

**RAILROAD COMMISSION OF TEXAS**

**COMMISSION INQUIRY INTO  
REASONABLENESS OF RATES  
CHARGED BY CPR PIPELINE LLC  
AND STATEMENT OF INTENT FILED  
BY CPR PIPELINE LLC TO CHANGE  
THE CITY GATE RATES FOR  
BLUEBONNET NATURAL GAS AND  
THE CITY OF DAISSETTA.**

§  
§  
§  
§  
§  
§  
§  
§  
§  
§  
§

**GAS UTILITIES DOCKET NO. 9836  
and 10062**

**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 2009). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

**FINDINGS OF FACT**

1. CPR Pipeline LLC ("CPR") is a gas utility as that term is defined in the Texas Utility Code.
2. CPR owns and operates a natural gas pipeline system that provides service to Bluebonnet Natural Gas Company (an affiliate), the City of Diasetta (at city gates) and two industrial negotiated rate customers in Hardin, Jefferson, Liberty, Nacogdoches, Rusk, and Tyler Counties, Texas.
3. All of CPR's deliveries and sales are in the environs areas.
4. On July 16, 2008, Bluebonnet Natural Gas Company ("BNG"), an affiliate to CPR, filed a Statement of Intent requesting that the Railroad Commission of Texas ("Commission") approve new rates for all customer classes within the areas served by BNG, docketed as GUD No. 9810. BNG also filed a Statement of Intent within the municipalities served by it.
5. Bluebonnet Natural Gas (BNG) purchases its gas supply from CPR.
6. CPR is a limited liability company in which Rene Garza, President of BNG, is a partner making CPR is an affiliate of BNG.
7. Rates charged by CPR to BNG are passed through to customers of BNG through the operation of the Purchased Gas Adjustment (PGA).
8. In GUD No. 9810, the Commission found it reasonable to consider in a separate docket

the reasonableness of the rates of CPR which are passed through BNG's PGA and for the Staff of the Gas Services Division to initiate an inquiry into the rates charged by CPR to BNG, and whether a tariff was previously on file to authorize those charges.

9. A Final Order issued in GUD No. 9810 on November 12, 2008, ordered the Commission inquiry into the reasonableness of the rates charged by CPR which was docketed as GUD No. 9836.
10. On March 14, 2011, CPR filed a Statement of Intent to change the city gate rate to BNG and the City of Diasetta and was docketed as GUD No. 10062.
11. On April 5, 2011, the Commission suspended the date the rates would otherwise go into effect for 150 days.
12. CPR requested GUD No. 10062 be consolidated with GUD No. 9836.
13. The rates proposed by CPR in GUD No. 10062 are the same rates as the rates developed in the inquiry, GUD No. 9836.
14. Guadalupe Management Services is an affiliate to CPR and BNG that provides management services to both entities.
15. CPR does not have employees.
16. Guadalupe Management Services charges \$1,000 per month to CPR for a management fee.
17. CPR provided notice to the city gate customers on April 11, 2011.
18. CPR is requesting rate case expense of \$14,363.78 to be recovered from the customers over an approximate 24-month period by a monthly surcharge.
19. A hearing was held on May 16, 2011.
20. Judicial notice of GUD No. 9810 was taken in the hearing.
21. No party filed a motion to intervene.
22. No complaints or protests were filed.
23. Evidence presented in this proceeding establish the services provided by Guadalupe Management Services are reasonable and necessary.
24. Evidence presented in this proceeding establish that the charges of Guadalupe Management Services are no higher than those charged to other affiliates or non-affiliates.

25. CPR's sale contract with BNG states the rate is equal to \$3.372 plus Inside FERC's Gas Market report, Houston Ship Channel, Beaumont, TX index for large packages minus \$1.52 per MMBtu, plus all applicable taxes, or a net margin of \$1.85 per MMBtu.
26. CPR's sale contract with the City of Daisetta states the rate is equal to \$2.84 plus Inside FERC's Gas Market report, Houston Ship Channel, Beaumont, TX index for large packages minus \$1.62 per MMBtu, plus all applicable taxes, or a net margin of \$1.67 per MMBtu.
27. CPR's rate to its affiliate, BNG, is higher than the rate charged to its non-affiliate city gate customer for similar service and by its nature is discriminatory.
28. It is unreasonable for CPR to charge a higher rate to its affiliate, BNG, than its non-affiliate customer.
29. The test year in this case was the twelve-months ended December 31, 2009.
30. CPR's rate base for the test year is \$141,720, including Gross Plant, Accumulated Depreciation, Cash Working Capital, Prepayments and customer deposits.
31. CPR is an LLC and has no Federal Income Tax burden.
32. CPR's Cost of Debt is 7.65%.
33. CPR's Capital Structure is 74.08% debt and 25.92% common equity.
34. A 13.75% Return on Equity is reasonable given the size of the company, growth potential, and presumed risk.
35. An overall Rate of Return of 9.23% is reasonable.
36. It is reasonable that the average Depreciation Expense Factor for use in an Interim Rate Adjustment filing is 7.7681%.
37. It is reasonable that the average Property Tax Factor for use in an Interim Rate Adjustment filing is 1.7269%.
38. CPR's total revenue requirement of \$61,783 is reasonable.
39. It is reasonable to allocate the cost of service to BNG, City of Daisetta and the two negotiated rate customers based on throughput, number of customers and an average of throughput and peak months.
40. Total throughput for CPR was 83,183 MMBtu for the test year.
41. BNG and the City of Daisetta throughput was 22,870 for the test year.

42. It is reasonable that the Allocation Factor to allocate the Interim Rate Adjustment Amount to the City Gate Customers for use in an Interim Rate Adjustment filing is 57.0975%.
43. CPR does not have a customer charge.
44. It is reasonable that the Interim Rate Adjustment be applied equally to the City Gate customers on a per MMBtu basis.
45. The allocated Cost of Service to BNG and the City of Daisetta of \$35,276 is reasonable.
46. A Transportation/City Gate Rate of \$1.5425 per MMBtu is reasonable and provides for recovery of the cost of service based on 22,870 MMBtu throughput for BNG and the City of Daisetta.
47. CPR purchases gas for resale and delivery to BNG and the City of Daisetta.
48. It is reasonable for CPR to calculate its Weighted Average Cost of Gas (WACOG) by including all purchased gas expenses.
49. It is reasonable that the City Gate Rate be \$1.5425 plus WACOG per MMBtu.
50. It is reasonable that CPR show the WACOG on the invoice to the customer.
51. It is reasonable that the Transportation/City Gate Rate of \$1.5425 per MMBtu be shown separately on the invoice to the customer, tariff attached.
52. Rate case expenses of \$14,363.78 associated with GUD No. 9836 and GUD No. 10062 has been determined to be reasonable.
53. It is reasonable that CPR recovery \$14,363.78 in rate case expense by surcharging the city gate customers \$0.3021 per MMBtu for approximately 24 months or until the expense is recovered, tariff attached.
54. The recovery of rate case expense does not include interest.

