134 FERC ¶ 61,254
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 30, 2011

In Reply Refer To:
Columbia Gulf Transmission Company
Docket No. RP11-1820-000

Columbia Gulf Transmission Company
5151 San Felipe, Suite 2500
Houston, TX 77056

Attention: James R. Downs, Vice President, Rates & Regulatory Affairs

Reference: Transportation Retainage Adjustment (TRA)

Dear Mr. Downs:

1. On February 28, 2011, Columbia Gulf Transmission Company (Columbia Gulf) filed a revised tariff record[1] for its annual Transportation Retainage Adjustment (TRA) under section 32.2 of its General Terms and Conditions (GT&C). Columbia Gulf proposes to decrease its fuel retainage percentages. Columbia Gulf also requests that the Commission permit the tariff record to become effective on May 1, 2011 instead of April 1, 2011, as required by its tariff. As discussed below, the Commission denies Columbia Gulf's request to delay the effective date of its TRA and accepts Columbia Gulf's proposed tariff record to be effective April 1, 2011, subject to condition.

2. Columbia Gulf recovers its system's fuel requirements (Company Use Gas or CUG) and lost and unaccounted for gas (LAUF) by retaining in-kind a percentage of gas tendered by customers. GT&C section 32.2 requires Columbia Gulf to make an annual TRA filing on or before March 1 to be effective on April 1 to update its fuel retainage percentages. Columbia Gulf's fuel retainage percentages for each zone[2] include two

[1] Currently Effective Rates, Retainage Rates, 4.0.0 to Columbia Gulf Tariffs, FERC NGA Gas Tariff.

[2] Columbia Gulf has separate fuel retainage percentages for three zones. They are the mainline, onshore lateral and offshore lateral zones. Columbia Gulf also has a

(continued)

components. The first component, known as the current retainage percentage, recovers the zone's projected CUG and LAUF during the twelve-month period commencing with the effective date of Columbia Gulf's TRA filing. The second component, known as the unrecovered retainage surcharge or true-up component, reflects the reconciliation of the zone's actual CUG and LAUF quantities during the prior calendar year with quantities retained by Columbia Gulf during the same period.

3. Columbia Gulf proposes to reduce its mainline zone retainage rate from 1.944 percent to 1.673 percent. Columbia Gulf proposes zero retainage rates for mainline zone backhaul transactions and the onshore zone because, in both cases, the true-up component exceeds the current retainage percentage, which would result in a negative overall retainage rate.[3] Columbia Gulf states that by setting the overall rates to zero, it will extend the time in which it leaves in place a negative true-up component.

4. Columbia Gulf states that it has pending in Docket Nos. CP11-13-000 and CP11-14-000 certificate applications to abandon service from its remaining offshore facilities. Columbia Gulf states that, in light of the pending abandonment applications, it proposes to retain the existing zero percent effective retainage rate for the offshore zone. Columbia Gulf has not allocated any deliveries or fuel to the offshore zone in this filing.

5. Columbia Gulf states that it has used the twelve-month period beginning April 1, 2011 to estimate CUG and LAUF quantities, but requests a one month delay until May 1, 2011 to make the new retainage rates effective. Accordingly, Columbia Gulf requests waiver of GT&C Section 32.4(a) which requires that the current component reflects the estimate of total CUG and LAUF quantities required during the 12-month period commencing "with the effective date of Transporter's TRA." Columbia Gulf states that this one month delay will make its proposed changes to its fuel retainage percentages take effect on the same date as the rate change that will take place due to its general rate filing in Docket No. RP11-1435. Columbia Gulf states that it is making this request for the convenience of its customers so that there is only one rate change on May 1, 2011, and not two changes, one on April 1 for fuel and a second on May 1 for the rate case.

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separate fuel retainage percentage for backhaul transactions, which are charged only LAUF-related retainage components.

[3] For the onshore zone, the proposed current retainage percentage is 0.198 percent and the proposed, unadjusted true-up component is -0.396 percent. For mainline backhaul transactions, the proposed current retainage percentage is 0.059 percent and the proposed, unadjusted true-up percentage is -0.279 percent. *See* Columbia Gulf Transmittal at Appendix A, p. 3.

