

**RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION**

**GAS UTILITIES
INFORMATION BULLETIN**

No. 710



**RAILROAD COMMISSION
OF TEXAS**

**Michael L. Williams, Chairman
Charles R. Matthews, Commissioner
Tony Garza, Commissioner**

**Steve Pitner
Director
Gas Services Division**

October 25, 2002

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
SECTION 1 - NEW APPEALS AND APPLICATIONS FILED AND CASES REFERRED TO SOAH.....	2
SECTION 2 - APPEALS AND APPLICATIONS SET FOR HEARING	2
SECTION 3 - STATUS OF PENDING CASES.....	2
SECTION 4 - NOTICES OF DISMISSAL	2
SECTION 5 - ORDERS OF THE COMMISSION	3-4
SECTION 6 - MISCELLANEOUS	5-11

Final Order issued in Gas Utilities Docket No. 9323 – Application of Aquila Storage and Transportation, L.P. pursuant to Section 311 of the Natural Gas Policy Act for review of reasonableness of rates.

SECTION 1
NEW APPEALS AND APPLICATIONS FILED

DOCKET NO. -- 9342
CAPTION -- Statement of Intent filed by Southern Union Gas Company to increase rates in the environs of the city of El Paso, TX.
DATE FILED -- 10/21/2002
FILED BY -- Stacey McTaggart
EXAMINER -- Mark Evarts

DOCKET NO. -- 9343
CAPTION -- Statement of Intent filed by Southern Union Gas Company to implement proposed revisions to each of the company's transportation rate schedules and to the cost of gas clause within the environs of the company's Central Texas Service area (Austin, Westlake Hills, Rollingwood, Sunset Valley and Cedar Park, TX).
DATE FILED -- 10/24/2002
FILED BY -- Larry Graham
EXAMINER -- Bill Geise

CASES REFERRED TO SOAH

DOCKET NO. -- 9291
CAPTION -- Request of Texas General Land Office for immediate action to stay abandonment and for establishment of transportation rate on Panther Pipeline, LTD.
DATE REFERRED TO SOAH -- 06/28/2002
SOAH DOCKET NO. -- 455-02-3446
SOAH ALJ -- Wendy Harvel

DOCKET NO. -- 9313
CAPTION -- Petition for review of TXU Gas Distribution from the actions of the City of Arlington, et al.
DATE REFERRED TO SOAH -- 08/21/2002
SOAH DOCKET NO. -- 455-02-4058
SOAH ALJ -- Kerry Sullivan

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

**APPLICATION OF AQUILA STORAGE
AND TRANSPORTATION, L.P.
PURSUANT TO SECTION 311 OF THE
NATURAL GAS POLICY ACT FOR
REVIEW OF REASONABLENESS
OF RATES**

GAS UTILITIES DOCKET NO. 9323

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. 2002). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

FINDINGS OF FACT

1. Aquila Storage and Transportation, L.P. (Applicant) owns and operates an intrastate natural gas storage and transportation facility within the State of Texas, on its Katy system.
2. Applicant stores and transports 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 August 26, 2002, Applicant filed with the Railroad Commission of Texas (Commission) an application for periodic review of the reasonableness of the storage and transportation rates applicable to its Katy system.
4. On September 24, 2002, Applicant filed direct testimony and exhibits with the Commission supporting the application.
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 or transportation services on its Katy system.
7. This docket was processed informally without an evidentiary hearing. No motion to intervene or statement of protest was filed.

Applicant has shown that, for present purposes, the storage and transportation rates set out in its application and set forth below, are just and reasonable, fair and equitable and not in excess of cost-based rates:

<u>Description</u>	<u>Rate</u>
Interruptible Transportation	\$0.1089 per MMBtu
Interruptible Storage	
Injection	\$0.0623
Withdrawal	\$0.0623
Capacity	\$0.0736
Firm Peaking Service	
Injection	\$0.0623
Withdrawal	\$0.0623
Capacity	\$0.0544 per MMBtu per month
Deliverability	\$1.1557 per MMBtu per month

Firm Base Load Service	
Injection	\$0.0623
Withdrawal	\$0.0623
Capacity	\$0.0300 per MMBtu per month
Deliverability	\$2.0436 per MMBtu per month
Suspendable Firm Storage	
Injection	\$0.0623
Withdrawal	\$0.0623
Capacity	\$0.0368 per MMBtu per month
Deliverability	\$1.5547 per MMBtu per month

CONCLUSIONS OF LAW

Applicant is an intrastate "gas utility" pursuant to TEX. UTIL. CODE ANN. §§ 101.003, 121.001 (Vernon Supp. 2002).

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

The storage and transportation rates for Applicant's Katy system, shown in Finding of Fact No. 8, are just and reasonable, fair and equitable and not in excess of cost-based rates.

