

150 FERC ¶ 61,254
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

March 31, 2015

In Reply Refer To:
Tennessee Gas Pipeline
Company, L.L.C.
Docket No. RP15-574-000

Milton Palmer, Jr.
Vice President, Rates and Regulatory Affairs
Tennessee Gas Pipeline Company, L.L.C.
1001 Louisiana Street
Suite 1000
Houston, Texas 77002

Dear Mr. Palmer:

1. On February 27, 2015 Tennessee Gas Pipeline Company, L.L.C. (Tennessee) filed tariff records¹ to place into effect its revised Fuel and Loss Retention percentages (F&LR) and Electric Power Cost Rates (EPCR) pursuant to Article XXXVII of the General Terms and Conditions (GT&C) of its FERC Gas Tariff. The Commission approves the tariff records, effective April 1, 2015.
2. Tennessee states that the instant filing proposes and places into effect revised FL&R and EPCR amounts based on 12 months of actual Fuel and Losses, Electric Power Costs and Estimated Volumes data ending December 2014.² Tennessee further states that

¹ See Appendix.

² Tennessee Filing at 1. Tennessee states that as part of a Settlement, Tennessee agreed to modify its Fuel Adjustment Mechanism, as previously set forth in Article XXXVII of the GT&C of its tariff to: (a) consolidate the electric power cost recovery mechanism into the Fuel Adjustment Mechanism; (b) revise and adjust the F&LR and EPCR annually to be effective April 1 of each calendar year; (c) permit Tennessee to make an out-of-cycle filing to adjust the F&LR in the event that the balance in the Deferred F&LR Account, positive or negative, exceeds 2 Bcf; and (d) establish an exception for physical volumes scheduled and allocated for receipt at the Dracut,

(continued...)

the filing reflects generally lower FL&R for transportation and storage services and generally higher EPCR for transportation services. According to Tennessee, the decrease in FL&R for transportation is primarily due to over recoveries of fuel and losses experienced by Tennessee during the base period as a result of increased throughput and increased length of haul, and the decrease in FL&R for storage services is primarily due to over recoveries due to increased customer injections into storage. Tennessee states that the increase in EPCR is the result of higher electric power costs incurred by Tennessee during the base period, coupled with an under-recovery of such costs by Tennessee.³

3. Public notice of the filing was issued on March 9, 2015. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R § 154.210 (2014)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2014)), 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.

4. On March 11, 2015, the Tennessee Customer Group (TCG)⁴ filed a protest to Tennessee's filing. On March 18, 2015, Tennessee filed an answer to TCG's protest. On March 19, 2015, TCG filed an answer to Tennessee's answer.

Massachusetts, receipt point (excluding meter bounces) to be assessed only on the applicable Losses percentage and EPCR as set forth in Tennessee's tariff. The uncontested Settlement was approved by Commission order dated December 5, 2011 and became effective on January 1, 2012. *Tennessee Gas Pipeline Co.*, 137 FERC ¶ 61,182 (2011)

³ Tennessee Filing at 2.

⁴ TCG is comprised of the following parties: Centerpoint Energy Resources Corp.; City of Clarksville Gas and Water Department, City of Clarksville; City of Corinth Public Utilities Commission; Delta Natural Gas Company, Inc.; Greater Dickson Gas Authority; Hardeman Fayette Utility District; Henderson Utility Department; Holly Springs Utility Department; Humphreys County Utility District; Town of Linden; Morehead Utility Plant Board; Portland Natural Gas System, City of Portland; Savannah Utilities; Springfield Gas System, City of Springfield; City of Waynesboro; West Tennessee Public Utility District; Athens Utilities; City of Florence, Alabama; Hartselle

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5. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.213(a) (2) (2014)) prohibits answers to protests or answers unless otherwise permitted by the decisional authority. In this instance, the Commission will accept Tennessee's and TCG's answers because they provide information that assisted in the decision-making process.

6. In its protest, TCG states that Tennessee proposes revised transportation and storage fuel rates, both of which reflect fuel consumed in storage operations. TCG asserts that such fuel includes fuel charged by Bear Creek Storage Company (Bear Creek) to Tennessee for Bear Creek storage services. TCG argues that Tennessee failed to account for a substantial fuel refund from Bear Creek to Tennessee during the relevant period, and thus overstated its FL&R and EPCR rates. TCG claims that the proposed fuel rates must be adjusted to reflect the recent Bear Creek fuel refunds.⁵ TCG states that similar circumstances appear to apply to Tennessee's annual fuel filing in Docket No. RP14-563-000.⁶

7. TCG requests that the Commission direct Tennessee to re-compute its proposed fuel factors for transportation and storage in this proceeding to account for the Bear Creek fuel refund, and also requests that the Commission require the same to reflect past Bear Creek refunds.

8. Tennessee in its answer states that contrary to TCG's assertions, the refunds provided to Tennessee by Bear Creek were included in the respective Tennessee fuel filings. Tennessee notes that its annual fuel filings cover a calendar year, while Bear Creek's annual fuel filings cover a period from October 1st of one year through September 30th of the following year, and that as a result, fuel reimbursements provided to Tennessee by Bear Creek are typically captured in two consecutive Tennessee fuel filings. In its answer, Tennessee provided a detailed explanation with supporting work

Utilities; City of Huntsville, Alabama; Municipal Gas Authority of Mississippi; North Alabama Gas District; Tuscumbia Utilities and Sheffield Utilities.

⁵ TCG states that Schedule 1, Appendix A of Bear Creek's December 17, 2014 annual fuel assessment filing in Docket No. RP15-266-000 shows that Bear Creek provided fuel refunds to Tennessee in October 2014 of 372,158 dth, and that Tennessee does not reflect this refund in its instant fuel filing.

⁶ TCG Protest at 2.

papers demonstrating that the Bear Creek fuel refund was incorporated into Tennessee's revised FL&R and EPCR rates.

9. In its answer to Tennessee's answer, TCG states that the work papers provided by Tennessee in its answer resolved TCG's concerns as they demonstrate that Tennessee had in fact reflected the Bear Creek fuel refunds in its prior fuel filings. TCG further states that Tennessee has agreed to provide greater detail in its future fuel tracker filings on periodic Bear Creek true-ups for storage fuel. TCG requests that the Commission direct Tennessee to provide information with the same degree of specificity as set forth by Tennessee in Exhibit A of its answer in its future fuel tracker filings to allow all interested parties a meaningful and timely opportunity to review the accuracy of Tennessee's fuel tracker filings.

10. Based on Tennessee's answer and TCG's acceptance thereof, the Commission finds Tennessee has adequately supported the calculation of its revised fuel and electric power cost rates, and properly included the fuel refunds questioned by the protest. Accordingly, we accept the referenced tariff records effective April 1, 2015, as requested. We find that, in its future FL&R/EPCR filings, Tennessee should include the level of detail contained in Exhibit A to its answer, so that interested parties may conduct a meaningful review as to the accuracy of the calculations contained therein.⁷

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁷ We note that, according to TCG, Tennessee has agreed to provide greater detail in its future fuel tracker filings on periodic Bear Creek true-ups for storage fuel. TCG Answer at 3.

Appendix

Tennessee Gas Pipeline Company, L.L.C.
FERC NGA Gas Tariff
TGP Tariffs

[Sheet No. 32, Fuel and EPCR, 9.0.0](#)

[Sheet No. 61, FS Storage Rates - Firm Storage, 10.0.0](#)

[Sheet No. 62, IS Storage Rates - Interruptible Storage, 10.0.0](#)