

121 FERC ¶ 61,056
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

October 17, 2007

In Reply Refer To:
CenterPoint Energy Gas Transmission
Company
Docket No. RP07-700-000

CenterPoint Energy Gas Transmission Company
P.O. Box 21734
Shreveport, LA 71151-1734

Attention: Lawrence O. Thomas
Director, Rate and Regulatory

Reference: Semi-Annual Adjustments to Fuel Reimbursement Percentages and Electric
Power Costs

Ladies and Gentlemen:

1. On September 19, 2007, CenterPoint Energy Gas Transmission Company (CEGT), filed the revised tariff sheets listed on the appendix and supporting work papers reflecting adjustments to its fuel reimbursement percentages (FRPs) and electric power costs (EPCs) pursuant to sections 27 and 28 of the General Terms and Conditions (GT&C) of its tariff. CEGT requests that the Commission accept the proposed tariff sheets to become effective November 1, 2007. CEGT also requests that the Commission act upon this filing on or before October 19, 2007, allowing for approved fuel rates for shippers nominating for November business.
2. For the reasons discussed below, the Commission accepts the revised tariff sheets to become effective November 1, 2007, as consistent with CEGT's fuel reimbursement and EPC tariff provisions.
3. The instant filing includes work papers showing CEGT's calculations used in deriving the proposed system-wide FRPs and EPCs, as well as the revised Delhi fuel use and wheeling Lost and Unaccounted for Gas (LUFG) percentages. The system-wide fuel use and LUFG calculations exclude: (i) the volumes associated with Perryville Hub wheeling transactions since wheeling transactions are exempt from fuel use assessment,

and CEGT assesses a separate LUFG rate for wheeling service; and (ii) those volumes assessed the fixed Line CP fuel use and LUFG charge. The wheeling LUFG rate is the actual measured LUFG of the Perryville Hub. During the time period included in the instant filing, there was a *de minimis* gain in the Perryville Hub and CEGT proposes a wheeling LUFG percentage of zero.

4. The instant filing also includes the system gas balance for CEGT's new Line CP, operated separately from the core system, and the final four months for fuel quantities recovered pursuant to the February 17, 2006 Settlement in Docket No. RP05-691-000, *et al.* See *CenterPoint Energy – Mississippi River Transmission Corporation*, 115 FERC ¶ 61,003 (2006). Appendix C of the filing shows the receipt and delivery volumes for Line CP, including the fuel used and LUFG. All of CEGT's future fuel tracker filings will include a Line CP system gas balance.

5. GT&C sections 27 and 28 require CEGT to adjust its fuel percentages and EPC tracker each October 1 and April 1 based on actual data for the twelve months ending June 30 and December 31, respectively. The revised tariff sheets filed by CEGT reflect the following adjustments to the FRPs and EPCs:

- a. A decrease in fuel use for Firm Transportation (FT), Interruptible Transportation (IT), Hourly Firm Transportation (HFT), and Reverse Storage Service (RSS) from 2.01 to 1.89 percent;
- b. An increase in LUFG for FT, IT, HFT, and RSS from 0.26 to 0.59 percent;
- c. A decrease in fuel use for No-Notice Transportation Service (NNTS) from 4.72 to 2.59 percent;
- d. A decrease in LUFG for NNTS from 1.02 to 0.89 percent;
- e. A decrease in fuel use for Firm Storage Service (FSS) and Interruptible Storage Service (ISS) from 2.06 to 1.66 percent;
- f. An increase in LUFG for FSS and ISS from 0.12 to 0.42 percent;
- g. A decrease in LUFG for Rate Schedule Perryville Hub Service from 0.31 to 0.00 percent;
- h. A \$0.0001 per Dth increase in the EPC tracker for FT, IT, HFT, and RSS from \$0.0016 to \$0.0017 per Dth; and
- i. A \$0.0004 per Dth increase in the EPC tracker for NNTS from \$0.0017 to \$0.0021 per Dth.

6. Notice of CEGT's filing issued September 21, 2007, with interventions and protests due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2007). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2007), all timely filed motions to intervene and any 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 the proceeding or place additional burdens on existing parties. On October 1, 2007, Nucor-Yamato Steel Company, Inc. and Nucor Steel-Arkansas, a division of Nucor Corporation (Nucor) filed the protest discussed below. On October 5, 2007, CEGT filed an answer to Nucor's protest. The Commission accepts CEGT's answer, since it aids in our resolution of the issues in this proceeding.

