. The corresponding amounts of IRA revenue and additional customer charges by customer class are as follows:

Customer Class	IRA Revenue	Additional Customer/Meter Charge	New Customer/Meter Charge
Residential	\$ 529,833	\$ 0.70	\$ 10.65
Commercial	\$ 149,720	\$ 2.01	\$ 17.76
Industrial	\$ 22,530	\$ 22.33	\$ 91.29
Public Authority	\$ 18,897	\$ 9.95	\$ 57.17
State Authority	\$ 5,814	\$ 8.73	\$ 53.14
Total	\$ 726,794		

*Reimbursements of Expense*

48. As provided for in the statute and the rule, a gas utility that implements an IRA is required to reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.
49. After the Commission has finally acted on Atmos West Texas' application for an IRA, the Director of the Gas Services Division will estimate Atmos West Texas' proportionate share of the Commission's annual costs related to the processing of such applications.

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50. In making the estimate of Atmos West Texas' proportionate share of the Commission's annual costs related to the processing of such applications, the Director will take into account the number of utilities the Commission reasonably expects to file for IRAs during the fiscal year, and the costs expected to be incurred in processing such applications.
51. Atmos West Texas is required to reimburse the Commission for the amount determined by the Director of the Gas Services Division and approved by the Commission, within thirty days after receipt of notice of the amount of the reimbursement.

**CONCLUSIONS OF LAW**

1. Atmos Energy Corporation (Atmos) is a "gas utility" as defined in TEX. UTIL. CODE ANN. §101.003(7) (Vernon 2007) and §121.001 (Vernon 2007), and is therefore subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. The Commission has jurisdiction over Atmos West Texas, Atmos West Texas' application for IRAs for incremental changes in investment, and the subject matter of this case under TEX. UTIL. CODE ANN. §102.001, §104.001, §104.002, and §104.301 (Vernon 2007).
3. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 2007), the Commission has exclusive original jurisdiction over the rates and services of a gas utility that distributes natural gas in areas outside of a municipality.
4. Under the provisions of the TEX. UTIL. CODE ANN. §104.301 (2007) and 16 TEX. ADMIN. CODE § 7.7101 (2004), Atmos West Texas is required to seek Commission approval before implementing an interim rate adjustment tariff for environs customers.
5. Atmos West Texas filed its application for interim rate adjustments for Distribution for changes in investment in accordance with the provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101 (2004).
6. Atmos West Texas' application for an IRA was processed in accordance with the requirements of TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101 (2004).
7. Neither TEX. UTIL. CODE ANN, §104.301 (Vernon 2007) nor 16 TEX. ADMIN. CODE, §7.7101 (2004) provide the opportunity for parties to intervene in the Commission's review of an application for an annual IRA.
8. 16 TEX. ADMIN. CODE, §7.7101 (2004) allows written comments or a protest concerning the proposed IRA to be filed with the Gas Services Division.
9. In accordance with 16 TEX. ADMIN. CODE §7.315 (2002), within thirty days of the effective date of any change to rates or services, Atmos West Texas is required to file with the Gas Services Division of the Commission its revised tariffs.
10. Atmos West Texas may not charge any rate that has not been successfully filed and accepted as a tariff filing electronically pursuant to TEX. UTIL. CODE ANN. §§102.151 and 104.002 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.315 (2002).
11. In accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(a) (2004), the filing date of Atmos West Texas' most recent rate case for the West Texas Service Area, in which there is a final order setting rates for the area in which the IRA will apply, was no more than two years prior to the date Atmos West Texas filed its initial IRA.

