

140 FERC ¶ 61,253
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

CenterPoint Energy – Mississippi River Transmission, Docket No. RP12-955-000
LLC

ORDER ACCEPTING AND SUSPENDING TARIFF RECORDS SUBJECT TO
REFUND AND ESTABLISHING HEARING PROCEDURES

(Issued September 28, 2012)

1. On August 22, 2012, pursuant to section 4 of the Natural Gas Act (NGA), CenterPoint Energy – Mississippi River Transmission, LLC (MRT) filed revised tariff records¹ proposing, among other changes, a cost-of-service increase, a new three-part zone rate structure for its pipeline system, and certain revised terms and conditions of service. MRT also filed *pro forma* tariff revisions that implement a Regulatory Compliance Cost Surcharge (“RCC Surcharge”) to collect security, safety, and environmental costs arising from identified federal regulatory requirements. MRT proposes an October 1, 2012 effective date.

2. As discussed below, the Commission accepts and suspends the proposed tariff records related to MRT’s proposed rate changes as listed in Appendix A, to be effective on March 1, 2013, subject to refund and conditions, and the outcome of hearing procedures established herein. During these hearing procedures, the Commission will allow MRT to address a modified RCC Surcharge mechanism to recover security costs, but MRT may not include in its surcharge costs related to environmental regulations or pipeline safety. The Commission approves several proposed tariff records in MRT’s General Terms and Conditions (GT&C) and other tariff changes to be effective October 1, 2012, subject to conditions.

¹ See Appendix A.

I. Background

3. The MRT system was originally constructed in the late 1920s to serve the St. Louis, Missouri, market area. The pipeline system extends approximately 760 miles from east Texas and northern Louisiana through the State of Arkansas and into the States of Missouri and Illinois. MRT's current Field Zone consists of an area stretching from east Texas and western Louisiana (including the Perryville Hub) to the Missouri-Arkansas Border. MRT's current Market Zone runs from the Missouri-Arkansas border to the St. Louis, Missouri area, and to the northern end of the pipeline system in Illinois. The pipeline consists of three branches: the "West Line" portion of the pipeline from east Texas to Perryville, Louisiana; the "Main Line" from Perryville to St. Louis; and the "East Line" from central Illinois to St. Louis. Flows on the MRT system generally move from west to east on the West Line, and from east to west on the East Line. Besides receiving supplies at receipt points at both ends of the pipeline system, MRT receives a significant amount of supply at its interconnect with affiliate CenterPoint Energy Gas Transmission Company, LLC's ("CEGT") Line AC, located at the Glendale Compressor Station in Lincoln County, Arkansas. From the Glendale Compressor Station, natural gas can flow north or south on the MRT system. Southbound gas is injected into storage or transferred to one of numerous pipelines in and around the Perryville market center in northeast Louisiana.

4. MRT states that it has not sought to adjust rates since 2001 in Docket No. RP01-292-000. Since that time, MRT asserts that there have been numerous changes in the natural gas marketplace, including increases in production of gas from shale plays and a corresponding increase in pipeline infrastructure to move that shale gas. MRT asserts that as a result it is facing increased competition of natural gas transportation service in the St. Louis, Missouri area. At the same time, MRT asserts, the St. Louis metropolitan area is a mature market, with population trends showing slow growth and migration of residential and commercial customers from the St. Louis metropolitan area into surrounding suburban areas.

II. Details of the Filing

A. Cost of Service and Rates

5. MRT states that the revised rates are based on a cost of service of \$103.9 million, which is an increase of approximately \$47.4 million from the overall cost of service established in the settlement that resolved MRT's last general rate case in Docket No. RP01-292-000. The filed cost of service consists of operation and maintenance expenses of \$33.1 million; general and administrative expenses of \$18.4 million; depreciation and amortization expenses of \$18.7 million; federal and state income taxes of \$12.3 million; taxes other than income taxes of \$4.0 million; a return allowance of \$23.9 million; and a cost-of-service credit of \$6.6 million. MRT's proposed cost of service has been calculated from the base year ended April 30, 2012, as adjusted for

known and measurable changes through the end of the test period on January 31, 2013. MRT states that its net rate base is \$221.2 million.

6. MRT proposes an overall rate of return of approximately 10.8 percent, which is based on an equity rate of return of 13.6 percent and debt cost of 6.4 percent. MRT states that its capital structure is 38.9 percent debt and 61.1 percent equity.

7. MRT also states that its transportation rates reflect the continuation of the straight-fixed-variable (SFV) method of cost classification and rate design, and that it has included revised billing determinants and system throughput to reflect changes in MRT's contract demand and throughput levels. MRT has adjusted its cost of service and rates to account for 18 contracts with non-affiliated shippers at discounted rates, and five contracts with affiliates at discounted rates. MRT states that the revenues generated by these discounted contracts contribute to the recovery of MRT's fixed costs, and these revenues may have been lost or not obtained if MRT had not granted the discounts. MRT states that the vast majority of discounted rate contracts, including the five contracts with affiliates of MRT, are longstanding discounts dating back to the beginning of southbound transportation on the MRT system from Glendale to Perryville.

8. MRT also proposes to modify its depreciation rates and to establish a negative salvage rate of 0.88 percent for transmission plant. Under the provisions of the filing, the existing negative salvage accrual rate for storage plant declines from 0.35 percent to 0.30 percent.

9. MRT proposes to implement a three-zone rate structure in place of its current two-zone configuration. The proposal creates a South Field Zone and North Field Zone out of the existing single Field Zone, with the Glendale Compressor Station and an interconnection with CEGT's Line AC acting as the boundary between MRT's two field zones. MRT states that there is no change to the current Market Zone. MRT asserts that the north or south direction of the flow of gas coming in at Glendale makes the Glendale point a natural demarcation point dividing the existing Field Zone, and the markets served by such gas receipts. According to MRT, the two new field zones allow the company to match cost incurrence with cost responsibility more accurately than does MRT's current single Field Zone. Additionally, MRT asserts, the proposal eliminates a rate structure that can inhibit the development of the market center at Perryville, Louisiana. For these and other reasons, MRT asserts that its proposed three-zone structure meets Commission precedent for the design of just and reasonable rate zones.

B. Regulatory Compliance Cost Surcharge

10. MRT filed *pro forma* tariff provisions to show how it would implement a Regulatory Compliance Cost surcharge ("RCC Surcharge"). According to MRT, the proposed RCC Surcharge will collect security, safety, and environmental costs arising from identified regulatory actions of the US Department of Transportation, particularly

the Pipeline and Hazardous Materials Safety Administration (“PHMSA”), the Environmental Protection Agency (“EPA”) and the Department of Homeland Security (“DHS”). MRT argues that these costs can be easily determined and are not incurred for commercial reasons. Instead, MRT states, the costs to be recovered are mandated by government policy. MRT states that it has crafted a tariff provision for annual limited NGA section 4 filings that balances: (i) timely recovery of costs; (ii) customer protection; and (iii) full oversight by the Commission.