### CONCLUSIONS OF LAW

1. CPR Pipeline, LLC ("CPR") is a "Gas Utility" as defined in TEX. UTIL. CODE ANN. §101.003(7) (Vernon 2009) and §121.001(Vernon 2009) and is therefore subject to the jurisdiction of the Railroad Commission (Commission) of Texas.
2. The Railroad Commission of Texas has the authority to establish rates which it considers unreasonable or in violation of the law under TEX. UTIL. CODE ANN. § 104.151 (Vernon 2009).

3. The Railroad Commission of Texas ("Commission") has jurisdiction over CPR's Statement of Intent under TEX. UTIL. CODE ANN. §§102.001, 104.001, 104.001, and §104.201(Vernon 2009).
4. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 2009), 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.
5. This Statement of Intent was processed in accordance with the requirements of the Gas Utility Regulatory Act ("GURA"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. §§2001.001-2001.902 (Vernon 2009) ("APA").
6. In accordance with the stated purpose of the Texas Utilities Code, Subtitle A, expressed under TEX. UTIL. CODE ANN. §101.002 (Vernon 2009), the Commission has assured that the rates, operations, and services established in this docket are just and reasonable to customers and to the utilities.
7. TEX. UTIL. CODE ANN. §104.107 (Vernon 2009) provides the Commission authority to suspend the operation of the schedule of proposed rates for 150 days from the date the schedule would otherwise go into effect.
8. In accordance with TEX. UTIL. CODE §104.103 (Vernon 2009), 16 TEX. ADMIN. CODE ANN. §7.230 (2010), and 16 TEX. ADMIN. CODE ANN. §7.235 (2010), adequate notice was properly provided.
9. In accordance with the provisions of TEX. UTIL. CODE ANN. §104.102 (Vernon 2009), 16 TEX. ADMIN. CODE ANN. §7.205 (2010), and 16 TEX. ADMIN. CODE §7.210 (2010), CPR filed its Statement of Intent to change rates.
10. Except for the proposed common equity determination, expenses related to the cash working capital calculation, return on equity and cost of service allocations CPR met its burden of proof in accordance with the provisions of TEX. UTIL. CODE ANN. §104.008 (Vernon 2009) that its rate changes are just and reasonable.
11. A utility is required to provide notice of the proposed increase to its customers pursuant to TEX. UTIL. CODE ANN. § 104.103 and the increase provided in this order does not exceed the increase noticed by the utility.
12. The rates determined in this rate case to BNG are not higher than the rate charged by CPR to other affiliates or to a non-affiliate for the same item or class of item, as required by TEX. UTIL. CODE ANN. §104.055(b) (Vernon 2009).

13. The revenue, rates, rate design, and service charges proposed reflected in the attached tariffs and schedules are just and reasonable, not unreasonably preferential, prejudicial, or discriminatory, and are sufficient, equitable, and consistent in application to each class of consumer, as required by TEX. UTIL. CODE ANN. §104.003 (Vernon 2009).
14. The overall revenues as established by the findings of fact are reasonable; fix an overall level of revenues for CPR that will permit the company a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing service to the public over and above its reasonable and necessary operating expenses, as required by TEX. UTIL. CODE ANN. § 104.051 (Vernon 2009); and otherwise comply with Chapter 104 of the Texas Utilities Code.
15. The revenue, rates, rate design, and service charges proposed will not yield to CPR more than a fair return on the adjusted value of the invested capital used and useful in rendering service to the public to the public, as required by TEX. UTIL. CODE ANN. § 104.052 (Vernon 2009).
16. All expenses for lost and unaccounted for gas in excess of 3.0 percent shall be disallowed, consistent with TEX. ADMIN. CODE § 7.5525(b)(1) (2010).
17. CPR is required by 16 TEX. ADMIN. CODE §7.315 (2010) to file electronic tariffs incorporating rates consistent with this Order within thirty days of the date of this Order.

**IT IS THEREFORE ORDERED** that the rates reflected in the findings of fact and conclusions of law are hereby **APPROVED**.

**IT IS FURTHER ORDERED** that, in accordance with 16 TEX. ADMIN. CODE §7.315, within 30 days of the date this Order is signed, CPR shall file tariffs with the Gas Services Division and may not charge rates until a tariff is accepted by the Gas Services Division. The tariffs shall incorporate the rates, rate design, and service charges consistent with this Order, as stated in the findings of fact and conclusions of law.

**IT IS FURTHER ORDERED** that CPR's rates as requested and to the extent recommended to be approved in the findings of fact and conclusions of law are **HEREBY APPROVED** to be effective for gas consumed and for services delivered on and after the date of this Order.

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

**IT IS FURTHER ORDERED** that rate case expenses of \$14,363.78 are approved and the monthly recovery shall be over approximately 24 months, with no interest carrying charges, at a

rate of \$0.3021 Per MMBtu.

**IT IS FURTHER ORDERED** that CPR shall file a report 45-days after June 30 and December 31 until rate case expense is recovered showing the beginning balance, amount recovered by month, and the unrecovered balance.

**IT IS FURTHER ORDERED THAT** CPR may begin charging rates for gas delivered and for services delivered on and after the date of this Order. 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.

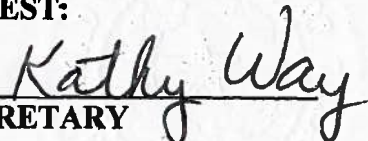
**SIGNED** this 27<sup>st</sup> day of June, 2011.

**RAILROAD COMMISSION OF TEXAS**

  
\_\_\_\_\_  
CHAIRMAN ELIZABETH AMES JONES

  
\_\_\_\_\_  
COMMISSIONER DAVID PORTER

**ATTEST:**

  
\_\_\_\_\_  
SECRETARY

CPR Pipeline, LLC  
Rate Sheet  
City Gate Service

**APPLICATION OF SCHEDULE**

This schedule is applicable for natural gas sales to local distribution companies at the city gate. Service under this schedule shall be furnished in accordance with the Company's General Rules and Regulations.

**MONTHLY RATE**

**MONTHLY COMMODITY RATE:**

The price payable by each City Gate customer for all sales each month shall be \$1.5425 per MMBtu plus CPR's weighted average cost of gas (WACOG) per MMBtu, subject to other adjustments set forth below.

**TAXES:**

The Company shall collect from customers on each monthly bill an amount equal to the taxes, fees and other charges imposed by regulatory or governmental authorities.

**RATE CASE EXPENSE SURCHARGE:**

The Company shall recover approved rate case expenses through a surcharge on each customer's bill. The surcharge will be collected on a per MMBtu basis from customers on each monthly bill.

**OTHER SURCHARGES:**

The Company shall collect from customers on each monthly bill other surcharges as authorized by federal, state and local regulatory authorities in accordance with applicable statutes, laws, regulations, ordinances, orders, rules, contracts, or agreements.

