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BEFORE THE
RAILROAD COMMISSION OF TEXAS

SEPTEMBER 25, 2014

REPORTED BY JAMIE FOLEY, CSR

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BEFORE THE
RAILROAD COMMISSION OF TEXAS

APPLICATION OF ATMOS ENERGY)
CORP., MID-TEX DIVISION FOR)
APPROVAL OF ABANDONMENT) GAS UTILITIES
RELATED TO SERVICE AND) DOCKET NO.10374
FACILITIES; ENBRIDGE LINE OP,)
PALO PINTO COUNTY TO 9)
RESIDENTIAL CUSTOMERS)

BEFORE: EXAMINER HANNA
EXAMINER RUIZ

SEPTEMBER 25, 2014

BE IT REMEMBERED THAT THE ABOVE-CAPTIONED matter came on
for hearing on September 10, 2014, and was reported by
Jamie Foley, Certified Shorthand Reporter in and for the
State of Texas, reported by computerized stenotype
machine on the 1st Floor Hearing Room at the William B.
Travis State office Building, 1701 N. Congress Avenue,
Austin, Texas 78701.

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SEPTEMBER 25, 2014

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4 EXAMINER HANNA: On the record. Good
5 morning, we're on the record in Gas Utilities Docket No.
6 10374. This is the Application of Atmos Energy Corp
7 Mid-tex Division For Approval of Abandonment Related to
8 Service and Facilities Enbridge Line OP, Palo Pinto
9 County to 9 Residential Customers.

10 I'm Cecile Hanna the Legal Examiner in
11 this matter and with me today is Rose Ruiz, the
12 Technical Examiner. I have notice of appearance slips
13 but I'd like for the record for everyone to identify
14 themselves for the record for their appearance, please.

15 MR. JOLLY: My name is Kodey Jolly. I'm
16 here representing Atmos Energy.

17 MS. McFADDIN: My name is Michelle McFaddin
18 and I'm here representing two protestants: John Salis
19 an individual protestant as well as Make a Difference
20 Water, a non-profit organization.

21 EXAMINER HANNA: Now, is Make a Difference
22 requesting party status in this case?

23 MS. McFADDIN: Yes, they are and I have the
24 motion here with me today along with the notice of
25 appearance.

1 EXAMINER HANNA: So let's move right into
2 any preliminary matters which I believe that would fall
3 under.

4 MS. McFADDIN: I brought two witnesses here
5 to testified regarding standing. I don't know. I was
6 going to do it in order of the individual first and then
7 the group.

8 Do you we want me to go through that or
9 just put on Make a Difference Water?

10 EXAMINER HANNA: Well, you said you had a
11 motion--

12 MS. McFADDIN: Yes, I do.

13 EXAMINER HANNA: --for party status Make a
14 Difference Water. That was my question. I don't have
15 an appearance for them today. I was unaware that they
16 were requesting party status.

17 MS. McFADDIN: Only this week. Here's the
18 motion. And I don't know, does staff wish to have a
19 copy too?

20 EXAMINER HANNA: This is the technical
21 examiner.

22 MS. McFADDIN: And as part of this motion
23 you'll see there is a map as well as a number of
24 petitions attached and I'm more than happy to put on
25 verbal testimony from a representative from Make a Water

1 Difference if you'd like me to do that today to support
2 this motion.

3 EXAMINER HANNA: I think at this point, I'd
4 like to go off the record and give myself, the technical
5 examiner and it appears -- Atmos, have you seen this
6 before?

7 MR. JOLLY: No, we have not.

8 EXAMINER HANNA: We'll just go off the
9 record and quietly take a minute to review the motion.

10 (Off-the-record)

11 EXAMINER HANNA: Okay. Back on the record.
12 During the break, Ms. McFaddin had an opportunity to go
13 to Docket Services and get a copy of the motion that is
14 entitled Notice of Appearance of Counsel and Request to
15 Be Designated As a Party to Contested Case Proceeding
16 For Make a Difference Water, has been file stamped and
17 is now a document of record in this proceeding.

18 So, Ms. McFaddin, please -- we came to the
19 hearing today understanding there was one protestant,
20 Mr. Salis. Did I pronounce that correct?

21 MR. SALIS: Salis. Yes.

22 EXAMINER HANNA: And now you have a motion
23 to add a party to this proceeding. Could you very
24 briefly -- we've read the document but very briefly
25 explain why you think there is a connection between the

1 scope of this proceeding and your request.

2 MS. McFADDIN: The reason that there's a
3 connection is Make a Difference Water is comprised of a
4 group of residents that live in very close proximity to
5 the pipeline facilities that they are proposing to
6 abandon, specifically part of this pipeline runs under
7 Lake Palo Pinto and the members of group are either
8 lakefront owners or live in close proximity to the lake
9 and are concerned about the abandonment whether it may
10 cause pollution; whether the pipeline to be abandoned
11 has been leaking in the past; whether there may be
12 contamination associated with it. In addition, there
13 are meters and other facilities, pipeline-related
14 facilities in this community and they are worried about
15 them being abandoned without being removed and serving
16 as an eye sore of the community and thereby devaluing
17 their property.

18 EXAMINER HANNA: I notice there was a
19 notice of appearance slip from Enbridge. They are not a
20 party to this case as far as I know.

21 MR. JOLLY: No, they are just a witness.

22 MS. McFADDIN: And, in fact, if I may say
23 one of the things that I was going to ask you to take
24 judicial notice is the copy of permit, the permit that
25 authorizes the operation of this pipeline, the permittee

1 is Enbridge Texas LLP and it seems to me they are
2 appropriate applicant and if not, they are at minimum an
3 indispensable party in this proceeding as the owner and
4 operator of the pipeline to be abandoned.

5 EXAMINER HANNA: Who's the lead counsel?

6 MR. JOLLY: We're not asking to abandon the
7 Enbridge Pipeline. The only thing we're asking to
8 abandon is the meters and the riser so the actual line
9 is going to stay in service.

10 EXAMINER HANNA: Do you know the status of
11 the application for abandonment of the pipeline? It
12 seems that I read in the notice of application, I
13 believe, that there is...

14 MR. JOLLY: Are you referring to the Atmos
15 Pipeline Abandonment?

16 EXAMINER HANNA: Yeah, let me get that
17 correct for the record. Yes, there is -- I took notes
18 from the notice of application that there is a separate
19 abandonment case from Enbridge to Atmos Pipeline Texas.

20 MR. JOLLY: Right, and that's -- we're
21 still not asking to abandon the Enbridge Line. Atmos
22 Pipeline and Atmos Mid-Tex only owns the meter and the
23 riser and that's the only thing that we're asking to
24 take out of service today.

25 EXAMINER HANNA: And my question to you is

1 do you have any information on -- there is, in paragraph
2 two of the application in the middle of the paragraph a
3 sentence that says service to Mid-tex from Atmos
4 pipeline through the Enbridge Pipeline is the subject of
5 a separate abandonment application filed concurrently
6 with this application. So would that be Enbridge's
7 application to abandon?

8 MR. JOLLY: No, it's Atmos Pipeline's
9 application to abandon. It's more, I guess, how we set
10 up our--

11 MR. YARBROUGH: Let me step in. Charles
12 Yarbrough. Also represent Atmos Pipeline.

13 The situation here is that Atmos Pipeline
14 has a transportation contract with Enbridge. Enbridge
15 owns the pipelines in this case, the gathering lines.
16 They transport gas on behalf of Atmos Pipeline to the
17 taps and Atmos Pipeline owns from the tap to the first
18 valve on the riser, basically the inlet to the meter.
19 Mid-tex owns the meter and the related piping that then
20 connects to the customer's piping so each of those
21 entities, Atmos entities is a physical facility but none
22 of them own the pipeline that the protestant has
23 referred to in Make a Difference Water is concerned
24 about contaminating the--

25 EXAMINER HANNA: But the question I have

1 preliminarily has to do with there is reference to
2 another docket that might actually be the level above
3 this, some type of abandonment and I'd like some
4 clarification on what that is.

5 MR. JOLLY: That's being held in abeyance
6 until this one is decided.

7 EXAMINER HANNA: Precisely what is that
8 abandonment request from whom to whom and what's the
9 status of it?

10 MR. JOLLY: It's a request from Atmos
11 Pipeline to abandon their facilities and it is in
12 abeyance right now.

13 EXAMINER HANNA: So Atmos Pipeline has
14 already filed--

15 MR. JOLLY: Correct.

16 EXAMINER HANNA: --an application to
17 abandon.

18 MR. JOLLY: Service to Atmos Mid-tex.

19 EXAMINER HANNA: And so does Enbridge
20 factor into that at all? Would they be a required party
21 or no? Could you state that for the record, please.

22 MR. YARBROUGH: Enbridge is not abandoning
23 any facilities at this location at this time.

24 EXAMINER HANNA: So Enbridge will still
25 operate the pipeline. It's simply this other docket

1 that we're referring to is an application by Atmos
2 Pipeline Texas to abandon service to Atmos Mid-tex.

3 MR. JOLLY: Correct.

4 MR. YARBROUGH: That is correct.

5 EXAMINER HANNA: And you're saying that
6 application has been filed and it is filed with the Gas
7 Services Division?

8 MR. JOLLY: Correct.

9 EXAMINER HANNA: And who's requested that
10 be in abeyance because it seems somewhat related to this
11 case, and I'm...

12 MR. YARBROUGH: If I could, the staff is
13 holding it in abeyance for the processing of this
14 docket.

15 EXAMINER HANNA: Railroad Commission Gas
16 Services Staff?

17 MR. YARBROUGH: Staff is holding that in
18 abeyance. It's ready to be approved because Mid-tex has
19 consented. There are no protests to that abandonment,
20 so under the rules of the commission, that could have
21 been granted administratively but before granting it,
22 they wanted to see the outcome of this hearing.

23 EXAMINER HANNA: And in the presentation of
24 your evidence today, did you intend to call this
25 representative from Enbridge to have evidence in the

1 record of whether this pipeline is going to stay in
2 service after -- in other words, I understand Atmos
3 Mid-tex is going to be requesting abandon -- excuse me,
4 Atmos Pipeline Texas is going to be requesting
5 abandonment to Atmos Mid-tex but I'm interested to know
6 if Enbridge is going to intend to continue to use this
7 pipeline or is there going to be a total abandonment
8 because it seems relevant to the request for standing
9 for the public interest group if their concerns are that
10 the pipeline is going to be completely abandoned.

11 MR. YARBROUGH: And I would agree with your
12 characterization. If they were going to abandon the
13 pipeline then it would be relevant to their party
14 status. It is our understanding from Enbridge they are
15 not going to abandon the pipeline. They are going to
16 keep it in service gathering gas. Our reason to have
17 Enbridge here today was to testify to the quality of the
18 gas.

19 MS. McFADDIN: And Your Honor, if I may,
20 one of the big concerns that both--

21 EXAMINER HANNA: Tell you what. You'll
22 have an opportunity to talk.

23 But the representative is here if that
24 line of questioning needed to be developed that I just
25 referred to in terms of fleshing out some of these

1 standing issues.

2 MR. YARBROUGH: Mr. Montgomery could
3 address the intent of Enbridge to keep the line in
4 service.

5 EXAMINER HANNA: Before Ms. McFaddin has an
6 opportunity to respond, do you have any other comments
7 regarding the motion for party status or paraphrasing
8 the title of the motion?

9 MR. JOLLY: Yeah, we would appose their
10 motion to be granted party status on the basis they
11 don't have standing. They are not an affected customer
12 in this proceeding and then what we've just talked about
13 that the line is not being abandoned, so their concern
14 is not really I guess within the scope of this
15 proceeding.

16 EXAMINER HANNA: Ms. Ruiz and I have spent
17 a great deal of time reviewing this rule, but would you
18 please for the record state why it's your position that
19 the public interest group doesn't have standing in
20 accordance with the applicable rule that is the scope of
21 this case which is Rule 7.465.

22 MR. JOLLY: We're just dealing with
23 service, abandoning service to affected customers, and
24 Make a Difference Water is not a customer.

25 EXAMINER HANNA: Okay. And so they would

1 be the customers that were outlined in your notice of
2 application for abandonment?

3 MR. JOLLY: Correct.

4 MS. McFADDIN: Yes, if I may. One of the
5 concerns that part of my clients have today is a couple
6 of statements that were made in the Atmos Energy's
7 pending application for abandonment. And those--

8 EXAMINER HANNA: Are you talking about the
9 -- pardon me. The one we have before us in Docket No.
10 10374 or another one that's being held in abeyance that
11 I've never seen?

12 MS. McFADDIN: Yes, this one we're here for
13 today, the Gas Utilities Docket 10374. In the Atmos
14 Energy Application, not only does it indicate that it
15 owns and operates the pipeline, it also refers to a
16 couple of reasons why it wants to abandon these
17 facilities and those reasons include the deteriorating
18 quality of the natural gas and the presence of high
19 liquids, and in addition, potential air quality issues
20 within residences that are served by these gas
21 utilities. And that raised a lot of flags within this
22 entire community with respect to whether or not the gas
23 is safe for delivery to their residences. And that
24 includes the members of Make a Difference Water. So,
25 they, themselves, in their own application have raised

1 issues relating to the quality of the natural gas being
2 delivered to customers as well as potential air quality
3 impacts within their own residences. And we believe
4 that that is pertinent to this particular proceeding.

5 EXAMINER HANNA: Ms. McFaddin, I'm going to
6 ask you to elaborate on something you just said, so my
7 understanding for the application today is that Atmos
8 Mid-tex wants to abandon their part of the line to the
9 residential customers for precisely the reason you just
10 stated. It has to do with the quality -- I don't -- the
11 quality may not be right, the content of the gas and so,
12 what I'm getting at is it's not going to be delivered
13 anymore is my understanding, so...

14 MS. McFADDIN: To these particular nine
15 customers it won't be delivered anymore and what their
16 application says is the facilities to be abandoned
17 include regulators, meters, farm tap, over-riders, short
18 sections of service lines and pipings. We don't know
19 what that means. It's kind of vague in terms of the
20 scope of the facilities that are being abandoned and if
21 you look at the title of the their application it says
22 Abandonment of Service and Facilities For Enbridge Line
23 OP.

24 EXAMINER HANNA: But my question is this:
25 That if Atmos no longer uses the pipeline facilities to

1 those customers, no longer is that gas with that content
2 in that pipeline.

