

123 FERC ¶ 61,089
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

April 28, 2008

In Reply Refer To:
Columbia Gas Transmission Corporation
Docket Nos. RP07-507-003
and RP07-507-004

Columbia Gas Transmission Corporation
5151 San Felipe, Suite 500
Houston, TX 77056

Attention: James R. Downs
Director of Regulatory Affairs

Reference: Third Revised Sheet No. 207 and Sixth Revised Sheet No. 217 to
Columbia's FERC Gas Tariff, Second Revised Volume No. 1

Dear Mr. Downs:

1. On November 30, 2007, Columbia Gas Transmission Corporation (Columbia Gas) filed the referenced tariff sheets and an explanation of how operational imbalances may be corrected to comply with the Commission's November 15, 2007 Order in Docket Nos. RP07-507-000, *et. al.* (November 15 Order).¹ The November 15 Order conditionally accepted Columbia Gas's revised tariff sheets² to be effective on the later of May 1, 2008, or the commencement of Navigates, its new Electronic Bulletin Board (EBB) system. On December 12, 2007, Interstate Gas Supply, Inc. (IGS) filed a request for clarification of Columbia Gas's November 30, 2007 compliance filing. On March 26, 2008, Columbia Gas requested that the effective date accepted in the November 15 Order be revised to June 1, 2008, and requested waiver of the 60-day time limit for the effective date of the tariff sheets in section 154.207 of the Commission's regulations, in view of the need to have the effective date coincide with the revised anticipated launch of

¹ *Columbia Gas Transmission Corporation*, 121 FERC ¶ 61,146 (2007).

² Fifth Revised Sheet No. 105, Third Revised Sheet No. 106, Eighth Revised Sheet No. 108, Second Revised Sheet No. 207, Fifth Revised Sheet No. 217, and First Revised Sheet No. 353A to its FERC Gas Tariff, Second Revised Volume No. 1.

Navigates. For the reasons discussed below, the Commission denies the request for clarification and accepts Columbia Gas's November 30, 2007 compliance filing and the referenced tariff sheets to be effective on the later of June 1, 2008, or the commencement of Navigates on the Columbia Gas system,³ as discussed below.

2. Public notice of Columbia Gas's filings was issued on December 4, 2007, in Docket No. RP07-507-003 and on March 31, 2008, as corrected on April 2, 2008, in Docket No. RP07-507-004. Comments were due on December 12, 2007, in Docket No. RP07-507-003 and on April 7, 2008, in Docket No. RP07-507-004. No comments were filed other than IGS's request for clarification in Docket No. RP07-507-003. On December 17, 2007, Columbia Gas filed an answer to IGS's request for clarification.⁴ The request for clarification and answer are discussed below.

3. Columbia Gas permits shippers to nominate service to and from pooling points under two rate schedules, Rate Schedule IPP (Interruptible Paper Pools) and Rate Schedule AS (Aggregation Service). Section 4(e) of Rate Schedule AS and section 3(e) of Rate Schedule IPP state that:

Any differences between confirmed nominations and actual receipt quantities shall be held as an operational imbalance under Shipper's [AS or IPP] Service Agreement. Such an imbalance shall not exceed two percent of Shipper's aggregate nominations for the Month. To maintain a concurrent balance between receipts and deliveries, Transporter may monitor and adjust confirmed nominations in accordance with the provisions of Section 6 (Nominating, Scheduling, and Monitoring) of the General Terms and Conditions. Operational imbalances shall be corrected as the first gas through the meter during the next Month.

³ If Navigates commences on a date later than June 1, 2008, Columbia Gas is directed to file a letter prior to that commencement stating the revised commencement date. Columbia Gas need not file a motion requesting that the Commission establish a later effective date for the tariff sheets accepted in this proceeding, because the Commission in this order is already establishing an effective date for all those tariff sheets of the later of June 1, 2008 or the commencement of Navigates.

