

128 FERC ¶ 61,096
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

July 29, 2009

In Reply Refer To:
WTG Hugoton, LP
Docket No. RP09-800-000

WTG Hugoton, LP
2900 Stratford Dr.
Austin, TX 78746-9487

Attention: Sterling H. Smith
Attorney for WTG Hugoton, LP

Reference: Annual Adjustment to Fuel Retention Percentages

Dear Mr. Smith:

1. On July 1, 2009, WTG Hugoton, LP (WTG) filed Second Revised Sheet No. 5 to its FERC Gas Tariff, Original Volume No. 1, with a requested effective date of August 1, 2009. The tariff sheet reflects changes to WTG's annual Fuel Retention Percentages (FRP) applicable to transportation service provided under Rate Schedules FT and IT. Additionally, WTG requests a limited waiver of sections 42.3(d) and 42.4(b) of its General Terms and Conditions (GT&C) to calculate lost and unaccounted for gas (UAF) using the actual volumes for the 22-month historic period from the inception of system operations (August 2007) through May 31, 2009. For the reasons discussed below, we grant WTG's limited waiver request and accept Second Revised Sheet No. 5 to be effective August 1, 2009, as proposed.

2. Public notice of the filing was issued on July 2, 2009. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2009)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2009)), all timely filed motions to intervene and any 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. No protests or adverse comments were filed.

3. Section 42 of WTG's GT&C requires it to establish FRPs for the 12-month period beginning each August 1, based on the actual fuel used during the most recent prior 12-month period for which data is available, in this case June 1, 2008 through May 31, 2009. The fuel rates also include a true-up to recover any past over or under-collection of fuel in the Company's Deferred Gas Required for Operations (GRO) Account. The proposed FRPs, which include the UAF charge, are reductions from the previous year's FRPs, with the exception of the FRP computed for the North of Hugoton Zone. This zone reflected an increase to the FRP which WTG attributes to "efficiency problems associated with higher system pipeline pressures created by restrictions on gas deliveries with interconnecting pipelines receiving gas from the WTG system."

4. Pursuant to its tariff, WTG uses the actual GRO quantities and annual volumes as its estimated GRO quantities and estimated volumes. WTG's accompanying work papers show that for the 12-month period ended May 31, 2009, actual system UAF reflects a line gain of 63,605 MMBtu, or a negative 0.13 percent of system throughput. WTG states that this line gain is due to its identification and correction of suspected measurement errors and irregularities leading to reduced system UAF. WTG's Deferred GRO account balance shows an over-recovery of 376,930 MMBtu.¹ In order to calculate the current FRP, the estimated GRO quantities for the next year are added to the deferred GRO account. That resulting quantity is then divided by the estimated throughput volumes for the next year.

5. Using estimated GRO quantities of 63,605 MMBtu, the deferred GRO account of 376,930 MMBtu, and estimated volumes of 48,484,881 MMBtu, a system-wide UAF of negative 0.91 percent for the next annual period would be produced.² When added to the FRPs from the other zones, the resulting FRPs in WTG's high pressure points, 0.74 percent, would be a negative 0.17 percent. WTG states that in order to distribute the aggregate line gain, it would be required to deliver more gas than it receives, and has no mechanism in place to purchase the gas to make that possible on an ongoing basis.

6. WTG requests a limited waiver of sections 42.3(d) and 42.4(b) of its GT&C in order to use a 22-month period going back from May 31, 2009, to the inception of system operations in August 2007, to true-up its deferred UAF account. Use of this 22-month period will allow WTG to correct its negative FRP problem because the resulting UAF from using the 22-month period will be <-0.13> percent, which when added to the high pressure receipt point FRPs, results in positive 0.61 percent FRPs. This new UAF is a

¹ This is the product of an under-recovered beginning balance of 263,370 MMBtu at the beginning of June 2008 and an over recovered balance of 640,300 MMBtu for the deferral period ending May 31, 2009.

² Derived as follows: $(-63,605 + -376,930) / 48,484,881 = <-0.91>$ percent.

result of combining the estimated volumes and GRO quantities from the previous period and the current period. The estimated volumes and GRO quantities that WTG lists from the previous deferral period are 44,738,104 MMBtu and 316,996 MMBtu, respectively.³

7. WTG states that use of the <-0.13> percent UAF calculated using the 22-month period will (1) give shippers the full benefit of the Deferred GRO Account, and (2) help stabilize UAF percentages on an ongoing basis. WTG further states that acceptance of the limited waiver will provide no economic benefit to WTG and the resulting proposed UAF component of WTG's fuel rates would be less than one-tenth of the existing rate, reducing UAF from 1.41 percent to <-0.13> percent.

8. We accept WTG's proposal to set the UAF charge at <-0.13> percent, using a 22-month period for calculations. WTG's proposal is a reasonable method to reduce the over-recovery and no shipper has objected to the mechanism. Through the operation of the fuel tracker mechanism, WTG will reflect any over-recoveries not returned to shippers during this period when it calculates the true-up adjustments in next year's annual adjustment filing. The Commission is aware that WTG has no method in place to buy gas and return it to shippers. Accordingly, we grant waiver of WTG's tariff and to permit it to use a 22-month historic period for calculating its deferred UAF account and accept the revised tariff sheets to become effective August 1, 2009.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

³ Estimated GRO quantities for the 22-month period are equal to -63,605 MMBtu (June 2008-May 2009) plus 316,996 MMBtu (August 2007-May 2008). This quantity is added to the Deferred GRO Account of -376,930 MMBtu to receive a quantity of -123,539 MMBtu. The quantity of -123,539 MMBtu is divided into the Estimated Volumes for the 22-month period, 48,484,881 MMBtu (June 2008-May 2009) plus 44,738,104 MMBtu (August 2007-May 2008).