

134 FERC ¶ 61,256  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Marc Spitzer, Philip D. Moeller,  
John R. Norris, and Cheryl A. LaFleur.

Columbia Gas Transmission, LLC

Docket No. RP11-1827-000

ORDER ACCEPTING AND SUSPENDING TARIFF RECORD  
SUBJECT TO REFUND AND CONDITIONS AND FURTHER REVIEW

(Issued March 31, 2011)

1. On February 28, 2011, Columbia Gas Transmission, LLC (Columbia Gas) filed a revised tariff record<sup>1</sup> in accordance with section 35, Retainage Adjustment Mechanism (RAM), of the General Terms and Conditions (GT&C) of its tariff to adjust its retainage percentages to take into account prospective changes in retainage requirements and unrecovered retainage quantities from the period January 1, 2010, through December 31, 2010, as well as to recover certain prior period adjustments (RAM Adjustment filing). The tariff record sets forth the proposed retainage factors applicable to Columbia Gas's transportation, storage, and gathering services to become effective April 1, 2011. The Commission accepts and suspends the revised tariff record, permitting it to become effective April 1, 2011, subject to refund and conditions and further review as discussed below.

**Background**

2. Section 35.2 of Columbia Gas's tariff requires it to adjust the retainage factors annually. These retainage factors consist of a current component and a surcharge component. Pursuant to GT&C section 35.4(a), the current component reflects the estimate of total company use and lost and unaccounted-for gas quantities (LAUF) for the 12-month period commencing on April 1, 2011. GT&C section 35.4(b) provides that the surcharge component reflect the reconciliation of "actual" company use and LAUF gas quantities with gas quantities actually retained by Columbia Gas for the preceding calendar year, i.e., the deferral period.

---

<sup>1</sup> Currently Effective Rates, Retainage Rates, 1.0.0 to Baseline Tariffs, FERC NGA Gas Tariff.

### **Summary of the Instant Filing**

3. Columbia Gas states that this is its annual filing to adjust its retainage percentage to take into account both prospective changes in retainage requirements and unrecovered retainage quantities from the period January 1, 2010 through December 31, 2010. Columbia Gas further states that the rates reflect the retainage percentages required to compensate it for company use gas and LAUF. Columbia Gas proposes a transportation retainage percentage of 2.229 percent, an increase from the current level of 2.062 percent; a gathering retainage percentage of 0.601 percent, a decrease from the current level of 0.628 percent; a storage gas loss retainage of 0.030 percent, a decrease from the current level of 0.150 percent; and an Ohio Storage gas loss retainage of 0.060 percent.<sup>2</sup>

4. Columbia Gas states that, with respect to the current retainage percentage, the company use and LAUF gas portions of the current component for each of the retainage factors are based on the calculated estimate for the 12-month period commencing April 1, 2011, based on projected throughput and adjusted for any known and measurable changes. Columbia Gas further states that it calculates the Unrecovered Retainage Percentage by: (i) determining the company use and LAUF quantities for the preceding calendar year; (ii) subtracting the retainage quantities actually retained during that period; and (iii) dividing by the projected billing determinants under the applicable rate schedules. Columbia Gas states that it has continued its historical practice of including prior period adjustments in the calculation of its Unrecovered Retainage Percentage Component. Columbia Gas states that among the prior period adjustments is an adjustment related to a measurement correction associated with its Linden Church meter station (Meter No. 803686). Columbia Gas asserts that the effect of the measurement adjustment correction is a 2,940,890 Dth reduction to LAUF quantities, thus lowering Columbia's retainage rates and providing a benefit to all shippers.<sup>3</sup>

---

<sup>2</sup> Columbia Gas states that it is proposing a separate storage gas loss retainage (SGLR) rate to be applicable to the Ohio Storage Expansion Project, consistent with the Commission's directive to separately account for SGLR attributable to Columbia Gas's market-based storage facilities. RAM Adjustment Filing at 1 (citing *Columbia Gas Transmission Corp.*, 126 FERC ¶ 61,237, at P 51 (2008)).

<sup>3</sup> Columbia Gas states that the period of the under-measurement was from July 1, 2009 through June 30, 2010. Columbia Gas further states that for each month during the period July 1, 2009 through December 31, 2009, these volumes are reflected in Attachment C at 8, line 452, as prior period adjustments to the balancing pool, and for the period January 1, 2010 through June 30, 2010, these volumes are included in Appendix B in the calculation of unaccounted for actual volumes.

