

150 FERC ¶ 61,248
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

March 31, 2015

In Reply Refer To:
Columbia Gas Transmission, LLC
Docket No. RP15-554-000

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

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

Dear Mr. Downs:

1. On February 27, 2015, Columbia Gas Transmission, LLC (Columbia) filed revised tariff records¹ to reflect its annual Transportation Cost Rate Adjustment (TCRA), pursuant to the provisions of section 36.1 of the General Terms and Conditions (GT&C) of its tariff, with a proposed effective date of April 1, 2015. As discussed below, the tariff records referenced in the Appendix are accepted effective April 1, 2015, subject to conditions.

2. Section 36 of Columbia's GT&C provides for the recovery of "Operational 858 costs" through a transportation cost rate tracker (or TCRA). Section 36.1 of the GT&C defines Operational 858 costs as amounts Columbia pays to upstream pipelines for contracts it retained as a result of its Order No. 636 restructuring proceeding, or utilized in the transporters' post-restructuring operations. Section 36.2 requires Columbia to make an annual TCRA rate filing on or before March 1 of each year to be effective April 1. The TCRA rates include two components: (1) the "Current Operational TCRA Rate," which recovers Operational 858 costs Columbia projects it will incur during the April to March annual period the TCRA rate will be in effect; and (2) the "Operational TCRA Surcharge," which contemplates a true up mechanism to account for over- and under-recoveries during the preceding calendar year. In this TCRA filing, Columbia

¹ See Appendix.

proposes a Current Operational TCRA Rate reflecting projected Operational 858 costs of \$30,729,694. Columbia proposes an Operational TCRA Surcharge reflecting a net over-recovery during the period of January 1, 2014 through December 31, 2014, of \$2,028,081 inclusive of interest, which consists of an over-recovery of \$816,571 in demand costs and an over-recovery of \$1,211,509 in commodity costs. Overall, the revised TCRA rates provide decreases in the demand rates ranging from \$0.01 to \$0.020 per Dth and increases in the current commodity rates ranging from 0.01 cents to 0.06 cents per Dth.

3. Columbia holds transportation capacity on Millennium Pipeline Company, LLP (Millennium) pursuant to (1) a lease (Leased Capacity) and (2) Rate Schedule FT-1 (Millennium FT-1 Capacity). When the Commission authorized Millennium to construct its pipeline and authorized Columbia to abandon its A-5 Line facilities and to lease capacity on Millennium, the Commission prohibited Columbia from including in its TCRA filings any Operational 858 costs associated with the Millennium Leased Capacity until Columbia submits a filing pursuant to section 4 of the Natural Gas Act (NGA) to remove the costs of the abandoned A-5 Line facilities from its base rates.²

4. In Columbia's subsequent TCRA filing in Docket No. RP09-397-000, Columbia did not include the cost of the Leased Capacity in its TCRA, and stated it would not do so until it submits a NGA section 4 filing to remove the costs of the A-5 Line from its base rates. However, Columbia stated that it had entered into a service agreement with Millennium for additional capacity under Millennium's Rate Schedule FT-1, and sought to recover the costs of its FT-1 service agreement with Millennium through the TCRA. Columbia stated the annual cost of service associated with the A-5 Line was \$6,381,235 and that the annual cost of the Leased Capacity was \$5,029,766. As a result, Columbia proposed to reduce the recovery of its cost of the Millennium FT-1 Capacity by a \$1,351,469 credit, representing the amount by which the A-5 Line cost of service exceeded the cost of the Leased Capacity, to assure the Commission and shippers that it would not double recover any portion of the costs of the A-5 Line facilities. The Commission approved the inclusion of the costs of the Millennium FT-1 Capacity in the TCRA, finding that the \$1.3 million reduction to the Millennium FT-1 costs in the TCRA complied with its order regarding double recovery of the costs of the A-5 Line costs.³

5. A 2011 settlement governs Columbia's ongoing recovery of costs associated with the Millennium FT-1 Capacity (2011 Settlement).⁴ Article 2.1 of the 2011 Settlement obligates Columbia to offer the Millennium FT-1 Capacity for release and to credit any

² *Millennium Pipeline Company, LLC, et al.*, 117 FERC ¶ 61,319, at P 118 (2006).

