

RAILROAD COMMISSION OF TEXAS

**STATEMENT OF INTENT FILED BY ZIA §
NATURAL GAS COMPANY FOR THE §
UNINCORPORATED AREA OF THE § GAS UTILITIES DOCKET
BRECKEN ESTATES SUBDIVISION IN § NO. 9852
GAINES COUNTY, TEXAS §
 §**

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 2004 & Supp. 2008). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

FINDINGS OF FACT

1. Zia Natural Gas Company (“Zia”) is a utility as that term is defined in the Texas Utility Code, and is subject to the jurisdiction of the Railroad Commission of Texas (“Commission”).
2. Zia owns and operates a gas distribution system that provides gas service to customers within the unincorporated area of the Brecken Estates Subdivision in Gaines County, Texas.
3. Zia provides gas service to approximately 33 residential environs customers located in the Brecken Estates Subdivision in Gaines County, Texas.
4. On January 9, 2009, Zia filed with the Commission a statement of intent to change rates for the unincorporated area of the Brecken Estates Subdivision in Gaines County, Texas.
5. In its statement of intent Zia requested an effective date of March 1, 2009.
6. On February 10, 2009, the Commission suspended the implementation of Zia’s proposed rate changes for environs customers for up to 150 days pursuant to TEX. UTIL. CODE ANN. §104.107(a)(2).
7. Zia provided notice of its requested rate increase by mailing notice of its statement of intent on January 30, 2009, to all affected customers.
8. No protests were filed with the Commission regarding the proposed new rate schedules for Zia; no customers or municipality filed a petition to intervene or otherwise participated in this proceeding.
9. No final hearing was conducted in this docket.

10. In 2008, Zia filed a rate request with the New Mexico Regulation Commission (“NMPRC”), Utility Case No.08-00036-UT, In the Matter of Zia Natural Gas Company’s Petition for an Increase in its Rates and Changes to Rate Structure.
11. On November 25, 2008, the NMPRC issued an order approving new rates for Zia.’s customers in New Mexico. The new rates approved by the NMPRC went into effect on January 1, 2009.
12. The data submitted by Zia in this docket encompass a full test-year, i.e. the twelve-month period ending August 31, 2007, adjusted to August 31, 2008.
13. Zia requests Commission approval to implement the same rates approved by the NMPRC in Utility Case No.08-00036-UT, In the Matter of Zia Natural Gas Company’s Petition for an Increase in its Rates and Changes to Rate Structure, for its 33 residential customers that are located within the Brecken Estates Subdivision in Gaines County, Texas.
14. Zia requests Commission approval of a residential service rate consisting of a \$10.96 per month minimum customer charge and a volumetric \$2.698 per Mcf volumetric charge on all gas volumes delivered.
15. Zia requests Commission approval of a small commercial service rate consisting of a \$15.15 per month minimum customer charge and a volumetric \$2.698 per Mcf volumetric charge on all gas volumes delivered.
16. Zia requests Commission approval of a large commercial service rate consisting of a \$40.53 per month minimum customer charge and a volumetric \$2.698 per Mcf volumetric charge on all gas volumes delivered.
17. Zia requests Commission approval of a Connect Fee of \$15.00, an After-Hours Connect Fee of \$22.50, a Late Payment Fee of 0.67% per month, a Reconnect Fee of \$15.00, an After-Hours Reconnect Fee of \$22.50, a Labor Rate of \$50.00 per man, and a Read-in Meter Fee of \$20.00.
18. The Hearings Examiners have reviewed the cost of service model submitted by Zia and have determined that the overall revenue requirement is reasonable and allows the utility to earn a reasonable rate of return on its invested capital used in providing gas service and to recover its expenses that are reasonable and necessary for providing gas service.

CONCLUSIONS OF LAW

1. Zia Natural Gas Company (“Zia”) is a "Gas Utility" as defined in TEX. UTIL. CODE ANN. §101.003(7) (Vernon 2007 & Supp. 2008) and §121.001 (Vernon 2007 & Supp. 2008) and is therefore subject to the jurisdiction of the Railroad Commission (Commission) of Texas.
2. The Railroad Commission of Texas (Commission) has jurisdiction over Zia and Zia's

statement of intent under TEX. UTIL. CODE ANN. §§ 102.001, 104.001 and 104.201 (Vernon 2007 & Supp. 2008).

