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Orders were issued in the following dockets:

GUD No. 9400: Statement of Intent Filed by TXU Gas Company to change Rates in the Company's Statewide Gas Utility System. (Order Approving Bond; Rate Case Expense Order)

SECTION 1
NEW APPEALS AND APPLICATIONS FILED

DOCKET NO. -- 9478
CAPTION -- Kinder Morgan Tejas Pipeline, L.P.'s Application Pursuant to Section 311 of the Natural Gas Policy Act for Review of the Reasonableness of a Rate Being Charged Under an Existing Gas Sales Contract.
DATE FILED -- January 28, 2004
FILED BY -- Daniel R. Renner
EXAMINER -- Rose Ruiz

DOCKET NO. -- 9479
CAPTION -- Application of Enbridge Energy Partners, L.P. for Review of the Acquisition of Cantera Resources, Inc. and Cantera Gas Gathering, Inc.
DATE FILED -- February 6, 2004
FILED BY -- Claudia Schrull
EXAMINER -- Rose Ruiz

DOCKET NO. -- 9480
CAPTION -- Application of TXU Gas Company for Approval of Abandonment of Service and Facilities for Four Customers Served From Txu Gas Company's Line R-11 in Runnels County, Texas.
DATE FILED -- February 9, 2004
FILED BY -- Charles R. Yarbrough
EXAMINER -- Robby Abarka

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

**STATEMENT OF INTENT FILED BY TXU GAS§
COMPANY TO CHANGE RATES IN THE§
COMPANY'S STATEWIDE GAS UTILITY§
SYSTEM §**

GAS UTILITIES DOCKET NO. 9400

RATE CASE EXPENSE 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 1998 and Supp. 2004).

On May 23, 2003, TXU Gas Company (TXU Gas) filed with the Railroad Commission of Texas (Commission) a statement of intent to change in this docket gas pipeline and distribution rates on a statewide basis.

On June 11, 2003, the Alliance of TXU Municipalities (ATM) filed a motion requesting the Railroad Commission of Texas issue an order requiring TXU Gas to reimburse municipalities their rate case expenses on a monthly basis and upon receipt of invoices. ATM suggested that TXU Gas pay 90% of its invoiced expenses, retaining 10% until the reasonableness of the expenses can be reviewed in this case. The Allied Coalition of Cities (ACC) filed a response supporting monthly reimbursement. TXU Gas responded opposing such reimbursement. On July 18, 2003, the Hearings Examiners denied the motions for reimbursement in Letter No. 3. Thereafter, on July 23, 2003, ATM and ACC appealed the Letter No. 3 ruling to the Commission and on July 28, 2003, the Commission staff indicated support for municipal reimbursement.

Having reviewed the arguments of the municipalities and the response filed by TXU Gas in open conference on August 5, 2003, the Commission finds that it is appropriate to reverse the Examiners' opinion and provide for quarterly reimbursement of municipal rate case expenses with a retainage by TXU Gas of twenty percent of the invoiced amounts. The Commission further finds that TXU Gas shall not exact a surcharge against ratepayers to recover reimbursements during the pendency of this case; however, TXU Gas may recover interest on the quarterly reimbursed amounts at a rate later to be determined by the Commission. To support the reasonableness of their expenses, all parties seeking to recover those expenses through a surcharge are required to submit to the Commission documentation that is consistent with our rules. The first period for the recovery of rate case expenses would include the period from May 23, 2003, through August 31, 2002, and thereafter on a quarterly basis in the amount of 80% of the invoiced expenses.

The Commission will make a determination as to the reasonableness of rate case expenses during the hearing process and in the final order in this case.

IT IS THEREFORE ORDERED BY THE RAILROAD COMMISSION OF TEXAS that TXU Gas reimburse municipalities 80% of their invoiced expenses on a quarterly basis beginning with the quarter ending August 31, 2003. TXU Gas shall not surcharge its reimbursement payments during the pendency of this case, but shall be entitled to recover interest on its quarterly payments at a rate to be determined by the Commission.