³ *Columbia Gas Transmission, LLC*, 126 FERC ¶ 61,319, at P 19 (2009).

⁴ *Columbia Gas Transmission, LLC*, 137 FERC ¶ 61,100 (2011 Settlement).

capacity release revenues through the TCRA. Columbia states that, in accordance with this provision, it has released the Millennium FT-1 Capacity through March 31, 2016. Columbia states, in the instant TCRA filing, it has credited the \$5,835,809 revenues from the Millennium FT-1 capacity release against the \$5,028,240 cost of the Millennium FT-1 Capacity, for a net credit to the customers of \$807,569. Columbia argues that, as a result, no costs associated with the Millennium FT-1 Capacity are being passed through the TCRA for the upcoming TCRA period. In addition, Columbia argues, because all costs associated with the Millennium FT-1 Capacity have been eliminated from the TCRA for the next several years, the risk of double recovery of costs associated with abandonment of Columbia's former A-5 Line system has likewise been eliminated. Therefore, Columbia states, it has eliminated from this TCRA filing the credit made in previous TCRA filings for the amount by which the A-5 Line cost of service exceeds the cost of the Leased Capacity. Columbia states for the period covered by this TCRA filing that amount is \$743,139.

6. Public notice of the filing was issued on March 3, 2015, allowing for protests due on or before March 11, 2015. Pursuant to Rule 214,⁵ all timely filed motions to intervene and any unopposed motion 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. The Cities of Charlottesville and Richmond, Virginia (Cities) filed comments opposing one element of the TCRA filing, and on March 20, 2015 Columbia filed an answer to the comments (Answer), which are discussed below.

7. Cities notes that Columbia reflects a credit in its TCRA filing for projected revenues from the release of its FT-1 Capacity on Millennium, as required by the Settlement.⁶ As a result, Cities notes the \$5,028,240 in annual costs of the Millennium FT-1 Capacity is offset by a credit of \$5,835,809, and thus the net cost of the Millennium FT-1 Capacity is (\$807,569). Cities states that a similar offsetting adjustment that historically has been made in Columbia's TCRA filings has been omitted without adequate explanation from Columbia. In the instant filing, Cities states, the credit associated with the difference between the A-5 Line costs and the cost of the Millennium Leased Capacity is absent from Columbia's TCRA filing.

8. Cities note in Columbia's transmittal letter it states the "costs associated with the Millennium FT-1 capacity have been eliminated from the TCRA for the next several years' so that the risk of double recovery of costs associated with the A-5 Line has

⁵ 18 C.F.R. § 385.214 (2014).

⁶ Settlement at Article 2.3.

likewise been eliminated.”⁷ Cities characterize this as a bare boned statement. Given that Millennium FT-1 Capacity costs remain in the TCRA (but are offset by the credit required under the settlement), Cities argue that Columbia has not adequately explained why or justified removal of the mitigating offset to its TCRA costs. Cities argue that the offset to Millennium FT-1 Capacity costs resulting from the Settlement is independent of and not a part of the Commission’s earlier ruling limiting the inclusion of costs that would double-recover the A-5 Line costs. Accordingly, Cities urge the Commission to reinstate an offset to the Millennium FT-1 Capacity costs based on the differential between the Millennium lease costs and the A-5 Line costs as required by the Commission’s prior orders.

9. In its Answer, Columbia reiterates it removed the credit for the difference between the A-5 Line costs and the cost of the Leased Capacity because Columbia is no longer asking its customers to bear any costs of the Millennium FT-1 Capacity. Columbia notes it is not seeking recovery for the Millennium FT-1 Capacity costs because “there are no such costs to mitigate.”⁸ Columbia states the capacity has been temporarily released until March 31, 2016 at a rate higher than what Columbia pays to Millennium on the FT-1 service agreement.