3 MS. McFADDIN: For those nine residential
4 customers. We don't know if there are other customers
5 they are still delivering this natural gas to that's
6 creating these problems and that include the member of
7 this Palo Pinto Community.

8 EXAMINER HANNA: Did you have some
9 questions?

10 It seems that what you're addressing in
11 relation to the Make a Difference Water, those
12 objections possibly are better -- or more appropriately
13 is a more precise way to state that, that the objections
14 you're asserting on behalf of Make a Difference Water
15 appear to me to be more appropriately presented in the
16 abandonment case that's in abeyance of Atmos Pipeline to
17 Atmos Mid-tex if in deed they are even appropriate
18 there, but it seems to me that if they are appropriate,
19 they might -- there's greater potential for potential
20 effect status in that proceeding than in a proceeding
21 where the scope is limited to abandonment to nine
22 residential customers.

23 MS. McFADDIN: Frankly, Your Honor, I
24 wasn't aware that there was another pending application
25 held in abeyance until it was brought up this morning.

1 EXAMINER HANNA: Well, it's in the notice
2 of application.

3 MS. McFADDIN: It was. I didn't realize it
4 was the same pipeline. I thought it was referring to
5 some other segment of the pipeline in some other
6 community. I didn't realize it was closely related to
7 this proceeding itself, and my client, John Salis, only
8 received notice of this particular limited proceeding as
9 a residential customer. Had I been aware that there was
10 another application out there, I certainly would have,
11 you know, filed a notice of appearance and tried to
12 participate in that, and I'm suggesting that if there is
13 an application out there that's related to this, the two
14 applications be joined and considered together.

15 MR. JOLLY: Can I just clarify that the
16 only customer of Atmos Energy Mid-tex or Atmos Energy
17 Pipeline that has signed the petition or all of these
18 signatures behind the Make a Difference Water's motion,
19 they are not customers of Atmos Energy Mid-tex or Atmos
20 Energy Pipeline, and so I'm not sure that they would
21 have standing in this proceeding or Atmos Pipeline's
22 proceeding.

23 EXAMINER HANNA: And that is certainly
24 within the scope of any argument at the next abandonment
25 case, if, indeed there is one presented but in terms of

1 the arguments Ms. McFaddin is presenting, it appeared to
2 me that they might have more relevance to that other
3 docket if, in fact, they end up prevailing.

4 Okay, so, I need for the record precisely
5 why it's your opinion that Make a Difference has party
6 status for the a docket that relates only to the
7 abandonment for a docket that relates only to the
8 abandonment of service of Atmos Mid-tex to nine
9 residential customers, one of which has protested the
10 abandonment.

11 MS. McFADDIN: Your Honor, I would refer to
12 the Railroad Commission Rule 7.465 related to
13 abandonment as it relates and I'm looking at the back
14 page, subsection 5. I'm looking through.

15 EXAMINER HANNA: Well, there's A and B.

16 MS. McFADDIN: This would be B5 and what
17 that provision states is that the gas utility has the
18 burden to prove of the proposed abandonment or permanent
19 discontinuation of the service is reasonable, necessary
20 and not contrary to the public interest. Specifically,
21 whether the utility has failed to properly maintain the
22 facility proposed for abandonment rendering them
23 unsalvageable due to neglect and other considerations
24 effecting potentially abandoned customers.

25 I believe that in this case Make a

1 Difference is here representing the public interest of
2 the Palo Pinto Community and specifically they are
3 concerned about abandonment of facilities such as
4 meters, riser pipes and other facilities just being
5 abandoned and in place, creating eyesores in the
6 community that value their lakefront properties. And
7 that is specifically set forth in cursory form in my
8 motion for party status.

9 And I could put on evidence today to state
10 that there is concern throughout community about
11 abandoned equipment and the eyesores that it is
12 currently creating as well as abandoned facilities that
13 are now visible at the bottom of the lakes since it's
14 only at 14 percent capacity.

15 We were not sure based on our review of
16 the application exactly what the extent of these
17 abandonment activities were is one reason we're here
18 today.

19 EXAMINER HANNA: Ms. McFaddin, I'm
20 struggling with just the issuable interest of your
21 client, and how much evidence do you have to present on
22 that? Right now I'm deliberating on whether I make a
23 decision right now on the standing or if I go ahead and
24 take the evidence and make a decision in a proposal for
25 decision.

1 MS. McFADDIN: I have a representative here
2 today, Mike Lewis, for Make a Difference Water and as
3 you could see attached a map that shows where some of
4 the members live immediately adjacent to parts of these
5 pipelines' meter facilities and other facilities and
6 they are specifically concerned that these facilities--

7 EXAMINER HANNA: I know what they are
8 concerned about. What is your estimated time of
9 evidence that you have to present?

10 MS. McFADDIN: Ten minutes. 15 minutes.

11 EXAMINER HANNA: Okay. We're going to go
12 off the record.

13 (Off-the-record)

14 EXAMINER HANNA: Back on the record.

15 Ms. McFaddin, we've heard your argument of
16 why Make a Difference Water should have party status in
17 this case and you've suggested that the provision in the
18 public interest is what -- is the connection.

19 MS. McFADDIN: Not only that, but if you
20 look at specifically B5D whether the utilities failed to
21 properly maintain the facilities proposed for
22 abandonment, that is a big issue for this community is
23 the fact that there are meters and other
24 pipeline-related equipment that appear to have already
25 been abandoned and they're in deteriorating condition

1 and acting as an eyesore in this lakefront community.

2 EXAMINER HANNA: And could you point me in
3 the rule to where -- since Make a Difference Water is
4 not being abandoned, service is not being abandoned to
5 that entity, could you point me in this rule to why they
6 would have party status for a docket that involves the
7 abandonment to residential customers of a particular
8 service?

9 MS. McFADDIN: As I've is indicated, they
10 represent the public interest in this community and the
11 community is concerned about the abandonment of
12 pipeline-related equipment, meters, riser pipes, et
13 cetera in the community creating an eyesore and
14 devaluing where the property is located along the
15 lakeshore of Lake Palo Pinto.

16 EXAMINER RUIZ: On your Exhibit A, can you
17 point out this section that's got the eight meters
18 identified.

19 MS. McFADDIN: If you don't mind, I haven't
20 seen this. Can I have my client address that
21 question...

22 EXAMINER HANNA: You haven't seen the map
23 in the motion?

24 MS. McFADDIN: I have seen the map, but my
25 client has actual been out and understands where the

1 abandoned equipment is.

2 EXAMINER HANNA: I see.

3 MS. McFADDIN: And you had questions
4 specifically?

5 EXAMINER HANNA: But wait a minute. You're
6 asking a witness, Mr. Salis, and there's no objection to
7 his party status. We're talking about--

8 MS. McFADDIN: He's a member of Make a
9 Difference Water.

10 EXAMINER HANNA: Okay. I thought you had
11 another representative.

12 MS. McFADDIN: I do. I have a member here
13 who is in individual standing as well as a
14 representative of the group itself.

15 EXAMINER HANNA: Go ahead.

16 MS. McFADDIN: And your specific question?

17 EXAMINER RUIZ: So the abandonment -- my
18 understanding is where the red dots representing these
19 eight or nine meters?

20 MR. SALIS: Relative locations, yes.

21 MS. RUIZ: And, the Enbridge Line is
22 providing the transmission service for Atmos Mid-tex.

23 MS. McFADDIN: That is my understanding.

24 MS. RUIZ: Is that correct?

25 EXAMINER HANNA: Is it transportation

1 service or transmission?

2 MR. YARBROUGH: Pipeline has the
3 transportation agreement with Enbridge. That's the
4 subject of the other docket. This docket is just about
5 the service from Mid-tex to the customers.

6 MS. RUIZ: And the eight or nine meters?

7 MR. YARBROUGH: Uh-huh.

8 MS. RUIZ: So can you tell me your concern
9 with what is being abandoned on this distribution
10 portion.

11 MR. SALIS: There's currently --and I don't
12 know all the terminology you guys use in the gas
13 industry. There's -- it sounds like riser pipes coming
14 out of the ground. There's obviously some that have
15 been abandoned prior where meters may have been taken
16 off, but those taps going down wherever they are going
17 into the ground have not been removed. There is odor
18 issues that have been in the community for quite some
19 time with gas that emanates from these locations.
20 Relayed to me by other members of this group within
21 their community, the fact that they are smelling gas and
22 it's emanating from meters that -- there's more meters
23 out here that are indicated in the application. I think
24 there's a map in the application, if you look in the
25 formal application, Atmos provided a map that was,

1 again, maybe not necessarily as fine as this is in terms
2 of the locations where the physical facilities are and
3 the amount of meters and things that are sticking up in
4 the ground that are inactive at this point and
5 previously probably abandoned, so my concern is that,
6 okay, you -- are you going to walk away from this stuff
7 too because it's going to be left in our front yard from
8 this point forward. This is the same concern I think
9 that this group shares is that we have enough junk
10 disposed of at the lake. We don't necessarily want
11 somebody -- the word abandonment is a delicate subject,
12 I think.

13 That was not a yes or no answer, I guess.

14 EXAMINER HANNA: At this point, we're going
15 to preliminarily deny party status to Make a Difference
16 Water. We're going to proceed with the abandonment case
17 with Mr. Salis as protestant. If, in the course of the
18 hearing we hear something that makes us change this
19 decision on party status for Make a Difference, if we
20 hear something from Enbridge or Atmos, if we hear
21 something from Salis, we will reconsider that ruling ,
22 and we may even --at the conclusion of taking this
23 evidence-- reconsider the ruling on party status and
24 take it under advisement and then have you brief it and
25 then come back and take this other party's evidence if

1 we think it's appropriate, but right now, as it stands
2 from the preliminary argument and review, party status
3 is denied to Make a Difference Water, but we are keeping
4 open minds as we hear the evidence.

5 Okay. So Atmos has the burden of proof.
6 Would you please proceed.

7 MS. McFADDIN: Madam Examiner, if we could
8 -- I'd like to take a break so that we could make a copy
9 of a couple of documents here relating to his reliance
10 on the provision of gas utilities when he developed his
11 property. We just need a couple of minutes to make
12 copies.

13 EXAMINER HANNA: No, we're not going to
14 take a break right now. I just took a break a few
15 minutes ago. Atmos has their direct case before you
16 have an opportunity for your case. We'll probably have
17 lunch because it's ten to 11:00. You can make some
18 copies then.

19 Go ahead, please.

20 MR. JOLLY: We'd like to call our first
21 witness, Pete Brown.

22 EXAMINER HANNA: Would you raise your right
23 hand and be sworn by the reporter, please.

24 PETE BROWN,
25 having been first duly sworn, testified as follows:

1 DIRECT EXAMINATION

2 BY MR. JOLLY:

3 Q. Can you state your name and business record or
4 business address for the record, please.5 A. Pete Brown, Post office Box 637 Rockwall,
6 Texas.7 EXAMINER HANNA: You're going to have to
8 speak up.

9 THE WITNESS: Yes, ma'am.

10 Q. (BY MR. JOLLY) Whom are you employed by,
11 Mr. Brown?

12 A. Pete Brown Associates.

13 Q. Can you briefly describe your education and
14 professional background.15 A. I'm have a Bachelor of Business degree from the
16 University of Memphis. I was Manager of Loan Star Gas
17 Company until 1997 and continued with TXU Gas until 1999
18 at which time I became a consultant and I consult with
19 Atmos Energy and other companies.20 Q. And can you kind of briefly describe what type
21 of consulting you do for Atmos Energy.22 A. It has to do with land rights, acquisitions,
23 purchase of property, sale of property if that comes up
24 and related issues.

25 Q. Can you describe the facilities that are the

1 subject of this abandonment proceeding.

2 A. Yes, the -- what is to be abandoned are the
3 meters which serve customers around Lake Palo Pinto.

4 Q. Can you identify this document that's marked as
5 Exhibit No. 1.

6 A. Yes, that's a map showing the approximate
7 location of the customers.

8 Q. And was this prepared by you or at your
9 request?

10 A. It was prepared at my request. Atmos drafting
11 actually prepared it for me.

12 MR. JOLLY: I move to have this admitted
13 into the record, Exhibit No. 1.

14 (Atmos Exhibit 1 offered)

15 EXAMINER HANNA: Objections?

16 MS. McFADDIN: No objection.

17 EXAMINER HANNA: Admitted.

18 (Atmos Exhibit 1 admitted)

19 Q. (BY MR. JOLLY) Mr. Brown, can you describe the
20 process by which you attempted to obtain the consents
21 from the customers serviced.

22 A. Yes, initially I sent them a letter; then I
23 followed up with a phone call and in some cases I met
24 with the landowners or customers.

25 Q. And do you recognize this document that's

1 marked as Atmos Exhibit No. 2?

2 A. Yes, this is the offer letter that was sent.

3 Q. Now was this prepared by you or at your
4 request?

5 A. Yes.

6 MR. JOLLY: I move to have Exhibit No. 2
7 placed into the record.

8 (Atmos Exhibit 2 offered)

9 EXAMINER HANNA: Objections?

10 MS. McFADDIN: No objection.

11 EXAMINER HANNA: Admitted.

12 (Atmos Exhibit 2 admitted)

13 Q. (BY MR. JOLLY) And can you just describe what
14 this qualified offer provided.

15 A. What it provided was an offer to convert the
16 properties or the service to either propane or electric
17 service from natural gas or the cash equivalent to
18 either of those.

19 Q. And was a copy of this or was this qualifying
20 offer mailed to each of the nine customers that are
21 subject to this abandonment?

22 A. Yes.

23 Q. And did you deliver these to the post office
24 yourself?

25 A. Yes.

1 Q. Do you remember what date that was?

2 A. It was on or about the 1st of April.

3 Q. And did you receive responses from all nine of
4 the customers?

5 A. Yes.

6 Q. And how many of them consented?

7 A. Eight.

8 Q. Eight of the nine. Can you describe any, I
9 guess, negotiations you had with Mr. Salis or any
10 contact you had with him?

11 A. I sent the letter to Mr. Salis. I called his
12 house. I spoke with Mrs. Salis and asked her what they
13 thought about the letter. She said I probably needed to
14 talk to her husband. I asked her what would be a good
15 time. She told me sometime that evening. That evening
16 when I was getting to my voicemail, I had a voicemail
17 from Mr. Salis telling me I had to call him right then
18 and not to call him that night but I went ahead and
19 called since it was the time anyway. I did not receive
20 an answer. A couple of days later I got his return, the
21 election form declining the offer with some questions on
22 the back, and I took that to mean that he was not
23 agreeable to the conversion.