**PAYMENT:**

All bills shall be delinquent unless payment is received within fifteen (15) days from the date of the bill.



**CPR Pipeline, LLC**  
**Rate Sheet**  
**City Gate Service – Rate Case Expenses**

**RATE CASE EXPENSE SURCHARGE:**

The Company shall recover approved rate case expenses of \$14,363.78 through a surcharge on each customer's bill. The surcharge will be \$0.3021 per MMBtu collected from each monthly bill until all approved expenses are recovered under the applicable city gate rate schedules.

CPR shall file a report with the Director of the Gas Services Division 45-days after June 30 and December 31 until rate case expense is recovered showing the beginning balance, amount recovered by month by City Gate, and the unrecovered balance.

**Schedules and Work Papers**

**CPR Pipeline, LLC**

**Gas Utilities Docket No. 9836/10062**

**Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.**

CPR Pipeline, LLC  
Gas Utilities Docket No. 9836/10062

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

**Utility Name:** CPR Pipeline, LLC  
**Address:** 1717 St. James Plaza, Ste. 340  
Houston, TX 77056

**Telephone:** Office No. 713-627-8807  
Fax No.

**President:** Rene A. Garza  
President  
100%

**Vice President:**

**Secretary:**

**Treasurer:**

**Person Responsible for this Filing:** Rene A. Garza  
President  
100%

**Area Served:** Hardin, Jefferson, Liberty, Nacogdoches, Rusk,  
**Number of Customers:** and Tyler Counties, Texas

**Residential:**  
**Commercial:**  
**Transportation:**  
**Industrial:**  
**School:**  
**Other Classes:** 3 Transmission Sales

**Gas Supplier:** Crimson Exploration Operations, Inc.

**Gas Supply Pricing:**



**Current Rate Case:**

GUD Docket No.	9836
Date Filed:	
Notice to Customers:	
Notice Method:	
Test Year:	Calendar Year 2009
Capital Structure:	99.02% / 0.98% *
Common Equity:	\$1,000 *
Cost of Equity:	12.50% *
Weighted Average Cost of Capital:	9.23% *
Return on Rate Base:	\$10,738 *
Rate Case Expenses:	\$14,364
Long Term Debt:	\$100,658

**Current Tariff Filing:**

Tariff No. RRC Issued Tariff No. 20361  
Tariff No. RRC Issued Tariff No. 20362  
Tariff No. RRC Issued Tariff No. 21838  
Tariff No. RRC Issued Tariff No.  
Tariff No. RRC Issued Tariff No.

**Previous Tariff Filing:**

Tariff No. RRC Issued Tariff No.  
Tariff No. RRC Issued Tariff No.  
Tariff No. RRC Issued Tariff No.  
Tariff No. RRC Issued Tariff No.  
Tariff No. RRC Issued Tariff No.

**Source Documentation:**

Cost of Service Model: Examiners Schedules  
Copies of Tariffs of neighboring communities: NA  
Known and Measurable Changes: NA  
Cost of Equity Calculation: GUD 9810  
Debt Calculation: GUD 9810  
Depreciation Calculations: Straight Line  
FIT Calculation: IRS Publication 542 Tax Rate Schedule  
Taxes Other Than Income Calculation: 2009 Transmission Annual Report  
Interest on Customer Deposits: NA

If Amounts in COS Model do NOT tie to the Utility's Annual Report to the RRC, state Reason and Reconcile all differences.

**Modifications to the Examiners Schedules:**

1. Rate Base – added row 8: Prepayments
2. O&M – Added rows 2 through 4 to include transmission expenses.

**\* Examiner Adjustments and Modifications to Schedules - See Notes for details of changes**

CPR Pipeline, LLC  
Gas Utilities Docket No. 9836/10062

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

- Amounts to start with should be based or sourced from the utilities Annual Report to the
- 1 Commission.
  - All adjustments should have full explanations for the adjustments for deviations from the Annual
  - 2 Report.
  - Return of Equity should have all data to document its reasonableness and justification, i.e., study or
  - 3 some factual data for support.
  - Utilities tax rates (Federal and all other taxes) must be actual. If a known and measurable change in
  - 4 the tax rate exists from the test year end, provide support documentation.
  - 5 Cash working capital calculations should have all support documentation attached.
  - For all accounts that the utility does not utilize, either delete the entire group the accounts are in or
  - 6 place a zero in the particular account in the group.
  - 7 The utility may complete its own cost of service study to supplement this study.

**\* Examiner Adjustments and Modifications to Schedules**

- ROR Worksheet: Change in return on common equity from 12.5% to 13.75%. This change is consistent with recent dockets of utilities of this size. See GUD No's. 9703, 9797, 9843 and 9952.
- 1 The change reflects an increase of 1.53% in the overall rate of return.
  - ROR worksheet: Change of Common Equity from \$1,000 to \$35,219. This change reflects the equity position reported in the Utility's 2009 Annual Report to the Commission. The change effected
  - 2 the percentage of debt to equity ratios.
  - Return worksheet: Change of Cash Working Capital from 1/8th rule to 1.5.555. The effect is a
  - 3 change from 12.5% to 18%. The impact is an increase in CWC of \$1,974.
  - 4 Throughput worksheet: Adding Rice Dryer through-put volumes to total through-put.
  - Rate Case Expense worksheet: Subject o change with an update by the utility for actual and
  - 5 estimated expenses.

CPR Pipeline, LLC  
Gas Utilities Docket No. 9836/10062

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

**TOTAL RATE CALCULATION**

	Description	As filed Amount	Examiner's Calculation	Net Change
1				
2				
3	Operation & Maintenance	\$ 11,986	\$ 11,986	\$ -
4				
5	Administrative & General	\$ 23,910	\$ 23,910	\$ -
6				
7	Taxes Other Than Income	\$ 2,766	\$ 2,766	\$ -
8				
9	Depreciation	\$ 10,062	\$ 10,062	\$ -
10				
11	Return	\$ 10,738	13,059	\$ 2,321
12				
13	Federal Income Taxes	\$ -	\$ -	
14				
15	<b>Total Revenue Requirement</b>	<b>\$ 59,462</b>	<b>\$ 61,783</b>	<b>\$ 2,321</b>
16				
17	Gross Margin		\$ 36,216	
18				
19	Gross Margin Deficiency		\$ -	
20				
21	Net Revenue Requirement		<u>\$ 61,783</u>	\$ 2,321
22				
23				
24	Bluebonnet and Daisetta Cost of Service		\$ 35,276	
25				
26	Bluebonnet and Daisetta Throughput		22,870	
27				
28	<b>Transportation/City Gate Rate *</b>		<u><u>\$ 1.5425</u></u>	

\* The above rate should be billed to the City Gate Customers as:  
\$ 1.5425 plus WACOG

GRIP/IRA Factors	Factor
Rate of Return	9.23%
Depreciation Expense Factor	7.7681%
Property Tax Factor	1.7269%
FIT Factor	0.0000%
Allocation Factor:	
City Gate	57.0975%
Negotiated Rate Customers	42.9025%

