



GAS UTILITIES INFORMATION BULLETIN

No. 1093

Christi Craddick, Chairman

Ryan Sitton, Commissioner

Wayne Christian, Commissioner

OCTOBER 15, 2018
OVERSIGHT AND SAFETY DIVISION
Kari French, Director

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SECTION 1: NEW APPEALS AND APPLICATIONS FILED

DOCKET NO.: 10774
CAPTION Inquiry into The Failure of City of Robstown to Comply with Safety Standards.
DATE FILED -- 10/03/2018
FILED BY -- Commission's Own Motion
EXAMINER --
TECHNICAL --

DOCKET NO.: 10775
CAPTION Inquiry into The Failure of Red Water Resources, INC. to Comply with Safety Standards.
DATE FILED -- 10/03/2018
FILED BY -- Commission's Own Motion
EXAMINER --
TECHNICAL --

DOCKET NO.: 10776
CAPTION Inquiry into The Failure of Atmos Energy Corp., Mid-Tex Division to Comply with Safety Standards.
DATE FILED -- 10/03/2018
FILED BY -- Commission's Own Motion
EXAMINER --
TECHNICAL --

DOCKET NO.: 10777
CAPTION Inquiry into The Failure of the Palm Condominiums Community, INC. to Comply with Safety Standards.
DATE FILED -- 10/03/2018
FILED BY -- Commission's Own Motion
EXAMINER --
TECHNICAL --

DOCKET NO.: 10778
CAPTION Hughes Natural Gas, Inc.'s Notice of Intent to Reduce Rates Established in GUD No. 10190 and Interim Rates Established in GUD No. 10386, 10425, 10504, 10614 Pursuant to Section 104.111 of the Gas Utility Regulatory Act.
DATE FILED -- 10/09/2018
FILED BY -- Jason D. Gellman
EXAMINER -- Claudia Godoy
TECHNICAL --

DOCKET NO.: 10779
CAPTION Petition for De Novo Review of the Denial of the Statement of Intent Filed by Atmos Energy Corp., Mid-Tex Division by the Cities of Balch Springs, Bandera, Belton, ET. AL.
DATE FILED -- 10/11/2018
FILED BY -- John Dodson
EXAMINER -- James Currier

TECHNICAL --

DOCKET NO.: 10780

CAPTION Application filed by Centerpoint Energy Entex to show the City of Hawkins and Hughes Springs, Texas Surrendered Municipal Jurisdiction to the Railroad Commission of Texas.

DATE FILED -- 10/04/2018

FILED BY -- Perrin Wall

EXAMINER -- Claudia Godoy

TECHNICAL --

SECTION 2: APPEALS AND APPLICATIONS SET FOR HEARING OR PREHEARING CONFERENCE

[Office of General Counsel Weekly Hearing Schedules for 2018](#)

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

CONSOLIDATED COMPLAINTS OF §
TARGA LIQUIDS MARKETING AND §
TRADE, LLC (TARGA), PIONEER §
NATURAL RESOURCES USA, INC. §
(PIONEER), CONOCOPHILLIPS §
COMPANY (CONOCOPHILLIPS), AND §
ELTM, LP, f/k/a ENBRIDGE LIQUIDS §
TRANSPORTATION MARKETING, LP §
(ELTM) TO ESTABLISH COMMON §
CARRIER RATES FOR WEST TEXAS §
LPG PIPELINE LIMITED PARTNERSHIP §
(WTXP) §

**GAS UTILITIES DOCKET
NO. 10455, consolidated**

REMAND NOTICE OF HEARING

Summary of the Proceeding and Factual Matters Asserted. On July 1, 2015, West Texas LPG Pipeline Limited Partnership (“WTXP” or the “Pipeline”) began charging increased common carrier rates for the transportation of Y-grade natural gas liquids (“NGLs”) from various origin points in Texas to a common delivery point in Mont Belvieu, Texas, under a tariff on file with the Railroad Commission of Texas (“Commission”). Subsequently, some affected parties filed formal complaints with the Commission related to rates amounts contained in the tariff: Targa Liquids Marketing and Trade, LLC (“Targa”), filed on August 11, 2015, and docketed as GUD No. 10455; Pioneer Natural Resources USA, Inc. (“Pioneer”), filed on August 13, 2015, and docketed as GUD No. 10456; ConocoPhillips Company (“ConocoPhillips”), filed on September 1, 2015, and docketed as GUD No. 10464; and ELTM, LP, f/k/a Enbridge Liquids Transportation Marketing, LP (“ELTM”), filed on September 1, 2015, and docketed as GUD No. 10465. These complaints were consolidated into GUD

No. 10455. On January 7 and 8, 2016, respectively, Pioneer and ConocoPhillips filed supplemental complaints.

