

148 FERC ¶ 61,152
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Chairman;
Philip D. Moeller, Tony Clark,
and Norman C. Bay.

Columbia Gas Transmission, LLC

Docket No. CP13-125-001

ORDER AMENDING CERTIFICATE

(Issued August 28, 2014)

1. On July 31, 2014, Columbia Gas Transmission, LLC (Columbia) filed an application pursuant to section 7(c) of the Natural Gas Act (NGA) to amend the certificate authorization issued by the Commission on February 6, 2014, for the Giles County Project.¹ Columbia requests approval of its revised initial incremental recourse rate for service on the Giles County Project facilities, which have an anticipated in-service date of October 1, 2014. The revised rate reflects an increase in the overall cost of construction of the Giles County Project over the amounts initially projected in the underlying docket. As discussed below, we will approve the requested amendment.

I. Background

2. The February 6 Order authorized Columbia to construct and operate approximately 12.6 miles of 8-inch diameter looping pipeline extending from the beginning of Columbia's Line KB in Summers County, West Virginia, to a point of delivery with Columbia Gas of Virginia in Giles County, Virginia.² The Giles County Project will enable Columbia to provide 46,000 dekatherms (Dth) per day of firm transportation service to meet the natural gas requirements of its shipper, Celanese Acetate LLC (Celanese). Columbia signed a precedent agreement with Celanese for service utilizing the full capacity of the project for a 20-year term.

3. The February 6 Order approved a recourse reservation rate of \$6.428 per Dth per month under Columbia's new Rate Schedule FTS-GC for service on the Giles County Project. This rate was based on a cost of service of \$3,548,230.

¹ *Columbia Gas Transmission, LLC*, 146 FERC ¶ 61,069 (2014) (February 6 Order).

² February 6 Order, 146 FERC ¶ 61,069 at P 3.

4. The order rejected Columbia's proposed recourse reservation rate of \$6.504 per Dth per month, based on an incremental annual cost of service of \$3,590,018.³ The Commission found Columbia's proposed incremental cost of service to be a "day-one" value, and therefore inappropriate because it did not reflect the accumulated depreciation that will accrue over the course of the year. Thus, the order found, after adjusting for accumulated depreciation, a cost of service of \$3,548,230 and used this revised cost of service to calculate an initial reservation rate of \$6.428 per Dth per month. Additionally, the Commission directed Columbia to charge its current system interruptible transportation service rate for any interruptible service rendered on additional capacity made available as a result of the project.

II. Proposal

5. Columbia proposes to revise its initial incremental monthly recourse reservation rate to reflect the increased total cost of service of the Giles County Project. Specifically, the applicant requests that the Commission approve a revised Columbia FTS-GC initial incremental recourse reservation rate of \$7.090 per Dth per month in lieu of the rate of \$6.428 per Dth per month that was approved by the February 6 Order. The revised reservation rate is based on a total first-year cost of service of \$3,913,824, whereas the previously approved FTS-GC reservation recourse rate was based on a total first-year cost of service of \$3,548,230. Columbia explains that the amended total cost of service reflects increased contractor labor costs, which exceeded the contingency established for such changes. Columbia also states that other construction cost increases, such as those related to right-of-way damages, materials, engineering, inspection, and overhead, also contributed to the overall increase in project costs, but were more in line with the contingency and price escalation amounts budgeted in the original application.

6. Exhibit P of the amended application includes a pro forma tariff record reflecting the proposed revision to Columbia's incremental FTS-GC recourse rate, as well as various schedules detailing the components and derivation of the project's revised cost of service. The application also includes amended Exhibits K (Cost of Facilities) and N (Revenues, Expenses and Income) to support the Columbia's proposed revised rate.

III. Notice and Intervention

7. Notice of the amended application was published in the *Federal Register* on August 27, 2014.⁴ No interventions, comments, or protests to the application were filed.

³ February 6 Order, 146 FERC ¶ 61,069 at P 18.

⁴ 79 Fed. Reg. 51,149 (2014).

IV. Discussion

8. Because revising the initial incremental monthly recourse rates requires amending the authorization issued in the February 6 Order, the applicant's request is subject to the jurisdiction of the Commission and the requirements of NGA sections 7(c) and (e).

9. The February 6 Order approved the Giles County Project in light of the Commission's Certificate Policy Statement⁵ and found that Columbia's proposal was in the public convenience and necessity. The proposed amendment does not alter that finding. We will approve Columbia's proposed revised FTS-GC initial incremental reservation recourse rate of \$7.090 per Dth per month. Based on a review of amended Exhibits K, N, and P, we find that the revised rate is appropriately supported and reflects the same rate design and cost allocations as the initially approved rate. The revised FTS-GC recourse rate we are approving in this order is designed to recover annual costs associated with construction of the Giles County Project.

The Commission orders:

(A) The certificates issued in the February 6 Order are amended, as discussed in the body of this order. In all other respects, the certificates are unchanged.

(B) The proposed Columbia revised Rate Schedule FTS-GC initial reservation recourse rate is approved, as discussed in the body of this order.

⁵ *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999), *clarified*, 90 FERC ¶ 61,128, *further clarified*, 92 FERC ¶ 61,094 (2000) (Certificate Policy Statement).

(C) Columbia's compliance filings, as described herein and in the February 6 Order, should include redlined tariff records reflecting any differences between the actual tariff records proposed in such filings and either the *pro forma* tariff record filed herein or currently effective tariff records, as appropriate.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.