3. Under TEX. UTIL. CODE ANN. §102.001 (Vernon 2007 & Supp. 2008), 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.

4. 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 2008).

5. In accordance with the stated purpose of the Texas Utilities Code, Subtitle A, expressed under TEX. UTIL. CODE ANN. §101.002 (Vernon 2007 & Supp. 2008), the Commission has assured that the rates, operations, and services established in this docket are just and reasonable to customers and to the utilities.

6. TEX. UTIL. CODE ANN. §104.107 (Vernon 2007 & Supp. 2008) provides the Commission's authority to suspend the operation of the schedule of proposed rates for 150 days from the date the schedule would otherwise go into effect.

7. In accordance with TEX. UTIL. CODE §104.103 (Vernon 2007 & Supp. 2008), 16 TEX. ADMIN. CODE ANN. §7.230 (2002), and 16 TEX. ADMIN. CODE ANN. §7.235 (2002), adequate notice was properly provided.

8. In accordance with the provisions of TEX. UTIL. CODE ANN. §104.102 (Vernon 2007 & Supp. 2008), 16 TEX. ADMIN. CODE ANN. §7.205 (2002), and 16 TEX. ADMIN. CODE §7.210 (2002), Zia filed its Statement of Intent to change rates.

9. Zia met the required burden of proof in accordance with the provisions of TEX. UTIL. CODE ANN. §104.008 (Vernon 2007 & Supp. 2008) on the elements of its requested rate increase identified in this order.

10. The rates proposed by Zia are in accordance with TEX. UTIL. CODE ANN. §104.006 (Vernon 2007 & Supp. 2008) because the rates established for customers of each environs area do not exceed 115 percent of the average of all rates for similar services for all municipalities served by Zia in the same county.

11. The revenue, rates, rate design, and service charges proposed by Zia are found to be 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 2007 & Supp. 2008).

12. The overall revenues as established by the findings of fact and attached schedules are

reasonable; fix an overall level of revenues for Zia 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 2007 & Supp. 2008); and otherwise comply with Chapter 104 of the Texas Utilities Code.

13. The revenue, rates, rate design, and service charges proposed will not yield to Zia more than a fair return on the adjusted value of the invested capital used and useful in rendering service to the public, as required by TEX. UTIL. CODE ANN. § 104.052 (Vernon 2007 & Supp. 2008).

14. The rates established in this docket comport with the requirements of TEX. UTIL. CODE ANN. §104.053 (Vernon 2007 & Supp. 2008) and are based upon the adjusted value of invested capital used and useful, where the adjusted value is a reasonable balance between the original cost, less depreciation, and current cost, less adjustment for present age and condition.

15. It is reasonable for the Commission to allow Zia to include a Purchase Gas Adjustment Clause in its rates to provide for the recovery of all of its gas costs, in accordance with 16 TEX. ADMIN. CODE § 7.5519 (2002).

16. All expenses for lost and unaccounted for gas in excess of 5.0 percent shall be disallowed, consistent with TEX. ADMIN. CODE § 7.5519 (2002).

17. Zia is required by 16 TEX. ADMIN. CODE §7.315 (2002) 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, rate design, and service charges established in the findings of fact and conclusions of law and shown on the attached Schedules for Zia Natural Gas Company are **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, Zia shall file tariffs with the Gas Services Division. The tariffs shall incorporate rates, rate design, and service charges consistent with this Order, as stated in the findings of fact and conclusions of law and shown in the attached Schedules.

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 within 30 days of this order Zia **SHALL** electronically file tariffs and rates schedules in proper form that accurately reflect the rates approved by the Commission in this Order.

This Order will not be final and effective 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 14th day of April, 2009.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN VICTOR G. CARRILLO

COMMISSIONER ELIZABETH A. JONES

COMMISSIONER MICHAEL L. WILLIAMS

ATTEST:

SECRETARY

**RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION
NATURAL GAS TARIFF
DISTRIBUTION SALES & SERVICE**

Form GSD-1

RATE
SCHEDULE # 1
RRC
TARIFF # /TN-5309-05-001

CO. ID. # _____
P-5 # 950724

PLEASE READ INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING

1. COMPANY NAME: Zia Natural Gas Company 2. CUSTOMER NAME OR AREA SERVED: Brecken Estates, Gaines 3. CUSTOMER IDENTIFICATION #: _____ 4. CONFIDENTIAL? YES NO

