

144 FERC ¶ 61,247  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Philip D. Moeller, John R. Norris,  
Cheryl A. LaFleur, and Tony Clark.

MoGas Pipeline LLC

Docket No. RP13-1290-000

ORDER ACCEPTING TARIFF RECORD

(Issued September 30, 2013)

1. On August 30, 2013, MoGas Pipeline LLC (MoGas) filed a revised tariff record<sup>1</sup> as part of its required Annual Adjustment Filing to its Fuel and Gas Loss Retention Percentage, reflecting an increase from 0.47 percent to 0.70 percent. MoGas states that this rate represents the Current Fuel and Gas Loss Retention Percentage of 0.56 percent plus a prior-period Unrecovered Fuel and Gas Loss Retention Percentage of 0.14 percent. MoGas states that it makes the filing pursuant to section 4 of the Natural Gas Act (NGA),<sup>2</sup> Part 154 of the Commission's Rules and Regulations,<sup>3</sup> and section 7.37 of the General Terms and Conditions (GT&C) of its FERC Gas Tariff. The Missouri Public Service Commission (MoPSC) intervened and filed comments asserting that MoGas did not provide a detailed explanation of the recordation error pertaining to its prior period under-recovery. As discussed below, the Commission accepts the tariff record identified in footnote 1 to become effective October 1, 2013, as proposed.

**Instant Filing**

2. MoGas states that its tariff requires it to make the Annual Adjustment Filing by August 31 every year (to become effective October 1 of that year) to adjust the Fuel and Gas Loss Retention Percentage based on the 12-month period ending June 30 of each

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<sup>1</sup> MoGas Pipeline LLC, FERC NGA Gas Tariff, Baseline Tariff, [Section 4, Schedule of Rates for Transportation, 8.0.0](#).

<sup>2</sup> 15 U.S.C. § 717c (2006).

<sup>3</sup> 18 C.F.R. Part 154 (2013).

year. MoGas explains that this rate is calculated pursuant to GT&C section 7.37 of its tariff.

3. MoGas states that the instant filing proposes an increase of the Fuel and Gas Loss Retention Percentage from the currently-effective rate of 0.47 percent to 0.70 percent. MoGas adds that the proposed Current Fuel and Gas Loss Retention Percentage Component is 0.56 percent, which it derived by estimating the total Fuel and Lost and Unaccounted for Gas (LUFG) quantities expected to be required between July 1, 2013, and June 30, 2014, divided by the total quantities estimated to flow under the rate schedules that are subject to the Fuel and Gas Loss Retention Percentage during the same 12-month period. MoGas states that based on information received from its shippers, MoGas expects volumetric quantities to rise by approximately 400,000 MMBtu to 11,200,000 MMBtu from what they were during the preceding 12-month period from July 1, 2012 through June 30, 2013. Therefore, MoGas used these higher quantities to calculate the proposed Current Fuel and Gas Loss Retention Percentage Component. MoGas states that this results in a 0.03 percent lower rate than would be calculated if MoGas based its calculations on the prior year's actual quantities received for transport of 10,842,152 MMBtu.

4. Additionally, MoGas states that it determined the proposed Unrecovered Fuel and Gas Loss Retention Percentage Component to be 0.14 percent. MoGas explains that it calculated this by determining the Fuel and LUFG quantities for the Preceding Annual Period, subtracting the Fuel and Gas Loss Retention Quantities during the Preceding Annual Period, and finally dividing the result by the Current Rate Schedule Quantities. MoGas states that it corrected an accounting error in the 2012 Annual Adjustment Filing. MoGas explains that its 2012 Annual Adjustment Filing in Docket No. RP12-984-000 overstated the amount of delivered quantities by 16,772 MMBtu. MoGas states that this was due to a recordation error at two meters on MoGas' system. MoGas explains that as a result, it did not recover 12,559 MMBtu in the preceding filing but rather under-recovered by 4,213 MMBtu that should have been included in last year's Fuel and LUFG calculation.<sup>4</sup> As a result, the instant Annual Adjustment Filing uses the corrected 4,213 MMBtu Unrecovered Fuel and Gas Loss Retention Quantity to calculate the Unrecovered