11. MRT contends that Commission policy supports its proposal. MRT states that in the immediate aftermath of the September 11, 2001 attacks, the Commission issued a policy statement allowing security-related costs to be recovered via a surcharge.² MRT elaborates that the Commission granted such a surcharge “to assure that a pipeline will not delay needed security improvements because of the need to await a future general section 4 rate case to recover the costs or because of any other uncertainty about the pipeline’s ability to recovery costs.”³

12. MRT acknowledges that in *Florida Gas*⁴ and *Granite State*⁵, the Commission rejected a proposal to recover through limited section 4 filings costs associated with PHMSA integrity management safety requirements. However, since these decisions, MRT claims that circumstances have changed. MRT states that Congress has enacted the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, and that there has been intense regulatory activity of the National Transportation Safety Board (NTSB) and Pipeline Hazardous Material Safety Administration (PHMSA) following pipeline incidents at San Bruno, California and Allentown, Pennsylvania. MRT adds that several state commissions have allowed cost recovery mechanisms that are similar to the proposed RCC surcharge, including for its largest LDC customers in Arkansas and Missouri.

13. MRT states that like security and safety costs, EPA regulations, such as greenhouse gas emission requirements, create expenses that are not incurred for commercial reasons and are not supported by additional customers or incremental load.

² MRT Transmittal at 18 (citing *Extraordinary Expenditures Necessary to Safeguard National Energy Supplies*, 96 FERC ¶ 61,299 (2001)).

³ MRT Transmittal at 19 (quoting *Florida Gas Transmission Co.*, 105 FERC ¶ 61,171, at P 45 (2003), *reh’g granted in part*, 107 FERC ¶ 61,074 (2004), *reh’g dismissed*, 109 FERC ¶ 61,320 (2004) (*Florida Gas*)).

⁴ *Florida Gas*, 105 FERC ¶ 61,171 at P 45.

⁵ *Granite State Gas Transmission Inc.*, 132 FERC ¶ 61,089 (2010) (*Granite State*).

MRT also cites the EPA's reciprocating internal combustion engines (RICE) rules that establish emission standards based upon maximum available control technology (MACT).

14. MRT states that in the absence of the RCC surcharge, it would have to file annual rate cases. MRT states that a general section 4 rate case costs MRT up to \$3.5 million and that these litigation costs are included in rates paid by customers. MRT states that customers would also incur significant legal expenses in such rate cases.

15. MRT states that the proposed RCC surcharge includes customer protections. MRT states that it will include in its surcharge all capital costs required by the mandates described previously, regardless of when the mandates became effective. MRT states that the cost of service of all eligible capital costs incurred up to and through the test period in this proceeding is included in base rates and not in the RCC surcharge. MRT states that the eligible capital costs that may be recovered in any given year are capped at \$6 million. MRT states that the eligible capital costs exceeding the cap will be tracked in a regulatory asset account.

16. MRT states that the security, safety and environment costs are likely to fluctuate from year to year. MRT states that it has tied its ability to recover operation and maintenance (O&M) costs under the RCC surcharge to the level of O&M costs that underlie the base rates. For MRT to recover such O&M costs in the surcharge, MRT states that total O&M expenses for a relevant calendar year, as reflected in the pipeline's FERC Form No. 2 (Form 2) must exceed the level of total O&M costs found to be recoverable in the RCC. Finally, MRT proposes that when it discounts its rates, the proposed RCC Surcharge will be the first rate component discounted.

17. Because MRT has only filed *pro forma* tariff records to take effect on a prospective basis, MRT states that the Commission has the ability, unconstrained by statutory deadlines, to evaluate the pipeline's proposal fully and accept, modify, or reject the proposal, as appropriate, after a complete record has been developed.

C. Other Tariff Changes

18. MRT proposes several revisions to its operations and business practices, including changes to its right-of-first refusal (ROFR) mechanism and the establishment of pooling areas in each zone of its system and transfers of gas between zones. MRT claims that such proposals will enable it to among other things better manage its system in order to maintain reliable service and to provide greater flexibility to shippers. Unless otherwise indicated, the tariff references that follow are to MRT's GT&C.

1. Storage Over-Retention Provisions

19. MRT proposes to revise section 4 of Rate Schedule FSS to state that an Overrun Service Charge will be assessed for each Dth of gas above the tolerance level that a customer fails to withdraw from storage at the end of the withdrawal season. Section 4 currently provides that total working gas inventory at the end of the withdrawal cycle shall not exceed 3,060,000 Dth and that volumes exceeding a customer's proportionate share of that total working gas inventory are forfeited to MRT. MRT proposes to replace the current forfeiture provisions with language providing for a one-time Overrun Service Charge per Dth for any volumes exceeding the customer's proportionate share of permitted total inventory at the end of the withdrawal cycle. MRT will continue to require forfeiture of volumes in storage in instances where a customer fails to withdraw excess volumes within 30 days of termination of its Rate Schedule FSS contract.

2. Right-of-First-Refusal Revisions

20. MRT proposes to change the method by which evergreen language can be added to a transportation agreement of two years or more. MRT states that it will begin offering an evergreen provision with a notice requirement of at least six months and up to 18 months to all customers with qualifying contracts. MRT has modified the forms of service agreement in the Tariff to permit MRT and the customer to describe the terms of the agreed upon evergreen provision. Currently, MRT's tariff requires notice 1 year in advance. MRT asserts that the new provisions allow MRT and its customers greater flexibility in contracting,

21. MRT has also proposed changes to ROFR rights of customers. Under the proposed changes, a customer is required to notify MRT that it wants to exercise its ROFR either 18 months prior to expiration of the contract, or one-half of the term of the transportation service agreement, whichever is less. Currently, MRT's tariff provides for notice of 6 months. MRT also incorporates language in its tariff clarifying that a customer waives its ROFR once a customer provides notice of termination of a firm contract. MRT asserts that the ROFR is designed to protect captive customers from losing their capacity, but no such protection is needed when the customer has already given MRT notice of its intent to terminate its contract.

3. Third-Party Capacity Tariff Revisions

22. MRT proposes tariff language allowing it to pass through to a customer any additional charges incurred by MRT due to the customer using receipt or delivery points on a third-party pipeline system. Under the proposed change, MRT would pass through charges incurred by the customer from usage inconsistent with what is permitted in the agreement between MRT and the third-party transporter, as well as any charges associated with excess quantities. Section 36.1 of MRT's tariff currently states that MRT may contract in its own name to acquire and use capacity on a third-party system, and

that MRT's tariff, including applicable rates, governs such service to customers. MRT asserts that the tariff language ensures that customers properly pay for the facilities used on such third-party transporter's system. If MRT has obtained a point-specific rate from the third-party transporter, receipts or deliveries from or to points not covered by its arrangement with the third-party transporter may result in higher charges for MRT. Similarly, MRT's contract with a third-party transporter likely will require MRT to pay overrun charges for any quantities above the maximum quantities stated in the contract.

