

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeen G. Kelly.

Enogex Inc.

Docket No. PR06-3-000

ORDER ACCEPTING FUEL PERCENTAGES

(Issued April 13, 2006)

1. On November 15, 2005, Enogex Inc. (Enogex) submitted for filing zonal fuel factors for the East and West Zones of the Enogex System, as calculated pursuant to the terms of Enogex's filed fuel tracker and pursuant to the terms of the settlement (Settlement) approved in Docket Nos. PR02-10-000, PR04-15-000, PR04-16-000 and PR05-3-000.¹ Pursuant to the Settlement, Enogex has recalculated the fuel factors based on zones rather than the previous system-wide fuel percentage method. Enogex requests that the proposed fuel factors be effective from January 1, 2006 through December 31, 2006 (Fuel Year 2006). For the reasons discussed below, we will accept Enogex's fuel filing.

Background

2. Enogex has historically provided interruptible transportation (IT) service pursuant to a system-wide maximum IT rate and annually calculated and filed for Commission approval of a system-wide fuel retention percentage using the fuel tracker formula in its Statement of Operating Conditions (SOC). However, as part of the Settlement, Enogex agreed to establish separate zonal IT rates for its historic East and West Zones in lieu of the single system-wide IT rate previously in effect. Enogex also agreed that in its next fuel filing, *i.e.*, this filing, it would establish individual zonal fuel percentages. Unimark LLC (Unimark) filed a motion to intervene out-of-time in which it posed ten questions to Enogex. Enogex filed an answer.

¹*Enogex Inc.*, 112 FERC ¶ 61,312 (2005).

Filing

3. In its filing, Enogex uses its established formulas with the revised indices agreed to in the Settlement to establish the fixed fuel percentages for Fuel Year 2006² for the East and West Zones, respectively. Specifically, it submits fuel factors of 0.96 percent for the East Zone of the Enogex System and of 0.11 percent for the West Zone of the Enogex System. According to Enogex, the proposed fuel percentages reflect actual fuel usage in the East and West Zones for the 12 months from November 2004 through September 2005 and an estimate of usage for October 2005 as the basis for projected fuel usage in Fuel Year 2006.

4. Enogex states that the calculation also reflects a true-up for system fuel usage in the last twelve month period for which actual usage is available, that is, from October 2004 to September 2005. It states that the true-up shown in the filing reflects the last year of the system-wide fuel percentage and the actual fuel position on the Enogex System as of September 30, 2005.³

5. Enogex states that in order to make the transition from a system-wide fuel percentage to two zonal fuel percentages, Enogex allocated the single system Fuel Year 2005 true-up between the East and West zones using the respective zonal throughput volumes. Enogex states that in the 2007 Fuel Filing to be made in November 2006, Enogex will true-up the last three months of Fuel Year 2005, which will be the last three months under the system-wide fuel percentage. It states that thereafter, the transition to the new zonal fuel percentages should be complete.⁴

Public Notice and Interventions

6. Public notice of Enogex's filing was published in the *Federal Register*, 70 Fed. Reg. 74,309 (2005). Interventions and protests were due as provided in section 154.210 of the Commission's regulations. Pursuant to Rule 214 (18 C.F.R. §385.214(2005)), all timely-filed motions to intervene and any motions to intervene out-of-time before the issuance date of this order are granted. Accordingly, we will accept Unimark's motion to intervene out-of-time. Rule 213(a)(2) of the Commission's Rules of Practice and

² Enogex Filing at 2.

³ *Id.*

⁴ *Id.*

Procedure, 18 C.F.R. § 385.213(a)(2) (2005), prohibits answers unless otherwise permitted by the decisional authority. We will accept Enogex's answer because it provided information that assisted us in our decision making process.

Discussion

7. While Unimark did not specifically protest the filing, it asserted that Enogex's filing was deficient because it failed to include all data and explanations necessary to fully evaluate the proposal. Unimark specified the additional data it desired. Enogex responded to Unimark's questions in its answer. As discussed below, we find that Enogex has adequately supported its filing.

