

**RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION**

**GAS UTILITIES
INFORMATION BULLETIN**

No. 779



**RAILROAD COMMISSION
OF TEXAS**

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

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

September 12, 2005

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Orders were issued in the following dockets:

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| <p>GUD DOCKET NO. 9573 <i>Statement of Intent filed by Atmos Energy Corporation to Increase Rates and Change Tariffs in the Environs of the West Texas Service Area. – Nunc Pro Tunc</i></p> |
| <p>GUD DOCKET NO. 9576 <i>Rate Case Expenses Severed from Gas Utilities Docket Nos. 9533 and 9534. – Final Order</i></p> |
| <p>GUD DOCKET NO. 9602 <i>Statement of Intent filed by Markham Gas Corporation to Change rates in the Unincorporated Areas of Markham, Texas. – Suspension Order</i></p> |
| <p>GUD DOCKET NO. 9605 <i>Hemphill Contracting Co., Inc.D/B/A Mitchell County Utility Company Statement of Intent to Change Rates in the Environs of the City of Westbrook. – Suspension Order</i></p> |
| <p>GUD DOCKET NO. 9604 <i>Statement of Intent filed by SiEnergy, L.P. to Change rates in the Unincorporated Areas Served in the Vicinity of Missouri City. – Suspension Order</i></p> |

SECTION 1
NEW APPEALS AND APPLICATIONS FILED

DOCKET NO. -- 9608
CAPTION -- Application of Atmos Energy, West Texas Division for Annual Gas Reliability Infrastructure Program Rate Adjustment for the Environs Areas of 66 Cities in the West Texas Rate Division.
DATE FILED -- September 2, 2005
FILED BY -- John K. Arnold
EXAMINER -- Stephen L. Pitner

DOCKET NO. -- 9609
CAPTION -- Application of Atmos Energy, West Texas Division for Annual Gas Reliability Infrastructure Program Rate Adjustment for the Environs Areas of the City of Lubbock, Texas.
DATE FILED -- September 2, 2005
FILED BY -- John K. Arnold
EXAMINER -- Stephen L. Pitner

DOCKET NO. -- 9610
CAPTION -- Petition for Emergency Rulemaking to Waive Deposit Requirements Under 16 T.A.C. Section 7.45 for Victims of Hurricane Katrina.
DATE FILED -- September 8, 2005
FILED BY -- Randall Chapman
EXAMINER -- Mary Ross 'Polly' McDonald

DOCKET NO. -- 9611
CAPTION -- Appeal filed by Atmos Energy Corp., Mid-Tex Division for Review of Municipal Rate Actions Regarding the Annual GRIP Filing from the Cities of Arlington, Austin, Dallas, Hurst, Kerrville, Richardson, and Snyder.
DATE FILED -- September 9, 2005
FILED BY -- John K. Arnold
EXAMINER -- Stephen L. Pitner

DOCKET NO. -- 9612
CAPTION -- Application filed by Atmos Pipeline – Texas to Abandon Service and Facilities to Three (3) Residential Customers served from Line L26 in Falls County, Texas.
DATE FILED -- September 12, 2005
FILED BY -- Charles R. Yarbrough, II
EXAMINER -- Danny Bivens

DOCKET NO. -- 9613
CAPTION -- Application of Crosstex North Texas Pipeline, L.P., for Review of a Rate Being Charged Under An Existing Gas Sales Contract.
DATE FILED -- September 13, 2005
FILED BY -- John E. Moeller, Jr.
EXAMINER -- Michelle Lingo

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.

SECTION 5
ORDERS OF THE COMMISSION

BEFORE THE
RAILROAD COMMISSION OF TEXAS

STATEMENT OF INTENT FILED BY ATMOS §
ENERGY CORPORATION TO INCREASE §
RATES AND CHANGE TARIFFS IN THE §
ENVIRONS OF THE WEST TEXAS SERVICE §
AREA. §

GAS UTILITIES DOCKET
NO. 9573

ORDER NUNC PRO TUNC

In conference in its office in Austin, Texas, the Railroad Commission of Texas took up for consideration the matter of correcting the Final Order entered on July 11, 2005, in Gas Utilities Docket No. 9573. The Final Order Contains two clerical errors. Finding of Fact No. 29, incorrectly refers to a volumetric charge of \$0.11065 per Ccf. The correct volumetric charge is \$0.11035 per Ccf. Finding of Fact No. 33, incorrectly specifies the subject rate as the Commercial gas service rate. The correct subject rate is the State Institution gas service rate.