4. Pool Transfer Rights and Associated Fuel Charges

23. MRT proposes to define the term "Pooling Area" and to establish Pooling Areas within each zone on its pipeline system. Under the proposed tariff language, MRT would permit pool transfers under certain circumstances. Further, MRT is revising its tariff provisions related to its fuel tracker to incorporate volumes associated with pool transfers across zones into the calculation of Fuel Use and Lost and Unaccounted for Fuel Gas (LUFG) Percentages. MRT states that customers making pool transfers across pooling areas will be charged the maximum applicable charge for pool transfers, and for transfers across zones the applicable Fuel Use and LUFG for such movement. In order to provide customers with more supply flexibility, MRT states that pool transfers within a pooling area will be permitted without a charge or Fuel Use and LUFG retentions.

5. Removal of Provisions on Intermediate Delivery Point Rights

24. MRT states that it has revised its tariff to remove the provisions related to Intermediate Delivery Points, which were established on the MRT system prior to the availability of segmentation. MRT asserts that there is no longer a need for Intermediate Delivery Points on its system because customers have segmentation rights and pool transfer rights submitted in this Rate Filing.

6. Removal of the OBA in its Tariff

25. MRT states that it has removed the form of Operational Balancing Agreement ("OBA") from its tariff, noting that it negotiates the terms of OBAs with other entities that maintain their own form of OBA. MRT notes that it will continue to offer its standard OBA language to interconnecting parties on a not unduly discriminatory basis. However, MRT asserts, it no longer desires to maintain and update a current form of OBA in its tariff. MRT also has submitted certain revisions to the forms of service agreements contained in its tariff to conform those forms of agreement to the tariff revisions described above.

D. CEGT Lease

26. MRT's proposed rates reflect a lease agreement with its affiliate CEGT. MRT states the agreement will convert 330,000 Dth per day of CEGT's current Rate Schedule

FTS southbound service to a 15-year Operating Lease extending through the end of 2027, and extend the term of all of the residual FTS southbound contract demand initially through 2020. MRT and CEGT have filed a separate joint abandonment and certificate application to obtain the Commission's authorization to convey the lease interest from MRT to CEGT.⁶

27. MRT asserts that the lease will benefit its firm customer base by retaining a longstanding customer whose contracts are scheduled to expire in the near future. At the beginning of the base period in this proceeding, according to MRT, CEGT held four maximum rate transportation service agreements with MRT for southbound transportation. MRT states that those contracts had a total of 595,830 Dth per day of contract demand during the winter period (November 16-May 15) and 514,645 Dth per day of contract demand during the summer period (May 16-November 15). MRT explains that changed market conditions have undermined CEGT's through-tariff service and have made CEGT's maximum rate contracts on MRT uneconomic.

28. As a result, MRT asserts, its management made a prudent determination to address the CEGT situation now in conjunction with this rate case filing, and MRT and CEGT agreed to restructure CEGT's use of MRT's southbound capacity. MRT asserts that the lease and associated CEGT service agreements provide a greater net present value to MRT than the existing service and thus provide a benefit to its existing firm customer base.

29. MRT states that the initial level of the lease payment is \$.03 per Dth (computed on a 100% load factor basis). MRT explains that the lease payment reflects the high end of the range of the rates historically paid by customers for southbound transportation on MRT, and likely is somewhat higher than current market conditions would support.

III. Notice of Filing, Interventions and Protests

30. Public notice of MRT's filing was issued August 23, 2012. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.⁷ Pursuant to Rule 214,⁸ all timely filed motions to intervene and any motions to intervene filed out-of-time 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 The lease proposal was filed on August 22, 2012 in Docket No. CP12-503-000.

⁷ 18 C.F.R. § 154.210 (2012).

⁸ 18 C.F.R. § 385.214 (2012).

31. Protests or comments were filed by United States Steel Corporation (U.S. Steel); Laclede Gas Company (Laclede); Laclede Energy Resources, Inc. (LER); Ameren Services Company (Ameren); the State of Missouri (Missouri); and the Joint Municipal Group (JMP).⁹ On September 17, 2012, the Joint Municipal Group (JMP) filed a late protest. The Commission accepts JMP's late protest because it will not cause prejudice against the parties or undue delay.

32. MRT filed answers to protests and requests for summary disposition of the instant filing on September 10 and September 19. On September 12, Laclede filed a motion to consolidate the instant proceeding under CP12-503-000. On September 17, 2012, MRT filed an answer to Laclede's motion to consolidate. On September 20, 2012, Missouri filed an answer to Laclede's motion to consolidate. On September 21, 2012, Laclede filed a motion for leave to answer and answer to MRT's September 17 answer. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2012), prohibits an answer to a protest unless otherwise ordered by the decisional authority. The Commission accepts MRT, Missouri and Laclede's answers because they have provided us with information that assists us in our decision-making process.

A. Protests of Cost of Service and Rate Design Proposals

33. In general, the protesting parties object to the magnitude of the overall increase in rates and revenue requirements proposed in MRT's filing. Among other objections, they raise questions typical of general rate proceedings regarding MRT's proposed rate of return, including capital structure and cost of equity and debt, billing determinants, and rate design. Several protestors assert that the introduction of a three-zone structure for MRT is not justified. The protesting parties request that the rate application's effectiveness be suspended for the maximum period permitted by law, and made subject to refund, and set for evidentiary hearing to examine the full range of issues raised by the filing.

34. All protesting parties take issue with MRT's proposed three-zone structure. In its protest, Missouri asserts that the testimony provided in support for the rate filing does not appear to provide an adequate description of, or justification for, the allocation of costs to zones. According to Missouri, MRT makes only vague statements that the allocation of costs has not changed.

35. In its protest, Laclede questions even the need for three zones on the MRT system, noting two other pipelines with operations in the region have larger and more complex

⁹ Members of JMP include the Cities of Chester, Red Bud and Waterloo, Illinois, the Village of Dupou, Illinois, and the Cities of Bismark and Potosi, Missouri.

operations but simpler zone structures than that proposed by MRT. Laclede asserts that Southern Star Central Gas Pipeline, Inc. has a larger and more diverse production zone than MRT, yet has only one field zone. Laclede also notes that Natural Gas Pipeline Company of America, LLC's Mid-Continent to Market Zone path encompasses an area larger than MRT's entire system. Laclede states that MRT's single field zone has been in existence for nearly 20 years and splitting it now seems arbitrary and opportunistic for MRT-affiliate CEGT.

