

138 FERC ¶ 61,246  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Florida Gas Transmission Company, LLC

Docket No. RP12-459-000

ORDER ACCEPTING TARIFF RECORD

(Issued March 30, 2012)

1. On March 1, 2012, Florida Gas Transmission Company, LLC (Florida Gas) filed revised tariff records proposing an increase in its fuel reimbursement charges pursuant to Section 27 of the General Terms and Conditions (GTC) of Florida Gas' Tariff, Fifth Revised Volume No. 1 (Tariff). Florida Gas proposes an effective date of April 1, 2012 for its proposed tariff records. As discussed below, the Commission accepts the revised tariff records, effective April 1, 2012.

**Background**

2. Section 27 of the GTC of Florida Gas' Tariff provides for the recovery by Florida Gas of gas used in the operation of its system, quantities delivered to parties as payment for compression services, payments to electric providers incurred in the operation of electric compression, and gas lost from Florida Gas' system or otherwise unaccounted for (LAUF). The fuel reimbursement charges pursuant to Section 27 consist of the Fuel Reimbursement Charge Percentage (FRCP) designed to recover current fuel usage on an in-kind basis, and the Unit Fuel Surcharge (UFS) designed to recover or refund previous under- or over-collections on a cash basis. The FRCP and UFS are effective for seasonal periods, changing each April 1, for the Summer Period, and each October 1, for the Winter Period.

**Details of Filing**

3. In the instant filing, Florida Gas proposes to establish a Summer Period FRCP of 3.94 percent, which is the sum of a Gas FRCP of 2.92 percent and an Electric FRCP of 1.02 percent. Florida Gas states that this represents an increase of 0.93 percent from the current effective Winter Period FRCP of 3.01 percent. Florida Gas also proposes a Summer Period UFS of \$0.0304 per MMBtu, which is the sum of a Gas UFS of \$0.0190

and an Electric UFS of \$0.0114 per MMBtu. Florida Gas states that the proposed figure represents an increase of \$0.0556 from the current effective Winter Period UFS of negative \$0.0252.

4. To implement the proposed fuel reimbursement charge changes, Florida Gas states that Rate Schedules FTS-1, FTS-2, FTS-3, SFTS, ITS-1, and the negotiated rates are modified to reflect an effective base FRCP of 3.94 percent, a maximum FRCP of 3.94 percent for forwardhauls where quantities are received and delivered within Florida Gas' Market Area, and an effective base UFS of \$0.0304 per MMBtu. In addition, Florida Gas states that Rate Schedules FTS-WD, ITS-WD, and the negotiated rates are modified to establish a maximum Western Division FRCP of 3.94 percent.

### **Public Notice and Responsive Pleadings**

5. Public notice of the filing was issued on March 2, 2012. 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 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.

6. On March 13, 2012, Florida Cities<sup>1</sup> filed a protest and Florida Municipal Natural Gas Association (FMNGA)<sup>2</sup> filed comments, raising some concerns with the tariff revisions. Florida Cities request that Florida Gas explain why its actual compressor fuel use of 10,475,772 Dth for the 2011 Summer Period was 31 percent higher than it had predicted in its March 1, 2011 filing.<sup>3</sup> Also, Florida Cities state that Florida Gas'

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<sup>1</sup> Florida Cities includes JEA, the Orlando Utilities Commission, Lakeland Electric, the City of Tallahassee, the City of Gainesville d/b/a Gainesville Regional Utilities, and Florida Gas Utility, a Florida inter-local agency whose membership presently consists of more than twenty municipally-owned electric and/or gas utilities.

<sup>2</sup> FMNGA includes the City of Chattahoochee, the City of Clearwater Gas System, Crescent City Natural Gas, the City of DeFuniak Springs, the Geneva County Gas District, the Lake Apopka Natural Gas District, the City of Leesburg, the City of Live Oak, the City of Madison, the Okaloosa Gas District, the Palatka Gas Authority, the Southeast Alabama Gas District, and the City of Sunrise, all of which are customers of Florida Gas.

<sup>3</sup> In its March 1, 2011, Florida Gas projected a 7,986,120 Dth compressor fuel use for the 2011 Summer Period.

projected a total electric cost payment of \$14,604,569 during the 2011 Summer Period, but the actual payment was \$21,692,555, a difference of almost 50 percent.