THE RAILROAD COMMISSION OF TEXAS hereby finds that the reference storage and transportation rates, as shown in Finding of Fact No. 8 hereinabove, for Aquila Storage and Transportation, L.P., are just and reasonable, fair and equitable and not in excess of cost-based rates.

IT IS HEREBY ORDERED that Aquila Storage and Transportation, 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 21st day of October, 2002.

RAILROAD COMMISSION OF TEXAS

/s/CHAIRMAN MICHAEL L. WILLIAMS

/s/COMMISSIONER CHARLES R. MATTHEWS

/s/ COMMISSIONER TONY GARZA

ATTEST:

/s/ Kim Williamson _____
SECRETARY

SECTION 6
MISCELLANEOUS

STEVE 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 2001 – Now 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. **2002 Pipeline Safety Rules - \$13.00, includes: 49 CFR 191 & 192 and 16 TAC Sections 7.70-7.74 (gas) 49 CFR 193 (LNG); 49 CFR 195 and 16 TAC Sections 7.80-7.87 (hazardous liquids); 49 CFR 40 and 199 (drug testing).**
4. Distribution and/or Gas Transmission Review forms for Adequacy of Operation, Maintenance and Emergency Manual - To obtain a copy of review forms at no charge, send a request with a self addressed envelope (10" x 13" preferably) with \$0.98 postage.
5. 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 Gas Services Division, P. O. Box 12967, Austin, Texas 78711-2967, (512) 463-7167.

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 2002 is 6.00%. All gas utilities should use this rate.

2. PIPELINE SAFETY SECTION

- A. Austin Headquarters - William B. Travis Building
1701 North Congress, (78701)
PO Box 12967
Austin, Texas 78711-2967 Telephone (512) 463-7058

Mary L. McDaniel, P.E., Assistant Director
William (Bill) Dase, Jr., P.E., Engineer
Terry Pardo, P.E., Engineer
K. David Born, Field Operations Manager
Lee Thying, P.E., Engineer
Maurice Curd, Program Administrator

Amarillo Region 1 - 7102 IH-40 West, Bldg. C., Amarillo, Texas 79106 Telephone (806) 468-7486

Alan Mann, Engineering Specialist

Midland Region 2 - Petroleum Building, 214 West Texas, Suite 803, Midland, Texas 79701 Telephone (915) 570-5884

Glenn Taylor, Area Supervisor (Midland/Amarillo)
Larry Felio, P.E., Engineer
Keith Smith, Engineering Specialist
Tim Murray, Engineering Specialist (Abilene)

Kilgore Region 3 - 619 Henderson Boulevard, Kilgore, Texas 75662 Telephone (903) 984-8581

Bob Oldham, Engineering Specialist
James Alexander, Engineering Specialist
Jerry Hill, Engineering Specialist

Austin Region 4 - 1701 North Congress, P. O. Box 12967, Austin, Texas 78711 Telephone (512) 463-7050

Kendall Smith, Area Supervisor
Johnny Burgess, Engineering Specialist
Mark Arguelles, Program Administrator

Houston Region 5 -1706 Seamist Drive, Ste 501, Houston, Texas 77008-3135 Telephone (713) 869-8425

Danny Nichols, Area Supervisor
Jerry Hoff, Engineering Specialist
Jim Arnold, Engineering Specialist
Randy Vaughn, Engineering Specialist
Gregory Johnson, Engineering Specialist
Frank Henderson, Engineering Specialist
John Jewett, Engineering Assistant

Dallas Region 6 -1546 Rowlett Rd., Suite 107, Garland, Texas 75043 Telephone (972) 240-5757

Jody Kerl, P.E., Area Supervisor (Dallas/Kilgore)
M. Kathryn Williams-Guzman, Engineering Specialist
San Sein, Engineering Specialist
Terry Sullivan, Engineering Assistant

Corpus Christi Region 7 -10320 IH-37, P.O. Box 10307, Corpus Christi, Texas 78460-0307 Telephone (361) 242-3117

Don Gault, Area Supervisor
Steven Rios, Engineering Specialist
Jesse Cantu, Jr., Engineering Specialist
Ronda Lauderman, Engineering Assistant

B. Monthly Summary (September)

No. of distribution safety evaluations – 75
No. of transmission safety evaluations - 38
No. of liquid safety evaluations - 19
No. of leak/calls - 49
No. of accident investigations - 2
No. of special investigations - 32

C. Reporting of Pipeline Accidents1) NATURAL GAS

Accidents on intrastate gas systems involving \$5,000 property damage, a fatality or injuries, gas ignition, or that are judged significant must be reported by telephone within two hours, and the written report filed within thirty (30) days. Call the 24-hour emergency phone number (512)463-6788 to report an accident. For your convenience this priority phone line is used only to report emergencies.