⁴ The Commission's Rules of Practice and Procedure do not permit answers to protests (18 C.F.R. § 385.213(a)(2)(2007)). However, the Commission finds good cause to admit Columbia Gas's answer since it will not delay the proceeding, may assist the Commission in understanding the issues raised, and will ensure a complete record. Therefore, for good cause shown, Columbia Gas's answer is accepted.

4. In its transmittal letter in Docket No. RP07-507-000, Columbia Gas stated that, pursuant to the last sentence of those sections, its old Navigator EBB system would automatically clear the operational imbalances for one month as of the first day of the next month. However, Columbia Gas further stated that the new Navigates system will not automatically clear the net monthly operational imbalances and will instead require that any make-up gas associated with operational imbalances be nominated by AS and IPP pool shippers
5. The November 15 Order accepted, among other things, Columbia Gas's proposal to delete, from section 4(e) of Rate Schedule AS and section 3(e) of Rate Schedule IPP, the sentence "Operational imbalances shall be corrected as the first gas through the meter during the next month." This acceptance was subject to: (1) Columbia Gas filing revised tariff sheets in Rate Schedules AS and IPP (a) expressly stating how the operational imbalances may be corrected and (b) identifying the specific provisions in Columbia Gas's tariff which may be utilized to correct the operational imbalances; and (2) Columbia Gas providing a detailed explanation of how the operational imbalances may be corrected.
6. In order to comply with the first directive, Columbia Gas revised Rate Schedule AS section 4(e) and Rate Schedule IPP section 3(e) in Docket No. RP07-507-003 to add the following language:

Shipper shall correct operational imbalances at the first available opportunity, but in no event later than the last day of the month in which Shipper is notified of its imbalance status for the immediately preceding month, by tendering a nomination to Transporter in accordance with sections 6.2(j) and 6.2(k) of the General Terms and Conditions.
7. Columbia Gas asserts that the proposed language provides the necessary information as to how Rate Schedule AS and IPP shippers may correct operational imbalances and identifies the specific provisions of its tariff to be used for that purpose.
8. In order to comply with the second directive, Columbia Gas explains that, commencing with the launch of Navigates, all makeup gas associated with operational imbalances in the Rate Schedule AS and IPP pools must be nominated by Rate Schedule AS and IPP pool shippers to correct such imbalances because operational imbalances will no longer be deemed cleared automatically as the first gas through the meter the next month. Columbia Gas further explains that it will be the responsibility of the Rate Schedule AS and IPP shippers to clear their own operational imbalances. Columbia Gas states that any difference between a Rate Schedule AS or IPP shipper's receipt nominations into the pool and actual receipts into the pool will be held in that shipper's Rate Schedule AS or IPP account and, under Navigates, the shipper will elect how and when to clear its account. Columbia Gas further states that, after the close of each month, it will notify the shipper of its operational imbalance for the prior month and the shipper

will have until the end of that month (i.e., the notification month) to clear the prior month's operational imbalance.

9. Columbia Gas explains that it currently provides two viable methods to clear operational imbalances as follows: (1) Rate Schedule AS and IPP shippers may clear operational imbalances by tendering an imbalance make-up nomination to transfer the subject volumes to another Rate Schedule AS or IPP account via a pool-to-pool transfer in accordance with Rate Schedule AS section 4(c) or Rate Schedule IPP section 3(c);⁵ and (2) Rate Schedule AS and IPP shippers may clear operational imbalances by either nominating additional supplies for receipt into the pool in the event there is an underage, or transporting the overage out of the pool to market, under an applicable transportation agreement.

10. In its request for clarification, IGS urges the Commission to require Columbia Gas to revise sections 4(e) of Rate Schedule AS and 3(e) of Rate Schedule IPP to include a specific reference to section 18 (Inventory Transfers and Imbalance Transfers) of the General Terms and Conditions of its FERC Gas Tariff (GT&C). IGS asserts that the November 15 Order directed Columbia Gas to file revised tariff sheets in Rate Schedules AS and IPP identifying the specific provisions in Columbia Gas's tariff which may be utilized to correct the operational imbalances. IGS argues that Columbia Gas's proposed tariff revisions do not identify section 18, even though Columbia's narrative identifies that provision as a viable option to correct operational imbalances. IGS further argues that, consistent with the explicit requirement of the order, the Commission should direct Columbia Gas to revise the proposed new tariff language to expressly identify section 18 as a tariff provision that Rate Schedule AS and IPP shippers may utilize to correct operational imbalances. IGA contends that neither section 6.29(j) nor section 6.2(k) of Columbia Gas's GT&C governing scheduling explains how to correct an imbalance.

