

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

APPLICATION FILED BY ATMOS	§	
ENERGY, WEST TEXAS DIVISION TO	§	GAS UTILITIES DOCKET
ABANDON SERVICE AND	§	NO. 10163
FACILITIES IN GLASSCOCK	§	
COUNTY.	§	

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. 2012). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

FINDINGS OF FACT

1. On April 11, 2012, Atmos Energy, West Texas Division ("Atmos West Texas") filed an application to discontinue service to Harold Hoelscher.
2. Atmos West Texas is a gas utility and is subject to the jurisdiction of the Railroad Commission of Texas ("Commission").
3. On April 19, 2012, Harold Hoelscher intervened in this matter. Mr. Hoelscher was present and participated in the final hearing of this matter.
4. A final hearing was convened on May 15, 2012, to take testimony, evidence, and legal argument on all issues of law and fact that were raised in or relevant to the application, for the purpose of developing a record that the Commission will use in deciding this matter.
5. Atmos West Texas' application to discontinue service contained the information required for such applications in 16 TEX. ADMIN. CODE §7.465(b)(1) (2012), is complete and contains all necessary information required for review of the application by the Commission and its staff.
6. Atmos West Texas owns and operates a meter and farm tap odorizer at the property owned by Mr. Hoelscher.
7. The monthly cost for the meter reader to read the meter located at property owned by Harold Hoelscher is \$118. On an annual basis the total annual cost to read the meter is \$1,416.

8. The total annual revenues, excluding gas costs, for the service provided Harold Hoelscher is \$305.
9. The gas supply for service at the property owned by Harold Hoelscher is supplied by Targa Midstream Services, LLC ("Targa").
10. Targa informed Atmos West Texas that the gas supply may not be suitable for residential gas consumption as there is the potential for unsafe components to be included in the gas stream, including hydrogen sulfide ("H₂S").
11. Atmos West Texas estimated that it would cost \$8.3 million to extend pipelines to the nearest distribution facility owned by Atmos West Texas to serve Mr. Hoelscher with natural gas suitable for residential consumption.
12. Atmos West Texas may seek to connect alternative service to a non-Atmos Energy facility, but the nearest potential alternative source is twelve miles from Mr. Hoelscher's property. The cost to connect to that potential sources is in excess of \$3 million dollars.
13. To install facilities at Mr. Hoelscher's property to ensure that no hazardous contaminants are part of the gas supply provided to his resident would cost approximately \$69,100. The maintenance of those facilities would be in excess of \$8,050 per year.
14. There is no evidence that Atmos West Texas failed to properly maintain the pipeline or otherwise neglected the facilities.
15. It is not economically viable for Atmos West Texas to continue to provide service at Mr. Hoelscher's property through the meter or the farm tap odorizer as the expenses to operate that facility exceed the revenues collected and the costs associated with providing Mr. Hoelscher's property with natural gas that meets residential quality standards range from \$69,000 to \$8.3 million.
16. A reasonable alternative to natural gas service is to convert the current service to LPG fuel service.
17. On February 21, 2012, Atmos West Texas made a qualifying offer to Mr. Hoelscher that included the following:
 - a. Conversion of the natural gas service to LPG fuel service, including a leak test and repair of any leaks prior to installation. The conversion would be performed by a licensed LPG dealer.
 - b. Purchase and installation of one new LPG tank (250-gallon tank).
 - c. Conversion of all existing natural gas appliances to propane, if convertible. If not convertible, replacement of the appliance with new LPG appliances.
 - d. An initial one-time filling of the LPG tank.

- e. In the alternative, Mr. Hoelscher was offered a cash payment equal to the estimated cost to convert the residence to LPG service, the cost of (a) – (d) above, in lieu of actual conversion.
18. Atmos West Texas estimated that the cost of conversion to LPG was \$3,000.
19. There was no evidence that Mr. Hoelscher had made an investment or capital expenditure in reliance on continued availability of natural gas, where use of an alternative energy source was not available.
20. It is reasonable, necessary, and in the public interest to allow Atmos West Texas to discontinue gas service to Harold Hoelscher because an alternative sources of energy is available to this customer. That alternative is LPG gas service at a cost of \$3,000. The cost of continued natural gas service exceed the current revenues and the cost of establishing an alternative natural gas supply, or installation of facilities to ensure that the natural gas supply is suitable for residential gas consumption, range from \$69,000 to \$8.3 million.

CONCLUSIONS OF LAW

1. Atmos West Texas is a gas utility as defined in TEX. UTIL. CODE ANN. §§ 101.003(7), 121.001 (Vernon 1998 & Supp. 2012) and is subject to the Commission's jurisdiction under TEX. UTIL. CODE ANN. §§ 104.001, 121.051 (Vernon 1998 & Supp. 2012).
2. A gas utility shall obtain written Commission approval prior to the abandonment or permanent discontinuance of service to any residential or commercial customer that involves the removal or abandonment of facilities other than a meter pursuant to 16 TEX. ADMIN. CODE §7.465(b) (2012).
3. Atmos West Texas has the burden to prove that its proposal to abandon gas service to residential and commercial customers is reasonable and necessary and not contrary to the public interest under 16 TEX. ADMIN. CODE §7.465(b)(5) (2012).
4. The findings of fact enumerated herein establish that gas distribution service provided by Atmos West Texas to Harold Hoelscher is no longer economically viable for Atmos West Texas and the applicant's sole customer under 16 TEX. ADMIN. CODE §7.465(b)(5)(A) (2012).
5. The findings of fact enumerated herein establish that the Mr. Hoelscher has an economically viable alternative to gas distribution service under 16 TEX. ADMIN. CODE §7.465(b)(5)(B) (2012).
6. The findings of fact enumerated herein establish that Atmos West Texas' proposed abandonment of gas distribution service to Mr. Hoelscher is reasonable, necessary, and not contrary to the public interest under 16 TEX. ADMIN. CODE §7.465(b)(5) (2012).

IT IS THEREFORE ORDERED that Atmos West Texas' application to permanently discontinue service to Harold Hoelscher is hereby **GRANTED**.

This Order will not be final and appealable until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's 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 order shall not become final and effective until such motion is overruled, or if such motion is granted, this 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 order is served on the parties.

Each exception to the Examiners' proposal for decision not expressly granted herein is overruled. All requested findings of fact and conclusions of law which are not expressly adopted herein are denied. All pending motions and requests for relief not previously granted or granted herein are denied.

SIGNED this 9th day of July, 2013.

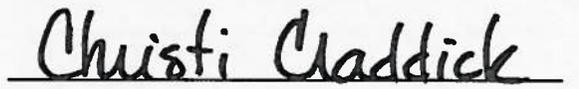
RAILROAD COMMISSION OF TEXAS



CHAIRMAN BARRY T. SMITHERMAN



COMMISSIONER DAVID PORTER



COMMISSIONER CHRISTI CRADDICK

ATTEST:




SECRETARY