6. Public notice of Columbia Gulf's filing was issued on March 1, 2011. Interventions and protests were due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2010). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2010), all timely filed motions to intervene and any 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 the proceeding or place additional burdens on existing parties. The Indicated Shippers[4] filed a protest and NiSource Distribution Companies[5] filed comments. On March 18, 2011, Columbia Gulf filed an answer to the protest and comments. Under Rule 213(a)(2) of the Commission's regulations, 18 C.F.R. § 385.213(a)(2) (2010), answers to protests are prohibited unless otherwise ordered by the decisional authority. We will accept Columbia Gulf's answer because it provides information that will assist us in our decision-making process.

7. As discussed below, the Commission denies Columbia Gulf's request to delay the effective date of the TRA and accepts Columbia Gulf's proposed tariff record to be effective April 1, 2011, subject to condition.

8. Columbia Gulf requests waiver of section 32.2 of its GT&C to delay the April 1 effective date of the TRA required by that section until May 1, 2011 in order to coincide with the rate change that will take place due to its general rate filing in Docket No. RP11-1435. Columbia Gulf states that it is making this request for the convenience of its customers. The Indicated Shippers argue that Columbia Gulf's justification for delaying the TRA reduction does not constitute good cause to depart from its tariff. The Indicated Shippers contend that, "[t]here is no 'customer convenience' interest in delaying a rate reduction."[6]

9. The Commission finds that good cause does not exist to delay the effectiveness of Columbia Gulf's reduced retainage rates until May 1, 2011. Any purported convenience in waiting until May 1, 2011 to begin charging shippers reduced fuel rates, as opposed to April 1, 2011, as required by GT&C section 32.2, is outweighed by the value to shippers in paying reduced fuel rates sooner rather than later. Therefore, Columbia Gulf's request is denied.

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[4] The Indicated Shippers include BP Energy Company and BP America Production Company, Hess Corporation and Interstate Gas Supply, Inc.

[5] The NiSource Distribution Companies include Columbia Gas of Kentucky, Inc., Columbia Gas of Maryland, Inc., Columbia Gas of Ohio, Inc., Columbia Gas of Pennsylvania, Inc., and Columbia Gas of Virginia, Inc.

[6] Indicated Shippers Protest at 3.

10. Columbia Gulf's calculations would have resulted in overall retainage rates of -0.198 percent and -0.220 percent for onshore and mainline backhaul transportation, respectively.[7] However, Columbia Gulf proposes to hold the overall retainage rates at zero, rather than allowing the overall retainage rates to be negative, until all of the over-recovery associated with onshore and mainline backhaul transportation has been returned to shippers. The Indicated Shippers argue that Columbia Gulf should be required to clarify the timing of, and mechanism for, return of past over-recoveries attributable to mainline backhaul and onshore zones, stating that Columbia Gulf has filed in its pending rate case to eliminate its separate rate zones. In reply, Columbia Gulf states that while it has proposed a postage stamp rate design in its general rate proceeding, it has made no proposal to date to eliminate zones for purposes of assessing fuel.[8]

11. The Commission finds, as we did previously, that Columbia Gulf's proposed zero retainage percentages for onshore and mainline backhaul transportation are reasonable.[9] Section 32.5 of the GT&C (Termination) provides a mechanism for allocating over and under recoveries in the event Columbia Gulf's TRA mechanism is terminated or otherwise rendered inapplicable with respect to any applicable rate schedule. Therefore, there is already an approved mechanism in place to allocate any over or under recoveries should the offshore and onshore zones be eliminated.

12. Columbia Gulf proposes to retain the existing zero percentage retainage rate for the offshore zone, and projects no offshore deliveries during the current retainage period. The Indicated Shippers, noting that Columbia Gulf has pending applications to abandon service in the offshore zone, maintains that Columbia Gulf would be unable to refund offshore retainage over-collections to shippers once the service is abandoned.