10. Columbia “requests the Commission to ignore Cities’ request because Columbia is not seeking recovery of the Millennium FT-1 Capacity costs in the [instant] filing and since Columbia is not seeking recovery of these costs, previous concerns related to double recovery on the A-5 Line facilities are now moot.”⁹ Columbia states that, in future filings, it will reinstitute the A-5 Line cost of service credit to eliminate any risk of double recovery if and when there are costs associated with the Millennium FT-1 Capacity and Columbia seeks recovery of those costs.

11. We find that Columbia has failed to include a proper offset of the difference between the A-5 Line cost of service and costs of the Millennium Lease in its TCRA filing. Columbia’s inclusion of its Millennium FT-1 Capacity costs in the TCRA is governed by the 2011 Settlement. Columbia’s transmittal letter draws our attention to Article 2 of the 2011 Settlement, which governs the terms by which it must release FT-1 capacity. However, it ignores entirely Article 1 of the settlement. Article 1.4 of the 2011 Settlement provides that for each annual period from April 1, 2012 through March 31, 2018, “Columbia may recover through the TCRA the full amount of Millennium FT-1 Capacity Costs (*less Columbia’s ‘Net Remaining Savings Balance’ associated with the*

⁷ Cities Comments at 4 (citing Columbia Transmittal at 3).

⁸ Columbia Answer at 4.

⁹ *Id.*

cost of service for Columbia's Line A-5, which is still recovered through Columbia's base rates) [emphasis supplied].” Article 1.5 further provides that Columbia must calculate the Millennium FT-1 capacity costs to be included in the TCRA by first determining the “total Millennium FT-1 Capacity costs, *less the Net Remaining Savings Balance* (‘*Net MPL Cost*’) [emphasis supplied]” and then subtracting from the Net MPL Cost “the revenues it received during the previous calendar year from the release of the Millennium FT-1 Capacity (‘MPL Revenues’).” The emphasized language in Articles 1.4 and 1.5 of the 2011 Settlement makes clear that Columbia must continue to provide a credit in the TCRA for the amount by which the A-5 Line cost of service exceeds the cost of the Leased Capacity, as well as providing a credit for the full amount of its revenues from releasing the Millennium FT-1 Capacity. We find that this crediting in Article 1 is independent from the terms of release in Article 2.

12. Under Article 1.1, Columbia may not change its treatment of FT-1 Capacity in the TCRA until it is “*permanently relieved of all of its obligations under its service agreement with Millennium*” (emphasis supplied), until (under articles 1.4 and 1.5) its 2018 filing. Article 3.2(b) provides a second termination option, if Columbia effectuates a permanent release of the FT-1 capacity. Since Columbia states that the Millennium capacity is released through March 31, 2016,¹⁰ we find that neither of these termination clauses have triggered. The instant filing does not demonstrate that Columbia has been relieved of its obligation at present, or for the coming year. Accordingly, under section 1 of the settlement, it is premature for Columbia to adjust its TCRA treatment of the A-5 Line cost of service. Finally, we note that the settlement, as a self-described “*compromise between several parties,*”¹¹ remains valid and in full effect even if it causes Columbia to recover less from its TCRA than it would have without a settlement.

13. Therefore, we direct Columbia to submit, within 30 days of this order, an updated TCRA filing, with revised tariff records, reinstating the offset of the difference between the A-5 Line cost of service and costs of the Millennium Lease.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

¹⁰ Columbia Transmittal at 2.

¹¹ Settlement Article 4.2.

Appendix

Columbia Gas Transmission, LLC
FERC NGA Gas Tariff
Baseline Tariffs

Tariff Records accepted effective April 1, 2015

[Currently Effective Rates, FTS Rates, 30.0.0](#)

[Currently Effective Rates, FTS-APX Rates, 25.0.0](#)

[Currently Effective Rates, NTS and NTS-S Rates, 30.0.0](#)

[Currently Effective Rates, ITS Rates, 29.0.0](#)

[Currently Effective Rates, GTS Rates, 29.0.0](#)

[Currently Effective Rates, OPT Rates, 30.0.0](#)

[Currently Effective Rates, TPS Rates, 30.0.0](#)

[Currently Effective Rates, SST Rates, 30.0.0](#)

[Currently Effective Rates, FTS-GC Rates, 5.0.0](#)