SIGNED this 10th day of February 2004.

RAILROAD COMMISSION OF TEXAS

/s/VICTOR G. CARILLO CHAIRMAN

/s/MICHAEL L. WILLIAMS
COMMISSIONER

CHARLES R. MATTHEWS
COMMISSIONER

ATTEST:

/s/SECRETARY

**STATEMENT OF INTENT FILED BY TXU GAS
COMPANY TO CHANGE RATES IN THE
COMPANY'S STATEWIDE GAS UTILITY
SYSTEM**

GAS UTILITIES DOCKET NO. 9400

ORDER APPROVING BOND

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. § 551.001 et. seq. (Vernon 1994 & Supp. 2004).

Findings of Fact

1. On May 23, 2003, TXU Gas Company (TXU) filed with the Railroad Commission of Texas (Commission) a statement of intent to change rates in the company's statewide gas utility system (the System) pursuant to: TEX. UTIL. CODE ANN., Title 3, Subtitle A (Gas Utility Regulatory Act, §§101.001, *et seq.*); TEX. UTIL. CODE ANN., Title 3, Subtitle B (Regulation of Transportation and Use, §§121.001, *et seq.*); and, specifically, TEX. UTIL. CODE ANN., Chapter 104, Subchapters A-C, §§104.101-104.111 (Vernon 1998 and Supp. 2004).
2. TXU has also filed in each city served by TXU a rate package with similar rates. TXU owns and operates a natural gas transmission and distribution systems serving the following cities: Abbott, Abilene, Addison, Alba, Albany, Allen, Alma, Alvarado, Alvord, Anson, Angus, Anna, Annona, Archer City, Argyle, Arlington, Athens, Aubrey, Aurora, Austin, Avery, Azle, Baird, Balch Springs, Ballinger, Bandera, Bangs, Bardwell, Barry, Bartlett, Bedford, Bellevue, Bellmead, Bells, Belton, Benbrook, Benjamin, Bertram, Beverly Hills, Blackwell, Blanket, Blooming Grove, Blossom, Blue Mound, Blue Ridge, Blum, Bogata, Bonham, Bowie, Boyd, Bremond, Bridgeport, Bronte, Brownsboro, Brownwood, Bruceville-Eddy, Bryan, Buckholts, Buffalo, Buffalo Gap, Burkburnett, Burseson, Burnet, Byers, Caddo Mills, Caldwell, Calvert, Cameron, Campbell, Canton, Carbon, Carrollton, Cashion Community, Cedar Hill, Cedar Park, Celeste, Celina, Centerville, Chandler, Chico, Childress, Chillicothe, Cisco, Clarksville, Cleburne, Clifton, Clyde, Cockrell Hill, Coleman, College Station, Colleyville, Collinsville, Colorado City, Comanche, Commerce, Como, Coolidge, Copper Canyon, Cooper, Coppell, Copperas Cove, Corinth, Corral City, Corsicana, Covington, Crandall, Crawford, Crossroads, Crowley, Cumby, Dallas, Dalworthington Gardens, Dawson, Decatur, De