24 Q. Mr. Brown, do you recognize these documents
25 that are marked as Atmos Exhibit No. 3?

1 A. Yes, these are the consents that we received
2 from the other customers.

3 Q. And these are the executed consents, right?

4 A. Yes.

5 Q. And were these prepared by your or at your
6 request?

7 A. Yes.

8 MR. JOLLY: I move to have Exhibit No. 3
9 placed into the record.

10 (Atmos Exhibit 3 offered)

11 EXAMINER HANNA: It'd be helpful if you'd
12 let me know if you object.

13 MS. McFADDIN: No objection.

14 EXAMINER HANNA: Admitted.

15 (Atmos Exhibit 3 admitted)

16 Q. (BY MR. JOLLY) Mr. Brown, can you describe the
17 commonly available alternative energy sources for the
18 customers in the Palo Pinto Lake area.

19 A. Propane and electric.

20 Q. And did you provide me with a cost of propane
21 and electricity in this area?

22 A. Yes, sir.

23 Q. And how did you get these costs?

24 A. I called the providers of those services.

25 Q. Do you recognize this document marked as

1 Exhibit No. 4?

2 A. I need my glasses.

3 Yes, this is a straight-line conversion of
4 the cost of propane and electric to the BTUs.

5 Q. And was this based on the information that you
6 provided me regarding the cost of the alternative
7 energy?

8 A. Yes.

9 Q. Okay. And was --

10 MR. JOLLY: I'm going to move to have
11 Exhibit No. 4 placed into the record, just a table
12 showing the thermal conversion.

13 (Atmos Exhibit 4 offered)

14 EXAMINER HANNA: Objections?

15 MS. McFADDIN: I need to take a look at it.

16 Your Honor, if I could ask a question, was
17 that table presented in the application?

18 MR. JOLLY: No.

19 MS. McFADDIN: If my client could, he'd
20 like to compare these numbers. He hasn't seen them
21 before today with what's in the application.

22 No objection, Your Honor.

23 EXAMINER HANNA: Admitted.

24 (Atmos Exhibit 4 admitted)

25 Q. (BY MR. JOLLY) Mr. Brown, do you know the

1 approximate cost of conversion for the customers served
2 in this Palo Pinto area?

3 A. Yes, it was five to six thousand for propane
4 and 10 to 12 for electric.

5 Q. And how did you obtain these conversion costs?

6 A. They are based on talking to contractors and
7 previous experience.

8 Q. If the commission were to approve abandonment
9 of these nine customers, how will the conversion of each
10 individual customer be handled?

11 A. We would coordinate with the customers as to
12 timing and if they wanted -- of course if they wanted
13 the cash, we would just give them the cash and give them
14 the time. When it would be completed, we would remove
15 the aboveground meter in the facilities. If they want
16 Atmos to have it done it would be like a turn key. We'd
17 coordinate with them as far as timing. Go in, do the
18 conversion, remove our aboveground facility and they'd
19 be in business.

20 MR. JOLLY: That's all I have for
21 Mr. Brown.

22 EXAMINER HANNA: Cross-examination?

23 MS. McFADDIN: Yes.

24 CROSS-EXAMINATION

25 BY MS. McFADDIN:

1 Q. Mr. Brown, you just indicated that you were
2 willing to work with the customers to coordinate
3 regarding the timing of the conversion and that you
4 would remove equipment in aboveground facilities. What
5 exactly do you mean by aboveground facilities?

6 A. There's a meter and a riser for each -- each
7 meter comes up off the pipeline. They'd take everything
8 off aboveground and remove it.

9 Q. What happens with the parts of the pipe or
10 facilities that are located below ground?

11 A. The -- well the pipeline, itself, will remain
12 in place. It doesn't belong to Atmos. It belongs to
13 the other company. The customer's line as I understand
14 it, from the meter to their house belongs to the
15 customer. I don't know that -- those are generally left
16 in place.

17 Q. Are they left in place even if there is
18 evidence that there may be leaks or other problems with
19 their customer pipelines?

20 A. Again, it's the customer's line as I understand
21 it.

22 Q. So is it my understanding that Atmos won't be
23 doing anything to any facilities located below ground?

24 A. Not beyond the meter as far as I know.

25 Q. Is the riser pipe going to be somehow topped

1 off or capped or otherwise enclosed so there will no
2 longer be continuing possibility for emissions?

3 A. Yes, ma'am.

4 Q. And what exactly is that practice or procedure?

5 A. I'm not qualified to answer that. I'm sorry.

6 Q. Are you aware of anybody else here today that
7 could answer that question?

8 A. Well, I would assume that Atmos people here
9 could.

10 Q. Is my understanding that you never did actually
11 speak to Mr. Salis regarding the concerns set forth on
12 his election form?

13 A. That's correct.

14 Q. And that is why?

15 A. Well, my perception was that Mr. Salis was --
16 did not want to do this. I did -- so when I tried to
17 call him and he did not answer and then I got the
18 response, I took that to be a firm no and sent the forms
19 on up to Atmos.

20 Q. Were you aware that page 2 of the application
21 of abandonment of service and facilities, section 3
22 states specifically that a qualifying offer was made to
23 each customer along with an opportunity for them to ask
24 questions?

25 A. Yes, ma'am.

1 Q. Is it your understanding that any of his
2 questions presented on the back of election form were
3 answered?

4 A. Not to my knowledge.

5 Q. Do you have any information that you're
6 offering with respect to the potential air quality
7 issues within the residences?

8 A. I'm sorry. Would you state that again.

9 Q. Are you here today at all to speak about the
10 quality of the natural gas or the possible air emissions
11 in the residences?

12 A. Oh, no, ma'am.

13 Q. Your testimony here today is involved with
14 cost.

15 A. And the offer, basically.

16 Q. Did you examine any other alternative energy
17 sources such as wind, solar power or any other
18 alternative energy sources other than propane and
19 electricity?

20 A. No, ma'am.

21 Q. Are any of these other alternative sources
22 available within this community to your knowledge?

23 A. Not to my knowledge. I don't know about those
24 sources.

25 Q. So you didn't investigate any other source

1 other than propane or electricity conversion, correct?

2 A. That's correct.

3 Q. Is it your testimony that the cost of
4 conversion here is reasonable for those residents whose
5 service will be terminated?

6 A. Oh, yes, ma'am, and I'll say this: Those are
7 averages and it's just whatever it costs. Some -- for
8 example some -- if someone goes to propane, some
9 appliances can be converted to propane. If they are too
10 old, we have to buy them a new appliance to replace that
11 as good or better type of appliance, so it varies from
12 house to house.

13 Q. So, part of the conversion would be to purchase
14 those new appliances if they are so required to
15 implement the conversion.

16 A. Yes, ma'am; that's correct.

17 Q. Are you aware of the letter that Mr. Salis sent
18 in requesting a hearing dated August 10, 2014 that has a
19 detailed cost information set forth in it?

20 A. No, ma'am.

21 Q. So you've not seen this letter and not been
22 able to evaluate the cost set forth herein?

23 A. I haven't seen that letter.

24 MS. McFADDIN: Your Honor, would it be
25 possible for me to give him a copy of this letter to

1 review?

2 EXAMINER HANNA: I mean, you could offer it
3 as an exhibit and see if you get an objection. That's
4 your cross-examination.

5 MS. McFADDIN: He is the witness here
6 testifying about cost and apparently he's not seen my
7 client's response to the cost conversion figures that
8 were presented in the application.

9 Q. (BY MS. McFADDIN) Do you have a figure for the
10 cost of natural gas dollars per MMBTU in this community?

11 A. Per BTU, no, ma'am. Only the exhibit that was
12 prepared by Atmos from the cost of natural -- propane
13 per gallon but I don't have a figure cost of natural gas
14 per BTU. No, ma'am.

15 Q. So have you seen any cost presented on this
16 table, Exhibit 4, propane cost with cost of natural gas?
17 Is there any way you could compare these figures?

18 A. Are you talking about have I seen this?

19 Q. No. No, I'm asking is there any way you can
20 compare the cost presented on this table with respect to
21 propane and electric cost with natural gas cost?

22 A. I can't. No, ma'am.

23 Q. So, you don't have any information that
24 suggests to you what the difference may be between those
25 costs at this time?

1 A. No, I do not.

2 Q. So, if you don't know what the difference is
3 between these costs, propane, electric costs and natural
4 gas costs, how did you determine that the cost of
5 conversion was reasonable?

6 A. Just based on what we've done in the past.

7 Q. So it's my understanding that you've not
8 performed any calculation or analysis that would compare
9 the cost of natural gas today with propane cost and
10 electric cost.

11 A. That's correct.

12 Q. Are you planning on at any time of doing such a
13 comparison?

14 A. No, ma'am, I never have done it before.

15 Q. But it is your testimony that you believe
16 despite not having done that comparison that the cost of
17 conversion is reasonable?

18 A. When I say the cost of conversion, I'm talking
19 about the cost of converting a house or residence from
20 the use of natural gas to propane or electric. That is
21 the cost to convert them. I'm not talking about BTU
22 cost or anything. I'm talking about the cost to convert
23 the appliances and heating or cooling to the other
24 energy form. That's it.

25 Q. I understand.

1 Have you done any sort of analysis on how
2 much more this customer may have to pay in terms of
3 using these other energy sources with respect to what
4 he's currently paying now for the delivery of natural
5 gas from Atmos?

6 A. No, ma'am. That is beyond my purview.

7 Q. Do you have any information or have you looked
8 at any information with respect to the age or condition
9 of these meters and riser pipes?

10 A. No, ma'am. I'm not qualified to do that.

11 MS. McFADDIN: Pass the witness.

12 EXAMINER HANNA: Redirect?

13 MR. JOLLY: None. No redirect.

14 EXAMINER RUIZ: Mr. Brown, I have a few
15 questions. You've got the cost of propane and the cost
16 of the electricity.

17 THE WITNESS: Yes, ma'am.

18 EXAMINER RUIZ: Who are the providers for
19 these?

20 THE WITNESS: I'm sorry. I can't remember
21 their names. I looked up their local providers and I
22 called them on the telephone and got the numbers. And I
23 cannot remember the names. It was a co-op and a propane
24 company. The propane company -- I just don't remember
25 their names. I don't want to say it wrong.

1 EXAMINER HANNA: We'd like to request that
2 Atmos -- we're going to leave the record open and we ask
3 that Exhibit 4 be supplemented with the names of those
4 providers, please.

5 THE WITNESS: I can get you those.

6 EXAMINER HANNA: Will the parties remind me
7 at the end of the hearing when we talk about
8 post-hearing procedures to get you a date on that
9 deadline.

10 MR. YARBROUGH: Yeah.

11 EXAMINER HANNA: Okay, Mr. Brown you are
12 excused but with a caveat for now. It's possible we
13 might -- the examiners may want to call you for
14 questions later in this hearing.

15 THE WITNESS: Yes, ma'am.

16 EXAMINER HANNA: Thank you.

17 Mr. Jolly.

18 MR. JOLLY: I'd like to call my second
19 witness, Jesse Garcia.

20 JESSE GARCIA,
21 having been first duly sworn, testified as follows:

22 DIRECT EXAMINATION

23 BY MR. JOLLY:

24 Q. Mr. Garcia, can you state your name and
25 business address for the record, please.

1 A. My name is Jesse Garcia. My business address
2 is Atmos Energy 905 East South Loop, Stephenville,
3 Texas.

4 Q. And by whom are you employed?

5 A. Atmos Energy.

6 Q. And can you describe your educational and
7 professional background.

8 A. My education consists of high school
9 graduation. No college. My business experience is 41
10 years in the natural gas industry working for Atmos and
11 its predecessor, TXU Gas and Loan Star Gas and Loan Star
12 Gas Pipeline Company. My experience basically has been
13 exploration, production, transmission, operation and
14 maintenance of pipelines and customer services and now
15 utilities operations dealing with distribution of
16 natural gas.

17 Q. What's your job title with Atmos?

18 A. Operations Supervisor.

19 Q. And can you kind of give us a little bit of
20 your job responsibilities.

21 A. I oversee the operation and maintenance of all
22 the pipeline systems in about ten counties. Also the
23 utility operations of customer services and the
24 distribution systems of about 20-something communities
25 in my area. That includes customer services, the meter

1 reading, responding to customer inquiries and service
2 problems.

3 Q. Can you identify the document that's marked
4 here as Exhibit No. 5.

5 A. Yes, I can.

6 Q. And was this document prepared by you or under
7 your control?

8 A. Yes, I prepared this.

9 Q. Can you describe this document for me a little
10 bit.

11 A. This is the spreadsheet that I prepared with
12 the nine customers in the Palo Pinto area showing the
13 number of service calls and each customer with the cost
14 associated with that and also the meter reading costs of
15 what it costs us to read those meters on an annual
16 basis.

17 Q. So this the annual operating costs to serve
18 these nine customers?

19 A. Yes.

20 MR. JOLLY: I move to have Exhibit No. 5
21 placed into the record.

22 (Atmos Exhibit 5 offered)

23 MS. McFADDIN: No objection.

24 EXAMINER HANNA: Admitted.

25 (Atmos Exhibit 5 admitted)

1 Q. (BY MR. JOLLY) Mr. Garcia, do you recognize
2 this document that's marked as Exhibit No. 6?

3 A. Yes, I do.

4 Q. And can you describe this document for me.

5 A. This is a revenue sheet for each of the
6 individual customers showing the volume of gas used, the
7 customer service charge, the consumption charge, and
8 other related fees for a one-year period from July 13,
9 2013 to June of 2014.

10 Q. And would you agree that this provides a visual
11 summary of the books and records of Atmos Energy related
12 to the nine customers in Palo Pinto County?

13 A. Yes.

14 MR. JOLLY: I move to have Exhibit No. 6
15 placed into the record.

16 (Atmos Exhibit 6 offered)

17 MS. McFADDIN: No objection, Your Honor.

18 EXAMINER HANNA: Admitted.

19 (Atmos Exhibit 6 admitted)

20 Q. (BY MR. JOLLY) Mr. Garcia, to your knowledge,
21 is there any anticipated source of new revenue in the
22 Lake Palo Pinto area?

