

136 FERC ¶ 61,159
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

September 2, 2011

In Reply Refer To:
Columbia Gas Transmission, LLC
Docket No. RP11-1827-000

Columbia Gas Transmission, LLC
5151 San Felipe, Suite 2500
Houston, TX 77056

Attention: Alyssa Anne Schindler, Senior Counsel

Reference: Revised Retainage Rates

Dear Ms. Schindler:

1. On March 31, 2011, the Commission issued an order¹ in this proceeding accepting and suspending to be effective April 1, 2011, subject to refund and conditions and further review, a revised tariff record² filed by Columbia Gas Transmission, LLC (Columbia Gas) in accordance with section 35, Retainage Adjustment Mechanism (RAM), of the General Terms and Conditions (GT&C) of its tariff. Section 35.2 of Columbia Gas's GT&C requires it to annually adjust the fuel retainage factors consisting of a current component and a surcharge component. As described further below, Columbia Gas's filing included a prior period adjustment related to a measurement correction of its deliveries at its Linden Church meter station, where Columbia Gas makes deliveries to Baltimore Gas and Electric Company (BGE). After further review, as discussed below, the Commission finds that Columbia Gas's proposed retainage rates are just and

¹ *Columbia Gas Transmission, LLC*, 134 FERC ¶ 61,256 (2011) (March 31 Order).

² Currently Effective Rates, Retainage Rates, 1.0.0 to Baseline Tariffs, FERC NGA Gas Tariff.

reasonable and Columbia Gas is authorized to collect payment from BGE for the gas inadvertently delivered to it at Linden Church.

2. Several parties³ filed comments in response to Columbia Gas's proposed revised retainage rates. BGE and NiSource Distribution Companies requested that Columbia Gas provide additional information regarding the proposed measurement adjustment at Columbia Gas's Linden Church Measurement Station. Washington Gas raised concerns related to Columbia Gas's Operational Balancing Agreements (OBA). On March 22, 2011, as corrected on March 23, 2011, Columbia Gas filed an answer to the comments (March Answer). On March 29, 2011, BGE filed supplemental comments concerning Columbia Gas's explanation of the measurement adjustment correction at the Linden Church meter station. In the March 31 Order, the Commission allowed the parties to respond to Columbia Gas's March Answer prior to a determination of the issues raised by the comments. On April 20, 2011, Washington Gas filed comments in response to the March Answer stating that most, but not all, of its concerns were addressed. BGE did not file any further response to Columbia Gas's March Answer. On May 5, 2011, Columbia Gas filed an answer to Washington Gas's April 20, 2011 comments (May Answer). Columbia Gas stated that, based on further discussions with Washington Gas, it was authorized to state that Washington Gas's concerns have been addressed.

3. Columbia Gas has satisfactorily responded to the concerns raised by Washington Gas about its RAM filing. In its May Answer, Columbia Gas provides a revised Appendix C to its RAM filing which contains cross references to where the data in that appendix is used in Appendix B and states that it will provide these cross references in its future RAM filings. Additionally, Columbia Gas states that while certain adjustments to the OBA between Columbia Gas and Transco were the result of discrepancies in how imbalances were cashed-out under the OBA, the adjustment reflected on page 7, line 407, was the result of human error. Columbia Gas states that it has already implemented procedural changes to ensure that this kind of error does not reoccur. Finally, Columbia Gas states that it agrees to include in its future annual RAM filings a schedule showing adjustments under OBAs with affiliates with an explanation to the extent the net imbalance for the year under any such OBA exceeds 200,000 Dth, as requested by Washington Gas.

4. With respect to BGE's comments, Columbia Gas, in its March Answer (at 4) explains that from July 1, 2009 through June 30, 2010, a valve at the Linden Church

³ Washington Gas Light Company (Washington Gas), BGE, and 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. (collectively NiSource Distribution Companies). These comments are discussed in detail in the March 31 Order (at P 7-8).