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<sup>4</sup> MoGas notes in n.17 that had it made a Mid-Year Adjustment Filing as permitted by section 7.37.5 of the GT&C of its tariff to correct for the under-recovery, it would have caused the rate to increase from 0.47 percent to 0.87 percent for the remaining period until the instant Annual Adjustment Filing. MoGas also notes that spreading the under-recovered amount in the instant filing across a full 12-month period in which volumes are expected to be higher, lessens the rate impact on shippers and results in a rate of 0.70 percent rather than 0.87 percent.

Fuel and Gas Loss Retention Percentage component of MoGas' Fuel rate.<sup>5</sup> MoGas states that Commission precedent permits MoGas to use an adjustment to correct a past error that resulted in an under-recovery.<sup>6</sup> MoGas states that such an adjustment is accepted when the pipeline makes two showings. MoGas explains that first the pipeline must show that its tariff language puts its shippers on notice that cost recovery for periods outside the current 12-month amortization period is allowed.<sup>7</sup> MoGas states that it has met this first showing through section 7.37.2 of the GT&C of its tariff that states MoGas "will account for *all* under or over recovered Fuel and Gas Loss Retention Quantities by determining the total volumes received for transportation less the total volumes delivered." Next the Commission looks to whether the losses are the type contemplated for recovery. MoGas explains that FERC has noted that fuel trackers specifically contemplate this type of recovery.<sup>8</sup> MoGas states that Unrecovered Fuel and Lost and Unaccounted-For Fuel Gas losses are precisely the type of losses contemplated by section 7.37.5(b) of the GT&C of its tariff which allows for the recovery of any Unrecovered Fuel and Gas Loss Retention Quantities in the next year's Annual Adjustment Filing. In addition, a pipeline must be able to demonstrate the amount of the adjustment sought with reasonable accuracy. MoGas states that Appendices A and B of its workpapers demonstrate the accuracy of the adjustment sought.

### **Notice and Interventions**

5. Notice of the MoGas filing was issued on September 3, 2013. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.<sup>9</sup> Pursuant to Rule 214,<sup>10</sup> all timely-filed motions to intervene and any unopposed 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 the proceeding or place additional burdens on existing parties.

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<sup>5</sup> MoGas has provided workpapers showing the corrected quantities and the calculations used to derive the Fuel and Gas Loss Retention Percentage.

<sup>6</sup> MoGas cites *TransColorado Gas Transmission Co.*, 112 FERC ¶ 61,135, at P12 (2005). MoGas also cites *Dominion Transmission, Inc.*, 116 FERC ¶ 61,023 (2006); *Kern River Gas Transmission Co.*, 116 FERC ¶ 61,217, at P 1 (2006); and *Mississippi River Transmission Corp.*, 96 FERC ¶ 61,185 (2001).

<sup>7</sup> MoGas cites *TransColorado Gas Transmission Co.*, 112 FERC ¶ 61,135 at P 11.

<sup>8</sup> MoGas cites *Kern River Gas Transmission Co.*, 116 FERC ¶ 61,217 at P 19.

<sup>9</sup> 18 C.F.R. § 154.210 (2013).

<sup>10</sup> 18 C.F.R. § 385.214 (2013).

6. On September 11, 2013, MoPSC filed comments and a request for additional information. On September 17, 2013, MoGas filed an answer to the comments of MoPSC. Under Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2)(2013), answers to protests are not permitted unless otherwise ordered by the decisional authority. While the Commission's regulations prohibit answers such as that submitted by MoGas, the Commission will accept it in this case because it has provided additional record information that assists the Commission in addressing MoGas' Annual Adjustment filing in this proceeding.

