

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

November 30, 2006

In Reply Refer To:  
CenterPoint Energy Gas  
Transmission Company  
Docket No. RP07-49-000

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

Attention: Lawrence O. Thomas, Director  
Rate and Regulatory

Reference: Petition for Limited Waiver of Penalty Revenue Crediting Provision

Ladies and Gentlemen:

1. On November 1, 2006, CenterPoint Energy Gas Transmission Company (CEGT) requested a limited waiver of section 31 of its General Terms and Conditions (GT&C) of its FERC Gas Tariff, Sixth Revised Volume No. 1 that obligates CEGT to refund to its firm shippers penalty dollars collected in its most recent Penalty Base Period. Instead of distributing refunds to its firm shippers, CEGT requests the Commission authorize the donation of the penalty dollars on behalf of its firm shippers to low income energy assistance programs in Arkansas, Kansas, Louisiana, Missouri, Oklahoma and Texas. For the reasons discussed below, the Commission grants limited waiver of section 31 of CEGT's GT&C, as conditioned herein.

2. Section 31 of CEGT's GT&C requires it to refund to its firm shippers penalty revenues collected during the previous Penalty Base Period, which is defined as the twelve months ending the previous July 31. CEGT must also notify shippers of their refund amount by November 1 and file a report with the Commission thirty (30) days later.

3. CEGT states that in the August 1, 2005 through July 31, 2006, Penalty Base Period, CEGT assessed and collected \$21,204.90 in penalty revenues. CEGT also collected penalty dollars that had been assessed but not collected in the prior Penalty Base Period of August 1, 2004 through July 31, 2005. Together these penalty amounts equal a grand total of \$78,155.00. CEGT states that its previous Annual Penalty

Crediting Filings reported refunds of \$355,410.00 for 2003 and \$1,017,180.00 for 2005. CEGT's worksheet details each shipper's applicable credit amounts for the most recent August 1, 2005 to July 31, 2006, Penalty Base Period. In satisfaction of CEGT's obligation to send the required November 1 notice of shipper credit amounts, CEGT served each shipper with a copy of the instant filing.

4. CEGT submits that good cause exists to grant a waiver of section 31 of its GT&C regarding CEGT's obligation to refund the collection of penalty dollars to its customers. CEGT claims that the administrative burden of refunding such amounts to its shippers will far outweigh the benefits in terms of the actual amounts of the refunds. Therefore, CEGT proposes, on behalf of its firm shippers, with the exception of the amount associated with shippers who oppose the donation, to donate \$76,486.41 of the \$78,155.00 to the low income energy assistance programs in Arkansas, Kansas, Louisiana, Missouri, Oklahoma and Texas, to assist individuals needing help to pay their utility bills. CEGT states that such an alternative avoids the administrative costs of determining and distributing these small amounts to its firm customers, and promotes worthy charitable goals. CEGT states that the Commission approved a similar proposal regarding the distribution of certain GRI refunds in the past.<sup>1</sup>

5. CEGT states it determined the proposed amounts for the individual states based on deliveries to shippers serving residential customers in such states. The amounts for each state are as follows:

Arkansas:	\$45,218.45
Kansas:	\$ 1,896.99
Louisiana	\$11,782.20
Missouri	\$ 5,508.71
Oklahoma	\$ 9,252.28
Texas	<u>\$ 2,737.78</u>
Total	\$76,486.41

Opposing shipper's refund amount	<u>\$ 1,668.59</u>
Total refund amount:	\$78,155.00

6. CEGT states that it informed its shippers and state commissions of its proposal via email and web site posting on October 23, 2006, asking for notification of any objections by October 30, 2006. To date, only a small portion of shippers has raised any objections and CEGT will refund to those shippers the applicable allocated amounts. CEGT asserts that since the vast majority of firm shippers generously support this donation, issuing a few refunds will not be as administratively burdensome as issuing hundreds of refunds.

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<sup>1</sup> See *Gas Research Institute*, 113 FERC ¶ 61,193 (2005).

Therefore, CEGT respectfully requests any necessary waivers or approvals allowing the Commission to accept this filing.

