

**RAILROAD COMMISSION OF TEXAS  
GAS SERVICES DIVISION**

**GAS UTILITIES  
INFORMATION BULLETIN**

**No. 762**



**RAILROAD COMMISSION  
OF TEXAS**

**Victor G. Carrillo, Chairman  
Charles R. Matthews, Commissioner  
Michael L. Williams, Commissioner**

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

**December 27, 2004**

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
SECTION 1 - NEW APPEALS AND APPLICATIONS FILED .....	2
SECTION 2 - APPEALS AND APPLICATIONS SET FOR HEARING.....	2
SECTION 3 - STATUS OF PENDING CASES .....	2
SECTION 4 - NOTICES OF DISMISSAL.....	3
SECTION 5 - ORDERS OF THE COMMISSION .....	3 - 12
SECTION 6 - MISCELLANEOUS.....	13 – 15

Orders were issued in the following dockets:

**GUD DOCKET NO. 9557 STATEMENT OF INTENT FILED BY WOODSBORO NATURAL GAS CORPORATION TO CHANGE RATES IN ENVIRONS OF THE CITY OF WOODSBORO**

**GUD DOCKET NO. 9432 APPROVAL OF INTEGRITY ASSESSMENT AND RISK MANAGEMENT PLAN AND DIRECT ASSESSMENT METHODOLOGIES FOR: ENBRIDGE PROCESSING (EAST TEXAS) L.P.**

**GUD DOCKET NO. 9434 APPROVAL OF INTEGRITY ASSESSMENT AND RISK & MANAGEMENT PLAN AND DIRECT ASSESSMENT METHODOLOGIES FOR: ENBRIDGE PIPELINES (NE TEXAS) L.P.**

DECEMBER 27, 2004

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

**DOCKET NO.** -- 9560  
**CAPTION** -- Application of Atmos Energy Corp., Mid-Tex Division and Atmos Pipeline – Texas for Annual Gas Reliability Infrastructure Program Rate Adjustment for the Environs Area and Pipeline System.  
**DATE FILED** -- December 21, 2004  
**FILED BY** -- Charles R. Yarbrough, II  
**EXAMINER** -- Bill Geise

**DOCKET NO.** -- 9561  
**CAPTION** -- Inquiry into the Failure of Texas Gas Service Company to Comply with Safety Standards.  
**DATE FILED** -- December 21, 2004  
**FILED BY** -- Commission’s Own motion  
**EXAMINER** -- Susan German

**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.

DECEMBER 27, 2004

**SECTION 5**  
**ORDERS OF THE COMMISSION**

**RAILROAD COMMISSION OF TEXAS**

<p><b>APPROVAL OF INTEGRITY ASSESSMENT AND RISK MANAGEMENT PLAN AND DIRECT ASSESSMENT METHODOLOGIES FOR: ENBRIDGE PROCESSING (EAST TEXAS) L.P.</b></p>	<p>§ § § § § § §</p>	<p><b>PIPELINE SAFETY DOCKET NO. 9432</b></p>
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**STIPULATED AGREED ORDER**

**This Stipulated Agreed Order addresses the application of Enbridge Processing (East Texas) L.P. ("Operator") for approval of its parent company's, Enbridge Midcoast Energy, L.P.'s, Integrity Assessment and Risk Management Plan, including the use of direct assessment ("DA") methodologies, which the Operator has adopted. By letter dated May 21, 2003, the Operator has requested a hearing. By this Stipulated Agreed Order a hearing is no longer necessary and Operator's request for use of direct assessment as a means of conducting its pipeline safety inspections is hereby approved. The Railroad Commission of Texas ("Commission") has authority to informally dispose of this contested case through a consent order pursuant to TEX. GOV'T CODE ANN. § 2001.056(3).**

In settlement of this Docket, the Commission and Operator do hereby agree and stipulate as follows:

1. The Operator is subject to the jurisdiction of the Commission pursuant to Chapters 117 and 118 of the TEXAS NATURAL RESOURCES CODE and 16 TEXAS ADMINISTRATIVE CODE §7.82.
2. The Operator is subject to the Commission rules at 16 TEXAS ADMINISTRATIVE CODE § 8.101.
3. State Law and Commission rules further the goal of pipeline safety.
4. The Commission's rules at 16 TEX. ADMIN. CODE § 8.101 are consistent with the Code of Federal Regulations, Title 49, Subtitle B, Chapter I, Subchapter D, Pipeline Safety.
5. The Operator is routinely audited by the Commission's pipeline safety inspectors for compliance with the minimum safety standards as prescribed by 49 CFR § 195, and 16 T.A.C. § 7.80 - 7.87.
6. 16 T.A.C. § 8.101 required that by February 1, 2002, operators of intrastate transmission and gathering lines subject to the requirements of 49 CFR § 192 or 195 shall designate to the Commission's Pipeline Safety Section on a system-by-system or segment within each system basis whether the pipeline operator has chosen to use the risk-based analysis pursuant to paragraph 1 of subsection (b) of § 8.101 or the prescriptive plan authorized by paragraph 2 of subsection (b) of § 8.101.
7. The Integrity Assessment and Risk Management Plan covers liquid pipelines in Texas that are subject to the jurisdiction of the Commission and owned or operated by Operator.
8. The Operator is proposing the use of DA on pipelines or pipeline segments listed in Chapter 2 of its *Direct Assessment Application for Approval*.

9. On January 28, 2002, the Operator gave written notification to the Commission's Pipeline Safety Section of its intention to use the risk-based plan for the baseline assessment and direct assessment as a method of assessment.
10. On March 21, 2003, the Operator submitted to the Commission's Pipeline Safety Section for review and approval, Enbridge Midcoast Energy, L.P.'s Integrity Assessment and Risk Management Plan and direct assessment methodology, which the Operator has adopted.
11. On June 13, 2003, a final meeting was held with the Operator and members of the Pipeline Safety technical staff. The Operator presented its Integrity Assessment and Risk Management Plan and the validation project results of their direct assessment processes.
12. On July 25, 2003, the Operator filed with the office of General Counsel, its *Direct Assessment Application for Approval* of direct assessment methodology, which the Operator has adopted.
13. The Operator will determine the type of assessment method to be used by conducting an engineering evaluation in accordance with the Integrity Assessment and Risk Management Plan that seeks to minimize the impact to customers and operations, strives to achieve the highest degree of pipeline integrity and safeguards the public and the environment.
14. Only those pipelines or pipeline segments listed in Chapter 2 having pressure-testing records are qualified candidates to use direct assessment as a means of their integrity assessment.
15. The Operator plans to use direct assessment on those pipelines that were not designed to accommodate in-line inspection and are not readily available to be taken out of service to hydrostatically pressure test due to customer restraints. The Operator also believes that the introduction of water as a result of hydrostatic pressure test into a system could provide the possibility of introducing a corrosion mechanism not normally present, potentially compromising the integrity of the pipeline.
16. Enbridge Midcoast Energy, L.P.'s Integrity Assessment and Risk Management Plan, which the Operator has adopted, uses a risk based model in conjunction with the plan's direct assessment methodology for determining and managing the integrity of the Operator's pipeline systems.

17. The Operator's assessment methodology, as a minimum, follows ASME B31.8S and the NACE RP 0502, *Standard Recommended Practice for External Corrosion Direct Assessment*, latest editions.
18. Enbridge Midcoast Energy, L.P.'s direct assessment methodology for External Corrosion Direct Assessment ("ECDA") consists of the following four basic steps, as detailed in the Integrity Assessment and Risk Management Plan:
  - a. Pre-assessment,
  - b. Indirect Inspection,
  - c. Direct Examination, and
  - d. Post-Assessment
19. As part of the indirect assessment step for ECDA, the Operator will use at least two at-grade or aboveground inspections in each region established in the pre-assessment step. Listed below are four examples of at-grade or aboveground inspections:
  - a. Close Interval Survey ("CIS")
  - b. AC current attenuation survey (Pipeline Current Mapper)
  - c. Direct Current Voltage Gradient ("DCVG") survey
  - d. Alternating Current Voltage Gradient ("ACVG") or Pearson survey
20. As a condition of this Stipulated Agreed Order, the Operator may, subject to the provisions of subparagraph 14, use the direct assessment methods set forth in this order for the assessment of the pipeline systems listed in Chapter 2 of their *Direct Assessment Application for Approval*. Should the Operator wish to use DA on any additional pipelines or pipeline segments not listed in Chapter 2 of its *Direct Assessment Application for Approval*, the Operator shall request approval from the Commission to amend the Stipulated Agreed Order to include those additional pipelines or pipeline segments not listed in Chapter 2 of their *Direct Assessment Application for Approval*.
21. The Operator shall establish the reassessment interval in accordance with the Integrity Assessment and Risk Management Plan. Subsequent to completing the baseline assessment, the Operator will reevaluate pipeline risk and notify the Commission's Pipeline Safety Section if the reassessment interval exceeds 5 years. Each January, the Operator shall give written notice to the Commission's Pipeline Safety Section identifying those pipeline segments it intends to assess in that calendar year, including estimated date of assessment and by what means the assessment or re-assessment will be performed.
22. In the event that the Operator determines that sufficient data for some DA regions comprising a segment of pipeline are not available or cannot be collected to support the pre-assessment step, DA shall not be used for those regions. The Operator will evaluate conditions that would preclude DA application. Additionally, if conditions along a pipeline segment are such that indirect inspections or alternate methods of assessing integrity cannot be applied, the DA process is no longer applicable. The Operator will evaluate the integrity of pipelines or pipeline segments having demonstrated long seam failures by methods other than ECDA that are capable of detecting such anomalies.
23. If at any time during the pre-assessment, or the direct examination, it is determined that the line pipe is reused pipe, the Operator will fully investigate the extent of the reused pipe and will seek approval of the Director of the Pipeline Safety Division of the Commission for continued use of DA on that pipeline or pipeline segment.

