125 FERC 61,288
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Suedeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

WTG Hugoton, LP Docket No. RP08-438-000

ORDER FOLLOWING TECHNICAL CONFERENCE

(Issued December 15, 2008)

1. On July 1, 2008, WTG Hugoton, LP (WTG) filed revised tariff sheets[1] and supporting workpapers to reflect annual changes to its fuel reimbursement percentages and to identify certain new points of interconnect on the system, to be effective August 1, 2008. On July 31, 2008, the Commission issued an order[2] accepting and suspending the tariff sheets, to be effective August 1, 2008, subject to a technical conference established to address the issues raised by WTG's filings. The technical conference was held on September 16, 2008. Based on further review of the filings and comments on the technical conference, the Commission accepts WTG's tariff sheets, as discussed below.

I. <u>Details of Filing</u>

2. Section 42 of its tariff requires WTG to make annual filings with the Commission to change its reimbursement percentages for the period beginning August 1 of each year. Because WTG had not yet completed its first year of operations at the time of filing, the instant filing is based on actual data for the ten-month period between August 1, 2007 and May 31, 2008.

3. In its initial filing, WTG explained that its reimbursement percentages include transportation fuel as well as lost or unaccounted-for gas, which is stated separately within the applicable reimbursement percentages for each zone. WTG stated that this

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[1] First Revised Sheet No. 5 and First Revised Sheet No. 6 to its FERC Gas Tariff, Original Volume No. 1.

[2] *WTG Hugoton, LP*, 124 FERC ¶ 61,119 (2008) (July 31, 2008 Order).

filing establishes a new unaccounted-for percentage based on actual system operations for the August 1, 2007 to May 31, 2008 period. WTG further stated that all of its proposed reimbursement percentages are higher than they previously were, largely due to an increase in the unaccounted-for percentage from 0.12 percent to 1.41 percent. WTG explained that its existing unaccounted-for percentage of 0.12 percent was based on Northern Natural Gas Company's (Northern) system-wide unaccounted-for percentage, because Northern owned and operated the facilities before WTG acquired them. WTG stated that the actual unaccounted-for percentage for what is now the WTG system was 0.77 percent. Therefore, WTG argued that its unaccounted-for percentage must be increased to 1.41 percent prospectively to recover deferred unaccounted-for amounts, resulting from under-collections during the previous year.

4. Additionally, WTG stated that the increased reimbursement percentages are necessary to recover deferred "gas required for operations" accounts maintained for each fuel zone under section 42.5 of its tariff, which reflect any unrecovered fuel at WTG's compressor stations. WTG explained that fuel usage at these stations changed when one of Northern's largest customers diverted substantial quantities of gas from the system to other pipelines.

5. ONEOK Field Services Company, LLC (ONEOK) protested WTG's filing, arguing that WTG's proposed reimbursement percentages included a more than six-fold increase in unaccounted-for volumes and a resultant ten-fold increase in the unaccounted-for rate. ONEOK argued that the filing was not adequately supported and that it would be premature to implement such a large increase in the unaccounted-for rate until efforts are made to isolate and correct the sources of the increased unaccounted-for amounts. ONEOK also argued that without additional information, there is no way to determine whether any of the unaccounted-for volumes are the result of unusual, non-recurring events such that they would be ineligible for recovery via a tracker.

II. Comments Following Technical Conference

6. As agreed by the parties at the technical conference, WTG made a supplemental filing to provide additional information with respect to its July 1 filing. Subsequently, initial comments were filed by WTG, ONEOK, Black Hills Energy (Black Hills), and ExxonMobil Gas & Power Marketing Company, a division of Exxon Mobil Corporation (ExxonMobil). Reply comments were filed by WTG, ONEOK, and ExxonMobil.