CPR Pipeline, LLC  
Gas Utilities Docket No. 9836/10062

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

**EXAMINER'S ALLOCATORS**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48

	Customer				Total
	Bluebonnet	Diasetta	Quikrete	Rice Dryer	
1 Throughput	21.96%	5.53%	64.50%	8.00%	100.00%
2 Peak Months	37.47%	11.81%	50.43%	0.29%	100.00%
3 # of Customers	57.14%	14.29%	14.29%	14.29%	100.00%
4 Revenue	28.17%	7.09%	57.97%	6.77%	100.00%
5 Throughput and Peak Months	29.72%	8.67%	57.47%	4.14%	100.00%

**EXAMINER'S RATE CALCULATION**

Description	Allocator	Bluebonnet	Diasetta	Quikrete	Rice Dryer
Operation & Maintenance	3	\$ 6,849	\$ 1,712	\$ 1,712	\$ 1,712
Administrative & General	3	\$ 13,663	\$ 3,416	\$ 3,416	\$ 3,416
Taxes Other Than Income	1	\$ 607	\$ 153	\$ 1,784	\$ 221
Depreciation	5	\$ 2,990	\$ 873	\$ 5,782	\$ 417
Return	5	\$ 3,881	\$ 1,133	\$ 7,504	\$ 541
<u>Federal Income Taxes</u>		\$ -	\$ -	\$ -	\$ -
<u>Total Revenue Requirement</u>		<u>\$ 27,990</u>	<u>\$ 7,286</u>	<u>\$ 20,199</u>	<u>\$ 6,308</u>
Bluebonnet and Diasetta COS		<u>\$ 35,276</u>			
Throughput (MMBtu)		18,266	4,604	53,656	6,657
Bluebonnet and Diasetta Throughput		<u>22,870</u>			
<b>Transportation/City Gate Rate *</b>		<b><u>\$ 1.5425</u></b>			

\* The above rate should be billed to the City Gate Customers as:  
\$ 1.5425 plus WACOG



CPR Pipeline, LLC  
Gas Utilities Docket No. 9836/10062  
Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.  
As of December 31, 2009

Line No.	Description (a)	Ref (b)	Amount per Books (c)	Adjustment (d)	Utility Total Requested (e)	Examiner Recommended
1	<u>Net Plant:</u>					
2	Gross Plant		\$ 149,614	\$ 2,528	\$ 152,142	\$ 152,142
3	Accumulated Depreciation		(19,870)	(127)	(19,997)	(19,997)
4			\$ 129,744	\$ 2,655	\$ 132,399	\$ 132,399
5	Total Net Plant (Ln. 2 minus Ln. 3)					
6	<u>Working Capital:</u>					
7	Cash Working Capital		\$ -	\$ 4,487	\$ 4,487	\$ 6,461
8	Prepayments		2,860	0	2,860	2,860
9			\$ 2,860	\$ 4,487	\$ 7,347	\$ 9,321
10	Total Working Capital (Ln. 7)					
11						
12						
13	<u>Non-Investor Supplied Capital:</u>					
14	Customer Deposits		\$ -	\$ -	\$ -	\$ -
15			\$ -	\$ -	\$ -	\$ -
16	Total Non-Investor Supplied Capital (Ln. 13)					
17	Rate Base (Ln. 4 plus Ln. 8 minus Ln. 14)		\$ 132,604	\$ 7,142	\$ 139,746	\$ 141,720
18	Net Change caused by Examiner Adjustment					\$ 1,974
19						
20						
21	Work Sheet Calculated Amount					
22	Amounts to be supplied by CPR					
23	Linked Cell					
24	Examiner Recommended - See Notes					

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

**OPERATION AND MAINTENANCE EXPENSE**

Description	Test Year Amount	Adjustments	Adjusted Amount
1 Transmission Expense			
2 857 Measuring and regulation Station Expenses	\$ 9,693	\$ -	\$ 9,693
3 859 Other Expenses	\$ 2,293	\$ -	\$ 2,293
4			
5 Distribution Expenses			
6 870 Operation Supervision and Engineering	\$ -	\$ -	\$ -
7 871 Distribution Load Dispatching	0	0	0
8 872 Compressor Station Labor and Expenses	0	0	0
9 874 Mains and Services Expenses	0	0	0
10 875 Measuring and Regulating Station Expenses - General	0	0	0
11 876 Measuring and Regulating Station Expenses - Industrial	0	0	0
12 877 Measuring and Regulating Station Exp. - City Gate Chk. Sta.	0	0	0
13 878 Meter and House Regulator Expenses	0	0	0
14 879 Customer Installations Expenses	0	0	0
15 880 Other Expenses	0	0	0
16 881 Rents	0	0	0
17 885 Maintenance Supervision and Engineering	0	0	0
18 886 Maintenance of Structures and Improvements	0	0	0
19 887 Maintenance of Mains	0	0	0
20 888 Maintenance of compressor station equipment	0	0	0
21 889 Maint. of Measuring and Regulating Station Equip. - General	0	0	0
22 890 Maint. of Measuring and Regulating Station Equip. - Industrial	0	0	0
23 891 Maint. of Measuring and Regulating Station Equip. - City Gate	0	0	0
24 892 Maintenance of Services	0	0	0
25 893 Maintenance of Meters and House Regulators	0	0	0
26 894 Maintenance of Other Equipment	0	0	0
27 901 Supervision	0	0	0
28 902 Meter Reading Expense	0	0	0
29 903 Customer Records and Collection Expenses	0	0	0
30 904 Uncollectible Accounts	0	0	0
31 905 Miscellaneous Customer Accounts Expenses	0	0	0
32 907 Supervision	0	0	0
33 908 Customer Assistance Expenses	0	0	0
34 909 Informational and Instructional Advertising Expenses	0	0	0
35 910 Miscellaneous Customer Service and Informational Expenses	0	0	0
36 911 Supervision	0	0	0
37 912 Demonstrating and Selling Expenses	0	0	0
38 913 Advertising Expenses	0	0	0
39 916 Miscellaneous Sales Expenses	0	0	0
40			
41			
42 Total Operation & Maintenance Expense	\$ 11,986	\$ -	\$ 11,986
43			
44 Work Sheet Calculated Amount			
45 Amounts to be supplied by CPR			
46 Linked Cell			

CPR Pipeline, LLC  
Gas Utilities Docket No. 9836/10062

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

**ADMINISTRATIVE AND GENERAL EXPENSE**

FERC Acct. No.	Description	Test Year Amount	Adjustments	Adjusted Amount
1	920 Administrative and General Salaries	\$ 7,951	\$ -	\$ 7,951
2	921 Office Supplies and Expenses	118	0	118
3	922 Administrative Expenses Transferred - Credit	0	0	0
4	923 Outside Services Employed	12,000	0	12,000
5	924 Property Insurance	3,417	0	3,417
6	925 Injuries and Damages	0	0	0
7	926 Employee Pensions and Benefits	0	0	0
8	928 Regulatory Commission Expenses	0	0	0
9	929 Duplicate Charges - Credit	0	0	0
10	930.1 General Advertising Expenses	0	0	0
11	930.2 Miscellaneous General Expense	424	0	424
12	931 Rents	0	0	0
13	932 Maintenance of General Plant	0	0	0
14				
15	<b>Total Operation and Maintenance Expenses</b>	<b>\$ 23,910</b>	<b>\$ -</b>	<b>\$ 23,910</b>

16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39

Work Sheet Calculated Amount  
Amounts to be supplied by CPR  
Linked Cell

CPR Pipeline, LLC  
Gas Utilities Docket No. 9836/10062

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent  
filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of  
Daisetta.

