

139 FERC ¶ 61,274
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 28, 2012

In Reply Refer To:
Kinder Morgan Louisiana Pipeline LLC
Docket No. RP12-756-000

Kinder Morgan Louisiana Pipeline LLC
3250 Lacey Road, Suite 700
Downers Grove, IL 60515-7918

Attention: Bruce H. Newsome, Vice President

Reference: Letter Order on Periodic Fuel Rate Adjustment and Waiver Request

Ladies and Gentlemen:

1. On May 30, 2012, Kinder Morgan Louisiana Pipeline LLC (KML) filed a revised tariff record to implement a Periodic Fuel Rate Adjustment (PFRA) to adjust its reimbursement percentages for Line Heater Gas, Unaccounted For (UAF) Gas, and Fuel Gas, in accordance with section 36 of the General Terms and Conditions (GT&C) of its tariff.¹ KML requests waiver of sections 36.4 and 36.5 of its GT&C, so that it may implement a UAF gas reimbursement percentage of zero instead of a negative rate that would result under its existing tariff mechanism. KML requests that the revised tariff record be made effective July 1, 2012. As discussed below, the Commission grants the requested waiver and accepts the proposed tariff record, effective July 1, 2012, as requested.

2. KML states that its PFRA Filing establishes the Line Heater Gas Reimbursement Percentage and the UAF Gas Reimbursement Percentage for its entire system, to be in effect for July 1, 2012, through June 30, 2013 (Recovery Period), as required by tariff section 36.² For the purposes of this filing, KML states that consistent with its tariff,

¹ Kinder Morgan Louisiana Pipeline LLC, FERC NGA Gas Tariff, First Revised Volume No. 1; Sheet No. 6, Currently Effective Rates - Reimbursement Percentages, 2.0.0.

² KML states that it is not establishing a reimbursement percentage for Fuel Gas because it does not have compression on its system at this time.

subsequent to two full years of operating experience, KML is utilizing actual throughput on its system during the Base Period to project future flow levels for the Recovery Period.³ KML's Base Period is the 12-month period ending April 30, 2012, which is two months prior to the commencement of the new Recovery Period.

3. KML's record reflects a proposed Line Heater Gas Reimbursement Percentage of 0.58 percent, which is an increase of 0.43 percent from the current Line Heater rate of 0.15 percent. KML states the above proposed rate consists of a Current Component of 0.31 percent and a Deferred Component of 0.27 percent. KML's UAF Gas Reimbursement Percentage for the Base Period consists of a Current Component of 0.22 percent and a Deferred Component of -2.44 percent, which would result in a UAF fuel percentage of -2.22 percent. However, upon Commission approval of the requested waiver, KML proposes to continue the currently effective 0.00 percent UAF Gas Reimbursement Percentage.

4. KML requests waiver of sections 36.4 and 36.5 of the GT&C of its tariff to allow the continuation of a zero reimbursement percentage for UAF Gas instead of a negative rate that would result under its tariff mechanism. During the Recovery Period, KML states that it would not charge shippers for UAF Gas. KML states that imposition of a negative UAF Gas Reimbursement Percentage could result in KML having to deliver more gas than it receives and could place KML in the position of having to purchase operational gas. KML states the Commission has previously granted waiver to allow KML to utilize the zero UAF Gas Reimbursement percentage,⁴ and this waiver request is also consistent with Commission precedent.⁵ In addition, KML states its requested waiver allows an opportunity for UAF Gas to return to a more balanced level and for the deferred account to be reduced, as contemplated under the workings of the tracker.

5. Public notice of KML's filing was issued on May 31, 2012. Interventions and protests were due June 11, 2012, as provided by section 154.210 of the Commission's regulations.⁶ Pursuant to Rule 214,⁷ all timely filed motions to intervene and any

³ KML includes with its PFRA Filing worksheets setting forth its calculations in determining its revised fuel reimbursement percentages. This is the third annual PFRA Filing for KML.

⁴ KML Transmittal at 4 (citing *Kinder Morgan Louisiana Pipeline LLC*, 135 FERC ¶ 61,277 (2011)).

⁵ *Id.* (citing *Columbia Gulf Transmission Co.*, 134 FERC ¶ 61,254, at P 10 (2011)).

⁶ 18 C.F.R. § 154.210 (2012).

⁷ 18 C.F.R. § 385.214 (2012).

unopposed motions 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 this proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

6. The Commission finds that KML has shown good cause to grant its waiver request. The Commission has previously found that holding fuel reimbursement rates at zero, rather than allowing a negative overall reimbursement rate, is reasonable so long as the over-recovered amount is eventually returned to the shippers.⁸ In this case, KML's Deferred Component true-up mechanism will carry this balance over to the next adjustment period and, thus, ensures that neither KML nor its shippers are unduly disadvantaged. Therefore, the Commission grants KML's request for waiver of sections 36.4 and 36.5 of its GT&C and accepts the proposed revised tariff record effective July 1, 2012, as requested.

By direction of the Commission. Commissioner Clark is not participating.

Kimberly D. Bose,
Secretary.

⁸ See *Columbia Gulf Transmission Co.*, 132 FERC ¶ 61,134, at P 43 (2010).