

149 FERC ¶ 61,087  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Panhandle Eastern Pipe Line Company, LP

Docket No. RP15-11-000

ORDER ON TARIFF FILING

(Issued October 30, 2014)

1. On October 1, 2014, Panhandle Eastern Pipe Line Company, LP (Panhandle) filed revised tariff records<sup>1</sup> reflecting changes to its fuel reimbursement percentages and worksheets detailing the computation of its Annual Fuel Reimbursement Surcharge. Panhandle requests waiver of section 24.4(a) of the General Terms and Conditions (GT&C) of its tariff to allow it to use a projected deferred account balance as of October 31, 2014 in lieu of the June 30, 2014 balance required under its tariff. Panhandle requests that the Commission accept the proposed tariff records to become effective November 1, 2014. As discussed below, we grant Panhandle's requested waiver and accept the revised tariff records effective November 1, 2014, subject to Panhandle's making a compliance filing.

**I. Background and Details of Filing**

2. Panhandle explains that section 24 of the GT&C of its tariff contains the filing and computation procedures for Panhandle's fuel reimbursement percentages. Specifically, section 24.1 of Panhandle's GT&C provides that the effective date of each fuel reimbursement adjustment shall be November 1 and April 1, and requires Panhandle to file the adjustment at least 30 days prior to the effective date. Section 24.2 of Panhandle's GT&C provides that the Effective Fuel Reimbursement Percentage shall be the sum of the Current Fuel Reimbursement Percentage and the Annual Fuel Reimbursement Surcharge. Under section 24.3, the Current Fuel Reimbursement Percentage is determined on the basis of the estimated quantities of natural gas delivered to Panhandle for the account of shippers and the projected quantities of natural gas that will be required for fuel usage and for lost and unaccounted for gas. The Current Fuel Reimbursement Percentage is computed on a semi-annual basis. Section 24.4 of

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<sup>1</sup> See Appendix.

Panhandle's GT&C provides that the Annual Fuel Reimbursement Surcharge is computed by dividing Panhandle's Deferred Fuel Reimbursement Account (deferred account) balance four months prior to November 1 (i.e., as of June 30th) by Panhandle's estimated quantities of natural gas for transportation and storage under its Rate Schedules for the twelve-month recovery period.

3. Panhandle proposes the following adjustments to its fuel reimbursement percentages:

- (1) A 0.08 percent decrease in the Gathering Fuel Reimbursement Percentage;
- (2) A 0.32 percent decrease in the Field Zone Fuel Reimbursement Percentage;
- (3) A 0.03 percent decrease in the Market Zone Fuel Reimbursement Percentage;
- (4) A 0.23 percent increase in the Injection and a 0.20 percent increase in the Withdrawal Field Area Storage Reimbursement Percentages; and
- (5) A 0.65 percent increase in the Injection and a 0.12 percent decrease in the Withdrawal Market Area Storage Reimbursement Percentages.

4. Section 24.4(a) of Panhandle's GT&C requires use of the Deferred Fuel Reimbursement Account balance as of June 30, 2014, for the fuel reimbursement percentages to be effective November 1, 2014. However, Panhandle states that as a result of an anticipated lower Deferred Reimbursement Account balance as of October 31, 2014, Panhandle has included four additional months, specifically actual amounts for July and August 2014 and estimated amounts for September and October 2014. Panhandle requests waiver of section 24.4 of its GT&C in order to use the deferred account balance as of October 31, 2014, rather than the balance as of June 30, 2014. Panhandle states that utilizing the anticipated account balance of October 31 results in a lower surcharge than would be calculated under the tariff provision.

## **II. Public Notice, Comments and Interventions**

5. Public notice of Panhandle's filing was issued on October 2, 2014. Interventions and protests were due October 14, 2014, as provided by section 154.210 of the Commission's regulations.<sup>2</sup> The following entities filed motions to intervene: Michigan Gas Utilities Corporation, NJR Energy Services Company, Columbia Gas of Ohio, Inc., Black Hills Utility Holdings, Inc., DTE Gas Company, SEMCO Energy Gas Company, Range Resources-Appalachia, LLC, Atmos Energy Marketing LLC, Atmos Energy Corporation, Exelon Corporation, and Laclede Gas Company. On October 14, 2014, Missouri Public Service Commission (MoPSC) filed a notice of intervention and protest.