24. The direct assessment validation project for the Integrity Assessment and Risk Management Plan was carried out using 32 miles of the 8-inch ETGGC-IPC lateral. This pipeline is a pipeline capable of accommodating an in-line inspection tool, therefore making possible a true validation of the external and internal corrosion direct assessment processes.
25. The Operator shall perform the minimum number of excavations as defined in NACE RP-0502, latest edition.
26. The Operator shall follow the procedures consistent with Part 195 when making repairs to any segment not associated with a High Consequence Area.
27. The Operator shall comply with 49 CFR 195.452, reporting to the Office of Pipeline Safety, Research and Special Programs Administration, with a copy delivered to the Pipeline Safety Section of the Commission, a summary of their integrity performance measures for the segments affecting a High Consequence Area.
28. 60-days prior to a reassessment, the Operator shall give written notice to the Commission's Pipeline Safety Section of its intention to conduct a reassessment and by what means the reassessment will be performed.
29. Should a pipeline operated by the Operator that is being assessed, and/or managed by direct assessment, experience an unintentional release not associated with a third party incident, the Operator will not be permitted to use direct assessment as the sole means of assessing that segment of pipe in question until the Operator has completed a root cause analysis for the incident and reported its findings to the Commission along with data supporting continuation of direct assessment for the subject pipeline segment.
30. In settlement of this Docket, the Commission further stipulates that the Operator is the sole applicant of this agreed order. Commission approval of the use of direct assessment herein will not automatically apply to the pipeline systems or segments identified in the attached Exhibit from and after the sale or transfer of any approved segment to an entity not affiliated with the Operator. If the Operator modifies its current pipeline system by acquisition, sale or transfer, it may request amendment of the authority granted in this docket, after notice and submission of data demonstrating that direct assessment is an appropriate pipeline integrity methodology for the pipeline system or segment it seeks to add to its existing authority.
31. The Operator shall complete 50% of its baseline assessment by January 1, 2006, and the remainder of its baseline assessment by January 1, 2011 consistent with or as amended by 16 TEX. ADMIN. CODE § 8.101(B).
32. Operator's ability to use DA for its baseline assessment of those pipelines listed on the attachment to this order is supported by DOT's response of "no exception" dated August 5, 2004.
33. Jurisdiction of the Commission over this docket having been established, based upon the agreement of the Commission, and the Operator, it is therefore **ORDERED by the Railroad Commission of Texas** that Enbridge Midcoast Energy, L.P.'s Integrity Assessment and Risk Management Plan, adopted by the Operator, including direct assessment methodologies, is hereby **APPROVED**, that Pipeline Safety Docket No. 03-9432 be informally disposed by this Stipulated Agreed Order and closed that all other relief not expressly stated and granted by this order is DENIED.

**SIGNED AT AUSTIN, TEXAS the 21<sup>st</sup> day of December, 2004.**

\_\_\_\_\_  
**VICTOR G. CARRILLO**  
**CHAIRMAN**

/s/ \_\_\_\_\_  
**CHARLES R. MATTHEWS**  
**COMMISSIONER**

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

**ATTEST**      **Kim Williamson**  
**SECRETARY**

**APPROVED AS TO FORM AND SUBSTANCE**

By: \_\_\_\_\_  
Phil Gamble, Attorney for  
Enbridge Processing (East Texas) L.P.

