

125 FERC ¶ 61,334  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

CenterPoint Energy Gas Transmission Company

Docket No. RP09-89-000

ORDER ACCEPTING TARIFF SHEETS SUBJECT TO CONDITION

(Issued December 19, 2008)

1. On November 20, 2008, CenterPoint Energy Gas Transmission Company (CEGT) filed tariff sheets<sup>1</sup> to establish an Enhanced Firm Transportation Rate Schedule (Rate Schedule EFT). As discussed below, the Commission accepts CEGT's proposed tariff sheets effective December 20, 2008. This acceptance is subject to conditions as discussed below.

**Details of Filing**

2. CEGT states that it is offering the new Rate Schedule EFT due to shipper requests for a firm service that meets shippers' varying daily consumption requirements yet only involves one contract and one nomination scheduling process. CEGT states that currently its shippers that consume gas at accelerated levels during certain times of the day must use a combination of short and long term firm transportation, hourly firm transportation, interruptible transportation, and park and loan services.

3. In order to utilize the new Rate Schedule EFT, CEGT states the shipper must specify a maximum daily contract demand and then request Maximum Delivery Obligations at primary delivery points, with a maximum load conforming to the number of elected hours of service (Accelerated Consumption Election or ACE) for each primary delivery point. These ACE election levels may range from eight to twenty-four hours. The number of ACE hours the shipper elects will establish the maximum hourly flow that CEGT is obligated to deliver under its EFT service agreement on an enhanced firm basis.

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<sup>1</sup> See Appendix.

Three levels of ACE rates have been calculated for time increments of 8 to 11 hours, 12 to 15 hours, and 16 hours and above. Once a Rate Schedule EFT customer has received quantities that equal its Maximum Delivery Obligation at the primary delivery point, any further service that day will be processed as overrun quantities on an interruptible basis.

4. CEGT derives rates for Rate Schedule EFT based upon the rates established for Rate Schedules FT and Hourly Firm Transportation Service (Rate Schedule HFT). CEGT explains that the Rate Schedule EFT calculation involves two components. First, Rate Schedule EFT includes the existing Rate Schedule FT maximum reservation charge multiplied by the desired maximum daily contract demand. Second, CEGT derives a monthly reservation charge for the accelerated consumption election. To calculate this component, CEGT states that it multiplies the existing Rate Schedule HFT maximum daily reservation charge and the incremental EFT, which represents the difference between the hourly consumption under a 24-hour ratable take and the maximum hourly consumption for the applicable ACE rates. This result is then multiplied by the average number of days in a month. The two separate components incorporating FT and HFT rates are summed and divided by the maximum daily contract demand to derive a maximum reservation rate for Rate Schedule EFT.

5. CEGT states that the combined daily and hourly operational characteristics of this service requires changes to provisions of CEGT's Tariff. Specifically, CEGT proposes to add a load forecasting provision whereby a shipper electing service under Rate Schedule EFT will be required to submit its planned consumption schedule for each day by 8:00 a.m. (Central Clock Time) for the gas day beginning at 9:00 a.m. (Central Clock Time).

6. CEGT also proposes that a shipper with primary receipt points and primary delivery points under its Rate Schedule EFT Service Agreement which qualify for segmentation under CEGT's Tariff will lose its accelerated consumption rights if the shipper actually segments its capacity.

7. Finally, CEGT states that Rate Schedule EFT shippers will have secondary delivery point rights; however, the accelerated consumption option will not be available at secondary delivery points. All volumes nominated and scheduled at secondary delivery points will be based on hourly ratable take flows over a 24-hour period.

8. CEGT states that it will only agree to provide service under Rate Schedule EFT if capacity is available and the provision of such service will not adversely affect any other existing firm service. However, CEGT acknowledges that implementation of the new Rate Schedule EFT may limit the availability of interruptible capacity.

9. CEGT states that it has no actual cost or revenue experience related to this new service and is not proposing to allocate costs to Rate Schedule EFT for the purpose of rate design. CEGT states that it expects that the initial Rate Schedule EFT shippers will

mostly consist of existing shippers converting from their present firm and interruptible contracts and that the difference in revenue as a result of the transaction during the initial 12-month period will be *de minimis*. Thus, CEGT requests waiver of the requirement at section 154.202(a)(1)(viii) of the Commission's regulations that a filing to initiate a new rate schedule include a projection of revenues for the 12-month period commencing upon the effective date of the filed tariff sheets.

### **Public Notice, Intervention and Protest**

10. Notice of CEGT's filing in Docket No. RP09-89-000 was issued on November 24, 2008. Interventions and Protests were due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2008). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2008), all timely-filed motions to intervene and any motions to intervene out-of-time 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. Several parties have intervened in this proceeding, and the Indicated Shippers<sup>2</sup> filed a protest.

11. The Indicated Shippers assert that CEGT's filing lacks the information required by section 154.202 of the Commission's regulations, 18 C.F.R. § 154.202 (2008). The Indicated Shippers assert that the filing does not explain how the new EFT service will differ from CEGT's existing hourly firm service or interruptible service. The Indicated Shippers also claim that CEGT fails to explain the impact of the new Rate Schedule upon existing customers. In particular, the Indicated Shippers assert that the CEGT fails to identify the impact upon the adequacy of existing capacity, the effect on receipt and delivery point flexibility, nominating scheduling priorities, allocation of capacity, operating conditions, or curtailment. The Indicated Shippers assert that these reasons are sufficient to deny the filing.