Leon, Denison, Denton, Deport, DeSoto, Detroit, Dodd City, Double Oak, Dublin, Duncanville, Early, Eastland, Ector, Edgecliff Village, Edom, Electra, Emhouse, Emory, Ennis, Euless, Eustace, Evant, Everman, Fairfield, Fairview, Farmers Branch, Farmersville, Fate, Ferris, Flower Mound, Forest Hill, Forney, Fort Worth, Frankston, Franklin, Fredricksburg, Frisco, Frost, Gainesville, Garland, Garrett, Gatesville, Georgetown, Glen Rose, Glenn Heights, Godley, Goldwaite, Goodlow, Gordon, Goree, Gorman, Granbury, Grand Prairie, Grandview, Granger, Grapevine, Greenville, Groesbeck, Gunter, Gustine, Haltom City, Hamilton, Hamlin, Harker Heights, Haskell, Haslet, Hawley, Heath, Hearne, Henrietta, Heuitt, Hickory Creek, Hico, Highland Park, Highland Village, Hillsboro, Holland, Holliday, Honey Grove, Howe, Hubbard, Hurst, Hutschins, Hutto, Impact, Iowa Park, Iredell, Irving, Italy, Itasca, Jewett, Josephine, Joshua, Justin, Kaufman, Keene, Keller, Kemp, Kennedale, Kerens, Kerrville, Killeen, Knollwood, Knox City, Kosse, Krum, Kurten, Lacy-Lakeview, Ladonia, Lake Dallas, Lake Worth, Lakeport, Lakeside, Lampasas, Lancaster, Lavon, Lawn, Leander, Leona, Lenord, Lewisville, Lexington, Lincoln Park, Lindsay, Lipan, Little Elm, Little River-Academy, Llano, Lometa, Lone Oak, Longview, Loraine, Lorena, Lott, Lueders, Madisonville, Mabank, Malakoff, Malone, Manor, Mansfield, Marble Falls, Marlin, Marshall Creek, Mart, Maypearl, McGregor, McKinney, Megargel, Meridian, Melissa, Merkel, Mesquite, Mexia, Midlothian, Midway, Mildred, Miles, Milford, Mobile City, Moran, Morgan, Muenster, Monday, Murchison, Moody, Murphy, Nevada, Newark, Newcastle, New Chapel Hill, Nocona, Normangee, North Richland Hills, Northlake, Nolanville, Novice, Oakwood, Oglesby, Olney, O'Brien, Ovilla, Palestine, Palmer, Pantego, Paradise, Paris, Parker, Pecan Gap, Pecan Hill, Penelope, Petrolia, Pflugerville, Pilot Point, Plano, Pleasant Valley, Point, Ponder, Pottsboro, Powell, Poynor, Princeton, Prosper, Putnam, Quanah, Quinlan, Quitman, Ranger, Ravenna, Reno (Lamar County), Reno (Parker County), Red Oak, Retreat, Rhome, Rice, Richardson, Richland, Richland Hills, Riesel, Rio Vista, River Oaks, Roanoke, Robert Lee, Robinson, Roby, Rochester, Rockdale, Rockwall, Rogers, Roscoe, Rosebud, Ross, Rotan, Round Rock, Rowlett, Roxton, Royse, Runaway Bay, Rule,

