

150 FERC ¶ 61,249
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 31, 2015

In Reply Refer To:
Columbia Gas Transmission, LLC
Docket Nos. RP15-555-000
RP14-551-000

Columbia Gas Transmission, LLC
5151 San Felipe
Suite 2400
Houston, TX 77056

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

Dear Mr. Downs:

1. On February 28, 2014, in Docket No. RP14-551-000, Columbia Gas Transmission, LLC (Columbia Gas) filed a revised tariff record in accordance with the Retainage Adjustment Mechanism (RAM) provisions of its tariff to adjust its fuel retainage percentages to take into account prospective changes in retainage requirements and unrecovered retainage quantities for 2013 (February 28, 2014 RAM filing). The Commission accepted and suspended the revised tariff record, to become effective April 1, 2014, subject to refund and conditions and further review.¹
2. On February 27, 2015, in Docket No. RP15-555-000, Columbia Gas filed a revised tariff record² in accordance with the RAM provisions of its tariff to adjust its retainage percentages to take into account prospective changes in retainage requirements and unrecovered retainage quantities for 2014 (February 27, 2015 RAM filing).

¹ *Columbia Gas Trans., LLC*, 146 FERC ¶ 61,241 (2014) (2014 *Columbia Gas Order*).

² *Columbia Gas Transmission, LLC*, FERC NGA Gas Tariff, Baseline Tariffs, [Currently Effective Rates, Retainage Rates, 5.0.0](#)

3. As discussed below, the Commission removes the refund condition imposed by the 2014 *Columbia Gas* Order in the Docket No. RP14-551-000 proceeding, and accepts the revised tariff record filed on February 27, 2015, in Docket No. RP15-555-000 to become effective April 1, 2015, subject to condition.

4. Section 35.2 of the Columbia Gas tariff requires it to make an annual RAM filing to adjust its retainage factors. These retainage factors consist of a current component and a surcharge component. Pursuant to General Terms and Conditions (GT&C) section 35.4(a), the current component reflects the estimate of total company use gas (CUG) and lost and unaccounted-for gas quantities (LAUF) for the 12-month period commencing on April 1 of each year. GT&C section 35.4(b) provides that the surcharge component reflect the reconciliation of actual CUG and LAUF gas quantities with gas quantities actually retained by Columbia Gas for the preceding calendar year, i.e., the deferral period.

5. On February 28, 2014, in Docket No. RP14-551-000, Columbia Gas filed revised tariff records proposing to adjust its retainage percentages to take into account both prospective changes in retainage requirements for CUG and LAUF and unrecovered retainage quantities for the period of January 1, 2013 through December 31, 2013. On March 31, 2014, the Commission accepted and suspended the tariff record, to be effective April 1, 2014, subject to refund and conditions and further review.³ The Commission found that the method Columbia Gas used to calculate its 2013 RAM filing was generally consistent with the methodology set forth in GT&C section 35.⁴ However, the Commission directed Columbia Gas to: (1) meet with its customers to explain its initial findings regarding its high level of LAUF losses; and (2) file a report with the Commission detailing the results of its investigation thus far and its plans for further investigation and/or resolution of the issue.⁵ On October 15, 2014, Columbia Gas filed its report.

6. In its October 15, 2014 report in Docket No. RP14-551-000, Columbia Gas described the specific actions it has taken to determine the causes of the increases in LAUF in 2014. Columbia Gas stated that it installed 11 gas chromatographs which, due to the more accurate measurement of the gas quality into and out of storage fields, have reduced LAUF by approximately 3 Bcf on an annual basis. Columbia Gas also stated that it began its multi-year program to replace orifice meters with ultrasonic meters. In addition, Columbia Gas stated that it upgraded flow computer equipment at 35 stations

³ 2014 *Columbia Gas* Order, 146 FERC ¶ 61,241.

⁴ *Id.* P 12.

⁵ *Id.* P 13.

and replaced chromatographs at seven stations. Further, Columbia Gas stated that it confirmed that certain low pressure systems were major contributors to its LAUF position. Finally, Columbia Gas stated that it was meeting with its customers to discuss its findings and potential solutions.

7. On February 27, 2015, in Docket No. RP15-555-000, Columbia Gas filed a revised tariff record proposing to adjust its retainage percentages to take into account prospective changes in retainage requirements and unrecovered retainage quantities for the period of January 1, 2014 through December 31, 2014. The tariff record sets forth the proposed retainage factors applicable to Columbia Gas' transportation, storage, and gathering services to become effective April 1, 2015.

8. Columbia Gas states that, with respect to the current retainage percentage, the CUG and LAUF portions of the current component for each of the retainage factors are based on estimated retainage requirements for the 12-month period commencing April 1, 2015, divided by projected throughput and adjusted for known and measurable changes. Columbia Gas further states that it calculates the unrecovered retainage percentage by: (1) determining the CUG and LAUF quantities for the preceding calendar year; (2) subtracting the retainage quantities actually retained during that period; and (3) dividing by the projected billing determinants under the applicable rate schedules. Columbia Gas states that it continues its practice of including prior period adjustments in the calculation of its unrecovered retainage percentage component. Based upon these calculations, Columbia Gas proposes a transportation retainage percentage of 1.885 percent, which represents a decrease from the current level of 1.917 percent; a gathering retainage percentage of 0.617 percent, which represents an increase from the current level of 0.534 percent; a storage gas loss retainage of 0.130 percent, which represents an increase from the current level of 0.120 percent; and an Ohio Storage gas loss retainage of 0.260 percent, which represents an increase from the current level of 0.150 percent.

