

147 FERC ¶ 61,054
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

April 16, 2014

In Reply Refer To:
Tallgrass Interstate Gas
Transmission, LLC
Docket No. RP14-640-000

Tallgrass Interstate Gas Transmission, LLC
370 Van Gordon Street
Lakewood, CO 80228-8304

Attention: Robert F. Harrington
Vice President, Regulatory Affairs

Ladies and Gentlemen:

1. On March 25, 2014, Tallgrass Interstate Gas Transmission, LLC (Tallgrass) filed a Petition for a Limited Waiver of Tariff Provisions (Petition). Tallgrass seeks a limited and short-term waiver of its FERC Gas Tariff, Fifth Revised Volume No. 1 (Tariff) to allow it to resolve a gas imbalance with Laclede Gas Company, Missouri Gas Energy Division (Laclede). Tallgrass states that the imbalance was caused by a meter error and that it proposes to resolve the situation by means of a volumetric payback rather than through the cash-out provisions in accordance with section 5.2 of its Firm Transportation Rate Schedule (FTRS) Tariff provisions.
2. Tallgrass states that section 5.2 of its FTRS Tariff governs the monthly balancing provisions, including cash-out provisions related to its shipper month end imbalances. Tallgrass states that section 5.2d(6) of the FTRS provides that “Transporter will charge for or credit for any shipper imbalances remaining after the imbalance netting and trading procedures set out in subsections (1) through (5) above.....” Tallgrass explains that this section also provides for the determination of specific gas prices based on a credit or charge imbalance position to be applied to the net imbalance volumes after trading and is applied to the shipper’s monthly invoice amount due.

3. Tallgrass explains that due to the meter error at the delivery meter between its system and that of Laclede, gas flowed in excess of Laclede's nominations for approximately 21 hours between February 3 and February 4, 2014.¹ As a result, continues Tallgrass, Laclede's nominations were less than the actual gas flow at the meter, causing a short imbalance position of 21,692 Dth on Laclede's transportation contract.² Tallgrass also states that Laclede was not aware of this imbalance position until after February's production month and therefore was unable to rectify the imbalance through nominations adjustments in February. According to Tallgrass, absent the meter error, Laclede's actual short imbalance position would have been approximately 4,020 Dth.

4. Tallgrass points out that, in accordance with section 5.2d(6) of the FTRS, the cash-out price for the February 2014 imbalance short position is \$13.76 per Dth.³ Tallgrass adds that the gas prices in February were atypically high due to severe cold weather conditions throughout the Midwest.

5. Tallgrass asserts that the impact of the meter error and February gas prices has created a situation that would cause Laclede to face a considerable imbalance payback dollar amount, even though it did not have the information required to manage and minimize its imbalance. Tallgrass emphasizes that the meter error impacted only Laclede and no other shippers. Further, continues Tallgrass, because the meter error was caused by operating conditions outside of Laclede's control and did not afford Laclede time to remedy the imbalance by volumetric payback in February, Tallgrass proposes to remedy the imbalance through a volumetric payback in April 2014 in lieu of the cash-out provisions of its Tariff that otherwise would apply to this February imbalance.

¹ According to Tallgrass, low pressure on its system caused the meter to "over-range", thereby flowing 17,670 Dth of excess gas above the nominated volume while concurrently under-measuring the actual quantity that flowed.

² Tallgrass explains that a short imbalance position on its system is created by a shipper nominating for less than the actual gas that flowed through the delivery meter, thereby creating a situation where the shipper owes Tallgrass for gas flowed but not nominated. Tallgrass adds that Laclede's month-end short imbalance position is rectified through Tallgrass' "Credit" cash-out provision using the 0-5 percent imbalance position and 100 percent spot gas pricing pursuant to section 5.2d(6) of the FTRS.

³ Tallgrass explains that the \$13.76 price is the applicable cash out price per tariff and equal to the Panhandle Eastern (PEPL) highest weekly spot gas price delivered as published by *Natural Gas Intelligence* for February 2014.

6. Accordingly, Tallgrass requests a limited and short-term waiver of its Tariff as necessary to allow it to rectify Laclede's February gas imbalance of 17,670 Dth caused by the meter error through a volumetric payback in lieu of the cash-out provisions of its FTRS. Tallgrass adds that the volumetric payback would be handled through Laclede nominating excess volumes at its delivery point on the Tallgrass system during the month of April 2014. Tallgrass maintains that granting the waiver will allow it and Laclede to address an extraordinary situation and rectify it in an equitable fashion. Tallgrass adds that it does not believe that any other shippers will be adversely impacted if the Commission grants the requested waiver.

7. Public notice of the Tallgrass filing was issued March 26, 2014. 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 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. No protest or adverse comments were filed.

8. For good cause shown, the Commission grants the requested waiver of the applicable provisions of section 5.2 of the Tallgrass FTRS Tariff. Tallgrass is authorized to resolve the meter-error portion of Laclede's February 2014 gas imbalance by means of a volumetric payback in lieu of the cash-out provisions of the FTRS.

By direction of the Commission.

Kimberly D. Bose,
Secretary.