

135 FERC ¶ 61,193  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

May 27, 2011

In Reply Refer To:  
Midcontinent Express Pipeline LLC  
Docket No. RP11-2053-000

Midcontinent Express Pipeline LLC  
3250 Lacey Road  
Suite 700  
Downers Grove, IL 60515-7918

Attention: Bruce H. Newsome, Vice President

Reference: Fuel Tracking Filing

Ladies and Gentlemen:

1. On April 28, 2010, Midcontinent Express Pipeline LLC (MEP) filed a revised tariff record<sup>1</sup> reflecting its proposed semi-annual adjustment to its reimbursement percentages for Fuel Gas by zone, Unaccounted For (UAF) Gas and Booster Compression Fuel the next six month period, effective June 1, 2011. Section 36 of MEP's General Terms and Conditions (GT&C) governs these semi-annual reimbursement adjustments. MEP requests limited waiver of Sections 36.3 and 36.4(b) of the GT&C, to avoid setting negative reimbursement percentages. As discussed below, the Commission grants the limited waiver and accepts the tariff record effective June 1, 2011, as requested.

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<sup>1</sup> Sheet No. 12, Fuel Reimbursement Percentages (Zones 1 and 2), 4.0.0, FERC NGA Gas Tariff.

2. Section 36 of its GT&C requires MEP to use the six-month Base Period from September 1, 2010 through February 28, 2011 to calculate its upcoming reimbursement percentages. MEP reports that these calculations result in the following:

- Fuel Reimbursement Zone 1 Percentage of 0.474 percent (0.672 percent Current Component minus 0.198 percent Deferred Component)
- Fuel Reimbursement Zone 2 Percentage of 0.286 percent (0.290 percent Current Component minus 0.004 percent Deferred Component)
- Booster Compressor Fuel Percentage of 0.502 percent (0.662 percent Current Component minus 0.160 percent Deferred Component)

3. For UAF, however, MEP claims its operating history during this six-month Base Period was atypical. With system outages and extreme weather resulting in reduced flows or leased capacity being unavailable to shippers, MEP states it experienced gas gains in five of the six months of the Base Period. MEP argues that good cause exists to grant limited waiver of two GT&C provisions to provide more reasonable and representative rates. First, MEP requests waiver of Section 36.4(b) to use historical data based on the past 19 months to calculate the Current Component of the UAF Gas reimbursement percentage. This results in a 0.010 percent Current Component minus a 0.259 percent Deferred Component, for a total UAF Gas reimbursement percentage of negative 0.250 percent (due to rounding). Second, MEP requests waiver of Section 36.3 to permit it to set the total UAF Gas reimbursement percentage at zero. MEP argues that a negative total UAF Gas reimbursement percentage could cause operational problems, especially for backhaul transportation, where a negative percentage would mean that MEP would have to purchase operational gas to fulfill any backhaul request.

4. Public notice of MEP's Filing issued April 29, 2011. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.<sup>2</sup> Pursuant to Rule 214,<sup>3</sup> all timely filed motions to intervene and any unopposed motion 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. No party filed a protest or adverse comments.

5. We accept all of MEP's proposed reimbursement percentages as just and reasonable, effective June 1, 2011, as requested. We also find good cause to grant the requested limited waivers for the UAF Gas reimbursement percentage. The Commission

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<sup>2</sup> 18 C.F.R. § 154.210 (2011).

<sup>3</sup> 18 C.F.R. § 385.214 (2011).

previously found that holding reimbursement rates at zero, rather than allowing the overall reimbursement rates to go negative, is reasonable so long as all of the over-recovered amount is eventually returned to the shippers.<sup>4</sup> In this case, MEP's Deferred Component true-up mechanism will carry this balance to the next semi-annual adjustment period, and thus ensure that neither MEP nor its shippers are unduly disadvantaged.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.

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<sup>4</sup> See *Columbia Gulf Transmission Co.*, 132 FERC ¶ 61,134, at P 43 (2010).