

111 FERC ¶61,115
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

April 21, 2005

In Reply Refer To:
Florida Gas Transmission Company
Docket No. RP05-241-000

Florida Gas Transmission Company
P.O. Box 4967
Houston, TX (77210-4967)

Attention: Michael T. Langston
Sr. Vice President

Reference: Revised Tariff Sheets Reflecting Flex Adjustment to Base Fuel
Reimbursement Charge Percentage

Ladies and Gentlemen:

1. On March 22, 2005, Florida Gas Transmission Company (FGT) filed revised tariff sheets¹ to implement a downward flex adjustment of 0.42 percent to its current Base Fuel Reimbursement Charge Percentage (FRCP) of 3.67 percent, resulting in a revised FRCP of 3.25 percent, effective April 1, 2005. The tariff sheets are accepted, effective April 1, 2005, as requested. This order benefits the public interest by ensuring that FGT's retainage of fuel and lost and unaccounted for gas more accurately reflects its system's needs.

Details of FGT's Filing

2. Section 27.A.2.b of the General Terms and Conditions of FGT's tariff provides that FGT may file for flex adjustments to the Base FRCP at any time. A flex adjustment shall not adjust the Base FRCP more than 0.50 percent, and shall become effective at the beginning of a month without prior FERC approval. The section also includes required timelines for FGT to make the tariff filing and post notice of the flex filing on its EBB.

¹ Listed in the Appendix.

3. Pursuant to section 27.G, FGT maintains a Deferred Fuel Account to record the differences between its actual and retained fuel, which are trued-up through a Unit Fuel Surcharge (UFS).

4. FGT states that an FRCP of 3.25 percent reflects its expectation for actual fuel usage at the beginning of the current six-month Summer Period, which began April 1. Further, it states that this adjustment will lessen the potential for over-recovery of fuel, and will minimize the Deferred Fuel Account balance and Unit Fuel Surcharge in the next Summer Period. Finally, FGT states that it expects it will be necessary to flex upward in the ensuing Summer Period months, as throughput and deliveries increase.

Notice, Interventions, and Protests

5. Public notice of FGT's filing was issued on March 25, 2005. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2004)). Pursuant to Rule 214 (18 C.F.R. § 154.214 (2004)), all timely filed motions to intervene are granted. Any motion to intervene out-of-time received before the date of this order is also granted.

6. Florida Municipal Natural Gas Association (FMNGA) filed comments stating that:

FMNGA is confused. FGT seems to be saying that the 3.67% number in its prior filing is too high based on its expectations for this coming Summer Period but that the 3.25% number in the subject filing is too low based on its expectations for this coming Summer Period. The porridge is too hot *and* too cold at the same time!²

FMNGA believes that FGT should put in place a fuel use number that will not require an upward or downward adjustment.

Discussion

7. FMNGA does not question the basis for this filing, nor allege that FGT has either acted imprudently in its fuel retention practices, or violated its tariff. Rather, FMNGA appears to object to the fact that FGT made this filing at all, and may file again during the current Summer Period to adjust its fuel retention percentage. We do not share FMNGA's concern about FGT's use of a tariff mechanism that enables it to fine tune its

² FMNGA Comments, p. 3.

fuel retention percentage. To the contrary, it appears that FGT's flex filings are intended to allow it to minimize discrepancies between actual and retained fuel use, which in turn minimizes the balance in the Deferred Fuel Account, resulting in less volatility in the UFS.

8. Further, since FGT's tariff provides for implementation of only one fuel retention percentage at a time, it seems reasonable that FGT would initially file for a Base FRCP, which according to the methodology in its tariff results in an average FRCP based upon actual experience during the previous Summer Period, and then fine tune the percentage according to anticipated short term trends in the demand load during the current period. FGT's flex filing is, therefore, consistent with its tariff.

By direction of the Commission.

Magalie R. Salas,
Secretary.

APPENDIX

Florida Gas Transmission Company
Docket No. RP05-241-000

Revised Tariff Sheets
to FERC Gas Tariff, Third Revised Volume No. 1
Accepted Effective April 1, 2005

Seventieth Revised Sheet No. 8A
Sixty-Second Revised Sheet No. 8A.01
Sixty-Second Revised Sheet No. 8A.02
Twenty-Second Revised Sheet No. 8A.04
Sixty-Fifth Revised Sheet No. 8B
Fifty-Eighth Revised Sheet No. 8B.01
Fourteenth Revised Sheet No. 8B.02