

RAILROAD COMMISSION OF TEXAS

STATEMENT OF INTENT FILED BY GREENLIGHT GAS TO CHANGE THE TRANSPORTATION RATE FOR VARIOUS CITIES AND UNINCORPORATED AREAS	§ § § § §	GAS UTILITIES DOCKET NO. 10020
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FINAL 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 & Supp. 2010). The Railroad Commission adopts the following findings of fact and conclusions of law and orders as follows:

FINDINGS OF FACT

1. GreenLight Gas ("GreenLight") is a gas utility as that term is defined in the Texas Utilities Code.
2. GreenLight owns and operates a natural gas pipeline system that transports gas to the following cities and to unincorporated areas near these cities: Clarendon, Dodson, Dozier, Estelline, Hedley, Lakeview, Lelia Lake, Lutie, Memphis, Newlin, Paducah, Samnorwood and Wellington.
3. On September 30, 2010, GreenLight filed a *Statement of Intent* to increase its natural gas transportation rate. On October 13, 2010, GreenLight filed a *Revised Statement of Intent* to increase its natural gas transportation rate and to establish a rate case expense surcharge.
4. On November 2, 2010 the Railroad Commission of Texas ("Commission") suspended implementation of the proposed rates for up to 150 days from the date the rates would otherwise go into effect, as authorized by Texas Utilities Code §104.107(a)(2).
5. On March 1, 2011, GreenLight filed with the Commission a revised tariff, clarifying terms and conditions applicable to the proposed rates.
6. Judicial notice is hereby taken of the file in this proceeding.

Notice

7. On March 1, 2011, GreenLight filed publishers' affidavits demonstrating that notice of the proposed transportation rate and the proposed rate case expense surcharge was published for four consecutive weeks in newspapers of general circulation, in accordance with the requirements in Texas Utilities Code §104.103(a).
8. According to the publishers' affidavits, GreenLight completed four weeks of published notice on November 9, 2010.

Protests, complaints, motions to intervene

9. The affected cities and unincorporated areas include approximately 3,255 residential customers and 523 commercial customers.
10. No affected city or unincorporated area filed a protest against or a complaint about GreenLight's original *Statement of Intent* or its *Revised Statement of Intent* to increase rates.
11. No affected city or unincorporated area filed a motion to intervene in Gas Utilities Docket No. 10020.

Hearing

12. The Commission is required to hold a rate hearing if there is a complaint by an affected person [Texas Utilities Code §104.105(a)] or if a utility proposes a rate increase that is a major change [§104.105(b)].
13. No complaints were filed.
14. The rate increase proposed by the company is not a major change, as that term is defined in Texas Utilities Code §104.101.
15. No hearing was required to be held and, thus, no hearing was held.

Rate base

16. The test year in this case was the twelve months ending December 31, 2009.
17. GreenLight valued its test year rate base at \$1,732,469, including original plant investment, accumulated depreciation, allocated general plant, and working capital.
18. GreenLight has both pipeline transportation operations and distribution operations. The company allocated 55.81% of its plant investment and accumulated depreciation to the pipeline transportation system that is the subject of this case. The company allocated 44.19%

of its plant investment and accumulated depreciation to the distribution system.

19. GreenLight based its allocation of plant investment and accumulated depreciation on the net plant investment in each system compared to the total plant investment.

Rate of return

20. GreenLight's revenue requirement includes an 8% return on rate base of \$138,623.
21. The 8% rate of return reflects GreenLight's weighted average cost of capital.
22. GreenLight's weighted average cost of capital is based upon a capital structure of 55.14% owners' equity and 44.86% debt.

Total Cost of Service

23. GreenLight's total cost of service during the test year was \$844,176.
24. The total cost of service includes \$150,599 for depreciation expense, \$221,767 for administrative and general expenses, \$26,681 for taxes other than income taxes, \$306,506 for operations and maintenance expense, and a return on rate base of \$138,623.
25. The company's estimated rate case expenses and the company's cost of natural gas were appropriately excluded from the total cost of service calculation.

Revenue deficiency and proposed transportation rate

26. Data provided by GreenLight indicate the company has a revenue deficiency of \$65,136.
27. The revenue deficiency of \$65,136 is obtained by subtracting the amount of revenue received through the application of current transportation rates, \$756,453, and current irrigation rates, \$22,587, from the total cost of service for the test year, \$844,176.
28. To recover the revenue deficiency, GreenLight proposes the currently effective citygate transportation rate of \$2.42 per Mcf be increased by \$.208 to \$2.628 per Mcf.
29. GreenLight based its rate calculation upon normalized annual sales volumes of 312,584 Mcf.
30. If the \$65,136 revenue deficiency is divided by 312,584 Mcf, the result is a rate increase of \$.208 per Mcf.
31. GreenLight appropriately excluded irrigation customer revenues and volumes from the citygate transportation rate calculation.