5. TYPE OF SERVICE PROVIDED: RESIDENTIAL SALES COMMERCIAL SALES INDUSTRIAL SALES PUBLIC AUTHORITY SALES
 ELECTRIC GENERATION SALES OTHER (EXPLAIN) _____

6. DATE OF ORIGINAL CONTRACT: _____ 7. DATE OF AMENDMENT: 1/9/09 8. EFFECTIVE DATE OF THIS RATE: 3/1/09 BILLS RENDERED ON OR AFTER 3/1/09 GAS CONSUMED ON OR AFTER _____

9. REASON FOR FILING: NEW RRC DOCKET NO. _____ CITY ORDINANCE NO. _____
 AMENDMENT (EXPLAIN) _____

OTHER (EXPLAIN) NMPRC approved new cost of service rates

10. RATE SCHEDULE:

RATE SCHEDULE NO. 1, Residential Service
Distribution and Transmission Charge \$2.698 per mcf
Customer Charge \$10.96
Cost of Gas - see Rate Schedule No. 5

11. RATE ADJUSTMENT PROVISION:

See Rate Schedule No. 5

12. NAME OF PERSON PREPARING THIS TARIFF: Mercedes Fernandez-Wells ADDRESS: PO Drawer 888

TITLE: Mgr. of Regulatory Affairs

AREA CODE / PHONE NUMBER: 505-378-4277 (EXT) _____ CITY: Ruidoso Downs STATE: NM ZIP: 88346 SUFFIX: _____

EMAIL ADDRESS: _____

TARIFF #:	SERVICE PROVIDED:	CHARGE:	TARIFF #:	SERVICE PROVIDED:	CHARGE:
	See Rate No. 4	\$			\$
		\$			\$
		\$			\$
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		\$			\$
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		\$			\$
		\$			\$
		\$			\$

**RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION
NATURAL GAS TARIFF
DISTRIBUTION SALES & SERVICE**

Form GSD-1

RATE
SCHEDULE # 2
RRC
TARIFF # TN-5309-05-002

CO. ID. # _____
P-S # 950724

PLEASE READ INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING

1. COMPANY NAME: Zia Natural Gas Company 2. CUSTOMER NAME OR AREA SERVED: Breckon Estates, Gaines 3. CUSTOMER IDENTIFICATION #: _____ 4. CONFIDENTIAL? YES NO

5. TYPE OF SERVICE PROVIDED: RESIDENTIAL SALES COMMERCIAL SALES INDUSTRIAL SALES PUBLIC AUTHORITY SALES
 ELECTRIC GENERATION SALES OTHER (EXPLAIN) _____

6. DATE OF ORIGINAL CONTRACT: _____ 7. DATE OF AMENDMENT: 1/9/09 8. EFFECTIVE DATE OF THIS RATE: 3/1/09 BILLS RENDERED ON OR AFTER 3/1/09 GAS CONSUMED ON OR AFTER _____

9. REASON FOR FILING: NEW RRC DOCKET NO. _____ CITY ORDINANCE NO. _____
 AMENDMENT (EXPLAIN) _____

OTHER (EXPLAIN) NMRC approved new cost of service rates

10. RATE SCHEDULE:

RATE SCHEDULE NO. 2, Small Commercial Service
Distribution and Transmission Charge \$2.698 per mcf
Customer Charge \$15.15
Cost of Gas - See Rate Schedule No. 5

11. RATE ADJUSTMENT PROVISIONS:

See Rate Schedule No. 5

12. NAME OF PERSON PREPARING THIS TARIFF: Mercedes Fernandez-Wells ADDRESS: PO Drawer 888
TITLE: Manager of Reg. Affairs

AREA CODE / PHONE NUMBER: 505-378-4277 (EXT) _____ CITY: Ruidoso Downs STATE: NM ZIP: 88346 SUFFIX: _____

EMAIL ADDRESS: _____

TARIFF #:	SERVICE PROVIDED:	CHARGE:	TARIFF #:	SERVICE PROVIDED:	CHARGE:
	See Rate No. 4	\$			\$
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		\$			\$

**RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION
NATURAL GAS TARIFF
DISTRIBUTION SALES & SERVICE**

Form GSD-1

RATE
SCHEDULE # 3
RRC
TARIFF # TN-5309-05-003

CO. ID. # _____
P-S # 950724

PLEASE READ INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING

1. COMPANY NAME: Zia Natural Gas Company 2. CUSTOMER NAME OR AREA SERVED: Breckon Estates, Gaines 3. CUSTOMER IDENTIFICATION #: _____ 4. CONFIDENTIAL? YES NO

