151 FERC ¶ 61,069
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Enable Gas Transmission, LLC — Docket Nos. RP15-670-000
RP15-670-001

ORDER ACCEPTING TARIFF RECORDS SUBJECT TO CONDITIONS

(Issued April 24, 2015)

I. Background

1. On March 23, 2015, Enable Gas Transmission, LLC (Enable) filed revised tariff records[1] and supporting work papers proposing to adjust its fuel percentages and electric power costs (EPC) in Docket No. RP15-670-000. On March 24, 2015, Enable filed an amendment to the March 23 filing in Docket No. RP15-670-001 to correct an error on a Lost and Unaccounted For (LUFG) percentage. Enable requests Commission action on its filing by April 23, 2015 to ensure that shippers on Enable will be aware of fuel rates at least one week prior to May shipment nominations. As discussed below, the Commission accepts Enable's revised tariff records, subject to conditions, to be effective May 1, 2015.

2. Sections 27 and 28 of the General Terms and Conditions of Enable's tariff require Enable to adjust its fuel percentages and EPC Tracker on or before each October 1 and April 1 based on actual data for the twelve-month period ending June 30 and December 31, respectively.

3. The subject filing includes supporting calculations used to derive the proposed system-wide Fuel LUFG percentages as well as the revised Delhi Fuel Use, Core Wheeling LUFG, and Line J Backhaul percentages. Enable explains that the system-wide Fuel Use and LUFG calculations specifically exclude: (1) volumes associated with Perryville Hub wheeling transactions; (2) volumes assessed the fixed Line CP Fuel Use and LUFG charge; and (3) volumes assessed Line J Backhaul Fuel Use and LUFG

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[1] *See* Appendix.

change.[2] Enable's filing also includes worksheets supporting calculations deriving the EPC amounts.

II. Interventions, Protests, and Comments

4. Public notice of the filing was issued on March 25, 2015. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.[3] Pursuant to Rule 214,[4] 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 the proceeding or place additional burdens on existing parties. The Missouri Public Service Commission (MoPSC) filed a motion to intervene and conditional protest on April 6, 2015. On April 15, 2015, Enable filed an Answer. While the Commission's regulations prohibit Answers to Protests, (18 C.F.R. § 385.213(a)(2) (2014)), the Commission will accept Enable's Answer because it allows the Commission to confirm its current policy on permissible inputs to fuel and LUFG tracker calculations.

5. In its conditional protest, MoPSC contends that Enable has not made clear whether gas losses resulting from incidents as reported to the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) have been included in Enable's LUFG tracker gas losses. MoPSC argues if gas losses attributed to such incidents have been included in LUFG calculations, the Commission should order Enable to correct its LUFG percentage filing because the Commission has previously determined that fuel tracking mechanisms are not appropriate for the recovery of gas losses outside the scope of normal pipeline operations.[5] MoPSC therefore maintains there is no basis to permit recovery of the 2014 PHMSA reported incidents through the fuel tracker and LUFG.

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[2] Enable previously sought authorization to charge separate Fuel Use and LUFG rates for transportation on Enable's Line CP, which the Commission accepted in Docket No. CP06-85-000, subject to Enable's exclusion of Line CP's actual Fuel Use and LUFG volumes from it system-wide fuel tracker. As such, Enable's filing also includes a System Gas Balance for Line CP showing receipt and delivery volumes, including Fuel Use and LUFG.

[3] 18 C.F.R. § 154.210 (2014).

[4] 18 C.F.R. § 385.214 (2014).

[5] MoPSC Intervention and Conditional Protest at 5.

6. MoPSC states the Commission recently reaffirmed its position on fuel tracker mechanisms, confirming 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."[6]

7. MoPSC contends that Enable's 2014 incidents as reported to PHMSA are not normal operating activities or within the scope of normal pipeline operations. MoPSC cites *Colorado Interstate Gas* which describes abnormal gas loss as a "totally unexpected non-routine malfunction…not associated with routine maintenance or other normal operations activity."[7] Specifically, MoPSC points to Enable's November 24, 2014 incident where a leak was caused by earth movement or settling. MoPSC argues that although earth movements and settling are common, Enable's reported loss of 18,775 Mcf of gas is so great it could not qualify as LUFG, which was described by the U.S. Court of Appeals for the D.C. Circuit (D.C. Circuit) as gas that is lost "[i]n the course of moving gas from one place to another… due to small leaks or metering errors."[8] MoPSC further states that the cost of gas loss and damages resulting from Enable's November 14, 2014[9] incident may have been recovered from the third party responsible for the damages and should not be collected through the fuel tracker.

8. If Enable has included such losses in its LUFG tracker calculations, MoPSC requests the Commission to require Enable to file revised tariff records that properly reflect LUFG transmission percentages calculated without including the gas accounted for in PHMSA reported events. In its Answer, Enable states that MoPSC has failed to support its request that the Commission exclude from Enable's fuel tracker calculation the gas losses Enable experienced as a result of the incidents reported to PHMSA, and as such, MoPSC's protest should be rejected.

9. Enable's Answer confirms that it included the gas loss incidents reported to PHMSA in its fuel tracker calculations. These incident reports include: (1) an April 27, 2014 incident where 13,041 Mcf of gas was lost due to damage to an above-ground interconnection facility caused by flying debris from a tornado; (2) an August 29, 2014

[6] MoPSC Intervention at 5, citing *Southern Star Central Gas Pipeline, Inc.*, 150 FERC ¶ 61,246, at 7 (2015).

[7] MoPSC Intervention at 4, citing *Colorado Interstate Gas Co. v. FERC*, 599 F.3d 698, 700 (D.C. Cir. 2010) (*CIG*).