23 A. Not to my knowledge.

24 Q. Has Atmos experienced any issues with the
25 quality of gas at the locations at lake Palo Pinto?

1 A. Yes, we have.

2 Q. Can you describe some of these issues.

3 A. The natural gas is not pipeline quality;
4 therefore, it's subject to freezing in the regulators,
5 condensation of hydrocarbons that will cause liquid in
6 the lines, in the customer lines. Those issues can
7 cause problems with customers' appliances and also
8 whenever you have condensation and freezing like that,
9 it does -- on the equipment we have to trip the
10 regulators and cuts the service off to the customers for
11 safety reasons.

12 Q. So in your opinion the gas is not suitable for
13 residential use?

14 A. It's not suitable for residential use.

15 Q. Have you had an estimate done to connect these
16 customers to a different line, our company system?

17 A. I've looked at the system, yes.

18 Q. And what was that estimate?

19 A. The closest point we had to pipeline quality
20 gas would be eight miles away in a straight line,
21 estimated cost to construct pipelines around a million
22 dollars a mile, so I would say a rough number would be
23 around eight million dollars.

24 Q. And what is that estimate based on?

25 A. Experience. Also some projects that we've done

1 in the area. We do replace lines from time to time and
2 that's a general cost of what it's costing us right now.

3 Q. Given the current revenue shown on Exhibit No.
4 6, do you know of any cost-effective means to provide
5 safe and reliable gas services to these customers in
6 Lake Palo Pinto?

7 A. No.

8 Q. Can you describe what Atmos will do to
9 physically abandon these customers if the commission
10 approves the abandonment?

11 A. If the customer goes ahead and converts to
12 another energy source our service techs will remove the
13 meters, the inlet riser, the regulator all the way down
14 to the stop at ground level. The service line
15 downstream on the other side of the meter belongs to the
16 customer. We will put a plug in that and seal that end.
17 The plumber or whoever disconnects the service at the
18 house will physically plug that in so the customer line
19 will remain in the ground and that belongs to them so
20 it's up to them to remove it if they want to.

21 Q. Are you familiar with the homes in Lake Palo
22 Pinto County, you know, based on job duties in the area?

23 A. Yes, I've been in that area.

24 Q. What are most of their -- I guess how are most
25 of their energy needs served?

1 A. Energy -- it comes from what's supplied -- what
2 gas we supply them. The other energies that they use
3 would be electricity.

4 MR. JOLLY: That's all I have for
5 Mr. Garcia.

6 EXAMINER HANNA: Cross-examination.

7 MS. McFADDIN: Yes.

8 CROSS-EXAMINATION

9 BY MS. MCFADDIN:

10 Q. Mr. Garcia, you indicate that you are in charge
11 of customer service for these areas.

12 Have you ever done a service call to
13 Mr. Salis' residence?

14 A. I personally have not.

15 Q. Has anyone from Atmos Energy ever performed a
16 service call at Mr. Salis' residence to your knowledge?

17 A. Yes, ma'am.

18 Q. Can you describe what those customer calls
19 related to.

20 A. They would either be a no gas -- I don't have
21 an exact listing of them. I have a number of how many
22 times we've been there but I couldn't tell you exactly
23 what each call was about but it was related to loss of
24 service more than likely.

25 Q. Could his complaint of loss of service relate

1 anyway to the deteriorating quality of the natural gas
2 being provided to his home?

3 A. Yes.

4 Q. Has Mr. Salis ever --before this permit
5 application was filed-- been notified in any way the
6 matter relating to the deteriorating quality of the
7 natural gas been discussed with him or his family?

8 A. I haven't. My techs may have. I don't know.

9 Q. So you haven't looked into whether anybody --
10 one of your techs may have talked with him or discussed
11 with him the possibility that the natural gas being
12 provided to him, at a cost, was not of proper quality?

13 A. I feel certain that my techs have talked to the
14 customers about that when they've been there when they
15 responded to the calls because we usually have to
16 provide them an explanation of why their service was
17 out, so they may have mentioned it.

18 Q. But you're not sure whether or not anyone ever
19 mentioned it to him?

20 A. Correct.

21 Q. Has Atmos ever made any systematic effort to
22 notify the residences using this pipeline that the
23 natural gas being delivered to their home was not of
24 suitable quality?

25 A. By systematic you mean just notify everybody?

1 Q. That is correct.

2 A. Atmos, itself, that I'm aware of has not.

3 Q. If in fact the natural gas being provided at a
4 cost to these residents, is not of suitable quality,
5 don't you think it's important to notify them of that
6 fact?

7 A. It's important. Yes.

8 Q. How long has the quality of the natural gas
9 being provided at a cost to these customers been
10 deteriorating to your knowledge?

11 A. I would say since -- the gas has been
12 non-quality gas ever since they requested service.

13 Q. If the gas is not of suitable quality, why
14 would you provide them with service?

15 A. When the service -- those meters have been
16 there a long time. When the service was requested,
17 there were different rules and regulations. I don't
18 know. That was probably before my time.

19 Q. Assume Mr. Salis has been utilizing and
20 purchasing natural gas for approximately 20 years, are
21 you telling me that throughout this entire 20 year
22 period this gas has potentially been non-suitable
23 quality for him to use at his residence?

24 A. Yes.

25 Q. As I understand it, no letters have been sent

1 to Mr. Salis or the other eight residents using this gas
2 to inform them of the deteriorating quality of this
3 natural gas?

4 A. To my knowledge, not one to him personally.
5 There may have been some at sometime before I came into
6 that area. I don't know.

7 Q. And when did you come into this area?

8 A. 2004 is when I took over customer services.

9 Q. So for a period of ten years to your knowledge,
10 there's been no systematic effort made to send letters
11 or otherwise notify these residents that the natural gas
12 that they are purchasing from you has not been of
13 suitable quality.

14 A. As far as letters, no. Like I said my service
15 techs may have told people about the quality of the gas.

16 Q. Have you ever discussed with your management
17 the need to notify these customers that the gas they are
18 using is not of suitable quality?

19 A. We've talked about converting, yes, to
20 customers. Getting them off the pipeline system or off
21 the gathering system I should say.

22 Q. Has any decision to your knowledge been made by
23 you or management above you relating to whether or not
24 they should have been notified of the deteriorating
25 quality of the natural gas?

1 A. As far as notifications, no.

2 Q. In the application, it indicates that another
3 concern is possible air quality issues within the
4 residence. Do you know what that refers to, what kind
5 of air quality issues are of concern within these
6 residences?

7 A. To me the air quality would be if the gas is
8 not burning properly it is subject to giving off fumes
9 and that's what I would assume he's referring to.

10 Q. To your knowledge, would improper combustion of
11 natural gas potentially cause health effects?

12 A. It could possibly.

13 Q. What sorts of problems would improper,
14 incomplete combustion of the natural gas cause within a
15 residence?

16 A. The most common would be carbon monoxide.

17 Q. Is it not true that carbon monoxide in
18 excessive levels is lethal to human beings?

19 A. It's true.

20 Q. Has Atmos ever made any attempt to notify
21 Mr. Salis, to your knowledge, that the deteriorating
22 quality of the natural gas could lead to improper
23 combustion and air quality issues in his own home?

24 A. To my knowledge, Mr. Salis, no.

25 Q. Has any notification to any of the nine

1 residents referenced in this application with respect to
2 the possibility of air quality issues in their residence
3 due to the incomplete combustion of natural gas?

4 A. I would say yes to that.

5 Q. What kind of notification has been made?

6 A. Conversation with my service techs with the
7 customers. And I would add that they talked to the
8 customers and asked them if they would consider
9 switching to alternative energy to avoid problems with
10 the freezing and the quality of the gas.

11 Q. Has any systematic effort been made to notify
12 any of the customers relying on this natural gas that
13 improper combustion was a possibility and that such
14 improper combustion could result in carbon monoxide for
15 example in their homes?

16 A. Not a systematic notification.

17 Q. To your knowledge, have any letters been sent
18 to any customers in this community regarding the fact
19 that they needed to be concerned about improper
20 combustion of the natural gas causing carbon monoxide or
21 other excessive emissions within their homes?

22 A. No.

23 Q. To you knowledge, has any phone call been made
24 on a systematic basis to each residential customer in
25 this community regarding whether or not the improper

1 combustion of their natural gas supplies could cause
2 excessive emissions of materials like carbon monoxide?

3 A. I have talked to a couple of the customers
4 myself when they've called about problems with their
5 service.

6 Q. Have you approached your management
7 recommending that customers be notified that improper
8 combustion of their natural gas could result in
9 emissions of carbon monoxide within their residences?

10 A. No.

11 Q. Why not?

12 A. We talk about trying to do -- get them proper
13 service or good service and get them good gas but not
14 anything that says we've talked about we need to send
15 them a letter.

16 Q. Don't you think the possibility of carbon
17 monoxide within their residences presents significant
18 health and safety implications?

19 A. Yes, it does.

20 Q. Did you -- but that did not, in your mind,
21 warrant a recommendation to management that customers be
22 notified that this it was a potential problem within
23 their residences?

24 A. Not to my knowledge. I know customers get in
25 their bills inserts with safety warnings and things

1 about improper combustion, not just customers in the
2 Palo Pinto area but all our customers systemwide get
3 notifications about possible hazards.

4 Q. But to your knowledge, no specific notification
5 has been made within these residences that your own
6 application indicates they are using gas that is
7 unsuitable for residential uses, but they may be
8 experiencing excessive carbon monoxide levels in their
9 home due to improper combustion?

10 A. No.

11 Q. Are there any other types of emissions that you
12 might find in a home relating to improper combustion of
13 natural gas?

14 A. No, that is the most common one that we check
15 for.

16 Q. Would you be concerned, for example, about
17 hydrogen sulfide?

18 A. I would if it was in the system.

19 Q. Do you have any evidence that hydrogen sulfide
20 has been a problem in the system?

21 A. No.

22 Q. Have you received any complaints to your
23 knowledge about rotten-egg odors around and adjacent to
24 the meter facilities?

25 A. Yes.

1 Q. What do you believe those rotten egg odors are
2 emitted by? What do you think is causing them?

3 A. That's caused by the mercaptan we have to add
4 to the natural gas drain because it does not come -- you
5 can't smell that gas so we add the mercaptan to smell it
6 and that's what it smells like, rotten egg.

7 Q. The application also indicates as do some early
8 permitting documents that there are natural gas liquids
9 in this pipeline. Can you describe what those natural
10 liquids are comprised of?

11 A. What we commonly refer to as hydrocarbons just
12 condensed -- the condensed propane water. That's just
13 natural fallout from unprocessed gas due to temperature
14 changes.

15 Q. And your testimony is that the main problem
16 with respect to the presence of natural gas is that they
17 freeze up in the winter and that could cause loss of
18 service?

19 A. It can cause loss of service. Also the high
20 BTU can cause very irregular flame burning in your
21 appliances.

22 Q. And the high BTU and the irregular flame
23 burning, that would be another cause perhaps of
24 incomplete combustion and air quality issues within a
25 home, wouldn't it?

1 A. Yes.

2 Q. What kinds of air emissions would you expect
3 from high BTU and irregular flame burning?

4 A. Commonly the carbon monoxide.

5 Q. To your knowledge has anyone been hospitalized
6 in Palo Pinto County as a result of carbon monoxide
7 poisoning?

8 A. In Palo Pinto County?

9 Q. Yes.

10 A. Palo Pinto County I'm sure there was. If
11 you're referring to the customers here on the pipeline
12 we're talking about, no.

13 Q. I'm asking countywide.

14 A. We do not serve the county, so...

15 Q. When a service call is received for a problem
16 at a residence, is it typically Atmos Energy who
17 responds or is it Enbridge?

18 A. It's Atmos Energy service techs.

19 Q. So would it surprise you if I told you that
20 service calls to the Salis Residence have always been
21 responded to by Enbridge staff?

22 A. Yes.

23 Q. Are you aware of what the possible health
24 impacts are of exposure to elevated level of carbon
25 monoxide?

1 A. The possible -- repeat that again.

2 Q. Possible health effects of carbon monoxide
3 exposure?

4 A. Breathing problems, respiratory problems and of
5 course can be lethal in high doses.

6 Q. Are you aware of any breathing or respiratory
7 problems that have been reported by customers utilizing
8 natural gas provided for by Atmos Energy?

9 A. Are you talking about these customers?

10 Q. Yes.

11 A. No.

12 Q. So to your knowledge, you're not aware of any
13 reports of breathing problems, respiratory problems or
14 other health effects in any of the nine residences
15 covered by this application?

16 A. Not that I'm aware of.

17 Q. Would you be aware as a service customer
18 representative if a complaint or a comment or a concern
19 had been filed?

20 A. Yes.

21 Q. Are you aware of the election form comments
22 that Mr. Salis filed when he first became aware of this
23 pending application?

24 A. No, I have not seen any of his correspondence.

25 Q. Are there any other problems that you're aware

1 of experienced by the nine residential customers who are
2 utilizing the line that are proposed to be abandoned?

3 A. Any other problems no, other than what we've
4 talked about.

5 Q. And those problems would be just to summarize,
6 calls for no service which may be related to the
7 unsuitable quality of the natural gas?

8 A. Yes.

9 Q. And as far as you're aware, do you recall any
10 particular complaints about incomplete combustion of the
11 natural gas?

12 A. Yes, those are orders that we would get.

13 Q. Under what circumstances, if you know, would
14 Atmos pay to convert a residence and to disconnect its
15 facilities if the customer was complaining about no
16 service due to unsuitable gas quality or incomplete
17 combustion relating or resulting in air emissions?

18 A. Repeat that again.

19 Q. Assuming that you you've had customer
20 complaints regarding no service and those no service
21 calls, you believe are triggered by the fact that the
22 lines were freezing up or the equipment was freezing up
23 due to the presence of the natural gas liquids.

24 Under what circumstances would Atmos
25 itself undertake to pay to convert that residence to

1 another energy source and to abandon properly and
2 appropriately the equipment on the residence property?

3 A. Atmos would offer to convert them, that
4 customer to an alternative energy source if he was
5 having problems and was not satisfied with the service.
6 We would definitely look at that.

7 Q. And would Atmos pay for that?

8 A. Yes.

9 Q. Are you aware of any of the complaints that you
10 talked about Atmos offering prior to this submission of
11 this application to convert the energy source and to
12 abandon or replace the affiliated equipment?

