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

(May 2, 2008)

In Reply Refer To:
Columbia Gulf Transmission Company
Docket No. RP08-305-000

Columbia Gulf Transmission Company
5151 San Felipe, Suite 2500
Houston, TX 77056-3639

Attention: James R. Downs, Director of Regulatory Affairs

Reference: First Revised Sheet No. 241 to FERC Gas Tariff, Second Revised Volume No. 1

Dear Mr. Downs:

1. On April 2, 2008, Columbia Gulf Transmission Company (Columbia Gulf) filed the referenced tariff sheet to add a new section 26.10 (Correction of Metering Errors) to the General Terms and Conditions (GT&C) of its tariff governing the testing and correction of measuring equipment on its system. The tariff sheet is accepted and suspended, effective May 2, 2008, subject to refund and the conditions discussed below.

2. Columbia Gulf proposes tariff provisions that would establish:[1] (1) the rights and obligations of the parties with respect to the testing of measurement equipment; (2) the cost responsibility for testing of equipment; (3) quantification of measurement error that requires correction if (a) the total measurement adjustment is greater than 500 Dth

[1] The Commission notes that Columbia Gulf's transmittal letter description of its proposal does not match the proposed tariff language. The summary of the proposed change is based on Columbia Gulf's proposed tariff language.

per month and the total error is greater than one percent (1%)[2] or (b) the total measurement adjustment is greater than 10,000 Dth; and (4) the procedures that will be followed when measuring equipment is out of service and cannot be repaired.

3. Columbia Gulf asserts that most major interstate natural gas pipelines have similar provisions, including Columbia Gulf's sister pipeline, Columbia Gas Transmission Corporation (Columbia Gas).[3] Columbia Gulf states that these provisions will benefit both Columbia Gulf and its shippers by reducing meter errors on its system and, thus, providing a more accurate measure of the volumes flowing on its system. Columbia Gulf states that the threshold for correcting previously measured volumes is set at the lesser of 1 percent or 10,000 Dth. According to Columbia Gulf, establishing an alternative 10,000 Dth measurement correction threshold, will allow for corrections at very large meters, where even a small percentage error could potentially result in large errors in measured volumes. In addition, for administrative ease, Columbia Gulf asserts that it proposes no correction to previously measured volumes when the total aggregate error does not exceed 500 Dth in a given month.

4. Public notice of the filing was issued on April 3, 2008. Interventions and protests were due on or before April 14, 2008. Pursuant to Rule 214 (C.F.R. § 385.214 (2007)), all timely filed motions to intervene and any motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. Tennessee Valley Authority (TVA) filed comments stating that it supports Columbia Gulf's efforts to improve the testing and correction of measurement equipment on its system. However, TVA suggested numerous revisions to the proposal in order to provide more structure, fairness, and certainty to this process. Columbia Gulf filed an answer to TVA's adverse comments. While the Commission's regulations do not permit the filing of answers to protests,[4] the Commission will accept the answer because it provides additional information which aids in our decision-making process.

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[2] In support of the 1 percent standard, Columbia Gulf cites examples in other pipeline tariffs: Gulfstream Natural Gas System, LLC, Original Sheet No. 115; Colorado Interstate Gas Co., First Revised Sheet No. 328; Discovery Gas Transmission, LLC, Original Sheet No. 175; Florida Gas Transmission Company, Original Sheet Nos. 213-214; Kern River Gas Transmission Co., Original Sheet No. 82; Texas Eastern Transmission, LLP, Original Sheet Nos. 578-579; Trailblazer Pipeline Co., Original Sheet No. 225.

[3] *Citing* Columbia Gas Transmission Corp., FERC Gas Tariff, Third Revised Volume No. 1, Second Revised Sheet Nos. 415 and 416.

[4] 18 C.F.R. § 385.213 (2007).

5. TVA argues that, before Columbia Gulf implements any new provision that assigns cost responsibility for testing and repairing meters, Columbia Gulf should test all of its meters and ensure that they are accurate and in good working order in accordance with applicable industry standards and shipper satisfaction. TVA states that to the extent that any meters are found to be inaccurate or in disrepair, Columbia Gulf should recalibrate, repair, or replace those meters at its expense, then re-test the meter within thirty (30) days of such recalibration or repair to ensure accuracy.

