

142 FERC ¶ 61,235
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 28, 2013

In Reply Refer To:
Columbia Gulf Transmission, LLC
Docket No. RP13-665-000

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

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

Dear Mr. Downs:

1. On March 1, 2013, Columbia Gulf Transmission, LLC (Columbia Gulf) filed a revised tariff record¹ and workpapers comprising the 2013 annual Transportation Retainage Adjustment (TRA) filing required under section 32 of its General Terms and Conditions (GT&C). Columbia Gulf also requests a waiver in order to amortize its recovery of lost-and-unaccounted-for (LAUF) gas over three years instead of one year as provided under section 32. The filing also includes tariff records identified in the Appendix to this order that remove references to Columbia Gulf's former Offshore Zone, consistent with its previous abandonment of offshore service;² and tariff records reflecting Columbia Gulf's name change and conversion from Columbia Gulf Transmission Company to Columbia Gulf Transmission, LLC. Columbia Gulf requests that all tariff records become effective on April 1, 2013. The tariff record identified in footnote no. 1 is accepted and suspended, to be effective April 1, 2013, subject to refund, conditions, and further review as discussed below. The tariff records identified in the Appendix are accepted to be effective April 1, 2013.

¹ Columbia Gulf Transmission, LLC; FERC NGA Gas Tariff; Columbia Gulf Tariffs; Currently Effective Rates, Retainage Rates, 8.0.0.

² *Columbia Gulf Transmission Co. and Southern Natural Gas Co.*, 139 FERC ¶ 62,241 (2012); *Columbia Gulf Transmission Co. and Texas Eastern Transmission, LP*, 139 FERC ¶ 61,236 (2012).

2. Columbia Gulf recovers its system's company-use gas (CUG) and lost and unaccounted for (LAUF) volumes by retaining in-kind a percentage of gas tendered by customers. Pursuant to GT&C section 32, Columbia Gulf must file a TRA annually, on or before March 1, to be effective April 1 of that year. Columbia Gulf's fuel retainage percentages include two 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. Columbia Gulf allocates its system fuel retainage between the Market Zone (mainline) and the Market Zone (onshore). As required by the Commission, the TRA filing includes an accounting, separate from Columbia Gulf's system TRA calculations, for volumes retained pursuant to a negotiated retainage rate under a negotiated rate agreement with CenterPoint Energy Gas Transmission Company (CenterPoint).³

3. Specifically, Columbia Gulf proposes to reduce the Market Zone (mainline) forward haul retainage rate from 1.603 percent to 1.583 percent, and to increase the Market Zone (onshore) forward haul retainage rate from 0.062 percent to 0.128 percent. Both forward haul retainage rates include CUG and LAUF components. Columbia Gulf proposes to increase the LAUF-only backhaul retainage rate from zero percent to 0.164 percent for Market Zone backhaul service.

4. Public notice of the filing was issued on March 4, 2013. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2012)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2012)), all timely filed motions to intervene and any unopposed 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. On March 13, 2013, limited protests were filed by Indicated Shippers⁴ and Piedmont Natural Gas Company, Inc. (Piedmont), and joint and several comments were filed by the City of Charlottesville, Virginia and the City of Richmond, Virginia (Cities).

5. Piedmont notes that Columbia Gulf reports LAUF for the period from January 1, 2012 through December 31, 2012 to be 1,316,582 Dths on deliveries of 981,275,096 Dths. Piedmont points out that in the prior TRA filing in Docket No. RP12-418-000, LAUF quantities for the calendar 2012 period were projected to be 248,216 Dths on

³ *Columbia Gulf Transmission Co.*, 133 FERC ¶ 61,097 (2010).

⁴ For the purpose of this proceeding, Indicated Shippers consist of Anadarko Energy Services Company; Chevron U.S.A, Inc.; Cross Timbers Energy Services, Inc.; Hess Corporation; Interstate Gas Supply, Inc.; and Noble Energy Inc.

projected deliveries of 957,039,421 Dths. According to Piedmont, this filing evidences an under-recovered 2012 LAUF quantity of approximately 1.1 million Dths, or roughly four times the LAUF quantity that was projected. Piedmont notes that Columbia Gulf has not explained why a LAUF under-recovery of this size occurred, and why LAUF was roughly four times what was projected in the prior filing. Accordingly, Piedmont requests that the Commission direct Columbia Gulf to provide all data needed to determine the cause of the LAUF under-recovery, and the departure from the projection in the previous TRA filing.