8. Unimark asks why the East Zone fuel percentage is approximately 9 times that of the West Zone. Enogex responds that it used the established formulas in Exhibit A of its SOC to establish the fixed fuel percentages for Fuel Year 2006 for the East and West Zones. It states that the proposed fuel percentage for the East Zone was determined by dividing actual fuel usage for the East Zone for the eleven months from November 2004 through September 2005 plus an estimate of usage for October 2005. It states that the proposed fuel percentage for the West Zone was determined in a similar manner using actual fuel usage for the West Zone. It contends that the rates simply reflect the best estimate of fuel and throughput for each zone, based on actual experience in the prior year.

9. Unimark next asks why there are major swings in fuel within each zone. Enogex responds that lost and unaccounted for gas (LAUF) is an unpredictable element in the natural gas industry, and that the inclusion of LAUF gas as a component of System Fuel subjects any transmission system to month to month volatility in total System Fuel.

10. Unimark enquires how actual and projected fuel could be negative. Enogex responds that actual fuel can be negative on any pipeline due to the inclusion of lost and unaccounted for gas.

11. Unimark asks why the System Fuel for the two zones is forecast to stay exactly the same for the twelve month period November 2005 through October 2006 as it was for the twelve month period November 2004 through October 2005, while the total throughput is forecasted to increase by approximately 28 percent. Enogex responds that System Fuel for the two zones is forecast to stay the same because Enogex expects no significant changes in system operations for the forecast period. It states that its forecasting methodology produces a reasonable estimate and tracks with the methodology as

documented in its SOC. It also contends that throughput is not forecasted to increase by 28 percent, arguing that it is misleading to add the zonal throughputs to derive system throughput.

12. Unimark notes that Enogex's map showing the East and West zones shows a number of compressor stations on the Enogex system, and asks if there are any other facilities that consume fuel on the system. Enogex responds that fuel is also consumed at various control valve and vent/flare sites across the system.

13. Unimark asks what was consumption of fuel at each fuel-consuming facility for the period November 2004 through October 2005, and what is the forecasted fuel consumption during the period November 2005 through October 2006 at each such facility. Enogex attached a worksheet to its answer that provided the consumption of fuel for the period in question. It added that estimated fuel consumption during the period November 2005 through October 2006 for each facility is based on actual consumption for the period November 2004 through October 2005.

14. Unimark notes that four compressor stations are located at or near the boundaries of the East and West zones, and asks what criteria were utilized by Enogex to locate these compressor facilities. Unimark further asks to which zone is the fuel consumed at each of these compressor stations allocated, and asks for a justification for the allocation (if any) of the fuel consumed at such facility between the zones or to a single zone. Enogex responds that three of the compressor stations were installed by Transok prior to Enogex acquiring Transok, and that the fourth station was installed by Enogex to facilitate system operations. It continues that the fuel consumed at these compressor stations is directly assigned to the West Zone where they are located.

15. Unimark asks for fuel-consuming facilities at or near receipt points on the Enogex system where gas gathered by Enogex's affiliate or third parties enters the system, what criteria were used by Enogex in determining to locate the facility at that location. Enogex states that it used its system design and operating criteria to locate facilities on the Enogex system.

16. Finally, for the period of November 2004 through October 2005, Unimark asks Enogex to provide the quantity (MMBtu) attributable with the East Zone and West Zone respectively; and to provide the quantity attributable to receipts from the West Zone and East Zone respectively cross-hauled on the system. Unimark further asks, for forecasts for the period November 2005 through October 2006, what quantity will be attributable to receipts within the West Zone and East Zone respectively and what quantity is forecasted to attributable to receipts from the East Zone and West Zone respectively cross-hauled on the system. In its answer, Enogex provides quantities for November

2004 through October 2005. It further states that for the period November 2005 through October 2006, Enogex has estimated volumes in the two zones to equal the actual volumes for the period November 2004 through October 2005. It states that this is reasonable because Enogex expects no change in system operations.

17. Upon reviewing Enogex's responses to the questions posed by Unimark and the data requests made by Staff, we find that Enogex has sufficiently supported its filing. Accordingly, we accept Enogex's fuel factors to be effective January 1, 2006.

The Commission orders:

Enogex's zonal fuel factors are hereby approved as fair and equitable effective January 1, 2006.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.