

144 FERC ¶ 61,110
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

August 7, 2013

In Reply Refer To:
Eastern Shore Natural Gas Company
Docket No. RP13-1072-000

Eastern Shore Natural Gas Company
1110 Forrest Avenue
Dover, DE 19904

Attention: Jonathan Pagnussat
Manager of Rates & Regulatory Affairs

Dear Mr. Pagnussat:

1. On July 11, 2013, Eastern Shore Natural Gas Company (Eastern Shore) filed revisions to the General Terms and Conditions (GT&C) of its Tariff, to permit it to combine its Fuel Retention percentage and its Cash-Out refund/surcharge. The Commission accepts the revised tariff records to be effective August 12, 2013, as requested.¹
2. Eastern Shore states that under its current tariff, its rates contain two variable surcharges, for Fuel Retention and Cash-Out, that use similar schedules for tracking and adjusting their values. GT&C section 31 requires Eastern Shore to re-calculate its Fuel Retention percentage annually and to file the updated rate to be effective July 1 of each year. Eastern Shore states that the Fuel Retention surcharge reimburses it for the cost of the natural gas used in operations as well as gas otherwise used, lost, or unaccounted for. The percentage includes a true-up adjustment based on actual activities for the previous 12 months ending on March 31 of that year. Pursuant to GT&C section 35 Eastern Shore must balance its Cash-Out account, again for the previous 12 months ending on March 31

¹ Eastern Shore Natural Gas Company, FERC NGA Gas Tariff, Third Revised Volume No. 1, [Sheet No. 91, GTC Indxe, Continued, 0.0.2 \[sic\]](#), [Sheet No. 217, GTC Section 31: Fuel Rention Adjustment, Continued, 0.0.2 \[sic\]](#), and [Sheet No. 221, GTC Section 35: Refund of "Cash Out" Rev In Excess of Costs, 0.0.2.](#)

of that year. Eastern Shore must refund any over-recovery or implement a surcharge to recover any under-recovery.

3. Eastern Shore asserts that since 2008, it has sought and received Commission waivers so that it may combine its annual Fuel Retention and Cash-Out filings.² Eastern Shore argues that through these proceedings, this combination of the filings has become a practice accepted by its customers and by the Commission. Eastern Shore argues that its proposed tariff change would formally authorize Eastern Shore, at its discretion, to avoid the administrative burden of making two separate, but similar, filings on the same date. Eastern Shore argues that because of the common mechanism used in calculating the two adjustments, no customer would be adversely affected by authorizing Eastern Shore to make combined filings.

4. Notice of Eastern Shore's filing was issued on July 15, 2013. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.³ Pursuant to Rule 214,⁴ all timely filed motions to intervene and any 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 this proceeding or place additional burdens on existing parties.

5. Elkton Gas⁵ filed comments in which it raised several questions regarding the proposed tariff change. Elkton Gas asks whether items will be netted every year, or only at Eastern Shore's discretion. It also asks whether Eastern Shore will have the option of electing to either use the Cash-Out or the following year's fuel retention percentage to resolve prior period under or over-recoveries.⁶ Elkton Gas also asks what criteria Eastern Shore will use to exercise any discretion and whether the proposal is consistent with Commission law and policy.

6. We accept Eastern Shore's filing as consistent with Commission law and policy on variable cost trackers. The Commission has previously found the subject individual

² Eastern Shore transmittal letter at 2 (citing *Eastern Shore Natural Gas Co.*, 143 FERC ¶ 61,278 (2013); 141 FERC ¶ 61,052 (2012); 131 FERC ¶ 61,291 (2010); 127 FERC ¶ 61,306 (2009); 122 FERC ¶ 61,044 (2008)).

³ 18 C.F.R. § 154.210 (2013).

⁴ 18 C.F.R. § 385.214 (2013).

⁵ Elkton Gas is the business name of a Maryland public utility, formally registered as Pivotal Utility Holdings, Inc.

⁶ Elkton Gas comments at 5.

trackers to be just and reasonable. These underlying mechanisms, which are not opposed by any party, remain unchanged except for the requested discretion to net the amount related to the individual trackers.

7. We find that Eastern Shore's proposal would merely permit it new discretion regarding whether to combine its two annual tracker filings into one, and whether to net the results of these two annual trackers. The Commission has granted waiver of Eastern Shore's tariff to permit it to achieve the same discretion as it requests in the instant filing on several occasions and finds that the discretion granted by this proposal will permit the pipeline to effectively administer its business practices.⁷

8. The Commission finds that the total amount of money or in-kind payment owed by the pipeline to its customers, or vice versa, in a given year would remain unchanged by either the combination of the filings or the netting of their calculations. Further, there is no reason to believe that the proposal would mismatch the identities of the shippers responsible for the respective variable costs.

9. Moreover, the fundamental obligation to update the Fuel Retention percentage and Cash-Out refund/surcharge annually remains. We thus decline Elkton Gas's request to codify the criteria by which Eastern Shore will exercise any discretion. Accordingly, we accept the filing effective August 12, 2013, as requested.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁷ *Eastern Shore Natural Gas Co.*, 143 FERC ¶ 61,278 (2013) ("Granting the requested waivers allows the Commission to reduce the administrative burdens associated with the annual filings, without reducing the ability of either the Commission or Eastern Shore's shippers to review its accounting.") *See also Eastern Shore Natural Gas Co.*, 141 FERC ¶ 61,052 (2012); 131 FERC ¶ 61,291 (2010); 127 FERC ¶ 61,306 (2009).