On January 22, 2016, the Administrative Law Judge (“ALJ”) issued Examiner Letter No. 11 (Rulings on Preliminary Issues and Pending Motions), which, among other things, determined that a hearing was necessary and that WTXP would carry the burden of proof to justify the challenged rate amounts.

On March 8, 2016, the Commission issued an interim order stating that “WTXP’s rates in effect prior to July 1, 2015, are lawful rates for the duration of this docket unless changed by Commission order.” WTXP subsequently filed with the Commission a new tariff version, proposed to be effective March 8, 2016, which canceled the previous tariff version, lowered rates to amounts in effect prior to July 1, 2015, and contained added tariff terms, including language regarding the possible future recovery from each shipper of “the difference between the [interim ordered rates] and [final rates established by the Commission] for each barrel shipped during the period March 8, 2016 through the effective date of the [final rates established by the Commission].” On March 23, 2016, Pioneer filed a second supplemental complaint that added consideration of the new tariff version, including the terms of service contained therein.

On March 24, 2016, the ALJ directed WTXP to provide notice of this proceeding to certain affected shippers (the “Notice of Rate Proceeding”). On April 8, 2016, WTXP filed a certification of compliance that the Notice of Rate Proceeding was provided to all so-affected shippers. The Notice of Rate Proceeding provided that the deadline for an affected/interested person to intervene was May 2, 2016. By this deadline, two parties timely moved to intervene—DCP NGL Services, LLC (“DCP”) and Occidental Energy Marketing, Inc. (“OEMI”).

On September 27, 2016, the Commission issued an interim order stating that “all relevant evidence, including both market-based rate evidence and cost-of-service evidence, shall be taken at a single hearing.”

The original notice of hearing was issued on January 5, 2017, and a merits hearing was held from March 27-30, 2017. Per the Commission’s September 27, 2016 interim order, all relevant evidence—including both market-based rate evidence and cost-of-service evidence—was admitted into the evidentiary record. On September 29, 2017, the Proposal for Decision (“PFD”) was issued. The ALJ presented the findings and recommendations contained in the PFD to the Commission at successive open meetings held on December 5, 2017, and on January 23, 2018.

At the January 23, 2018 open meeting, the Commission ordered that this docket be remanded “for the limited scope of admitting and considering additional relevant evidence on common carrier market competition, transportation options, and pricing in the Permian Basin, Barnett Shale, and Haynesville Shale markets, including pertinent market studies and/or analyses” (the “Remand Order”). On February 27, 2018, the Commission denied a motion by WTXP to reconsider the Remand Order.

On March 29, 2018, a remand prehearing conference was held to discuss scheduling and related matters. All parties represented that re-opening the merits hearing earlier than Fall 2018 would afford them too little time to respond adequately to the Commission’s remand directive.

On May 15, 2018, the ALJ approved Intervenor DCP’s request to withdraw as a party.

NOTICE IS HEREBY GIVEN THAT a public hearing will be held, at the time and place set out below, to admit and consider additional relevant evidence that is within the scope of the Commission's Remand Order.

Legal Authority and Jurisdiction. The Commission has jurisdiction over WTXP pursuant to Section 81.051 (Jurisdiction of Commission) of the Texas Natural Resources Code. The ALJ shall conduct the hearing pursuant to the requirements of Chapter 2001 (Administrative Procedure) of the Texas Government Code and pursuant to Title 16, Part 1 (Railroad Commission of Texas), of the Texas Administrative Code.

Particular Statutes and Rules Involved. The statutes and rules applicable to this proceeding include the following:

1. Chapter 81 (Railroad Commission of Texas) of the Natural Resources Code, including Section 81.061 (Authority to Establish Market-Based Rates);
2. Chapter 111 (Common Carriers, Public Utilities, and Common Purchasers) of the Natural Resources Code, including Subchapter F (Rates); and
3. Title 16, Part 1 (Railroad Commission of Texas), of the Texas Administrative Code, including Chapter 1 (Practice and Procedure), Chapter 3 (Oil and Gas Division), and/or Chapter 7 (Gas Services Division).

Time, Place, and Nature of Hearing. **IT IS DIRECTED** that the hearing on the merits shall re-open at **10:00 a.m. on Monday, October 29, 2018**, at the Commission's offices in the William B. Travis Building, 1701 North Congress Avenue, Austin, Texas. Please check with Docket Services (room 12-123) the morning of the hearing for the location. Tentatively, hearings room 12-126 (12th floor) has been reserved. If the re-opened hearing is not concluded on the day it commences, the hearing will be continued from day to day, as announced, until concluded.