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12. Atmos West Texas is required, under TEX. UTIL. CODE ANN. §104.301(e) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(d) (2004), to file with the Commission an annual project report, including the cost, need, and customers benefited by the change in investment, and describing the investment projects completed and placed in service during the preceding calendar year and the investments retired or abandoned during the preceding calendar year.
13. Atmos West Texas shall include in all future annual IRA filings for Distribution, relocation project reports that provide additional information about relocation project costs included in investment projects, in the same format as required in this docket.
14. Atmos West Texas is required, under TEX. UTIL. CODE ANN. §104.301(f) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(e) (2004), to file with the Commission an annual earnings monitoring report demonstrating Atmos West Texas's earnings during the preceding calendar year.
15. Atmos West Texas is required, under 16 TEX. ADMIN. CODE §7.7101(h) (2004), to recalculate its approved IRA annually and is required to file an application for an annual adjustment no later than 60 days prior to the one-year anniversary of the proposed implementation date of the previous IRA application.
16. In accordance with 16 TEX. ADMIN. CODE §7.7101(i) (2004), all amounts collected from customers under Atmos West Texas's IRA tariffs or rate schedules are subject to refund. The issues of refund amounts, if any, and whether interest should be included on refunded amounts and, if so, the rate of interest, shall be addressed in the rate case a gas utility files or the Commission initiates after the implementation of an IRA and shall be the subjects of specific findings of fact in the Commission's final order setting rates.
17. In accordance with 16 TEX. ADMIN. CODE §7.7101(j) (2004), in the rate case that Atmos West Texas files or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall be fully subject to review for reasonableness and prudence. Upon issuance of a final order setting rates in the rate case that Atmos West Texas files or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall no longer be subject to review for reasonableness or prudence.
18. The Commission has authority to suspend the implementation of the IRA, under TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(e) (2004).
19. The Company provided adequate notice, in accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(b) (2004).
20. Atmos West Texas' application for an IRA, as proposed, complies with all provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101 (2004).
21. Atmos West Texas' IRA set forth in the findings of fact and conclusions of law, in this Order comply with the provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101 (2004).
22. In accordance with TEX. UTIL. CODE ANN. §104.301(h) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(l) (2004), Atmos West Texas shall file a comprehensive rate case for the areas in which the IRA is implemented, no later than the 180th day after the fifth anniversary of the date its initial IRA became effective.
23. The Commission has authority, under TEX. UTIL. CODE ANN. §104.301(j) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(m) (2004), to recover from Atmos West Texas' proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.

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**IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS THAT** Atmos West Texas' Lubbock Rate Division IRA, as requested, and to the extent recommended to be approved in the findings of fact and conclusions of law, are **HEREBY APPROVED**, subject to refund, to be effective for bills rendered on or after April 8, 2008 as shown in Exhibits A and B.

**IT IS FURTHER ORDERED THAT** Atmos West Texas **SHALL** file with the Commission no later than September 4, 2009, an annual project report, including the cost, need, and customers benefited by the change in investment, and describing the investment projects completed and placed in service during the preceding calendar year and the investments retired or abandoned during the preceding calendar year.

**IT IS FURTHER ORDERED THAT** Atmos West Texas **SHALL** file with the Commission no later than September 4, 2009, a relocation project report, which provides additional information about relocation costs included in investment projects, in the format provided in this docket.

**IT IS FURTHER ORDERED THAT** Atmos West Texas **SHALL** file with the Commission no later than September 4, 2009, an annual earnings monitoring report demonstrating Atmos West Texas' earnings during the preceding calendar year.

**IT IS FURTHER ORDERED THAT** Atmos West Texas **SHALL** file with the Commission no later than September 4, 2009, recalculations of its approved IRA and applications for annual IRA for the preceding calendar year.

**IT IS FURTHER ORDERED THAT** within 30 days of this order Atmos West Texas **SHALL** electronically file its IRA tariffs in proper form that accurately reflect the rates, as expressed in Exhibit A, approved by the Commission in this Order.

**IT IS FURTHER ORDERED THAT** Atmos West Texas **SHALL** not charge any rate that has not been successfully electronically filed and accepted by the Commission as a tariff.

**IT IS FURTHER ORDERED THAT** Atmos West Texas **SHALL** reimburse the expenses incurred by the Commission in reviewing this application. The amount of this reimbursement shall be determined by the Director of the Gas Services Division and must be approved by the Commission. This Order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e)(Vernon 2000 & Supp. 2007), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the order is served on the parties.