### **Comments of MoPSC**

7. MoPSC states that MoGas fails to explain what a "recordation error" means and which meters experienced the "recordation error." MoPSC states that other than a few sparse details and unverifiable statements regarding the error, MoGas has not provided a detailed explanation of the problem, when the problem was discovered, why MoGas believes that the problem was limited to January 2012, or what corrective action, if any, was necessary to correct customer bills. MoPSC states that MoGas' monthly imbalance reporting requirements with Panhandle Eastern Pipe Line and Enable Mississippi River Transmission would have led to the discovery of the error well in advance of its August 2012 fuel filing or before its April 2013 filing of its FERC Form 2-A, or even before MoGas filed its revised 2012 FERC Form 2-A on May 19, 2013. MoPSC states that MoGas has not amended its 2012 FERC Form 2-A Annual Report and First Quarter 2012, Form 3-Q Report in response to this accounting error. MoPSC states that MoGas has provided no information to explain how it determined the error affected lost and unaccounted-for gas rather than shipper imbalances. MoPSC states that there are additional discrepancies between MoGas' FERC Form 2-A, third quarter 3-Q Report and its Annual Adjustment Filing pertaining to gas received and gas delivered. MoPSC has provided a workpaper (Schedule 1) which lists the discrepancies. MoPSC concludes that there is insufficient information in MoGas' filing for the Commission to determine whether remediation of the accounting error is the type of loss that may be included in a fuel tracker.<sup>11</sup> Therefore, MoPSC requests the Commission issue a deficiency letter directing MoGas to provide information necessary to demonstrate this loss is the type of loss for which fuel trackers are intended. Further, MoPSC requests the Commission reject MoGas' unsupported adjustment of 0.14 percent pertaining to a prior-period unrecovered gas amount and should limit the instant filing to a Fuel and Gas Loss Retention Percentage of 0.56 percent.

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<sup>11</sup> MoPSC cites *Colorado Interstate Gas Co. v. FERC*, 599 F.3d 698, 703 (D.C. Cir. 2010) (*CIG*).

### **Answer of MoGas**

8. MoGas asserts that the 4,213 MMBtu under-recovery was discovered by MoGas personnel in January 2013 in the course of a reconciliation exercise. MoGas explains that at the time of discovery, MoGas determined that the delivered quantities in January 2012 were 16,772 MMBtu less than it had recorded in the 2012 Annual Adjustment Filing. Accordingly, MoGas asserts that it did not over-recover 12,559 MMBtu as it had stated in the 2012 Annual Adjustment Filing, but actually under-recovered 4,213 MMBtu. With respect to where the reporting errors occurred, MoGas states that the majority of the quantities, 16,436 MMBtu of the 16,772 MMBtu, were related to quantities delivered in January 2012 through the Rolla 2 Meter, Meter 610, on MoGas' system. MoGas explains that it simply misrecorded this amount in the preparation of the 2012 Annual Adjustment Filing. MoGas states that at no time was the amount physically recorded at the meter incorrect. MoGas asserts that the accounting error had no impact on customer bills, rather it only impacted the 2012 Annual Adjustment Filing. MoGas states that it corrected this mistake on line 29 of page 520 in its 2012 FERC Form 2-A to accurately reflect quantities delivered at Meter 610.<sup>12</sup> MoGas states that the remaining 336 MMBtu were related to an inconsistency at MoGas' interconnect with Missouri River Transmission Corp. (MRT). MoGas asserts that both MRT and MoGas have meters at the interconnect and that MRT's meter is the meter of record and reflected a 336 MMBtu discrepancy from MoGas' meter in January 2012. MoGas states that it has corrected this discrepancy in the 2013 Filing. MoGas concludes that there is nothing to support MoPSC's contention that MoGas is seeking to recover Fuel and lost and unaccounted-for quantities that are outside the scope of recovery permitted by its tariff.

