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LINDIL C. FOWLER, JR., *GENERAL COUNSEL*
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HEARINGS SECTION

RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

GUD No. 10096

STATEMENT OF INTENT FILED BY DAL-MAR ENERGY, INC. TO INCREASE THE RATE IN THE UNINCORPORATED AREAS OF CROSS PLAINS, TEXAS

APPEARANCES

FOR APPLICANT

Linda Slaymaker
Dal-Mar Energy, Inc.
P.O. Box 280
Cross Plains, Texas 76443

PROPOSAL FOR DECISION

PROCEDURAL HISTORY:

Docket Established:
Final Hearing Dates:
Heard By:

June 20, 2011
October 4, 2011
Gene Montes, Hearings Examiner
Rose Ruiz, Technical Examiner
November 9, 2011
November 9, 2011
February 2, 2012

Record Closed:
PFD Circulation:
Statutory Deadline:

STATEMENT OF THE CASE

Dal-Mar Energy ("Dal-Mar") filed this request to increase rates in the unincorporated areas in the vicinity of Cross Plains, Texas. The requested rate increase impacts twelve environs customers. Dal-Mar has not requested a rate increase in the environs in twenty-nine years. Based upon the requested change in rates the average residential customer who consumes 6 Mcf will experience a 24% increase in rates. In addition to the requested increase in consumption rates, Dal-Mar has requested changes to the following miscellaneous service categories:

- Security Deposit
- Reconnect fee
- Late Payment Fee
- Tapping fee

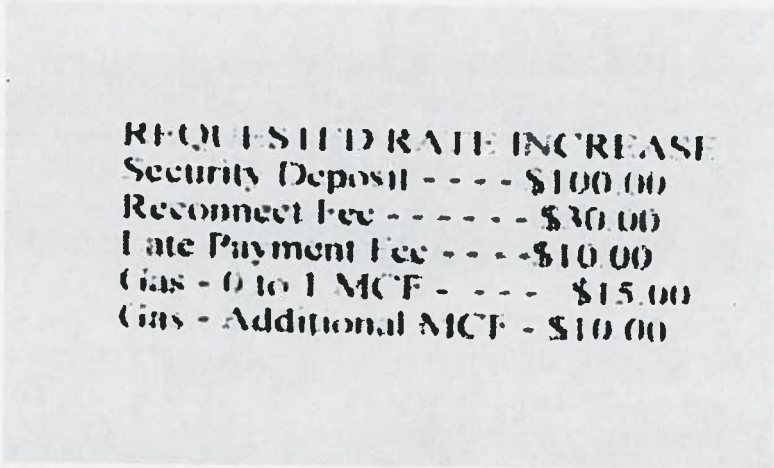
The Examiners find that the Commission is without authority to approve the proposed tapping fee as the requested change was not included in the Statement of Intent filing, initial notice sent to customers, or the revised notice issued to customers. The Examiners also recommend that the late payment penalty fee also be denied as the Commission regulations do not allow for a late payment penalty. The Examiners recommend that all other requested changes to rates and tariffs be approved.

1. Procedural History

On June 20, 2011 Dal-Mar Energy ("Dal-Mar") filed a *Statement of Intent* to increase rates in the unincorporated areas in the vicinity of Cross Plains, Texas. The proposed rates were suspended on July 11, 2011. The city of Cross Plain approved the requested rates on May 10, 2011. It appears from the record in this proceeding that the rates approved by the city of Cross Plains were part of an agreement with the municipality and not based upon a rate proceeding or rate study. Dal-Mar requests approval of the same rates for its twelve residential customers in the environs of Cross Plains.

Initial notice of the proposed increase was provided by bill insert for all affected customers. Due to certain deficiencies in the initial notice, the Examiners directed that the company reissue its notice. A copy of the notice that was initially issued is provided at Figure 1. Dal-Mar's initial notice was ineffective and did not comply with Rule 7.230. On October 12, 2011, the company issued the revised notice. A copy of the revised notice is attached to this *Proposal for Decision* as Appendix 1.

