

**RAILROAD COMMISSION OF TEXAS
OVERSIGHT AND SAFETY DIVISION**

**GAS UTILITIES
INFORMATION BULLETIN**

No. 1054



**RAILROAD COMMISSION
OF TEXAS**

**Christi Craddick, Chairman
Ryan Sitton, Commissioner
Wayne Christian, Commissioner**

**Kari French
Director
Oversight and Safety Division**

February 28, 2017

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SECTION 1

NEW APPEALS AND APPLICATIONS FILED

DOCKET NO. -- **10604**
CAPTION -- Rate Case Expenses Severed From, GUD No. 10580, Statement of Intent to Change the Rates of City Gate Service (CGS) and Rate Pipeline Transportation (PT) Rates of Atmos Pipeline – Texas (APT).
DATE FILED -- 02/17/2017
FILED BY -- Commission’s Own Motion
EXAMINER --
TECHNICAL --

DOCKET NO. -- **10605**
CAPTION -- Application of Texas Gas Service for Test Year 2016 Annual Interim Rate Adjustment for the Unincorporated Areas of the Central Texas Service Area.
DATE FILED -- 02/21/2017
FILED BY -- Janet Buchanan
EXAMINER --
TECHNICAL -- Frank Tomicek

DOCKET NO. -- **10606**
CAPTION -- Formal Complaint of OOGC America LLC against Williams MLP Operating LLC and Mockingbird Mdstrm Gas Svcs, LLC.
DATE FILED -- 02/22/2017
FILED BY -- Brian R. Sullivan, P.E.
EXAMINER -- Dana Lewis
TECHNICAL -- James Currier

DOCKET NO. -- **10607**
CAPTION -- Application of Atmos Energy Corp., Mid-Tex Division for Test Year 2016 Annual Interim Rate Adjustment for the Unincorporated Areas.
DATE FILED -- 02/24/2017
FILED BY -- Christopher A. Felan
EXAMINER --
TECHNICAL -- Christina Poole

DOCKET NO. -- **10608**
CAPTION -- Application of Atmos Energy, West Texas Division for Test Year 2016 Annual Interim Rate Adjustment for the Unincorporated Areas.
DATE FILED -- 02/24/2017
FILED BY -- Becky J. Palmer
EXAMINER --
TECHNICAL -- Sarah Montoya-Foglesong

DOCKET NO. -- **10609**
CAPTION -- Inquiry into the Failure of West Texas Gas, Inc. to Comply with Safety Standards.
DATE FILED -- 02/27/2017
FILED BY -- Commission’s Own Motion
EXAMINER --
TECHNICAL --

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SECTION 2

APPEALS AND APPLICATIONS SET FOR HEARING OR PREHEARING CONFERENCE[Office of General Counsel Weekly Hearing Schedules for 2017](#)BEFORE THE
RAILROAD COMMISSION OF TEXAS

STATEMENT OF INTENT OF	§	
CENTERPOINT ENERGY RESOURCES	§	
CORP., D/B/A CENTERPOINT	§	GAS UTILITIES DOCKET
ENERGY ENTEX AND CENTERPOINT	§	NO. 10567, <i>consolidated</i>
ENERGY TEXAS GAS, TO INCREASE	§	
RATES IN THE HOUSTON DIVISION	§	
AND TEXAS COAST DIVISION	§	

NOTICE OF HEARING

Summary of the Proceeding and Factual Matters Asserted. On November 16, 2016, CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas (“CenterPoint”) filed with the Commission a statement of intent to increase gas utility rates in the unincorporated areas of its Houston and Texas Coast Divisions and in certain cities in the Houston and Texas Coast Divisions that have ceded original jurisdiction to the Commission (the “SOP”). In addition to requesting a change in rates, CenterPoint also proposes to consolidate the Houston and Texas Coast Divisions into a new single division, the Texas Gulf Division. The SOI was docketed as GUD No. 10567. As part of its rate filing, CenterPoint also requests that the Commission: approve tariffs and rate schedules associated with the SOI; approve the prudence of capital investment made in the proposed Texas Gulf Division through September 30, 2016; approve new depreciation rates; approve a surcharge to recover reasonable rate-case expenses or otherwise sever consideration of rate-case expenses into a separate docket; and grant CenterPoint such further relief to which it may be entitled.

On December 6, 2016, the Commission suspended the effective date for CenterPoint’s rate increase for 150 days, pursuant to Section 104.107 (Rate Suspension; Deadline) of the Gas Utility Regulatory Act (“GURA”) of the Texas Utilities Code. Subsequently, CenterPoint voluntarily extended this suspension until June 6, 2017.

On January 3, 2017, the Administrative Law Judge (“ALJ”) aligned all municipal parties under Commission Rule §§ 1.86 (Alignment of Municipal Intervenors for Purposes of Discovery) and 1.61 (Classification and Alignment of Parties) and severed the rate case expenses portion of this docket into a separate docket, GUD No. 10579.

