

138 FERC ¶ 61,016
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

January 10, 2012

In Reply Refer To:
CenterPoint Energy Gas Transmission
Company, LLC
Docket No. RP12-233-000

CenterPoint Energy Gas Transmission Company, LLC
P.O. Box 21734
Shreveport, LA 71151-1734

Attention: B. Michelle Willis, Manager, Regulatory & Compliance

Reference: Tariff Filing

Dear Ms. Willis:

1. On December 12, 2011, CenterPoint Energy Gas Transmission Company, LLC (CenterPoint) filed tariff records¹ revising section 12.3 of its General Terms & Conditions (GT&C) giving it the right to seek a discount-type adjustment for negotiated rate agreements (including negotiated rate agreements that were converted from pre-existing discounted Part 284 agreements to negotiated rate agreements) in its next section 4 general rate proceeding. CenterPoint proposes an effective date of January 12, 2012. Missouri Public Service Commission (MPSC) filed a comment requesting revision of the proposed tariff language, as described further below. The proposed tariff records are accepted to be effective January 12, 2012, subject to condition.

2. Under proposed GT&C section 12.3(c)(i), a discount-type adjustment for negotiated rate agreements would be allowed to the extent that CenterPoint could meet the standards required of an affiliate discount-type adjustment, including the burden of proving that any discount granted was required to meet competition. The proposed language, in part, would also require CenterPoint to demonstrate

¹ Sheet Nos. 687, 12. RATES, TERMS AND CONDITIONS, 1.0.0; 687A, 12. RATES, TERMS AND CONDITIONS, 0.0.0; and 688, 12. RATES, TERMS AND CONDITIONS, 1.0.0; to CEGT Tariffs; FERC NGA Gas Tariff.

that such an adjustment does not have an adverse impact on recourse rate shippers by:

(1) Demonstrating that, in the absence of entering into such Negotiated Rate agreement providing for such discount, [CenterPoint] would not have been able to contract for such capacity at any higher rate, and that recourse rates would otherwise be as high or higher than recourse rates which result after applying the discount adjustment; or

(2) Making another comparable showing that the Negotiated Rate discount contributes more fixed costs to the system than could have been achieved without the discount.²

3. Finally, proposed GT&C section 12.3(c)(ii) would give CenterPoint the right to seek discount-type adjustments in its next general rate case for negotiated rate agreements that were converted from pre-existing discounted agreements to negotiated rate agreements. CenterPoint could seek such an adjustment “based upon the greater of: (a) the negotiated rate revenues received; or (b) the discounted rate revenues which otherwise would have been received.”

4. Public notice of the filing was issued on December 14, 2011. Interventions and protests were due as provided in section 154.210 of the Commission’s regulations (18 C.F.R. § 154.210 (2011)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2011)), all timely filed motions to intervene and any unopposed 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. On December 15, 2011, MPSC filed comments, discussed below.

5. MPSC states that it supports CenterPoint’s tariff proposal, but also requests that CenterPoint be required to include the word “only” in proposed GT&C section 12.3(c)(i) as follows:

Transporter shall have the right to seek in future general rate proceedings a discount-type adjustment to recourse rates for Negotiated Rate agreements which shall only be allowed to the extent that Transporter can meet the standards required of an affiliate discount-type adjustment . . . [Emphasis supplied]

² Proposed GT&C section 12.3(c)(i)(1) and (2).

According to MPSC, adding the word “only” could help restrict a more broad interpretation of when CenterPoint might seek a discount-type adjustment in a general rate case, and would be consistent with language the Commission has approved in other proceedings.³

6. The Commission accepts revised GT&C section 12.3 as consistent with nearly identical previously approved proposals.⁴ Notably, in *Tennessee*, the Commission approved the pipeline’s proposal with subsequent revisions Tennessee agreed to make, among which was the addition of the word “only” as requested here by MPSC. There, the Commission stated that with such revisions, the tariff language provided an appropriate framework for considering the issue of discount-type adjustments for negotiated rates in section 4 rate cases, consistent with the Commission’s longstanding concern that negotiated rate transactions not cause inappropriate cost-shifting to recourse rate-paying shippers.

7. Consistent with *Tennessee* and *WIC*, CenterPoint’s tariff proposal protects recourse rate shippers from unreasonable cost shifts in several ways, among which is to require the pipeline to show that it gave the discount to meet competition by satisfying “the standards required of an affiliate discount-type adjustment.” Therefore, it is appropriate to grant MPSC’s requested revision to ensure that the pipeline will be required to meet the same evidentiary burden as related to affiliate discounts.⁵ Acceptance herein is subject to CenterPoint filing a further revised tariff record adding the word “only” as requested by MPSC within 15 days of the date of this order.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

³ Citing *Wyoming Interstate Co., Ltd.*, 117 FERC ¶ 61,150 (2006) (*WIC*); and *Tennessee Gas Pipeline Co.*, 135 FERC ¶ 61,208 (2011) (*Tennessee*).

⁴ *Id.*

⁵ *Trunkline Gas Co.*, 90 FERC ¶ 61,017, at 61,087, 96 (2000) (describing the type of evidence the pipeline must submit to satisfy this burden).