Figure 1
Notice Issued At Time Statement of Intent Filed



REQUESTED RATE INCREASE	
Security Deposit - - - -	\$100.00
Reconnect Fee - - - - -	\$30.00
Late Payment Fee - - - -	\$10.00
Gas - 0 to 1 MCF - - - -	\$15.00
Gas - Additional MCF - -	\$10.00

The Gas Utility Regulatory Act requires ("GURA") that proper notice of the proposed increase be issued before the effective date of the proposed increase.¹ As proper notice was not issued prior to the proposed effective date, the company amended its proposed effective date to coincide with completion of the revised notice. The proposed effective date was amended from July 15, 2011, as set out in the *Statement of Intent* filing, to September 15, 2011.² As the rates had previously been suspended, the shift in the proposed effective date allowed an opportunity

¹ See, Tex. Utils. Code Ann. § 104.102 & 104.103. Section 104.102 requires that the Statement of Intent be filed 35 days before the effective date of the proposed increase. Section 104.103 requires that notice be published for four successive weeks in a newspaper of general circulation or that notice be provided by bill insert. Together, these provisions have been consistently interpreted as requiring that proper notice be completed before the proposed effective date.

² As the proposed implementation of rates has been suspended, the statutory deadline would be extended until February 2, 2012. The Examiners, however, have issued this PFD to allow an opportunity to conclude this proceeding as close to the originally intended deadline of December 9, 2011.

for the customers to object to the proposed increase within the time set out by the Gas Utility Regulatory Act. No protests or motions to intervene were received by the Commission.

Dal-Mar presented no evidence upon which the city relied as support for setting increased rates. The municipal approval appears to represent a black-box settlement between the municipality and the utility regarding the appropriate rates. Furthermore, as originally filed the company failed to comply with the requirements Rule 7.205 and 7.220. The company provided only a two page letter outlining its request.

~~Due the size of this utility and due to the fact that the utility has not requested a rate~~ increase in twenty-nine years for its environs customers, the Examiners have not recommended that the application be rejected pursuant to Rule 7.205(c). Instead, the Examiners have worked with the utility in an effort to review evidence available to the utility in an effort to ascertain whether the proposed rates are just and reasonable. The Examiners have been concerned that expenses be minimized due to the small size of this utility and the small number of customers within the Commission's original jurisdiction. The number of environs customers is not only small on an absolute basis but it is also small compared to the overall customer base of Dal-Mar. It makes up less than 4% of the company's overall customers. Any appreciable rate-case expense may have a disproportionate impact on the twelve customers that are the subject of the requested change. To that end, the utility requested that the test year in this case coincide with the twelve-month period ended December 31, 2010. Thus, allowing the utility to use the date available in the *2010 Distribution Annual Report* to support its rate request. In light of the facts of this case, the Examiners found the request reasonable.

A hearing in this matter was held on October 4, 2011. Notice of the hearing was properly issued on September 16, 2011. In order to conserve rate case expenses, the hearing was conducted telephonically. Linda Slaymaker, Office Manager of Dal-Mar and Susan Schaefer, accountant of Dal-Mar energy appeared on behalf of the utility. The record was kept open until November 9, 2011, in order to allow additional evidence to be submitted in support of the request. The record was also kept open to allow an opportunity for any individual protesting the proposed increase to present evidence after receipt of the revised notice. As noted above no protests were received by the Commission in this matter.

2. Jurisdiction

The Commission has jurisdiction over Dal-Mar and over the matters at issue in this proceeding pursuant to *Tex. Util. Code Ann.* §§ 102.001, 103.003, 103.051, 104.001, 121.051, 121.052, and 121.151 (Vernon 2010). The statutes and rules involved in this proceeding include, but are not limited to *Tex. Util. Code Ann.* §§ 104.101, 104.102, 104.103, 104.105, 104.106, 104.107, 104.110, 104.301, and 16 *Tex. Admin. Code* Chapter 7.

3. Dal-Mar Energy

Dal-Mar provides gas distribution service within the city of Cross Plains, Texas and to twelve environs customers. The average number of customers during the test year was 293. Twelve of those customers are environs customers. Rates have not increased in the environs in

twenty-nine years. In that period, the company increased rates once within the municipal limits. An increase was not requested at that time for the environs customers.