6. In its answer, Columbia Gulf states that it has established operation and maintenance procedures for the measurement equipment it operates and conducts routine verification and inspection of these facilities – many as frequently as once a month. Columbia Gulf states that there are also several meter facilities on its system that it does not operate and thus would not be able to test or inspect without the authority provided by section 26.10. Columbia Gulf asserts that TVA's request that the Commission delay approval of section 26.10 until additional testing is completed is unnecessary in light of Columbia Gulf's current operation and maintenance plans. Further, Columbia Gulf states that it would also needlessly delay the implementation of provisions which TVA has recognized as beneficial. Accordingly, Columbia Gulf states that TVA's request should be rejected.

7. We deny TVA's request. Columbia Gulf states that it has an established routine for performing tests on the meters that it operates. TVA neither alleges nor provides evidence that Columbia Gulf has not been performing meter facilities checks or that its meter measurements are in error. TVA also is requesting that Columbia Gulf change its maintenance procedures by retesting meters found to have been in error and corrected. There is no evidence that such a change in procedures is required or would be cost-effective for either Columbia Gulf or its customers. If TVA believes that existing or past measurements performed by Columbia Gulf are in error, it has recourse pursuant to sections 10.4 and 10.5 of Columbia Gulf's General Terms and Conditions to dispute Columbia Gulf's billings.[5]

8. As noted above, Columbia asserts in its answer that there are also several meter facilities on its system that it does not operate and thus would not be able to test or

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[5] NAESB Standard 2.3.14 provides as follows:

> Measurement data corrections should be processed within 6 months of the production month with a 3 month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

This standard is incorporated in Columbia Gulf's tariff at section 8.4 of the GT&C.

inspect without the authority provided by section 26.10. We cannot find any such authority in the proposed tariff language. Accordingly, Columbia Gulf's interpretation granting it such authority is not approved or accepted by the Commission.

9. TVA next argues that Columbia Gulf should publish or post a schedule of routine meter testing dates sufficiently in advance of the tests so that an interested shipper can attend any test affecting its service on Columbia Gulf. TVA asserts that immediately following any meter test, Columbia Gulf should provide a report (sent to the affected shipper and/or posted on Columbia Gulf's website) detailing the results of the test and any recalibrations, repairs, or replacements required to ensure accuracy. TVA also states that, to the extent that any test (whether routine or special) finds a meter to be inaccurate or in disrepair, thereby requiring recalibration or repair, Columbia Gulf should, at its expense, re-test the meter within 30 days of such recalibration or repair to ensure accuracy.

10. In its answer, Columbia Gulf states that all of these conditions should be rejected because they are unprecedented, would place an undue administrative burden on Columbia Gulf and go beyond any industry standard of which Columbia Gulf is aware. Further, Columbia Gulf states that they would also significantly increase the costs of its maintenance program without any meaningful benefit articulated by TVA. Moreover, Columbia Gulf asserts that these requirements are not necessary to approve its proposed section 26.10 as just and reasonable. For all these reasons, Columbia Gulf states that TVA's proposed posting, reporting and re-testing conditions should be rejected.

11. We deny TVA's requests for the reasons stated by Columbia Gulf.

12. TVA also argues that the 10,000 Dth limitation is too high and should be replaced with a 1,000 Dth limitation. TVA notes that at the EIA projected 2008 average price of $8.59 per Dth of natural gas (and therefore not accounting for price volatility) the 9,000 Dth differential translates into a potential loss for a shipper of $77,310 per meter.

13. In its answer, Columbia Gulf states that it disagrees with TVA that the proposed 10,000 Dth threshold is too high and should be lowered to 1,000 Dth. Columbia Gulf states that its proposed threshold for adjustments to previous recordings is the lesser of 1 percent or 10,000 Dth. Columbia Gulf states that many existing tariffs allow metering tolerances of up to 2 percent before any corrections to previous recordings are made and

do not even provide for an alternative quantity threshold.[6] Columbia Gulf avers that its proposed 1 percent threshold, with the addition of a quantity level of 10,000 Dth, is a prudent measure for its system because it provides protection against measurement errors at both small and large capacity meters. Columbia Gulf asserts that to its knowledge, no other pipeline offers this alternative level of protection to shippers, nor has TVA demonstrated that the proposed 10,000 Dth minimum quantity level is unjust and unreasonable. Accordingly, Columbia Gulf states that the 1,000 Dth limit proposed by TVA should be rejected.

