

142 FERC ¶ 61,238  
FEDERAL ENERGY REGULATORY COMMISSION  
Washington, DC 20426

March 28, 2013

In Reply Refer To:  
Columbia Gas Transmission, LLC  
Docket No. RP13-646-000

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

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

Dear Mr. Downs:

1. On March 1, 2013, Columbia Gas Transmission, LLC (Columbia Gas) filed a revised tariff record<sup>1</sup> in accordance with section 35, Retainage Adjustment Mechanism (RAM), of the General Terms and Conditions (GT&C) of its tariff. Columbia Gas proposes to adjust its retainage percentages to take into account prospective changes in retainage requirements and unrecovered retainage quantities for the period of January 1, 2012 through December 31, 2012. The tariff record sets forth the proposed retainage factors applicable to Columbia Gas' transportation, storage, and gathering services to become effective April 1, 2013. The Commission accepts and suspends the revised tariff record, to become effective April 1, 2013, subject to refund and conditions and further review as discussed below.

2. Section 35.2 of Columbia tariff requires it to make an annual RAM filing to adjust its retainage factors. These retainage factors consist of a current component and a surcharge component. Pursuant to GT&C section 35.4(a), the current component reflects the estimate of total company use gas (CUG) and lost and unaccounted-for gas quantities (LAUF) for the 12-month period commencing on April 1 of each year. GT&C section 35.4(b) provides that the surcharge component reflect the reconciliation of actual CUG

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<sup>1</sup> Columbia Gas Transmission, LLC, FERC NGA Gas Tariff, Baseline Tariffs, Currently Effective Rates, Retainage Rates, 3.0.0.

and LAUF gas quantities with gas quantities actually retained by Columbia Gas for the preceding calendar year, i.e., the deferral period.

3. In the instant filing, Columbia Gas proposes to adjust its retainage percentages to take into account both prospective changes in retainage requirements for CUG and LAUF and unrecovered retainage quantities for the period of January 1, 2012 through December 31, 2012. Columbia Gas states that, with respect to the current retainage percentage, the CUG and LAUF gas portions of the current component for each of the retainage factors are based on estimated retainage requirements for the 12-month period commencing April 1, 2013, divided by projected throughput and adjusted for any known and measurable changes. Columbia Gas further states that it calculates the unrecovered retainage percentage by: (i) determining the CUG and LAUF quantities for the preceding calendar year; (ii) subtracting the retainage quantities actually retained during that period; and (iii) dividing by the projected billing determinants under the applicable rate schedules. Columbia Gas states that it has continued its historical practice of including prior period adjustments in the calculation of its unrecovered retainage percentage component.

4. Based upon these calculations, Columbia Gas proposes a transportation retainage percentage of 1.957 percent, which represents a decrease from the current level of 1.9631 percent; a gathering retainage percentage of 1.234 percent, which represents an increase from the current level of 0.524 percent; a storage gas loss retainage of 0.120 percent, which represents a decrease from the current level of 0.230 percent; and an Ohio Storage gas loss retainage of 0.110 percent, representing a decrease from the current level of 0.180 percent.

5. Public notice of the filing was issued on March 4, 2013 with interventions and protests due as provided in section 154.210 of the Commission's regulations.<sup>2</sup> Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,<sup>3</sup> all timely filed motions to intervene and any unopposed 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. The Cities of Charlottesville and Richmond, Virginia (Cities) and Washington Gas Light Company (Washington Gas) filed comments; Piedmont Natural Gas Company, Inc. (Piedmont) filed a limited protest.

6. Cities, Washington Gas and Piedmont all address the LAUF component of Columbia Gas' proposed transportation retainage rate. They assert that although

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<sup>2</sup> 18 C.F.R. § 154.210 (2012).

<sup>3</sup> 18 C.F.R. § 385.214 (2012).

Columbia Gas proposes to decrease the transportation retainage rate, the LAUF component of the rate has increased by 65 percent as compared to the previous year. They also assert that Columbia Gas has not provided any explanation for this increase. Therefore, they request that Columbia Gas be required to explain the reasons for the higher LAUF levels.

7. Cities note that Columbia Gas' actual levels of LAUF in recent years have been volatile and request that Columbia Gas be required to explain what efforts are being undertaken to remedy the problem. Washington Gas also adds that the significant increase in LAUF could be an indicator of accounting, measurement or facility issues. Washington Gas requests that Columbia Gas be required to submit a report detailing this matter in its next annual RAM filing if the percentage continues to be in excess of historical levels.

8. On March 21, 2013, Columbia Gas filed an answer to the comments and protest.<sup>4</sup> Columbia states that its transportation retainage rate is the lowest it has been in over a decade. Nevertheless, Columbia Gas acknowledges the concerns about the increased LAUF and notes that determining the cause of LAUF is a difficult process. However, Columbia Gas states that it has begun devoting resources, both internal and external, to an investigation as to the increase in the 2012 LAUF volumes and to efforts to reduce LAUF quantities. Finally, Columbia Gas states that it will provide a report on the outcome of its investigation no later than its next annual RAM filing.

9. Columbia Gas' method for calculating its 2013 RAM filing is generally consistent with the methodology set forth in GT&C section 35. Accordingly, the Commission accepts and suspends the instant tariff records to be effective April 1, 2013 subject to conditions.

10. As pointed out in the comments and protest, further explanation is needed concerning Columbia Gas increased LAUF volumes. In its answer, Columbia acknowledges the concerns regarding its 2012 increases in LAUF volumes and stated that it has already begun devoting resources to conduct a full investigation of these increases and to reduce LAUF quantities. Columbia Gas suggests that it provide a report on the outcome of that investigation no later than Columbia Gas' next annual RAM filing. However, the Commission finds that the issue at hand requires more immediate action

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<sup>4</sup> 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 Gas' request for acceptance of its answer because the answer has aided us in our decision making process.

than that proposed by Columbia Gas, at least on an initial level. Accordingly, the Commission directs Columbia Gas to meet with its customers within 90 days of the issuance of the instant order to explain its initial findings regarding its LAUF losses and to mitigate its customers' concerns. Within 120 days of the issuance of this order, Columbia Gas is directed to file a report with the Commission detailing 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.

11. Based upon a review of the filing, the Commission finds that the proposed tariff record 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.

12. 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 Gas is filing pursuant to its tariff provisions. Therefore, the Commission will accept and suspend the proposed tariff record to be effective April 1, 2013, subject to refund, conditions of this order, and further review.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.