On a system-wide basis, the proposed change was estimated to increase the overall revenues of the company by approximately \$10,004, based upon an adjusted evaluation of test-year revenues. The proposed increase in the unincorporated area is expected to be approximately \$1,148, based upon an adjusted evaluation of test-year revenues. The proposed change in rates constituted a "major change" as the term is defined by Section 104.101 of the Texas Utilities Code. The Company proposes the following changes to the residential customer class:

Table 1
Proposed Residential Rate Increase – Natural Gas Consumption

Customer Class	Current Bill	Proposed Bill
Usage: 0 to 1 MCF	\$10.00	\$15.00
Usage: Greater than 1 MCF (Per Mcf)	\$8.50	\$10.00

Based on the proposed rate design, the average monthly bill for each customer in the unincorporated area of Cross Plains, Texas will increase by the amount and percentage shown in the table below. Thus, an average customer who consumes 6 Mcf will experience an increase of approximately 24%.

Table 2

Analysis of Impact of Rate Change - Residential				
Mcf	Current	Proposed	Difference	% Diff
1	10.00	15.00	5.00	50.00%
2	18.50	25.00	6.50	35.14%
3	27.00	35.00	8.00	29.63%
4	35.50	45.00	9.50	26.76%
5	44.00	55.00	11.00	25.00%
6	52.50	65.00	12.50	23.81%
7	61.00	75.00	14.00	22.95%
8	69.50	85.00	15.50	22.30%
9	78.00	95.00	17.00	21.79%
10	86.50	105.00	18.50	21.39%

In addition to the proposed rate changes, the Company requested in its *Statement of Intent* approval of its purchase gas adjustment clause and the Company requested that the following changes to its miscellaneous service fees be approved:

Table 3
Miscellaneous Service Fee Charges

Description	Current	Proposed
Security deposit, per occurrence	\$50	\$100
Reconnect fee, per occurrence	\$25	\$30
Late payment fee, per occurrence	None	\$10

On September 23, 2011, the company filed its proposed tariff. The proposed tariff included a tapping fee of \$150.00. The proposed tariff did not indicate that the proposed tapping fee was an increase of \$25.00. The current tapping fee is, in fact, \$125.00. Dal-Mar did not indicate the requested increase to the tapping fee in either the original Statement of Intent, the initial notice issued concurrently with its original filing, or in its revised notice.

4. Books and Records

Commission Rule 7.310 requires that utilities utilize the FERC USOA.³ Linda Slaymaker, affirmed that the books and records are kept in accordance with the Federal Energy Regulatory Commission ("FERC") Uniform System of Accounts ("USOA"). As a result, the company is entitled to the presumption encapsulated in Commission Rule 7.503. That rule provides that the amounts shown on the company's books and records as well as summaries and excerpts taken from those records shall be considered *prima facie* evidence of the amount of investment or expense reflected when introduced into evidence, and such amounts are presumed to have been reasonably incurred. The Examiners find that Dal-Mar Energy has established that the company maintains its books and records in accordance with FERC USOA. Accordingly, the books and records are accorded the presumption found in Commission Rule 7.503.

5. Decline in Overall Revenues

The test-year in this case is the twelve-month period ended December 31, 2010. The circumstances of this case are unique because of the small number of customers impacted by the proposed increase and the decline in customer count. As noted above, Dal-Mar only has twelve customers in the environs of Cross Plains. The entire system itself includes a small number of total customers. During the test year the average number of customers was 293.

Overall, the customer count has decreased in the company's service area due, in part, to economic conditions and a fire in the area that occurred in 2005. Several customers did not rebuild after the 2005 fire. In 2004, the average customer count was 319. Thus, Dal-Mar has experienced a decrease of nearly nine percent in its customer base. The Examiners find that decline in the customer count has impacted the revenues of the company.