7. In its supplemental filing, WTG states that its total proposed unaccounted-for recovery (1.41 percent) is the product of two factors: (1) an actual system unaccounted-for percentage of 0.77 percent experienced during the period between August 1, 2007 and May 30, 2008; and (2) a true-up of 0.64 percent to amortize the unrecovered balance of deferred gas required for operations. WTG explains that its relatively small pipeline

system,[3] built in the 1950s, was owned by Northern as a mid-stream system until it was acquired by WTG in August 2007. WTG states that Northern did not separately calculate an unaccounted-for percentage for the section purchased by WTG and so WTG used Northern's system-wide 0.12 unaccounted-for percentage to set its initial rates. WTG states that despite this initial estimate, the actual measured unaccounted-for percentage on its system was 0.77 percent. Therefore, WTG argues that it is inappropriate to characterize its proposed unaccounted-for percentage as reflecting an "increase" in unaccounted-for volumes because the unaccounted-for percentage for the facilities WTG acquired had not previously been determined when the system was operated by Northern.

8. WTG asserts that since it acquired the system, it has monitored the performance of its meters in order to identify and correct any meter errors or other irregularities. WTG states that approximately 95 percent of volumes on its system are measured at meters that are tested and calibrated monthly. WTG explains that it has taken the following steps to monitor and reduce the system unaccounted-for percentage: (1) all meters have been tested and calibrated in strict adherence to the company's test procedures; (2) measurement audits were performed in September 2007 and August 2008 at all of WTG's receipt points with ONEOK; (3) WTG performed a "shut-in" test between Northern and Panhandle Eastern measurement at the Sublette station in September 2008; (4) a "shut-in" test of WTG's system north of Hugoton was scheduled for early October 2008 to verify measurement at the BP Jayhawk Plant; (5) Northern's practice of applying prior month Btu values to current month measurements was changed so that WTG now applies current Btu values to match actual gas flows at receipt points; and (6) the entire transmission pipeline and gathering systems have been surveyed for leaks. WTG states that these efforts have led to a significant reduction in unaccounted-for gas.

9. WTG also notes that it has been working to improve compressor stations to operate them more efficiently and reduce fuel consumption. WTG notes that such improvements are necessary due to the continued decline in local production and because ONEOK, a principal customer of WTG, recently shifted significant volumes to other gatherers and pipeline systems.

10. WTG provided data requested at the technical conference detailing its unaccounted-for experience for the period between June 2008 and August 2008. WTG notes that such data are outside the annual fuel reconciliation period, and are provided to confirm that WTG's unaccounted-for gas is declining. WTG notes that the weighted average unaccounted-for percentage for this 13-month period is 0.48 percent and that the weighted average for the current calendar year—January through August 2008—is

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[3] WTG describes its system as approximately 264 miles in length, with pipeline diameters ranging from 3 inches to 26 inches, approximately 115,000 horsepower of compression, and a throughput of approximately 135,000 MMBtu per day.

0.19 percent. WTG also states that its supplemental filing reflects two additional changes from its initial filing: (1) correction of an error in the calculation of a leak or "Known Gas Loss" during October 2007, resulting in a loss of 17,304 MBtu, rather than 53,725 MMBtu; and (2) a set of changes attributable to prior period adjustments made by Northern for cash-out based on measurement at the Sublette Compressor for April and May 2008. WTG notes that the latter adjustments post-date its initial filing, but are made here to more accurately reflect actual system experience during the period.

11. In its initial comments, WTG reiterates many of the arguments that it made in its initial and supplemental filings. WTG notes that in filing its proposed reimbursement percentages, it followed the relevant provisions in its tariff and provided detailed information to support its proposal. WTG emphasizes that it has just completed its first year of operations and that it has taken aggressive steps to improve its system and increase efficiencies. WTG states that it is reasonable to expect some time for these steps to produce results, arguing that such steps are beginning to work, as evidenced by its more recent monthly unaccounted-for percentages. WTG states that it expects compressor fuel and line loss to level out in the near future. Furthermore, WTG notes that it has no financial incentive to overstate its fuel charges, as its true-up insures that it will not profit from its fuel recovery mechanism.