IT IS THEREFORE ORDERED THAT the Final Order in Gas Utilities Docket No. 9573, dated July 11, 2005, is hereby amended *nunc pro tunc* to reflect the corrected volumetric rate and rate name as stated above.

SIGNED this 7th day of September, 2005.

RAILROAD COMMISSION OF TEXAS

/s/
CHAIRMAN VICTOR CARRILLO

/s/
COMMISSIONER MICHAEL L. WILLIAMS

/s/
COMMISSIONER ELIZABETH A. JONES

ATTEST:

/s/ Kim Williamson

SEPTEMBER 12, 2005

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

RATE CASE EXPENSES SEVERED FROM GAS UTILITIES DOCKET NOS. 9533 and 9534	§ § § §	GAS UTILITIES DOCKET NO. 9576
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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. 2004). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

FINDINGS OF FACT

1. On October 13, 2004, CenterPoint Energy Entex ("CenterPoint") filed a statement of intent to change rates in the unincorporated areas of the company's South Texas Division. On October 13, 2004, CenterPoint also filed a statement of intent to change rates in the unincorporated areas of the company's Beaumont/East Texas Division. These filings were docketed as Gas Utilities Docket No. (GUD) 9533, styled *Statement of Intent Filed CenterPoint Energy Entex, a Division of CenterPoint Energy Resources Corp., to Change Rates in the Unincorporated Areas of the South Texas Division*, and GUD No. 9534, styled *Statement of Intent Filed CenterPoint Energy Entex, a Division of CenterPoint Energy Resources Corp., to Change Rates in the Unincorporated Areas of the Beaumont/East Texas Division*.
2. On March 22, 2005, the Commission severed rate case expense issues from GUD Nos. 9533 and 9534 into GUD No. 9576.
3. On April 5, 2005, the Commission issued final orders in GUD Nos. 9533 and 9534.
4. CenterPoint is a gas utility and is subject to the jurisdiction of the Railroad Commission of Texas ("Commission").
5. The prehearing conferences, technical conferences and final hearings for GUD Nos. 9533 and 9534 at the Commission were jointly conducted by the Examiners in those dockets.
6. The costs and expenses incurred by CenterPoint in prosecuting GUD Nos. 9533 and 9534 at the Commission were equal and otherwise non-distinguishable for each separate docket.
7. It is reasonable to aggregate all rate case expenses incurred by CenterPoint in prosecuting GUD Nos. 9533 and 9534 and to recover the aggregate expenses equally from all customers subject to the final orders approved in GUD Nos. 9533 and 9534.
8. The requested rate case expenses of CenterPoint in the amount of \$569,152 are reasonable. Those expenses include the following:
 - a. CenterPoint's requested actual rate case expenses of \$489,152 for actual work performed.
 - b. CenterPoint's estimated future rate case expenses of \$80,000.

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9. It is reasonable for CenterPoint to include a carrying charge of 3.97% per annum on its own rate case expenses after the effective date of this order until recovered by surcharge on all customers subject to the final orders entered by the Commission in GUD Nos. 9533 and 9534.
10. It is reasonable that CenterPoint recover all rate case expenses approved herein by use of per Ccf surcharges for the pressure bases specific to the South Texas and Beaumont/East Texas Divisions.
11. It is reasonable that CenterPoint recover all rate case expenses approved herein over a period of thirty-six (36) months billed to all customers subject to the final orders approved in GUD Nos. 9533 and 9534.
12. It is reasonable that all rate case expenses approved herein be recovered on a system-wide basis from all customers subject to the final order approved in GUD Nos. 9533 and 9534.

CONCLUSIONS OF LAW

CenterPoint Energy Entex ("CenterPoint") is a gas utility as defined in TEX. UTIL. CODE ANN. §101.003(7), 121.001 (Vernon Supp. 2004) and is subject to the Commission's jurisdiction under TEX. UTIL. CODE ANN. §§ 104.001, 121.051 (Vernon 1998).