**TAXES OTHER THAN INCOME TAXES**

FERC Acct. No.	Description	Test Year Amount	Adjustments	Adjusted Amount
1				
2				
3 408	Payroll Taxes	\$ -	\$ -	\$ -
4 408	Property Taxes	2,282		2,282
5 408	Gas Utility Taxes	484	-	484
6				
7	Total Taxes Other Than Federal Income Taxes	\$ 2,766	\$ -	\$ 2,766
8				
9				
10	Other Taxes Percentage Calculation for GRIP Filings			\$ 2,282
11	Net Plant			\$ 132,145
12	Average Tax Factor Rate			1.7269%
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28	Work Sheet Calculated Amount			
29	Amounts to be supplied by CPR			
30	Linked Cell			
31				
32				
33				

CPR Pipeline, LLC  
Gas Utilities Docket No. 9836/10062

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

**FEDERAL INCOME TAXES**

Description	\$ Amount
Return on Investment	
Invested Capital (Rate Base)	\$ 139,746
Rate of Return	9.23%
Return on Investment	\$ 12,900
Interest Expense	
Invested Capital (Rate Base)	\$ 139,492
Weighted Cost of Debt	7.65%
Interest Expense	\$ (10,671)
After Tax Income	\$ 2,229
Gross-up Factor	=1+(.15/(1-.15)) 1.1765
Before Tax Return	\$ 2,622
Federal Income Tax Rate	0%
Federal Income Tax	\$ -

Work Sheet Calculated Amount  
Amounts to be supplied by CPR  
Linked Cell

CPR Pipeline, LLC  
Gas Utilities Docket No. 9836/10062

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

**DEFERRED FEDERAL INCOME TAX**

	<u>Acquisition Cost</u>	<u>Years In Service</u>	<u>MACRS/7 Factor</u>	<u>Accumulated Tax Depreciation</u>
1 Original Acquisition	\$ -	0	25.00%	\$ -
2 2001 Additions	0	0	25.00%	0
3 2002 Additions/Acquisitions	0	0	25.00%	0
4				
5 Total	<u>\$ -</u>			<u>\$ -</u>
6				
7 Book Depreciation Reserve				\$ -
8				
9 Excess of Tax over Book				\$ -
10				
11 Tax Rate				0%
12				
13 Deferred FIT				\$ -
14				
15				
16				
17				
18				
19 Work Sheet Calculated Amount				
20 Amounts to be supplied by CPR				
21 Linked Cell				

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

**COMPONENTS OF RATE BASE**

Test Year:

Description	Original Cost	Adjustments	Accumulated Depreciation	Adjustments	Annual Depreciation	Net Plant	Life
<b>INTANGIBLE PLANT</b>							
1 301 Organization.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
2 302 Franchises and consents.	0	0	0	0	0	0	0
3 303 Miscellaneous intangible plant	0	0	0	0	0	0	0
4 304							
5 Sub-Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
6							
<b>PRODUCTION PLANT</b>							
7 304 Land and land rights.	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ 0	0
8 305 Structures and improvements.	0	0	0	0	0	0	0
9 306 Boiler plant equipment.	0	0	0	0	0	0	0
10 307 Other power equipment.	0	0	0	0	0	0	0
11 308 Coke ovens.	0	0	0	0	0	0	0
12 309 Producer gas equipment.	0	0	0	0	0	0	0
13 310 Water gas generating equipment.	0	0	0	0	0	0	0
14 311 Liquefied petroleum gas equipment.	0	0	0	0	0	0	0
15 312 Oil gas generating equipment.	0	0	0	0	0	0	0
16 313 Generating equipment--Other processes.	0	0	0	0	0	0	0
17 314 Coal, coke, and ash handling equipment.	0	0	0	0	0	0	0
18 315 Catalytic cracking equipment.	0	0	0	0	0	0	0
19 316 Other reforming equipment.	0	0	0	0	0	0	0
20 317 Purification equipment.	0	0	0	0	0	0	0
21 318 Residual refining equipment.	0	0	0	0	0	0	0
22 319 Gas mixing equipment.	0	0	0	0	0	0	0
23 320 Other equipment.	0	0	0	0	0	0	0
24 Sub-Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
25							
26							
<b>NATURAL GAS PRODUCTION PLANT</b>							
27							
28							
29 325.1 Producing lands.	\$ -	\$ 0	\$ -	\$ 0	\$ -	\$ -	0
30 325.2 Producing leaseholds.	0	0	0	0	0	0	0
31 325.3 Gas rights.	0	0	0	0	0	0	0
32 325.4 Rights-of-way.	0	0	0	0	0	0	0
33 325.5 Other land and land rights.	0	0	0	0	0	0	0





Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

**COMPONENTS OF RATE BASE**

Test Year:

Description	Original Cost	Adjustments	Accumulated Depreciation	Adjustments	Annual Depreciation	Net Plant	Life
68 355 Measuring and regulating equipment.	0	0	0	0	0	0	0
69 356 Purification equipment.	0	0	0	0	0	0	0
70 357 Other equipment	0	0	0	0	0	0	0
71 Sub-Total \$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

**OTHER STORAGE PLANT**

74 360 Land and land rights.	\$ -	0	\$ -	0	\$ -	\$ -	-
75 361 Structures and improvements.	0	0	0	0	0	0	0
76 362 Gas holders.	0	0	0	0	0	0	0
77 363 Purification equipment.	0	0	0	0	0	0	0
78 363.1 Liquefaction equipment.	0	0	0	0	0	0	0
79 363.2 Vaporizing equipment.	0	0	0	0	0	0	0
80 363.3 Compressor equipment.	0	0	0	0	0	0	0
81 363.4 Measuring and regulating equipment.	0	0	0	0	0	0	0
82 363.5 Other equipment.	0	0	0	0	0	0	0
83 Sub-Total \$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

**BASE LOAD LIQUEFIED NATURAL GAS TERMINALING AND PROCESSING PLANT**

87 364.1 Land and land rights.	\$ -	0	\$ -	0	\$ -	\$ -	-
88 364.2 Structures and improvements.	0	0	0	0	0	0	0
89 364.3 LNG processing terminal equipment.	0	0	0	0	0	0	0
90 364.4 LNG transportation equipment.	0	0	0	0	0	0	0
91 364.5 Measuring and regulating equipment.	0	0	0	0	0	0	0
92 364.6 Compressor station equipment.	0	0	0	0	0	0	0
93 364.7 Communication equipment.	0	0	0	0	0	0	0
94 364.8 Other equipment.	0	0	0	0	0	0	0
95 Sub-Total \$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