9. MoGas asserts that *CIG*, the only case MoPSC cites to, is inapplicable because there the pipeline sought to recover up to 720,000 Dth of lost gas from its shippers that resulted from system equipment failure.<sup>13</sup> MoGas states that the Commission found that the pipeline's tariff permitted recovery for normal operating losses, but not from a system

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<sup>12</sup> MoGas notes that it used line 29, Other Deliveries and Gas Used for Other Operations, to reflect the accounting error. MoGas notes that it did not provide additional documentation explaining this correction due to the limitations in the FERC reporting software. MoGas further notes that to the extent MoPSC has located other discrepancies in MoGas' 2012 FERC Form 2-A and its 2012 first and third quarter FERC Form 3-Q filings, such as the 847 Dth discrepancy in the 2012 third quarter 3-Q Report, MoGas will review these filings and make corrections as necessary. MoGas notes that any failure by MoGas to make these corrections sooner is due solely to administrative oversight.

<sup>13</sup> *CIG v. FERC*, 599 F.3d 698, at 701.

failure and rejected the pipeline's proposal to recover the loss through its fuel tracker.<sup>14</sup> MoGas states that its under-recovery here pertains to an accounting error and *CIG* does not hold otherwise.

**Determination:**

10. The Commission finds that MoGas correctly calculated and supported with workpapers its revised Fuel and Gas Loss Retention percentage of 0.70 percent, including its prior period under-recovery of 0.14 percent consistent with section 7.37 of its GT&C. Accordingly, the Commission accepts the tariff record identified in footnote 1.

11. MoGas has provided additional information in its answer that addressed the concerns raised by MoPSC. In short MoGas explains that that it did not over-recover 12,559 MMBtu as it had stated in the 2012 Annual Adjustment Filing, but actually under-recovered 4,213 MMBtu, which is the reason for the addition of the prior-period adjustment. MoGas has provided a detailed explanation of the problem, when the problem was discovered, and what meters were affected. MoGas also explains that at no time was the amount physically recorded at the meter incorrect. MoGas asserts that the accounting error had no impact on customer bills, rather it only impacted the 2012 Annual Adjustment Filing. MoGas further accounts for the discrepancies between its FERC Form 2-A, 3-Q Reports and its Annual Fuel and Gas Loss Retention Filings.

12. The Commission's current policy, with which the court in *CIG* agreed, provides that fuel and unaccounted-for "losses resulting from normal pipeline operations...are recoverable; and losses resulting from malfunction... are not recoverable...."<sup>15</sup> Thus an accounting error pertaining to prior period under-recovery is permissible in MoGas' Annual Fuel and Gas Loss Retention Filing, and is consistent with section 7.37.2 of the GT&C of its tariff. That section states MoGas "will account for *all* under or over recovered Fuel and Gas Loss Retention Quantities by determining the total volumes received for transportation less the total volumes delivered." As the Commission has explained a true-up mechanism such as MoGas' is intended "to track the actual fuel used to provide transportation for its shippers and neither [the pipeline] nor its customers are expected to gain or lose based on the operation of the fuel tracker."<sup>16</sup> *CIG*, cited by MoPSC, is inapposite because it involved proposed recovery of lost gas due to system

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<sup>14</sup> *Id.* at 703 (quoting *Transwestern Pipeline Co.*, 51 FERC ¶ 61,343, at 62,116 n.3 (1990)).

<sup>15</sup> *Colorado Interstate Gas Co.* 123 FERC ¶ 61,183, at P 11 (2008), affirmed in *CIG*.

<sup>16</sup> *Kern River Gas Transmission Co.*, 116 FERC ¶ 61,217 at P 19.

equipment failure while here MoGas' prior period under-recovery is designed to correct an accounting error not an actual gas loss.

The Commission orders:

The MoGas tariff record is accepted to become effective October 1, 2013.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.