13 A. Any prior offers? Is that what you're saying?

14 Q. Yes.

15 A. I'm not aware of any prior offers.

16 Q. Under what circumstance do enough service calls
17 come in regarding incomplete combustion or freezing up
18 due to natural gas liquids, how many service calls would
19 it take for Atmos --on its own initiative-- go out and
20 offer to convert their energy source and abandon
21 properly the affiliated equipment?

22 A. There's no set number. I think it's -- would
23 be a field operations request based on the customer
24 request if the customer requested it and was not
25 satisfied, then it would be my job to approach

1 management about converting the customer.

2 Q. Have you ever done that?

3 A. Yes.

4 Q. Assuming -- that would assume, wouldn't it that
5 the customer would need to be aware they are receiving
6 unsuitable natural gas or gas that could result in
7 incomplete combustion; isn't that correct?

8 A. They are aware but most the times that I have
9 dealt with -- converted customers like that is because
10 they were not satisfied with the reliability of the
11 service.

12 Q. As opposed to potential health impacts or
13 problems with respect to freezing up of equipment?

14 A. Yes.

15 Q. What is your policy on when conversion and
16 abandonment should be performed with respect to
17 deteriorating qualities of natural gas and/or air
18 emission problems?

19 A. Policy?

20 Q. Yes, sir.

21 A. To my knowledge, Atmos does not have a set
22 policy on that.

23 Q. Do you think it's a good idea to have a policy
24 when health effects can be at issue with respect to air
25 quality issues due to incomplete combustion?

1 A. I don't know that I would call it a policy. I
2 guess we would have some type of a standard or a
3 procedure to evaluate something like that.

4 Q. And do you have a standard or procedure to
5 evaluate that?

6 A. Not that's in the manual that I currently work
7 off of. We just look at each one on an individual basis
8 or request.

9 Q. As a customer service representative, when
10 would you feel it be appropriate to approach management
11 about developing a policy or procedure or practice when
12 you and the company know that the quality of the gas is
13 unsuitable potentially for burning and may result in air
14 emissions?

15 A. When would I approach management?

16 Q. Yes.

17 A. I could approach them at any time.

18 Q. But in the last ten years despite the fact that
19 you've received no service calls and know that there may
20 be incomplete combustion, you have not felt the need to
21 approach your management to develop a policy or
22 procedure or a practice or standard relating to
23 converting and abandoning services at your expense due
24 to these problems?

25 A. Not a policy. Like I said we look at each

1 system as we're having problems. We approach the
2 customers which is what we're doing here.

3 Q. As I understand your testimony typically the
4 customer has to approach you with a service call. You
5 don't --on your own initiative-- go out and approach
6 customers about these problems; isn't that correct?

7 A. That's correct.

8 Q. Are you aware of any wind, solar or other
9 alternative energy sources in proximity to the Palo
10 Pinto community?

11 A. No, I'm not.

12 Q. Do you know what the age of the pipeline system
13 is?

14 A. Not exactly. I know it's part of the
15 Exploration System when I started but I don't know when
16 it was installed.

17 Q. Would it surprise you to know the pipeline was
18 constructed prior to mid 1960s?

19 A. No.

20 Q. Are you aware of how old these residential
21 lines are?

22 A. No.

23 Q. Are you aware of any reported leaks or spills
24 from the Enbridge system in this community?

25 A. On the Enbridge System, no.

1 Q. Would you be notified if there was a spill or
2 leak from the Enbridge Pipeline into or adjacent to the
3 Palo Pinto lakefront community?

4 A. I would be notified if Enbridge had to take the
5 pipeline down to do some work because it would affect
6 the service to the customers then.

7 Q. Has Enbridge done any work on the pipeline in
8 the last ten years that you've been servicing this
9 community?

10 A. I know they've done some pigging operations.

11 Q. Are you aware of any other operations than
12 pigging operations?

13 A. No.

14 Q. You're not aware of any leaks or spills that
15 need to be addressed?

16 A. No, not to my knowledge.

17 Q. And what is your understanding of what
18 constitutes pigging operations?

19 A. Pigging operations is inserting a squeegee or
20 rubber type what we call a pig, it's a block in one end
21 of the line and using gas pressure to move and clean the
22 liquids and other impurities or solid objects, liquids
23 that might have fallen out in the line.

24 Q. Approximately how often over the ten years have
25 pigging operations been conducted?

1 A. I don't know about the past ten years but I
2 know in the last four or five years they've tried to do
3 it at least twice a year.

4 Q. Is that standard for the industry or does that
5 reflect the age of the pipeline?

6 A. It depends. There is no standards. It just
7 depends on your system what kind of liquids are in it
8 how often you have to do it. Each pipeline gathering
9 system is different and it's up to the operator to
10 determine the frequency.

11 Q. Have you received any complaints or concerns
12 from customers in and around the Palo Pinto Community
13 regarding the abandonment of meters and riser pipes that
14 create an eyesore?

15 A. No.

16 Q. Have you yourself noticed pipes coming out of
17 the ground that look like they've been abandoned just
18 left in place?

19 A. I haven't seen any in my trips up there, no.

20 Q. Have you personally noticed any odor problems
21 around the meter facilities?

22 A. I noticed it when there's odor present there's
23 going to be a little bit of a smell around there.

24 Q. And how often would you say notice the smell
25 when you go out to these meter facilities?

1 A. I don't have a schedule on them if I have to go
2 out there for a complaint or something but I think I've
3 been out there maybe three times this year.

4 Q. And what causes odor problems in your
5 experience?

6 A. The odor problems are around those meters, like
7 I said usually the mercaptan that we have to -- there's
8 a pot of mercaptan on the line serving the customer, and
9 when we fill -- the technicians fill that, they have to
10 thread and screw caps and everything and put everything
11 back together, and, through a little bit of time those
12 vapors will start working their way out of the threads
13 and that's what's causing the odors around the meters.

14 Q. Would it be fair to say that deteriorating
15 pipelines would experience the release of mercaptan
16 odors?

17 A. Deteriorating pipelines, yes.

18 Q. If an individual smells mercaptan, that
19 suggests there is some sort of a leak from the lines or
20 the meters or the valves?

21 A. Yes.

22 Q. What is Atmos Energy's policy about repairing
23 or replacing meters and lines that are experiencing odor
24 issues?

25 A. When we get a leak call from a customer, a

1 service tech goes out and investigates and determines
2 the source and the point of the leak. If it's on the
3 company's side, which would be up to the outlet side of
4 the meter then we will do whatever it takes to fix that
5 leak you know replace the meter or the regulator or
6 whatever component needs to be done. If it's on the
7 customer's side, then we seal the meter on the outlet
8 side and notify the customer that they have a leak on
9 their side and it's up to the customer to either repair
10 it themselves or have a plumber fix it and in most towns
11 you have to have a city inspection so plumbers have to
12 do that.

13 Q. Does Atmos have a maintenance policy whereby
14 these meters and lines are replaced or repaired on a
15 regular basis to prevent odor emissions?

16 A. On the riser inlet riser and meter, no there is
17 no set time or routine replacement or anything like
18 that.

19 Q. So would it be fair to say that typically the
20 only time that action is taken to address the mercaptan
21 odor is when a customer complains?

22 A. That's what we get most of them but if our
23 field personnel are out there in that area and see or
24 smell something and they see a leak there, they are
25 required to take action to seal it and fix it if at all

1 possible.

2 Q. Are you aware of how many actions like that
3 have been taken in say the last five years?

4 A. No, because that's part of the worker's routine
5 operations, so it's not itemized unless we have to seal
6 and shut -- turn that meter off, and then restore the
7 customer service which we have to get an order to
8 restore the service.

9 Q. What is the company's preventative maintenance
10 policy with respect to the upkeep of this type of
11 equipment?

12 A. We do above ground survey for atmospheric
13 corrosion every three years. Any indication of rust or
14 atmospheric corrosion, we remedy that by applying a
15 coating of paint or wrap whatever it -- we need to do to
16 stop the atmosphere corrosion or replace the component
17 if it needs it.

18 MS. McFADDIN: I'll pass the witness.

19 EXAMINER HANNA: Redirect?

20 REDIRECT EXAMINATION

21 BY MR. JOLLY:

22 Q. The long line of questions that Ms. McFaddin
23 took you down regarding air quality issues, carbon
24 monoxide, improper combustion, would that support in
25 your opinion, the company's position that these

1 customers need to be switched off of natural gas?

2 A. Yes, it does.

3 MR. JOLLY: That's all I have.

4 EXAMINER HANNA: Recross?

5 MS. McFADDIN: No recross.

6 EXAMINER HANNA: We have a few questions.

7 EXAMINER RUIZ: Mr. Garcia, you discussed
8 the abandonment procedure at the meter and capping the
9 line; is that correct?

10 THE WITNESS: Yes.

11 EXAMINER RUIZ: Can you talk about that a
12 little more and if there is testing once it's capped to
13 see if it's secure and no leak in that line.

14 THE WITNESS: If we leave any valve or a
15 plug that is left at ground level or below, we will soak
16 -- use the soap mixture to test, make sure there is no
17 leakage around that. On the customer's side there is
18 not going to be pressure so you can't test. There might
19 be some vapors left in the line but those usually will
20 dissipate.

21 EXAMINER RUIZ: And can you discuss the BTU
22 content and how it's been changing on the Enbridge Line.

23 THE WITNESS: I don't know the exact BTU.
24 I just know it's a gathering system and it's what we
25 consider in the field rich gas because it hasn't been

1 processed, so, we know it's high BTU because there is
2 condensate and that's the reason Enbridge has to run
3 their pigs. I couldn't give you an exact number as to
4 what that BTU actually is.

5 EXAMINER RUIZ: Is the BTU content provided
6 on the customer's bill?

7 THE WITNESS: No. Can I clarify that:
8 Because the billing is based on average systemwide of I
9 believe it's a thousand BTU. The customer bill is
10 measured at a flat standard across the system. It does
11 not vary for each individual customer based on the
12 system itself.

13 EXAMINER RUIZ: Okay. Thank you.

14 EXAMINER HANNA: I know you answered this
15 question but just one more time, if you would please,
16 just so -- she understands all the technical stuff. I'm
17 the legal person so if you could just make it more plain
18 to me, in this case, what's being abandoned, what's
19 going to be left that Atmos Mid-tex is abandoning? So
20 it's from Enbridge's Line, it's a line that goes to the
21 customer's taps; is that correct?

22 THE WITNESS: No, Enbridge has the
23 pipeline. There is a tap on the pipeline that comes up.
24 There will be a valve there on top. On that valve,
25 Atmos starts its facility of riser regulator meter, in

1 the meter, out the meter. Out the meter becomes the
2 customer's line, so what we are taking down will be the
3 riser coming up, the loop, the meters, the regulators,
4 when we get -- remove all that, there will probably be a
5 valve left on Enbridge's line that we can't take off
6 unless Enbridge blows the line down or does work, and
7 that's actually -- that part will probably be up to them
8 to remove because that would be their pipeline. As far
9 as surface facility, there is nothing left on our part.

10 The only part we could leave and we could
11 do it at the customer's request is the outlet loop on
12 the riser on the customer's side. When we come out of
13 the meter, it will go back down in the ground. That's
14 the customer's side. We'll normally plug it but if the
15 customer wants to, we will take it down below ground and
16 plug it below ground so there won't be anything left
17 above ground for our part.

18 EXAMINER HANNA: And in regard to what you
19 just testified to that is Atmos Mid-tex's part, you
20 discussed -- I'm trying to tie this into another part of
21 your testimony. You testified to what Atmos does to
22 test those lines and maintain those lines but once they
23 are abandoned, is there any potential for disintegration
24 that causes any contamination or issue or is that
25 because the gas is gone, so there's not...

1 THE WITNESS: The gas is gone. There's
2 nothing left and there is no facilities, no pieces of
3 equipment left. The only equipment that would be left
4 would in this case would be an Enbridge pipeline below
5 ground and as long as they have it in service they would
6 operate and maintain that part of it.

7 EXAMINER HANNA: How does a customer go
8 about requesting removing that? I mean is that set out
9 in some policy or?

10 THE WITNESS: Normally, in this case when
11 we convert a customer, we ask them to -- or we have Pete
12 who makes the contacts that as soon as that conversion
13 is complete they call in our call center and terminate
14 the service so we can close the account out and what
15 we've done on other occasions where we have done the
16 conversions is I've also had my service techs keep an
17 eye and stay in touch and when that customer is
18 converted, then we'll go pull the meter but normally we
19 ask the customer to make sure their account gets closed
20 out so they don't continue to get a bill after they've
21 gone to another source.

22 EXAMINER RUIZ: So what is the procedure
23 for the customer to request that the last piece of
24 riser, I guess, so everything is--

25 THE WITNESS: They can ask -- when we're

1 out there, taking the meter off, if they are there, if
2 they'll ask the service tech that's fine or when they
3 call in to close their account they can request that to
4 the person that takes it so it will be on the order.
5 There are different ways of doing it. They can give me
6 a call. There's lots of field contacts. We'll do it
7 any way.

8 EXAMINER HANNA: This may be a question for
9 you or perhaps your counsel if you determine it's a
10 question for another witness or something they want to
11 do in closing brief, but there are factors that the
12 commission is to consider when making determination and
13 it's part of the burden of the proof of the utility in
14 this matter, and it's B5D and it's whether the utility
15 has failed to properly maintain the facilities proposed
16 of the abandonment rendering them unsalvageable due to
17 neglect.

18 From what I can tell, that's not really at
19 issue in this case because the issue is more the quality
20 of the gas and for all the reasons that have been stated
21 and I'm going to sum it up as safety, Atmos has
22 determined that these customers need to be abandoned and
23 alternative energy needs to be provided to them.

24 THE WITNESS: Yes.

25 EXAMINER HANNA: But I want -- and I'm not

1 asking for a legal conclusion but I wanted your opinion
2 based on your experience if you think that that
3 particular element is applicable and if you can speak to
4 maintenance other than what you already have and the
5 condition. So Atmos isn't abandoning this particular
6 part because the pipeline is has been neglected and
7 unsalvageable. It's due to the content of the quality
8 of the gas.

9 THE WITNESS: Yes, that's correct, it's not
10 the neglect or the abandonment, it's strictly due to the
11 content and the quality of the gas and the service that
12 we can provide the customer; it's just not reliable.