**Notice of Filing, Interventions, Comments, and Answer**

5. Public notice of Columbia Gas's filing was issued on March 1, 2011 with interventions and protests due as provided in section 154.210 of the Commission's regulations.<sup>4</sup> Pursuant to Rule 214,<sup>5</sup> all timely filed motions to intervene and any motions to intervene out-of-time 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.

6. Washington Gas Light Company (Washington Gas), Columbia Gas of Kentucky, Inc., Columbia Gas of Maryland, Inc., Columbia Gas of Ohio, Inc., Columbia Gas of Pennsylvania, Inc., and Columbia Gas of Virginia, Inc. (NiSource Distribution Companies collectively referred to as NDC), and Baltimore Gas and Electric Company (BGE) filed comments. On March 22, 2011, as corrected on March 23, 2011, Columbia Gas filed an answer to the comments (Answer).<sup>6</sup>

7. Washington Gas asserts that the total amount of the adjustments shown in the "Priors" column of Appendix B to Columbia Gas' filing tie to the total volume shown for Appendix C but the components of that column do not. Washington Gas further claims that based on this discrepancy and the size of the adjustments, Columbia Gas have not fully supported the "Priors" column in Appendix C. Washington Gas argues that Columbia Gas should be required to detail the reason for all substantial adjustments shown on pages 6-11 of Appendix C.<sup>7</sup> Washington Gas further argues that the detail should include, at a minimum, how the discrepancy or imbalance was discovered, when the pipeline became aware of the discrepancy or imbalance, the date the adjustment was made, a copy of each Operational Balancing Agreement (OBA) or other agreement that pertains to the adjustment, and whether or not that claim was compromised in the course of determining whether an adjustment should be made or the adjustment quantity. Washington Gas further states that, once it receives the explanations requested, it would like to explore the possibility of Columbia Gas recognizing OBA imbalances on a current basis so that costs are recovered closer in time to cost incurrence. NDC requests further

---

<sup>4</sup> 18 C.F.R. § 154.210 (2010).

<sup>5</sup> 18 C.F.R. § 385.214 (2010).

<sup>6</sup> The Commission's Rules of Practice and Procedure do not permit answers to protests unless otherwise ordered by the decisional authority. 18 C.F.R. § 385.213(a)(2) (2010). However, the Commission finds good cause to accept Columbia Gas's Answer, as corrected, since it will not delay the proceeding, may assist the Commission in understanding the issues raised, and will ensure a complete record.

<sup>7</sup> Washington Gas suggests that "substantial adjustments" be defined as any adjustment of 100,000 Dth or greater for pipeline affiliates and 250,000 Dth or greater for non-affiliates.

information regarding the Columbia Gulf Transmission Company's (Columbia Gulf) adjustment relating to the Leach and Means metering errors and the right to comment on the supplemental information.<sup>8</sup> NDC also requests further information on the metering error adjustment of more than 2.9 Bcf, part of which is reflected as "prior period adjustments to the balancing pool" and part of which is reflected in the "unaccounted for actual volumes" for the remaining months.

8. BGE questions Columbia Gas's measurement adjustment correction of 2, 940,890 Dth at Columbia Gas's Linden Church meter station, which BGE understands to be a reversal of volumes previously treated as LAUF. According to BGE, the Linden Church Meter 803686 measures deliveries to BGE and to no other Columbia Gas shipper, and, therefore, the proposed system-wide downward revision in retainage appears to lead inescapably to an upward adjustment in billings to BGE for metered Linden Church volumes for a past period by the same amount. BGE asserts that Columbia Gas should provide the dollar amount associated with these newly reported Linden Church deliveries, indicate to whom these amounts will be billed, over what period of time, and by what billing mechanism. BGE further asserts that Columbia Gas should provide the applicable tariff provision and any other statutory or case law support for this proposed billing adjustment and parties should be afforded an opportunity to submit further comments.

