

132 FERC ¶ 61,075
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

July 28, 2010

In Reply Refer To:
El Paso Natural Gas Company
Docket No. RP10-886-000

El Paso Natural Gas Company
Post Office Box 1087
Colorado Springs, CO 80944

Attention: Catherine E. Palazzari, Vice President

Reference: Out-of-Period Fuel Percentage Filing

Ladies and Gentlemen:

1. On June 25, 2010, El Paso Natural Gas Company (El Paso) filed a revised tariff section¹ to modify the Fuel and Lost and Unaccounted-For (FL&U) retention percentages applicable to transportation service on El Paso's system. El Paso also seeks waiver of its volumetric true-up tariff requirement in connection with a proposed one-time cashout of over-collected quantities. The Commission accepts El Paso's revised tariff section, effective August 1, 2010, and for good cause shown grants El Paso's requested waiver, as discussed below.

2. Section 4.13.3 of the General Terms and Conditions (GT&C) of its tariff provides that El Paso will annually restate its FL&U percentages to be effective January 1 of each year. The development of the FL&U retention percentages involves two computations. First, the current period FL&U retention percentage is calculated using the most recent twelve months of available data. Second, a volumetric true-up is computed by comparing the most recent volumetric retention against actual volumetric fuel use and Lost and Unaccounted-For (L&U) experienced for the same twelve-month period.

¹ Statement of Rates, Fuel and L&U Rates, 1.0.0, EPNG Tariffs, FERC Gas Tariff, Third Revised Volume No. 1A.

3. El Paso states that since its last FL&U annual filing, it has experienced a decline in throughput coupled with a proportionately higher decline in fuel consumption resulting in a reduced fuel consumption rate. Because of the magnitude of the fuel reduction relative to throughput, El Paso states that good cause exists to reduce the fuel rates effective August 1, 2010, rather than waiting until its next annual FL&U filing effective January 1, 2011. El Paso proposes to set its mainline fuel rate at 2.40 percent, which is a reduction from the current collection period rate of 2.62 percent. El Paso states that, as throughput declines on its system, it is able to minimize the operation of its less efficient compressors and change the operating configuration of portions of its system to achieve higher fuel efficiency. El Paso states that because it does not believe that the current throughput and fuel usage will change appreciably prior to the time of the annual fuel filing, it also believes the revised fuel retention percentages will reflect the current fuel needs for the forthcoming months.

4. El Paso further states that it has experienced lower L&U for the twelve-month period ending May 2010 when compared to the twelve-month period used to establish the currently-effective L&U collection period percentage (the twelve-month period ending September 2009). As a result, El Paso proposes a 0.18 percent collection period L&U percentage, which is a reduction from the currently-effective 0.28 percent collection period L&U percentage. El Paso states that this revised L&U percentage reflects more recent experience that El Paso expects to continue in the near future.

5. Finally, El Paso states that during the data collection period used to compute the volumetric true-up, El Paso over-collected fuel by 2,906,612 Dth on its mainline.² El Paso proposes a one-time cashout of the over-collected quantities and states that a waiver of its tariff volumetric true-up requirement is warranted. Due to the magnitude of the over-collection, El Paso states that a cashout will immediately return the value of over-collected quantities to the appropriate shippers while a volumetric true-up could take several months to more than a year to fully reconcile.

6. El Paso proposes to return the value of the over-collection to shippers through cash payment within 60 days of the Commission's acceptance of this filing. El Paso has calculated the value associated with the over-collected quantities for each month during the October 2009 through May 2010 period by using the applicable month's Monthly

² El Paso states that since this filing is made outside of the normal annual schedule, the data collection period used for true-up calculations is the eight-month period of October 1, 2009 through May 31, 2010, the months subsequent to the data collection period of El Paso's last annual FL&U filing in Docket No. RP10-216-000.

Cashout Index Price.³ El Paso then allocated the value of the over-collection to each shipper, pro rata, based on mainline, forward haul throughput.

7. El Paso states that it is not proposing to cashout the smaller over-collections associated with the Production Areas of the Anadarko and San Juan Basins because the relatively smaller over-collections in those areas do not create the same issues described above. Thus, El Paso proposes to use the volumetric true-up mechanism to calculate the non-mainline FL&U percentages. El Paso states that it has limited the true-up rate for the Anadarko Basin, Permian-to-Anadarko, and San Juan Basin true-up percentages so that when added to the collection period percentages the overall percentages are not negative. Thus, a portion of the over-collected balance is being deferred for true-up purposes to El Paso's next FL&U filing.

8. Notice of this filing was issued on June 28, 2010, with comments, protests or interventions due as provided by section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2010). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2010), 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 this proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

9. We will accept El Paso's revised out-of-period recomputation of its FL&U percentages. An out-of-period recomputation of the FL&U percentages will allow El Paso to adjust its FL&U percentages to more accurately reflect current variable fuel costs and provide a more accurate price signal for shippers. For good cause shown, we will also grant waiver of El Paso's volumetric true-up tariff requirement to permit a one-time cashout of the over-collected quantities. A cashout will return the value of the over-collected quantities to the shippers from which El Paso over-collected in a timely fashion and will avoid a distortion of future FL&U percentages. Finally, no parties object to El Paso's proposal. For these reasons, we accept El Paso's revised FL&U retention

³ El Paso states that the Monthly System Index Cashout Price is defined in section 4.1.41A of the GT&C. El Paso states that, although fuel retention occurs at receipt locations, it proposes to cashout (i.e. purchase) the over-collected quantities using the higher delivery cashout price in an effort to minimize any possible controversies.

percentages effective August 1, 2010, and grant waiver of El Paso's tariff to permit a one-time cashout of certain FL&U overcollections.

By direction of the Commission. Commissioner LaFleur is not participating.

Kimberly D. Bose,
Secretary.