Contemporaneously with its SOI, CenterPoint filed statements of intent to increase rates with the municipalities retaining original jurisdiction in the Houston and Texas Coast Divisions (together with the SOI, and to the extent the Commission acquires jurisdiction over these municipal actions, the

“Consolidated Requested Relief”). On December 22, 2016, CenterPoint timely filed with the Commission a petition for review from the action of one of these municipalities—City of Meadows Place—denying CenterPoint’s proposed increase in gas utility rates. That petition for review, docketed as GUD No. 10574, subsequently was consolidated with GUD No. 10567.

Intervening Parties. Four parties have intervened in this docket: (1) Staff of the Railroad Commission (“Staff”), (2) Gulf Coast Coalition of Cities (“GCCC”), (3) City of Houston, and (4) Texas Coast Utilities Coalition (“TCUC”).

NOTICE IS HEREBY GIVEN THAT a public hearing will be held, at the time and place set out below, to consider all issues of fact and law raised in—or relevant to—CenterPoint’s SOI and/or its Consolidated Requested Relief. The issues that may be addressed at the hearing include, but are not limited to, the following:

1. The legality and effect of CenterPoint’s SOI and/or its Consolidated Requested Relief;
2. The justness and reasonableness of CenterPoint’s proposed rates, operations, services, and tariffs;
3. The safety, adequacy, efficiency, and reasonableness of services provided by CenterPoint;
4. CenterPoint’s compliance with all applicable statutes, rules, orders, duties, direction, or requirements of the Commission, enforced by the Commission, or imposed by the Commission;
5. Whether any changes should be imposed on any existing tariffs;
6. Whether the changes in rates and services proposed by CenterPoint are unreasonably preferential, prejudicial, or discriminatory, and whether they are sufficient, equitable, and consistent in application to each class of customer, in compliance with applicable provisions of the Texas Utilities Code;
7. Whether all of CenterPoint’s rate base is reasonable and necessary to the provision of safe and reliable natural gas service and whether any amounts collected under an interim rate adjustment tariff or rates schedule filed pursuant to GURA Section 104.301 (Interim Adjustment for Changes in Investment), not previously reviewed and approved, are subject to refund;
8. Whether the Houston and Texas Coast Divisions should be consolidated into the new single division, the Texas Gulf Division;
9. The prudence of capital investment in the proposed Texas Gulf Division made through September 30, 2016;
10. CenterPoint’s proposed new depreciation rates; and

11. Any other issues raised in the pleadings, evidence, or argument that are necessary for the Commission to render a final decision on the merits of this proceeding.

Legal Authority and Jurisdiction. The Commission has, or may have, jurisdiction over CenterPoint and the matters at issue in this proceeding pursuant to GURA Sections 102.001 (Railroad Commission Jurisdiction), 103.003 (Surrender of Municipal Jurisdiction to Railroad Commission; Reinstatement of Jurisdiction), 103.051 (Appeal by Party), 103.052 (Appeal by Residents), 103.053 (Appeal by Ratepayers Outside Municipality), and 104.001 (Authorization to Establish and Regulate Rates), and/or pursuant to GURA Sections 121.051 (Gas Utility: Public Interest and Jurisdiction of Railroad Commission), 121.052 (Pipelines: Monopolies Subject to Railroad Commission), and 121.151 (Railroad Commission Regulation of Gas Pipelines). The Administrative Law Judges and the Technical Examiners 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, and other applicable authority.

Particular Statutes and Rules Involved. The statutes and rules applicable to this proceeding may include, but are not limited to, the following:

1. All sections in GURA Chapters 101 (General Provisions and Office of Public Utility Counsel), 102 (Jurisdiction and Powers of Railroad Commission and Other Regulatory Authorities), 103 (Jurisdiction and Powers of Municipality), 104 (Rates and Services), and 121 (Gas Pipelines); and
2. Title 16, Part 1 (Railroad Commission of Texas), of the Texas Administrative Code, including Chapters 1 (Practice and Procedure) and 7 (Gas Services Division).

Time, Place, and Nature of Hearing. **IT IS DIRECTED** that the hearing on the merits shall commence at **1:00 p.m. on Tuesday, March 21, 2017**, at the Commission's offices in the William B. Travis Building, 1701 North Congress Avenue, Austin, Texas, 12th floor, room 12-126. If the 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 final hearing on the merits **SHALL** appear in person or by an attorney. For good cause shown, the ALJ may permit part of the proceeding to be conducted telephonically pursuant to Commission Rule § 1.130 (Telephonic Proceedings).