[8] MoPSC Intervention at 4, citing *CIG*, 599 F.3d 698 at 700.

[9] The November 14, 2014 incident was reported to PHMSA as a mechanical puncture caused by a third party excavator which released 2,820 Mcf.

incident where 812 Mcf of gas was lost due to a tree falling on an above-ground town border station; (3) a November 14, 2014 incident where 2,820 Mcf of gas was lost due to a third-party operating a bulldozer sub-cultivating land; and (4) a November 24, 2014 incident where 3,043 Mcf of gas was lost as a result of a leak attributed to earth movement and an additional 15,732 Mcf lost gas due to a blowdown necessary to allow for repairs to the damaged section of pipeline.[10]

10. Enable argues neither Commission policy nor Enable's tariff require the PHMSA reportable lost volumes be removed from the fuel tracker calculation. Enable notes in *CIG* the Commission stated that fuel and unaccounted-for "losses resulting from normal pipeline operations…are recoverable; and losses resulting from malfunction… are not recoverable…."[11] Enable states the four incidents resulted from events which occur in the ordinary course of business and the incidents represent the normal costs of lost and unaccounted for gas that the D.C. Circuit referenced in denying review of *Colorado Interstate* that occur in "the course of moving gas from one place to another."[12]

11. Enable states that contrary to MoPSC's arguments in its conditional protest, a Commission order on Enable's predecessor in interest CenterPoint's fuel tracker filings support inclusion of the losses at issue in this proceeding. Enable states that while the Commission reiterated its policy 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,"[13] the Commission accepted tariff sheets reflecting some gas losses due to apparently non-normal events.[14]

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[10] *See* Attachments A, B, C, and D of Enable's April 15, 2015 Answer.

[11] *Colorado Interstate Gas Co.* 123 FERC ¶ 61,183, at P 11 (2008), affirmed in *CIG (CIGC).*

[12] *CIG*, 599 F.3d at 704. *See also* MOPSC Protest at 4.

[13] *See CenterPoint Energy Gas Transmission Co.*, 131 FERC ¶ 61,047, at P 12 (2010) (*CenterPoint).*

[14] *Id*. P 13.

III. Commission Decision

12. The Commission accepts Enable's tariff records, to be effective May 1, 2015, subject to revision of its LUFG percentages to reflect the removal of the reported PHMSA losses.

13. As highlighted by MoPSC, the Commission has determined 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.[15] As the Commission held in *CIGC*, losses resulting from the complete failure of some portion of a pipeline system are not appropriately recovered through a tracking mechanism.[16]

14. The Commission's policy on fuel trackers has evolved in recent years, and favors a narrow application of tracker mechanisms in assessing the allowable costs that may be tracked. Because the Commission intends fuel tracking mechanisms should track only those costs related to normal pipeline operations, the Commission finds Enable has inappropriately included the subject PHMSA losses in its LUFG reimbursement percentages. Costs arising from the normal course of doing business may be recovered in a general rate proceeding but are not automatically appropriate for recovery in a fuel tracker mechanism. Such a mechanism is intended for recovery of compressor fuel used in operations, and LUFG is intended for unaccounted-for volume variances that arise in normal pipeline operations. Costs of damages that are known, accounted for, and arise from abnormal occurrences, such as those generally requiring a PHMSA report, should not be included in a pipeline's fuel tracker.

15. None of the incidents reported to PHMSA and included in the subject filing were caused by normal operation of Enable's pipeline. The PHMSA incident gas losses were the result of unusual circumstances not directly related to fuel use in compressors or unaccounted for volumes related to actual operation of gas flow on the pipeline. Circumstances that do not occur routinely in the operation of a pipeline and involve

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[15] *See, e.g.*, *Southern Star Central Gas Pipeline, Inc.*, 138 FERC ¶ 61,222, at P 14 (2012); *CenterPoint*, 131 FERC ¶ 61,047 at P 12. While Enable cites *CenterPoint* for the proposition that the Commission has accepted tariff sheets reflecting gas losses due to non-normal events, in that case, the Commission accepted such tariff records because even with the gas losses included in the fuel tracker calculation, the LUFG fuel percentage remained the same. *CenterPoint*, 131 FERC ¶ 61,047 at P 13. Moreover, as the more narrow interpretation of an LUFG tracker's scope has evolved, even the Department of Transportation reported losses that were allowed in the 2010 *CenterPoint* case might not be recoverable as LUFG today.

[16] *CIGC*, 123 FERC ¶ 61,183 at P 16.

neither fuel used for compression nor unaccounted-for losses or overages related to normal functions of the pipeline service should not be recovered in a fuel tracker or as an unaccounted-for gas loss. Accordingly, the Commission accepts Enable’s fuel percentages and EPC, subject to Enable removing the PHMSA reported losses from its LUFG percentages in a compliance filing, to be submitted within 15 days of the date this order issues.

The Commission orders:

(A) Enable’s revised tariff records are accepted, subject to conditions, as discussed above, effective May 1, 2015.

(B) Enable must file revised LUFG percentages in compliance with this order within 15 days of the date this order issues.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

Appendix

Enable Gas Transmission, LLC
FERC NGA Gas Tariff
Tariffs

Tariff Records Accepted, Subject to Conditions, Effective May 1, 2015

Sheet No. 21, RATES: FT, FT-2, FT-SMALL CUSTOMER, IT, 4.0.0
Sheet No. 22, RATES: NNTS, NNTS-SMALL CUSTOMER, FSS, ISS, 4.1.0
Sheet No. 23, RATES: EFT, 5.0.0
Sheet No. 35, RATES: RSS, 4.0.0
Sheet No. 36, RATES: PHS, 4.0.0