The *Distribution Annual Reports* filed with the Commission indicate that the company has operated at a loss for several years. During the test-year gas operating expenses exceeded

³ TEX. ADMIN. CODE § 7.310 (Tex. R.R. Comm'n, System of Accounts) (Commission Rule 7.310).

gas operating revenues by \$117,188. In fact, based on the annual reports filed from 2005 through 2010 it appears that the utility's expenses have exceeded revenues for each of those years as summarized by Table 4 below:

Table 4
Overall Revenues from Gas Distribution Operations
Loss 2005 - 2010⁴

Annual Report	Gas Operating Loss
2010	\$117,188
2009	\$86,462
2008	\$117,144
2007	\$95,102
2006	\$63,874
2005	\$58,041

The deficiencies noted in these reports coincide with the decreasing trend in overall customer count since 2005. These reports provide evidence that current gas operating rates are insufficient to match the expenses of the company.

The utility also generates revenues from operations performed by Dal-Mar on behalf of Gaylyn for work related to gas wells operated by Gaylyn, Inc. Dal-Mar employees pump wells and perform field services for Gaylyn, Inc. During the test-year those revenues were calculated as \$118,000. Thus, the net revenues during the test-year were \$661. The overall revenues of the company, including revenues from non-gas operations are set out in Table 5 below:

Table 5
Net Income/(Loss) for Dal-Mar
2005 - 2010⁵

Annual Report	Net Operating Income/(Loss)
2010	\$661
2009	\$8,084
2008	(\$8,141)
2007	(\$17,162)
2006	(\$9,202)
2005	(\$4,226)

⁴ In 2010, Dal-Mar switched from a cash basis accounting to an accrual accounting methodology. This may account for some of the swing that is seen in the period from 2005 – 2009

⁵ In 2010, Dal-Mar switched from a cash basis to an accrual accounting methodology. This may account for some of the swing that is seen in the period from 2005 – 2009.

6. Rate Base and Return on Investment

The system has been in operation since 1982 and the vast majority of the utility plant in service has been depreciated. Thus, the total utility plant in service at the end of the test year was \$15,841. Cash on hand was estimated at \$2,320. Although a cash working capital study has not been presented, the Commission has previously allowed the inclusion of 1/8th of operation and maintenance expense as a reasonable approximation of the company's cash working capital. The test year operation and maintenance expense was \$286,735. A cash working capital allowance based upon 1/8th of operation and maintenance expense based on that figure is \$35,841.87. Thus the total rate base for this utility is estimated at \$54,002.85.

It is anticipated that the proposed rate changes will increase the revenues of the company by approximately \$10,000.⁶ The amount attributable to environs customers is \$1,148. Because of the overall gas operating loss noted above it is not anticipated that the increase will result in any measurable return to this utility for its natural gas operations. On the other hand, it is apparent that based upon the other revenues generated that the requested increase will result in a positive return for this utility. Given the persistent loss experienced over the last six years it is reasonable that the company increase rates.

7. Tariffs

The company has requested approval of a gas cost adjustment tariff. The base rate includes a gas cost component. The gas cost adjustment rider requires an adjustment if the gas cost component included in the base rates is lower than the actual gas cost. For purposes of consistency with the rates and gas cost adjustment approved by the city of Cross Plains in this case, the Examiners recommend that requested language be approved.

As noted above, the company has also requested approval of a late payment penalty provision in its tariffs. Commission regulations do not expressly authorize the inclusion of a late payment penalty and is inconsistent with prior Commission orders.⁷ See, 16 *Tex. Admin. Code* §7.45. Accordingly, the Examiners recommend that the proposed late payment penalty fee be denied. As noted above, the company has also requested that the tapping fee be changed from \$125 to \$150. As the requested change was not included in the original Statement of Intent, Initial Notice, or the Revised Notice, the Commission is without authority to approve the requested increase to the tapping fee.

The Examiners recommend two changes to the existing tariff that were not requested by the utility in this case. First, the existing tariff includes a discount for service to employees of Dal-Mar. The company could provide no basis for the distinction in rates and the Examiners

⁶ This amount has not been adjusted for taxes.

⁷ The rules do, however, allow an inducement for prompt payment of bills by allowing a discount in the amount of 5% for payment of bills within 10 days after their issuance.

find that the inclusion of a distinct rate for employees to be unduly discriminatory. Second, the existing line extension policy of Dal-Mar provides as follows:

It is Dal-Mar's policy to extend service to any property within the city limits of Cross Plains, TX for the tapping fee of \$125. We will not extend service outside the city limits.