**TRANSMISSION PLANT**

98 365.1 Land and land rights.	\$ 2,618	0	\$ -	0	\$ -	\$ 2,618	0
99 365.2 Rights-of-way.	0	0	0	0	0	0	0
100 366 Structures and improvements.	0	0	0	0	0	0	0
101 367 Mains.	113,786	0	(15,380)	0	7,690	98,406	15

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

**COMPONENTS OF RATE BASE**

Test Year:

	Description	Original Cost	Adjustments	Accumulated Depreciation	Adjustments	Annual Depreciation	Net Plant	Life
102	368 Compressor station equipment.	0	0	0	0	0	0	0
103	369 Measuring and regulating station equipment.	33,210	2,528	(4,490)	(127)	2,371	31,121	15
104	370 Communication equipment.	0	0	0	0	0	0	0
105	371 Other equipment.	0	0	0	0	0	0	0
106		\$ 149,614	\$ 2,528	\$ (19,870)	\$ (127)	\$ 10,062	\$ 132,145	
107	Sub-Total							

**DISTRIBUTION PLANT**

109	374 Land and land rights.	\$ -	0	-	0	0	-	0
110	375 Structures and improvements.	0	0	0	0	0	0	0
111	376 Mains.	0	0	0	0	0	0	0.00
112	377 Compressor station equipment.	0	0	0	0	0	0	0
113	378 Measuring and regulating station equipment--General.	0	0	0	0	0	0	0
114	379 Measuring and regulating station equipment--City gate	0	0	0	0	0	0	0
115	380 Services.	0	0	0	0	0	0	0
116	381 Meters.	0	0	0	0	0	0	0
117	382 Meter installations.	0	0	0	0	0	0	0
118	383 House regulators.	0	0	0	0	0	0	0
119	384 House regulatory installations.	0	0	0	0	0	0	0
120	385 Industrial measuring and regulating station equipment.	0	0	0	0	0	0	0
121	386 Other property on customers' premises.	0	0	0	0	0	0	0
122	387 Other equipment.	0	0	0	0	0	0	0
123	Sub-Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
124								

**GENERAL PLANT**

126	389 Land and land rights.	\$ -	0	-	0	0	-	0
127	390 Structures and improvements.	0	0	0	0	0	0	0
128	391 Office furniture and equipment.	0	0	0	0	0	0	0
129	392 Transportation equipment.	0	0	0	0	0	0	0
130	393 Stores equipment.	0	0	0	0	0	0	0
131	394 Tools, shop and garage equipment.	0	0	0	0	0	0	0
132	395 Laboratory equipment.	0	0	0	0	0	0	0
133	396 Power operated equipment.	0	0	0	0	0	0	0
134	397 Communication equipment.	0	0	0	0	0	0	0
135	398 Miscellaneous equipment.	0	0	0	0	0	0	0

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

**COMPONENTS OF RATE BASE**

Test Year:

Description	Original Cost	Adjustments	Accumulated		Annual	Net Plant	Life
			Depreciation	Adjustments			
136 399 Other tangible property.	0	0	0	0	0	0	0
137	-	-	-	-	-	-	-
138							
139							
<b>Total</b>	<b>\$ 149,614</b>	<b>\$ 2,528</b>	<b>\$ (19,870)</b>	<b>\$ (127)</b>	<b>\$ 10,062</b>	<b>\$ 132,145</b>	

CPR Pipeline, LLC  
Gas Utilities Docket No. 9836/10062

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

**RATE OF RETURN**

Description	\$ Amount	Cost	Percent of Total	Weighted Cost of Capital
1 Long Term Debt	\$ 100,658	7.65%		
2 Short Term Debt	0	0.00%		
3 Sub-Total	\$ 100,658	7.65%	99.02%	7.57%
4 Results of Examiner Recommended			74.08%	
5 Preferred Stock	\$ -	0.00%		
6 Common Stock	0	0.00%		
7 Sub-Total	\$ -	0.00%	0.00%	0.00%
8				
9 Common Equity	\$ 1,000	12.50%	0.98%	0.12%
10 Examiner Recommended	\$ 35,219	13.75%	25.92%	
11 Total Invested Capital	\$ 101,658		100.00%	
12 Total Invested Capital	\$ 135,877		100.00%	
13				
14				
15 Total Rate of Return				<u>7.70%</u>
16				
17 Net change caused by Examiner Adjustment				
18				
19				
20 2009 Transmission Annual Report page 11, line 66 (\$35,219).				
21				
22				
23				
24				
25				
26 Work Sheet Calculated Amount				
27 Amounts to be supplied by CPR				
28 Linked Cell				
29 Examiner Recommended				
30				
31				
32				
33				
34				
35				
36				
37				

CPR Pipeline, LLC  
 Gas Utilities Docket No. 9836/10062

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

**RETURN**

1	Description	Amount	Examiner Amount
2			
3	Plant in Service:		
4	Adjusted Original Cost	152,142	
5	Accumulated Depreciation	(19,997)	
6	Adjusted Net Plant	132,145	132,145
7			
8	Working Capital:		
9	Operating Expense	35,896	
10	1/8 rule	12.5%	4,487
11	1/5.55555 Examiner recommended	18.0%	6,461
12	Cash Working Capital		
13			
14			
15			
16	Prepayments	2,860	2,860
17			
18	Deferred Income Taxes	-	-
19			
20	Total Invested Capital	139,492	141,466
21	Rate of Return	7.70%	9.23%
22			
23	Return	10,738	13,059
24			
25	Net change caused by Examiner Adjustment		2,321

32	Work Sheet Calculated Amount	Utility	Examiner	Difference
33	Amounts to be supplied by CPR			
34	Linked Cell			
35	Examiner Recommended			
36				
37	O&M Exp	\$ 11,986	\$ 11,986	
38	A&G Exp	\$ 23,910	\$ 23,910	
39	Total	\$ 35,896	\$ 35,896	
40	1/8 rule vs 1/5.55	0.125	0.180	
41	CWC	\$ 4,487	\$ 6,461	\$ 1,974
42				
43				1/5.55555

CPR Pipeline, LLC  
Gas Utilities Docket No. 9836/10062

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

**THROUGHPUT**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31

Description	Volume *	
Throughput	83,183	MMBtu

**Parties**

Quikrete Companies	53,656	MMBtu
City of Daisetta	4,604	MMBtu
Bluebonnet Natural Gas	18,266	MMBtu
Rice Dryer	6,657	MMBtu
<b>Total</b>	<b>83,183</b>	<b>MMBtu</b>

Less: Negotiated Rate Customers	60,313	MMBtu
<b>Total</b>	<b>22,870</b>	<b>MMBtu</b>

\* Specify MMBtu or Mcf

Net change caused by Examiner Adjustment (53,656)

Work Sheet Calculated Amount  
Amounts to be supplied by CPR  
Linked Cell  
Examiner Recommended

CPR Pipeline, LLC  
Gas Utilities Docket No. 9836/10062

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

**RATE CASE EXPENSES**

1 Rate Case Expenses \$ 14,364 \*

2

3

4

5 Parties

6 CPR Pipeline

7 Other: R. J. Covington \$ 14,364

8 Total \$ 14,364

9

10

11

12 Note:

13 Provide all invoices supporting all amounts requested for Rate Case Expense. If  
14 any estimated amounts are requested, provide supporting documentation for justification  
15 of estimated rate case expense.