Any portion of Atmos West Texas' application not expressly granted herein is overruled. All requested findings of fact and conclusions of law, which are not expressly adopted herein, are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

**SIGNED** this 8<sup>th</sup> day of April, 2008.

**RAILROAD COMMISSION OF TEXAS**

*/s/*

\_\_\_\_\_  
**MICHAEL L. WILLIAMS**  
**CHAIRMAN**

April 10, 2008

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/s/ \_\_\_\_\_  
**VICTOR G. CARRILLO**  
**COMMISSIONER**

/s/ \_\_\_\_\_  
**ELIZABETH A. JONES**  
**COMMISSIONER**

**ATTEST**

Kim Williamson  
**SECRETARY**

**BEFORE THE  
RAILROAD COMMISSION OF TEXAS**

<b>APPLICATION OF ATMOS PIPELINE-TEXAS FOR TEST YEAR 2007 ANNUAL INTERIM RATE ADJUSTMENT FOR THE PIPELINE SYSTEM</b>		<b>GAS UTILITIES DOCKET NO. 9788</b>
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**INTERIM RATE ADJUSTMENT ORDER**

Notice of Open Meeting to consider this Order was duly posted with the Secretary of State within the time period provided by law pursuant to TEX. GOV'T CODE ANN. Chapter 551 (Vernon 2000 & Supp. 2007). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

**FINDINGS OF FACT**

*Background*

1. Atmos Energy Corporation (Atmos) is a "gas utility," as that term is defined in the TEXAS UTILITY CODE, and is subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. Atmos Pipeline-Texas (Pipeline, or the Company), a division of Atmos, owns and operates a gas pipeline transportation system.
3. On February 15, 2008, Atmos filed an application for an annual interim rate adjustment (IRA) applicable to customers located on Pipeline's system.
4. Atmos requested that the IRA for all customer classes become effective on April 15, 2008.

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5. The Commission did not suspended implementation of Atmos' proposed IRA for Pipeline.
6. The Commission has not received any plea to intervene with the Commission in the cause of the Company's application for an IRA.
7. The Commission received letters opposing the application for the increase from two industrial customers on February 25, 2008.
8. Letters were sent to both industrial customers opposing the increase acknowledging their opposition with an explanation of their right to intervene in the next rate case.
9. Atmos was instructed to respond to the industrial customers opposing the increase.
10. Atmos contacted both customers as instructed by the Commission.
11. Neither TEXAS UTILITIES CODE, §104.301 (Vernon Supp 2007) nor 16 TEX. ADMIN. CODE, §7.7101 (2004) provide the opportunity for parties to intervene in the Commission's review of an application for an annual IRA.
12. 16 TEX. ADMIN. CODE, §7.7101 (2004) allows written comments or a protest concerning the proposed IRA to be filed with the Gas Services Division.
13. This docket represents the fifth annual IRA for Pipeline.
14. Until promulgation of TEXAS UTILITIES CODE, §104.301 (Vernon Supp 2007), a utility could not increase its rates subject to the Commission's jurisdiction without filing with the Commission a formal statement of intent rate case, including a comprehensive cost of service rate review.
15. Atmos' proposed IRA will allow Pipeline an opportunity to recover, subject to refund, a return on investment, depreciation expense, and related taxes on the incremental cost of infrastructure investment since its last rate case, without the necessity of filing a statement of intent rate case and without review by the Commission of Pipeline's comprehensive cost of service.

#### Applicability

16. This docket applies to only those rates over which the Commission has original jurisdiction, which includes the entire Pipeline system.
17. As of year-end 2007, Pipeline customers totaled approximately 735 City Gate meters and 208 Pipeline Transportation rate meters.

#### Most Recent Comprehensive Rate Case

18. Atmos' most recent rate case for Pipeline for the area in which the IRA will be implemented is GUD No. 9400, *Statement of Intent Filed by TXU Gas Company to Change Rates in the Company's Statewide Gas Utility System*.
19. GUD No. 9400 was filed on May 23, 2003.
20. The data used in GUD No. 9400 was based on a test-year ending December 31, 2002.

