141 FERC ¶ 61,185
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

December 3, 2012

In Reply Refer To:
Columbia Gas Transmission, LLC
Docket Nos. RP12-429-000
RP04-202-001

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

Attention: Alyssa Anne Schindler, Esquire
Attorney for Columbia Gas Transmission, LLC

Reference: Compliance Filings

Dear Ms. Schindler:

1. On February 29, 2012, Columbia Gas Transmission, LLC (Columbia) submitted its annual fuel tracker filing in Docket No. RP12-429-000, as required by its Retainage Adjustment Mechanism (RAM). On March 19, 2012, Columbia filed an answer to comments on its filing. On March 27, 2012 the Commission accepted Columbia's RAM tariff record filing to be effective April 1, 2006, subject to refund and conditions and further review of Columbia's answer by the Commission and the parties.[1] The Commission finds that Columbia's March 19, 2012 answer adequately responds to the concerns raised by the parties and that no party filed comments responding to the answer. Accordingly, the Commission finds that the conditions of the March 27, 2012 have been satisfied. In addition, the Commission accepts Columbia's filing in Docket No. RP04-202-001, addressing Columbia's reconciliation of its throughput projections and its fuel use projects, related to its 2004 RAM filing.

2. Section 35.2 of the General Terms and Conditions of Columbia's FERC Gas Tariff (GT&C) requires Columbia to adjust its retainage factors annually. These retainage factors consist of a current component and a surcharge component. Pursuant to GT&C section 35.4(a), the current component reflects the estimate of total company use

[1] *Columbia Gas Transmission LLC*, 138 FERC ¶ 61,218 (2012) (March 27 Order).

gas (CUG) and lost and unaccounted-for gas quantities (LAUF) for the 12-month period commencing on April 1 of each year. GT&C section 35.4(b) provides that the surcharge component reflect the reconciliation of actual CUG and LAUF gas quantities with gas quantities actually retained by Columbia for the preceding calendar year.

3. On February 29, 2012, Columbia filed its 2012 RAM filing. Washington Gas Light Company (Washington Gas) filed comments asserting that Columbia's filing identified four prior period adjustments but did not provide detailed explanations of those adjustments. On March 19, 2012, Columbia filed an answer to Washington Gas' comments and provided additional information explaining the four adjustments. Washington Gas' comments and Columbia's answer are described in detail in the Commission's March 27, 2012 Order.[2] In an order issued on March 27, 2012, the Commission accepted and suspended the revised tariff record filed in Columbia's 2012 RAM filing, effective April 1, 2012, subject to refund and conditions and further review. In accepting Columbia's RAM filing, the Commission found that it was necessary to give all parties fifteen days to respond to the answer filed by Columbia stating:

> While Columbia Gas has now provided an explanation for the requested prior period adjustments in its answer, it would have been more efficient if Columbia Gas had included such an explanation in its filing, so that other parties could determine whether to protest the filing based upon a better understanding of the reasons for Columbia Gas' proposal. However, because Columbia Gas did not include this information with its 2012 RAM Adjustment filing, the other parties have not yet had an opportunity to address Columbia Gas' explanation.[3]

4. No party filed a response to Columbia's answer as provided for by the Commission. Moreover, the Commission here finds that Columbia's answer adequately addresses the concerns raised by Washington Gas. Accordingly, the Commission finds that the conditions imposed by the March 27 Order have been met.

5. In addition, in Docket No. RP04-202-000, the Commission accepted a revised tariff sheet filed in Columbia's RAM filing, to be effective April 1, 2004, subject to refund and subject to further review.[4] Specifically, the Commission directed Columbia to provide additional information to support its increase in company-use fuel requirements, to support its assertion that it has made significant progress in reducing its

[2] *Id*. PP 7-14.

[3] *Id*. P16.

[4] *Columbia Gas Transmission Corp.*, 106 FERC ¶ 61,334 (2004) (March 31, 2004 Order).

actual LAUF levels and an explanation of its accounting for certain MarkWest Hydrocarbon, Inc. (MarkWest) fuel volumes.

6. Subsequently, in Docket No. RP04-202-001, Columbia filed various schedules reflecting the development of its 2004 RAM filing and the relationship between its fuel usage and throughput to comply with the Commission's order. Columbia provided a narrative of the steps it had taken to reduce LAUF levels and stated that it intended to install even more meters. Columbia also attached a schedule showing how the volumes retained from shippers and provided to MarkWest were recorded on its books.

7. Virginia Power Energy Marketing, Inc. (VPEM) raised several concerns with Columbia's compliance filing. VPEM asserted that Columbia had not adequately explained its reconciliation of its throughput projections and its fuel use projects. VPEM also sought to ascertain that Columbia had not discounted fuel and recovered such discounts through adjustments to the fuel retainage factor. VPEM also recommended that Columbia be put at risk for LAUF volumes in excess of a benchmark level. VPEM requested that the Commission convene a technical conference to discuss such concerns.

8. The Commission accepts Columbia's filing in Docket No. RP04-202-001 as in satisfactory compliance with the Commission's March 31, 2004 Order addressing Columbia's the 2004 RAM filing. Specifically, the Commission finds that the workpapers and explanations offered by Columbia sufficiently address the concerns raised by the filing regarding the correlation between fuel use and throughput. The Commission also finds that Columbia adequately explained its efforts in regard to LAUF on its system. In addition, VPEM stated that the Commission may want to require Columbia to clarify that it is not offering fuel discounts to certain shippers that it subsequently recovers through adjustments to retainage. The Commission finds no evidence of such improper action and its policies would not permit Columbia to discount variable costs, including fuel costs.[5] VPEM also raised concerns that the projected throughput used to design the proposed retainage factors may have reflected improper discounting adjustments. However, any over- or under recovery of fuel and LAUF costs as a result of an inaccurate throughput projection in Columbia's 2004 RAM tariff filing would have been trued-up in Columbia's 2005 RAM tariff filing, and VPEM has not raised any further concerns about discount adjustments in subsequent RAM filings.

9. Lastly, the 2004 RAM filing protested by VPEM contained a projection of LAUF of 10 MMDth, which was the same level included in the Columbia's 2003 RAM filing. In 2005, Columbia's RAM filing reflected a decrease in LAUF of 12.5 percent, which Columbia asserted was a "significant improvement in LAUF" due to its experience with

[5] *See* 18 C.F.R. § 284.10(c)(4)(ii) (2012) (minimum rates are based on the average variable costs).

its cumulative on-going efforts to reduce its actual LAUF. Accordingly, the Commission finds that, because the parties have had an ongoing forum through the Columbia's RAM proceedings to discuss issues such as throughput, fuel use and LAUF on Columbia's system, little would be gained from a technical conference to review such issues.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.