Meter Station was inadvertently left open following routine maintenance. Columbia Gas further states that these inadvertent deliveries resulted in 245,074 Dth of unmeasured gas to flow from Columbia Gas to BGE during each month of that twelve-month period with a net present value of \$13,147,175.22 to which BGE agrees. Columbia Gas states that these volumes were reflected as lost in its last RAM filing and are now being restated in this filing as deliveries to Linden Church through monthly adjustments of 245,074 Dth to Columbia Gas's balancing pools. Columbia Gas further states that these adjustments have the effect of reducing LAUF volumes for the months in which the adjustments occurred.

5. Columbia Gas asserts that the under-measured volumes were determined in accordance with GT&C section 26.13, Failure of Measurement Equipment. Columbia Gas states that, pursuant to GT&C section 8.4(a), "prior period adjustments will be taken back to the production month and reflected as such on invoices, imbalance statements and allocation measurements." Columbia Gas further states that, in accordance with this provision, it will reflect these volumes as an imbalance on BGE's service agreement. Columbia Gas asserts 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 asserts, given the significant volumes involved, it believes that it would be unduly burdensome to require BGE to repay the imbalance volumes in kind. Columbia Gas contends that, based on market prices at the time the imbalances were incurred, the net present value of the imbalance determined by it and BGE is \$13,147,175.22, and it is reasonable to allow BGE to spread the repayment over the course of the next twelve months. Accordingly, Columbia Gas respectfully requests that Commission authorize it to recover these amounts from BGE pursuant to the payment schedule set forth in Attachment C to the May Answer.

6. BGE argues that Columbia Gas is making a novel request⁴ that requires the Commission to approve Attachment C, revise Attachment C, or reject the request to charge BGE for these unmetered gas deliveries. BGE asserts that Columbia Gas relies on GT&C section 26.13 as the tariff provision most applicable to the instant situation. BGE states that section 26.13(a) is concerned with instances where any measuring equipment is out of service, or is found registering inaccurately and the error is not determinable by test. BGE states that section 26.13(c) is concerned with instances where there is an absence of measuring equipment. BGE requests a Commission determination as to whether this section is applicable to the facts as presented by Columbia.

⁴ BGE contends that Columbia Gas appears to agree when it states that "Columbia's tariff does not prescribe any specific method for resolving imbalances that remain after netting and trading" (citing March Answer at 5).

7. Section 26.13(a) provides three methods for estimating the volumes of gas received or delivered when any measuring equipment “is registering inaccurately.” In addition, section 26.13(a)(4) provides that the pipeline and shipper may agree on an estimate of the volumes received or delivered. Here, it appears that the Linden Church Meter Station did not accurately register the volumes delivered to BGE through that station because a valve was inadvertently left open. In addition, BGE has expressly agreed with Columbia Gas’s estimate that 245,074 Dth of gas inadvertently flowed each month from Columbia Gas to BGE at that meter station during the relevant period. Therefore, the Commission finds that Columbia Gas’s proposed amount of inadvertently delivered gas is reasonable and consistent with section 26.13.

8. In addition, BGE argues that, while it does not dispute the validity of past period monthly billing for any imbalance that the Commission finds is owed by BGE, it requests that the Commission specifically address whether the proposed repayment schedule represents a correct application of GT&C section 8.4(a). Columbia Gas asserts that its treatment reflecting these volumes as an imbalance on BGE’s service agreement is “consistent with the requirement” of GT&C section 8.4(a) that prior period adjustments be made in the production month and reflected on invoices or imbalance statements, or allocation statements. BGE does not dispute the net present value of these unmetered gas deliveries based on market prices when these imbalances occurred or specify why the proposed repayment schedule is impermissible or request any alternative method. The Commission finds that, under these circumstances, as Columbia Gas asserts, its proposed repayment schedule for this undisputed amount is reasonable and consistent with section 8.4(a). Therefore, the Commission will accept the proposed repayment schedule in Attachment C to Columbia Gas’s March Answer and authorize it to collect the requested payments from BGE according to that monthly schedule.

By direction of the Commission.

Kimberly D. Bose,
Secretary.