

110 FERC ¶ 61,021
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

January 14, 2005

In Reply Refer To:
Columbia Gulf Transmission
Company
Docket No. RP05-125-000

Columbia Gulf Transmission Company
12801 Fair Lakes Parkway
P.O. Box 10146
Fairfax, VA 22030-0146

Attention: Carl W. Levander, Vice President

Reference: Thirty-sixth Revised Sheet No. 18, and Thirty-seventh Revised Sheet No. 19 to FERC Gas Tariff, Second Revised Volume No. 1

Dear Mr. Levander:

1. On December 17, 2004, Columbia Gulf Transmission Company (Columbia Gulf) filed the referenced tariff sheets to reflect a periodic transportation retainage adjustment pursuant to section 33.2 of its General Terms and Conditions. The revised tariff sheets set forth a reduced retainage factor for the mainline zone applicable to Columbia Gulf's FTS and ITS Rate Schedules. The Commission waives the 30-day notice requirement of section 4 of the Natural Gas Act (NGA), and accepts the referenced tariff sheets, effective January 1, 2005, as proposed.

2. Columbia Gulf states in the instant filing that it has experienced an over recovery of retainage quantities on its mainline zone (applicable to its FTS-1 and ITS-1 Rate Schedules) based upon actual experience for the period April 1, 2004, through November 30, 2004, and is recalculating its retainage factor applicable to the mainline zone to allow its customers to immediately receive the benefits of the resulting reduction in that retainage factor.

3. Columbia Gulf states that during the period that its current mainline retainage factor has been effective, it has realized a variance in actual mainline throughput versus the projected levels upon which the current retainage factor was developed.

4. Columbia Gulf states that this event has led to a significant ongoing decrease in its compressor fuel usage, which has resulted in its current retainage factor no longer accurately reflecting its retainage requirement, and this periodic transportation retainage filing reduces its current mainline retainage factor.
5. Columbia Gulf states that it is seeking to reduce its mainline zone retainage factor for its customers prior to the next annual transportation retainage adjustment filing, and that this periodic transportation retainage adjustment will assist it in the management of its retainage quantities, and provide its customers the immediate benefit of the reduction to the mainline zone retainage factor.
6. Columbia Gulf states that it not proposing any change to its recovery of lost and unaccounted-for gas quantities recovered through the retainage percentages as developed in its last annual transportation retainage adjustment filing.
7. Public notice of the filing was issued on December 22, 2004, with comments due on or before December 29, 2004. Notice of interventions and unopposed timely filed motions to intervene are granted under the Rule 214 of the Commission's Rules and Practice and Procedure (18 C.F.R. § 385.214 (2004)). On December 29, 2004, Orange and Rockland Utilities, Inc. (O&R) filed a motion to intervene and a request for clarification. The East Ohio Gas Company, d/b/a Dominion East Ohio, filed comments in support of Columbia Gulf's filing. Any untimely motion to intervene filed as of this date of this order is granted. Granting late interventions at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties.
8. O&R states that it is seeking clarification as to the nature of the variance in actual mainline throughput versus the projected levels upon which the current retainage factor was developed. O&R states that it is seeking clarification because Columbia Gulf's filing does not reflect a variance from the projections contained in its most recent annual filing in Docket No. RP04-196-000, and because it is concerned that an error in the instant filing could lead to a future upward spike in Columbia Gulf's retainage factor.
9. O&R states that Columbia Gulf's March 1, 2004 annual filing projected its deliveries by zone for the period April, 2004 through March, 2005, and the total projected deliveries for the mainline zone were 600,576,000 Dth. It states that in the instant filing Columbia Gulf again reflected total mainline zone deliveries for the same twelve month period as 600,576,000 Dth.

10. O&R states that there is no variance in these figures, and a comparison of the Docket No. RP04-196 and RP05-125 filings does reveal a marked difference in the "Projected Company Use". It states that the RP04-196 filing projected company use of 15,481,776 Dth, while the instant filing projects company use of 11,543,500 Dth. It is this lower projected company use that results in the changed retainage percentage, not the unchanged mainline zone throughput. O&R seeks clarification of the facts underlying Columbia Gulf's filing to ensure that the proposed retainage percentage will not necessitate a large increase in Columbia Gulf's retainage in its March 1, 2005 annual filing.

11. On January 6, 2005, Columbia Gulf filed its answer to O&R's request for clarification. Columbia Gulf states that it established the currently-effective mainline zone retainage factor in its March 1, 2004 annual filing in Docket No. RP04-196-000. It states that in that filing, Columbia Gulf based its retainage factor upon a projection of annual throughput for the mainline, and associated compressor fuel usage, for the period of April 1, 2004 through March 31, 2005.

12. Columbia Gulf states that since the current factors were placed into effect on April 1, 2004, it has experienced a significant reduction of throughput in its mainline zone. Columbia Gulf states that in its most recent March 1 filing it projected an annual throughput level associated with the mainline of 600,567,000 Dth. It states that for the nine-month period of April 2004 through December 2004 Columbia Gulf's actual mainline zone throughput was 379,083,530 Dth.

13. Columbia Gulf states that this reduction in throughput has resulted in a reduced need for natural gas for compression for the mainline zone, leading to an ongoing over-recovery of company-use volumes. Columbia Gulf states that it determined that a reduction in the retainage factor was necessary to more accurately reflect actual conditions on its system.

14. Columbia Gulf states that calculating an interim revised retainage factor could have been accomplished in one of two ways: (1) reflecting a reduction in its projected annual company-use requirements, and recalculating the retainage factor based upon the underlying design determinants to reduce the retainage factor to a level that reflects current operating conditions; or (2), alternatively, calculating a "three-month" retainage filing that reflected adjusted projections for its anticipated throughput and adjusted company-use numbers arising from such reduced throughput projections for the period of January 1 through March 31, 2005.

15. Columbia Gulf states that in its periodic filing, it used the first described approach. It states that while the latter approach would have been consistent with the typical approach of using projected data for the relevant period in retainage factor calculations, either approach would result in the same reduction amount and thereby provide its customers with the benefit of the lower mainline zone retainage factor for the remainder of the current period.

16. Columbia Gulf states that it chose to simply adjust the overall company-use requirement to reflect the operating conditions discussed above. Thus, it asserts that the impact of the throughput changes, while not reflected in the design of the revised factors, formed the basis for the adjusted company-use projection.

17. Columbia Gulf finally states that it recognized O&R's concern of a "spike" in its mainline zone retainage factor in its upcoming March 31, 2005 filing, and that this is unlikely to occur. It states that, consistent with its historical practice, Columbia Gulf will base its retainage factors for the upcoming annual period using projections of throughput and associated company-use gas on its experience in the prior year as its starting point. Thus, Columbia Gulf states that its most recent operating experience will be reflected in the March 31, 2005 filing. It further states that if these conditions are projected to continue into the next annual period, it is unlikely that the retainage factor will change significantly in that filing.

18. The Commission concludes that Columbia Gulf's answer adequately addresses O&R's concerns about Columbia Gulf's periodic transportation retainage adjustment filing and will be accepted.

19. Good cause exists to waive the 30-day notice requirement of section 4 of the NGA. Accordingly, the Commission accepts Columbia Gulf's proposed tariff sheets effective January 1, 2005, as proposed.

By direction of the Commission.

Magalie R. Salas,
Secretary.