IT IS FURTHER DIRECTED that all parties desiring to present sworn testimony, documentary and demonstrative evidence, and argument regarding any issue of law or fact at the re-opened merits hearing shall appear in person or by an attorney.

Written Transcript of the Hearing. The record of the hearing will be made by stenographic transcription by the court reporter. Any party that desires a copy of the written transcript of the hearing should contact the court reporter at (512) 282-0313. The Commission may assess the cost of the transcript or expedited transcript to one or more parties pursuant to Section 2001.059 (Transcript) of the Texas Government Code.

Auxiliary Aids or Services for Persons with a Disability. Any individual with a disability who needs auxiliary aids and services in order to have an equal opportunity to effectively communicate and participate in the hearing must request such aids or services at least two weeks prior to the hearing by notifying the Human Resources Department of the Commission by mail at P.O. Box 12967, Austin, Texas 78711 – 2967 or by telephone at (512) 463-6981 or TDD No. (800) 735-2989.

Contact for Additional Information. *Ex parte communications with the Commissioners, Administrative Law Judges, and Technical Examiners are prohibited. Persons or entities desiring additional information may contact the Commission by writing to the Director, Hearings Division,*

Railroad Commission of Texas, 1701 North Congress Avenue, P. O. Box 12967, Austin, Texas 78711-2967. Clerical questions, such as questions regarding the number of copies of filings, the service list, or reviewing the record, may be directed to Docket Services at (512) 463-6848.

Signed on October 2, 2018.

JOHN B. DODSON
ADMINISTRATIVE LAW JUDGE

SECTION 3: STATUS OF PENDING CASES

None currently.

SECTION 4: NOTICES OF DISMISSAL

None currently.

SECTION 5: ORDERS OF THE COMMISSION

None currently.

SECTION 6: MISCELLANEOUS

A. Gas Services Department Publications and Statistics

1. Gas Utilities Information Bulletins available at <http://www.rrc.state.tx.us/gas-services/publications-statistics/gas-utilities-information-bulletins/>.
2. Rate Review Handbook available at <http://www.rrc.state.tx.us/media/41964/rate-review-handbook-2017.pdf>.
3. Gas Utilities Annual Statistics available at <http://www.rrc.state.tx.us/gas-services/publications-statistics/2017-gas-utility-annual-statistical-reports/>.
4. Gas Storage Statistics available at <http://www.rrc.state.tx.us/gas-services/publications-statistics/gas-storage-statistics/>.
5. Six MCF Residential Gas Bill Analysis for Texas Cities available at <http://www.rrc.state.tx.us/gas-services/publications-statistics/six-mcf-report/>.

B. Interest Rate on Customer Deposits

1. We have been advised by the Public Utility Commission of Texas that the interest rate to be applied to customer deposits in calendar year 2018 is 0.91%. All gas utilities should use 0.42% for the calendar year 2017 and 0.11% for calendar year 2016. This information can be found at: <https://www.puc.texas.gov/industry/electric/reports/HRates/HistRates.pdf>

C. Contact Information

1. **Audit Section's Headquarter and District Offices:**

Headquarter Location:
William B. Travis Building
1701 North Congress Avenue
Austin, Texas 78701

Mailing Address:
P. O. Box 12967
Austin, Texas 78711
Telephone (512) 463-7167
Fax (512) 475-3180

Austin District:

Ed Abrahamson, Director, Utility Audit Section
Stephen Cooper, Advising Auditor
Pearl Rodriguez, Program Specialist
Diana Serrano, Accounting Technician
Telephone: (512) 463-7022

Fort Worth District:

City Hall 13th Street Annex
401 West 13th Street, Suite B

Josh Settle, Senior Auditor
Yolandra Davis, Senior Auditor
Telephone: (817) 882-8966

Houston District:

1706 Seamist Drive, Suite 50
Houston, Texas 77008

Margie Stoney, Project Auditor
Larry Alcorn, Auditor
Dale Francis, Senior Auditor
Konata Uzoma, Senior Auditor
Vonetta Jackson, Auditor
Telephone: (713) 869-8425

2. **Market Oversight Section**

William B. Travis Building
1701 North Congress Avenue
Austin, Texas 78701

Mailing Address:
P. O. Box 12967
Austin, Texas 78711

Mark Evarts, Director
Amy Bruce, Utility Specialist
Christina Poole, Financial Analyst
Claudia Godoy, Financial Analyst
Frank Tomicek, Financial Analyst
Sarah Montoya-Foglesong, Financial Analyst
Andrea Maxwell, Research Specialist Team Lead
Sheila Mendoza, Research Specialist
Virgie Frausto, Research Specialist
Telephone: (512) 463-7167

D. Audit Forms

1. Gas Utility Tax and Annual Forms available at <http://www.rrc.state.tx.us/gas-services/forms/>.
2. Copies of Gas Utility Annual Reports available on Neubus at: https://rrcsearch3.neubus.com/esd3-rrc/index.php?_module=_esd&_action=_keysearch&profile=13.
3. Information relating to any of the above, are available for review at the William B. Travis Building, Gas Services Department, 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 ten business days for completion of requests.
4. Inquiries regarding copies should be directed to the Audit Section at (512) 463-7022 or fax your request to (512) 475-3180.