2) HAZARDOUS LIQUIDS

Accidents on intrastate hazardous liquid pipelines reportable under 49 CFR Sections 195.50 and 195.52 and 16 TAC Section 7.84(a) must be reported by telephone within two hours and the required written report filed within thirty (30) days. Call the 24-hour emergency phone number (512)463-6788 to report an accident. For your convenience this priority phone line is used only to report emergencies.

Rules and Regulations:

[Federal Register: October 18, 2002 (Volume 67, Number 202)]

[Notices]

[Page 64447]

From the Federal Register Online via GPO Access [wais.access.gpo.gov]

[DOCID:fr18oc02-148]

DEPARTMENT OF TRANSPORTATION
Research and Special Programs Administration

Pipeline Safety: Definition of Onshore Gas Gathering Lines

AGENCY: Research and Special Programs Administration (RSPA), DOT.

ACTION: Notice; issuance of advisory bulletin.

SUMMARY: RSPA is issuing this advisory bulletin to owners and operators of natural gas pipeline facilities to confirm the standards the Research and Special Programs Administration Office of Pipeline Safety (OPS) uses to classify natural gas gathering lines.

ADDRESSES: This document can be viewed at the OPS home page at: <http://ops.dot.gov>.

FOR FURTHER INFORMATION CONTACT: L.E. Herrick, (202) 366-5523, or by e-mail at: le.herrick@rspa.dot.gov.

SUPPLEMENTARY INFORMATION:**I. Background**

On March 11, 1999, OPS announced an electronic public discussion forum and subsequent written comment period to provide OPS public input in deciding whether and how to modify the definition in 49 CFR 192 of a natural gas gathering line. (Docket No. RSPA-98-4868, Notice 1: 64 FR 12147.) A coalition lead by the American Petroleum Institute (API) submitted a proposed definition, which was supplemented by API Recommended Practices 80; Guidelines for the Definition of Onshore Gas Gathering Lines (RP-80).

OPS has reviewed the document but has not yet determined whether it will adopt the recommended practices into regulation. Until OPS re-defines a gas gathering line, it will continue to classify those lines according to the standards it has used in the past.

II. Advisory Bulletin (ADB-02-06)

To: Owners and Operators of Natural Gas Pipeline Facilities.

Subject: Standards for classifying natural gas gathering lines.

Purpose: To inform operators of the standards OPS currently uses to classify natural gas gathering lines.

Advisory: Standards for classification of natural gas gathering lines.

Until OPS completes its rulemaking to better define natural gas gathering lines (Docket No. RSPA-98-4868), OPS will continue to classify lines according to the four-point standard established through court precedent and historical interpretation. OPS will also continue to classify lines that pose unique difficulties of classification on a case-by-case basis. In brief, in the most common situation, gathering begins at or near the well head. In most cases, the gathering process terminates at the outlet of a processing plant. A processing plant is defined by the extraction of heavy ends from the natural gas. If there is no upstream processing plant, the gathering process terminates at the outlet of a pipeline compressor. For the purposes of determining the termination point of the gas gathering process, OPS does not consider a well head compressor (field compressor) to be a pipeline compressor. If there is no processing plant or pipeline compressor, the point at which the gathering process ends is where two or more well pipelines converge. If none of these points applies, the gas gathering termination point is where there is a change in ownership of the pipeline. These points are determined on a case-by-case basis considering the location of the pipeline in relation to population density, major traffic areas, and environmentally sensitive areas.

To summarize, OPS considers the termination of gas gathering to be:

- (1) The outlet of a processing plant that extracts heavy ends from the natural gas;
- (2) The outlet of a pipeline compressor (not including a well head compressor);
- (3) The point where two or more well pipelines converge; or
- (4) The point where there is a change in ownership of the pipeline.

Issued in Washington, D.C. on October 10, 2002.

Stacey L. Gerard,

Associate Administrator for Pipeline Safety.

[FR Doc. 02-26464 Filed 10-17-02; 8:45 am]

BILLING CODE 4910-60-P

3. 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
Ed Abrahamson, Assistant Director

Telephone (512) 463-7022

Dallas District- 1546 Rowlett Rd., Suite 107, Garland, Texas 75043

Telephone (972) 240-5757;
Fax (972)303-1897Stephen 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)869-3219Mark Brock, Supervising Auditor
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.

4. REGULATORY ANALYSIS AND POLICY

- A. Maintains the following office to assist you:

Headquarters - William B. Travis Building
1701 North Congress, P.O. Box 12967, Austin, Texas 78711
Karl Nalepa, Assistant Director

Telephone (512) 463-7164

B. Gas Utilities Information BulletinPublished 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 Sandra Soto at (512) 463-7164.

E. Curtailments

Curtailment questions should be referred to Sandra Soto at (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, (512) 896-3863 (digital pager), (512) 892-1772 or (512) 280-5949.

- 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 Regulatory Analysis and Policy section at (512) 463-7164.
- H. 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

5. 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.