143 FERC ¶ 61,278
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 27, 2013

In Reply Refer To:
Eastern Shore Natural Gas Company
Docket No. RP13-949-000

Eastern Shore Natural Gas Company
Attention: Jonathan Pagnussat, Manager of Rates
and Regulatory Affairs
1110 Forrest Ave, Suite 201
Dover, DE 19904

Dear Mr. Pagnussat:

1. On May 31, 2013, Eastern Shore Natural Gas Company (Eastern Shore) submitted a combined filing to update both its Fuel Retention Percentage and cash-out refund mechanisms. Eastern Shore requests waiver of sections 31 and 35 of the General Terms and Conditions of its FERC Gas Tariff (GT&C) to allow for the combined filing rather than two separate filings. The Commission grants the waivers as discussed below and accepts the filing and its accompanying tariff records, effective July 1, 2013, as requested.[1]

2. GT&C section 31 requires Eastern Shore to file revised tariff records containing a re-determined Fuel Retention Percentage (FRP) to be effective as of July 1 of each year. The FRP is designed to reimburse Eastern Shore for the cost of natural gas required for operations (GRO), consisting of natural gas used for compressor fuel and natural gas otherwise used, lost, or unaccounted for. GT&C section 31 splits the FRP into two components, projected and deferred. To derive the projected FRP, Eastern Shore calculates the GRO attributable to system-wide operations for the last 12-month period and divides that amount by the transportation quantities that Eastern Shore received for

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[1] Eastern Shore Natural Gas Company, FERC NGA Gas Tariff, Third Revised Volume No. 1, Sheet No. 4, Part 284 Currently Effective Rates-FT/ST, 0.0.8, Sheet No.5, Part 284 Currently Effective Rates-IT, 0.0.9, and Sheet No. 5A, Section 7(c) Currently Effective Rates-T-1, 0.0.8.

the same 12-month period. In addition, section 31 requires Eastern Shore to determine the difference between the total GRO actually incurred each month and the total quantities retained for transportation services. Eastern Shore multiplies such difference by the currently effective GRO index price and the resulting amount is the deferred component of the FRP. The deferred component serves as the true-up mechanism for any under- or over-recoveries.

3. GT&C section 35 requires Eastern Shore to refund or surcharge the difference between the revenues it receives and the costs it incurs in cash-out revenues for each 12-month period ending March 31.

4. Eastern Shore requests a limited waiver of GT&C sections 31 and 35, to the extent that they require Eastern Shore to file its annual updates to FRP and cash-out refunds separately. Eastern Shore argues that a single filing is more administratively efficient; because both updates are to be effective July 1, 2013, ruling on two filings separately could require a third filing to reconcile the tariff changes. Further, in order to effect the FRP adjustment and cash-out refund, Eastern Shore proposes, in waiver of GT&C sections 31 and 35, to incorporate the cash-out refund percentage into the FRP. Eastern Shore argues that this would mitigate the effect to customers of the change in the FRP.

5. Eastern Shore notes that the Commission granted similar waivers for last year's filing.[2] Eastern Shore also reports that, rather than continue to request waivers annually, it will make a separate filing in the near future in order to revise GT&C sections 31 and 35, so that the pipeline will have the discretion of whether to combine future annual filings or file them separately.

6. Eastern Shore calculates that its FRP, if separated from the cash-out, would increase from 0.00 percent to 0.32 percent, consisting of a 0.16 percent projected component and a 0.16 percent deferred component. Eastern Shore also states that its calculations indicate that its customers are due a $144,720 cash-out refund. Eastern Shore calculates that this is equivalent to 0.08 percent using the FRP methodology. By subtracting the cash-out percentage from the FRP, then, it proposes a 0.24 percent surcharge for the 12-month period effective July 1, 2013.

7. Public notice of the filing was issued on June 3, 2013. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.[3] Pursuant to Rule 214,[4] all timely filed motions to intervene and any unopposed motion to intervene

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[2] *Eastern Shore Natural Gas Co.*, 141 FERC ¶ 61,052 (2012).

[3] 18 C.F.R. § 154.210 (2012).

[4] 18 C.F.R. § 385.214 (2012).

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 protests or adverse comments were filed.

8. The Commission grants Eastern Shore's unopposed requests for limited waivers of its tariff, for good cause shown. Granting the requested waivers allows the Commission to reduce the administrative burdens associated with the annual filings, without reducing the ability of either the Commission or Eastern Shore's shippers to review its accounting. This grant of waivers is without prejudice to any future filing that Eastern Shore may make to amend its tariff. The Commission further accepts Eastern Shore's unopposed tariff filing to establish a combined cash-out/FRP surcharge of 0.24 percent for the 12-month period effective July 1, 2013, as requested.

By direction of the Commission

Nathaniel J. Davis, Sr.,
Deputy Secretary.