Regulatory expenses and proposed surcharge

32. GreenLight proposes to recover \$43,524 of regulatory, legal and consulting expenses related to this docket through a \$.046 per Mcf rate case expense surcharge applied to transportation volumes.
33. GreenLight proposes that the \$.046 per Mcf rate case expense surcharge be applied for up to three years from the date of the Final Order, not to exceed \$43,524.

CONCLUSIONS OF LAW

1. GreenLight Gas is a "gas utility" as defined in TEX. UTIL. CODE ANN. §101.003(7) (Vernon 2010) and §121.001(2010) and is, therefore, subject to the jurisdiction of the Commission.
2. The Commission has jurisdiction over GreenLight Gas and its *Revised Statement of Intent* under TEX. UTIL. CODE ANN. §§121.001, 103.022, 103.054, 103.055, 104.001, 104.102 (Vernon 2007).
3. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 2010), the Commission has exclusive original jurisdiction over the rates and services of a gas utility that distributes natural gas in areas outside of a municipality and over the rates and services of a gas utility that transmits, transports, delivers, or sells natural gas to a gas utility that distributes the gas to the public.
4. In accordance with the stated purpose of the Texas Utilities Code, Subtitle A, expressed under TEX. UTIL. CODE ANN. §101.002 (Vernon 2010), the Commission has ensured that the rates, operations, and services established in this docket are just and reasonable to customers and to the utility.
5. TEX. UTIL. CODE ANN. §104.107 (Vernon 2010) provides the Commission's authority to suspend the operation of the schedule of proposed rates for 150 days from the date the schedule would otherwise go into effect.
6. In accordance with TEX. UTIL. CODE §104.103 (Vernon 2010), 16 Tex. Admin. Code Ann. §7.230 (2010), and 16 Tex. Admin. Code Ann. §7.235 (2010), adequate notice was properly provided.
7. In accordance with the provisions of TEX. UTIL. CODE ANN. §104.102 (Vernon 2007 and Supp. 2010), 16 Tex. Admin. Code Ann. §7.205 (2010), and 16 Tex. Admin. Code Ann. §7.210 (2010), GreenLight Gas filed its *Revised Statement of Intent*.
8. GreenLight Gas met its burden of proof in accordance with the provisions of TEX. UTIL. CODE ANN. §104.008 (Vernon 2010).

9. The rates proposed by GreenLight Gas comport with TEX. UTIL. CODE ANN. §104.003 (Vernon 2010).
10. The overall revenues proposed by GreenLight Gas comport with TEX. UTIL. CODE ANN. §104.051 (Vernon 2010).
11. The overall rate of return proposed by GreenLight Gas comports with TEX. UTIL. CODE ANN. §104.052 (Vernon 2010).
12. GreenLight Gas is required by 16 Tex. Admin. Code Ann. §7.315 (2010) to file electronic tariffs incorporating rates consistent with this Final Order within thirty days of the date of this Order.

IT IS THEREFORE ORDERED that the tariff proposed by GreenLight Gas, as attached to this Final Order, is hereby approved.

IT IS FURTHER ORDERED that GreenLight Gas shall electronically file the attached tariff with the Gas Services Division, within 30 days of the date of this Final Order. The electronic tariff shall incorporate the rates, terms and conditions shown on the tariff attached to the Final Order.

IT IS FURTHER ORDERED that all proposed findings of fact and conclusions of law not specifically adopted in this Final Order are hereby **DENIED**.

IT IS ALSO ORDERED that all pending motions and requests for relief not previously granted or granted herein are hereby **DENIED**.

This Final Order will not be final and effective until 20 days after GreenLight Gas is notified of the Commission's Final Order. A party is presumed to have been notified of the Commission's Final Order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this Final Order shall not become final and effective until such motion is overruled or, if such motion is granted, this Final Order shall be subject to further action by the Commission. Pursuant to Tex. Gov't Code §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the date the Final Order is served on the parties.

**RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION
NATURAL GAS TARIFF
TRANSPORTATION & EXCHANGE SERVICE OR RATES**

Form GSD-2

COMPANY
CONTRACT # _____
RRC TARIFF # _____

CO ID # 5971
P-5 # 331537

PLEASE READ INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING.

1. COMPANY NAME: GreenLight Gas		2. CUSTOMER NAME: See Sheet 2 Tab for list of Customers (OR)		3. CUSTOMER IDENTIFICATION #: See Sheet 2 Tab		4. CONFIDENTIAL? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
5. CONTRACT CUSTOMER TYPE: <input type="checkbox"/> PRODUCER <input type="checkbox"/> GATHERER <input type="checkbox"/> MARKETER <input type="checkbox"/> LOCAL DISTRIBUTION <input checked="" type="checkbox"/> TRANSMISSION <input type="checkbox"/> END USER <input type="checkbox"/> OTHER (EXPLAIN) _____							
6. TYPE OF SERVICE PROVIDED: <input checked="" type="checkbox"/> TRANSPORTATION <input type="checkbox"/> EXCHANGE <input type="checkbox"/> GATHERING <input type="checkbox"/> UNDERGROUND STORAGE <input type="checkbox"/> COMPRESSION <input type="checkbox"/> OTHER (EXPLAIN) _____							
7. DATE OF ORIGINAL CONTRACT: _____ (OR)				8. DATE OF INITIAL SERVICE: 4/30/2011		9. DATE OF CONTRACT AMENDMENT: _____	
10. REASON FOR FILING: <input checked="" type="checkbox"/> NEW <input type="checkbox"/> RRC DOCKET NO. 10020 <input type="checkbox"/> CITY ORDINANCE NO. _____ <input type="checkbox"/> AMENDMENT (EXPLAIN) _____							
<input type="checkbox"/> OTHER (EXPLAIN) _____							