16

17 \* Subject to change and update by utility.

18

19

20

21

22

23

24

25

26

27 Work Sheet Calculated Amount

28 Amounts to be supplied by CPR

29 Linked Cell

30 Examiner Recommended

31

32

CPR Pipeline, LLC  
 Gas Utilities Docket No. 9836/10062

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and  
 Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet  
 Natural Gas and the City of Daisetta.

**ORIGINAL COST OF PLANT  
 As Reported In Original 2009 Filing**

FERC Account	2006 Panther Pipeline		
	Annual Report	CPR 2008 Pipeline	CPR 2008 Pipeline
365.1 Land & Rights of Way	102,341	2.1%	2,618
367 Mains	4,447,334	91.0%	113,786
369 Measurement & Regulator Station Equipment	335,974	6.9%	8,596
<b>Total</b>	<b>4,885,649</b>	<b>100.0%</b>	<b>125,000</b>
			<b>24,614</b>
			<b>24,614</b>
			<b>149,614</b>



**CPR Pipeline, LLC**  
**Gas Utilities Docket No. 9836/10062**

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

**CALCULATION OF COMPOSITE ALLOCATION FACTOR**

Line No.	Company	Sales Volume MMBtu	Percent	Gross Amount	Percent	Avg. Sale Price	Net Margin	Percent
<b>Sales</b>								
1	Quikrete Companies	53,656	70.11%	\$ 223,558	57.01%	\$ 4.1665		
2	City of Daisetta	4,604	6.02%	\$ 27,346	6.97%	\$ 5.9396		22.870
3	Bluebonnet Natural Gas	18,266	23.87%	\$ 132,265	33.73%	\$ 7.2410		\$159,611
	Eagle Rock			\$ 9,000	2.29%			6.979056 Reg. Sale price
4	Total	76,526	100.00%	\$ 392,169	100.00%			

<b>Purchase</b>								
8	Crimson Exploration	82,971	100.00%	\$330,296	100.00%	\$ 3.9809		\$ 3.9809 Purchase Price
11	Gross Margin			\$ 61,873				\$ 2.9982 Net price
12	LUG Volume - Gain	-6,445		-\$25,657				
13	Percent of LUG	-7.7678%		\$36,216				

Line No.	Company	Net Margin	Avg. Sale Price	Percent
<b>Net Margin</b>				
18	Quikrete Companies	\$ 9,961	\$ 0.1856	18.84%
19	City of Daisetta	\$ 9,018	\$ 1.9588	17.06%
20	Bluebonnet Natural Gas	\$ 59,551	\$ 3.2602	112.63%
21	Eagle Rock			0.00%
22	LUG Volume - Gain	\$ (25,657)		-48.53%
23	Total	\$ 52,873		100.00%
24		\$ 42,912		

**CALCULATION OF COMPOSITE ALLOCATION FACTOR**

Line No.	Company	Percent of Volume Sold	Percent of Revenue	Percent of Net margin	Composite Avg.
<b>Net Margin</b>					
33	Quikrete Companies	70.11%	57.01%	18.84%	48.6532%
34	City of Daisetta	6.02%	6.97%	17.06%	10.0152%
35	Bluebonnet Natural Gas	23.87%	33.73%	112.63%	56.7417%
36	Eagle Rock		2.29%	0.00%	0.7650%
37	LUG Volume - Gain			-48.5250%	-16.1750%
38	Total	100.00%	100.00%	100.00%	100.0000%

