

136 FERC ¶ 61,226
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

September 29, 2011

In Reply Refer To:
Paiute Pipeline Company
Docket No. RP11-2426-000

Paiute Pipeline Company
P.O. Box 94197
Las Vegas, NV 89193-4197

Attention: Mark A. Litwin
Senior Manager

Reference: Order on Tariff Filing and Granting Certificate Amendment

Ladies and Gentlemen:

1. On August 26, 2011, Paiute Pipeline Company (Paiute) filed two tariff records¹ to revise the firm initial incremental facilities surcharge (surcharge) authorized in the Commission's August 23, 2010 order in Docket No. CP10-41-000 (August 23 Order).² Paiute also requests authorization to amend its certificate application pursuant to section 7 of the Natural Gas Act, to the extent necessary, to permit it to revise the surcharge. Specifically, the first tariff record, Statement of Rates, Statement of Rates, 3.0.0 adds the revised 2010 Expansion Incremental Facilities Surcharge to the Statement of Rates tariff record, and the second tariff record, Pg 3 - Section 3.1, FT-1 Transportation Svc, 3.0.0 adds a description of the 2010 Expansion Incremental Facilities Surcharge to Rate Schedule FT-1. Paiute requests that the proposed tariff sheets become effective October 1, 2011. We grant the requested certificate amendment and accept

¹ Statement of Rates, Statement of Rates, 3.0.0; Pg 3 - Section 3.1, FT-1 Transportation Svc, 3.0.0 to Paiute Pipeline Company - Third Revised Volume No. 1-A, FERC NGA Gas Tariff.

² *Paiute Pipeline Co.*, 132 FERC ¶ 61,156 (2010).

Paiute's tendered tariff records effective the later of October 1, 2011 or the date on which the facilities are placed into service. When Paiute files in compliance with Section 157.20(c)(2), it should also make this informational filing with the Commission through the eTariff portal using a Type of Filing Code 620.³ In addition, Paiute is advised to include as part of the eFiling description, a reference to Docket No. CP10-41-000 and the actual in-service date for this project.

2. The August 23 Order granted certificate authority to Paiute to construct and operate its 2010 Expansion Project. The purpose of the project is to add 2,265 Dth per day of capacity on Paiute's system to enable Paiute to meet the growth requirements of two of its shippers served by its South Tahoe Lateral, Southwest Gas Corporation - Northern California and Southwest Gas Corporation - Northern Nevada.

3. Paiute states that its original schedule for the 2010 Expansion Project was to construct the expansion facilities during the late summer and fall of 2010 and to place them into service by November 1, 2010. However, due to a delay in securing easement rights for the loop pipeline, Paiute concluded that it could not complete the project before the onset of winter weather in the Lake Tahoe area. Paiute asserts that it was able to perform the modifications to the delivery point and pressure limiting station facilities and place them into service in October 2010. However, construction of the 0.9 miles of loop pipeline on the South Tahoe Lateral was deferred until the summer of 2011. Paiute states that it commenced construction of the loop pipeline facilities on June 8, 2011. Paiute now expects to complete the installation of the pipeline facilities, and to place the completed project into service, on or before September 30, 2011.

4. The August 23 Order approved Paiute's proposed 2010 Expansion Incremental Facilities Surcharge of \$15.1594 per Dth. That rate was based, in part, upon the total cost estimate of \$2,387,000 set forth in Paiute's application for the construction of the expansion project facilities. However, Paiute has now recalculated the surcharge based upon the actual total cost of construction of the project known at this time, which is \$3,322,953. Paiute asserts that the project cost increase is the result of additional costs associated with easement acquisition, materials, environmental contractor activities, and unanticipated construction techniques that have been necessitated by the steep slope on a portion of the pipeline right-of-way, which is situated in mountainous terrain above Lake Tahoe.

5. In addition to recalculating the surcharge based on \$3,322,953 of construction costs, Paiute has updated its estimated operation and maintenance (O&M) and administrative and general (A&G) expenses based on actual expenses incurred during the twelve months ended June 30, 2011. Paiute states that the additional construction costs

³ *Electronic Tariff Filings*, 130 FERC ¶ 61,047, at P 17 (2010).

will be significantly offset by the availability of 100 percent bonus depreciation for federal income tax purposes for construction costs associated with projects placed into service in 2011. As a result of incorporating all these changes into the incremental rate calculation, Paiute proposes to revise the surcharge herein from \$15.1594 to \$16.0201 per Dth. Paiute asserts that all other cost of service elements and factors used in the revised surcharge derivation shown in Appendix A are identical to those used in Exhibit N of its certificate application in Docket No. CP10-41-000.

6. Public notice of Paiute's filing issued on August 26, 2011. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2011)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2011)), 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 the proceeding or place additional burdens on existing parties. No motions to intervene or comments were filed.

7. We note that the tariff records' section titles in Paiute's Transmittal Letter do not match the tariff records' section titles it provided in the XML tariff filing. Paiute refers to these tariff records in its Transmittal Letter as Second Revised Sheet No. 10 and First Revised Sheet No. 21 to Third Revised Volume No. 1-A. Consistent with the Commission's January 21, 2010 order on *Electronic Tariff Filings*, 130 FERC ¶ 61,047 (2010), the tariff record data tendered by Paiute controls. In future filings, Paiute should use the section titles provided in its XML tariff filing in its Transmittal Letter.

8. We grant the requested amendment to Paiute's certificate authorization and accept the tariff records listed in footnote No. 1 effective the later of October 1, 2011 or the date on which the facilities are placed into service.

By direction of the Commission.

Kimberly D. Bose,
Secretary.