14. The Commission is not clear what units of measurement Columbia intends to use for the 10,000 Dth limit: daily, monthly or annual. The Commission notes that Columbia Gulf's proposed lower volumetric limit is a monthly figure: 500 Dth per month. Columbia Gulf indicates that the 10,000 Dth tolerance was intended to address large measurement facilities, with the potential to require a tighter measurement tolerance than the 1 percent tolerance. However, in the absence of a complete unit of measure, the Commission cannot evaluate Columbia Gulf's proposal or TVA's objection. Further, Columbia Gulf does not fully support the 10,000 Dth figure. There is no indication that this figure is comparable or superior to other pipeline measurement standards. Nor is there any explanation as to why measurement accuracy better than 1 percent is achievable for some points but not others, or an identification of the type or size of receipt or delivery points that may be affected by this standard. As this provision may be advantageous to Columbia Gulf's customers, the Commission will accept the tariff provision subject to Columbia Gulf filing tariff language clarifying its proposed tariff provision and support for its proposal. However, as customers may suffer financial consequences from this proposal, the Commission will suspend the tariff language and permit Columbia Gulf to put it into effect May 2, 2008, subject to refund. Columbia Gulf should file to comply with this requirement within 30 days of the date of this order.

15. With respect to the proposed thresholds, TVA states that Columbia Gulf should clarify whether the limitation is intended to apply to prior period adjustments, current period adjustments, or both when a meter error is detected. TVA asserts that given the nature of the provision, the proposed threshold should apply to both periods.

16. In its answer, Columbia Gulf states that there is no need to revise the tariff language regarding when erroneous volumes will be adjusted, as TVA has suggested.

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[6] Algonquin Gas Transmission, LLC, Original Sheet No. 526; ANR Pipeline Co., First Revised Sheet No. 128; Centerpoint Energy Gas Transmission Co., Original Sheet Nos. 338-339; Gas Transmission Northwest Corp., Original Sheet No. 113; Gulf South Pipeline Co., LP, First Revised Sheet No. 1103; Kinder Morgan Illinois Pipeline, LLC, Original Sheet Nos. 209-210; Northern Border Pipeline Co., Original Sheet No. 228; Northern Natural Gas Co., Substitute Second Revised Sheet No. 212.

Columbia Gulf notes that section 26.10(c) states that any quantities previously recorded by the tested equipment will be corrected to zero for the period of error that is known definitely or agreed upon by the parties. Columbia Gulf states that any volumes that were erroneously recorded during this period will be corrected. Columbia Gulf states that this is consistent with language approved for other pipelines.[7] Further, Columbia Gulf states that shippers will also be protected on a going-forward basis, as metering equipment will immediately be repaired and adjusted to record correctly.

17. We deny TVA's requested clarification as unnecessary. Columbia Gulf's proposed tariff language reasonably provides for adjusting volumes and is consistent with language approved for other pipelines. Further, NAESB Standards 2.3.11, 2.3.12, and 2.3.14[8] also clarify the procedures for Columbia Gulf to make and TVA to rebut prior period measurements and measurement corrections that may result from testing.

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[7] *See, e.g.*, Southern Natural Gas Co., Original Sheet No. 112 ("Such adjustment shall be made for such period of inaccuracy as may be definitely known. If the period of inaccuracy shall not be definitely known, then such adjustment shall be made for the last half of the period (but not exceeding 15 days) between the time the metering equipment was adjusted to register correctly and the date of the last previous meter test.") *See also*, Transcontinental Gas Pipeline Corp., Fifth Revised Sheet No. 256.

[8] NAESB Standard 2.3.11

> For treatment of measurement prior period adjustments, treat the adjustment by taking it back to the production month. A meter adjustment becomes a prior period adjustment after the fifth business day following the business month.

NAESB Standard 2.3.12

> For reporting measurement prior period adjustments, report it with the restated line item with new total quantity for the day and the month.

NAESB Standard 2.3.14 provides as follows:

> Measurement data corrections should be processed within 6 months of the production month with a 3 month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard.

NAESB Standard 2.3.11 and 2.3.12 are incorporated at section 38 of Columbia Gulf's GT&C, and NAESB Standard 2.3.14 is incorporated at section 8.4 of the GT&C.

18. Although proposed section 26.10(a) provides that the cost of "regular" testing will be borne solely by the party who operates the meter (Operating Party), section 26.10(b) provides that a Non-Operating party may be responsible for costs of special testing. TVA argues that because, under the proposed provision (section 26.10(a)) Columbia Gulf is obligated to conduct only one test per meter per year and may not be compelled to test a meter more frequently than once every thirty (30) days, Columbia Gulf should clarify what constitutes a special or non-routine meter test. TVA states that for example, if Columbia Gulf conducts its annual verification of a meter in April and a shipper, suspecting a metering error, requests a test in August, how is the August test categorized?