36. U.S. Steel, Laclede and Ameren argue that the allocation of costs in the new zone structure favors MRT-affiliate CEGT to the detriment of other customers. In its protest, U.S. Steel states MRT is attempting to shift costs in a manner that directly and inappropriately favors its affiliate, CEGT, at the expense of MRT's non-affiliated shippers. The three-zone proposal, U.S. Steel asserts, is simply a mechanism by which MRT is seeking to allow its affiliated company to avoid contributing to the North Field Zone, and instead seeking to recoup such costs from customers moving gas to the market area.

37. Several protestors complain that MRT's proposed rate design inappropriately includes discount adjustments for which MRT has not provided support. U.S. Steel states the Commission has made its policy very clear with respect to the heavy burden a pipeline must bear in order to receive a discount adjustment for negotiated rates or for discounts to affiliates.¹⁰ The Commission has also made it clear, U.S. Steel asserts, that the fact a pipeline has given similar discounts to non-affiliates is not sufficient to justify a discount adjustment for a discount given to an affiliate.

38. Missouri argues that it is clear that MRT has not met its burden of proof to qualify for a discount adjustment for all of the contracts for which it is seeking a discount adjustment. According to Missouri, several categories of contracts for which MRT seeks a discount adjustment are not eligible because the discounts were not given to meet competition.

39. Protesting parties raise a number of objections to specific elements of MRT's proposed cost of service and rate base. Missouri notes that MRT is proposing significant increases in its depreciation rates. For instance, Missouri states, the depreciation rate for general transmission plant increases from 1.25 percent to 1.64 percent. Missouri states that the reasonableness of this increase and others raises material issues of fact that should be addressed at hearing. With regard to net salvage rates, Missouri argues that MRT is establishing for the first time a negative salvage accrual rate of 0.88 percent for transmission plant and that MRT has not demonstrated that inclusion of these salvage costs would be consistent with the Commission's policies and precedents.

¹⁰ U.S. Steel cites *Trunkline Gas Co.*, 90 FERC ¶ 61,017 (2000) and *Texas Gas Transmission, LLC*, 138 FERC ¶ 61,175 (2011).

40. JMP states that MRT's rate filing will result in rates more than doubling for municipalities and asserts that the Commission should require a hearing on MRT's rate proposals. JMP argues that the disparate rate impact on JMG is caused primarily by MRT lowering the system average load factor of 34 percent for its small customer one-part rate to just 19 percent.

B. RCC Surcharge

41. U.S. Steel and Ameren state that the proposed RCC surcharge should be summarily rejected. U.S. Steel and Ameren assert that Commission policy and regulations do not permit the type of RCC surcharge proposed by MRT.¹¹ U.S. Steel further states that although the Commission has permitted such a regulatory surcharge for pipeline safety costs in settlements, such settlements do not constitute Commission policy. Rather, U.S. Steel states that Commission policy requires MRT to recover its pipeline integrity costs in its base rates as developed in a cost of service filing using a base and a test year. U.S. Steel contends that MRT's proposal is all encompassing, and essentially seeks to include any costs not incurred for commercial reasons. U.S. Steel states this goes beyond any trackers allowed by state regimes. U.S. Steel asserts that state programs are only related to capital costs and do not include O&M costs. U.S. Steel particularly opposes MRT's proposal that the RCC Surcharge be the first charge discounted. U.S. Steel contends that once the RCC surcharge is discounted, these costs can simply be rolled back into the surcharge for the following year.

42. Laclede also expresses concerns regarding the proposed RCC Surcharge. Laclede asserts that MRT should be allowed to include in the tracker only those costs that are required by law and not costs related to industry best practices. Laclede states that to the extent MRT is allowed to collect O&M costs via the tracker, a hard cap should limit the annual cost level that may be recovered. Along similar lines, Laclede contends that the proposed \$6 million cost of service is too high. Laclede asserts that as part of an RCC surcharge proposal, MRT should be required to submit a full cost-of-service review within a three to five-year period.

43. Although Missouri states that it does not oppose balanced mechanisms to allow pipelines prompt recovery of the legitimate costs related to security, safety, and environmental costs, it objects to the MRT proposal. Missouri states that MRT's RCC surcharge is incomplete because MRT has left open the mechanics and the elements of the RCC surcharge, and Missouri points out that MRT's proposal is even less specific than the proposals the Commission has rejected in the past.¹² Missouri states that MRT's

¹¹ U.S. Steel Protest at 8 (citing *Granite State*, 132 FERC ¶ 61,089).

¹² Missouri Protest at 11 (citing *Granite State*, 132 FERC ¶ 61,089).

proposal is mostly premised on the conjecture that it might have to incur costs to comply with requirements that have yet to even be proposed as rulemakings.¹³ Missouri adds that rather than limiting the RCC Surcharge to specifically identified projects, MRT cites requirements that are estimated to take effect in 2020, if ever. Missouri also cautions against revising a long-standing Commission policy in a single-issue ratemaking involving a small, regional, pipeline.

44. Missouri also asserts that MRT's proposal lacks adequate ratepayer protections. Missouri asserts that the Commission's ratemaking policies are premised on the rationale that cost increases in one area may be offset by cost savings in other areas and that it is necessary to analyze all costs and revenues.¹⁴ Missouri states that MRT seeks to implement its RCC without ever agreeing to have all of its costs and revenues evaluated. In contrast, Missouri states that the similar pipeline safety surcharges that it permits at the state level require the pipeline to file a new rate case every three years.

45. To the extent that the Commission permits MRT to have some type of surcharge, Missouri urges the Commission to scrutinize the costs included in the surcharge tracker and base rates to avoid double-recovery.

C. Other Tariff Proposals

46. Protesting parties also object to MRT's proposed changes to section 15 of the GT&C pertaining to the notice requirements for evergreen and ROFR provisions. Noting MRT proposes to extend the amount of time that a shipper must give notice to retain evergreen and ROFR rights, Laclede asserts that these changes dilute customers' ability to manage contracts at the end of their primary terms and simultaneously strengthen MRT's market power.

47. Missouri and Laclede state that they are particularly opposed to MRT's proposal to take away a customer's ROFR when a customer elects to terminate its existing contract. Noting that customers may want to extend service on a portion of the capacity contained in the contract, Laclede and Missouri assert that the Commission has ruled in favor of preserving the customers' ROFR in such circumstances.¹⁵

48. Missouri states that it does not oppose MRT's proposal to remove its OBA Form of Service Agreement from its tariff. However, Missouri asserts that the Commission

¹³ *Id.* at 11 (citing Exh. MRT-151 at 3).