13. Columbia Gulf states in its answer that the offshore zone fuel costs were incorporated into the onshore zone calculations for ease of administration. Specifically, Columbia Gulf states that it included 6,828 Dth of gas used in the offshore zone to the onshore zone, which is less than 1.5 percent of the 2010 onshore zone CUG of 463,969 Dth. Columbia Gulf states that it included 3,111 Dth of retainage related to the offshore zone, which is less than 0.1 percent of the total 2010 retainage for LAUF of 3,236,471 Dth. Columbia Gulf states that there were also 158 Dth of offshore zone prior period

[7] *See* Columbia Gulf Transmittal at Appendix A, p.3.

[8] In the general rate case suspension order, the Commission did not accept the pro forma postage stamp rate design proposal, but stated that the proposal will be considered in the hearing. *Columbia Gulf Transmission Co.*, 133 FERC ¶ 61,182 (2010).

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

retainage adjustments. Columbia Gulf argues that these quantities are immaterial and will have no material impact on onshore zone customers.

14. Based on its answer, Columbia Gulf appears to have calculated its proposed TRA rates as if the application to abandon service in Docket No. CP11-13 had already been granted.[10] However, that proceeding is pending and contested. It is unclear what the impact of the offshore zone's fuel and LAUF costs on the onshore zone are and whether the offshore zone is in an over-recovery or under-recovery position. Accordingly, Columbia Gulf is directed to file within 20 days of the date of this order numerical information with a narrative explanation showing recalculated onshore retainage rates based on the removal of fuel and LAUF costs attributable to the offshore zone and recalculated offshore retainage rates based on the current condition of the offshore zone (i.e., the offshore zone has not yet been abandoned). Acceptance of the tariff record proposed in this docket is subject to the outcome of the Commission's review of this, and any further required information.

15. Finally, NiSource Distribution Companies state that the adjustment pertaining to Leach and Means should be quantified, so that shippers have assurance that it is just and reasonable.[11] In reply, Columbia Gulf states that the quantification sought by NiSource Distribution Companies will occur in the answer to be filed by its affiliate, Columbia Gas Transmission, LLC, in that pipeline's Retainage Adjustment Mechanism filing in Docket No. RP11-1827. Columbia Gulf also states that it complied with the Commission's order that it reflect the changes to Leach and Means when the company made its out-of-cycle TRA filing on September 28, 2010 in Docket No. RP10-1348. Columbia Gulf states that the adjustments to Leach and Means were reflected when Columbia Gulf lowered its mainline fuel retention percentage from 2.345 percent to 1.944 percent effective

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[10] In the future, Columbia Gulf should inform the Commission at the outset with supporting calculations, as opposed to responding in an answer, if its proposed TRA rates reflect an allocation of costs that is a departure from its previous TRA filing or is otherwise not specified in its tariff.

[11] Columbia Gulf's orifice meters at its Leach A and Means E delivery stations, which record deliveries into Columbia Gas Transmission, LLC (Columbia Gas), under-measured Columbia Gulf's deliveries into Columbia Gas, resulting in an increase in LAUF on Columbia Gulf's system. *See Columbia Gulf Transmission Co.*, 130 FERC ¶ 61,136 (2010). Based on flow tests, Columbia Gulf determined that the under measurement could be remedied by way of a mathematical adjustment to the fuel retainage percentages, which the Commission has required Columbia Gulf to reflect in its TRA rates. *See Columbia Gulf Transmission Co.*, 131 FERC ¶ 61,156, at P 49, 56 (2010).

November 1, 2010 and shippers received an immediate benefit from this out-of-cycle TRA filing to account for the Leach and Means changes.

16. We agree with NiSource Distribution Companies that Columbia Gulf should quantify and set forth in this proceeding the details of the Leach and Means adjustment as reflected in the proposed TRA rates. The fact that Columbia Gas, Columbia Gulf's sister pipeline, is filing related or similar information in a separate proceeding is immaterial. Therefore, Columbia Gulf is directed to file within 20 days of the date of this order numerical information with a narrative explanation describing how Columbia Gulf calculated actual deliveries through each meter at Leach and Means during each month of 2010, including how it applied mathematical adjustments in its proposed TRA calculations. Acceptance of the tariff record proposed in this docket is subject to the outcome of the Commission's review of this, and any further required information.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.