CPR Pipeline, LLC  
Gas Utilities Docket No. 9836/10062

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

Transactions	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Totals
<b>Gas Sales</b>													
CPR Hull - MMBtu	981	555	557	313	207	196	298	370	160	222	398	984	5,219
CPR Hull - \$	\$ 6,937.63	\$ 3,147.96	\$ 2,984.35	\$ 1,709.61	\$ 1,035.41	\$ 1,037.23	\$ 1,675.95	\$ 1,932.14	\$ 720.32	\$ 1,219.22	\$ 2,404.72	\$ 6,152.25	\$ 30,936.79
	\$ 7.07	\$ 5.67	\$ 5.32	\$ 5.46	\$ 5.00	\$ 5.29	\$ 5.66	\$ 5.22	\$ 4.50	\$ 5.49	\$ 6.04	\$ 6.38	\$ 5.93
CPR Raywood-MMBtu	1,282	720	798	457	338	230	259	337	333	210	1133	1739	7,838
CPR Raywood - \$	\$ 9,066.30	\$ 4,083.84	\$ 4,246.98	\$ 2,486.13	\$ 1,690.68	\$ 1,217.16	\$ 1,466.46	\$ 1,759.81	\$ 1,499.17	\$ 1,153.32	\$ 6,845.59	\$ 11,088.30	\$ 46,623.72
	\$ 7.07	\$ 5.67	\$ 5.32	\$ 5.46	\$ 5.00	\$ 5.29	\$ 5.66	\$ 5.22	\$ 4.50	\$ 5.49	\$ 6.04	\$ 6.38	\$ 5.95
CPR Devers-MMBtu	1,012	523	493	291	166	141	130	180	225	457	623	970	5,211
CPR Devers - \$	\$ 7,156.86	\$ 2,966.46	\$ 2,623.75	\$ 1,589.44	\$ 830.33	\$ 746.17	\$ 736.06	\$ 939.96	\$ 1,012.95	\$ 2,509.84	\$ 3,764.17	\$ 6,190.54	\$ 31,066.53
	\$ 7.07	\$ 5.67	\$ 5.32	\$ 5.46	\$ 5.00	\$ 5.29	\$ 5.66	\$ 5.22	\$ 4.50	\$ 5.49	\$ 6.04	\$ 6.38	\$ 5.96
Daisetta - MMBtu	1,056	529	488	195	89	102	170	119	121	205	396	1134	4,604
Daisetta - \$	\$ 7,318.08	\$ 2,925.37	\$ 2,527.84	\$ 1,037.40	\$ 432.54	\$ 525.30	\$ 938.40	\$ 604.52	\$ 527.56	\$ 1,086.75	\$ 2,336.40	\$ 7,076.16	\$ 27,346.32
	\$ 6.93	\$ 5.53	\$ 5.18	\$ 5.32	\$ 4.86	\$ 5.15	\$ 5.52	\$ 5.08	\$ 4.36	\$ 5.35	\$ 5.90	\$ 6.24	\$ 5.94
SW Quikrete - MMBtu	6,339	6,038	6,107	5,775	4,832	3,947	3,032	3,361	3,325	4,015	3,874	3,011	53,656
SW Quikrete - \$	\$ 35,498.40	\$ 25,359.60	\$ 23,511.95	\$ 23,042.25	\$ 17,056.96	\$ 15,077.54	\$ 12,704.08	\$ 12,603.75	\$ 10,074.75	\$ 16,140.30	\$ 17,704.18	\$ 14,784.01	\$ 223,557.77
	\$ 5.60	\$ 4.20	\$ 3.85	\$ 3.99	\$ 3.53	\$ 3.82	\$ 4.19	\$ 3.75	\$ 3.03	\$ 4.02	\$ 4.57	\$ 4.91	\$ 4.17
CPR Rice Dryer-MMBtu	20	8	7	2	0	0	85	2924	1843	503	1232	33	6,657
CPR Rice Dryer - \$	\$ 112.80	\$ 33.92	\$ 27.23	\$ 58.06	\$ 50.00	\$ 50.00	\$ 359.55	\$ 11,432.84	\$ 5,879.17	\$ 2,102.54	\$ 5,827.36	\$ 167.31	\$ 26,100.78
	\$ 5.64	\$ 4.24	\$ 3.89	\$ 29.03	#DIV/0!	#DIV/0!	\$ 4.23	\$ 3.91	\$ 3.19	\$ 4.18	\$ 4.73	\$ 5.07	\$ 3.92
City Gate - MMBtu	4,331	2,327	2,336	1,256	800	669	855	1,006	839	1,094	2,550	4,807	22,870
City Gate - \$	\$ 30,478.87	\$ 13,123.63	\$ 12,362.90	\$ 6,832.58	\$ 3,988.96	\$ 3,525.88	\$ 4,816.87	\$ 5,236.43	\$ 3,760.00	\$ 5,979.13	\$ 15,350.88	\$ 30,517.25	\$ 135,973.36
	\$ 7.04	\$ 5.64	\$ 5.29	\$ 5.44	\$ 4.99	\$ 5.27	\$ 5.63	\$ 5.21	\$ 4.48	\$ 5.47	\$ 6.02	\$ 6.35	\$ 5.95
<b>Total Sales Volume</b>	10,690	8,373	8,450	6,994	5,632	4,616	3,972	7,291	6,007	5,612	7,656	7,851	83,744
<b>Total Sales Amount</b>	\$ 66,090.07	\$ 38,517.15	\$ 35,902.08	\$ 29,675.41	\$ 21,045.92	\$ 18,603.40	\$ 17,880.50	\$ 29,273.02	\$ 19,713.92	\$ 24,221.98	\$ 38,882.41	\$ 45,468.57	\$ 385,274.43
<b>Avg. \$/MMBtu</b>	\$ 6.1824	\$ 4.6002	\$ 4.2488	\$ 4.2430	\$ 3.7368	\$ 4.0302	\$ 4.5016	\$ 4.0150	\$ 3.2818	\$ 4.3161	\$ 5.0787	\$ 5.7914	\$ 4.6538

**Gas Purchases**

<b>Total Purchases</b>	10473	8003	8407	6823	5444	4856	4259	7351	6118	5902	7000	8335	82971
<b>Purchase Amount</b>	\$ 56,135.28	\$ 31,697.88	\$ 30,349.27	\$ 25,586.25	\$ 17,910.76	\$ 17,384.48	\$ 16,823.05	\$ 25,802.01	\$ 17,069.22	\$ 22,309.56	\$ 30,310.00	\$ 38,924.45	\$ 330,296.21
<b>Avg. \$/MMBtu</b>	\$ 5.3600	\$ 3.9600	\$ 3.6100	\$ 3.7500	\$ 3.2900	\$ 3.5800	\$ 3.9500	\$ 3.5100	\$ 2.7900	\$ 3.7800	\$ 4.3300	\$ 4.6700	\$ 3.9809

CPR Pipeline, LLC  
Gas Utilities Docket No. 9836/10062

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.



CPR Pipeline, LLC  
Gas Utilities Docket No. 9836/10062

Commission Inquiry into Reasonableness of Rates Charged by CPR Pipeline LLC and Statement of Intent filed by CPR Pipeline LLC to Change the City Gate Rates for Bluebonnet Natural Gas and the City of Daisetta.

	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Totals	Percent to Total
<b>Throughput</b>														
BNG	3,275	1,798	1,848	1,061	711	567	685	887	718	889	2,154	3,673	18,266	0.2196
Diasetta	1,056	529	488	195	89	102	170	119	121	205	396	1,134	4,604	0.0553
Quikrete	6,339	6,038	6,107	5,775	4,832	3,947	3,032	3,361	3,325	4,015	3,874	3,011	53,656	0.6450
Rice Dryer	20	8	7	2	0	0	85	2,924	1,843	503	1,232	33	6,657	0.0800
	10,690	8,373	8,450	7,033	5,632	4,616	3,972	7,291	6,007	5,612	7,656	7,851	83,183	1.0000
<b>Peak</b>														
BNG	3,275												6,948	0.3747
Diasetta	1,056												2,190	0.1181
Quikrete	6,339												9,350	0.5043
Rice Dryer	20												53	0.0029
	10,690												18,541	1.0000
<b>Revenue</b>														
BNG	23,161	10,198	9,835	5,795	3,556	3,001	3,878	4,632	3,232	4,882	13,014	23,441	108,627	0.2817
Diasetta	7,318	2,925	2,528	1,037	433	525	938	605	528	1,097	2,336	7,076	27,346	0.0709
Quikrete	35,498	25,360	23,512	23,042	17,057	15,078	12,704	12,604	10,075	16,140	17,704	14,784	223,558	0.5797
Rice Dryer	113	34	27	58	50	50	360	11,433	5,879	2,103	5,827	167	26,101	0.0677
	66,090	38,517	35,902	29,933	21,096	18,653	17,881	29,273	19,714	24,222	38,882	45,469	385,632	1.0000

**SERVICE LIST**  
**Gas Utilities Docket No. 9836**  
**Commission Inquiry into Reasonableness of Rates**  
**Charged by CPR Pipeline LLC**  
**Examiner: Gene Montes**  
**Co Examiner: Mark Brock**

**PARTIES**

Mr. Rene Garza, President  
CPR Pipeline LLC  
1717 St. James Place, Suite 340  
Houston, TX 77056  
713-627-8807  
713-965-0822 fax

**REPRESENTATIVE**

Mr. Karl J. Nalepa  
Managing Director  
RJ Covington Consulting, LLC  
11044 Research Blvd., Suite A-325  
Austin, TX 78759  
512-331-4949, Ext. 105  
512-331-5743 (fax)  
knalepa@rjcovington.com