157 FERC ¶ 61,155
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

November 29, 2016

In Reply Refer To:
Algonquin Gas
Transmission, LLC
Docket No. RP17-71-000

Algonquin Gas Transmission, LLC
General Manager, Rates & Certificates
5400 Westheimer Ct
Houston, TX 77056-5310

Attention: Berk Donaldson

Dear Mr. Donaldson:

1. On October 26, 2016, Algonquin Gas Transmission, LLC (Algonquin) submitted a tariff record[1] pursuant to the Fuel Reimbursement Quantity (FRQ) provisions of its tariff, as well as proposed surcharge amounts for the FRQ deferred accounts. According to Algonquin, its tariff requires it to update its fuel reimbursement percentages annually, and to calculate a surcharge or refund to be paid 60 days after the Commission's acceptance of the annual filing. Algonquin requests waiver of this provision so that the surcharge amounts may be spread out over a 12-month period. For good cause shown, the Commission grants waiver and accepts the tariff record, to be effective December 1, 2016, subject to conditions discussed below.

2. Algonquin submitted a revised tariff record pursuant to its FRQ tariff provisions contained in section 32 of the General Terms and Conditions (GT&C) of its FERC Gas Tariff. Algonquin states that its filing reflects its proposed fuel reimbursement quantities for the 12-month period beginning December 1, 2016. According to Algonquin, the proposed fuel reimbursement quantities are based on actual data for the 12-month period ending July 31, 2016. They reflect:

[1] Algonquin Gas Transmission, LLC, FERC NGA Gas Tariff, Algonquin Database 1: 12., Fuel Reimbursement Percentages, 10.0.0.

a. for system customers, except for Beverly receipt points, an increase of 0.10 percent (from 0.87 percent to 0.97 percent) for the winter period and a decrease of 0.17 percent (from 1.08 percent to 0.91 percent) for the non-winter period; and

b. for incremental Ramapo customers a decrease of 0.06 percent (from 3.188 percent to 3.12 percent) for the winter period and a decrease of 0.82 percent (from 2.29 percent to 1.47 percent) for the non-winter period.

3. For all Beverly receipts to non-HubLine deliveries, the revised FRPs reflect:

a. for system customers, an increase of 0.07 percent (from 0.63 percent to 0.70 percent) for the winter period and a decrease of 0.01 percent (from 0.71 percent to 0.70 percent) for the non-winter period; and

b. for incremental Ramapo customers with Beverly receipts to non-HubLine deliveries, a decrease of 0.14 percent (from 2.31 percent to 2.17 percent) for the winter period and an decrease of 0.42 percent (from 1.34 percent to 0.92 percent) for the non-winter period.

The proposed FRPs for service under the lease of Algonquin capacity to Texas Eastern as part of the NJ-NY Expansion Project reflects an increase of 0.08 percent for the winter and non-winter period.

4. Algonquin states that it also included in its filing the calculation of the FRQ deferred account allocation. According to Algonquin, section 32.5(c) of the GT&C of its tariff provides that it must calculate surcharges or refunds designed to amortize, during a 60-day period, the net monetary value of the balance in the FRQ deferred account at the end of the current accumulation period. Algonquin states that for the current accumulation period (August 1, 2015 through July 31, 2016), the FRQ deferred account has a debit balance of approximately $15.3 million. Algonquin states that the net debit balance results from a combination of factors including operational constraints resulting from high levels of system utilization, the location of receipts into the system during the winter, and shipper imbalances.

5. Algonquin further states that throughput in the 2015-2016 winter period decreased roughly 7 percent compared to throughput in the 2014-2015 winter period. Algonquin attributes this to the slight increase in the number of operating restrictions that were necessary on its system.[2] The increased restrictions reduced opportunities for customers to resolve their shipper imbalances on the system, which then resulted in an overall

[2] Algonquin reports total winter restrictions on its system increased from 718 instances in the winter of 2014-2015 to 764 instances in the winter of 2015-2016.

higher level of imbalance cash out volumes during the winter period. As a result, Algonquin states that its ability to reduce the net debit balance by auctioning imbalance gas volumes during the accumulation period was also affected and that it was required to purchase gas and sell gas under the cash-out mechanism of its tariff. According to Algonquin, this resulted in a net debit balance in its FRQ deferred account. Algonquin requests a waiver of the 60-day provision in order to collect the surcharges over a 12-month period.

6. Public notice of the filing was issued on October 27, 2016. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.[3] Pursuant to Rule 214,[4] all timely motions to intervene and any unopposed motions 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 this proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

7. The Commission has reviewed Algonquin's proposed fuel reimbursement percentages and the surcharge amounts under the FRQ deferred account and finds that they are consistent with the provisions of section 32.5 of the GT&C. The Commission therefore accepts for filing the tariff record listed in footnote 1, effective December 1, 2016.

8. The Commission also finds good cause to waive section 32.5(c) of Algonquin's GT&C to permit its customers to spread out the payment of the FRQ surcharge over a 12-month period. However, the Commission notes that this is Algonquin's fourth consecutive FRQ filing requesting such waiver. Given that Algonquin has an annually updated tracker mechanism already in place, it appears that it would be more sensible for Algonquin to modify section 32.5(c) of its GT&C to authorize Algonquin to true up its FRQ over a 12-month period through its fuel reimbursement percentages. Accordingly, we direct Algonquin to make a compliance filing, within 30 days of this order, in which it

[3] 18 C.F.R. § 154.210 (2016).

[4] 18 C.F.R. § 385.214 (2016).

must either: (a) amend section 32.5(c) of its GT&C; or (b) provide an explanation as to why it would be more reasonable for Algonquin to continue seeking waivers on an ad hoc basis.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.