11. If this tariff is a rate subject to the provisions of Tex. Util Code, Section 104.003(b) complete the following:
 [Direct sales for resale to a gas distribution utility at a city gate are excluded from this provision.]
 Check the facts supporting the applicability of Section 104.003(b):
 Neither the gas utility nor the customer had an unfair advantage during the negotiations. NOTE: If the parties are affiliated, check here:
 [This fact cannot be used to support a Section 104.003(b) transaction if the rate to be charged or offered to be charged is to an affiliated pipeline utility.]
 The rate is substantially the same as the rate between the gas utility and at least two of those customers under the same or similar conditions of service.
 Competition does or did exist either with another gas utility, another supplier of natural gas, or a supplier of an alternative form of energy.
 I affirm that a true and correct copy of this tariff has been sent to the customer involved in this transaction.

12. NAME OF PERSON PREPARING THIS TARIFF: Lori Cartmill		ADDRESS: 116 S. 6th St		Signature	
TITLE: Office Manager					
AREA CODE / PHONE NUMBER: (806) 259-1444 (EXT)		CITY: Memphis		STATE: TX ZIP: 79245 SUFFIX:	
EMAIL ADDRESS: loricartmill@amaonline.com					

13. CURRENT RATE COMPONENTS: Rate: \$2.628 per Mcf. LUG: All expenses for lost and unaccounted for gas in excess of 3.0 percent shall be disallowed consistent with TEX. ADMIN. CODE 7.552. Rate Case Surcharge: The company will impose a \$0.046 per Mcf surcharge on all applicable Mcf's billed over a thirty-six month period to recover actual rate case expenses incurred in GUD 10020, not to exceed \$43,524.	14. RATE ADJUSTMENT PROVISION: _____ _____ _____
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15. DELIVERY POINT <input type="checkbox"/> RECEIPT POINT <input checked="" type="checkbox"/>		IDENTIFICATION NO.: 01		CURRENT CHARGE: \$2.628 PER MCF		EFFECTIVE DATE OF CURRENT CHARGE: 04/30/11		CONFIDENTIAL: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
DELIVERY POINT/RECEIPT POINT DESCRIPTION: Donley									
DELIVERY POINT <input type="checkbox"/> RECEIPT POINT <input checked="" type="checkbox"/>		IDENTIFICATION NO.: 02		CURRENT CHARGE: \$2.628 PER MCF		EFFECTIVE DATE OF CURRENT CHARGE: 04/30/11		CONFIDENTIAL: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
DELIVERY POINT/RECEIPT POINT DESCRIPTION: Collingsworth									
DELIVERY POINT <input type="checkbox"/> RECEIPT POINT <input checked="" type="checkbox"/>		IDENTIFICATION NO.: 03		CURRENT CHARGE: \$2.628 PER MCF		EFFECTIVE DATE OF CURRENT CHARGE: 04/30/11		CONFIDENTIAL: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
DELIVERY POINT/RECEIPT POINT DESCRIPTION: Hall									
DELIVERY POINT <input type="checkbox"/> RECEIPT POINT <input checked="" type="checkbox"/>		IDENTIFICATION NO.: 04		CURRENT CHARGE: \$2.628 PER MCF		EFFECTIVE DATE OF CURRENT CHARGE: 04/30/11		CONFIDENTIAL: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
DELIVERY POINT/RECEIPT POINT DESCRIPTION: Cottle									

Sheet2 Customers

Customer ID	Name
01	Clarendon
02	Clarendon Env
03	Dodson
04	Dodson Env
05	Dozier
06	Estelline
07	Estelline Env
08	Hedley
09	Hedley Env
10	Lakeview
11	Lakeview Env
12	Lelia Lake
13	Lella Lake Env
14	Lutie
15	Memphis
16	Memphis Env
17	Newlin
18	Newlin Env
19	Paducah
20	Paducah Env
21	Samnorwood
22	Sanmorwood Env
23	Wellington
24	Wellington Env

SIGNED this 18th day of April, 2011.

RAILROAD COMMISSION OF TEXAS

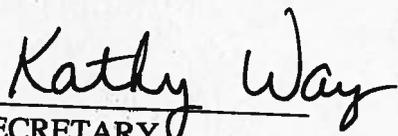


CHAIRMAN ELIZABETH AMES JONES



DAVID PORTER, COMMISSIONER

ATTEST:



SECRETARY