7. The Commission noticed CEGT's filing on November 3, 2006. Interventions and protests were due November 13, 2006, as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2006)). Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2006), all timely filed motions to intervene and any 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. On November 9, 2006, Arkansas Gas Consumers, Inc. (AGC) filed a protest. On November 13, 2006, Arkansas Public Service Commission filed a motion to intervene out-of-time and comments in support of CEGT's petition for limited waiver. CEGT filed an answer on November 17, 2006. Under Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 213(a)(2) (2005), answers to protests or answers are generally prohibited. However, the Commission will accept CEGT's answer because it provides information that further clarifies the issues and will assist the Commission in its decision-making.

8. AGC states that it objected, on behalf of its members, to the CEGT donation scheme on October 30, 2006, and continues to object to any proposal allowing a utility, like CEGT, to not refund a customer any sum which the customer is entitled to under the Commission's rules and the utility's own tariff.

9. AGC claims that CEGT's proposal, as described in its original October 25, 2006, e-mail, is contrary to both CEGT's tariff and the Commission's rules. AGC states that section 31.3 of the tariff gives CEGT the option of "crediting" penalty revenues against a shipper's invoice or "sending a check in the amount of the applicable Shipper Penalty Revenue Credit" to the shipper. AGC asserts that section 31.3 does not give CEGT the option of diverting ratepayer money to a charity of CEGT's choice. In addition, AGC states that FERC Rule 284.12(b)(2)(v) provides in part:

*Pipelines may not retain net penalty revenues, but must credit them to shippers in a manner to be prescribed in the pipeline's tariff. A pipeline with penalty provisions in its tariff must provide to shippers, on a timely basis, as much information as possible about the imbalance and overrun status of each shipper and the imbalance of the pipeline's system.*

18 C.F.R. § 284.12(b)(2)(v) (emphasis added). AGC argues that the rule does not give CEGT the right to determine that penalty revenues are so insignificant that they are not worth giving back to CEGT's customers.

10. AGC asserts that CEGT's proposal is not an appropriate use of ratepayer money. AGC states that each AGC member, and presumably each of its other firm shippers, conducts its own charitable activities and does not need CEGT to choose either the

amount or recipients of such donations. Therefore, AGC concludes that the Commission should require CEGT to refund to AGC's members, all funds due to them under the CEGT tariff and the Commission's rules.

11. In its answer, CEGT states that it requested notification by October 30, 2006, of any parties objecting to the October 23, 2006, proposal to donate the penalty dollars. CEGT submits that it only received notification from two parties opposing the proposed donation, AGC on behalf of its members, and Potlatch Corporation (Potlatch). CEGT states that based on the members listed in Attachment A of AGC's protest, CEGT amends the donation and refund amounts shown in the original filing to reflect the applicable refunds to the twenty-four members shown in Attachment A of AGC's protest, along with the refund to Potlatch.<sup>2</sup>

12. CEGT contends that with the additional AGC members identified in AGC's protest, the resulting donation amount now totals \$75,989.62. The revised allocation among the states is as follows:

Arkansas:	\$44,924.75
Kansas:	\$ 1,974.09
Louisiana	\$11,705.67
Missouri	\$ 5,472.93
Oklahoma	\$ 9,192.18
Texas	<u>\$ 2,720.00</u>
Total	\$75,989.62
AGC Refund:	\$ 1,888.34
Potlatch Refund:	<u>\$ 277.04</u>
	\$78,155.00

13. For good cause shown, we grant CEGT's request to waive section 31 of its GT&C. Granting this waiver eliminates the administrative costs of determining and distributing the small refunds to CEGT's firm customers while promoting charitable goals. In both its transmittal accompanying the filing and its answer, CEGT states that it will refund to any customers that oppose its proposal their allocated amounts, including all of AGC's members. Therefore, the Commission orders CEGT, consistent with its proposal, to refund to AGC's members and Potlatch the amounts due to them. By finding that CEGT sufficiently justified its request and granting this waiver, the Commission affirms the donation of the remaining penalty amount to the aforementioned charities in Arkansas, Kansas, Louisiana, Missouri, Oklahoma and Texas. The Commission finds no harm to the customers opposing the donation since CEGT will remit their refunds to them.

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<sup>2</sup> Attachment 1 of CEGT's Answer shows the breakdown of refunds.

14. Accordingly, the Commission grants the requested waiver of section 31 of CEGT's GT&C, as conditioned herein.

By direction of the Commission.

Magalie R. Salas,  
Secretary.