E. Market Oversight Section Forms

1. Annual Earnings and Monitoring Report available at <http://www.rrc.texas.gov/media/6085/annualearningsmonitoringreport.pdf>
2. Interim Cost Recovery and Rate Adjustment Report available at <http://www.rrc.texas.gov/media/6084/newinfrastructure.pdf>.

F. Gas Utility Docket Information

1. Orders and Proposals for Decision published on the Commission's web site at: <http://www.rrc.texas.gov/hearings/dockets/gas-utility-dockets/>
2. Gas Utility Dockets available on Neubus at https://rrcsearch3.neubus.com/esd3-rrc/index.php?_module=_esd&_action=_keysearch&profile=14.

G. Natural Gas Tariff Filings

1. Questions pertaining to the filing of tariffs and/or quality of service rules should be directed to Andrea Matamoros, Virgie Frausto, or Sheila Mendoza at (512) 463-7167.
2. Natural Gas Tariffs and Rate Schedules available at <http://www.rrc.texas.gov/gas-services/natural-gas-tariffs-and-rate-schedules/>.

H. Common Carrier Pipeline Tariff Filings

1. Questions pertaining to the filing of common carrier pipeline tariffs should be directed to Virgie Frausto at (512) 463-7121.
2. Common Carrier Pipeline Tariffs available at <http://www.rrc.texas.gov/gas-services/common-carrier-pipeline-tariffs/>.

I. Propane Distribution Systems

1. Propane distribution price cap information is available at: <http://www.rrc.texas.gov/gas-services/propane-distribution-systems/>.

J. Curtailment Plan (Gas Utility Docket 489)

1. Curtailment questions should be referred to (512) 463-7167 or by email at naturalgascurtailment@rrc.texas.gov.
2. Curtailment reports made during normal business hours, Monday through Friday 8:00 a.m. to 5:00 p.m., should be made to (512) 463-7167.
3. Curtailment reports made after hours or during holidays, should be made to (512) 463-6788.

K. Compliance Filings

1. Questions regarding gas utilities docket compliance filing requirements should be referred to Christina Poole at (512) 463-7167 or by email at GUD_Compliance@rrc.texas.gov.

L. Complaints and Inquiries

1. Residential and Commercial Propane and Natural Gas Complaints should be made at GasComplaints@rrc.texas.gov or by phone at (512) 463-7167.
2. Informal Gas Purchasing, Selling, Transportation or Gathering Practice Complaints should be submitted online at <http://www.rrc.texas.gov/gas-services/complaint-filing/informal-gas-transportation-purchase-complaint-preliminary-information-online-form/> or at (512) 463-7167.
3. Informal Complaint Preliminary Information form available at <http://www.rrc.texas.gov/media/5671/informal-complaint-preliminary-information.pdf>.

M. Non-Submetered Master Meter Disconnections

1. Municipalities wishing to opt in receiving notice from utilities when non-submetered master metered multifamily property is subject to disconnection of service due to non-payment can do so at <http://www.rrc.texas.gov/gas-services/non-submetered-master-meter-disconnections/>.

N. Texas Utilities Codes

1. Available through the State of Texas website at <http://www.statutes.legis.state.tx.us>.

O. Texas Administrative Codes

1. Available at the State of Texas website at:
[http://texreg.sos.state.tx.us/public/readtac\\$ext.ViewTAC?tac_view=4&ti=16&pt=1&ch=7](http://texreg.sos.state.tx.us/public/readtac$ext.ViewTAC?tac_view=4&ti=16&pt=1&ch=7).

P. Pending RRC Rules and Regulations

1. Pending rules and regulations available at <http://www.rrc.state.tx.us/general-counsel/rules/>.

Q. Proposed Form Amendments (PFD):

1. PFDs available at <http://www.rrc.state.tx.us/about-us/resource-center/forms/proposed-form-changes/>.

R. Hearings and Legal Analysis

1. Anyone wishing to obtain copies of appendices to Orders appearing in Section 5 of this Bulletin should contact the General Counsel Division at (512) 463-7149.

S. Status of Pending Cases

1. 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 General Counsel Division at (512) 463-7149.