

153 FERC ¶ 61,373
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

December 30, 2015

In Reply Refer To:
Viking Gas Transmission Company
Docket No. RP16-15-000

ONEOK Partners GP, L.L.C.
100 West 5th Street
Tulsa, OK 74103

Attention: Ron M. Mucci
Vice President, Rates and Regulatory Affairs

Dear Mr. Mucci:

1. On October 1, 2015, Viking Gas Transmission Company (Viking) filed a report and work papers in lieu of its semi-annual fuel adjustment filing because Viking did not propose to change its Fuel and Loss Retention Percentages (FLRPs). On October 5, 2015, Viking supplemented its filing with corrected work papers. Viking requests that the FLRPs remain at 0.00 percent for all zones in Rate Schedules FT-A, IT, and AOT until the next FLRPs tariff filing. The FLRPs include a 0.00 percent Gas Lost and Unaccounted for rate for Zone 1-1, Zone 1-2, and Zone 2-2. Viking states that its work papers support the continuation of the zero FLRPs rate. As discussed below, the Commission accepts Viking's report for information purposes, with conditions.

2. Section 26.2 of the General Terms and Conditions (GT&C) of Viking's tariff contains the filing and computation procedures for Viking's FLRPs. Viking's Current FLRPs are computed by adding: (1) the fuel retention percentages calculated by zone with (2) the lost and unaccounted retention percentages computed by zone. Specifically, section 26.2.2 provides that Viking shall file to reflect net changes in the FLRPs at least 30 days prior to each April 1 and November 1, the beginning date of each seasonal period. Under section 26.2.4, Viking determines the Current fuel retention percentages and the Current lost and unaccounted for percentages for each seasonal period by summing the estimated gas required for operations (GRO) quantities with the forecasted balance accumulating in the Deferred GRO Account, as of the day immediately preceding the effective date of the change in the FLRP rates, followed by each quantity being allocated to or assigned among zones in accordance with the allocation methods and principles in effect on Viking's system. The quantities determined in

section 26.2.4(a) will be divided by the estimated quantity determinant, as appropriate; Viking shall maintain the Deferred GRO Account by determining each month the actual GRO quantities; Viking shall determine the actual recovery of the GRO quantities by multiplying, as applicable, Viking's FLRPs by the appropriate quantity determinants; each month, Viking shall determine the difference, positive or negative, between the quantities computed in subsections 26.2.4(c)(1) and 26.2.4(c)(2) of these GT&C. The resulting differences shall be recorded each month in a Deferred GRO Account.

3. Public notice of the filing was issued on October 6, 2015. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2015)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2015)), 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. On October 8, 2015, Northern States Power Company-Minnesota and Northern States Power Company-Wisconsin (collectively "Northern States Power") filed a joint protest. On October 22, 2015, Viking filed an answer. Rule 213(a)(2) (18 C.F.R. § 385.213(a)(2) (2015)) prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept Viking's answer because it has provided information that assisted us in our decision-making process.

4. Northern States Power contends that Viking failed to adequately support continuing its current FLRPs, notwithstanding the fact that Viking's cumulative deferred GRO balance has been in an over-recovered position since January 2012. Northern States Power asks that the Commission require Viking in its next FLRP filing to: (1) provide a detailed explanation of the causes of the prolonged GRO balance; (2) explain why the over-recovery has persisted for such a lengthy period, including any previously undisclosed operational or accounting issues affecting the GRO balance; and (3) identify the steps Viking has taken, or plans to take, to resolve any such issues. Northern States Power adds that if there is not a prompt reduction in the over-recovered GRO balance, the Commission should find that the true-up provisions in the Viking tariff are no longer just and reasonable and impose a cash-out procedure to eliminate the existing over-recovery, as well as provide a remedy to avoid sustained over-recoveries in the future. Alternatively, Northern States Power states it would not oppose a Commission determination at the present time in the instant proceeding that the FLRP provisions of Viking's tariff are no longer just and reasonable, and directing Viking to promptly amend its tariff to establish a cash-out mechanism for resolving over-recoveries.

5. In its answer, Viking asks the Commission to accept its report, and suggests there is no basis for taking action on Northern States Power's request. Viking argues that the work papers submitted with its supplemental FLRPs Report show Viking's calculation of its FLRPs rate and support Viking's anticipation of an under-recovered GRO Balance of approximately 36,171 dekatherms at the end of the 2015 Winter Period. Viking states that its determination to leave the FLRPs rates unchanged reflects the expectation that

continuing the FLRPs rates at 0.00 percent through the Winter Period will result in the GRO Balance continuing to move from an over-recovered to an under-recovered balance. Viking adds that while the use of estimates inherently introduces timing differences in the recovery of costs through a recovery mechanism like the FLRPs, Viking states that it continually seeks to minimize over- and under-recovery positions of the GRO Balance.

6. Viking states it has sufficiently explained the factors contributing to the deferred GRO balance, its expectations for the reduction of the deferred GRO balance, and the timing in which that reduction will occur. Viking also states it has demonstrated that it does not receive an economic benefit from an over-recovered position contrary to Northern States' claim. Viking contends its FLRP tariff provisions remain just and reasonable, and continue to adequately protect Viking customers.

7. The Commission finds that the points Northern States Power has raised are valid, given Viking's persistent over-recovered GRO balance position since 2012. Nonetheless, Viking suggests the GRO over-recovered balance should significantly decline during this winter season. While there may be some improvement, an over-recovered balance of three years duration is worthy of further examination, and a detailed explanation or remedial action, as necessary.

8. Accordingly, the Commission accepts Viking's report for information purposes, on the condition that with its next FLRP filing it shall provide the detailed information and explanation sought by Northern States Power, and enumerated above. Notwithstanding Viking's assertions to the contrary, the persistent GRO over-recovery balance for several years warrants a more complete and detailed explanation, including the specific steps taken to reduce it to more normal levels. A pipeline can also take pro-active steps to refund over-collected balances, which prevents persistent over-recovered GRO balance positions in its fuel tracker calculations. To the extent an over-recovered balance persists at the time of Viking's next semi-annual filing, it should explain why it should not be required to make such a refund, so as to clear the GRO balance, or modify or seek waiver of its tariff provisions in some manner in order to prevent in the future a substantial cumulative GRO over-recovery status that persists for several years. Although fuel trackers are conceptually intended to be revenue neutral, protracted deferral of reimbursement of over-collected shipper gas may, for practical purposes, become so long a delay in "settling up" that it becomes unreasonable.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.