12. In its initial comments, ONEOK asserts that WTG has not demonstrated that its proposed unaccounted-for percentage is just and reasonable. ONEOK further states that if anything, WTG's supplemental filing—and the 0.19 percent weighted average for the period from January through August 2008—shows that its unaccounted-for percentage is unreasonable. Additionally, ONEOK argues that WTG has not sufficiently demonstrated that all of its claimed unaccounted-for volumes are properly recoverable via its tracker.[4] Specifically, ONEOK states that a known gas loss caused by a leak on the Hugoton pipeline segment should be eliminated from WTG's proposed unaccounted-for percentage.

13. ONEOK next argues that WTG's proposed fuel percentages should be rejected because WTG has not shown that the proposed increase in its fuel reimbursement percentages is just and reasonable, nor has it adequately explained what steps it is taking to address the issue. ONEOK acknowledges WTG's argument that its proposal does not reflect an increase in unaccounted-for volumes, but rather the result of a true-up following WTG's initial use of Northern's unaccounted-for percentage. However, ONEOK objects to this argument for two reasons: (1) ONEOK states that WTG's

[4] Citing *Cheyenne Plains Gas Pipeline Co., LLC*, 123 FERC ¶ 61,220, at P 10 (2008) (citing *Colorado Interstate Gas Co.*, 121 FERC ¶ 61,161, at P 24 (2007), *order on reh'g*, 123 FERC ¶ 61,183 (2008); *Williams Natural Gas Co.*, 73 FERC ¶ 61,394, at 61,215 (1995)).

explanation that its initially-filed percentage was based on a proxy rather than accurate information does not fulfill WTG's duty to file accurate information and is insufficient to support a finding that the proposed unaccounted-for percentage is just and reasonable; and (2) ONEOK states that the fact that WTG is recovering this deferred unaccounted-for gas as a "true-up" attempts to avoid inconsistency with WTG's certificate filing, in which WTG stated that it would be a "service provider who can operate the facilities more efficiently and at a lower cost,"[5] and that no matter how the proposal is characterized, WTG's unaccounted-for percentage is higher than it was when Northern operated the facilities.

14. ONEOK also states that WTG failed to address the underlying cause of the increased unaccounted-for volumes, and instead merely provides a general explanation of how problems with mechanical meters, the timing of meter readings, operational assumptions, human error, and fluctuations in operating pressures can result in variations and fluctuations. ONEOK further states that if the Commission were to allow the proposed increase, WTG will have no incentive to investigate, identify, and/or remedy the unaccounted-for problems. ONEOK next takes issue with the specific steps that WTG has taken to address unaccounted-for gas on its system, arguing that WTG's actions are insufficient, that WTG has not provided sufficient detail, and that WTG has not discussed additional measures that ONEOK believes should have been included.

15. In addition to these issues, ONEOK argues that WTG's evidentiary submission lacks the requisite data. ONEOK argues that WTG should have provided more information in its supplemental filing, including but not limited to a review and accounting of all of WTG's meters, whether WTG uses temperature recording devices for each meter or a 60 degree default, and whether WTG has utilized any third party measurement consultants. ONEOK also states that WTG should have explained how lower system volumes caused an increase in unaccounted-for volumes. ONEOK states that its removal of volumes from WTG's system is not responsible for higher unaccounted-for volumes. ONEOK notes that WTG was aware of the action, which occurred roughly seven months before WTG's acquisition of the system, and that WTG has achieved a more recent weighted average unaccounted-for rate of 0.19 percent, despite the fact that ONEOK has not shifted volumes back to the system.

16. Finally, out of an abundance of caution, ONEOK states that it objects to the support that WTG provided in its July 28, 2008 answer (which the Commission rejected) for the proposition that considering the size and age of WTG's pipeline, its proposed 0.77 percent unaccounted-for rate is not unreasonable. ONEOK argues that the

[5] Citing WTG, March 15, 2006, Abbreviated Application, Docket No. CP06-90, *et al.*, at 12.

authorities[6] cited by WTG in its answer are either incorrectly cited or do not support such an unaccounted-for percentage.