11. IGS also requests clarification of the second option presented for correction of operational imbalances under Rate Schedules IPP and AS. IGS asserts that Columbia Gas's narrative states that "to the extent an AS or IPP shipper incurs an operational imbalance, the shipper may either nominate additional supplies for receipt into the pool in the event there is an underage, or transport the overage out of the pool to market, under an applicable transportation agreement."

⁵ Columbia Gas states that the pool-to-pool transfers that are permissible to clear an operational imbalance under sections 4(c) and 3(c) are as follows: (1) from Rate Schedule AS to Rate Schedule AS (this type of AS to AS transfer must occur between AS points within the same Aggregation Area); (2) from Rate Schedule IPP to Rate Schedule IPP; and (3) from Rate Schedule AS to Rate Schedule IPP. Columbia Gas further states that pool-to-pool transfers from Rate Schedule IPP to Rate Schedule AS are not permitted.

12. IGS states that this option appears to contemplate scheduling the Rate Schedule AS or IPP pools out-of-balance. However, IGS further states that, in the June 5, 2007 transmittal letter (at 3) of its Automatic Park and Loan (Auto PAL) service tariff filing in Docket No. RP07-479-000,⁶ Columbia Gas stated:

In the event a shipper without a Master Auto PAL Agreement (or one with a Master Auto PAL Agreement turned "off") over- or under-nominates at a pooling point, ***Columbia's new EBB will automatically adjust the shipper's nomination so that the quantities scheduled into the point are equal to quantities scheduled from the point.*** This will eliminate unauthorized parks or lends. [Emphasis added.]

13. IGS asserts that it appears that effective with the implementation of Navigates, Columbia Gas will either not accept a nomination of additional quantities in or out of a pool to correct an imbalance, or will treat the scheduled imbalance as an authorized park or loan under the new Auto PAL service offered under Rate Schedule PAL. IGS further states that either it misunderstands Columbia Gas's compliance filing, or the second option will only be available under Auto PAL service. IGS further asserts that, if this method of imbalance correction is available only through Auto PAL service, sections 4(e) of Rate Schedule IPP and 3(e) of Rate Schedule AS should expressly identify the Auto PAL rate schedule and service feature as a means to correct operational imbalances. IGS contends that Columbia Gas's filing is unclear as to whether Rate Schedule AS and IPP shippers can correct imbalances through scheduling that does not involve Auto PAL service.

14. IGS urges the Commission to direct Columbia Gas to clarify whether the second imbalance correction method referred to in the compliance filing is the Auto PAL service, and if not, to identify and explain the imbalance correction method referred to in the filing. In addition, IGS asserts that the Commission should direct Columbia Gas to include a specific reference to the tariff provisions relevant to this alternative imbalance correction method as part of section 4(e) of Rate Schedule IPP and section 3(e) of Rate Schedule AS, as the Commission directed in the November 15 Order.

15. Columbia Gas answers that it is unnecessary to add a reference to section 18 in Rate Schedule AS section 4(e) and IPP section 3(e), since it may trigger confusion regarding whether additional unintended rights are being created for the resolution of operational imbalances. Columbia Gas asserts that the following language in Rate

⁶ The Commission issued an order accepting and suspending Columbia Gas's Auto PAL filing on November 15, 2007. *Columbia Gas Transmission Corporation*, 121 FERC ¶ 61,148 (2007). On March 7, 2008, in an unreported delegated letter order, the Commission accepted the Columbia Gas's compliance filing and revised tariff sheets in that proceeding.

