

156 FERC ¶ 61,240
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

September 30, 2016

In Reply Refer To:
Florida Gas Transmission Company, LLC
Docket No. RP16-1205-000

Florida Gas Transmission Company, LLC
1300 Mail Street
Houston, TX 77002

Attention: Mr. Lawrence J. Biediger, Senior Director
Rates and Regulatory Affairs

Dear Mr. Biediger:

1. On August 31, 2016, Florida Gas Transmission Company, LLC (Florida Gas) filed tariff records¹ in accordance with section 27 of the General Terms and Conditions (GT&C) of its FERC Gas tariff to establish fuel rates and the lost and unaccounted for (LAUF) rate for the winter period. Florida Gas requests an effective date of October 1, 2016 for its proposal. The Commission accepts and suspends the tariff records, subject to refund and condition, to be effective October 1, 2016.
2. According to Florida Gas, section 27 of the GT&C of its tariff requires it to establish base fuel reimbursement charges and unit surcharges. Florida Gas states that the base fuel reimbursement charges recover costs for fuel usage and electric compression, and the unit surcharges recover or refund previous under- or over-collections. Florida Gas further states that its tariff requires separate winter (October-March) and summer (April-September) base fuel reimbursement charges and unit surcharges for the market area and the western division. In addition, Florida Gas states that section 27 allows the pipeline to revise its LAUF charges.

¹ See Appendix.

3. In the instant filing, Florida Gas proposes to establish winter base fuel reimbursement charges of 1.95 percent for the market area and of 1.14 percent for the western division. Florida Gas states that these charges are decreases from its currently-effective summer base fuel reimbursement charges.

4. Florida Gas also proposes to establish a winter unit surcharge of (\$0.0032) per MMBtu for the market area and of (\$0.0019) per MMBtu for the western division. Florida Gas states that the market area unit surcharge represents a decrease from its currently-effective summer unit surcharge. With respect to the western division, Florida Gas states that the unit surcharge is an initial rate because a separate deferral period for the western division commenced on February 1, 2016, pursuant to its rate case settlement in Docket No. RP15-101-000.² Florida Gas also proposes a LAUF rate of 0.01 percent which includes an adjustment to reflect an average of the last two winter periods. It further states that its proposed LAUF rate represents no change from the currently-effective LAUF rate.

5. Public notice of instant filing was issued on September 1, 2016. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2016)). Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 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 (18 C.F.R. § 154.214 (2016)). On September 15, 2016, Peoples Gas System, a Division of Tampa Electric Company, and Tampa Electric Company (jointly, Peoples) filed an out-of-time protest.

6. Peoples argues that the Florida Gas filing contains insufficient information concerning whether the proposed base fuel reimbursement charges and unit surcharges conform to the requirements of the Florida Gas tariff and the 2015 Settlement. First, Peoples asserts that the methodology used by Florida Gas to allocate fuel costs between the market area and the western division is not adequately supported. Second, Peoples argues that Florida Gas does not fully explain how the electric reimbursement charge is calculated, including how payments to electric providers are divided between the western division and market area. Third, Peoples contends that the Florida Gas adjustment to its LAUF rate calculations is inconsistent with the Florida Gas tariff and the 2015 Settlement. Finally,

² This settlement was approved by the Commission on December 4, 2015. *Florida Gas Transmission Co., LLC*, 153 FERC ¶ 61,279 (2015) (2015 Settlement). Under this settlement, Florida Gas is required to calculate a separate fuel reimbursement charge and unit fuel surcharge for the western division and market area as opposed to a unified fuel reimbursement charge and unit fuel surcharge for Florida Gas' entire system.

Peoples points out that in the western division, Florida Gas calculates fuel rates based on how many forward-haul compressor stations are used. Peoples argues, however, that the Florida Gas tariff does not define the term “forward-haul compressor station” and therefore it is not able to determine how Florida Gas calculated this fuel rate. Peoples requests that the Commission require Florida Gas to supplement its filing to provide sufficient information to provide a basis to determine whether the proposed fuel rates and LAUF rate are just and reasonable.