17. In its initial comments, Black Hills argues that WTG has not produced accurate and sufficient evidence to support its filing and that its filing conflicts with representations made in its application for a certificate of public convenience and necessity that customers' rates would not increase. Black Hills states that WTG's workpapers contain inconsistencies and that its supplemental filing identifies two changes from the original filing but does not analyze the impact of those changes. Black Hills notes that WTG's filing requests a 50 percent increase in unaccounted-for amounts, and argues that such an increase is neither supported nor justified in light of WTG's repeated claims that it would operate the system more efficiently and at a lower cost than Northern.

18. In its initial comments, ExxonMobil states that under WTG's proposal its fuel rate would increase from 5.40 percent to 7.91 percent. ExxonMobil notes that this increase is attributable to an increased unaccounted-for percentage as well as WTG's proposal to collect all of its deferred gas required for operations (the amounts WTG under-collected in its first eight months of operation). ExxonMobil asks the Commission to reject WTG's proposed unaccounted-for percentage in favor of the year-to-date amount of 0.19 percent, and to amortize the deferred gas required for operations over at least a three-year period.

19. With respect to the unaccounted-for percentage, ExxonMobil states that given WTG's assertion that its unaccounted-for rate has been declining, it is unjust and unreasonable to charge an unaccounted-for rate that is not representative of actual system conditions, i.e., 0.19 percent. ExxonMobil also states that WTG's supplemental filing raises questions regarding the propriety of WTG's proposed unaccounted-for percentage. ExxonMobil argues that because WTG will not perform the shut-in test north of Hugoton until October 2008, and nearly 20 percent of WTG's throughput is north of Hugoton, the proposed test could help WTG determine the source of high unaccounted-for amounts and help reduce them. Additionally, ExxonMobil notes that the supplemental filing identifies two changes from the original filing but does not describe their impact on the proposed unaccounted-for rate. Therefore, because of the additional questions raised by the supplemental filing, ExxonMobil argues that the Commission should reject WTG's proposed unaccounted-for rate in favor of a rate that more accurately represents activity on WTG's system.

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[6] Citing *East Tennessee Natural Gas, LLC*, 118 FERC ¶ 61,239 (2007) and *Gulf Crossing Pipeline Co., LLC*, 123 FERC ¶ 61,100, at P 64 (2008).

20. With respect to deferred gas required for operations, ExxonMobil states that in its original filing, WTG identified 288,837 Dth of actual fuel that was under-recovered as a result of WTG's then-effective unaccounted-for percentage of 0.12 percent. ExxonMobil also notes that WTG identified the following deferred gas required for operations: 127,788 Dth of West of Hugoton; 24,430 Dth of Liberal Lateral; and 32,444 Dth of mainline. ExxonMobil argues that WTG now seeks to recover this gas through a true-up to these rates, which amounts to almost half of the requested unaccounted-for rate (or 0.64 percent of 1.41 percent) and nearly ten percent of the increases to the requested fuel rates for West of Hugoton (0.45 percent of 4.75 percent), Liberal Lateral (0.10 percent of 0.98 percent) and mainline (0.07 percent of 0.77 percent). ExxonMobil contends that the Commission should require WTG to amortize the deferred gas required for operation amounts over at least a three-year period. First, ExxonMobil cites the representations made by WTG during its certificate proceeding, i.e., that it could operate the facilities more efficiently and at a lower cost. Second, ExxonMobil states that WTG does not yet have much experience operating this system and argues that in light of WTG's assertions that it expects the fuel and unaccounted-for rates to decrease over the following year, it would be improper to include the full deferred gas required for operations in this year's rates. Third, ExxonMobil notes that the Commission has the authority to grant, and sometimes require, waiver of true-up provisions to ensure that a pipeline's customers are not negatively impacted by excessive increases in fuel and unaccounted-for percentages.[7] ExxonMobil argues that the Commission should exercise that authority here.

21. In its reply comments, WTG reiterates that the principal cause of the increase in its unaccounted-for percentage was its initial use of Northern's system-wide unaccounted-for percentage of 0.12 percent in the absence of accurate measurement data specific to the WTG facilities at the time they were acquired. The other part of WTG's proposed increase involved the true-up provision of the tariff. Because unaccounted-for gas was under-recovered, WTG states that it simply followed its tariff procedures, which allow the deferred account to be trued-up. WTG states that none of the protesters claim that WTG's filing fails to comply with the express terms of its Commission-approved tariff.

