

**BEFORE THE  
RAILROAD COMMISSION OF TEXAS**

<b>APPLICATION OF ATMOS ENERGY</b>	<b>§</b>	
<b>CORP., MID-TEX DIVISION FOR</b>	<b>§</b>	
<b>APPROVAL OF ABANDONMENT</b>	<b>§</b>	<b>GAS UTILITIES DOCKET</b>
<b>RELATED TO SERVICES AND</b>	<b>§</b>	<b>NO. 10374</b>
<b>FACILITIES; ENBRIDGE LINE OP,</b>	<b>§</b>	
<b>PALO PINTO COUNTY TO NINE</b>	<b>§</b>	
<b>RESIDENTIAL CUSTOMERS.</b>	<b>§</b>	

**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 2008 & Supp. 2014). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

**FINDINGS OF FACT**

1. On July 30, 2014, Atmos Energy Corporation, Mid-Tex Division (“Atmos Energy” or “Applicant”) filed with the Railroad Commission of Texas ( “Commission”) an *Application for Abandonment of Service and Facilities* to abandon service and distribution facilities serving nine residential customers in Palo Pinto County, Texas (the “Affected Customers”) under 16 TEX. ADMIN. CODE §7.465(b) (2014).
2. The names and service addresses of these nine customers are found in the *Application for Abandonment of Service and Facilities*, filed July 30, 2014. (Atmos Exhibit 13)
3. Atmos Energy is a gas utility and is subject to the jurisdiction of the Commission.
4. Atmos Energy is a gas utility that owns and operates natural gas distribution facilities within the State of Texas for the distribution of natural gas to end users for their own use and to one local distribution company for subsequent distribution to its end-use customers.
5. The Affected Customers are served from taps on the Enbridge pipeline, from which Atmos Energy has a right to deliver natural gas to the Affected Customers.
6. The natural gas currently delivered by Atmos Energy and in use by the Affected Customers is no longer suitable for residential use.

7. Atmos Energy would be required to spend approximately \$8 million to connect the Affected Customers to an alternative gas source better suited for residential use.
8. Atmos Energy currently receives approximately \$1,900 in total annual non-gas revenue from the nine Affected Customers.
9. Atmos Energy's annual operating cost to serve the nine Affected Customers is approximately \$15,590.
10. Gas distribution service by Atmos Energy to the Affected Customers is not economically viable for Atmos Energy.
11. On or about April 1, 2014, Atmos Energy made a qualifying offer to the nine Affected Customers ("Qualifying Offer") that included the following terms:
  - a. conversion of the natural gas service to LPG fuel service, including a leak test and repair of any leaks, by a licensed LPG dealer or, alternatively, conversion to all electric power;
  - b. installation of one new 250-gallon LPG tank;
  - c. conversion of all existing natural gas appliances to propane, if convertible, and if not convertible, replacement of such appliances with new LPG appliances or, if needed, conversion to electric appliances;
  - d. the initial filling of the LPG tank; and
  - e. in the alternative to the above listed terms, a cash payment equal to the estimated cost to convert to LPG or electric service in lieu of actual conversion.
12. Atmos Energy intended the Qualifying Offer to be the required qualifying offer encompassed by 16 TEX. ADMIN. CODE §7.465 (2014) and 16 TEX. ADMIN. CODE §7.115(30) (2014).
13. The Qualifying Offer did not state a reason for the proposed abandonment.
14. Atmos Energy estimated that the cost of conversion to LPG/propane is approximately \$6,000.
15. Atmos Energy estimated that the cost of conversion to electricity is approximately \$12,000 to \$15,000.
16. Eight of the nine Affected Customers consented to abandonment and agreed to let Atmos Energy pay for conversion of their residences to either propane or electricity per the terms of the Qualifying Offer.

17. On August 15, 2014, Jon Salis (“Protestant”) did not consent to the proposed abandonment and requested a hearing on the merits in this matter.
18. A Notice of Hearing was issued in this docket on August 21, 2014.
19. A hearing on the merits was convened on September 25, 2014, to take testimony, evidence, and legal argument on all issues of law and fact that were raised in or relevant to Atmos Energy’s application, for the purpose of developing a record that the Commission will use in deciding this matter.
20. Subsequent to filing his protest, Protestant changed his mind and now consents to this abandonment.
21. No party has raised objections to the completeness of Atmos Energy’s application under 16 TEX. ADMIN. CODE § 7.465(b), or requested dismissal of the *Application for Abandonment of Service and Facilities* as a result of any deficiency.
22. There is no evidence that Atmos Energy neglected or failed to properly maintain its equipment and facilities pertaining to this proceeding.
23. A minimum of two alternative energy sources are available to the Affected Customers, which are propane and electricity.
24. Both propane and electricity are reasonable alternatives to natural gas service.
25. The cost for propane is approximately \$25.87 per MMBtu.
26. The cost for electricity is approximately \$34.58 per MMBtu.
27. Neither Protestant, nor any other Affected Customer made an investment or capital expenditure in reliance on continued availability of natural gas, where use of an alternative energy source was not available.
28. It is reasonable, necessary, and in the public interest to allow Atmos Energy to discontinue gas service to the Affected Customers.

### CONCLUSIONS OF LAW

1. Atmos Energy is a gas utility as defined in TEX. UTIL. CODE ANN. §§ 101.003(7), 121.001 (Vernon 2007 & Supp. 2014) and is subject to the Commission’s jurisdiction under TEX. UTIL. CODE ANN. §§ 104.001, 121.051 (Vernon 2007 & Supp. 2014).
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) (2014).

3. Atmos Energy's *Application for Abandonment of Service and Facilities* contained the information required for such applications in 16 TEX. ADMIN. CODE §7.465(b)(1) (2014), is complete and contains all of the necessary information required for review of the application by the Commission.
4. A Notice of Hearing was issued in this docket on August 21, 2014, and satisfied the requirements of 16 TEX. ADMIN. CODE § 1.45 (2012) and TEX. GOV'T. CODE ANN. § 2001.052 (Vernon 2008 and Supp. 2014).
5. Atmos Energy 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).
6. The findings of fact enumerated herein establish that gas distribution service provided by Atmos Energy to the Affected Customers is no longer economically viable for Atmos Energy and Atmos Energy's nine Affected Customers under 16 TEX. ADMIN. CODE §7.465(b)(5)(A) (2014).
7. The findings of fact enumerated herein establish that Atmos Energy made a "qualifying offer," as that term is defined in 16 TEX. ADMIN. CODE §7.115(30) (2014), to the Affected Customers.
8. The findings of fact enumerated herein establish that the Affected Customers have economically viable alternatives to gas distribution service from Atmos Energy under 16 TEX. ADMIN. CODE §7.465(b)(5)(B) (2014).
9. The findings of fact enumerated herein establish that Atmos Energy's proposed abandonment of gas distribution service to the Affected Customers is reasonable, necessary, and not contrary to the public interest under 16 TEX. ADMIN. CODE §7.465(b)(5) (2014).

**IT IS THEREFORE ORDERED** that the *Application for Abandonment of Service and Facilities* to permanently discontinue service to nine Affected Customers in Palo Pinto County, Texas, and provide the conversion or alternative cash payment set out in the Qualifying Offer to those customers 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 28<sup>th</sup> day of April, 2015.

RAILROAD COMMISSION OF TEXAS

*Christi Craddick*

CHAIRMAN CHRISTI CRADDICK

*David Porter*

COMMISSIONER DAVID PORTER

*Ryan Sitton*

COMMISSIONER RYAN SITTON

ATTEST:

*Katherine Way*

SECRETARY