¹⁴ Missouri Protest (*Trunkline Gas Co.*, 94 FERC ¶ 61,381, at 62,422 (2001)).

¹⁵ Laclede cites *Transcontinental Gas Pipe Line Corp.*, 103 FERC ¶ 61,295 (2003).

should require the posting of OBAs on MRT's electronic bulletin board so that transparency of MRT business practices is not decreased. Missouri argues that such transparency is essential to ensure that affiliates are not afforded unduly preferential OBA terms.

49. Missouri also protests MRT's proposed conversion of capacity rights in section 7 of the GT&C. Missouri states that MRT has not demonstrated the reasonableness of its proposal to set South Field Zone rights at the higher of transportation path rights or maximum withdrawal rights out of storage. MRT's currently effective tariff sections make it clear that firm storage withdrawal rights can be backed up with either firm or interruptible transportation in the zone, according to Missouri.

D. CEGT Lease

50. Several protesting parties urge the Commission to reject MRT's proposed lease with affiliate CEGT. These parties dispute MRT's assertions that the 15-year operating lease, which restructures CEGT's use of MRT's southbound capacity, provides a greater net present value to MRT than the existing service and thus provides a benefit to its existing firm customer base.

51. In its protest, Ameren states that the lease is an example of MRT's preferential treatment of its pipeline affiliate, CEGT, at the expense of its non-affiliated customers. Ameren argues that the Commission should require MRT to recalculate its "as filed" rates in this proceeding to reflect the currently effective Rate Schedule FTS contract terms applicable to the 330,000 Dth per day of capacity instead of the \$.03 per Dth as contemplated under the proposed lease. Ameren further states that there is no assurance that MRT and CEGT will be successful in convincing the Commission that converting their existing agreements is in the public interest in Docket No. CP12-503-000 before the end of the test period for the rate filing (January 31, 2013).

52. U.S. Steel and Missouri similarly assert that the Commission should reject the proposed lease agreement, which they say is essentially a discount adjustment to allow an affiliate to pay \$0.03 per Dth instead of the full recourse rate for use of the southbound capacity. U.S. Steel further asserts that the instant proceeding and the lease proceeding in Docket No. CP12-503-000 are inextricably linked, and to the extent the lease proposal is not rejected outright, U.S. Steel asks the Commission to consolidate the two proceedings.

53. Missouri objects to MRT's characterization of the lease as a solution to market conditions that have made CEGT's capacity on MRT uneconomic. Missouri states that the argument is woefully inadequate to support excusing MRT's affiliate from its contractual obligations. According to Missouri, the revenues from the lease agreement will not come close to covering costs properly allocated to that capacity.

54. Finally, Laclede strongly objects to the lease proposal, which it says shows preferential treatment by MRT to its affiliate. Laclede states that it doubts that MRT would make the same accommodation to a non-affiliated customer. According to Laclede, MRT's rate filing and its proposed lease, considered together, constitute a large shift in costs away from CEGT and to MRT's remaining firm shippers.

E. Answers and Motions to Consolidate

55. On September 12, 2012, Laclede filed a request to consolidate the instant proceeding with MRT's proposed lease with CEGT in Docket No. CP12-503-000. Laclede asserts that the proceedings are inextricably intertwined and should be consolidated for the Commission's full and thorough consideration. Laclede states the Commission's decision on the lease will have a direct bearing on the level of revenue to be expected from CEGT in the test period of the rate case.

56. On September 20, 2012, Missouri filed in support of Laclede's motion to consolidate, stating that MRT's lease proposal in the instant proceeding presupposes approval of the authorizations sought in Docket No. CP12-503-000.

57. On September 10, September 17, and September 19, MRT filed answers both to requests for consolidation and to protests to its rate filing. MRT asserts that Commission policy requires the rejection of requests for summary disposition of rate proposals, including the RCC. Additionally, MRT states that Commission precedent and policy requires denial of the motions by Laclede, Missouri, and U.S. Steel to consolidate the instant proceeding with the lease proceeding in Docket No. CP12-503-000. According to MRT, the Commission generally denies requests to consolidate proceedings where there are no common issues of fact or law, and/or where no efficiency will be gained through consolidation.¹⁶

58. MRT states that, notwithstanding the protests, the supporting rationale behind its lease with CEGT is straightforward. MRT argues that the only aspect of the lease that is relevant to this proceeding is the impact of the lease on MRT's rates. MRT asserts that the Commission should not reject the lease because the lease will generate more revenues for MRT over its 15-year term as compared to relying on the pre-existing transportation service agreements. The fact that MRT is affiliated with CEGT, according to MRT, should not prevent a reasoned evaluation of the lease arrangement.

¹⁶ MRT cites *Southaven Power, LLC*, 90 FERC ¶ 61,063 (2000) (denying motions to consolidate with other pending proceedings and noting that the Commission has rejected requests for consolidation when matters in pending filings do not involve common issues of fact or law).

59. With regard to the RCC surcharge, MRT argues that *Granite State* and *Florida Gas* do not support rejection because: (i) Commission policy, which allows for security surcharges, is not uniformly hostile to a surcharge mechanism such as the RCC Surcharge; (ii) policy imperatives related to security, safety and environmental compliance have continued to evolve in light of recent developments; and (iii) MRT's RCC Surcharge proposal was intentionally designed to solve the policy concerns expressed by the Commission in past orders. MRT also asserts that the RCC Surcharge includes meaningful methods of review and appropriate limits on cost recovery. The specific concerns raised by protestors, according to MRT, are based on misunderstandings about how the RCC Surcharge works. As a result, MRT asserts that protesting parties have simply identified factual issues that warrant further examination through the hearing process.

60. Responding to Laclede Gas, MRT states that it is not proposing to flow through the RCC Surcharge mechanism costs related to "best practices" or "industry trade association recommendations." MRT states it is, however, proposing to flow through the RCC Surcharge costs associated with compliance with PHMSA Advisory Bulletins. Noting that Laclede Gas quotes PHMSA's own description of its Advisory Bulletins for the proposition that these Bulletins are not mandatory, MRT maintains that it is dangerously misleading to characterize these PHMSA Advisory Bulletins as not mandatory.

61. Lastly, MRT argues that its proposed three-zone rate structure better matches cost responsibility with cost incurrence and the Commission should reject requests to summarily reject the rate filing. MRT asserts that protestors have failed to provide any basis for rejecting MRT's zone revisions and did not cite precedent in their discussions of MRT's zone revisions. MRT adds that the Commission should reject protestors' arguments that the zone revisions are designed only to benefit MRT's affiliate, CEGT, which MRT argues cannot substitute for a reasoned evaluation of the three-zone system.