Each party seeking reimbursement for its rate case expenses has the burden to prove the reasonableness of such rate case expenses by a preponderance of the evidence, under 16 TEX. ADMIN. CODE ' 7.5530 (2002).

The rate case expenses enumerated in the findings of fact herein are reasonable and comply with 16 TEX. ADMIN. CODE ANN. § 7.5530 (2002).

The Commission has the authority to allow CenterPoint to recover rate case expenses through a surcharge on its rates, under TEX. UTIL. CODE ANN. ' 104.051 (Vernon 1998 & Supp. 2004).

IT IS THEREFORE ORDERED that CenterPoint is authorized to recover all rate case expenses incurred in GUD Nos. 9533 and 9534 and approved by this order by means of a surcharge on its rates charged to ratepayers subject to the final orders entered in GUD Nos. 9533 and 9534. A surcharge on rates shall be calculated on a per Ccf basis for each specific pressure base on all customer classes and implemented over a period of thirty-six (36) months, commencing with the date this final order becomes effective. As estimated expenses are actually incurred, CenterPoint is authorized to add to the amount subject to surcharge up to the total of estimated future expenses for CenterPoint approved herein.

IT IS ALSO ORDERED that CenterPoint shall file a quarterly report informing the Railroad Commission of the balance of the surcharge with the Director of the Gas Services Division.

IT IS ALSO ORDERED that CenterPoint shall file a quarterly report informing the Railroad Commission of rate case expenses incurred in the further litigation of Gas Utilities Docket Nos. 9533 and 9534 after the effective date of this order, and any information required by the Gas Services Division Staff of the Railroad Commission.

IT IS FURTHER ORDERED that CenterPoint Energy Entex shall be allowed to charge an interest rate of 3.97% per annum on the rate case expenses approved herein for CenterPoint Energy Entex, and on the estimated rate case expenses up to the amount authorized herein, until such funds are recovered through means of the surcharge approved by this order.

IT IS FURTHER ORDERED that any proposed findings of fact and conclusions of law not specifically adopted herein are **DENIED**. **IT IS ALSO ORDERED** that each exception to the Examiners' Proposal for Decision not expressly granted herein is overruled and all pending motions and requests for relief not previously granted herein are hereby **DENIED**.

IT IS FURTHER ORDERED THAT CenterPoint may begin surcharging rates for rate case expenses on and after the date of this Order. 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

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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 7th day of August, 2005.

RAILROAD COMMISSION OF TEXAS

/s/ _____
VICTOR CARRILLO
CHAIRMAN

/s/ _____
MICHAEL L. WILLIAMS
COMMISSIONER

/s/ _____
ELIZABETH A. JONES
COMMISSIONER

ATTEST:

/s/ Kim Williamson
SECRETARY

SEPTEMBER 12, 2005

RAILROAD COMMISSION OF TEXAS

**STATEMENT OF INTENT FILED BY
MARKHAM GAS CORPORATION
TO CHANGE RATES IN THE
UNINCORPORATED AREAS OF
MARKHAM, TEXAS**

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§
§
§

GAS UTILITIES DOCKET NO. 9602

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 2004).

On August 4, 2005, Markham Gas Corporation (Markham) filed with the Railroad Commission of Texas (Commission) a statement of intent to change rates in the unincorporated area of Markham, Texas, pursuant to TEX. UTIL. CODE ANN. '104.102 (Vernon 1998). Markham proposed an effective date of September 22, 2005.

The Commission has the authority to suspend the proposed rates for a period of 150 days from the date on which the rates would otherwise become effective, under TEX. UTIL. CODE ANN. §104.107(a)(2) (Vernon Supp. 2004-2005). The Commission requires further time in order to consider the propriety of the proposed rate change. A suspension order is necessary to extend the implementation of the proposed rate for a period of 150 days from the date on which the rates would otherwise become effective.

IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS that the rates proposed in Markham's statement of intent are hereby **SUSPENDED** for a period of 150 days from the date the rates would otherwise go into effect.

SIGNED this 7th of September, 2005.