It is established that Dal-Mar provides service in the environs. Rule 7.45(8)(B) provides that every utility must file its extension policy and that the policy must be consistent and nondiscriminatory. ~~Dal-Mar may not have a line extension policy that precludes the provision of service in areas already served by the utility.~~ Accordingly, the Examiners recommend that the line extension policy for the environs be revised as follows:

Service lines extended at actual cost per foot.


It is assumed that a tapping fee of \$125 may not accommodate the expenses of providing service in the less densely populated environs area and that is a sufficient basis upon which to impose an actual "cost per foot" basis.


8. Conclusion

The Examiners recommend approval of the requested rate increase that was previously approved within the city of Cross Plains. The Examiners recommend that the requested changes to the security deposit fee and reconnect fee be approved. On the other hand, the Examiners recommend that the requested late payment fee be denied and that the requested increase to the tapping fee also be denied. The Examiners also recommend that the requested employee rate be removed from the company's tariff.

As to the overall rates, this case presents several unique circumstances that distinguish the request from other proceedings. First, the request will impact a very small number of customers. The number is not only small on an absolute basis but it is also small compared to the overall customer base of Dal-Mar. It makes up less than 4% of the company's overall customers. Second, the company has experienced a decline in the customer base. Third, the company's rate base, not including cash working capital, is almost fully depreciated.

Respectfully submitted,


Gene Montes
Hearings Examiner
Office of General Counsel


Rose Ruiz
Technical Examiner
Gas Services Division

CUSTOMER NOTICE (Revised)

UNINCORPORATED AREA OF CROSS PLAINS, TEXAS

On June 20, 2011, Dal-Mar Energy, Inc. filed a Statement of Intent to increase its gas rates and implement a new schedule of rates applicable to all customers within the unincorporated area of Cross Plains, Texas. The proposed effective date of the requested rate changes is September 15, 2011, or the date similar changes have become effective within the City of Cross Plains, whichever is later. If approved, the proposed changes will affect 12 residential customers.

On a system-wide basis, the proposed change is estimated to increase the overall revenues of the Company by approximately \$10,004, based upon an adjusted evaluation of test-year revenues. If approved, the proposed rates will increase the Company's annual revenues for the unincorporated area of Cross Plains, Texas by approximately \$1,148, based upon an adjusted evaluation of test-year revenues. Environs rates have not been changed in 29 years. The proposed change in rates constitutes a "major change" as the term is defined by Section 104.101 of the Texas Utilities Code. The Company proposes the following changes to the residential customer class:

Customer Class	Current Bill	Proposed Bill
Residential		
Usage: 0 to 1 MCF	\$10.00	\$15.00
Usage: Greater than 1 MCF	\$8.50	\$10.00

Based on the proposed rate design, the average monthly bill for each customer in the unincorporated area of Cross Plains, Texas will increase by the amount and percentage shown in the table below, based on a consumption level of 6 Mcf.

Current Bill	Proposed Bill	Percentage Increase
\$52.50	\$65	24%

In addition to the proposed rate changes, the Company seeks approval of its purchase gas adjustment clause and the Company seeks to implement the following change in rates to miscellaneous service fees as follows:

Description	Current	Proposed
Security deposit, per occurrence	\$50	\$100
Reconnect fee, per occurrence	\$25	\$30
Late payment fee, per occurrence	None	\$10

Persons with specific questions or desiring additional information about this filing may contact Dal-Mar Energy, Inc. at 254-725-7423. Complete copies of the filed Statement of Intent, including all proposed rates and schedule changes, are available for inspection at the Company's offices located at 101 So. Main, Cross Plains, Texas 76443. In addition, any affected person may file in writing comments or a protest concerning the proposed change in rates with the Docket Services Section of the Office of General Counsel, Railroad Commission of Texas, P.O. Box 12967, Austin, Texas 78711-2967 at any time within 30 days following the date on which this notice of the proposed rate increase is received.