6. Indicated Shippers are also concerned about Columbia Gulf's substantially higher LAUF in 2012 than in 2010 and 2011, and Columbia Gulf's request for waiver to amortize a true-up of the under recovery over three years, based solely on its ability to do so without disruption. Indicated Shippers point out that in 2010, after requiring an investigation into LAUF increases on Columbia Gulf's system, the Commission found that Columbia Gulf had "addressed the underlying causes of the LAUF increases . . . [and] made changes to its system maintenance and upkeep practices."⁵ However, Indicated Shippers state that in the instant filing, Columbia Gulf does not acknowledge the substantial increase in LAUF, explain why it occurred, describe any measures it is taking or considering to address the increase, or address why such an increase would not occur again.

7. Indicated Shippers request that Columbia Gulf be directed to explain the data in the instant filing, in particular the 529,870 Dths in "priors" set forth in Appendix A at page 4, which they assert appears to be a significant factor underlying the claimed past period under-recovery. They also maintain that another factor may be a 722,556 Dth reduction identified as a "surplus" in Appendix A at page 4, but subtracted from LAUF quantities retained by Columbia Gulf. Indicated Shippers point out that a footnote in the filing states that such quantity "represents Unaccounted For volumes from prior years' filings that were not collected through the surcharge rate." Indicated Shippers state that such footnote would appear to mean that the quantity should have been added to the LAUF total, but instead was subtracted.

8. Cities are also concerned about the reoccurrence of relatively high levels of LAUF on the Columbia Gulf system and request that the Commission require Columbia Gulf to provide a detailed explanation of the increase, including the significant prior period adjustment reflected in this year's filing and what actions are being taken to remedy the increase.

⁵ *Columbia Gulf Transmission Co.*, 130 FERC ¶ 61,136 at P 20 (2010).

9. On March 21, 2013, Columbia Gulf filed an answer to the comments and protests.⁶ Columbia Gulf states that it has not yet been able to determine the cause of the LAUF increase in 2012. However, according to Columbia Gulf, it has begun devoting resources, both internal and external, to a full investigation as to the increase in the 2012 LAUF volumes and to efforts to reduce LAUF quantities. Finally, Columbia Gulf states that it will provide a report on the outcome of its investigation no later than its next annual TRA filing, but will promptly implement any findings that would result in an immediate improvement of LAUF.

10. Appendix B of the answer consists of a workpaper entitled “Detail of Prior Period TRA Adjustments January 2012 through December 2012” which, according to Columbia Gulf, will be included in all future TRA filings for better information about “the various adjustments that are made to measurement results.” This workpaper purports to address the 529,870 Dths of unaccounted for gas entered on Line 17 of the “Priors” column (15) on page 4 of the TRA filing’s Appendix A. However, in the workpaper, except for minor CUG adjustments, the 529,870 Dths are allocated among identified shippers under the heading “Prior Period Volume Adjustments.” Included among the allocations is 237,261 Dths to “Cashout Activity,” described in a footnote as “net activity associated with volumetric cashouts of shippers on Columbia Gulf and volumetric cashouts of Columbia Gulf on other pipelines.” Two other allocations totaling 172,734 Dths are described in a footnote as “Reclassification of volumes from Offsystem-Onshore to Onshore zone.” A third footnote states that “Adjustments to Gas Used or Retainage are offset in Unaccounted For.” Neither the answer nor workpaper address the 722,556 Dth reduction noted in Indicated Shippers’ protest, and identified as a “surplus” on page 4 of the TRA filing’s Appendix A.