RAILROAD COMMISSION OF TEXAS

/s/
VICTOR G. CARRILLO
CHAIRMAN

/s/
MICHAEL L. WILLIAMS
COMMISSIONER

/s/
ELIZABETH A. JONES
COMMISSIONER

ATTEST:

/s/ Kim Williamson
SECRETARY

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RAILROAD COMMISSION OF TEXAS

STATEMENT OF INTENT FILED BY §
 SIENERGY, L.P., TO CHANGE RATES IN THE §
 UNINCORPORATED AREAS SERVED IN THE § **GAS UTILITIES DOCKET NO. 9604**
 VICINITY OF MISSOURI CITY. §
 §

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 1994 and Supp. 2004).

On August 5, 2005, SiEnergy, L.L.P. filed with the Railroad Commission of Texas (Commission) a statement of intent to change rates in the unincorporated areas served in the vicinity of Missouri City, Texas. SiEnergy, L.L.P. has proposed that the rates become effective on September 9, 2005.

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 1998 and Supp. 2004). 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 SiEnergy, L.L.P. are hereby **SUSPENDED** for a period of one hundred fifty (150) days from the date the rates would otherwise go into effect.

SIGNED this 7th day of September, 2005.

RAILROAD COMMISSION OF TEXAS

/s/
CHAIRMAN VICTOR G. CARRILLO

/s/
COMMISSIONER MICHAEL L. WILLIAMS

/s/
COMMISSIONER ELIZABETH A. JONES

ATTEST:

/s/ Kim Williamson
SECRETARY

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RAILROAD COMMISSION OF TEXAS

HEMPHILL CONTRACTING CO., INC. D/B/A §
 MITCHELL COUNTY UTILITY COMPANY § **GAS UTILITIES DOCKET NO. 9605**
 STATEMENT OF INTENT TO CHANGE RATES §
 IN THE ENVIRONS OF THE CITY OF §
 WESTBROOK

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 1994 and Supp. 2004).

On August 18, 2005, Hemphill Contracting Co., Inc. d/b/a Mitchell County Utility Company filed with the Railroad Commission of Texas (Commission) a statement of intent to change rates in the environs of Westbrook. Hemphill Contracting Co., Inc. d/b/a Mitchell County Utility Company has proposed that the rates become effective the latter of 35 days after the date of filing the statement of intent or such other date as the new rates become effective in the City of Westbrook.

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 1998 and Supp. 2004). 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 Hemphill Contracting Co., Inc. d/b/a Mitchell County Utility Company are hereby **SUSPENDED** for a period of one hundred fifty (150) days from the date the rates would otherwise go into effect.

SIGNED this 7th day of September, 2005.

RAILROAD COMMISSION OF TEXAS

/s/

CHAIRMAN VICTOR G. CARRILLO

/s/

COMMISSIONER MICHAEL L. WILLIAMS

/s/

COMMISSIONER ELIZABETH A. JONES

ATTEST:

/s/ Kim Williamson
SECRETARY

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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. Special Rules of Practice and Procedure and Substantive Rules - \$15.00
2.
 - a. Annual Report for Fiscal Year 2002 – Now available via the Commission’s website at:
<http://www.rrc.state.tx.us/divisions/gs/tablecontents02.html>
 - b. Annual Report for Fiscal Year 2001 – available via the Commission’s website at:
<http://www.rrc.state.tx.us/divisions/gs/tablecontents01.html>
 - a. Annual Report for Fiscal Year 2000 - \$17.00 (includes statistical data for 1999)
 - b. Annual Report for Fiscal Year 1999 - \$9.00 (includes statistical data for 1998)
 - c. Annual Report for Fiscal Year 1998 - \$7.00 (includes statistical data for 1997)
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 2005 is 6.00%. All gas utilities should use this rate.

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	

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Houston District- 1706 Seamist Drive. Suite 501
Houston, TX 77008-3135
Margie Stoney, Senior Auditor
Larry Alcorn, Auditor
Dale Francis, Auditor
Bryan L. Sparkman, Auditor
Konata Uzoma, Auditor

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

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 (1999 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 five 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) 463-7164.

E. Curtailments

Curtailment questions should be referred to (512) 463-7164. Curtailment reports made Monday through Friday, 8:00 a.m. to 5:00 p.m., should be made to (512) 463-7164. 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. 9275 Amendments to §7.512 NGPA Section 311 Rate Review

GUD No. 9276 Amendments to §7.511 TUC Section 102.054 Sale, Transfer, Merger Reviews

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.