13 EXAMINER HANNA: Thank you. You're
14 excused.

15 You have one more witness; is that right?

16 MR. JOLLY: We do.

17 EXAMINER HANNA: We're going to break for
18 lunch now.

19 (Break for lunch)

20 EXAMINER HANNA: All right. Back on the
21 record.

22 MR. JOLLY: We call Pete Brown back up.

23 EXAMINER HANNA: I'll remind you you're
24 still sworn.

25 THE WITNESS: Yes, ma'am.

1 REDIRECT EXAMINATION

2 BY MR. JOLLY:

3 Q. Pete, if you remember, earlier in your
4 testimony you were having trouble remembering where you
5 got the energy cost for the Lake Palo Pinto area?

6 A. Yes.

7 Q. And have you since remembered or found out who
8 those providers were?

9 A. Yes.

10 Q. Can you tell--

11 EXAMINER HANNA: And that relates to Atmos
12 Exhibit 4?

13 MR. JOLLY: Yes.

14 A. It's Hardwick Propane in Ranger, Texas and
15 that's for the propane price and the electric cost was
16 from www.directenergy.com. I received both of those
17 prices on 6/23/14.18 EXAMINER RUIZ: What's the name of the
19 propane provider again?

20 THE WITNESS: Hardwick, H-a-r-d-w-i-c-k.

21 EXAMINER HANNA: Just so we're clear, you
22 have the propane cost and electric cost. So you're
23 saying Hardwick provided you with the propane and that's
24 the provider in the that area.

25 THE WITNESS: Yes, ma'am.

1 EXAMINER HANNA: For those nine residential
2 customers if they chose to go on propane.

3 THE WITNESS: Yes, ma'am. That's who we
4 would contact to come in and do the conversion.

5 EXAMINER HANNA: And the directenergy.com
6 related to the electric cost.

7 THE WITNESS: Yes, ma'am.

8 EXAMINER RUIZ: Mr. Salis has asked about
9 other energy sources as solar, geothermal and wind. Do
10 you have any worksheet or any cost estimates for those
11 conversions?

12 THE WITNESS: No, ma'am, I'm not familiar
13 with those energy sources at all.

14 EXAMINER RUIZ: Okay. Do you know if Atmos
15 has ever provided that source in an abandonment?

16 THE WITNESS: Not to my knowledge. No,
17 ma'am.

18 EXAMINER RUIZ: And with his -- in this
19 response to his qualifying letter he sent some questions
20 in.

21 THE WITNESS: Yes, ma'am.

22 EXAMINER RUIZ: Were those answered?

23 THE WITNESS: Not by me. I couldn't answer
24 them. I don't know anything about those energy sources.

25 EXAMINER RUIZ: Who would know the answers

1 to his questions and who would be responsible for
2 answering to him?

3 THE WITNESS: I cannot say. I do not know.

4 EXAMINER RUIZ: That's all.

5 EXAMINER HANNA: You're excused.

6 THE WITNESS: Thank you.

7 EXAMINER HANNA: Just so you know, we don't
8 anticipate anymore questions for Mr. Brown. I wanted
9 you to be aware of that.

10 Proceed.

11 MR. JOLLY: I'd like to call my next
12 witness, Mike Montgomery.

13 MIKE MONTGOMERY,
14 having been first duly sworn, testified as follows:

15 DIRECT EXAMINATION

16 BY MR. JOLLY:

17 Q. State your name and business address for the
18 record, please.

19 A. Mike Montgomery. Business address is 206 Pogue
20 Avenue, Eastland, Texas.

21 Q. Who are you employed by, Mr. Montgomery?

22 A. Enbridge.

23 Q. Can you briefly describe your educational and
24 professional background.

25 A. Okay. I have 140 hours of college credit as

1 far as business degree. I have been with Enbridge for
2 11 years but been in the industry for 23 years.

3 Q. What's your job title?

4 A. I'm an area superintendent.

5 Q. Can you give us a little bit of your job
6 responsibilities.

7 A. My responsibility is overseeing the operation
8 and maintenance of processing and gathering operations.

9 Q. Mr. Montgomery, can you identify what's been
10 marked here as Exhibit No. 7.

11 A. Yes, sir, this is a sample analysis of gas in
12 Palo Pinto County.

13 Q. And was that document prepared by you or at
14 your request or prepared by you?

15 A. No, sir, it's not prepared at my request. It
16 is it done through our Measurement Department.

17 Q. But somebody at Enbridge?

18 A. Yes, that is correct.

19 MR. JOLLY: I move to have Exhibit No. 7
20 admitted into the record.

21 (Atmos Exhibit 7 offered)

22 EXAMINER HANNA: Did you get a chance to
23 look at Exhibit 7? Are there any objections?

24 MS. McFADDIN: No objections, Your Honor.

25 EXAMINER HANNA: Admitted.

1 (Atmos Exhibit 7 admitted)

2 Q. (BY MR. JOLLY) Mr. Montgomery, can you
3 describe the BTU level of this gas and I guess based on
4 your experience, at that BTU level, is this residential
5 quality gas?

6 A. Okay. If you go back to what Mr. Garcia stated
7 earlier what we call residential quality gas is at 1,000
8 or less BTU factor. If you'll look here, you can see
9 the factor on the analysis here is well over 1,200 BTU
10 which is what we call in our industry a wet gas system
11 which is basically what a gathering system is so
12 therefore this would be stated as a wet gas analysis.

13 Q. And therefore not suitable for--

14 A. No, sir, not suitable for residential.

15 Q. What kind of problems does this gas cause if it
16 were used in a residential setting?

17 A. Well, like you said, this is a heavy gas being
18 at the 1,200 or higher; therefore, the free liquids are
19 easily extracted due to pressure or temperature change
20 and it falls out in the pipeline causing hazards as far
21 as freezing, stopping of gas flow. Those type of
22 things.

23 Q. Is it your understanding that the gas quality
24 will improve in the future?

25 A. No, sir, it will not.

1 Q. Is it expected to get worse or stay the same?

2 A. The gas quality will probably deteriorate
3 because the fields in this system are deteriorating as
4 well.

5 Q. Can you describe how Enbridge maintains this
6 line, what their standard or procedure is.

7 A. Well, our standard first and foremost by
8 Enbridge is we're committed to the safety and integrity
9 of everything within or system. It doesn't matter where
10 it's at. But as far as this particular system is, this
11 is a Class 3 regulated system; therefore, we follow all
12 the standards by the Railroad Commission, Pipeline
13 Safety and TCEQ.

14 Q. Thank you, Mr. Montgomery.

15 MR. JOLLY: I don't have anything else for
16 Mr. Montgomery.

17 EXAMINER HANNA: Cross-examination?

18 CROSS-EXAMINATION

19 BY MS. McFADDIN:

20 Q. Yes, Mr. Montgomery, how long has the BTU value
21 of this gas been in excess of 1,200 BTU?

22 A. As far as I've been in the system; the whole
23 entirety of my career.

24 Q. And how long have you been in the system?

25 A. 23 years.

1 Q. 23 years. So would it be fair to say that
2 since 2001, the BTU value of this gas has not made it
3 suitable for residential use?

4 A. Yes, ma'am, that's correct.

5 Q. Why in that case were you offering to
6 distribute natural gas to folks acquiring and developing
7 property on and around 2001?

8 A. Enbridge is just a transportation. We did not
9 service residential areas.

10 Q. Do you have agreements with the entities that
11 do service the residential areas like Atmos?

12 A. Yes, ma'am.

13 Q. Do you think it's appropriate for an entity
14 distributing natural gas that's not suitable for
15 residential quality to be soliciting and hooking up
16 residential customers to use that gas?

17 A. Well, I mean, it's through the entities of us
18 both, I mean.

19 Q. Do you think it's appropriate?

20 A. No, ma'am, it's not.

21 MS. McFADDIN: I have no further questions
22 of this witness.

23 EXAMINER HANNA: Redirect?

24 MR. JOLLY: I don't have anything.

25 EXAMINER HANNA: We have a couple of

1 questions.

2 THE WITNESS: Yes, ma'am.

3 EXAMINER HANNA: You said something in
4 regard to fields deteriorating as well.

5 THE WITNESS: Yes, ma'am.

6 EXAMINER HANNA: So are you referring to
7 the gas that's produced in the related field that you're
8 producing and putting in this gathering line, that that
9 gas continues to have this high BTU content?

10 THE WITNESS: Yes, ma'am, the wells that
11 we're gathering from are deteriorating.

12 EXAMINER HANNA: And I guess I'm confused
13 by the word deteriorating.

14 THE WITNESS: Deteriorating -- what I'm
15 talking about is the volume coming from those gas wells.
16 They are depleting the pockets that are in or the zones
17 they are in, as far as the BTU factor it could vary
18 depending on those zones.

19 EXAMINER HANNA: Is there the possibility
20 to comingle that high BTU gas with any other lower BTU
21 content gas so that Atmos could have a lower BTU content
22 in the gas that they serve residential customers?

23 THE WITNESS: No, ma'am, it's a long ways
24 off to get that done as far as miles, kind of like
25 Mr. Garcia was saying, it's the cost and effectiveness

1 of that is way out of whack to get that done
2 effectively.

3 EXAMINER HANNA: So there aren't any other
4 like producers in that area.

5 THE WITNESS: No, all the wells would be
6 similar BTU factor if you were coming out of those
7 zones.

8 EXAMINER RUIZ: Going back to the map, it
9 looks like the Enbridge Line--

10 EXAMINER HANNA: Let's be clear for the
11 record, so you're looking at the map that's been
12 attached to notice of appearance of counsel which isn't
13 an exhibit right now, so we have testimony -- I wonder
14 if we need to mark that as an exhibit.

15 Ms. McFaddin, do you plan on introducing
16 this map when you call a witness?

17 MS. McFADDIN: I was not.

18 EXAMINER HANNA: Okay. We can...

19 EXAMINER RUIZ: So the Enbridge Line runs
20 into Palo Pinto Lake.

21 THE WITNESS: Yes, ma'am.

22 EXAMINER RUIZ: And then the risers that
23 come off to the residential customers, the nine, are
24 those in the water also or are those just.

25 THE WITNESS: No, ma'am, they are not in

1 the water.

2 EXAMINER RUIZ: So they don't cross the
3 water source.

4 THE WITNESS: No, ma'am.

5 EXAMINER RUIZ: Thank you.

6 EXAMINER HANNA: You're excused.

7 THE WITNESS: Thank you.

8 (Off-the-record)

9 EXAMINER HANNA: Back on the record.

10 MR. YARBROUGH: Can Mr. Montgomery go now?
11 Is he free, you think?

12 EXAMINER HANNA: Let me go off the record
13 and think about that.

14 (Off-the-record)

15 EXAMINER HANNA: You are excused.

16 MR. JOLLY: That's all the evidence we
17 have.

18 EXAMINER HANNA: So you're resting your
19 direct case?

20 MR. JOLLY: Yes, ma'am.

21 EXAMINER HANNA: Did you have intentions of
22 offering the Application For Abandonment? It's not an
23 exhibit at this time.

24 MR. JOLLY: Yes.

25 EXAMINER HANNA: Okay. And if you don't

1 have copies you could provide one for the evidentiary
2 record at a later date, if you would like.

3 MR. JOLLY: I will do that.

4 EXAMINER HANNA: But there's been a lot of
5 reference to that.

6 Any objections to the application for
7 abandonment of service and facilities been filed in this
8 docket being admitted?

9 MS. McFADDIN: No objection. Should I
10 renumber my exhibits? Would you make that Exhibit 8 or
11 put a number on it when it's submitted?

12 EXAMINER HANNA: I was anticipating your
13 exhibits would be like -- have you already numbered
14 them?

15 MS. McFADDIN: I've already numbered them.

16 EXAMINER HANNA: That's not a problem.
17 What's your last exhibit?

18 MS. McFADDIN: Exhibit No. 12.

19 EXAMINER HANNA: Let's just make it 13. I
20 had called these Atmos 1 through 7 but now we have Atmos
21 13.

22 (Atmos Exhibit 13 admitted)

23 MS. McFADDIN: I'm sorry, Your Honor.

24 EXAMINER HANNA: That's okay. Not a
25 problem. Small record overall.

1 All right, so we've just admitted Exhibit
2 13 which is the Application For Abandonment, Atmos'
3 application and they've resting their direct case so
4 Ms. McFaddin, would you like to go forward on your
5 direct case.

6 MS. McFADDIN: I'd like to call my first
7 and only witness, John Salis.

8 JOHN SALIS,
9 having been first duly sworn, testified as follows:

10 DIRECT EXAMINATION

11 BY MS. MCFADDIN:

12 Q. Tell us what your full legal name is and please
13 spell it out for the court reporter.

14 A. Jonathan J-o-n-a-t-h-a-n Paul Salis S-a-l-i-s.

15 Q. Are you currently a resident of Palo Pinto,
16 Texas?

17 A. Yes.

18 Q. What is your address?

19 A. 1764 North Lake View Drive Palo Pinto, Texas
20 76484.

21 Q. And are you a residential customer that obtains
22 natural gas service from Atmos Energy and/or Enbridge?

23 A. Yes.

24 Q. When did you purchase the property?

25 A. Original property was purchased in 1997.

1 Q. And when did you move onto the property full
2 time as a resident?

3 A. I built a full-time house and moved from
4 Dallas/Fort Worth in around 2001.

5 Q. When were you first made aware of Atmos' intent
6 to abandon the residential portion of the Enbridge line?

7 A. When the offer letter dated I'm not sure --
8 excuse me, I'm sorry, March 27, 2014.

9 Q. Did you receive a letter sent by Atmos Energy
10 related to the abandonment of the pipeline at that time?

11 A. At that time I was given an offer for
12 Conversion -- Proposed Conversion of Services to
13 Alternative Energy Service.

14 Q. Did you consent to the abandonment of the
15 pipeline facilities and service to your residence?

16 A. No, I did not.

17 Q. And in fact, did you file an election form with
18 certain comments on the back outlining what your
19 concerns were?

20 A. Yes, I noted on the form itself with an
21 asterisk JPS addition offers and information required.
22 See back page, back of page.

23 Q. I'm going to hand you what I've marked as
24 Exhibit 8. Is this the election form filed with the
25 comments on the back?