5. TYPE OF SERVICE PROVIDED: RESIDENTIAL SALES COMMERCIAL SALES INDUSTRIAL SALES PUBLIC AUTHORITY SALES
 ELECTRIC GENERATION SALES OTHER (EXPLAIN) _____

6. DATE OF ORIGINAL CONTRACT: _____ 7. DATE OF AMENDMENT: 1/9/09 8. EFFECTIVE DATE OF THIS RATE: 3/1/09 BILLS RENDERED ON OR AFTER 3/1/09 GAS CONSUMED ON OR AFTER _____

9. REASON FOR FILING: NEW RRC DOCKET NO. _____ CITY ORDINANCE NO. _____
 AMENDMENT (EXPLAIN) _____

OTHER (EXPLAIN) NMPRC approved new cost of service rates

10. RATE SCHEDULE

RATE SCHEDULE NO. 3, Large Commercial Service
Distribution and Transmission Charge \$2.698 per mcf
Customer Charge \$40.53
Cost of Gas - See Rate No. 5

11. RATE ADJUSTMENT PROVISIONS:

See Rate Scheddle No. 5

12. NAME OF PERSON PREPARING THIS TARIFF: Mercedes Fernandez-Wells ADDRESS: PO Drawer 888

TITLE: Mgr. of Regulatory Affairs

AREA CODE / PHONE NUMBER: 505-378-4277 (EXT) CITY: Ruidoso Downs STATE: NM ZIP: 88346 SUFFIX: _____

EMAIL ADDRESS: _____

13. LIST OF SERVICE CHARGES:

TARIFF #:	SERVICE PROVIDED:	CHARGE:	TARIFF #:	SERVICE PROVIDED:	CHARGE:
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**RAILROAD COMMISSION OF TEXAS
GAS SERVICES DIVISION
NATURAL GAS TARIFF
DISTRIBUTION SALES & SERVICE**

Form GSD-1

RATE
SCHEDULE # 4
RRC
TARIFF # _____

CO. ID. # _____
P-8 # 950724

PLEASE READ INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING.

1. COMPANY NAME: Zia Natural Gas Company 2. CUSTOMER NAME OR AREA SERVED: Breckon Estates, Gaines 3. CUSTOMER IDENTIFICATION #: _____ 4. CONFIDENTIAL YES NO

5. TYPE OF SERVICE PROVIDED: RESIDENTIAL SALES COMMERCIAL SALES INDUSTRIAL SALES PUBLIC AUTHORITY SALES
 ELECTRIC GENERATION SALES OTHER (EXPLAIN) Special fees and charges applicable to ~~all~~ all customers

6. DATE OF ORIGINAL CONTRACT: _____ 7. DATE OF AMENDMENT: 1/9/09 8. EFFECTIVE DATE BILLS RENDERED ON OR AFTER 3/1/09 GAS CONSUMED ON OR AFTER 3/1/09

9. REASON FOR FILING: NEW RRC DOCKET NO. _____ CITY ORDINANCE NO. _____
 AMENDMENT (EXPLAIN) _____

OTHER (EXPLAIN) _____

10. RATE SCHEDULE:

RATE SCHEDULE NO.4, Special Fees and Charges
Connect fee \$15.00 1/6th estimated annual usage
after hours \$22.50
Returned checks \$15.00
Late payment 0.67% per month
Reconnect fee \$15.00
after hours \$22.50
Labor rates \$50.00 per hour Read-in Meter Fee \$20.00

11. RATE ADJUSTMENT PROVISIONS:

12. NAME OF PERSON PREPARING THIS TARIFF: Mercedes Fernandez-Wells ADDRESS: PO Drawer 888

TITLE: Mgr. of Regulatory Affairs

AREA CODE / PHONE NUMBER: 50378 4277 (EXT) CITY: Ruidoso Downs STATE: NM ZIP: 88346 SUFFIX: _____

EMAIL ADDRESS: _____

13. LIST OF SERVICE CHARGES:					
TARIFF #:	SERVICE PROVIDED:	CHARGE:	TARIFF #:	SERVICE PROVIDED:	CHARGE:
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