

144 FERC ¶ 61,236  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

September 27, 2013

In Reply Refer To:  
Columbia Gas Transmission, LLC  
Docket No. RP13-1308-000

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

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

Dear Mr. Downs:

1. On August 30, 2013, Columbia Gas Transmission, LLC (Columbia Gas) filed tariff records<sup>1</sup> to reflect a new negotiated rate agreement between Columbia Gas and Southwestern Energy Services Company (Southwestern) (Service Agreement No. 145882) and to include this agreement in Columbia Gas' table of contents listing its negotiated rate agreements. The negotiated rate agreement is for firm service under Columbia Gas' Rate Schedule FTS; the agreement calls for Columbia Gas to obtain off-system capacity on Millennium Pipeline, L.L.C. (Millennium) for the purpose of using such capacity in conjunction with generally available capacity on Columbia Gas' system to provide seamless transportation service to Southwestern from points of receipt located on Millennium to points of delivery on the Columbia Gas system. Columbia Gas also requests waiver of the 30-day notice requirement in section 154.207 of the Commission's

---

<sup>1</sup> Columbia Gas Transmission, LLC, FERC NGA Gas Tariff, Baseline Tariffs, Table of Contents, , 18.0.0 & Negotiated Rate Agreement, Service Agreement No. 145882 - Southwestern Energy, 0.0.0.

regulations<sup>2</sup> to allow the agreement to be effective September 1, 2013. As discussed below, we grant waiver of the Commission's 30-day notice requirement; accept the tariff records effective September 1, 2013, as proposed; and approve Columbia Gas' request to acquire off-system capacity, subject to the condition discussed below.

2. Columbia Gas states that its service agreement with Southwestern contains the following negotiated rate provision to reflect the parties' agreement:

Southwestern, aware of the availability of a maximum recourse rate, elects to pay a negotiated reservation rate of \$10.65 per Dth per month. The negotiated reservation rate shall be fixed for the term of the Service Agreement, notwithstanding changes that may occur in the maximum resource rate set forth in the Tariff. All applicable and then-existing maximum commodity charges, commodity and demand surcharges, retainage, and other surcharges, as set forth in TCO's Tariff will apply. Southwestern shall pay the same demand, commodity, surcharges and applicable retention when using secondary points pursuant to Rate Schedule FTS. In addition to the surcharges, commodity charges and retainage set forth above, Shipper shall also pay all surcharges, in addition to the maximum commodity rate and the maximum retainage rate applicable to Millennium Pipeline, L.L.C. ("MPL's") Rate Schedule FT-1, as set forth in MPL's FERC Gas Tariff, as those surcharges and rates may change from time to time, for Shipper's usage of MPL capacity held by Columbia [Gas] to provide service under the Service Agreement.

Section 47.1 of the General Terms and Conditions (GT&C) of Columbia Gas' tariff<sup>3</sup> allows Columbia Gas to obtain off-system capacity on an upstream pipeline, provided Columbia Gas has obtained prior Commission approval of the use of off-system capacity. Therefore, Columbia Gas requests the Commission authorize Columbia Gas' acquisition of the Millennium capacity along with approving the filed tariff records.

3. In support of its request, Columbia Gas states that it will not include, nor seek to recover, any costs associated with this transportation service arrangement with Southwestern in Columbia Gas' Transportation Cost Rate Adjustment Mechanism (TCRA). Columbia Gas states that Southwestern seeks a seamless transportation path

---

<sup>2</sup> See 18 C.F.R. § 154.207 (2013).

<sup>3</sup> Columbia Gas Transmission, LLC, FERC NGA Gas Tariff, Baseline Tariffs, Gen. Terms & Conditions, Offsystem Pipeline Capacity, 3.0.0.

between Millennium and Columbia Gas, and Columbia Gas' acquisition of Millennium's capacity allows it to meet Southwestern's needs. Columbia Gas also asserts that, because it will not include the costs of the Millennium capacity acquired for Southwestern's transportation in Columbia Gas' TCRA surcharge, no other shipper will be affected by obtaining the Millennium capacity. Columbia Gas avers that the negotiated rate agreement conforms in all material respects with the pro forma service agreement in its tariff. Columbia Gas requests that the acquisition of Millennium capacity be authorized, effective September 1, 2013, and that it extend throughout the term of the Southwestern service agreement.