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<sup>2</sup> 18 C.F.R. § 154.210 (2014).

On October 15, 2014, Consumers Energy Company filed a motion to intervene out-of-time. On October 17, 2015, Panhandle filed a motion for leave to answer and answer.

6. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 CFR § 385.214 (2014), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Pursuant to Rule 214(d) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214(d) (2014), the Commission will grant the late-filed motion to intervene of Consumers Energy Company given its interest in the proceeding, the early stage of the proceeding, and the absence of undue prejudice or delay. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2014), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept Panhandle's answer because it provides information that assisted the Commission in its decision-making process.

7. MoPSC protests this filing, stating that Panhandle fails to demonstrate that the level of annual fuel reimbursement surcharge it proposes to recover from its customers through its fuel tracker is just and reasonable and consistent with Commission precedent and Panhandle's tariff. MoPSC explains that the Commission's policy is that "fuel tracking mechanisms are appropriate for normal operating costs but are not appropriate for the recovery of gas losses outside the scope of normal pipeline operations."<sup>3</sup> MoPSC further states that the Commission has rejected attempts to recover natural gas losses where the gas is not unaccounted for.<sup>4</sup> MoPSC contends that, based on materials submitted to the United States Department of Transportation ("DOT"), Panhandle reported an incident on November 29, 2013 in which 150,000 Mcf of natural gas was lost due to a pipeline rupture in Pettis County, Missouri. MoPSC states that Panhandle's report to DOT indicates that the pipeline rupture was the result of pipeline corrosion.

8. MoPSC states that it is not clear from Panhandle's filing whether the natural gas lost in the reportable DOT incident was included in its calculation of the Annual Fuel Reimbursement Surcharge. MoPSC argues that, if the November 30, 2014 Actual Fuel

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<sup>3</sup> MoPSC Protest, Docket No. RP15-11-000, at 3, filed Oct. 14, 2014 (citing *S. Star Cent. Gas Pipeline, Inc.*, 138 FERC ¶ 61,222, at P 14 (2012); *CenterPoint Energy Gas Transmission Co.*, 131 FERC ¶ 61,047, at P 12 (2010); *CenterPoint Energy Gas Transmission Co., LLC*, 139 FERC ¶ 61,064, at P 16 (2012), *order on reh'g*, 144 FERC ¶ 61,195, at P 12 (2013); *Cheyenne Plains Gas Pipeline Co., L.L.C.*, 123 FERC ¶ 61,220, at P 10 (2008); *Williams Nat. Gas Co.*, 73 FERC ¶ 61,394, at 61,215 (1995)).

<sup>4</sup> *Id.* (citing *Colorado Interstate Gas Co.*, 121 FERC ¶ 61,161, at PP 22, 24 (2007), *order on reh'g*, 123 FERC ¶ 61,183 (2008), *aff'd*, *Colorado Interstate Gas Co. v. FERC*, 599 F.3d 698 (D.C. Cir. 2010)).

Usage and Lost and Unaccounted For Gas includes the DOT-reported lost natural gas, the Deferred Fuel Reimbursement Account Balance is overstated by an amount equal to the MMBtu conversion of the 150,000 Mcf of lost natural gas from the incident reported to the DOT.

9. MoPSC asks that if the natural gas from the pipeline rupture has been included in the Annual Fuel Reimbursement Surcharge, the Commission should require Panhandle to file revised tariff records that correct this error, and comply with Commission precedent.