IV. Discussion

62. For the reasons discussed below, the Commission will establish a hearing to explore the elements of MRT's filing for which tariff records have been filed, including, but not limited to, cost of service, cost allocation, and rate design for the existing and new services. During these hearing procedures, the Commission will allow MRT to propose a modified RCC Surcharge mechanism to recover security costs consistent with Commission policy; however as explained more fully below, MRT may not include in its surcharge costs related to environmental regulations or pipeline safety. The Commission

denies all other requests for summary disposition of matters relating to MRT's proposed general section 4 rate filing.¹⁷

A. RCC Surcharge

63. During the hearing procedures established by this order, the Commission will allow MRT and the parties to address a modified RCC Surcharge mechanism to recover security costs, but MRT may not include in its surcharge any costs related to environmental regulations or pipeline safety.

64. Following the events of September 11, 2001, the Commission, issued a Policy Statement on Security Costs providing for recovery of expenses necessary to safeguard energy infrastructure via a surcharge.¹⁸ MRT's proposal to recover security-related costs as they are incurred through a surcharge and a tracking mechanism is generally consistent with the Policy Statement and proposals accepted by the Commission in subsequent orders.¹⁹ At hearing, the parties should explore, among other things, the definition of security-related costs, the appropriate amortization period, whether the special surcharge recovery mechanism should be in place only for a specific time period, what services should be allocated these costs, and MRT's proposal to treat the surcharge as the first rate component discounted. However, MRT's proposal to include environmental and pipeline safety costs is inconsistent with current Commission policy as described in *Florida Gas*²⁰ and *Granite State*.²¹ In those cases the Commission stated that the cost-of-service tracking provisions related to such regulatory requirements are contrary to the

¹⁷ In addition, where the Commission has not specifically addressed the parties' various requests for summary disposition, these requests are also denied.

¹⁸ *Extraordinary Expenditures Necessary to Safeguard National Energy Supplies*, 96 FERC ¶ 61,299 (2001) (*Policy Statement on Security Costs*).

¹⁹ *Florida Gas*, 105 FERC ¶ 61,171 at P 45.

²⁰ *Id.* PP 47-48.

²¹ *Granite State*, 132 FERC ¶ 61,089. The Commission has approved such surcharges for pipeline safety costs in uncontested settlements (*Florida Gas Transmission Company*, 109 FERC ¶ 61,320, at P 18 (2004), *Granite State Gas Transmission*, 136 FERC ¶ 61,153 (2011)), and this rejection is without prejudice to such a settlement in this case.

requirement, in section 284.10(c)(2), to design rates based on estimated units of service.²² As discussed in Order No. 436,²³ this requirement means that the pipeline is at risk for under-recovery of its costs between rate cases, but may retain any over-recovery. This gives the pipeline an incentive both to be efficient and to provide effective service. The Commission found that cost trackers undercut these incentives by guaranteeing the pipeline a set revenue recovery.²⁴ The Commission also stated that jurisdictional pipelines commonly incur capital costs in response to regulatory requirements intended to benefit the public interest.²⁵ Pipelines are entitled to seek recovery of such costs, along with a just and reasonable return, at any time through a general NGA section 4 rate proceeding. Therefore, the proposal to recover costs related to environmental and pipeline safety regulations are not eligible costs under the *Policy Statement on Security Costs* and should be removed from any such proposal.²⁶

65. Our decision to apply current Commission policy with respect to cost trackers and reject MRT's request for a safety tracker here is informed, in part, by the timing of this case in relation to the finality of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 rulemakings. We understand that MRT will be facing increased regulatory requirements concerning the safe operation of its pipeline. However, PHMSA is in the early stages of implementing the statute.²⁷ The Commission is tracking the

²² See *ANR Pipeline Co.*, 70 FERC ¶ 61,143, at 61,431 (1995). The Commission rejected the pipeline's request for a base rates cost-of-service tracker.

²³ *Regulation of Natural Gas Pipelines After Partial Wellhead Decontrol*, Order No. 436, FERC Stats. & Regs., Regulations Preambles 1982-1985 ¶ 30,665, at 31,534 and 31,537 (1985).

²⁴ *Florida Gas*, 105 FERC ¶ 61,171 at P 47 (citing *Canyon Creek Compression Co.*, 99 FERC ¶ 61,351, at PP 14-15 (2002); *Canyon Creek Compression Co.*, 101 FERC ¶ 61,233, at P 22 (2002) (reiterating that trackers are contrary to Commission regulations and only approved Canyon Creek's tracker because of the singular circumstances of that case)).

²⁵ *Id.* P 48.

²⁶ Moreover, consistent with state policy as represented by the protestors, the allowance of a broad tracking mechanism by this Commission, such as that for purchased gas costs, has always been an option offered on condition that the pipeline exercising that option commit to filing a general rate case periodically, as for example, every three years.

²⁷ See Advanced Notice of Proposed Rulemaking in *Pipeline Safety: Safety of Gas Transmission Pipelines*, 76 Fed. Reg. 53,086 (Aug. 25, 2011).

impacts of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 concerning the safe operation of pipelines. The Commission understands the importance of investment and other expenditures to improve the safe operation of the nation's pipeline infrastructure, and will consider the need for further action as PHMSA's implementation process moves forward.

B. Requests to Consolidate/CEGT Lease

66. The Commission rejects the request to consolidate this proceeding with the certificate filing in Docket No. CP12-503-000. The two proceedings raise different issues and are pursuant to different sections of the NGA. This proceeding relates to a section 4 case to establish just and reasonable rates on the MRT system. In contrast, in Docket No. CP12-503-000 the proceeding is pursuant to section 7 of the NGA and involves a different standard for the Commission's approval of the lease. Under section 7 of the NGA, the Commission must determine whether the public convenience and necessity permit the requested certificate authority.

67. Although the Commission will not consolidate the two proceedings, MRT and the protesters have raised issues as to how the lease agreement in Docket No. CP12-503-000 will affect the rates at issue in this proceeding. To the extent the Commission acts in Docket No. CP12-503-000 prior to the conclusion of the test period in this proceeding, the parties may discuss at hearing the effect of the lease on the rates at issue in this proceeding. If, however, the Commission does not act in Docket No. CP12-503-000 prior to the end of the test period, then the lease is not a known and measurable change under the Commission regulations²⁸ and cannot be considered as a part of this rate proceeding. In this case, MRT must file to remove any effect of the abandonment and lease agreement from its rates.

C. Rates Issues Set for Hearing

68. A number of the protesting parties request that the Commission reject portions of MRT's proposed cost of service, cost allocation, and rate design, particularly the inclusion of a third zone on the pipeline system.

69. These rate-related issues in MRT's filing warrant further investigation. Accordingly, the issues in MRT's rate filing, including, but not limited to, cost of service, cost allocation, and rate design for the existing and new services are set for hearing. The Commission finds that it is appropriate to examine these issues in the context of a hearing where a factual record can be developed by the parties.

