140 FERC ¶ 61,194
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

September 14, 2012

In Reply Refer To:
CenterPoint Energy - Mississippi River
Transmission, LLC
Docket No. RP12-944-000

CenterPoint Energy – Mississippi River Transmission, LLC
PO Box 21734
Shreveport, Louisiana 71151

Attention: B. Michelle Willis
Manager, Regulatory & Compliance

Reference: Interim Adjustments to Fuel Percentages

Dear Ms. Willis:

1. On August 15, 2012, CenterPoint Energy - Mississippi River Transmission, LLC (MRT) filed a revised tariff record[1] to amend section 22.1(a) of the General Terms and Conditions (GT&C) of its FERC NGA Gas Tariff. Proposed section 22.1(a) would permit MRT to seek interim adjustments to its rates for fuel used in transportation and lost and unaccounted for gas (LUFG). MRT requests that the Commission accept the filing to be effective September 15, 2012. For the reasons set forth below, the referenced tariff record is rejected without prejudice to MRT Filing to modify its tariff in the future to permit fuel usage and LUFG Filings on a more frequent basis than the annual basis currently permitted in its tariff.

2. Section 22 of MRT's GT&C sets out the provisions under which MRT establishes its fuel usage and LUFG percentages. This section requires MRT to adjust its fuel usage and LUFG percentages November 1 of each year, based on actual data for the 12-month

[1]CenterPoint Energy - Mississippi River Transmission, LLC, FERC NGA Gas Tariff, MRT Tariffs, Sheet No. 309, Fuel Use and LUFG Adjustments, 1.0.0.

period ending the immediately prior June 30. MRT proposes to revise section 22.1(a) to permit it to seek interim adjustments to its fuel usage and LUFG percentages. MRT states that the provision will cover a potential unforeseen event, such as it experiencing too much gas on its pipeline system. MRT further states that the provision is consistent with industry practice, and that the proposed tariff provision is similar to tariff provisions of other pipelines.[2]

3. Public notice of the filing was issued on August 16, 2012, with interventions, comments and protests due as provided under section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2012)). Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2012)), all timely motions to intervene and any unopposed motion to intervene out of time filed before the issuance date of this order are granted. United States Steel Corporation (U.S. Steel), Laclede Gas Company (Laclede) and Ameren Services Company (Ameren) filed protests to MRT's proposal.

4. U.S. Steel requests that the Commission reject MRT's proposed tariff record because MRT has not demonstrated that its proposal is just and reasonable. U.S. Steel contends that allowing MRT to modify its fuel on an interim basis during the course of a year creates significant uncertainty for shippers without providing any commensurate benefit. U.S. Steel further states that by using a full, 12-month period, MRT's fuel usage and LUFG costs are annualized and averaged. U.S. Steel also states that MRT has not provided any support as to why the proposed change is necessary. U.S. Steel asserts that if unforeseen events occur, MRT has many tools available to manage its system, including using system storage and working with upstream and downstream system operators. Further, U.S. Steel states that MRT can file a request with the Commission for a waiver from its tariff in order to modify its fuel usage and LUFG charges, complete with all appropriate detail.

5. Alternatively, U.S. Steel requests that if the Commission declines to rejects the filing, the Commission should consolidate the instant proposal with MRT's section 4 rate proceeding in Docket No. RP12-955-000. U.S. Steel notes that in the rate proceeding MRT has proposed extensive modifications to its rates and operations, including changes that will directly affect shippers' fuel and LUFG costs, such as creating a new rate zone within its supply area.

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[2] MRT cites the fuel usage and LUFG provision in the tariffs of Texas Gas Transmission, LLC, Cheyenne Plaints Gas Pipeline Company, LLC, and Fayetteville Express Pipeline LLC.

6. Ameren similarly disputes MRT's claim that it needs additional flexibility to file out-of-cycle adjustments to the fuel usage and LUFG percentages. Ameren notes that section 9.4 provides MRT the right to buy and sell gas to the extent necessary to maintain operational integrity of the system. Additionally, section 9.5 permits MRT to issue Operational Flow Orders and System Protection Warnings. Ameren asserts that these tools allow MRT to manage any excess or shortage of gas on the pipeline system by requiring customers to minimize any imbalances between scheduled receipts and deliveries.

7. Laclede states that the Commission previously rejected a similar proposal by MRT because such a provision allowing out-of-cycle filings creates greater uncertainty for shippers, citing the Commission's order in Docket Nos. RP95-426-000 and TM96-2-25-000.[3]

8. The protestors argue that MRT has mischaracterized the proposed tariff provision as consistent with industry practice. They assert that there is no industry standard. They note that there are a wide variety of fuel tracker mechanisms in the industry, and that some pipelines, such as Southern Star Central Gas Pipeline, Inc., among others, do not have tariff authority to implement automatic out-of-cycle fuel adjustments.

9. On August 30, 2012, MRT filed an answer to the protests.[4] MRT asserts that its proposed tariff provision establishes additional certainty by articulating the process by which MRT can seek interim adjustments to cover potential unforeseen events. Moreover, according to MRT, customers are fully protected by the requirement that the Commission approve any interim adjustment. MRT further asserts that the ability to seek a waiver is not an adequate substitute for the requested tariff language. MRT contends that the proposed revision is modeled on other pipelines' Commission-approved tariffs, all of whom also had the ability to ask for waivers.

10. MRT argues that Laclede's reliance on the Commission's 1995 MRT Order is misplaced. In that case, MRT states, the tariff language that the Commission rejected provided MRT with the authority to "elect to adjust the current Fuel Usage and Loss

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[3] Laclede cites *Mississippi River Transmission Corp.*, 72 FERC ¶ 61,320, at 62,319 (1995) (1995 MRT Order).

[4] Under Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 213(a)(2) (2012), answers to protests are not accepted unless otherwise ordered by the decisional authority. In this proceeding, we will accept the answer because it has provided additional record information that assists us in addressing MRT's filing.

Percentages and/or current Compressor Fuel Tax Surcharge more frequently than once per year in accordance with the Commission's filing and notice requirements."[5] MRT states that its proposed revision simply gives it the right to file proposals for interim adjustments and further requires that any such adjustments be subject to Commission review and approval.

11. MRT argues that the Commission should reject requests to consolidate this docket with its rate case in Docket No. RP12-955-000 because there is nothing novel or complicated about MRT's revision to section 22.1(a) of its tariff, and the change presents no issues of fact to be set for hearing.

12. We reject MRT's proposed tariff record as administratively unnecessary. MRT did not demonstrate how circumstances differ today from those existing in 1995 when the Commission rejected a similar proposal by MRT. If MRT believes that its current annual period does not provide for a timely basis to recover its costs, it may file for a fuel recovery mechanism that adjusts more frequently. Alternatively, if in the future MRT believes an out-of-cycle fuel adjustment is necessary, it may petition the Commission to make such an interim adjustment upon a showing of good cause. This affords the pipeline reasonable flexibility, while accommodating the shippers' expressed need for a known periodicity for such adjustments.

13. We will not consolidate this docket with MRT's rate case in Docket No. RP12-955-000. The proposed change in this proceeding presents no issues of fact that need to be set for hearing.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

[5] MRT cites Mississippi River Transmission Corp. Filing, Docket No. RP95-426-000 & TM96-2-25-000, at Sheet 234 (Aug. 31, 1995).