

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

APPLICATION FILED BY DOW	§	
PIPELINE COMPANY TO	§	
PERMANENTLY DISCONTINUE	§	GAS UTILITIES DOCKET
SERVICE TO CLIVE RUNNELLS VIA	§	NO. 10208
ITS POWDERHORN 16" PIPELINE.	§	
	§	
	§	

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. 2006). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

FINDINGS OF FACT

1. On September 17, 2012, Dow Pipeline Company ("Dow") filed an application to discontinue service to Clive Runnels.
2. Dow is a gas utility and is subject to the jurisdiction of the Railroad Commission of Texas (Commission).
3. On September 28, 2012 Clive Runnels intervened in this matter. Mr. Runnels was present and participated in the final hearing of this matter.
5. A final hearing was convened on October 31, 2012, to take testimony, evidence, and legal argument on all issues of law and fact that were raised in or relevant to Dow's application, for the purpose of developing a record that the Commission will use in deciding this matter.
6. Dow's 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.
8. Dow owns and operates the Powderhorn 16" pipeline.
9. The Powderhorn pipeline is approximately 58 miles in length and is 16" inches in diameter.

10. The Powderhorn 16" pipeline provides gas distribution to one customer, Clive Runnells.
11. The Powderhorn 16" pipeline is over 50 years old.
12. The Powderhorn 16" pipeline is no longer needed to transport natural gas for Dow's own internal use and as of December 1, 2012, will no longer have a contract to have a third party supply natural gas to the pipeline.
13. Dow does not currently intend to abandon the pipeline, but rather keep it under a nitrogen pad to allow for its future use to transport natural gas liquid or other petroleum products if the need arises.
14. Dow's pipeline needs internal inspections to stay compliant with regulations effective December 17, 2012 and the cost to perform this inspection would be approximately \$9.3 million. The whole 58 miles of pipeline would have to be inspected internally to allow for the continued use of the pipeline to transport natural gas for a single customer.
15. There is no evidence that Dow failed to properly maintain the pipeline or otherwise neglected the pipeline.
16. It is not economically viable for Dow to inspect the pipeline for continued natural gas service for a single customer.
17. Currently one alternative energy source is available to Mr. Runnells, liquid propane.
18. There was no evidence that Mr. Runnells 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.
19. In September 13, 2012, Dow made a "qualifying offer," as that term is defined in 16 TEX. ADMIN. CODE § 7.115(30) (2002), to Mr. Runnells.
20. It is reasonable, necessary, and in the public interest to allow Dow to discontinue gas service to Clive Runnells because an alternative sources of energy is available to this customer. Dow's pipeline needs internal inspections to stay compliant with regulations effective December 17, 2012. The cost to perform this inspection would be approximately \$9.3 million.
21. It is reasonable, necessary, and in the public interest to allow Dow to permanently discontinue gas service to Clive Runnells.

CONCLUSIONS OF LAW

1. Dow Pipeline Company. (“Dow”) is a gas utility as defined in TEX. UTIL. CODE ANN. §§ 101.003(7), 121.001 (Vernon 1998 & Supp. 2006) and is subject to the Commission’s jurisdiction under TEX. UTIL. CODE ANN. §§ 104.001, 121.051 (Vernon 1998 & Supp. 2012).
2. The Commission has the authority to review, revise, and regulate an order or agreement that establishes a price, rate, rule, regulation, or condition of service under TEX. UTIL. CODE ANN. § 121.153 (Vernon 1998 & Supp. 2012).
3. The Commission has the authority to review, revise, and cancel any order entered by the Commission. TEX. UTIL. CODE ANN. §§ 102.001 and 104.001 (Vernon 1998 & Supp. 2012).
4. 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) (2002).
5. Dow 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) (2002).
6. The findings of fact enumerated herein establish that gas distribution service provided by Dow to Clive Runnells is no longer economically viable for Dow and Dow’s sole customer under 16 TEX. ADMIN. CODE §7.465(b)(5)(A) (2002).
7. The findings of fact enumerated herein establish that the Mr. Runnells has an economically viable alternative to gas distribution service from Dow under 16 TEX. ADMIN. CODE §7.465(b)(5)(B) (2002).
8. The findings of fact enumerated herein establish that Dow’s proposed abandonment of gas distribution service to Mr. Runnells is reasonable, necessary, and not contrary to the public interest under 16 TEX. ADMIN. CODE §7.465(b)(5) (2002).

IT IS THEREFORE ORDERED that Dow Pipeline Company (“Dow”) application to permanently discontinue service to Clive Runnells is hereby **GRANTED**.

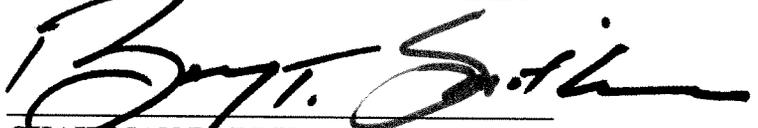
This Order will not be final and appealable until 20 days after a party is notified of the Commission's order. A party is presumed to have been notified of the Commission's order three days after the date on which the notice is actually mailed. If a timely motion for rehearing is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if

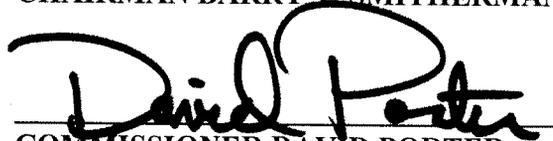
such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE §2001.146(e), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law, is hereby extended until 90 days from the 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 15th day of January, 2013.

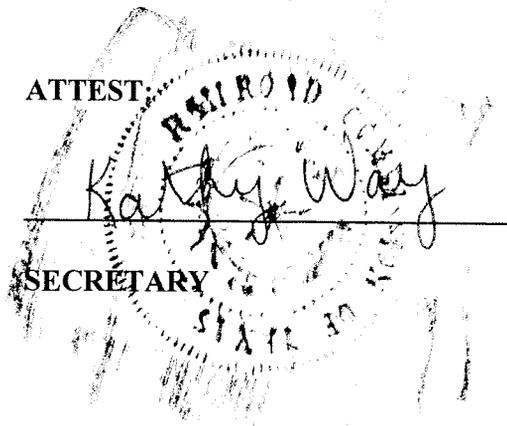
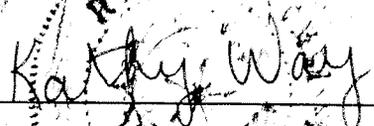
RAILROAD COMMISSION OF TEXAS


CHAIRMAN BARRY T. SMITHERMAN


COMMISSIONER DAVID PORTER


COMMISSIONER CHRISTI CRADDICK

ATTEST:



SECRETARY