7. FMNGA states that this is the first time Florida Gas has proposed an FRCP of almost 4 percent and Florida Gas has not explained what accounts for this increase of almost 1 percent or what Florida Gas is doing to reduce losses on its system. FMNGA requests that Florida Gas explain what it is doing to reduce system losses.

8. On March 19, 2012, Florida Gas filed an answer to Florida Cities' protest. Rule 213(a)(2)<sup>4</sup> of the Commission's Rules of Practice and Procedure prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept Florida Gas' answer because it has provided information that assisted us in our decision-making process.

9. In its answer, Florida Gas acknowledges Florida Cities' concerns and explains that subsequent to its March 1, 2011 filing and during routine inspection, unscheduled repairs were necessary on five of Florida Gas' compressor units. Florida Gas states that these repairs required significant down time during the 2011 Summer Period. Florida Gas states that during the repair to these five compressor units, it operated other compressor units, including electric units, in order to maintain its customer nominated and scheduled deliveries. Florida Gas explains that while no interruptions of scheduled volumes were ever necessary, the operation of compression during this period was different than what was originally projected leading to a different mix of gas and electric compression utilization. Moreover, Florida Gas states, there were different usage patterns on the Florida Gas system following completion of the Phase VIII facilities that affected the actual gas and electric utilization. The Florida Gas system also experienced 72 peak day deliveries compared to only one during the 2010 Summer Period causing an increase in fuel usage in order to meet peak day volumes. Last, Florida Gas explains that it experienced an increase in demand for longhaul transportation which uses more compression and results in increased electric and gas utilization figures.

10. On March 22, 2012, Florida Cities filed a motion to withdraw its protest, "in light of the explanations provided" in Florida Gas' answer.

### **Discussion**

11. As discussed above, Section 27 of the GTC of Florida Gas' Tariff sets forth a detailed mechanism for calculating the FRCP and UFS. The Commission finds that Florida Gas properly followed this Commission-approved tariff mechanism in calculating the FRCP and UFS in this filing. Additionally, the Commission finds that Florida Gas

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<sup>4</sup> 18 C.F.R. § 385.213(a)(2) (2011).

has adequately explained the proposed FRCP and identified operational conditions leading to an increase in gas and electric compression utilization and a higher overall cost than was originally projected on its system. Florida Gas explains that its operation of compression during the relevant period was different from its original projection, due to necessary unscheduled repairs to certain compressor units. Florida Gas' system also experienced different usage patterns during the 2011 Summer Period, as compared with the 2010 Summer Period, in particular increased swing volumes on its system and consequent increased fuel usage. In addition, while the proposed 3.94 percent FRCP for the 2012 Summer Period is .93 percent higher than the currently effective Winter FRCP, the 2003 Summer FRCP accepted for filing by the Commission was .98 percent higher than its past Winter Period. Moreover, recent Summer Period FRCPs have been as high as 3.81 percent and 3.78 percent.<sup>5</sup> Therefore, the proposed Summer Period FRCP is in line with prior rates and is reasonable.

12. The Commission also finds that system losses on Florida Gas' system are well within normal historical ranges.<sup>6</sup> As the Commission has previously stated, "the amount of gas lost and unaccounted-for by a pipeline never remains static from year to year. In some years, a pipeline may gain gas and have no lost and unaccounted-for volumes...in other years, a pipeline will have lost a certain amount of gas."<sup>7</sup> Accordingly, the Commission accepts Florida Gas' explanation and no further clarifications are needed at this point.

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<sup>5</sup> The 2009 Summer Period FRCP was 3.81% while the 2007 Summer Period FRCP was 3.78%.

<sup>6</sup> For the last five years, Florida Gas' summer period system losses have been between -0.07% and 0.23% and in years past these percentages were between -0.07% and 0.77%. Thus, the current system loss of 0.19% is within the normal range and is reasonable.

<sup>7</sup> *Algonquin Gas Transmission Co.*, 82 FERC ¶ 61,607, at 61,607 (1998), *order on reh'g*.

The Commission orders:

The Commission accepts the tariff records effective April 1, 2012, as requested.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.