9. In its Answer, Columbia Gas asserts that the adjustments set forth in Appendix C of the filing under OBAs between Columbia Gas and Columbia Gulf are consistent with Commission directives in Columbia Gulf's annual TRA filings and in Columbia Gas's last annual RAM Adjustment filing.<sup>9</sup> Columbia Gas further asserts that the Commission directed Columbia Gulf to make adjustments to reflect the under-measurement of volumes of gas delivered by Columbia Gulf to Columbia Gas. Columbia Gas asserts that, as reflected in Attachment A to its Answer, the proposed OBA adjustments are consistent with the adjustments approved by the Commission for Columbia Gulf in Docket Nos. RP10-134-000 and RP10-450-000 with only minor differences due to rounding. Columbia Gas further asserts that Columbia Gulf replaced the Leach meter with an

---

<sup>8</sup> Columbia Gulf's orifice meters at its Leach A and Means E delivery stations, which record deliveries into Columbia Gas, under-measured Columbia Gulf's deliveries into Columbia Gas, resulting in an increase in LAUF on Columbia Gulf's system. *See Columbia Gulf Transmission Co.*, 130 FERC ¶ 61,136 (2010). Based on flow tests, Columbia Gulf determined that the under-measurement could be remedied by way of a mathematical adjustment to the fuel retainage percentages, which the Commission has required Columbia Gulf to reflect in its Transportation Retainage Adjustment (TRA) rates. *See Columbia Gulf Transmission Co.*, 131 FERC ¶ 61,156, at P 49, 56 (2010).

<sup>9</sup> *Citing Columbia Gas Transmission, LLC*, 130 FERC ¶ 61,259, at P 7 (2010) (accepting Columbia Gas's previous RAM Adjustment filing, subject to the outcome of Columbia Gulf's TRA proceedings in Docket Nos. RP10-134-000 and RP10-450-000).

ultrasonic meter in May, 2010, while the Means meter was replaced in December 2010, so no further adjustments will be required.

10. Columbia Gas states that the adjustments under the OBA with Millennium Pipeline Company (Millennium) were largely the result of allocation issues at shared points between the two pipelines. Columbia Gas asserts that it leases capacity from Millennium to serve its historical Line A-5 shippers, and, accordingly, certain points on its system are also points on Millennium's system. Columbia Gas further asserts that, because of differences between the services and nominating requirements of the two pipelines, adjustments to the OBA were larger in the first months of allocation, as the parties worked to resolve the proper allocation of capacity to either service. Columbia Gas asserts that, as reflected on Attachment B of its Answer, these adjustments were quite large during the first five months of Millennium's operations, but have since stabilized as allocation issues have been resolved. Columbia Gas further asserts that the impact of these adjustments was a net reduction in LAUF of 122,921 Dth and thus had only a de minimus impact on the calculation of the retainage rates. Finally, Columbia Gas asserts that its filing also reflects a one-time large adjustment under the OBA between it and Transcontinental Gas Pipeline Company, LLC (Transco). Columbia Gas contends that this adjustment occurred because Transco cashes out imbalances under the OBA every month but Columbia Gulf's system was not programmed to accommodate cash-outs under an OBA. As a result, it asserts, the cashed-out imbalances were not cleared from Columbia Gulf's records. Columbia Gas further contends that Columbia Gulf has made a onetime adjustment to reconcile the recorded volumes with the parties' cash-out activity.

11. With respect to BGE's and the NDC's request for additional information regarding the proposed measurement adjustment at the Linden Church Measurement Station, Columbia Gas contends that during the period July 1, 2009, through June 30, 2010, 2,940,890 Dth (or 245,074 Dth per month) of unmeasured gas flowed from its system into BGE's system at the Linden Church Measurement Station due to a valve that was inadvertently left open at this meter station following routine maintenance. Columbia Gas further contends that these volumes were reflected as "lost" in its last annual RAM Adjustment filing and now are being restated as deliveries to Linden Church, through monthly adjustments of 245,074 Dth to Columbia Gas's balancing pools. Columbia Gas contends that, as a result, these adjustments have the effect of reducing LAUF volumes for the months in which the adjustments occurred. Columbia Gas asserts that the under-measured volumes were determined in accordance with GT&C section 26.13 (Failure of Measurement Equipment), in order to determine the necessary adjustments to previously recorded volumes. Columbia Gas further asserts that, pursuant to GT&C section 8.4(a), "prior period measurement adjustments will be taken back to the production month and reflected as such on invoices, imbalance statements and allocation statements" and, therefore, these volumes will be reflected as an imbalance on BGE's service agreement. Columbia Gas contends that, with the exception of balancing at the termination of service