7. Nucor objects to two aspects of CEGT's filing. First, Nucor questions CEGT's proposed 127 percent increase to its LUFG percentages for FT, IT, HFT, and RSS from 0.26 to 0.59 percent. Nucor contends that the increase appears to be (at least in part) attributable to a significant volume of LUFG from July 2006 through June 2007 (i.e., 3,354,687 Dth in June 2007 alone). In its filing, CEGT notes that the LUFG amounts include a measurement adjustment for the period from September 2006 through June 2007 associated with corrections at a third party interconnection. Nucor objects to CEGT's "vague" explanation in support of the referenced LUFG amounts, and requests that the Commission reject the proposed LUFG percentage until CEGT provides additional documentation concerning the referenced (a) LUFG during the period, (b) LUFG during June 2007, and (c) "corrections at a third party interconnection."

8. Second, similar to CEGT's previous semi-annual fuel filings, Nucor states that this filing indicates CEGT's election to equally spread certain repayments it made to Mississippi River Transmission Corporation (MRT) over a twelve-month period for recovery in its fuel tracker. Nucor further explains that although CEGT claims that it included the final four months in the Fuel Quantities by Function work sheet for the six months ended June 30, 2007, its supporting work papers do not actually do so. Instead, Nucor notes that the instant filing contains duplicate copies of CEGT's Fuel Quantities by Function worksheet for the twelve months ended June 30, 2007, which includes a footnote indicating that CEGT included "10 months" of payback volumes.

9. CEGT responded to both of Nucor's concerns. First, CEGT notes that the increase in LUFG for FT, IT, HFT, and RSS from 0.26 to 0.59 percent results from its March 20, 2007 semi-annual filing in Docket No. RP07-358-000, which included a twelve-month LUFG level of 1,903,338 Dth, an amount significantly lower than the 3,627,705 Dth and 3,305,416 Dth LUFG levels included in its previous two semi-annual filings in Docket Nos. RP06-602-000 and RP06-276-000, respectively. Further, the data included in CEGT's March 2007 fuel filing showed that, beginning in September 2006, three of the last four months of 2006 reflected gas gains instead of losses. CEGT notes that, as shown in Appendix B of the instant filing, it continued to record gas gains through the first four months of 2007. CEGT states that this data alerted it to the possibility of an operational

explanation for the atypical trend in LUFG levels near the end of 2006 and continuing into 2007.

10. Subsequently, on August 16, 2007, CEGT inspected and cleaned CEGT's meter station at its Bald Knob interconnection with Texas Eastern Transmission, LP (Texas Eastern). During the inspection of the orifice plate in the primary meter tube, CEGT personnel discovered a bore size error, which resulted in both CEGT and Texas Eastern recording greater delivery quantities than actually delivered to Texas Eastern. The consequence of this measurement error was that CEGT identified a lower quantity of gas as LUFG. The records of CEGT and Texas Eastern showed that installation of the wrong orifice plate took place in early September 2006.

11. CEGT states that the bore correction allowed CEGT and Texas Eastern personnel to determine the actual deliveries at the Bald Knob delivery point for September 2006 through August 2007. CEGT states that it recorded the LUFG adjustment related to the deliveries from September 2006 through June 2007 on its books in June 2007. CEGT asserts that Appendix B to the instant filing reflects the correct June 2007 LUFG.

12. CEGT notes that during the six-month period through the end of October 2007, its shippers will receive the benefit of the lower LUFG percentage reflected in CEGT's prior fuel filing that resulted from the inaccurate measurement at Bald Knob. CEGT maintains that the resulting level of LUFG included in the instant filing is accurate and at a level consistent with the LUFG levels included in its two fuel filings that immediately preceded its March 2007 fuel filing.

13. Second, CEGT states that it inadvertently failed to include the missing work sheet noted by Nucor. CEGT attached the Fuel Quantities by Function work sheet to its answer, which reflects CEGT's figures for the six months ended June 30, 2007, and includes the final four months of payback volumes in accordance with the settlement discussed above.

14. The Commission finds that CEGT's answer addresses Nucor's issues raised in the instant filing and provides the explanations and information necessary to properly analyze the instant filing. Accordingly, the Commission accepts the proposed tariff sheets implementing CEGT's semi-annual fuel rates and EPCs to become effective November 1, 2007, as consistent with the tracker provisions under its tariff.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

cc: All Parties

**CenterPoint Energy Gas Transmission Company
FERC Gas Tariff, Sixth Revised Volume No. 1**

Tariff Sheets Effective November 1, 2007:

Thirteenth Revised Sheet No. 17

Twelfth Revised Sheet No. 18

Eleventh Revised Sheet No. 19

Tenth Revised Sheet No. 31

Tenth Revised Sheet No. 32