

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

November 18, 2005

In Reply Refer To:  
Columbia Gulf Transmission  
Company  
Docket No. RP06-42-000

Columbia Gulf Transmission Company  
12801 Fair Lakes Parkway  
P.O. Box 10146  
Fairfax, VA 22030-0146

Attention: Carl W. Levander, Vice President

Reference: Letter Order re: Thirty-Ninth Revised Sheet No. 18, and Fortieth Revised Sheet No. 19 to FERC Gas Tariff, Second Revised Volume No. 1

Dear Mr. Levander:

1. On October 21, 2005, Columbia Gulf Transmission Company (Columbia Gulf) filed the referenced tariff sheets to reflect a periodic transportation retainage adjustment (TRA) pursuant to section 33.2 of the General Terms and Conditions of its tariff, with a proposed effective date of November 1, 2005. The revised tariff sheets set forth a reduced retainage factor for the mainline zone applicable to Columbia Gulf's FTS and ITS Rate Schedules. The Commission waives the 30-day notice requirement of section 4 of the Natural Gas Act (NGA), and conditionally accepts the referenced tariff sheets, effective November 1, 2005, as proposed, subject to Columbia Gulf filing supplemental data and information as described below.

2. Columbia Gulf states in the instant filing that, due to the damage to the natural gas supply infrastructure in the Gulf region caused by Hurricanes Katrina and Rita, it has experienced a significant reduction in its mainline throughput, and this reduction in throughput has also lowered its mainline compressor fuel requirements. As a result, it states, its current retainage factor no longer accurately reflects its retainage requirements. Accordingly, Columbia Gulf states that it is reducing the current estimate for compressor fuel requirements based on its projected throughput for the period November 1, 2005 through March 31, 2006, for the mainline zone and recalculating the underlying retainage factor.

3. Columbia Gulf states that this discrepancy between anticipated fuel use and the quantity of fuel being collected through the current retainage factor has resulted in an over recovery of retainage quantities on the mainline zone of its pipeline system (applicable to its FTS-1 and ITS-1 Rate Schedules). It states that the instant Periodic TRA filing reduces Columbia Gulf's mainline zone retainage factor for Rate Schedules FTS-1 and ITS-1 to a level that is projected to be in line with the revised compressor fuel requirements, in light of the changed circumstances resulting from the hurricanes.

4. Columbia Gulf states that the change in operating and other conditions brought about by Hurricanes Katrina and Rita support the fact that it should not wait until the scheduled Annual TRA filing to recognize the reduction in mainline fuel requirements.<sup>1</sup> Columbia Gulf is seeking to reduce its mainline zone retainage factor for its customers by 0.516 percent effective November 1, 2005. It states that this will assist its shippers by providing the immediate benefit of a reduction to the mainline zone retainage factor during the upcoming winter season, thus reducing the quantities of gas the shippers will be required to supply during the current period of tight supplies and high prices.

6. Columbia Gulf states that it is not proposing any change to its recovery of lost and unaccounted for gas quantities through the retainage percentages as developed in its last Annual TRA filing; nor is it proposing any changes to the surcharge component of its retainage factors associated with the deferral period of January 1, 2004, through December 31, 2004, as calculated in its last Annual TRA filing.

7. Public notice of Columbia Gulf's filing was issued on October 27, 2005, with interventions and protests due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2005). The unopposed, timely filed motions to intervene are granted under Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2005)). On November 2, 2005, Indicated Shippers<sup>2</sup> filed comments regarding Columbia Gulf's proposed tariff revision. The Baltimore Gas and Electric Company filed comments in support of Columbia Gulf's filing. Any untimely motion to intervene filed as of this date of this order is granted. Granting late

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<sup>1</sup> Columbia Gulf states that it will be making its regular scheduled Annual TRA filing on or about March 1, 2006, to be effective April 1, 2006.

<sup>2</sup> Indicated Shippers joining in these comments are: BP America Production Company and BP Energy Company, Chevron U.S.A. Inc., Conoco Phillips Company, ExxonMobil Gas & Power Marketing Company (A Division of Exxon Mobil Corporation) and Shell Offshore, Inc.

interventions at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties.

8. Indicated Shippers state that they generally support Columbia Gulf's proposal to reduce its Mainline Zone retainage rate, but they argue that the supporting materials provided by Columbia Gulf are incomplete because the filing only proposes to adjust the retainage percentage for one of Columbia Gulf's three zones.<sup>3</sup> Indicated Shippers' concerns regarding Columbia Gulf's TRA filing are: (a) whether Columbia Gulf's TRA filing provides sufficient information to determine whether the rate reduction for the Mainline Zone is not unduly discriminatory or preferential, due to the absence of any corresponding information regarding the Onshore and Offshore Zones; (b) whether Columbia Gulf's TRA filing complies with the Commission's regulations applicable to periodic rate adjustment filings, which require the submittal of comprehensive system-wide data in support of such filings;<sup>4</sup> (c) whether Columbia Gulf's TRA filing complies with its FERC Gas Tariff, which it states also requires system-wide data to be filed in support of periodic and interim TRA filings; (d) whether the damage caused by Hurricanes Katrina and Rita, which caused the decline in throughput and thus in fuel usage in the Mainline Zone, extends to the Onshore and Offshore zones as well; (e) whether Columbia Gulf should be required to supply additional information to determine whether there has been a retainage over-recovery in the Onshore and Offshore Zones that would require retainage reductions in those zones; and (f) whether Columbia Gulf's TRA filing should be set for technical conference.

9. Indicated Shippers state that Columbia Gulf's TRA filing lacks the supporting materials for the retainage reduction, because the filing seeks to adjust the retainage percentage for only one of its three rate zones and because the filing omits virtually all data regarding Columbia Gulf's other two zones. Indicated Shippers state that the filing provides projections and supporting information for throughput, fuel and unaccounted-for gas in the mainline Zone, but it does not provide the corresponding information for the Onshore and Offshore Zones, which are located in Columbia Gulf's production area.

10. Indicated Shippers state that the Commission should direct Columbia Gulf to supplement its filing, and convene a technical conference in the proceeding to address both the originally submitted data and the supplemental data, and determine whether those data require adjustments to Columbia Gulf's retainage rates in its other two rate

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<sup>3</sup> The three rate zones in Columbia Gulf's system are: Mainline, Onshore, and Offshore.

<sup>4</sup> *Citing* 18 C.F.R. §154.403(d)(1)(ii) (2005).

zones.

11. We agree that Columbia Gulf should be required to supplement its filing in order for its filing to be consistent with section 154.403(d)(1)(ii) of the Commission's regulations and section 33 of the General Terms and Conditions of Columbia Gulf's tariff. Accordingly, Columbia Gulf is directed to file projections and supporting information for throughput, fuel and unaccounted-for gas for the Onshore and Offshore Zones within 15 days of the issuance of this order. We find at this time that a technical conference should be deferred in this proceeding until after the review of Columbia Gulf's filed supplemental data and information.

12. Good cause exists to waive the 30-day notice requirement of section 4 of the NGA. Accordingly, the Commission conditionally accepts Columbia Gulf's proposed tariff sheets effective November 1, 2005, as proposed, subject to Columbia Gulf filing supplemental data and information as described above.

By direction of the Commission.

Magalie R. Salas,  
Secretary.