12. The Indicated Shippers also emphasize that the CEGT fails to provide justification "similar in form to testimony in a general section 4 rate case"<sup>3</sup> for its proposal to allocate no costs to the new EFT service. Indicated Shippers assert that without this information, it is impossible to determine whether CEGT's proposal to allocate no costs to EFT service is just and reasonable.

13. The Indicated Shippers also object to CEGT's request for a waiver of the requirement that it submit a 12-month projection of revenues. The Indicated Shippers

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<sup>2</sup> The Indicated Shippers include ConocoPhillips Company; Shell Energy North America (U.S.), L.P.; and Anadarko Energy Services Company.

<sup>3</sup> Citing 18 C.F.R. § 154.202(a)(1)(vii) (2008).

stress that this information is critical to determining whether the proposed rates and service are just and reasonable, and the Indicated Shippers note that CEGT currently has no obligation to file a general section 4 rate case.

### **Discussion**

14. The Commission finds that CEGT's new EFT Rate Schedule is just and reasonable in that it provides shippers additional flexibility to meet accelerated consumption requirements without impairing its existing service commitments. In its filing CEGT provides assurance that it will only agree to offer service under Rate Schedule EFT if capacity is available and there is no adverse impact upon any other existing firm service. No party has contradicted CEGT's statements. Indicated Shippers correctly note that section 154.202 of the Commission's regulations requires pipelines to justify the proposed rate design for the new rate schedule and to demonstrate that the proposed allocation of costs is just and reasonable. Section 154.202 also requires pipelines to file 12-month cost and revenue projections resulting from the new rate schedule. However, the Commission has previously approved new rate schedules for innovative services derived from the rates for existing firm transportation services rather than via cost allocation methods.<sup>4</sup> Under these circumstances, the Commission has not always required the pipeline to submit workpapers containing 12-month cost and revenue estimates.<sup>5</sup>

15. When the pipeline proposing a new rate schedule lacks the experience necessary to provide a reliable projection of possible revenues or costs related to the new service, the Commission has often conditioned its approval upon the filing of an activity report following the first year of service.<sup>6</sup> This appears appropriate here where prospective estimates are difficult and the menu of firm service options will be enlarged and made more flexible without impairing other firm service.<sup>7</sup> Thus, the Commission will require CEGT to file an activity report within 45 days after December 20, 2009, the conclusion

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<sup>4</sup> *Great Lakes Gas Transmission Limited Partnership*, 120 FERC ¶ 61,105, at P 8-10 (2007).

<sup>5</sup> *Id.* at P 10.

<sup>6</sup> *See Northwest Pipeline Corporation*, 100 FERC ¶ 61,336, at P 9, 12 (2002); *Midwestern Gas Transmission Company*, 114 FERC ¶ 61,218, at P 7 (2006).

<sup>7</sup> Although CEGT acknowledges that there may be some diminution in the availability of interruptible service, this fact of "interruptibility" is an inherent characteristic of interruptible service, and does not warrant rejection of the proposed EFT rate schedule.

of the rate schedule's first year of operation. The report must detail (1) the date service was rendered for each transaction, (2) the volume shipped under each transaction, (3) monthly volumes, (4) the name of the shipper for each transaction, (5) whether the shipper is an affiliate of CEGT, (6) the rate charged for each transaction, (7) the revenues received for each transaction, and (8) the monthly revenues for this service. Such information will provide interested parties actual information that can be used to monitor CEGT's EFT activity and revenues.

16. For the reasons set forth above, the Commission accepts the tariff sheets to implement CEGT's Rate Schedule EFT subject to the condition that CEGT file an activity report following the first year of operation.

The Commission orders:

The tariff sheets listed in the Appendix are accepted subject to CEGT filing an activity report within 45 days after December 20, 2009.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

Appendix

**CenterPoint Energy Gas Transmission Company  
FERC Gas Tariff, Sixth Revised Volume No. 1**

**Tariff Sheets Accepted Effective December 20, 2008, Subject to Condition**

Sixth Revised Sheet No. 1  
Original Sheet No. 20  
Sheet Nos. 21-30  
Sheet No. 59  
Original Sheet No. 60  
Original Sheet No. 61  
Original Sheet No. 62  
Original Sheet No. 63  
Original Sheet No. 64  
Original Sheet No. 65  
Original Sheet No. 66  
Original Sheet No. 67  
Original Sheet No. 68  
Sheet No. 69  
Second Revised Sheet No. 229  
First Revised Sheet No. 246  
First Revised Sheet No. 250  
Fourth Revised Sheet No. 269  
Fourth Revised Sheet No. 307  
Second Revised Sheet No. 316  
Third Revised Sheet No. 320  
Third Revised Sheet No. 373  
Third Revised Sheet No. 374  
First Revised Sheet No. 379  
First Revised Sheet No. 382  
First Revised Sheet No. 383

Third Revised Sheet No. 396  
Third Revised Sheet No. 399  
Second Revised Sheet No. 401  
Original Sheet No. 401A  
First Revised Sheet No. 409  
First Revised Sheet No. 410  
Second Revised Sheet No. 445  
Fourth Revised Sheet No. 447  
First Revised Sheet No. 536  
Second Revised Sheet No. 590  
First Revised Sheet No. 594  
Second Revised Sheet No. 679  
Third Revised Sheet No. 683  
Fourth Revised Sheet No. 697  
Second Revised Sheet No. 698  
Sheet No. 736  
Original Sheet No. 737  
Original Sheet No. 737A  
Original Sheet No. 737B  
Original Sheet No. 737C  
Original Sheet No. 737D  
Original Sheet No. 737E  
Original Sheet No. 737F  
Original Sheet No. 737G  
Original Sheet No. 737H  
Sheet Nos. 738-741