²⁸ 18 C.F.R. § 154.303 (2012).

D. ROFR and Evergreen Revisions

70. Protesting parties objected to various aspects of MRT's proposals regarding termination of service and MRT's ROFR tariff provisions in section 15 of its GT&C. Parties assert that MRT's changes remove a customer ROFR on capacity if the customer has informed MRT of its desire not to extend a contract. Protestors argue that this is contrary to Commission policy that requires a shipper with a qualifying contract to have a ROFR when its contract expires or is terminated. The Commission finds that MRT's proposal is against Commission policy, and is therefore rejected. The Commission has stated that one purpose for the ROFR regulations²⁹ is to permit the reevaluation of capacity in the marketplace when a contract expires or is terminated.³⁰ MRT's ROFR provision, combined with its evergreen provisions, prevents the reevaluation of capacity at the expiration or termination of the contract.

71. MRT has also made several adjustments to the timelines for notifications regarding a customer's desire to renew its capacity under evergreen provisions. These provisions in some instances will extend the required notice date for a customer to notify the pipeline of its desire to extend a contract. The Commission allows for variation among pipelines for the implementation of these procedures. Furthermore, shippers have not shown the proposals to be unjust or unreasonable, particularly in light of the preservation of the regulatory ROFR as described above. Accordingly, the Commission will accept MRT's proposals contained in section 15 effective October 1, 2012, subject to MRT removing the ROFR tariff language rejected above, within 15 days of the date of this order.

E. Pooling Provisions Set for Hearing

72. MRT has proposed the establishment of Pooling Areas within each zone and the incorporation of volumes associated with pool transfers across zones into the calculation of Fuel Use and LUFG Percentages. Because the elements of this proposal are closely connected with the establishment of three zones on the MRT system and the overall rate design proposed in MRT's filing, the Commission will set this matter for hearing along with MRT's cost of service and other rate design proposals.

F. South Field Zone Rights

73. Missouri states that MRT has not demonstrated the reasonableness of its proposal in section 7 of the GT&C to set the new South Field Zone rights at the higher of transportation path rights or maximum withdrawal rights out of storage. Because the

²⁹ 18 C.F.R. § 284.221(d) (2012).

³⁰ *Transcontinental Gas Pipe Line Corp.*, 103 FERC ¶ 61,295, at P 18 (2003).

provision is dependent upon the proposed creation of the South Field Zone, a matter that has been set for hearing, the Commission will accept and suspend the tariff record and set this proposal for hearing.

G. Other Tariff Provisions

74. MRT has proposed several changes to its GT&C which the Commission finds to be consistent with our policies and thus are accepted.

75. The protesting parties did not raise specific objections to MRT's proposed tariff changes in regard to overrun charges for retention of volumes in storage over permissible limits at the end of the withdrawal season, the removal of provisions on Intermediate Delivery Point Rights, and new provisions allowing MRT to pass through fees from third-party capacity holdings to customers. Based on a review of the filing, the Commission finds these provisions all to be within Commission policy and accepts these changes, effective October 1, 2012, subject to MRT filing to revise tariff records, *Sheet No. 92, Definitions* and *Sheet No. 159, Conditions of Receipt and Delivery* within 15 days that removes the tariff language concerning pooling areas that is set for hearing.

76. The Commission also accepts MRT's proposed removal of the OBA Form of Service Agreement from its tariff, effective October 1, 2012. The Commission rejects Missouri's request to require that MRT post OBAs on its electronic bulletin board. The Commission does not require pipelines to post executed OBAs on their web sites. However, any person wanting to review an executed OBA may request a copy, and the pipeline must provide it.³¹

H. Suspension

77. Based upon review of the filing, the Commission finds that the proposed transportation rates have not been shown to be just and reasonable, and may be unjust, unreasonable and unduly discriminatory or otherwise unlawful. Accordingly, the Commission shall accept and suspend the effectiveness of the proposed transportation rates for the period set forth below, subject to the conditions set forth in this order.

78. The Commission's policy regarding tariff filings is that they generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or inconsistent with other statutory standards.³² It is recognized, however, that shorter suspensions may

³¹ See *Columbia Gulf Transmission Co.*, 131 FERC ¶ 61,117, at P 13 (2010).

³² See *Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension).

be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results.³³ Such circumstances do not exist here. Therefore, the Commission shall exercise its discretion to suspend the proposed tariff records listed in the Appendix as suspended, to be effective March 1, 2013, subject to refund and the outcome of the hearing established herein.

79. MRT must adhere to section 154.303(c)(2) of the Commission's regulations which provides that at the end of the test period, the pipeline must remove from its rates costs associated with any facility that is not in service or for which certificate authority is required but has not been granted.

The Commission orders:

(A) Except as noted, the tariff records listed in Appendix A are accepted and suspended effective March 1, 2013, subject to refund and the outcome of the hearing established in this order.

(B) As noted in the Appendix, certain tariff records are either accepted effective October 1, 2012 or accepted October 1, 2012, subject to MRT refiling within 15 days of the date of this order to remove tariff language suspended and set for hearing.

(C) MRT is directed to file revised tariff records, within 15 days of the date of this order, to remove the ROFR tariff language rejected in the body of the order.

(D) Appendix B sets forth the rejected tariff records.

(E) Pursuant to the authority of the Natural Gas Act, particularly sections 4, 5, 8, and 15 thereof, and the Commission's rules and regulations, a public hearing shall be held in Docket No. RP12-955-000 concerning the lawfulness of MRT's proposed rates.

(F) A Presiding Administrative Law Judge, to be designated by the Chief Administrative Law Judge for that purpose pursuant to 18 C.F.R. § 375.304, must convene a prehearing conference in this proceeding to be held within 20 days after issuance of this order, in a hearing or conference room of the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426. The prehearing conference is for the purpose of clarification of the positions of the participants and establishment by the presiding judge of any procedural dates necessary for the hearing. The Presiding

³³ See *Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (one-day suspension).