1 A. Yes, it is.

2 Q. I'd like to introduce this as Exhibit 8 into
3 the record.

4 (Protestant Exhibit 8 offered)

5 MR. JOLLY: No objection.

6 EXAMINER HANNA: Admitted.

7 (Protestant Exhibit 8 admitted)

8 Q. (BY MS. McFADDIN) And briefly what were your
9 concerns at that time with respect to the offer letter?

10 A. Well, the offer letter, you know, kind of put
11 you in a position of, well, okay, I've got a gentleman
12 named Pete Brown on behalf of Atmos Energy offering to
13 remove me as a customer of their line, and I understand
14 that to a degree but it's the old gift horse, you know,
15 can it be -- what am I actually getting here? What am I
16 agreeing to by checking off this I consent box, you know
17 versus the decline box. Based on these questions that I
18 still had in my mind, I felt the only recourse I had was
19 to decline, so, until such time as I could review some
20 of the answers that I would hope were forthcoming from
21 Atmos in terms of the questions I raised, I wanted to
22 make -- do my due diligence and make an informed
23 decision.

24 Q. Did Atmos ever respond to the issues raised on
25 the back of the election form?

1 A. No.

2 Q. Did you receive notice from the Railroad
3 Commission regarding their application to abandon
4 portions of the Enbridge Pipeline OP in August, 2014?

5 A. Actually I guess the first thing I saw was an
6 application dated July 29, 2014 that was copied to
7 myself and the other eight affected parties.

8 Q. And did you file a letter dated August 10, 2014
9 protesting the abandonment of those lines?

10 A. Yes, I did.

11 Q. Is this a copy of the letter that you filed
12 with the Railroad Commission protesting?

13 A. It is, but it's -- it also included the
14 election form. All right, so, and it's and the answered
15 in the letter, so...

16 MS. McFADDIN: I would like to introduce as
17 letter of protest dated August 10 into the record as
18 Exhibit 9.

19 (Protestant Exhibit 9 offered)

20 MR. JOLLY: No objection.

21 Q. (BY MS. McFADDIN) Why did you request a
22 hearing?

23 A. I felt that, you know, when somebody offers me
24 something and I come back with relevant questions and
25 they are nonresponsive I felt that I needed to have a

1 different review of this situation beyond obviously the
2 fact that I felt they didn't care that I was going to
3 get rubber-stamped into a process without any of these
4 concerns brought to light.

5 Q. Since you filed your protest letter on August
6 10, has Atmos Energy ever notified you regarding the
7 issues that you raised in your election form?

8 A. No.

9 Q. Has Atmos Energy ever notified you regarding
10 the deteriorating quality of the natural gas being
11 delivered to your residence?

12 A. No.

13 Q. Has Atmos Energy ever informed you of the
14 deteriorating quality of the natural gas being delivered
15 to your residence could result in air quality issues
16 within your residence?

17 A. No.

18 Q. Have you or your family noticed any problems
19 with the air quality in your home?

20 A. Not that I can speak of.

21 Q. Do you have a carbon monoxide monitor?

22 A. I have one in the water heater closet, yes.

23 Q. Do you know if it's operational?

24 A. I do not. I will tomorrow.

25 Q. Did these gas quality issues first come to your

1 attention when you reviewed the pending application
2 filed by Atmos in July?

3 A. Yes.

4 Q. Has Atmos Energy at any time made any effort to
5 discuss the quality of the natural gas that's being
6 delivered to your residence with you or your family
7 since your notice of protest in August?

8 A. No. Other than the written application, no.
9 No verbal communication regarding it.

10 Q. Were you ever notified before this proceeding
11 -- did a service tech ever inform you there were
12 possible problems with the high BTU value of the natural
13 gas being delivered?

14 A. I've never heard mention of high BTU gas. I've
15 heard mention of generic terms of the liquid in the line
16 or water in the line in terms of when we'd have service
17 disruptions.

18 Q. Was it ever discussed with you temperature and
19 pressure variations could result in equipment failures?

20 A. Not per say. It was more generalized of
21 there's water in the line. You know in terms of the
22 information I was getting usually from somebody at my
23 door in the middle of the night telling us we're going
24 to shut the gas off in some occasions or it's been shut
25 off or we've called to say we don't have gas or our

1 heater is not working.

2 Q. Did anybody from Atmos or Enbridge ever discuss
3 with you the possibility that your equipment might not
4 be able to completely combust this high BTU gas?

5 A. No.

6 Q. Was the issue of air quality issues or perhaps
7 excessive emissions of carbon monoxide ever brought to
8 your attention?

9 A. No.

10 Q. And you've been getting this gas since 2001; is
11 that correct?

12 A. Since 1997 I've been a customer of Loan Star
13 Gas then converted to Atmos.

14 Q. And since 1997 you don't recall ever receiving
15 any information about incomplete combustion or air
16 quality issues within your residence when using this
17 non-suitable gas?

18 A. No, I have not.

19 Q. In fact, have you ever been told the gas that
20 you were using and paying for was unsuitable for
21 residential use?

22 A. No, that was shocking to physically read that
23 in the application.

24 Q. Do you believe that Atmos should have said
25 something to you when you called them on service calls

1 reporting the problem you were having with your
2 equipment?

3 A. I mean, whoever shows up and I recall Enbridge
4 folks showing up at my front door also in terms of
5 servicing the line. Maybe when these times pigging the
6 line, because often I know I would be out of town seemed
7 like when this happened, traveling on business and my
8 wife would call, the gas is down. Somebody comes in and
9 lights the pilots again, you know, don't let everybody
10 just run off and turn it back on and we don't get the
11 pilots lit. I know that she has experienced times where
12 she had to engage the folks and they always said, this
13 stuff has water in it. That was -- it was liquid and
14 water and I never considered what was it really, you
15 know. Is it water? I don't...

16 Q. You thought water meant water.

17 A. Right. Water.

18 Q. To change tacks a little bit, what is the
19 visual condition of the natural gas pipeline facilities
20 in your community in your opinion?

21 A. One of these that's down the street that
22 actually has the three meters North Lake View residents
23 is located in the front yard of a dentist's office that
24 he operates there one day a week. He's a metroplex
25 dentist in a lake house and he stays over an extra day,

1 but often there is a gas smell there. The mail lady
2 puts post-its in my mailbox stating, call the gas
3 company; there's a smell out here. And typically I let
4 Dr. Bidas know and they call the gas company, so, the
5 smell is not in my front yard, it's 400 feet down the
6 road, but...

7 Q. You indicated earlier that there were some --
8 what appear to be riser pipes above surface.

9 A. There's and I've taken lots of documentary
10 photos of what I see the infrastructure in place now and
11 it's old meters and old risers, valves that are
12 protruding out of the dirt. Different things and folks
13 front yards or even in the easement right outside their
14 front yard, but of course they are hazards to mowers and
15 tractors and things like that, that attempt to maintain
16 the community.

17 Q. Do you believe that the existent of these pipes
18 and what appear to be abandoned facilities impairs the
19 aesthetic quality of your community?

20 A. Definitely.

21 Q. Are you concerned that abandoned equipment and
22 facilities will be left in place similar to what has
23 been left in place in the past?

24 A. Yes.

25 Q. Does the testimony that you've received today

1 regarding their exact abandonment plans make you feel
2 any more confident about that?

3 A. To a degree when I hear that there will still
4 be elements at surface, that bothers me.

5 Q. You purchased this property in 1997. At the
6 time that you purchased the property, did you enter into
7 an office to purchase real estate with an agreement to
8 sell real estate and a warranty deed?

9 A. Yes.

10 Q. I'm handing you what as I've marked as Exhibit
11 10. Is this the offer to purchase real estate that you
12 entered into when you purchased this property in 1997?

13 A. Yes.

14 Q. When you purchased this property in 1997, was
15 the natural gas availability something you looked at and
16 considered when you determined whether you wanted to buy
17 and developed this property?

18 A. I felt it had value in terms of as you can see
19 from this community, there's nine meters, okay, so out
20 of the hundreds of people that live around this lake,
21 there's value in that at the time. I'm a big proponent
22 of natural gas, believe it or not, as a low-cost energy
23 source, so having that for a home that we were planning
24 to build as our last place, and me thinking it would be
25 energy efficient for quite a long time due to the

1 accessibility of natural gas was important to me, yes.

2 Q. And in fact, page 1 of Exhibit 10 offer to
3 purchase other terms subsection B states demonstrate
4 good working order of water well, electric service, gas
5 service and septic system, doesn't it?

6 A. That's correct.

7 Q. Could you show us -- identify where else in
8 these documents, the availability of natural gas is
9 referenced.

10 A. On the last page of agreement to sell, no, I'm
11 sorry. On item 22, special clauses, we move down to
12 that, it talks about title policy survey and all other
13 exceptions listed on the attached offer to purchase
14 exceptions are noted here as other terms on the offer to
15 purchase.

16 Q. So when you acquired this property and
17 determined that you would develop it into a residential
18 property at some point for your own full-time use, were
19 you relying on the fact that there would be continued
20 availability of natural gas?

21 A. It was very instrumental in our design of our
22 home.

23 MS. McFADDIN: Your Honor I'd like to
24 introduce Exhibit 10 into evidence.

25 (Protestant Exhibit 10 offered)

1 MR. JOLLY: No objection.

2 EXAMINER HANNA: Admitted.

3 You never did offer 9. Would you like to.

4 MS. McFADDIN: Yes, I'd like to offer 9
5 too.

6 EXAMINER HANNA: Admitted.

7 (Protestant Exhibits 9 and 10 admitted)

8 Q. (BY MS. McFADDIN) In preparing for this
9 hearing today, did you prepare a spreadsheet showing
10 your cost for using natural gas at your retail rate?

11 A. Yes, I did.

12 Q. And the copy of Exhibit 11 on this, can you
13 confirm this is the spreadsheet you prepared?

14 A. Yes, it is.

15 MS. McFADDIN: Your Honor, I would like to
16 introduce this as Exhibit 11, it's a spreadsheet showing
17 the retail cost of natural gas.

18 EXAMINER HANNA: Do you have two of those
19 for us as a courtesy copy? We're co-examiners.

20 MS. McFADDIN: Yes. I'm sorry. I didn't
21 know how many.

22 Q. (BY MS. McFADDIN) When you reviewed Exhibit
23 10, what is the cost per MMBTU of natural gas the
24 current retail rate?

25 A. I calculated basically by going to Atmos'

1 website and the downloading -- they have an easy way to
2 download a spreadsheet that lists out your payment
3 amount through the same two-year period I believe that
4 they have also looked at, so what I did was take that,
5 divide it and I end up with an MMBTU Atmos retail cost
6 is what I'm looking at \$10.30 MMBTU.

7 Q. Is this significantly less than the cost
8 identified in Exhibit 4 for the use of propane?

9 A. Yes, the Exhibit 4 actually is also referenced
10 in the application part 5F, the most reasonable
11 alternative energy source for the directly affected
12 customers is propane. Propane and the area currently
13 cost around 25.87 per MMBTU. Another alternative energy
14 source for the directly affected customer is
15 electricity.

16 EXAMINER HANNA: Where are you reading that
17 from?

18 THE WITNESS: That's from the application.

19 EXAMINER HANNA: Could you be more specific
20 so the record is more clear on exactly what is in the
21 application.

22 THE WITNESS: This is part 5F. Item F.
23 Anyway, it states two factors there that we've discussed
24 also in Exhibit 4 which lists propane at 25.87 MMBTU and
25 electricity at 34.57 MMBTU.

1 Q. (BY MS. McFADDIN) When you examine Exhibit No.
2 10, how much per year does did cost you on a retail
3 basis to use natural gas?

4 A. Retail basis \$649.

5 EXAMINER HANNA: You just said Exhibit 10
6 and this is Exhibit 11.

7 MS. McFADDIN: Exhibit 11. I'm sorry,
8 Exhibit 11.

9 Q. (BY MS. McFADDIN) And on Exhibit 11, how much
10 per year assuming the cost per MMBTU is shown in Exhibit
11 4 is correct would it cost you per year to convert to
12 propane?

13 A. The cost would be \$1,629.

14 Q. And for electricity?

15 A. \$2,178 using the numbers presented in the
16 application.

17 Q. In your opinion, is the use of propane and
18 electricity significantly more costly to you per year
19 than using natural gas?

20 A. Yes, twice to three times as much.

21 Q. Before attending this hearing did you believe
22 that that cost increase was unreasonable?

23 A. Surely.

24 Q. Have you reviewed the cost estimate revisions
25 that were sent by Atmos Energy by a letter dated

1 September 15, 2014?

2 A. Yes, I have.

3 Q. Is this a copy of that letter?

4 A. Yes.

5 MS. McFADDIN: Your Honor, I'd like to
6 introduce the Atmos Energy Letter dated September 25,
7 2014 into evidence.

8 (Protestant Exhibit 12 offered)

9 EXAMINER HANNA: Exhibit 12. Any
10 objection?

11 MR. JOLLY: No objection.

12 EXAMINER HANNA: Exhibit 11 has never been
13 offered.

14 MS. McFADDIN: I would like to enter into
15 evidence Exhibit 11.

16 (Protestant Exhibit 11 offered)

17 MR. JOLLY: No objection.

18 EXAMINER HANNA: Admitted.

19 (Protestant Exhibits 11 and 12 admitted)

20 Q. (BY MS. McFADDIN) After considering the
21 testimony received about the deteriorating quality of
22 the natural gas you have been using for the past 13
23 years, are you still of the opinion that it is
24 unreasonable to convert?

25 A. No, I think I need to be off it as quickly as I

1 can.

2 Q. Are you concerned that your equipment in your
3 home may be incompletely combusting generating
4 combustion byproducts that could impair your health
5 safety?

6 A. Based on what I've heard today, yes.

7 Q. Have you been diligent about maintaining your
8 carbon monoxide monitor?

9 A. Yes, I mean, I check the light is shining in
10 it, means it's lit; it's good.

11 Q. Would you have been more diligent and concerned
12 had you known that incomplete combustion byproducts
13 might be generated in your home that could lead to
14 excessive carbon monoxide emissions?

15 A. Yes, definitely be more concerned prior you
16 know, to discovering this.

17 Q. Do you believe the other eight residential
18 customers using this natural gas have been informed that
19 it contains high levels of liquids that could be
20 incompletely combusted?

21 A. I can't speak to that. I don't know if they
22 would read these documents as well as I have and raise
23 the questions I have raised.

24 Q. Do you think they would want to know?

25 A. Yes.

1 Q. Do you think they would be concerned if they
2 believed that combusting natural gas unsuitable for
3 residential uses could result in the emission of carbon
4 monoxide? Do you think that would be a big concern to
5 them?

6 A. I would think so, yes.

7 Q. After hearing the testimony introduced into
8 evidence this morning, do you believe at this point that
9 you need to convert to an alternate energy source such a
10 propane or electricity?