Sachse, Sadler, Saginaw, Saint Jo, San Angelo, San Saba, Sanctuary, Sanger, Sansom Park, Santa Ana, Savoy, Seagoville, Seymour, Shady Shores, Sherman, Snyder, Somerville, Southmayd, South Mountain, Southlake, Springtown, Stamford, Star Harbor, Stephenville, Strawn, Streetman, Sulphur Springs, Sun Valley, Sunnyvale, Sunset, Sweetwater, Talty, Taylor, Teague, Tehuacana, Temple, Terrell, The Colony, Thorndale, Thornton, Thrall, Throckmorton, Tiog, Toco, Tom Bean, Trent, Trenton, Trinidad, Trophy Club, Troy, Tuscola, Tye, Tyler, University Park, Valley Mills, Valley View, Van Alstyne, Venus, Vernon, Waco, Walnut Springs, Watauga, Waxahachie, Weinert, West, Westlake, Westminster, Westover Hills, Westworth Village, White Settlement, Whitehouse, Whitesboro, Whitewright, Wichita Falls, Whitney, Wilmer, Windom, Winters, Wixon Valley, Wolfe City, Woodway, Wortham, Wylie, Yantis.

3. Each of the following cities passed an ordinance in which they indicated their intent to cede ratemaking jurisdiction to the Railroad Commission pursuant to TEX. UTIL. CODE ANN. § 103.003(a): Anson, Azle, Bardwell, Blackwell, Blanket, Bronte, Calvert, Chandler, Como, Coolidge, Cooper, Covington, Cumby, Emory, Ferris, Franklin, Gustine, Hamlin, Hawley, Hearne, Hubbard, Italy, Ladonia, Lipan, Little River-Academy, Lott, Lueders, Madisonville, Melissa, Merkel, Midway, Moody, New Chapel Hill, Normangee, O'Brien, Pecan Gap, Point, Robert Lee, Roby, Rule, Sadler, Sanctuary, Southmayd, Talty, Trent, Tyler, Van Alstyne, Weinert, Whitehouse, Wixon Valley, Wolfe City.
4. On January 9, 2004, TXU filed with the Railroad Commission a request to approve the form of a bond, the amount of the bond, and the surety underwriting a bond in order to establish bonded rates within the entire TXU Gas service territory.
5. TXU has submitted a bond payable to the Railroad Commission in an amount of \$34,800,000.
6. The surety, SAFECO Insurance Company of America, is a surety that has been deemed acceptable to the Railroad Commission in previous proceedings. Safeco Insurance Company of America carries a Standard and Poor rating of "A+" and a Moody's rating of A1.
7. The bond is conditioned as follows: TXU shall refund or credit against future bills all money collected under the bonded rates in excess of the rate finally ordered and all interest on that money at the current interest rate.

Conclusions of Law

1. TXU Gas Company is a "gas utility" as defined in TEX. UTIL. CODE ANN. §§ 101.003(7) and 121.001 (Vernon Supp. 2004).
2. The Commission has jurisdiction to consider the matters involved herein under TEX. UTIL. CODE ANN. §§ 102.001, 104.001, and 104.109 (Vernon 1998 and Supp. 2004).
3. TXU may place rates into effect on April 1, 2004, in areas subject to the original jurisdiction of the Railroad Commission, under bond and subject to refund, pending the Commission's final action on the proposed rate increase under TEX. UTIL. CODE ANN. § 104.109 (Vernon 1998).
4. The Commission has the authority to approve bonds for rates in all areas subject to the Commission's original jurisdiction under TEX. UTIL. CODE ANN. § 104.109 (Vernon 1998).
5. The Commission does not have the authority to approve a bond for rates in all areas subject to the Commission's appellate jurisdiction under TEX. UTIL. CODE ANN. § 104.109 (Vernon 1998). *Arkansas Louisiana Gas Company v. Railroad Commission of Texas*, 586 S.W.2d 643 (Tex. Civ. App. — Austin 1979, writ ref'd n.r.e.).

IT IS, THEREFORE, ORDERED BY THE RAILROAD COMMISSION OF TEXAS that the form of the Surety Bond is **APPROVED** for bonded rates in the areas over which the Commission exercises original jurisdiction.

IT IS FURTHER ORDERED, that TXU Gas Company submit to the Office of General Counsel of the Railroad Commission a revised bond in an amount adequate to ensure that a refund or credit against future bills will be paid if money collected under the bonded rates exceed the rate finally ordered.

IT IF FURTHER ORDERED, that TXU Gas Company shall refund or credit against future bills all money collected under the bonded rates in excess of the rate finally ordered and all interest on that money, at the current interest rate, as determined by the staff of the Railroad Commission.

IT IS FURTHER ORDERED, that TXU Gas Company shall file tariffs reflecting the rates to be charged within the areas of the Commission's original jurisdiction no later than March 15, 2004.

SIGNED this 10th day of February, 2004.

RAILROAD COMMISSION OF TEXAS

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

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

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

ATTEST

/s/SECRETARY

SECTION 4
NOTICES OF DISMISSAL

None at this time.

SECTION 5
ORDERS OF THE COMMISSION

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/gsap/rapbls.html>.

C. Proposals For Decision

Published on the Commission's web site at: <http://www.rrc.state.tx.us/divisions/gsap/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. Curtailements

Curtailement questions should be referred to (512) 463-7164. Curtailement reports made Monday through Friday, 8:00 a.m. to 5:00 p.m., should be made to (512) 463-7164. 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 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.