**BEFORE THE
RAILROAD COMMISSION OF TEXAS**

**STATEMENT OF INTENT FILED BY §
DAL-MAR ENERGY, INC. TO §
INCREASE THE RATE IN THE § GAS UTILITIES DOCKET No. 10096
UNINCORPORATED AREAS OF CROSS §
PLAINS, 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. Chap 551, *et seq.* (Vernon 2004 & Supp. 2010). The Railroad Commission of Texas adopts the following findings of fact and conclusions of law and orders as follows:

FINDINGS OF FACT

1. Dal-Mar Energy, Inc ("Dal-Mar") is a gas utility as that term is defined in the Texas Utility Code.
2. On June 20, 2011, Dal-Mar filed a *Statement of Intent* to change rates in the unincorporated areas of the City of Cross Plains, Texas.
3. Dal-Mar seeks to implement the same rate changes that were previously approved by the city of Cross Plains.
4. Dal-Mar serves twelve customers within the unincorporated areas of the city of Cross Plains.
5. Notice of the proposed increase was provided by bill insert on June 1, 2011.
6. The *Statement of Intent* as filed did not explain or calculate the effect the proposed increase on the revenues of the company.
7. The *Statement of Intent* as filed did not indicate whether the proposed change was a major change.
8. The notice issued to customers did not provide information regarding the proposed increase to the average customer and it did not indicate whether the change in rates constituted a major change.

9. Due to the small size of this utility and the small number of customers impacted by the proposed increase it was reasonable to allow the utility an opportunity to provide the information not originally included in the *Statement of Intent*.
10. Dal-Mar reissued the notice of the proposed increase on October 12, 2011, and provided a detailed explanation of the proposed increase.
11. Dal-Mar supplemented the information included in the original *Statement of Intent*.
12. ~~On a system-wide basis, the proposed increase will impact the revenues of the company by \$10,004, based upon an adjusted evaluation of the test-year revenues.~~
13. Revenues from the environs are expected to increase by approximately \$1,148, based upon an adjusted evaluation of test-year revenues.
14. Environs rates have not been changed in twenty-nine years.
15. From 2005 to 2010 the company has experienced a loss from the gas distribution operations.
16. During the test year the gas operating losses totaled \$117,188.
17. Dal-Mar generates other revenues for non-distribution services provided to Gaylyn, Inc.
18. The net operating income for the utility during the test year, including income from non-distribution services, was \$661.
19. The company has experienced a decrease in customer base over the last five years of approximately nine percent.
20. It is expected that the proposed rate change will result in a positive return for the utility.
21. The proposed miscellaneous service charges for security deposit in the amount of \$100 and a reconnect fee in the amount of \$30 are just and reasonable.
22. Dal-Mar has not established that a late payment fee of \$10 or a tapping fee of \$150 are reasonable.
23. The following residential natural gas consumption rates are reasonable:
 - a. \$15.00 for consumption between 0 Mcf and 1 Mcf.
 - b. \$10.00 per Mcf for all consumption in excess of 1Mcf.

24. The applicant has not established a basis for a separate rate structure for employees of Dal-Mar energy.

CONCLUSIONS OF LAW

1. Dal-Mar Energy, Inc. ("Dal-Mar") is a "Gas Utility" as defined in TEX. UTIL. CODE ANN. §101.003(7) (Vernon Supp. 2010) and §121.001(Vernon 2007) and is therefore subject to the jurisdiction of the Railroad Commission (Commission) of Texas.
2. The Commission has jurisdiction over Dal-Mar and its Statement of Intent under TEX. UTIL. CODE ANN. §§ 102.001, 103.022, 103.054, & 103.055, 104.001, 104.001 and 104.201 (Vernon 2007).
3. 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.
4. All statements of intent to increase rates must contain the following: (1) the proposed revisions of rates and schedules; (2) a statement specifying in detail each proposed change; (3) the effect the proposed change is expected to have on revenues of the applicant; (4) the classes and numbers of utility customers affected; (5) a statement as to whether the proposed rates will or will not exceed 115% of the average of all rates for similar services of all municipalities served by the same utility within the same county; and (6) a statement as to whether the proposed change will or will not result in a "major change" as that term is defined in TEX. UTIL. CODE ANN. § 104.101 (Vernon 2009). 16 TEX. ADMIN. CODE §§ 7.205 & 7.210 (West 2010).
5. In all proceedings involving rate setting, the gas utility's notice shall include the following information: (1) the proposed revision of rates and schedules; (2) a statement specifying in detail each proposed change; (3) the effect the proposed change is expected to have on the revenues of the company; (4) the classes and numbers of utility customers affected; (5) the date of the filing of the statement of intent; (6) a statement as to whether or not the proposed rates constitute a "major change"; (7) a statement that the proposed change in rates will not become effective until similar changes have become effective within the nearest incorporated city if the rates are sought to be at the same level as the city rates; (8) the location where information concerning the proposed change may be obtained; and (9) a statement that any affected person may file in writing comments or a protest concerning the proposed change in the environs rates with the Commission. 16 TEX. ADMIN. CODE § 7.230 (West 2010).