Schedule AS section 4(c) and Rate Schedule IPP section 3(c) already authorizes shippers to engage in pool-to-pool transfers:

Pool-to-pool transfers by Shippers shall be permitted. Nominations for such transfers shall be submitted in accordance with the nomination procedures set forth in Section 6 (Nominating, Scheduling and Monitoring) of the General Terms and Conditions. Transporter shall not unreasonably withhold approval of pool-to-pool transfers.

16. In addition, Columbia Gas explains that Rate Schedule AS and IPP shippers will be able to nominate makeup quantities to clear their operational imbalances without having to subscribe to Auto PAL. Columbia Gas asserts that Navigates will provide the shipper with the ability to indicate that its nomination is an imbalance makeup nomination, and will have the shipper identify the contract number under which the makeup nomination is being submitted. Columbia Gas further asserts that such nominations will be processed without regard to whether the shipper is also an Auto PAL service subscriber.

17. Based on Columbia Gas's November 30, 2007 compliance filing and answer, there is no need to grant IGS's requests for further clarification. The Commission required Columbia Gas to expressly state in Rate Schedules AS and IPP how the operational imbalances may be corrected and to identify the specific tariff provisions which may be utilized to correct operational imbalances. Columbia Gas's proposed tariff revision expressly states that the operational imbalances may be corrected through a nomination in compliance with sections 6.2(j) and 6.2(k). Sections 6.2 (j) and 6.2(k) of Columbia Gas' GT&C provide that:

(j) Transporter shall electronically on its EBB make available to Shipper on a daily basis Shipper's imbalance status or information from which Shipper can determine its imbalance status. Such daily electronic updates by Transporter shall be based upon the data available to Transporter at that time. *Shipper may avoid the imbalance penalties provided for in Transporter's Tariff by eliminating imbalances in its account as soon as possible [but] in no event later than the last day of the month in which Shipper is notified of its imbalance status for the immediately preceding month.*

(k) Transporter shall electronically on its EBB make available to all Shippers on a daily basis Transporter's pipeline system imbalance status. Such daily electronic updates by Transporter shall be based upon the data available to Transporter at that time. [Emphasis added.]

18. IGS argues that section 18, which deals with inventory transfers and imbalance transfers, including pool-to-pool transfers, must be specifically included in the tariff revision because Columbia Gas clarifies that pool-to-pool transfers is one of the methods which may be utilized to clear operational imbalances. However, there is no need, as pointed out by Columbia Gas, to expressly identify section 18 in the tariff, since Rate Schedules AS and IPP expressly authorize pool-to-pool transfers in section 4(c) and section 3(c), respectively. Therefore, Columbia Gas's identification of nominations in accordance with sections 6.2(j) and 6.2(k) of its GT&C, in addition to the express authorization of pool-to-pool transfers already contained in Rate Schedules AS and IPP, adequately responds to the Commission's directive requiring an identification of the specific provisions which may be utilized to correct operational imbalances.

19. Columbia Gas also clarifies, in its answer, that Rate Schedule AS and IPP shippers will be able to clear operational imbalances without utilizing Auto PAL and that its Navigates system will allow shippers to make nominations of makeup quantities to correct operational imbalances, by indicating its nomination is an imbalance makeup nomination and identifying the contract number under which the nomination is submitted, without regard to whether the shipper is an Auto PAL subscriber. Further, as explained above, there is no need to require further identification of the specific provisions which may be utilized to correct operational imbalances. Based on the foregoing, the Commission denies the request for further clarification.

20. The Commission grants the request for change in the effective date of the instant revised tariff sheets to the later of June 1, 2008, or the commencement of Navigates on the Columbia Gas system, to allow the effective date to coincide with the launch date for Navigates. Further the Commission, for good cause shown, grants the requested waiver of section 154.207 of the Commission's regulations.

21. Therefore the Commission accepts, to be effective on the later of June 1, 2008, or the commencement of Navigates on the Columbia Gas system, the November 30, 2007 compliance filing and the referenced tariff sheets, as being in compliance with the November 15 Order.

By direction of the Commission.

Kimberly D. Bose,
Secretary.