9. In its February 27, 2015 RAM filing, Columbia Gas also states that it is continuing its investigation into abnormal LAUF levels, especially with regard to low pressure systems. Columbia Gas further states that it will discuss its efforts in this regard in meetings with customers before the end of April 2015 and throughout 2015 and that it will share in a report to its customers, all findings and recommendations that result from its efforts no later than December 1, 2015. Finally, Columbia Gas states that it is committing to expend an estimated \$11,591,473 in capital and \$500,000 in operations and maintenance expenses towards its efforts to continue to curb LAUF on its system in 2015.

10. Public notice of Columbia Gas' February 27, 2015 RAM filing in Docket No. RP15-555-000 was issued on March 3, 2015. Interventions and protests were due as

provided in section 154.210 of the Commission's regulations.⁶ Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,⁷ all timely-filed motions to intervene and any unopposed motions to intervene out-of-time 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. Indicated Shippers⁸ filed comments.

11. In its protest, Indicated Shippers request that the Commission make its acceptance of Columbia Gas's filing subject to a requirement that Columbia Gas report to the Commission on the status of its continuing investigation into its abnormal levels of LAUF and to meet with its shippers in December 2015, and thereafter as necessary to implement changes to resolve its LAUF issues.

12. Indicated Shippers assert that Columbia Gas's 2015 RAM filing states that "Columbia [Gas] will share, in a report to all shippers, all findings and recommendations that result from these efforts no later than December 1, 2015." Columbia Gas Transmittal Letter at 2. Indicated Shippers assert that, as in prior years, the Commission should direct Columbia Gas to file this report with the Commission, in addition to sharing it with shippers. Moreover, they assert that, Columbia Gas's 2016 RAM filing should implement any recommendations contained within the report.

13. On March 20, 2015, Columbia Gas filed an answer to these comments. Under Rule 213(a)(2) of the Commission's Rules of Practice and Procedure,⁹ answers to protests are prohibited unless otherwise ordered by the decisional authority. We will accept Columbia Gas's answer because it provides information that will assist us in our decision-making process.

14. In its Answer, Columbia Gas states that it opposes filing the December 2015 report to its customers with the Commission. Columbia Gas asserts that it is appropriate to allow time for collaborative discussions to occur and recommendations to be examined regarding the LAUF issue before any such recommendations are filed with the Commission. Columbia Gas states that the December 2015 report is only one part of a

⁶ 18 C.F.R. § 154.210 (2014).

⁷ 18 C.F.R. § 385.214 (2014).

⁸ Indicated Shippers are: Anadarko Energy Services Company, ConocoPhillips Company, Cross-Timbers Energy Services, Inc., Direct Energy Business Marketing, LLC, Interstate Gas Supply, Inc., Noble Energy, Inc., and SWEPI LP.

⁹ 18 C.F.R. § 385.213(a)(2) (2014).

larger ongoing, discussion and it is not necessary to file this report with the Commission. Columbia Gas also argues that because of this ongoing process, it is unnecessary to require it to file further reports with the Commission, as requested by Indicated Shippers, as a prerequisite for acceptance of the RAM filing. Moreover, Columbia Gas states that Indicated Shippers' request that the recommendations included in the December 2015 report be implemented, in whole or in part, in Columbia Gas's 2016 RAM filing is premature. Columbia Gas states that it is appropriate to permit the investigative process, described in the 2015 RAM filing, to run its course before requiring Columbia Gas to take any specific actions in a subsequent filing.

15. The Commission remains concerned with the abnormal LAUF levels existing on the Columbia Gas system. Therefore, the Commission will not relieve Columbia Gas of its obligation to inform the Commission of its efforts to resolve the abnormal LAUF level on its system and, consistent with its acceptance of previous Columbia Gas retainage mechanisms adjustment, the Commission will require Columbia Gas to report to the Commission the status of its ongoing efforts to reduce its LAUF by January 15, 2016.¹⁰

16. The Commission finds that the method Columbia Gas uses for calculating its retainage rates in the February 27, 2015 RAM filing is generally consistent with the methodology set forth in GT&C of its tariff at section 35. However, as in the past, the Commission will not require Columbia Gas to file with the Commission the report that it states it will share with its customers no later than December 1, 2015.¹¹ The Commission's requirement that Columbia Gas report to the Commission on the status of its ongoing efforts to reduce its LAUF will enable the Commission to continue to monitor the efforts put forth by Columbia Gas and the results of that effort. However, the Commission need not be privy to each discussion and/or communication between Columbia Gas and its customers as Columbia Gas and its customers attempt to resolve this issue. Moreover, consistent with this finding, the Commission will not require Columbia Gas to file any recommendations that it may include in its December 2015 report that its shares with its customers or to implement any such recommendations in its next retainage adjustment filing. Columbia Gas may file the adjustments to its mechanism or retainage amounts it sees necessary and shippers may discuss the filing at that time.

17. Accordingly, the Commission accepts the proposed tariff record filed in the February 27, 2015 RAM filing to be effective April 1, 2015, subject to Columbia Gas: (1) meeting with its customers on its ongoing LAUF investigations no later than

¹⁰ *Columbia Gas Trans., LLC*, 142 FERC ¶ 61,238 at P 13 (2013).

¹¹ *Id.*

December 1, 2015, and: (2) filing with the Commission a report on its ongoing investigations no later than January 15, 2016.

18. With respect to the October 15, 2014 report, the Commission finds that Columbia Gas has satisfactorily complied with the requirements of the 2014 *Columbia* Order and, therefore, the Commission removes the refund condition imposed by that order.

By direction of the Commission.

Kimberly D. Bose,
Secretary.