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

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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 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 – *In accordance with Tex. Gov't Code §2001.061 and 16 Tex. Admin. Code § 1.6, ex parte communications with the Administrative Law Judges, Examiners, and Commissioners are prohibited. Any 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, Capitol Station, and Austin, Texas 78711-2967. Any persons or entities having clerical questions, such as questions regarding the number of copies of filings, the service list or reviewing the record, may contact, Docket Services, at (512) 463-6848.*

John Dodson
Administrative Law Judge

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

[GUD No. 10408 \(Final Order\)](#)

[Appeal by Houston Pipe Line Company LP, Enterprise Products Operating LLC, Enterprise GC LLC, HSC Pipeline Partnership, LLC, Enterprise Texas Pipeline LLC, Enterprise TE Products Pipeline Company LLC, Flint Hills Resources Port Arthur, LLC, Valero Refining-Texas, LP, and Buckeye Development & Logistics, LLC Against the City of Texas City, Texas Regarding Texas City Assessment of Pipeline Fees.](#)

SECTION 6
MISCELLANEOUS

Kari French, OVERSIGHT AND SAFETY DIRECTOR

1. OFFICE OF THE DIRECTOR

A. Publications

1. Texas Utilities Code Titles 3 and 4. Now available at the State of Texas' website at:

<http://www.statutes.legis.state.tx.us>

Special Rules of Practice and Procedure and Substantive Rules. Now available thru the Commission's 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)

2. Annual Report for Fiscal Year – Now available via the Commission's website at:

<http://www.rrc.texas.gov/gas-services/publications-statistics/gas-utility-statistical-reports/>

3. Six MCF Monthly Residential Gas Bill Analysis for Twenty-five Texas Cities - Now available via the Commission's website at:

<http://www.rrc.texas.gov/gas-services/publications-statistics/six-mcf-report/>

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 2017 is 0.42%. All gas utilities should use 0.11% for the calendar year 2016 and 0.07% for calendar year 2015.

2. UTILITY 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	Telephone (512) 463-7022
Ed Abrahamson, Director, Utility Audit Section	Fax (512) 475-3180
Pearl Rodriguez, Program Specialist	
Amy Bruce, Accounts Examiner	

Fort Worth - City Hall 13th Street Annex, 401 W. 13 th St Suite B	Telephone (817) 882-8966
	Fax (817) 882-8951
Josh Settle, Senior Auditor	
Yolandra Davis, Senior Auditor	

Austin District - P. O. Box 12967, Austin, Texas 78711-2967

Stephen Cooper, Advising Auditor	Telephone (512) 463-7119
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Houston District - 1706 Seamist Drive, Suite 501	Telephone (713) 869-8425
Houston, TX 77008-3135	Fax (713) 869-3219

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Margie Stoney, Project Auditor
Larry Alcorn, Auditor
Dale Francis, Senior Auditor
Konata Uzoma, Senior Auditor
Vonetta Jackson, Auditor

B. Gas Utility Tax, Annual Reports and Audit Reports

1. Questions relating to gas utility tax, call Pearl Rodriguez at (512) 463-7022.
2. Questions relating to annual reports, call Pearl Rodriguez at (512) 463-7022.
3. Inquiries relating to audit reports, call Pearl Rodriguez at (512) 463-7022.

C. Available Information

Gas Utility Annual Reports - Now available via Commission's website at:

<https://rrcsearch3.neubus.com/esd3-rrc/index.php? module =esd& action =keysearch&profile=13>

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 seven to ten business 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.

3. MARKET OVERSIGHT

A. Maintains the following office to assist you:

Headquarters - William B. Travis Building
1701 North Congress, P.O. Box 12967, Austin, Texas 78711 Telephone (512) 463-7167
Mark Evarts, Director

B. Gas Utilities Information Bulletin

Published on the Commission's web site at:

<http://www.rrc.texas.gov/gas-services/publications-statistics/gas-utilities-information-bulletins/>

C. Proposals For Decision

Published on the Commission's web site at:

<http://www.rrc.texas.gov/hearings/dockets/gas-utility-dockets/>

D. Tariff Filings

Questions pertaining to the filing of tariffs and/or quality of service rules should be directed to Claudia Godoy, Yolanda Lovelace, Andrea Matamoros or Virgie Frausto at (512) 463-7167.

E. Curtailments

Curtailment questions should be referred to (512) 463-7167 or by email at naturalgascurtailment@rrc.texas.gov. Curtailment reports made Monday through Friday, 8:00 a.m. to 5:00 p.m., should be made to (512) 463-7167. Curtailment reports made during hours other than those specified above and holidays, should be made to (512) 463-6788.

F. Compliance Filings

Questions regarding gas utilities docket compliance filing requirements should be referred to Christina Poole

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at (512) 463-7167 or by email at GUD.Compliance@rrc.texas.gov.

G. Complaints and Inquiries

All complaints and inquiries relating to the gas utility industry should be directed to the Market Oversight Section at (512) 463-7164.

H. Pending RRC Rules and Regulations:

4. 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.