## RAILROAD COMMISSION OF TEXAS

APPROVAL OF INTEGRITY	§	
ASSESSMENT AND RISK&	§	
MANAGEMENT PLAN AND DIRECT	§	PIPELINE SAFETY
ASSESSMENT METHODOLOGIES FOR:	§	DOCKET NO. 9434
ENBRIDGE PIPELINES	§	
(NE TEXAS) L.P.	§	

**STIPULATED AGREED ORDER**

**This Stipulated Agreed Order addresses the application of Enbridge Pipelines (NE Texas) L.P. ("Operator") for approval of its parent company's, Enbridge Midcoast Energy, L.P.'s, Integrity Assessment and Risk Management Plan, including the use of direct assessment ("DA") methodologies, which the Operator has adopted. By letter dated May 21, 2003, the Operator has requested a hearing. By this Stipulated Agreed Order a hearing is no longer necessary and Operator's request for use of direct assessment as a means of conducting its pipeline safety inspections is hereby approved. The Railroad Commission of Texas ("Commission") has authority to informally dispose of this contested case through a consent order pursuant to TEX. GOV'T CODE ANN. § 2001.056(3).**

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DECEMBER 27, 2004

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32. Operator's ability to use DA for its baseline assessment of those pipelines listed on the attachment to this order is supported by DOT's response of "no exception" dated August 5, 2004.
33. Jurisdiction of the Commission over this docket having been established, based upon the agreement of the Commission, and the Operator, it is therefore **ORDERED by the Railroad Commission of Texas** that Enbridge Midcoast Energy, L.P.'s Integrity Assessment and Risk Management Plan, adopted by the Operator, including direct assessment methodologies, is hereby **APPROVED**, that Pipeline Safety Docket No. 03-9434 be informally disposed by this Stipulated Agreed Order and closed that all other relief not expressly stated and granted by this order is DENIED.

SIGNED AT AUSTIN, TEXAS the 21<sup>st</sup> day of December, 2004.

\_\_\_\_\_  
VICTOR G. CARRILLO  
CHAIRMAN

/s/ \_\_\_\_\_  
CHARLES R. MATTHEWS  
COMMISSIONER

/s/ \_\_\_\_\_  
MICHAEL L. WILLIAMS  
COMMISSIONER

ATTEST Kim Williamson  
SECRETARY

DECEMBER 27, 2004

**APPROVED AS TO FORM AND SUBSTANCE**

By: \_\_\_\_\_  
Phil Gamble, Attorney for  
Enbridge Pipelines (NE Texas) L.P.

**RAILROAD COMMISSION OF TEXAS**

**STATEMENT OF INTENT FILED BY §  
WOODSBORO NATURAL GAS §  
CORPORATION TO CHANGE RATES IN § GAS UTILITIES DOCKET NO. 9557  
ENVIRONS OF THE CITY OF  
WOODSBORO §**

**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 November 24, 2004, Woodsboro Natural Gas Corporation filed with the Railroad Commission of Texas (Commission) a statement of intent to change rates in the unincorporated areas of the City of Woodsboro. Woodsboro Natural Gas Corporation has proposed that the rates become effective on November 24, 2004.

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 statements of intent filed by Woodsboro Natural Gas Corporation are hereby **SUSPENDED** for a period of one hundred fifty (150) days from the date the rates would otherwise go into effect.

SIGNED this 21<sup>st</sup> day of December, 2004.

**RAILROAD COMMISSION OF TEXAS**

\_\_\_\_\_  
**CHAIRMAN VICTOR G. CARRILLO**

/s/ \_\_\_\_\_  
**COMMISSIONER CHARLES R. MATTHEWS**

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

DECEMBER 27, 2004

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**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. 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 2004 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  
Ed Abrahamson, Director, Utility Audit Section Fax (512) 475-3180  
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

DECEMBER 27, 2004

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

Stephen Cooper, Senior Auditor

Telephone (512) 463-7022  
Fax (512) 475-3180Houston District- 1706 Seamist Drive. Suite 501  
Houston, TX 77008-3135Margie Stoney, Senior Auditor  
Larry Alcorn, Auditor  
Bryan L. Sparkman, Auditor  
Konata Uzoma, AuditorTelephone (713) 869-8425  
Fax (713) 869-3219**B. Gas Utility Tax, Annual Reports and Audit Reports**

Questions relating to gas utility tax, annual reports and 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. 9253 New Rule for Relocation Cost Recovery Factor

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.