7. On September 23, 2016, Florida Gas filed an answer to the protest. Under Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, answers to protests are prohibited unless otherwise ordered by the decisional authority. We will accept Florida Gas' answer because it provides information that will assist us in our decision-making process.

8. In its answer, Florida Gas states that there is nothing new about its filing because it is consistent with the specific format in the 2015 Settlement and is in full compliance with the provisions of the Florida Gas tariff.

9. Florida Gas states that the protest's concerns about the methodologies to allocate compressor fuel and other company use amounts between the western division and market area are unclear and unsupported. However, Florida Gas points out that pursuant to the 2015 Settlement, compressor fuel use and other fuel use are assigned to the market area and western division based on actual physical location, not through an allocation. Florida Gas also points out that, contrary to the claims in the protest that there should be an allocation of electric costs between the market area and western division, the 2015 Settlement does not require an allocation because electric costs are assigned to the market area and western division based on the actual physical location of their use.

10. Florida Gas also responds to the concern raised by the protest that LAUF was improperly calculated. Florida Gas states that the protest alleges that the calculation is improper in that it departs from the 2015 Settlement because the calculation “contains an Adjustment to Normalize LAUF to Two Seasonal Period Average.” Florida Gas asserts that this type of adjustment is authorized under section 27.B.1 of its GT&C, which states that “[I]n computing the Gas Base [Fuel Reimbursement Charge Percentage Requirement], Transporter may file for adjustments to actual fuel usage, actual quantities delivered to party(ies) as payment for compression services provided to Transporter, lost and unaccounted for gas or actual quantity of gas delivered to provide for known and measurable changes....” Florida Gas states that consistent with this provision, it normalized LAUF to a two-season period average. Florida Gas explains that, over the course of the last five years, it has not experienced an actual overall LAUF gain for the winter period other than for the period of October 2015 through March 2016, for which the LAUF adjustment was made in the instant filing. Florida Gas states that the adjustment for the period of October 2015 through March 2016 took into account the fact that in the winter period of October 2014 through March 2015, it experienced a LAUF loss of 685,150 MMBtu.

Florida Gas states, given the LAUF gain of (577,347) MMBtu for the period of October 2015 through March 2016, and the LAUF loss of 685,150 MMBtu for the period of October 2014 through March 2015, it took an average of these last two winter periods to arrive at a projected LAUF of 53,902 MMBtu for the period of October 2016 through March 2017. Florida Gas also states that that this adjustment is consistent with the adjustments it made in its previous fuel rate and LAUF rate filing in Docket No. RP16-665-000.

11. Lastly, Florida Gas states that that the term “forwardhaul” is explicitly defined in section 1 of its GT&C. Florida Gas asserts that there is no confusion that a “forwardhaul compressor station” is a compressor station through which “forwardhaul” transportation, as expressly defined in the tariff, occurs.

12. As discussed below, the Commission accepts the instant tariff records, and suspends them for the minimum period to be effective October 1, 2016, subject to Florida Gas making the filing discussed below, within 15 days of the issuance of this order. The Commission finds that Florida Gas’ proposal to average the last two winter periods (i.e., the periods October 2014 through March 2015 and October 2015 through March 2016) to arrive at a projected LAUF of 53,902 MMBtu for the period of October 2016 through March 2017 is just and reasonable given that the last winter period (i.e., the period of October 2015 through March 2016) appears to have been an anomaly. We also find that Florida Gas has sufficiently defined the term “forwardhaul compressor station.” However, we require additional information from Florida Gas in order to ensure that the rate calculations in the instant proceeding and in future filings are just and reasonable.

