

**RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION**

**GAS UTILITIES
INFORMATION BULLETIN**

No. 740



**RAILROAD COMMISSION
OF TEXAS**

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

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

January 26, 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.....	3
SECTION 3 - STATUS OF PENDING CASES	3
SECTION 4 - NOTICES OF DISMISSAL.....	3
SECTION 5 - ORDERS OF THE COMMISSION	4
SECTION 6 - MISCELLANEOUS.....	7-9

Orders were issued in the following dockets:

GUD No. 9468 – Application of Kinder Morgan Texas Pipeline, L.P. Pursuant to Section 311 of the Natural Gas Policy Act for Review of the Reasonableness of Storage Rates.

SECTION 1
NEW APPEALS AND APPLICATIONS FILED

DOCKET NO. -- 9470
CAPTION -- Application of Kinder Morgan Ship Channel Pipeline, LP, Kinder Morgan South Texas Pipeline, L.P., and East Texas Industrial Gas, LLC, for Review of the Merger With and Into Kinder Morgan Tejas Pipeline, L.P.
DATE FILED -- January 20, 2004
FILED BY -- Lee Baskin
EXAMINER -- Mark Brock

DOCKET NO. -- 9471
CAPTION -- Complaint of Unit Petroleum Company Concerning Unjust, Unreasonable and Discriminatory Purchasing Practices Against ConocoPhillips Co.
DATE FILED -- January 8, 2004
FILED BY -- Lisa Chavarria
EXAMINER -- Rose Ruiz

DOCKET NO. -- 9472
CAPTION -- Application of Oneok WesTex Transmission, LP for Review of the Sale of the Triangle Located in Various Counties in Texas.
DATE FILED -- January 15, 2004
FILED BY -- Dave Heston and Bill Guy
EXAMINER -- Mark Brock

DOCKET NO. -- 9473
CAPTION -- Application of GulfTerra Texas Pipeline, L.P. for Review of the Sale of Facilities to TGS Rio, LLC.
DATE FILED -- January 20, 2004
FILED BY -- Kathy L. McCoy
EXAMINER -- Jackie Standard

DOCKET NO. -- 9474
CAPTION -- Application of EasTrans Limited Partnership for Review of the Merger With East Texas Gas Systems, LP.
DATE FILED -- January 26, 2004
FILED BY -- Katie Rice
EXAMINER -- Rose Ruiz

DOCKET NO. -- 9475
CAPTION -- Application of Duke Energy Guadalupe PL., Inc. for Review of the Purchase of a Pipeline System From Duke Energy Field Services, LP Known as the Peach Ridge Lean Pipeline System.
DATE FILED -- January 26, 2004
FILED BY -- Katie Rice
EXAMINER -- Mark Brock

DOCKET NO. -- 9476
CAPTION -- Application of J-W Gathering Company for Review of the Acquisition of Pipeline From Northcrest Resources, Ltd.
DATE FILED -- January 26, 2004
FILED BY -- John Dutton
EXAMINER -- Mark Brock

DOCKET NO. -- 9477
CAPTION -- Application of J-W Gathering Company for Review of the Acquisition of Pipeline From Northcrest Pipeline, Ltd.
DATE FILED -- January 26, 2004
FILED BY -- John Dutton
EXAMINER -- Mark Brock

SECTION 2
APPEALS AND APPLICATIONS SET FOR HEARING OR PREHEARING CONFERENCE

DOCKET NO. -- 9400
CAPTION -- TXU Gas Company Statement of Intent to Change Rates in the Company's Statewide Gas Utility System.
EXAMINER -- Michelle Lingo, John Chakales, Mark Evarts
DATE & TIME -- Monday, January 26, 2004
PLACE -- William B. Travis Building, 1701 North Congress Avenue, Austin, TX.

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

APPLICATION OF KINDER MORGAN §
TEXAS PIPELINE, L.P. PURSUANT TO §
SECTION 311 OF THE NATURAL GAS § **GAS UTILITIES DOCKET NO. 9468**
POLICY ACT FOR REVIEW OF THE §
REASONABLENESS OF STORAGE RATES §

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 and Supp. 2003). The Railroad Commission of Texas adopts the following findings of fact, conclusions of law, and orders as follows:

FINDINGS OF FACT

1. Kinder Morgan Texas Pipeline, L.P. (Applicant) owns and operates an intrastate natural gas pipeline and gas storage facilities in the State of Texas.
2. Applicant stores natural gas on behalf of others pursuant to §311(a)(2) of the Natural Gas Policy Act of 1978, 15 U.S.C. §3371, *et seq.*
3. On November 19, 2003, Applicant filed with the Railroad Commission of Texas (Commission) an application and supporting testimony and schedules for review of the reasonableness of the gas storage rates applicable to the Markham Storage Facility, located in Matagorda County, Texas.
4. On December 11, 2003, Applicant filed responses to Staff's Requests For Information.
5. Applicant does not seek to change or modify any existing intrastate rates.
6. Due notice of this proceeding was served on all persons for whom Applicant performs §311(a)(2) storage services.
7. This docket was processed informally without an evidentiary hearing. No motion to intervene or statement of protest was filed.
8. Applicant has shown that the rates for providing natural gas storage services, as shown in the Attachment to this order, are just and reasonable, fair and equitable, and not in excess of cost-based rates.