22. WTG notes that the causes of unaccounted-for gas cannot be precisely determined. At the same time, WTG states that it has taken numerous steps to investigate and identify the causes of unaccounted-for amounts. WTG states this is a process of elimination and the investigation will take time. WTG states that with meter error of 1 percent on the receipt side and 0.5 percent on the delivery side, unaccounted-for percentage of 0.77 percent is not excessive and is certainly well within the 2 percent measurement tolerance allowed within WTG's tariff.

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[7] Citing *Transcontinental Gas Pipe Line Corp.*, 93 FERC ¶ 61,114, at 61,323 (2000).

23. WTG states that it collects and maintains much of the data requested by ONEOK in its initial comments; however, it did not file this information because the level of detail referenced is not relevant to the proceeding. WTG states that ONEOK and any other party is free to review any of the information in WTG's offices to the extent it believes the data are relevant and that if the Commission Staff or the Commission believes that the voluminous information requested by ONEOK is relevant WTG can file it in accordance with the normal technical conference procedures.

24. WTG states that the October 2007 loss of gas as a result of a leak from the loss of packing around a valve stem, as explained in its supplemental comments, is not an uncommon event on pipelines, and the resulting loss of gas should be recoverable under WTG's tariff because it is within the scope of normal pipeline operations. WTG states the losses in *Cheyenne*[8] were due to a fire at a pipeline compressor station and that fires are clearly beyond the scope of normal pipeline operations. With tens of thousands of valves on the system, WTG states that line losses due to leaks at valves are not unusual, unexpected, or beyond the scope of normal pipeline operations.

25. WTG states that requests to reject its filing altogether, base the unaccounted-for percentage on the calendar year-to-date total with a three-year amortization of the deferred account, or amortize the cost over some unspecified future period are unsupported and unreasonable and should be rejected. WTG notes that any change in the existing Commission-approved tariff procedures can be made only under section 5 of the Natural Gas Act with prospective application. WTG believes the Commission should not reject its filing based on certain representations made in its certificate proceeding. WTG states that WTG and Northern honored their commitment to offer shippers holding firm transportation capacity contracts rate neutrality for their base transportation rates in moving gas from receipt points on the WTG facilities to existing delivery points on Northern when the WTG system was sold by Northern to WTG. WTG believes that for Black Hills to claim now that WTG is somehow precluded from recovering its actual fuel costs, including unaccounted-for costs, which are fixed costs that are not discountable, is disingenuous and should have been raised in the certificate proceeding.

26. In its reply comments, ONEOK states that WTG has provided no new probative material that would support a finding that it has met its burden to support its reimbursement percentages. ONEOK states that WTG provided nothing in its initial comments that would allow the Commission to find that it has taken adequate steps to identify the cause of the increase in unaccounted-for gas and reduce the percentage to a just and reasonable level going forward. ONEOK states the only new data provided by WTG is raw Form 2 data that WTG claims demonstrates that its proposed 0.77 percent unaccounted-for percentage is in line with losses on many other interstate pipelines.

[8] *Cheyenne Plains Gas Pipeline Co., LLC*, 123 FERC ¶ 61,220.

ONEOK believes that WTG's reliance on raw Form 2 data is misplaced and inappropriate since the fact that a pipeline reported a certain level of unaccounted-for gas in its Form 2 does not constitute a ruling that the level reported is just and reasonable or properly recoverable via a fuel tracker. ONEOK further states that the actual fuel recovered by the pipelines cited in WTG's initial comments is much lower than the percentages stated. ONEOK believes the Commission should reject WTG's proposed revised unaccounted-for percentages and, in the event the Commission allows any increase in the reimbursement percentages, ONEOK does not oppose ExxonMobil's proposal to amortize the deferred gas required for operations amount over at least a three-year period.