11. Columbia Gulf’s method for calculating the 2013 TRA is generally consistent with the methodology set forth in GT&C section 32. However, as noted in the protests and comments, further explanation is needed concerning Columbia Gulf’s increased LAUF volumes and Columbia Gulf’s use of certain data in Appendix A to the TRA filing. In addition, the workpaper included in Columbia Gulf’s answer also raises questions concerning the circumstances under which the “Priors” entry of 529,870 Dths was incurred, in particular why such entry is considered LAUF, further details and the tariff authority for including cashout activity in the TRA filing, and whether off-system onshore zone activity has been excluded from the TRA calculation as required under GT&C section 32. Finally, further explanation is needed regarding the entry of (722,556)

⁶ Rule 213(a)(2) of the Commission’s Rules of Practice and Procedure prohibits answers to protests without leave of the decisional authority. (18 C.F.R. § 385.213(a)(2) (2012)). The Commission will grant Columbia Gulf’s request because the answer has aided us in our decision making process.

Dths in the “Surplus” column of the TRA filing’s Appendix A, and the distinction between “Surplus” and “Priors” in that appendix.

12. In its answer, Columbia Gulf acknowledges the concerns regarding its proposed 2012 increases in LAUF volumes and states that it has already begun devoting resources to conduct a full investigation of these increases and to reduce LAUF quantities. Columbia Gulf suggests that it will provide a report on the outcome of that investigation no later than its next annual TRA filing. However, the Commission finds that the issue at hand requires more immediate action than that proposed by Columbia Gulf, at least on an initial level. Accordingly, the Commission directs Columbia Gulf to file a report with the Commission, within 120 days of this order, that details the results of its investigation thus far, and its plans for further investigation and or resolution of the issue. The Commission will notice this report and permit parties to comment on it before further action.

13. Moreover, Columbia Gulf is directed to file an explanation, within 20 days of this order, that responds to the issues raised in the protests, and the further questions raised in this order, concerning the 529,879 Dths “priors” amount and 722,556 Dths “surplus” amount in its TRA filing and Appendix B of its answer.

14. In order to mitigate the immediate impact on shippers of Columbia Gulf’s currently proposed recovery of LAUF, we find good cause to grant Columbia Gulf’s requested waiver of GT&C section 32 to amortize over three years, commencing April 1, 2013, its recovery of LAUF volumes recorded in the filing. No party opposes this waiver request.

15. Based upon a review of the filing, the Commission finds that the proposed tariff record identified in footnote no. 1 of this order has not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission accepts the tariff record for filing, subject to refund, and suspends its effectiveness for the period set forth below, subject to the conditions set forth in this order.

16. The Commission's policy regarding rate suspensions is that rate filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or that it may be inconsistent with other statutory standards. *See Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension). It is recognized, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results. *See Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (minimum suspension). The Commission finds that such circumstances exist here where Columbia Gulf is filing pursuant to its tariff provisions. Therefore, the Commission will accept and suspend the proposed tariff record identified in footnote no. 1 of this order to be effective April 1, 2013, subject to refund, conditions of this order, and further review.

17. The tariff records identified in the Appendix contain housekeeping changes, and are therefore accepted to be effective April 1, 2013.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

Appendix

Columbia Gulf Transmission, LLC
FERC NGA Gas Tariff
Columbia Gulf Tariffs

Tariff Records Accepted to be Effective April 1, 2013

[Currently Effective Rates, FTS-2 Rates, 10.0.0](#)

[Currently Effective Rates, ITS-2 Rates, 9.0.0](#)

[Currently Effective Rates, PAL Rates, 5.0.0](#)

[Currently Effective Rates, IMS Rates, 5.0.0](#)

[Rate Schedules, Rate Schedule FTS-2, 9.0.0](#)

[Rate Schedules, Rate Schedule ITS-2, 8.0.0](#)

[Rate Schedules, Rate Schedule IPP-Gulf, 5.0.0](#)

[Rate Schedules, Rate Schedule PAL, 7.0.0](#)

[Rate Schedules, Rate Schedule IMS, 5.0.0](#)

[Gen. Terms and Conditions, Definitions, 8.0.0](#)

[Gen. Terms and Conditions, Imbalances, 5.0.0](#)

[Gen. Terms and Conditions, Transportation Retainage Adjustment, 9.0.0](#)

[Service Agreement Forms, IPP-GULF, 6.0.0](#)