6. This proceeding was conducted 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 and Supp. 2010) ("APA").
7. The Commission has assured that the rates, operations, and services established in this docket are just and reasonable to customers and to the utilities in accordance with the stated purpose of the Texas Utilities Code, Subtitle A, expressed under TEX. UTIL. CODE ANN. §101.002 (Vernon 2007).

IT IS THEREFORE ORDERED that Dal-Mar's proposed schedule of rates is hereby **DENIED**.

IT IS FURTHER ORDERED that the rates, rate design, and service charges established in the findings of fact and conclusions of law and shown on the attached Tariff 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, Dal-Mar 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 on 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 Dal-Mar **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.

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 22nd day of November, 2011.

RAILROAD COMMISSION OF TEXAS

CHAIRMAN ELIZABETH AMES JONES

COMMISSIONER DAVID PORTER

COMMISSIONER BARRY T. SMITHERMAN

ATTEST:

SECRETARY

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

Form GSD-1

RATE
 SCHEDULE # _____
 RRC
 TARIFF # TN-0894-DS-1

CO. ID. # _____
 P-5 # _____

PLEASE READ INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING.

1. COMPANY NAME: Dal-Mar Energy, Inc. 2. CUSTOMER NAME OR AREA SERVED: Cross Plains, Tx (Environs) 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: Sept. 16, 1982 7. DATE OF AMENDMENT: _____ 8. EFFECTIVE DATE _____ ☐ BILLS RENDERED ON OR AFTER _____
 OF THIS RATE: ☐ GAS CONSUMED ON OR AFTER _____

9. REASON FOR FILING: ☐ NEW ☒ RRC DOCKET NO. 10096 ☐ CITY ORDINANCE NO. _____
☐ AMENDMENT (EXPLAIN) _____

☐ OTHER (EXPLAIN) _____

10. RATE SCHEDULE:
 First one (1) Mcf or less per month - \$15.00
 All additional Mcf - 10.00 per Mcf

11. RATE ADJUSTMENT PROVISION:
 Purchased Gas Adjustment Clause:
 In addition to the base charges, the net monthly charge to each customer shall be increased by the difference between \$3.50 and the net cost per MCF of natural gas purchased from Gaylyn, Inc. multiplied by the customer's consumption. The price of gas supplied by Gaylyn, Inc. will be directly tied to the price of third party gas charges when gas escalates above \$3.50 per MCF. This rate adjustment as per the Franchise Agreement Dal-Mar Energy, Inc. has with the City of Cross Plains, Texas dated September 16, 1982.
 Line Extension Policy: Service lines extended at actual cost per foot.

12. NAME OF PERSON PREPARING THIS TARIFF: Linda Slaymaker ADDRESS: Dal-Mar Energy Inc.
 TITLE: Office Manager P.O. Box 280
 AREA CODE / PHONE NUMBER: (254) 725-7423 (EXT) CITY: Cross Plains, TX STATE: _____ ZIP: _____ SUFFIX: _____
 EMAIL ADDRESS: _____

13. LIST OF SERVICE CHARGES:					
TARIFF #:	SERVICE PROVIDED:	CHARGE:	TARIFF #:	SERVICE PROVIDED:	CHARGE:
	Reconnect Fee	\$ 30.00			\$
					\$
	Tapping Fee	\$125.00			\$
					\$
	Service Charge	\$7.50			\$
					\$
	Customer Deposit	\$100.00			\$
					\$
					\$
					\$

TYPE OR PRINT LEGIBLY IN BLACK INK