27. ExxonMobil states in its reply comments that WTG has not established the justness and reasonableness of its proposed unaccounted-for percentage and the Commission should reject the proposed rate and require WTG to implement an unaccounted-for percentage of 0.19 percent, the year-to-date unaccounted-for percentage in WTG's supplemental filing. ExxonMobil states that WTG's proposed unaccounted-for percentage of 0.77 percent greatly exceeds the bulk of interstate pipeline unaccounted-for percentages. ExxonMobil states that given that WTG has been learning to manage its system and its supplemental filing shows that unaccounted-for amounts continue to decline, the Commission should look beyond the test period toward the more current, known and measurable unaccounted-for amount of 0.19 percent provided in the supplemental filing to determine the appropriate unaccounted-for rate. ExxonMobil believes this will minimize year-to-year fluctuations and avoid what will likely be a significant over-recovery in the next year. ExxonMobil continues to believe that at a minimum the Commission should require WTG to amortize the gas required for operations under-collections over at least a three-year period in order to mitigate the impact of WTG's learning the realities of its system's fuel usage on customer rates.

28. On November 5, 2008, ONEOK filed supplemental reply comments to clarify the record regarding the nature of the fuel and unaccounted-for percentage of ONEOK's affiliate.

III. <u>Discussion</u>

29. As noted in the July 31, 2008 Order, our primary concern with WTG's July 1, 2008 filing was the proposed increase in the unaccounted-for percentage—from an original 0.12 percent to a currently effective 1.41 percent—and WTG's lack of support for such an increase.[9] After review of WTG's supplemental filing and the initial and reply comments, we find that WTG has fully supported its filing, and has shown that its current reimbursement percentages were developed in accordance with the methodology

[9] July 31, 2008 Order at P 9-10.

set forth in its tariff. Therefore, we find WTG's reimbursement percentages to be just and reasonable.

30. The Commission "permits a pipeline to adjust its fuel reimbursement percentages in a periodic limited rate filing pursuant to a methodology set forth in the pipeline's tariff."[10] WTG's supplemental comments and initial and reply comments explain its tariff's methodology for adjusting the annual fuel reimbursement percentages, which includes a true-up component.[11] WTG has shown that its initial fuel reimbursement percentages, approved in its certificate proceeding, included an estimated unaccounted-for percentage of 0.12 percent, based on Northern's system-wide unaccounted-for percentage at the time of WTG's acquisition, not on actual or projected unaccounted-for gas on the specific portion of the facilities acquired by WTG. WTG has also shown that its initial unaccounted-for percentage for its first 10 months of operations amounted to 0.77 percent. Section 42.5 of WTG's tariff provides for the recovery of deferred gas required for operations for the previous year, or in this case ten months. In calculating its current unaccounted-for percentage, WTG included both the actual forward-looking unaccounted-for percentage (0.77 percent) and the deferred amount (0.64 percent) to yield a total unaccounted-for percentage of 1.41 percent.

31. In evaluating the reasonableness of proposed reimbursement percentages, we determine whether the pipeline followed the methodology approved in its tariff and whether its percentages are properly supported.[12] Although a significant increase in a fuel or unaccounted-for percentage may indicate the need for additional examination of the proposed reimbursement percentages, such increases, in themselves, do not render reimbursement percentages unjust and unreasonable. While WTG's unaccounted-for percentage represents a significant increase from its initial unaccounted-for percentage, this is at least partly due to the fact that WTG's initial unaccounted-for rate under-stated the unaccounted-for rate on the WTG system. Moreover, as the name suggests, the cause of unaccounted-for volumes is often difficult and, at times, impossible to identify with

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[10] *ANR Pipeline Co.*, 110 FERC ¶ 61,069, at P 19, *order on reh'g*, 111 FERC ¶ 61,290 (2005) (citing 18 C.F.R. § 154.403).

[11] WTG Hugoton, LP, FERC Gas Tariff, General Terms and Conditions § 42.5, Original Vol. No. 1, Original Sheet No. 274.