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21. The Commission signed the GUD No. 9400 final Order on May 25, 2004, and the rates became effective the same day.
22. The Commission in GUD No. 9400 set the rates charged by Pipeline which have been adjusted by prior orders authorizing IRA adjustments.
23. The following chart shows the factors that were established in GUD No. 9400 to calculate the return on investment, depreciation expense, and incremental federal income taxes for Pipeline:

Rate of Return	8.258%
Depreciation Rate	2.097%
Federal Income Tax Rate	35%

*Interim Rate Adjustment*

24. Pipeline seeks approval from the Commission for an adjustment to its revenue, based on incremental net utility plant investment, with regard to the following components: return on investment; depreciation expense; ad valorem taxes; revenue related taxes; and federal income taxes.
25. The revenue amounts to be recovered through Atmos' proposed annual IRA for Pipeline are incremental to the revenue requirement established in Atmos' most recent rate case for Pipeline for the area in which the IRA is to be implemented, GUD No. 9400, as adjusted for prior orders authorizing IRA adjustments.
26. The Company calculated and presented all incremental values for investment, accumulated depreciation, return on investment, depreciation expense, ad valorem taxes, and incremental federal income taxes on a full calendar-year basis. Revenue related taxes are not included in Atmos' calculation of the IRA. An existing rate schedule that was established by the final Order in GUD No. 9400 (Rider TAX) is applied to all revenues, including revenues that result from an IRA.
27. For the first IRA following a rate case, the amounts by which Pipeline may adjust its rates are based on the difference between Pipeline's invested capital at the end of the most recent rate case test-year (December 31, 2002) and the invested capital at the end of the calendar-year following the end of the most recent rate case test-year (December 31, 2003).
28. This docket is the fifth annual IRA for Pipeline. Therefore, to request its IRA in this docket, Atmos submitted data for Pipeline for the calendar year ending December 31, 2007.
29. The value of Pipeline's invested capital is equal to the original cost of the investment at the time the investment was first dedicated to public use minus the accumulated depreciation related to that investment for Pipeline's IRA.
30. Pipeline is required to use the same factors to calculate the interim return on investment, depreciation expense, and incremental federal income tax as those established or used in the final order setting rates for Pipeline in Atmos' most recent rate case for the area in which the IRA is to be implemented.
31. Atmos filed the Commission's Annual Earnings Monitoring Report (EMR) for Pipeline as required by 16 TEXAS ADMINISTRATIVE CODE §7.7101 (2004). The Company's rate of return is 8.180%, which reasonably compares with the 8.258% allowed rate of return established in GUD No. 9400.

April 10, 2008

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32. Atmos filed its Annual Project Report for Pipeline as required by 16 TEXAS ADMINISTRATIVE CODE §7.7101 (2004).
    - Net pipeline capital additions included in this docket total \$50,529,755.
    - Gross pipeline capital project additions totaled \$68,303,994.
    - Safety-related improvements/infrastructure projects totaled \$38,014,919, or 56% of total additions.<sup>2</sup>
    - Integrity testing projects totaled \$12,216,335, or 18% of total additions.<sup>3</sup>
  33. The Company is required to allocate the revenue to be collected through the IRA for Pipeline among its customer classes in the same manner as the cost of service was allocated among its customer classes in its most recent rate case for the area in which the IRA is to be implemented.
  34. Atmos proposed the IRA for Pipeline as a flat rate to be applied to the monthly customer charges and monthly meter charges rather than as a volumetric rate to be applied to the initial block usage rates.
  35. Pipeline is required to show its annual IRA on its customers' monthly billing statements as a surcharge.
  36. The proposed IRA does not require an evidentiary proceeding; rather, TEXAS UTILITIES CODE, §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE, §7.7101 (2004) require the regulatory authority to review a utility's method of calculating the IRA.
  37. Due process protections are deferred until Atmos files its next full statement of intent rate case for Pipeline.

#### Notice

38. The Company provided adequate notice to Pipeline's City Gate (CGS) customers on February 21, 2008.
39. The Company provided adequate notice to Pipeline's Pipeline Transportation (PT) customers on February 20, 2008.

