

135 FERC ¶ 61,277  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

June 30, 2011

In Reply Refer To:  
Kinder Morgan Louisiana Pipeline LLC  
Docket No. RP11-2141-000

Kinder Morgan Louisiana Pipeline LLC  
3250 Lacey Road,  
Suite 700  
Downers Grove, IL 60515-7918

Attention: Bruce H. Newsome, Vice President

Reference: Letter Order on Periodic Fuel Rate Adjustment and Waiver Request

Ladies and Gentlemen:

1. On May 27, 2011, Kinder Morgan Louisiana Pipeline LLC (KML) filed a revised tariff record to implement a Periodic Fuel Rate Adjustment (PFRA) to adjust its reimbursement percentages for Line Heater Gas, Unaccounted For (UAF) Gas and Fuel Gas, in accordance with section 36 of the General Terms and Conditions (GT&C) of its tariff.<sup>1</sup> KML requests waiver of sections 36.2(b), 36.3(b), 36.4, 36.4(a) and 36.4(b) of its GT&C, so that it may project its reimbursement percentages using a Base Period which varies from the Base Period required by its tariff, use historical data to calculate its UAF percentage, use a projection of volumes to calculate its Line Heater percentage and to implement a UAF gas reimbursement percentage of zero instead of a negative rate that would result under its existing tariff mechanism. KML requests that the revised tariff record be made effective July 1, 2011. As discussed below, the Commission grants the requested waivers and accepts the proposed tariff record, effective July 1, 2011 as requested.<sup>2</sup>

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<sup>1</sup> Sheet No. 6, Currently Effective Rates - Reimbursement Percentages, 1.0.0 to First Revised Volume No. 1, FERC NGA Gas Tariff.

<sup>2</sup> On June 9, 2011, KML submitted, as a supplemental filing, the workpapers contained in Appendix C and D of its May 27, 2011 Filing in Excel format. KML states that the workpapers which were previously submitted in pdf format are now being submitted in Excel format with the formulas intact and requests the Commission to accept this supplemental filing. We accept the supplemental workpapers for filing.

2. KML states that its PFRA Filing establishes the Line Heater Gas Reimbursement Percentage and the UAF Gas Reimbursement Percentage for its entire system, to be in effect for July 1, 2011 through June 30, 2012 (Recovery Period), as required by section 36.<sup>3</sup> The proposed Line Heater Gas Reimbursement Percentage is 0.15 percent, an increase of 0.09 percent from the current Line Heater gas rate of 0.06 percent. The proposed UAF Gas Reimbursement Percentage is 0.00 percent, a decrease of 0.13 percent from the current UAF rate of 0.13 percent. This is the second annual PFRA Filing for KML.

3. KML requests waiver of sections 36.2(b) and 36.4 of the GT&C of its tariff to allow for variations in the timing for the Base Period. KML seeks waiver of section 36.2(b) to end the base period on March 31, 2011, such that it ends three months, rather than two months as required by section 36.2(b), before the start of the next Recovery Period. KML states that, by ending the base period on March 31, 2011, it incorporated the latest available actual data for the UAF calculation in this filing.

4. In addition, KML seeks waiver of section 36.4(b)<sup>4</sup> of the GT&C to use historical data based on the past 18 months (when KML's firm transportation agreements with its Anchor Shippers became effective) to calculate the Current Component of the UAF Gas Reimbursement Percentage, as opposed to the twelve-month Base Period of the tariff. KML states that the data from the Base Period resulted in gas gains, which is not representative of normal ongoing operations. Rather, according to KML, use of the proposed extended historical period, where both gas gains and losses occurred, results in a more representative projection of expected UAF Gas in the Recovery Period.

5. KML also requests waiver of section 36.4(a) of the GT&C to project an increase in the higher line heater usage during the winter period, as opposed to reflecting all of the actual volumes in the Base Period as required by the tariff. KML states that this corresponds with the projections in increased flow volumes during the winter period and actual Line Heater Gas volumes for the summer months for purposes of calculating the Current Component of the Line Heater Gas Reimbursement Percentage. KML asserts that it is more appropriate to use an average of the winter months to project Line Heater Gas volumes in the Recovery Period because line heater gas usage varies more with throughput changes during the winter months when temperatures are colder than it does during the summer months. Thus, it asserts that use of the proposed adjusted Base Period data results in a more representative projection of expected Line Heater Gas in the Recovery Period.

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<sup>3</sup> KML states that it is not establishing a reimbursement percentage for Fuel Gas because it does not have compression on its system at this time.

<sup>4</sup> KML refers to section 36.4(a) for this waiver; however, the Commission believes a waiver of section 36.4(b) is required for the calculation of KML's UAF reimbursement percentage.

6. Finally, KML requests waiver of section 36.3(b) of the GT&C to implement a UAF Gas Reimbursement Percentage of zero instead of a negative rate that would result under its tariff mechanism.<sup>5</sup> During the Recovery Period, KML states that it would not charge shippers for UAF Gas. KML states that imposition of a negative UAF Gas Reimbursement Percentage could result in KML having to deliver more gas than it receives and could place KML in the position of having to purchase operational gas. KML states that it does not anticipate that the gas gains experienced during the Base Period will continue on an ongoing basis and, should KML experience gas losses as it anticipates during normal operations, the over-collection in the deferred account will be reduced through the working of the tracker, assuming a 0.00 percent UAF rate is assessed.

7. Public notice of KML's Filing was issued on May 31, 2011. Interventions and protests were due June 8, 2011, as provided by section 154.210 of the Commission's regulations.<sup>6</sup> Pursuant to Rule 214,<sup>7</sup> all timely filed motions to intervene and any unopposed 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.

8. The Commission finds that KML has shown good cause for its waiver requests. Granting waiver at this time allows for a more representative base period and provides KML with the necessary data needed to finalize the UAF volumes in sufficient time to meet the required filing date. In addition, the use of historical and projected data should provide for a more representative projection of expected UAF Gas and Line Heater Gas in the Recovery Period. Finally, the Commission has previously found that holding fuel reimbursement rates at zero, rather than allowing the overall reimbursement rates to go negative, is reasonable so long as the over-recovered amount is eventually returned to the shippers.<sup>8</sup> In this case, KML's Deferred Component true-up mechanism will carry this balance over to the next adjustment period and, thus, ensures that neither KML nor its shippers are unduly disadvantaged. Therefore, the Commission grants KML's request for waiver of sections 36.2(b) and 36.4, 36.4(a), 36.4(b) and 36.3(b) of its GT&C and we accept the proposed revised tariff record effective July 1, 2011, as requested.

9. However, we note that the timing problem for finalizing data arising from the fact that the base period in KML's tariff mechanism ends only two months prior to the start of

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<sup>5</sup> KML states that its UAF rate would be -0.29 percent under its current tariff mechanism.

<sup>6</sup> 18 C.F.R. § 154.210 (2011).

<sup>7</sup> 18 C.F.R. § 385.214 (2011).

<sup>8</sup> See *Columbia Gulf Transmission Co.*, 132 FERC ¶ 61,134, at P 43 (2010).

the next Recovery Period has been an issue in both fuel filings and has required KML to seek waiver in both filings. KML should consider filing to modify section 36.2(b) of its GT&C to provide for a three-month lead-time unless it believes it will be able to meet this timeline in the future. Further, it should review its other fuel recovery provisions overall for possible revision to better reflect the pipeline's projected operations and avoid the need for other waivers in future PFRA Filings.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.