[12] This latter evaluation includes a determination as to whether the amounts included in annual reimbursement percentage are the type of "normal operating expenses" that are reasonably recoverable from shippers through a fuel tracker. *See Colorado Interstate Gas Co.*, 121 FERC ¶ 61,161, at P 24 (2007), *order on reh'g*, 123 FERC ¶ 61,183 (2008).

any specificity, and we find that WTG has adequately supported its unaccounted-for percentage under the circumstances.[13]

32. Protesters' objections to WTG's filing based on representations WTG made in its certificate proceeding are misplaced. In that proceeding, the Commission approved WTG's tariff, which included both WTG's initial reimbursement percentages and its methodology for adjusting them each year. As indicated above, WTG has followed that methodology here. Protesters' insistence that WTG's unaccounted-for percentage must remain substantially the same as Northern's system-wide percentage of 0.12 percent because of WTG's statement that it would be a "service provider who can operate the facilities more efficiently and at a lower cost,"[14] amounts to a collateral attack on the Commission's prior approval of WTG's tariff. If protesters believe that WTG's tracking mechanism has become unjust and unreasonable, they may file a complaint under section 5 of the Natural Gas Act demonstrating as much. However, in the instant section 4 proceeding, WTG has met its burden to show that its percentages are just and reasonable, and therefore we accept them.[15]

33. Additionally, ONEOK argues that WTG should not be able to recover the gas lost as a result of a stem valve leak during September and October 2007. We disagree. Leaks such as that described by WTG differ considerably from the rarer, catastrophic, non-recurring events such as complete failures of underground mechanics[16] and fires[17] that

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[13] In their respective comments, the parties argue over the extent to which WTG's reimbursement percentages compare to those of other interstate pipelines. Such comparisons, however, are irrelevant in light of our finding that WTG has supported its reimbursement percentages to the extent possible.

[14] Citing WTG, March 15, 2006, Abbreviated Application, Docket Nos. CP06-90, *et al.,* at 12.

[15] For the same reasons, we reject ExxonMobil's two proposals: (1) to base WTG's unaccounted-for percentage on the year-to-date percentage of 0.19 percent rather than the 0.77 percent that occurred during the period specified in WTG's tariff; and (2) that WTG use a three-year amortization period to collect deferred gas required for operations. Such proposals are not envisioned by WTG's approved tracking mechanism and would violate the terms of WTG's tariff, which has been found by the Commission to be just and reasonable.

[16] *Colorado Interstate Gas Co.*, 121 FERC ¶ 61,161 (2007), *order on reh'g*, 123 FERC ¶ 61,183 (2008).

[17] *Cheyenne Plains Gas Pipeline Co., LLC*, 123 FERC ¶ 61,220 (2008).

the Commission has found should not be recovered through a fuel tracker. The Commission's decisions in *Cheyenne* and *CIG* are not meant to prohibit pipelines from recovering normal fuel tracker costs related to the operation of their systems. Rather, these decisions rejected pipelines' attempts to recover through a tracking mechanism, rather than through insurance or normal rate-making processes, extraordinary costs associated with rare casualty events. Because the loss here was a slow leak from one of tens of thousands of valves on WTG's system, as would not be an uncommon occurrence on any pipeline, WTG appropriately included the loss in its reimbursement percentages.

34. Finally, WTG's supplemental filing highlights the steps WTG has taken or will take to reduce unaccounted-for volumes on its system. Although high fuel use and large amounts of lost and unaccounted-for gas can significantly increase costs to shippers, WTG is actively taking steps to minimize the unaccounted-for volumes on its system and we are hopeful at this time that WTG's continued efforts will serve to minimize its reimbursement percentages.[18] WTG's year-to-date unaccounted-for percentage of 0.19 percent indicates that WTG's efforts to reduce unaccounted-for gas are beginning to bear fruit. Therefore, we accept WTG's reimbursement percentages.

The Commission orders:

WTG's First Revised Tariff Sheet No. 5 and First Revised Tariff Sheet No. 6 to its FERC Gas Tariff, Original Volume No. 1 are accepted, effective August 1, 2008, as discussed herein.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

[18] *Cf. TransColorado Gas Transmission Co.*, 122 FERC ¶ 61,298, at P 5 (2008) (noting the pipeline's diligence in investigating the causes of lost and unaccounted-for gas in accepting reimbursement percentages that were significantly higher than those of the previous year).