11 A. Yes.

12 Q. Do you believe that needs to occur as soon as
13 possible?

14 A. Yes. Winter is coming.

15 Q. Are there any stipulations that you would like
16 to recommend should that conversion proceed during that
17 interim period?

18 A. Well, I guess I've heard testimony where Atmos
19 arranges for somebody to come in and do this type of
20 work. I tend to operate on a different -- my background
21 is construction and architecture. I always feel best
22 when there is a general contractor sitting on a top of a
23 variety of subs that actually do work in my home and I
24 insist they are bonded, insured and that when they crack
25 the egg open on my house that there's nothing left

1 amiss. Very important aspect of what maybe could have
2 been communicated prior to all this if there had been
3 any kind of responsiveness to some of these questions,
4 so general contractor, master electricians, plumbers,
5 tradesman that are covering all scopes of what would be
6 involved to convert my home.

7 I designed my house. It's not what you
8 would call conventional by any means so having a blanket
9 solution is probably not going to work. It's going to
10 have to be thought out a little beyond this is what we
11 do.

12 Q. Would you like these services, the general
13 contractor, the master electrician, master plumber, who
14 are properly bonded would you like this to be at their
15 expense as soon as possible?

16 A. Yes.

17 Q. In addition, are you wanting to have the
18 residential lines removed including the loop that we
19 talked about, having the riser line properly capped and
20 testing to make to sure it is not going to leak, you
21 want those activities also done at their expense?

22 A. Yes, I think it's very important that beyond
23 and just to articulate how the meter set up is, the
24 meter is actually located about 500 hundred feet from my
25 house. You service the line off the line, it travels

1 down the utility easement, enters my property which I
2 guess is my responsibility now that I've got -- will not
3 service that I've got an abandoned piece of my property,
4 subsurface in an utility easement and based on what I've
5 heard, I don't really know what the content of that gas
6 that's been travelling some 40 years is really like, so,
7 I also think that the service lines from meters need to
8 be pulled up to the residences. And I know it's not the
9 normal operating procedure but in this case, I think
10 based on what I've heard, the quality of the gas and
11 what ifs of what this gas really is, it's important that
12 I get this line out of my house and out of my yard, and
13 I don't want to be the one that pays for it.

14 Q. In addition, as you noted we are coming into
15 cold weather season and it's not clear how long it will
16 take to convert your energy sources. Do you feel it
17 appropriate to have properly qualified HVAC folks
18 inspect natural gas equipment in your home and whether
19 or not it's capable of properly combusting high MBTU gas
20 in the interim before the conversion occurs at their
21 expense?

22 A. Yes, immediately.

23 Q. Do you have any other comments or concerns that
24 you'd like to make?

25 A. Just that this all could have all been avoided,

1 I think, with a little communication and more
2 understanding of how a customer actually feels when they
3 are offered this type of thing and you're pushed up
4 against a wall, basically, with a letter that doesn't
5 give you much latitude and then not to have questions
6 answered by a company representatives who or employees
7 of the company is disheartening.

8 Q. Are you angry that you were never notified in
9 the past 13, 15, 20 years that the gas that you were
10 using was not suitable for residential use?

11 A. Yes, I am.

12 Q. Are you angry to find out that the use of this
13 unsuitable gas may have contributed to air quality
14 problems in your home?

15 A. Yes, I am.

16 Q. Is it true that you and your wife have been
17 experiencing a series of health problems over the past
18 few years?

19 A. Yes, we have.

20 Q. Do those problem include breathing, respiration
21 or other problems?

22 A. No, they do not.

23 MS. McFADDIN: I'll pass the witness.

24 EXAMINER HANNA: Cross-examination?

25 CROSS-EXAMINATION

1 BY MR. JOLLY:

2 Q. Mr. Salis, did you hear Mr. Pete Brown testify
3 earlier that he returned one of your voicemails and left
4 you a voicemail?

5 A. That's correct.

6 Q. Why didn't you call him back to discuss your
7 issues?

8 A. Was that around April? Do we know when that
9 was? April, 2014. Do you have testimony what date that
10 was?

11 Q. It was in that time period of the initial
12 offer, I think came in March 2014 and I'm assuming the
13 phone call sometime after that.

14 A. Okay. I don't know why I didn't call back. I
15 can -- I can offer that I went into the hospital on
16 April 14, and was there for 11 days. Okay. So, and
17 when I got out, I was under home healthcare for probably
18 another two months so if I didn't address Mr. Brown,
19 there was probably a reason. I had other things on my
20 mind. You know when you send something back in writing,
21 you ask for something in writing, part of my business is
22 determining information as well and I find that the
23 written trail is far better to have than to have a
24 verbal trail so I was respectfully offering my opinion
25 and questions and expected an answer in writing.

1 MR. JOLLY: I don't have anything else.

2 EXAMINER HANNA: Redirect?

3 REDIRECT EXAMINATION.

4 BY MS. McFADDIN:

5 Q. If you had been aware as indicated in July,
6 2014 application that the natural gas was unsuitable for
7 residential use and/or contained high levels of liquids
8 that could potentially be incompletely combusted,
9 leading to air quality issues in your home, would you
10 have been more diligent in pursuing your concerns with
11 Atmos?

12 A. If I had known prior?

13 Q. Yes, if you had known back in March/April that
14 some of these issues--

15 A. Yeah, what's interesting to me about how this
16 has played out, I have an offer. It mentions nothing of
17 air quality or NGL, natural gas liquids or any of that.
18 When the application comes along, it's almost like wow,
19 I can't believe this stuff, and I'm reading this, so,
20 now it becomes even more of an issue in terms of my
21 feeling of what's going on here. Why have I not gotten
22 these answers? Well, here -- here's the answers right
23 here in their own application, so yes, my level of
24 concern has risen every time I see another piece of
25 paper as well.

1 Q. So the fact that you may not have returned a
2 phone call in March or April, a time during which you
3 testified you were ill, is maybe perhaps in part because
4 you did not realize the gravity of the problems
5 presented by the natural gas that was being distributed
6 to your residence for your use?

7 A. That's correct, all I was going on was the
8 proposed conversion letter of March 27th, which is not
9 specific to those types of things.

10 MS. McFADDIN: No further questions, Your
11 Honor.

12 EXAMINER HANNA: Recross?

13 MR. JOLLY: Nothing further.

14 EXAMINER HANNA: You testified that you
15 wanted to be converted quickly, and could you please
16 specify like to what, precisely, and let me finish my
17 question because I refer to Exhibit 8 where on item 3,
18 in your letter to Atmos, you talk about -- I'm going to
19 paraphrase and the exhibit will speak for itself, so, it
20 would be -- you're basically saying that you want some
21 alternative energy source and is there anything other
22 than propane or electricity because of what you are
23 alleging are accelerated operating costs if you're not
24 using gas if you're using electric or propane so we want
25 to be clear what it is you said you wanted it to happen

1 quick. What is it that you want to happen?

2 THE WITNESS: Well, I don't want to have
3 gas that's not residential quality being pumped into my
4 home from as quick as I can get it in terms of resolving
5 this. I'm still settled with increase lifecycle costs
6 with either one of these conversion alternatives, so to
7 me, that's still a problem, okay. Realistically I also
8 don't want a propane tank in my front yard, so that puts
9 me in electricity which then puts me into the higher
10 alternative that has been offered here and again I go
11 back, is there any avenue to pursue the true traditional
12 alternative energy definition beyond propane and
13 electricity. And I looked and tried to research what
14 the legal definition in the State of Texas of
15 alternative energy is and I don't think there is one. I
16 know within this agency it's propane. It seems to be
17 within the Railroad Commission, so, I guess where I'm
18 going is, I don't have the answer to that today.

19 EXAMINER HANNA: But what is it that you're
20 requesting? What is that that you want Atmos to do?

21 THE WITNESS: Well, I don't know if I'm at
22 that point yet. I'm riled up now that I've heard all
23 this other stuff so it's kind of a where-am-I-now
24 moment. I mean, I realize we want to make a decision
25 here but I have a lot to consider.

1 EXAMINER HANNA: Did you have any other
2 witnesses, Ms. McFaddin?

3 MS. McFADDIN: I have no other witnesses
4 today.

5 EXAMINER HANNA: Did you want to offer
6 Exhibit 11 and 12?

7 MS. McFADDIN: Yes, please. I think I
8 already offered 11 but yes I want to offer 12 as well.

9 (Protestant Exhibits 11 and 12 offered)

10 EXAMINER HANNA: I'm the keeper of the
11 record.

12 MS. McFADDIN: I'm sorry. I thought you
13 asked and I said yes.

14 EXAMINER HANNA: Objections to 11 and 12?

15 MR. JOLLY: No objections to 11 and 12.

16 EXAMINER HANNA: They are admitted.

17 (Protestant Exhibits 11 and 12 admitted)

18 EXAMINER HANNA: Mr. Jolly, would you
19 remind us. We're looking for...

20 EXAMINER RUIZ: The initial operating costs
21 that included the cost of gas.

22 EXAMINER HANNA: And then you refiled them
23 without the cost of gas. Where did we see those
24 originally that included in the cost of gas? Are they
25 in the application?

1 MR. JOLLY: It was in the application.

2 Yes, ma'am. It was -- I have one copy.

3 EXAMINER HANNA: We have the application.

4 We're just trying to remember where we saw it.

5 MR. JOLLY: It's in section 4 of

6 application.

7 EXAMINER RUIZ: So there's not a breakdown

8 by customer?

9 MR. JOLLY: No.

10 MR. YARBROUGH: Were you attempting to

11 identify the gas cost potentially embedded in that?

12 EXAMINER HANNA: Yeah, we're reviewing

13 Exhibit 11 that was admitted and we're trying to compare

14 it to Atmos's figures.

15 MR. YARBROUGH: They don't have a monthly

16 breakdown in the application; however, if you wanted to

17 take official notice of Mid-tex's monthly gas filings

18 for these months with the Gas Services Division and you

19 could obtain the gas cost embedded in each of those

20 filings.

21 EXAMINER RUIZ: Assuming that will be the

22 difference between his calculations and his would be the

23 gas cost, but I was try to verify that.

24 MR. YARBROUGH: I would assume that would

25 be a yes.

1 EXAMINER RUIZ: Mr. Salis, in looking at
2 your Exhibit 11, and also Exhibit 9, in Exhibit 9, you
3 talked about the added cost each year if you convert.

4 THE WITNESS: Correct. Are we looking at
5 this table?

6 EXAMINER RUIZ: Yes.

7 EXAMINER HANNA: For the record that's the
8 table in Exhibit 9?

9 EXAMINER RUIZ: Page 3 of Exhibit 9.

10 EXAMINER HANNA: Because I didn't get a
11 courtesy copy of that.

12 MS. McFADDIN: I think I have another copy
13 if you need it.

14 EXAMINER HANNA: That'd be great.

15 THE WITNESS: The numbers are different,
16 right? Yeah.

17 EXAMINER RUIZ: So Exhibit 11, if you take
18 the difference of 649 and the 1629 the electric cost or
19 the 2178.

20 THE WITNESS: Correct.

21 EXAMINER RUIZ: Propane cost and the 2178
22 electric cost, that's your increase each year.

23 THE WITNESS: Correct, that's based off the
24 numbers derived from the application for the MMBTU of
25 the electricity and propane and then dividing my same

1 period of time by the number of MBTUs and deriving a
2 cost per MMBTU of natural gas. This prior document,
3 you'll note that it says estimated increase of energy
4 cost per account using Atmos Energy calculator which is
5 a tool they have online that you go in and plug in your
6 values, so, prior to actually knowing what the MMBTU per
7 -- or the dollar per for electricity and propane, I use
8 their own site to make assumptions and so, this is a
9 prior document to what you're looking at that
10 spreadsheet which has the actual values that occur in
11 the application, so this is a preliminary cursory look.
12 That is the true numbers that I derived based on the
13 information they've provided and my actual billing.

14 EXAMINER RUIZ: Okay.

15 EXAMINER HANNA: Okay, those were all of
16 our questions. Did you have any follow-up questions on
17 the questions that we asked?

18 MS. McFADDIN: No, ma'am.

19 MR. JOLLY: No, ma'am.

20 EXAMINER HANNA: We have a couple of
21 housekeeping matters. I think we'll go off the record
22 and discuss those like a briefing schedule and a couple
23 of other things.

24 (Off-the-record)

25 EXAMINER HANNA: Back on the record. Okay,

1 while we were off the record, we talked about a briefing
2 schedule, and the parties -- the transcript will come in
3 within two weeks which is October 9th and the parties
4 have agreed on a closing brief of October 24th, and
5 reply briefs by October 31st. The examiners remind the
6 parties to be sure to cite to the evidentiary record in
7 the transcript in their closing briefs, and obviously
8 the elements that need to be established in the case,
9 the law, and the facts that support that law. I've also
10 asked the parties to include some of their briefing on
11 the motion that's already been ruled on in regard to
12 party status of Make a Difference Water caselaw that
13 relates to that so the examiners will have an
14 opportunity to review those before issuance of the
15 proposal for decision to determine if the ruling still
16 stands on that.

17 Oh, and there will be submission of the
18 evidentiary record copy of the Exhibit 13 which is just
19 the application for abandonment. We just would like a
20 marked copy of that for the evidentiary record and I
21 think that's it. Is that right and I'd like on the
22 record that the parties agree to that briefing schedule
23 and actually proposed it.

24 MR. JOLLY: Atmos Energy agrees to the
25 briefing schedule.

1 MS. McFADDIN: The Protestants also agree
2 to the briefing schedule.

3 EXAMINER HANNA: Thank you.

4 (Proceedings concluded at 2:35 p.m.)

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1 THE STATE OF TEXAS)

2 COUNTY OF TRAVIS)

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4 I, Jamie Foley, Certified Shorthand Reporter
5 in and for the State of Texas, do hereby certify that
6 the above and foregoing contains a true and correct
7 transcription of all portions of evidence and other
8 proceedings requested in writing by counsel for the
9 parties to be included in this volume of the Reporter's
10 Record, in the above-styled and numbered cause, all of
11 which occurred in open hearing and were reported by me.

12 I further certify that this Reporter's Record
13 of the proceedings truly and correctly reflects the
14 exhibits, if any, offered by the respective parties.

15 WITNESS MY OFFICIAL HAND this the 7th day
16 of October, 2014.

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