4. Public notice of the filing was issued on September 3, 2013. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2013)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2013)), all timely filed motions to intervene and any unopposed motion to intervene filed out-of-time 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. Comments were filed jointly by the Cities of Richmond and Charlottesville, Virginia (collectively, Cities).

5. In their comments, Cities state they do not oppose Columbia Gas' proposal; however, they are concerned that, given the language in Columbia Gas' tariff, Columbia Gas might seek to recover the cost of the Millennium capacity from existing shippers in a future proceeding.<sup>4</sup> Hence, Cities contend that the Commission should condition its approval of the proposed service agreement and acquisition of additional off-system capacity from Millennium on the requirement that Columbia Gas not be allowed to pass on these costs to its existing shippers in a future proceeding. In support of the above request, Cities argue that additional off-system capacity is not necessary to meet Columbia Gas' firm service obligations to existing customers.<sup>5</sup> Consequently, Cities

---

<sup>4</sup> Cities Comments at 3. Cities also state that Columbia Gas has not indicated whether the capacity it is seeking to acquire from Millennium is for a term limited to the contract term of the service agreement with Southwestern. Cities claim that it is not evident from the filing that the Millennium capacity commitment would terminate if the service agreement terminates. Hence, Cities argue that there may be a situation where the capacity is no longer required for service to Southwestern, yet Columbia Gas could remain obligated to pay Millennium for the capacity.

<sup>5</sup> *Id.* Cities state that Columbia Gas already holds 24,600 Dth per day of Millennium capacity that is not needed to support service to its existing customers, the costs of which are flowed through to customers under the TCRA. Cities state that revenues associated with the release of this capacity are also flowed through the TCRA

request that the Commission act to ensure that existing shippers will not be held responsible for the cost of Columbia Gas' proposed additional off-system capacity at a later time.

6. We accept the tariff records and accompanying service agreement as proposed and also approve Columbia Gas' request to acquire off-system capacity, subject to the condition that Columbia not recover the costs associated with the Southwestern service agreement from any of its existing shippers, including, but not limited to, through the use of Columbia Gas' TCRA.

7. Section 36 of Columbia Gas' tariff addresses the TCRA.<sup>6</sup> Section 36.1 provides for recovery of costs incurred for the transmission and compression of gas by others applicable to Account No. 858 (Transmission and compression of gas by others),<sup>7</sup> which includes amounts paid to upstream pipelines for contracts retained as a result of Columbia Gas' Order No. 636 restructuring proceeding,<sup>8</sup> or utilized in Columbia Gas' post-restructuring operations. Columbia Gas' tariff states that these transportation costs may be recovered by means of rates and charges applicable to shippers under Columbia Gas' FTS, NTS-S, TPS, SST, GTS, OPT, and ITS Rate Schedules, as well as those X-Rate Schedules set forth in Volume No. 2 of Columbia Gas' tariff that incorporate rates from Volume No. 1 of the tariff.

8. While Columbia Gas' tariff provides Columbia Gas the ability to recover the costs of amounts paid to upstream pipelines for contracts utilized in Columbia Gas' post-restructuring operations, Columbia Gas explicitly states in its filing that it will not include, nor seek recovery of, any costs associated with the transportation service arrangement with Southwestern in its TCRA. Given that Columbia Gas has stated its

---

to offset the capacity costs pursuant to the settlement in Docket Nos. RP10-401 and RP11-1822. Cities state that the existing Millennium capacity is not required for system operations and that additional Millennium capacity being acquired to serve Southwestern is equally unneeded for service to existing customers.

<sup>6</sup> See Columbia Gas Transmission, LLC, FERC NGA Gas Tariff, Baseline Tariffs, Gen. Terms & Conditions, Transportation Cost Rate Adjustment (TCRA), 0.0.0.

<sup>7</sup> See 18 C.F.R. Part 201, Account No. 858 (2013).

<sup>8</sup> See *Columbia Gas Transmission Corp.*, 64 FERC ¶ 61,060, at 61,510, *second order on compliance and order on reh'g*, 64 FERC ¶ 61,365, at 63,534 (1993), *third order on compliance and second order on reh'g*, 65 FERC ¶ 61,344 (1993).

intention not to seek recovery of these costs, the Commission finds it reasonable to accept its filing with this condition. Therefore, the Commission determines that Columbia Gas may not recover the costs associated with the Southwestern service agreement from any of its other shippers, including but not limited to, through the use of Columbia Gas' TCRA.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.