#### Comprehensive Rate Case Required

40. The Company is not required to initiate a rate case supporting a statement of intent, at the time it applies for an IRA for Pipeline.
41. Under 16 TEX. ADMIN. CODE, §7.7101 (1) (2004) a gas utility that implements an IRA and does not file a rate case before the fifth anniversary of the date its initial IRA became effective is required to file a rate case not later than the 180th day after that anniversary.

#### Review of Interim Rate Adjustment

42. Pipeline presented its IRA calculation using the factors for GUD No. 9400 for rate of return, depreciation, and federal income tax, but using a property-related taxes (Ad Valorem) percentage of 1.674% based on the estimated 2007 taxes paid by the Company to reflect the recently changed property tax law.<sup>4</sup>

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2 Response to Staff's RFI #1-03.

3 Response to Staff's RFI #1-05.

4 16 TEX. ADMIN. CODE §7.7101(f)(5) only refers to the return on investment, depreciation expense, and incremental federal income tax factors from the most recent rate case to calculate the IRA. The Ad Valorem taxes are not specifically designated as a factor that must remain the same.

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43. Pipeline's proposed IRA is \$6,969,743 based on an incremental net utility plant investment increase of \$46,648,402 using the property-related taxes (Ad Valorem) percentage of 1.674% based on the estimated 2007 taxes paid by the Company, as shown in Exhibit B.
44. Atmos' proposed allocation methodology for Pipeline complies with TEXAS UTILITIES CODE, §104.301 (Vernon 2007), and with 16 TEX. ADMIN. CODE, §7.7101 (2004).
45. For allocation methodology, it is reasonable for the Commission to approve use of Pipeline's overall cost of service (less other revenue, gas cost, and revenue related taxes) as determined in its most recent rate case. The following overall cost of service allocation factors for use in the calculation of Pipeline's IRA are reasonable:

<b>Customer Class</b>	<b>Allocation Factor</b>
Rate CGS (City Gate Service)	0.731657
Rate PT (Pipeline Transportation)	0.268343

46. Atmos' proposed customer and meter counts for Pipeline comply with TEXAS UTILITIES CODE, §104.301 (Vernon 2007), and with 16 TEX. ADMIN. CODE, §7.7101 (2004).
47. For calculating the number of customer charges or meter charges per year, it is reasonable for the Commission to approve use of Pipeline's 2007 year-end number of customers multiplied by twelve. The following total numbers of customer and meter charges for use in the calculation of the IRA are reasonable:

<b>Customer Class</b>	<b>Total Number of Customer Charges / Meters</b>
Rate CGS (City Gate Service)	8,820
Rate PT (Pipeline Transportation)	2,496

48. The resulting interim rate adjustment for Rate CGS (City Gate Service) and Rate PT (Pipeline Transportation) is shown in Exhibit A and as follows:

<b>Rate Schedule</b>	<b>2006 Meter Charge</b>	<b>2007 IRA</b>	<b>2007 Proposed Meter Charge</b>
Rate CGS	\$ 1,822.06	\$ 578.17	\$ 2,400.23
Rate PT	\$ 2,466.77	\$ 749.31	\$ 3,216.08

Reimbursements of Expense

49. As provided for in the statute and the rule, a gas utility that implements an IRA is required to reimburse the Commission for the utility's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.
50. After the Commission has finally acted on Atmos' application for an IRA for Pipeline, the Director of the Gas Services Division will estimate Atmos' proportionate share of the Commission's annual costs related to the processing of such applications.
51. In making the estimate of Pipeline's proportionate share of the Commission's annual costs related to the processing of such applications, the Director will take into account the number of utilities the Commission reasonably expects to file for IRAs during the fiscal year, and the costs expected to be incurred in processing such applications.

April 10, 2008

52. The Company is required to reimburse the Commission for the amount determined by the Director of the Gas Services Division and approved by the Commission, within thirty days after receipt of notice of the amount of the reimbursement.