Administrative Law Judge is authorized to conduct further proceedings in accordance with this order and the Rules of Practice and Procedure.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

Appendix A

CenterPoint Energy - Mississippi River Transmission, LLC FERC NGA Gas Tariff MRT Tariffs

Tariff records accepted and suspended until March 1, 2013, subject to refund:

Sheet No. 1, Table of Contents, 1.0.0	A	
Sheet No. 2, Table of Contents, 1.0.0	A	
Sheet No. 4, System Map, 1.0.0	A	
Sheet No. 5, Market Zone Map, 1.0.0	A	
Sheet No. 6, North Field Zone Map, 1.0.0	A	
Sheet No. 6A, South Field Zone Map, 0.0.0	A	
Sheet No. 7, Firm Transportation Service Rates, 3.0.0	A	
Sheet No. 8, Small Customer Transportation Service Rates, 3.0.0		A
Sheet No. 9, Interruptible Transportation Service Rates, 3.0.0	A	
Sheet No. 10, Firm and Interruptible Storage Service Rates, 2.0.0		A
Sheet No. 11, Pool Transfer Charges, 0.0.0	A	
Sheet No. 12, Park and Loan Service Rates, 1.0.0		A
Sheet No. 19, Currently Effective Rates Footnotes, 2.0.0		A
Sheet No. 30, RATE SCHEDULE FTS, 1.0.0	A	
Sheet No. 31, RATE SCHEDULE FTS, 2.0.0	A	
Sheet No. 32, RATE SCHEDULE FTS, 2.0.0	A	
Sheet No. 36, RATE SCHEDULE SCT, 1.0.0	A	
Sheet No. 37, RATE SCHEDULE SCT, 1.0.0	A	
Sheet No. 91, Definitions, 1.0.0	A	
Sheet No. 92, Definitions, 1.0.0	A	
Sheet No. 92A, Definitions, 0.0.0	A	
Sheet No. 93, Definitions, 1.0.0	A	
Sheet No. 94, Definitions, 1.0.0	A	
Sheet No. 95, Definitions, 1.0.0	A	
Sheet No. 150, Conditions of Receipt and Delivery, 2.0.0		A
Sheet No. 151, Conditions of Receipt and Delivery, 1.0.0		A
Sheet No. 151A, Conditions of Receipt and Delivery, 0.0.0		A
Sheet No. 155, Conditions of Receipt and Delivery, 1.0.0		A
Sheet No. 159, Conditions of Receipt and Delivery, 1.0.0		A
Sheet No. 160, Conditions of Receipt and Delivery, 0.0.0		A
Sheet No. 160A, Conditions of Receipt and Delivery, 0.0.0		A
Sheet No. 169, Nominations, Scheduling, and Curtailment, 1.0.0		A
Sheet No. 170, Nominations, Scheduling, and Curtailment, 1.0.0		A
Sheet No. 174, Nominations, Scheduling, and Curtailment, 1.0.0		A

[Sheet No. 176, Nominations, Scheduling, and Curtailment, 1.0.0](#) A
[Sheet No. 177, Nominations, Scheduling, and Curtailment, 1.0.0](#) A
[Sheet No. 178, Nominations, Scheduling, and Curtailment, 1.0.0](#) A
[Sheet No. 197, Transportation Balancing, 1.0.0](#) A
[Sheet No. 201, Transportation Balancing, 1.0.0](#) A
[Sheet No. 310, Fuel Use and LUGF Adjustments, 1.0.0](#)A
[Sheet No. 379, Pool Agreement, 2.0.0](#) A
[Sheet No. 380, Pool Agreement, 2.0.0](#) A
[Sheet No. 381, Pool Agreement, 1.0.0](#) A
[Sheet No. 382, Transportation Services Discount Request/Confirmation, 1.0.0](#) A

Tariff records accepted effective October 1, 2012:

[Sheet No. 52, RATE SCHEDULE FSS, 1.0.0](#) A
[Sheet No. 53, RATE SCHEDULE FSS, 1.0.0](#) A
[Sheet No. 54, RATE SCHEDULE FSS, 1.0.0](#) A
[Sheet No. 56, RATE SCHEDULE FSS, 2.0.0](#) A
[Sheet No. 158, Conditions of Receipt and Delivery, 1.0.0](#) A
[Sheet No. 205, Transportation Balancing, 1.0.0](#) A
[Sheet No. 206, Transportation Balancing, 1.0.0](#) A
[Sheet No. 320, Filing Fees, 1.0.0](#) A
[Sheet No. 324, Waivers, 1.0.0](#) A
[Sheet No. 328, Penalty Revenue Crediting, 1.0.0](#) A
[Sheet No. 332, Segmentation of Capacity, 1.0.0](#) A
[Sheet No. 339, Firm Transportation Service Agreement, 1.0.0](#) A
[Sheet No. 365, Storage Service Agreement, 1.0.0](#) A
[Sheet No. 373, PALS Service Agreement, 1.0.0](#) A
[Sheet No. 407, Reserved For Future Use, 0.99.0](#) A
[Sheet No. 408, Reserved For Future Use, 0.99.0](#) A
[Sheet No. 409, Reserved For Future Use, 0.99.0](#) A
[Sheet No. 410, Reserved For Future Use, 0.99.0](#) A
[Sheet No. 411, Reserved For Future Use, 0.99.0](#) A
[Sheet No. 412, Reserved For Future Use, 0.99.0](#) A

Tariff records accepted effective October 1, 2012, conditioned on a future filing by MRT:

[Sheet No. 252, Termination of Service/Right of First Refusal, 1.0.0](#) A
[Sheet No. 254, Termination of Service/Right of First Refusal, 1.0.0](#) A

Appendix B

**CenterPoint Energy - Mississippi River Transmission, LLC
FERC NGA Gas Tariff
MRT Tariffs**

Rejected Tariff Records:

<u>Pro Forma Sheet No. 2, Table of Contents, 1.0.0</u>	B	
<u>Pro Forma Sheet No. 7, Firm Transportation Service Rates, 3.0.0</u>	B	
<u>Pro Forma Sheet No. 8, Small Customer Transportation Service Rates, 3.0.0</u>		B
<u>Pro Forma Sheet No. 9, Interruptible Transportation Service Rates, 3.0.0</u>	B	
<u>Pro Forma Sheet No. 10, Firm and Interruptible Storage Service Rates, 2.0.0</u>		B
<u>Pro Forma Sheet No. 19, Currently Effective Rates Footnotes, 2.0.0</u>	B	
<u>Pro Forma Sheet No. 312, Regulatory Compliance Cost ("RCC") Surcharge, 0.0.0</u>	B	
<u>Pro Forma Sheet No. 313, Regulatory Compliance Cost ("RCC") Surcharge, 0.0.0</u>	B	
<u>Pro Forma Sheet No. 314, Regulatory Compliance Cost ("RCC") Surcharge, 0.0.0</u>	B	
<u>Pro Forma Sheet No. 315, Regulatory Compliance Cost ("RCC") Surcharge, 0.0.0</u>	B	
<u>Pro Forma Sheet No. 316, Regulatory Compliance Cost ("RCC") Surcharge, 0.0.0</u>	B	
<u>Pro Forma Sheet No. 317, Regulatory Compliance Cost ("RCC") Surcharge, 0.0.0</u>	B	
<u>Sheet No. 318, Regulatory Compliance Cost ("RCC") Surcharge, 0.0.0</u>	B	
<u>Sheet No. 319, Sheet Reserved For Future Use, 0.99.0</u>	B	