CONCLUSIONS OF LAW

Applicant is an intrastate "gas utility" pursuant to TEX. UTIL. CODE §§101.003, 121.001 (Vernon 1998 and Supp. 2004).

The application is properly before the Commission pursuant to 15 U.S.C. §3371, *et seq.*, and TEX. UTIL. CODE §§121.151 (Vernon 1998).

Storage rates equal to those described in the Attachment to this order are just and reasonable, fair and equitable, and not in excess of cost-based rates.

THE RAILROAD COMMISSION OF TEXAS hereby finds that the storage rate schedule shown in the Attachment to this order for certain storage services by Kinder Morgan Texas Pipeline, L.P. is just and reasonable, fair and equitable, and not in excess of cost-based rates.

IT IS HEREBY ORDERED that Kinder Morgan Texas Pipeline, L.P. shall comply with all applicable curtailment orders of the Commission.

IT IS FURTHER ORDERED that all proposed findings of fact and conclusions of law not specifically adopted herein are **DENIED**.

SIGNED this 23rd day of January 2004.

RAILROAD COMMISSION OF TEXAS

/s/**VICTOR G. CARRILLO, CHAIRMAN**

/s/**CHARLES R. MATTHEWS, COMMISSIONER**

/s/**MICHAEL L. WILLIAMS, COMMISSIONER**

ATTEST:

/s/**SECRETARY**

STORAGE RATES: KINDER MORGAN TEXAS PIPELINE, L.P.

Description	Proposed Rate
<u>Firm Storage Service</u>	
Storage Capacity Fee	\$.1022 per MMBtu per month of Shipper's Working Gas Storage Capacity
Deliverability Fee	\$.4402 per MMBtu per month of Shipper's Maximum Withdrawal Quantity
Volumetric Receipt/Injection Fee	\$.0063 per MMBtu injected up to Shipper's Maximum Daily Injection Quantity
Volumetric Delivery/Withdrawal Fee	\$.0063 per MMBtu withdrawn up to Shipper's Maximum Daily Withdrawal Quantity
Overrun Storage Capacity Fee	\$.1389 per MMBtu of average daily storage volume in excess of Shipper's Working Gas Storage Capacity
Overrun Receipt/Injection Fee	\$.0063 per MMBtu in excess of Shipper's Maximum Daily Injection Quantity
Overrun Receipt/Withdrawal Fee	\$.0063 per MMBtu in excess of Shipper's Maximum Daily Withdrawal Quantity
Fuel Fee	1.6% of volumes received for injection
<u>Interruptible Storage Service</u>	
Storage Usage Fee	\$.1389 per MMBtu of the average monthly Working Gas Balance
Injection Fee	\$.0063 per MMBtu injected
Withdrawal Fee	\$.0063 per MMBtu withdrawn
Fuel Fee	1.6% of volumes received for injection

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 2003 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, Assistant Director

Dallas District- 1546 Rowlett Rd., Suite 107, Garland, Texas 75043 Telephone (972) 240-5757;
Fax
(972)303-1897
Stephen Cooper, Auditor
Josh Settle, Auditor

Austin District- P. O. Box 12967, Austin, Texas 78711-2967 Telephone (512) 463-7022

Houston District- 1706 Seamist Drive. Suite 501, Houston, Texas 77008-3135 Telephone (713) 869-
8425; Fax
(713)869-3219

Dale Francis, Auditor
Margie Stoney, Auditor
Konata Uzoma, Auditor
Lekisha Churchwell, Auditor

Larry Alcorn, Auditor

B. Gas Utility Tax, Annual Reports and Audit Reports

Questions relating to gas utility tax, annual reports and audit reports, call Shannon L. Miller at (512) 463-7022.

C. Available Information

Copies of company annual reports (1994 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 Telephone (512) 463-7164
William O. Geise, Director

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 Jackie Standard 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. 9221 Amendments to Quality of Service Rules

GUD No. 9253 New Rule for Relocation Cost Recovery Factor

GUD No. 9257 Amendments to §7.450 Gas Distribution in Mobile Home Parks, Apartment Houses and Apartment Units.

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

GUD No. 9303 Amendments to §7.465 Abandonment Rule

GUD No. 9334 Amendments to §7.310 System of Accounts

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.