13. In the instant filing, and in the protest and answer filed in this proceeding, the parties rely on the 2015 Settlement and its modifications of the Florida Gas tariff.³ As set forth in Article IV, Section 1 of the 2015 Settlement, Appendix F to the 2015 Settlement contains an illustrative example demonstrating how Florida Gas will calculate the western division and market area fuel reimbursement charges and recover costs for fuel usage and electric compression. Florida Gas states that compressor fuel and electric costs are assigned to the market area and western division based on their actual physical location, as provided in the 2015 Settlement.⁴ Upon review of the 2015 Settlement, however, it appears neither the text of the settlement nor Appendix F specify that physical location should be used to derive the

³ For example, Florida Gas in its answer states that it “made its August 31 fuel filing in this proceeding in full compliance with the Commission-approved stipulation and agreement of [2015] settlement. . . . Florida Gas answer at 1. For its part, Peoples maintains that “[M]oreover, in at least one respect, the August 31 Filing appears to depart from the [2015] Settlement and FGT’s Tariff.” Peoples protest at 4.

⁴ Florida Gas answer at 3, 5 (citing 2015 Settlement Appendix F at p 2, 3).

compressor fuel and electric costs.⁵ Accordingly, within 15 days of the issuance of this order, Florida Gas is directed to make a compliance filing including workpapers similar to those contained in Attachments 1-3 of the answer, to demonstrate that the illustrative example of the 2015 Settlement utilized physical location to derive compressor fuel and electric costs

14. In addition, Florida Gas' answer raises certain additional questions that require further explanation, particularly in regard to its use of actual data. For example, in the August 31 filing, Attachment A, Schedule 3, lines 1 and 2, Florida Gas provides projected electric payments by month for six-month period of October 2016 through March 2016 for the market area and the western division. Footnote 1 to Attachment A states, "Projected total payments equal total actual payments from October 2015 through March 2016." The totals are \$5,078,855 for the market area and \$1,892,687 for the western division. In Attachment 3 to answer, lines 6 and 7, Florida Gas shows actual electric payments by compressor station for the same six-month period. However, although the six-month total amounts are the same, the monthly payments (within this six-month period) are different. Florida Gas is required to include in the referenced compliance filing an explanation of this discrepancy.

15. Finally, sections 27A.2.a, 27.B.1 and 27.C.2 of the GT&C of Florida Gas' tariff requires it to include workpapers to support its base fuel reimbursement charges and unit surcharges. For its future filings establishing base fuel reimbursement charges and unit surcharges, Florida Gas is directed to include workpapers similar to those submitted as Attachments 1-3 of its answer.

16. Based upon review of the filing, the Commission finds that the proposed tariff records have not been shown to be just and reasonable, and may be unjust, unreasonable and unduly discriminatory or otherwise unlawful. Accordingly, the Commission shall accept and suspend the effectiveness of the proposed tariff records for the period set forth below, subject to the conditions set forth in this order, and further review and order of the Commission.

17. The Commission's policy regarding tariff filings is that they generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or inconsistent with other statutory standards. *See Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension). It is recognized, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results. *See Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (minimum suspension). Such circumstances exist here given that the pipeline is filing to

⁵ Appendix F, pages 2-3 are based on actual deliveries from October 2014 through March 2015.

revise a Commission –approved tracking mechanism. Therefore, the Commission shall exercise its discretion to suspend the proposed tariff records listed in the Appendix, to be effective, on October 1, 2016, subject to refund and condition.

By direction of the Commission. Commissioner Clark is not participating.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

Appendix

Florida Gas Transmission Company, LLC
FERC NGA Gas Tariff
Fifth Revised Volume No. 1

*Tariff Records Accepted, Subject to Refund and Condition
to be Effective October 1, 2016*

[Rate Schedule FTS-1, Currently Effective Rates, 17.0.0](#)

[Rate Schedule FTS-2, Currently Effective Rates, 17.0.0](#)

[Rate Schedule FTS-3, Currently Effective Rates, 15.0.0](#)

[Rate Schedule SFTS, Currently Effective Rates, 17.0.0](#)

[Rate Schedule FTS-WD, Currently Effective Rates, 17.0.0](#)

[Rate Schedule ITS-1, Currently Effective Rates, 17.0.0](#)

[Rate Schedule ITS-WD, Currently Effective Rates, 17.0.0](#)

[Negotiated Rates, Currently Effective Rates, 23.0.0](#)