144 FERC ¶ 61,114
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

August 8, 2013

In Reply Refer To:
Ruby Pipeline, L.L.C.
Docket Nos. RP12-1013-002
RP12-1013-003

Ruby Pipeline, L.L.C.
Post Office Box 1087
Colorado Springs, CO 80944

Attention: Ms. M. Catherine Rezendes
Director, Rates, Ruby Pipeline L.L.C.

Ladies and Gentlemen:

1. On March 8, 2013, Ruby Pipeline, L.L.C. (Ruby) filed a tariff record[1] in Docket No. RP12-1013-002 to comply with the Commission's February 8, 2013 Order, which required Ruby to revise the application of its cash-out mechanism to its fuel, lost and unaccounted for (FL&U) tracker.[2] On April 3, 2013, in response to shipper comments, Ruby filed a revised tariff record[3] in Docket No. RP12-1013-003 and requested that the Commission reject the March 8, 2013 filing as moot. As discussed below, the Commission accepts the tariff record listed in footnote 3 filed in Docket No. RP12-1013-003, to be effective on May 15, 2013. The Commission rejects as moot the tariff record listed in footnote 1.

[1] Ruby Pipeline, L.L.C., FERC NGA Gas Tariff, Ruby Tariff, Part IV: GT&C, Section 13 – Fuel and L&U, 2.0.0.

[2] *Ruby Pipeline, L.L.C.*, 142 FERC ¶ 61,104 (2013) (February 8, 2013 Order).

[3] Ruby Pipeline, L.L.C., FERC NGA Gas Tariff, Ruby Tariff, Part IV: GT&C, Section 13 – Fuel and L&U, 3.0.0.

2. On August 31, 2012, Ruby filed tariff records in Docket No. RP12-1013-000 to adjust its FL&U percentages and its electric power cost rates. Because the calculation of the FL&U Reimbursement Percentages would have resulted in a negative quantity, Ruby applied its tariff's FL&U cash-out mechanism to credit shippers the value of these over-collected quantities. In an order issued on September 28, 2012 [4] in Docket No. RP12-1013-000, the Commission determined that Ruby's tariff filing complied with its tariff. However, the Commission exercised its authority under section 5 of the Natural Gas Act to require Ruby to either modify or justify its provisions for cashing-out over-collections of fuel based solely upon the index price at Kern-River Opal. The September 28, 2012 Order expressed concern that Ruby's existing tariff methodology undervalued the refunds due to shippers.

3. On October 30, 2012, Ruby proposed tariff language in its compliance filing in Docket No. RP12-1013-001, defining the "FL&U Cash Out Index Price" so that fuel over-collections were valued based upon the index prices at Kern River-Opal and PG&E-Malin weighted for the volumes received at each location. In the February 8, 2013 Order in that docket, the Commission rejected Ruby's proposal.[5] The February 8, 2013 Order noted that Ruby appears to make nearly all of its operational sales at PG&E-Malin.[6] The February 8, 2013 Order explained that because the price of gas at PG&E-Malin is typically more than it is at Kern River-Opal, Ruby retains this difference in price related to the over-collected fuel. Accordingly, the Commission determined that Ruby's proposal was not just and reasonable because it turns the cash-outs for over-collections of fuel into a profit center for the pipeline.

4. On March 8, 2013, Ruby filed a tariff record in Docket No. RP12-1013-002 to comply with the Commission's February 8, 2013 Order. The proposed tariff record removed the current monetary cash-out provision for over-collected FL&U from Ruby's tariff and provided that all FL&U reimbursements will be in-kind. Furthermore, under the revised tariff record, if Ruby calculates the FL&U Reimbursement Percentage to be less than zero, the FL&U Reimbursement Percentages shall be set to zero. The quantities that would have reduced the calculation of the FL&U Reimbursement Percentages below zero shall be deferred and applied to the calculation of the FL&U Reimbursement Percentages in a future period. Ruby states that these changes ensure that neither the pipeline nor its shippers gain or lose from Ruby's FL&U reimbursement mechanism.

---

[4] *Ruby Pipeline, L.L.C.*, 140 FERC ¶ 61,256 (2012) (September 28, 2012 Order).

[5] February 8, 2013 Order, 142 FERC ¶ 61,104.

[6] *Id.* P 15.

5. Public notice of Ruby's March 8, 2013 filing was issued on March 11, 2013. Protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2013)). The Indicated Shippers filed comments.[7] Indicated Shippers ask for clarification to ensure that Ruby's tariff requires Ruby to offset any over-collections of fuel with under-collections of L&U volumes, or vice versa. The Indicated Shippers state that the proposed tariff language appears to permit, but not require, such offsets.

6. On April 3, 2013, in response to Indicated Shippers' comments, Ruby filed modified tariff language in Docket No. RP12-1013-003, which clarifies that over-collections of fuel may be netted against under collections of L&U and vice versa. Ruby states that the Indicated Shippers have agreed to this revised language. In addition to this revised language, Ruby states that its April 3, 2013 filing includes all the provisions contained within its March 8, 2013 filing. Thus, Ruby requests that the Commission reject the March 8, 2013 filing and accept Ruby's April 3, 2013 filing.

7. Public notice of Ruby's filing in Docket No. RP12-1013-003 was issued on April 4, 2013. Protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2013)). No party filed comments or protests.

8. The Commission accepts the tariff record listed in footnote 3, which was filed in Docket No. RP12-1013-003, to be effective on May 15, 2013, as requested. The filing is consistent with the directives of the February 8, 2013 Order, which required Ruby to modify its tariff so that the over-collection of fuel did not create a profit center for the pipeline.[8] The Commission rejects as moot the tariff record listed in footnote 1.

By direction of the Commission. Chairman Wellinghoff is not participating.

Kimberly D. Bose,
Secretary.

---

[7] Indicated Shippers consist of BP Energy Company, ExxonMobil Gas & Power Marketing Company, a division of Exxon Mobil Corporation, Occidental Energy Marketing, Inc., Shell Energy North America (US), L.P. and SWEPI LP.

[8] February 8, 2013 Order, 142 FERC ¶ 61,104 at PP 14-15.