agreements, its tariff does not prescribe any specific method for resolving imbalances that remain after netting and trading. Columbia Gas further contends that, given the significant volumes involved, it would be unduly burdensome to require BGE to repay the imbalance volumes in kind. Columbia Gas contends that BGE and it have determined that, based on market prices at the time the imbalances was incurred, the net present value of the imbalance is \$13,147,175.22. Columbia Gas further contends that, due to the significant value of the imbalance, it is reasonable to allow BGE to spread the repayment over the course of the next twelve months. Columbia Gas requests that the Commission authorize Columbia Gas to recover these amounts from BGE pursuant to the payment schedule set forth in Attachment C of its Answer.

12. Concerning Washington Gas's argument that Columbia Gas should be required in all future annual TCRA filings to provide a narrative explanation for any large adjustment included in Appendix C of the filing, Columbia Gas argues that such a requirement is unduly burdensome and unnecessary. Columbia Gas asserts that it has more than 1,700 points of interconnection on its system and measurement adjustments at each of these points are made either in accordance with the terms of its tariff or the terms of any OBA in effect at that point. Columbia Gas further asserts that at larger interconnections, such as its interconnection with Columbia Gulf, large measurement or volume adjustments are common due simply to the volume of gas passing through these interconnections on a daily basis. Columbia Gas argues that Washington Gas has provided no basis whatsoever for questioning the validity of the information included in Appendix C. Columbia Gas further argues that Washington Gas's argument, that the components of the "Priors" column in Appendix B do not directly tie with Appendix C, is based on a misreading of Appendix C. Columbia Gas contends that Appendix C is not intended to and cannot tie directly to Appendix B. Columbia Gas further contends that Appendix C shows the absolute value of every adjustment that factors into the total "Priors" volumes on Appendix B, Page 3, Line 26,<sup>10</sup> while Appendix B reflects only the net effect of these adjustments as applied to the various retainage factors. Columbia Gas argues that measurement adjustments occur all the time at every point on every pipeline system, and Washington Gas has not demonstrated that a narrative explanation is necessary for routine adjustments that occur in the course of normal business practice and in accordance with the terms of either Columbia Gas's tariff or an OBA. Columbia Gas thus concludes that the Commission should find that it is not necessary to provide a narrative explanation for the measurement adjustments set forth in Appendix C of the filing.

---

<sup>10</sup> Columbia Gas asserts that, while there is a minor discrepancy due to the calculation of the retainage rate applicable to Rate Schedule FSS-M, the discrepancy has no impact on the proposed rates.

### **Discussion**

13. Columbia Gas must adequately support its filing. In its Answer, Columbia Gas argues that the Commission should accept its OBA adjustments, authorize it to recover the proposed measurement adjustment from BGE pursuant to the proposed payment schedule, and find that it is not necessary to provide narrative explanations for the measurement adjustments set forth in Appendix C. However, before we address the issues raised by the comments, we will provide the parties with the opportunity to respond to Columbia Gas's Answer within twenty (20) days of the date of this order. Therefore, the Commission accepts and suspends the proposed tariff record, to become effective April 1, 2011, subject to refund and conditions and further Commission review.

### **Suspension**

14. Based upon a review of the filing, the Commission finds that the proposed tariff record has not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission accepts the tariff record for filing, subject to refund, and suspends its effectiveness for the period set forth below, subject to the conditions set forth in this order.

15. The Commission's policy regarding rate suspensions is that rate filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or that it may be inconsistent with other statutory standards. *See, Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension). It is recognized, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results. *See, Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (minimum suspension). The Commission finds that such circumstances exist here where Columbia Gas is filing pursuant to its tariff provisions. Therefore, the Commission will accept and suspend the proposed record to be effective April 1, 2011, subject to refund, conditions of this order, and further review.

### **The Commission orders:**

(A) Columbia Gas's revised tariff record is accepted and suspended, to become effective April 1, 2011, subject to refund, conditions, and further review, as discussed in this order.

(B) The parties are permitted to file a response to Columbia Gas's Answer within twenty (20) days of the date this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.