19. In its answer, Columbia Gulf states that routine inspections and tests are those that are provided for in the normal course of business in the meter operator's operation and maintenance plan. Columbia Gulf explains that an inspection or test conducted at the request of the non-operating party would be deemed a special test under section 26.10(b). Thus, in TVA's example, Columbia Gulf explains that if it conducts its normally scheduled verification of a meter in April and a shipper suspecting a metering error requests a test in August, it would be categorized as a special test. Columbia Gulf believes that the tariff language is clear regarding this distinction and that no revisions are required.

20. We agree that, with Columbia Gulf's clarification, no revision to the proposed section is required.

21. TVA argues that Columbia Gulf should clarify how its proposed section relates to other sections of its tariff regarding accounting adjustments. As an example TVA asks, how would Columbia Gulf treat a situation where a shipper incurred park/loan costs or sold gas to correct an imbalance that was calculated based on faulty meter readings? TVA argues that, at a minimum, section 10.6 of the GT&C of Columbia Gulf's existing tariff should be revised to provide that a shipper has three (3) months from the date of any statement issued by Columbia Gulf in which to discover and report billing errors based on inaccurate meter readings. TVA avers that the three month period would replace the current six-month timeframe to report errors, and would better track the meter testing process proposed by Columbia Gulf. TVA also states that it would provide additional protection to shippers to limit their exposure in a volatile market.

22. In its answer, Columbia Gulf states that TVA has failed to demonstrate that Columbia Gulf's existing section 10.6 (Adjustment of Billing Errors) is unjust and unreasonable or that TVA's proposed changes are necessary. Columbia Gulf states that to specifically answer TVA's hypothetical example, if a faulty meter reading resulted in a billing error on a park/loan deal or a gas sale to correct an imbalance, a billing correction would be made in accordance with section 10.6.

23. The Commission denies TVA's request to change Columbia Gulf's section 10.6 as unsupported and beyond the scope of the instant filing.

24. TVA argues that the following language should be removed from Columbia Gulf's proposed section 26.10(b): "Unless otherwise agreed to in writing, the cost of any special testing, repair and calibration (including transportation and related expenses) will be borne by the Non-Operating Party if the measurement equipment is found not to be in error." TVA argues that if the meter is found to be in good working order, there will be no repair and calibration (or related) costs incurred; therefore, such language is superfluous and should be omitted.

25. In its answer, Columbia Gulf states that TVA is incorrect that this language should be removed from section 26.10(b). Columbia Gulf states that even where no repairs are required, it would incur costs to inspect or test measurement equipment. Columbia Gulf explains that these costs include transportation, labor necessary to perform the requested inspections, as well the potential costs of any third party testing or inspections that may be required. Columbia Gulf asserts that its proposed language in section 26.10(b) is necessary to cover the types of costs that would be incurred for the special testing.

26. The Commission denies TVA's request. Performing measurement testing is not without costs. We agree that the language proposed by Columbia Gulf in section 26.10(b) is reasonable as the requesting party is only required to pay the costs if the results of the test show that the measurement facility is within acceptable tolerance.

27. Lastly, TVA argues that proposed section 26.10(b) does not assign cost responsibility for repair and/or recalibration of faulty meters discovered as a result of special testing. TVA states that Columbia Gulf's tariff should explicitly reflect that if a special test reveals problems with a meter, Columbia Gulf should bear the costs of repair and/or recalibration.

28. In its answer, Columbia Gulf agrees with TVA and will modify the last sentence of section 26.10(b) to state: "If the percentage of inaccuracy is one percent (1%) or greater, such that previous Recordings from the equipment must be corrected under this section, the costs of any special testing, repair and calibration (including transportation) will be borne by the Operating Party, unless otherwise agreed to in writing." Thus, if a non-operating party requests a special test because it believes the meter is inaccurate and the special testing confirms that suspicion, the costs of the testing and repair will be borne by the operating party if the 1 percent threshold is met. Columbia Gulf states that it will amend this sentence when it files to place these tariff sheets into effect. We find that Columbia Gulf's proposed revision to this section as explained above should address the concern raised by TVA. Columbia Gulf must make this filing no later than 30 days from the date of this order.

Suspension

29. Based on a review of the filing, the Commission finds that the proposed tariff sheet referenced above has not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission shall accept such tariff sheets for filing and suspend their effectiveness for the period set forth below, subject to the conditions set forth in this order.

30. The Commission's policy regarding suspensions is that tariff filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or inconsistent with other statutory standards.[9] It is recognized, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results.[10] Here, where Columbia Gulf is filing proposed measurement standards, the Commission will exercise its discretion to accept and suspend the tariff sheet for a minimal period, to become effective May 2, 2008, subject to refund and other conditions set forth above.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

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[9] *See Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension).

[10] *See Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (one-day suspension).