**CONCLUSIONS OF LAW**

1. Atmos Energy Corporation (Atmos) is a “gas utility” as defined in TEX. UTIL. CODE ANN. §101.003(7) (Vernon 2007) and §121.001 (Vernon 2007), and is therefore subject to the jurisdiction of the Railroad Commission of Texas (Commission).
2. The Commission has jurisdiction over Atmos, Atmos’ applications for IRAs for Pipeline for incremental changes in investment, and the subject matter of this case under TEX. UTIL. CODE ANN. §102.001, §104.001, §104.002, and §104.301 (Vernon 2007).
3. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 2007), the Commission has exclusive original jurisdiction over the rates and services of a gas utility that distributes natural gas in areas outside of a municipality and over the rates and services of a gas utility that transmits, transports, delivers, or sells natural gas to a gas utility that distributes the gas to the public.
4. Under the provisions of the TEXAS UTILITIES CODE ANN. §104.301 (2007) and 16 TEX. ADMIN. CODE § 7.7101 (2004), Atmos is required to seek Commission approval before implementing an IRA tariff for Pipeline’s customers.
5. Atmos filed its application for IRA for Pipeline for changes in investment in accordance with the provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101 (2004).
6. Atmos’ application for an IRA for Pipeline was processed in accordance with the requirements of TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101 (2004).
7. In accordance with 16 TEX. ADMIN. CODE §7.315 (2002), within thirty days of the effective date of any change to rates or services, the Company is required to file with the Gas Services Division of the Commission its revised tariffs for Pipeline.
8. The Company may not charge any rate for Pipeline that has not been successfully filed and accepted as a tariff filing electronically pursuant to TEX. UTIL. CODE ANN. §102.151 and 104.002 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.315 (2002).
9. In accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(a) (2004), the filing date of Atmos’ most recent rate case for Pipeline, in which there is a final order setting rates for the area in which the IRA will apply, was no more than two years prior to the date Atmos filed its initial IRA for Pipeline.
10. Atmos is required, under TEX. UTIL. CODE ANN. §104.301(e) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(d) (2004), to file with the Commission an annual project report for Pipeline, including the cost, need, and customers benefited by the change in investment, and describing the investment projects completed and placed in service during the preceding calendar year and the investments retired or abandoned during the preceding calendar year.
11. Atmos shall include in all future annual IRA filings for Pipeline, relocation project reports that provide additional information about relocation project costs included in investment projects, in the same format as required in this docket.

April 10, 2008

12. Atmos is required, under TEX. UTIL. CODE ANN. §104.301(f) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(e) (2004), to file with the Commission an annual earnings monitoring report demonstrating Pipeline's earnings during the preceding calendar year.
13. Atmos is required, under 16 TEX. ADMIN. CODE §7.7101(h) (2004), to recalculate its approved IRA for Pipeline annually and is required to file an application for an annual adjustment no later than 60 days prior to the one-year anniversary of the proposed implementation date of the previous IRA application.
14. In accordance with 16 TEX. ADMIN. CODE §7.7101(i) (2004), all amounts collected from customers under Pipeline's IRA tariffs or rate schedules are subject to refund. The issues of refund amounts, if any, and whether interest should be included on refunded amounts and, if so, the rate of interest, shall be addressed in the rate case a gas utility files or the Commission initiates after the implementation of an IRA and shall be the subjects of specific findings of fact in the Commission's final order setting rates.
15. In accordance with 16 TEX. ADMIN. CODE §7.7101(j) (2004), in the rate case that Atmos files for Pipeline or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall be fully subject to review for reasonableness and prudence. Upon issuance of a final order setting rates in the rate case that Atmos files for Pipeline or the Commission initiates after the implementation of an IRA, any change in investment and related expenses and revenues that have been included in any IRA shall no longer be subject to review for reasonableness or prudence.
16. The Commission has authority to suspend the implementation of the IRA, under TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(e) (2004).
17. The Company provided adequate notice, in accordance with TEX. UTIL. CODE ANN. §104.301(a) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(b) (2004).
18. Atmos' application for an IRA for Pipeline, as proposed, complies with all provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101 (2004).
19. The Company's IRA set forth in the findings of fact and conclusions of law in this Order comply with the provisions of TEX. UTIL. CODE ANN. §104.301 (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101 (2004).
20. In accordance with TEX. UTIL. CODE ANN. §104.301(h) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(l) (2004), Atmos shall file a comprehensive rate case for Pipeline for the areas in which the IRA is implemented, no later than the 180th day after the fifth anniversary of the date its initial IRA became effective.
21. The Commission has authority, under TEX. UTIL. CODE ANN. §104.301(j) (Vernon 2007) and 16 TEX. ADMIN. CODE §7.7101(m) (2004), to recover from Atmos the Pipeline's proportionate share of the Commission's annual costs related to the administration of the IRA mechanism.

**IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS THAT** Pipeline's IRA, as requested, and to the extent recommended to be approved in the findings of fact and conclusions of law, are **HEREBY APPROVED**, subject to refund, to be effective for bills rendered on or after April 15, 2008.

**IT IS FURTHER ORDERED THAT** Atmos **SHALL** file with the Commission no later than February 15, 2009, for Pipeline, an annual project report, including the cost, need, and customers benefited by the change in investment, and describing the investment projects completed and placed in service during the preceding calendar year and the investments retired or abandoned during the preceding calendar year.

April 10, 2008

**IT IS FURTHER ORDERED THAT** Atmos **SHALL** file with the Commission no later than February 15, 2009, for Pipeline, a relocation project report, which provides additional information about relocation costs included in investment projects, in the format provided in this docket.

**IT IS FURTHER ORDERED THAT** Atmos **SHALL** file with the Commission no later than February 15, 2009, for Pipeline, an annual earnings monitoring report demonstrating Pipeline's earnings during the preceding calendar year.

**IT IS FURTHER ORDERED THAT** Atmos **SHALL** file with the Commission no later than February 15, 2009, for Pipeline, recalculations of its approved IRA and applications for annual IRA for the preceding calendar year.

**IT IS FURTHER ORDERED THAT** within 30 days of this order Atmos **SHALL** electronically file its IRA tariffs for Pipeline in proper form that accurately reflect the rates approved by the Commission in this Order.

**IT IS FURTHER ORDERED THAT** Atmos **SHALL** not charge any rate for Pipeline that has not been electronically filed and accepted by the Commission as a tariff.

**IT IS FURTHER ORDERED THAT** Atmos **SHALL** reimburse the expenses incurred by the Commission in reviewing this application. The amount of this reimbursement shall be determined by the Director of the Gas Services Division and must be approved by the Commission. This Order will not be final and effective until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e) (Vernon 2000 & Supp. 2007), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the order is served on the parties.

Any portion of Pipeline's application not expressly granted herein is overruled. All requested findings of fact and conclusions of law, which are not expressly adopted herein, are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

**SIGNED** this 8<sup>th</sup> day of April, 2008.

**RAILROAD COMMISSION OF TEXAS**

*/s/* \_\_\_\_\_  
**MICHAEL L. WILLIAMS**  
**CHAIRMAN**

*/s/* \_\_\_\_\_  
**VICTOR G. CARRILLO**  
**COMMISSIONER**

*/s/* \_\_\_\_\_  
**ELIZABETH A. JONES**  
**COMMISSIONER**

**ATTEST**

**Kim Williamson**

April 10, 2008

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**SECRETARY**

**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  
INCREASE RATES IN THE  
UNINCORPORATED AREAS OF THE TEXAS  
COAST DIVISION** ' :  
' :  
' :  
' : **GAS UTILITIES DOCKET NO. 9791**  
' :  
' :

**SUSPENSION ORDER**

Notice of Open Meeting to consider this Order was duly posted with the Secretary of State within the time provided by law pursuant to TEX. GOV=T CODE ANN. Chapter 551 (Vernon 2000 & Supp. 2006).