10. On October 17, 2014, Panhandle filed an answer. Panhandle states that, upon further review of its records, it determined that the 150,000 Mcf associated with the pipeline rupture incident was inadvertently included in its deferred account. In order to eliminate the natural gas loss from Panhandle's deferred account and the Fuel Reimbursement Percentages filed on October 1, 2014, Panhandle submitted revised *pro forma* tariff records and workpapers that reflect the exclusion from the deferred account of the natural gas loss associated with the November 2013 incident.

11. Panhandle explains that the 150,000 Mcf has been converted into 153,750 MMBtu, and is now included as a prior period adjustment to the revised Appendix B and C to its filing. Panhandle notes that once Appendix B and C are revised to reflect the elimination of the pipeline rupture gas loss, the resulting recalculation of the Fuel Reimbursement Percentages is limited to the *pro forma* tariff records shown on its revisions to Appendix A. Panhandle states that upon issuance of the Commission's order and acceptance of the filed Fuel Reimbursement Percentages, Panhandle will make a compliance filing to submit actual tariff records identical to the *pro forma* tariff records submitted with its October 17, 2014 answer.

### **III. Discussion**

12. The Commission confirms the parties' understanding that the losses from the pipeline rupture are not the type of loss to be included in a fuel tracking mechanism. The Commission also accepts Panhandle's explanation and proposed resolution of the protest of MoPSC. Accordingly, the Commission will accept the tariff records listed in the Appendix, to be effective November 1, 2014, subject to the condition that Panhandle file revised tariff records reflecting the removal of the DOT-reported loss. Specifically, the Commission directs Panhandle to file, within 15 days of the issuance of this order, actual tariff records consistent with the *pro forma* proposal in its answer, to exclude from the subject fuel reimbursement adjustment any amounts associated with the DOT-reported pipeline rupture incident.

13. The Commission finds good cause exists to grant waiver of section 24.4 of the GT&C of Panhandle's tariff to allow Panhandle to reflect in its filing an additional four months when deriving its deferred fuel reimbursement account balances, ending on October 31, 2014. Granting Panhandle waiver of its tariff provisions to enable it to use

its deferred account balance as of October 31, 2014 instead of the balance as of June 30, 2014, will mitigate the effect of a possible large over-recovered deferred account balance that may occur in Panhandle's fuel adjustment rate effective November 1, 2014, absent the waiver. Accordingly, the Commission accepts the tariff records listed in the Appendix, effective November 1, 2014, subject to a compliance filing.

The Commission orders:

(A) Panhandle's filed tariff records are accepted, effective November 1, 2014, subject to Panhandle's filing revised tariff records within 15 days, as discussed in the body of this order.

(B) Panhandle's requested waiver of its tariff's deferred account balance provisions is granted, as discussed in the body of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

**Appendix**

**Panhandle Eastern Pipe Line Company, LP  
FERC NGA Gas Tariff  
Fourth Revised Volume No. 1**

*Tariff Records Accepted, Subject to Conditions, Effective November 1, 2014*

[Rate Schedule FT, Currently Effective Rates, 12.0.0](#)  
[Rate Schedule EFT, Currently Effective Rates, 12.0.0](#)  
[Rate Schedule SCT, Currently Effective Rates, 12.0.0](#)  
[Rate Schedule LFT, Currently Effective Rates, 12.0.0](#)  
[Rate Schedule HFT, Currently Effective Rates, 12.0.0](#)  
[Rate Schedule IOS, Currently Effective Rates, 5.0.0](#)  
[Rate Schedule WS, Currently Effective Rates, 5.0.0](#)  
[Rate Schedule PS, Currently Effective Rates, 5.0.0](#)  
[Rate Schedule FS, Currently Effective Rates, 5.0.0](#)  
[Rate Schedule DVS, Currently Effective Rates, 5.0.0](#)  
[Rate Schedule IT, Currently Effective Rates, 12.0.0](#)  
[Rate Schedule EIT, Currently Effective Rates, 12.0.0](#)  
[Rate Schedule IIOS, Currently Effective Rates, 5.0.0](#)  
[Rate Schedule IWS, Currently Effective Rates, 5.0.0](#)