On March 6, 2008, CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas (ACenterPoint@) filed with the Railroad Commission of Texas (ACommission@) a statement of intent to change rates in the unincorporated areas of the Texas Coast Division. CenterPoint has proposed that the rates become effective on April 10, 2008.

The Commission has the authority to suspend the proposed rates for a period of one hundred fifty (150) days from the date on which the rates would otherwise become effective, under TEX. UTIL. CODE ANN. ' 104.107(a)(2) (Vernon 2007). The Commission requires further time to consider the propriety of the proposed rate change. A Commission order is necessary to suspend the operation of the proposed rate schedules for a period of one hundred fifty (150) days from the date on which the schedules would otherwise become effective.

**IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS** that the rates proposed in the statement of intent filed by CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas are hereby **SUSPENDED** for a period of one hundred fifty (150) days from the date the rates would otherwise go into effect.

SIGNED this 8<sup>th</sup> day of April, 2008.

**RAILROAD COMMISSION OF TEXAS**

*/s/* \_\_\_\_\_  
**MICHAEL L. WILLIAMS**  
**CHAIRMAN**

*/s/* \_\_\_\_\_  
**VICTOR G. CARRILLO**  
**COMMISSIONER**

*/s/* \_\_\_\_\_  
**ELIZABETH A. JONES**  
**COMMISSIONER**

**ATTEST**

**Kim Williamson**  
**SECRETARY**

**SECTION 6**  
**MISCELLANEOUS**

**STEPHEN L. PITNER, 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.capitol.state.tx.us/statutes/uttoc.html>

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 2006 – Now available via the Commission's website at:

<http://www.rrc.state.tx.us/divisions/gas/2006AnnualStatisticalReport.html>

- b. Annual Report for Fiscal Year 2005 – Now available via the Commission's website at:

<http://www.rrc.state.tx.us/divisions/gas/RRCAnnualReport2005.htm>

- c. Annual Report for Fiscal Year 2004 – Now available via the Commission's website at:

<http://www.rrc.state.tx.us/divisions/gas/TABLECON04.htm>

April 10, 2008

- d. Annual Report for Fiscal Year 2003 – Now available via the Commission’s website at:  
<http://www.rrc.state.tx.us/divisions/gs/tablecontents03.html>
- e. Annual Report for Fiscal Year 2002 – Now available via the Commission’s website at:  
<http://www.rrc.state.tx.us/divisions/gs/tablecontents02.html>
- f. Annual Report for Fiscal Year 2001 – available via the Commission’s website at:  
<http://www.rrc.state.tx.us/divisions/gs/tablecontents01.html>
- g. Annual Report for Fiscal Year 2000 - \$17.00 (includes statistical data for 1999)
3. Six MCF Monthly Residential Gas Bill Analysis for Twenty-five Texas Cities - \$2.00 – Now available via the Commission’s website at:  
<http://www.rrc.state.tx.us/divisions/gs/rap/sixmcf.html>

Anyone who wishes to obtain a copy of any of the publications or maps listed in Section A should contact the Central Records Section at 512-463-6887 OR 512-463-6882 P. O. Box 12967, Austin, Texas 78711-2967.

**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 2008 is 4.69%. All gas utilities should use 4.68% through December 31, 2007 and use 4.69% effective January 1, 2008.

**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 Shannon Miller, Program Specialist Pearl Rodriguez, Program Specialist Rachel Hampton, Administrative Assistant	
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	

April 10, 2008

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 Rachel Hampton at (512) 463-7022.
2. Questions relating to annual reports, call Rachel Hampton or 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.

**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  
William O. Geise, Director

Telephone (512) 463-7164

**B. Gas Utilities Information Bulletin**

Published on the Commission's web site at: <http://www.rrc.state.tx.us/divisions/gs/rap/rapbls.html>

**C. Proposals For Decision**

Published on the Commission's web site at: <http://www.rrc.state.tx.us/divisions/gs/rap/pfds.html>

**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**

Curtailement questions should be referred to (512) 463-7167. Curtailement reports made Monday through Friday, 8:00 a.m. to 5:00 p.m., should be made to (512) 463-7167. Curtailement 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.