

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

February 13, 2004

In Reply Refer To:
Florida Gas Transmission Company
Docket Nos. RP03-582-001 and
RP03-582-002

Florida Gas Transmission Company
1400 Smith Street
Houston, TX 77002

Attention: Robert B. Kilmer
Vice President, Rates and Certificates

Reference: Compliance Filings Dated October 16, 2003 and January 6, 2004

Dear Mr. Kilmer:

1. On October 16, 2003 and January 6, 2004, Florida Gas Transmission Company (FGT) filed information requested, respectively, by a September 30, 2003 Commission order (September 30 Order),¹ and a data request issued on December 23, 2003 (December 23 data request). The information was requested in order to support FGT's proposed winter-period Fuel Reimbursement Charge Percentage (FRCP) and Unit Fuel Surcharge (UFS) as stated on revised tariff sheets accepted and suspended by the September 30 Order, to be effective October 1, 2003, subject to refund and condition. We find that the requested information adequately supports FGT's proposal and complies with the September 30 Order and the December 23 data request. Therefore, we will remove the refund condition established in the September 30 Order. This order benefits customers because it ensures that FGT's FRCP and UFS filing is adequately supported.

2. The September 30 Order directed FGT to provide: (1) an explanation of the \$39,549.33 debit adjustment to correct an entry recording volumes capitalized to construction projects for the month of November 2002, including working papers detailing the initial amount of such entry(s), the correction, and the reason for the correction; (2) an explanation of "volumes capitalized to construction projects," identifying such projects, and the date(s) they were placed in service; and (3) an

¹ Florida Gas Transmission Co., 104 FERC ¶ 61,330 (2003).

explanation and working papers detailing the \$342,159.05 in adjustments related to Operational Balancing Agreement (OBA) imbalances from December 2002 through March 2003.

3. FGT's October 16, 2003 filing was noticed on October 21, 2003 with interventions and protests due October 31, 2003. The January 6, 2004 filing was noticed on January 13, 2004 with comments due January 20, 2004. All timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Auburndale protested the October 16 filing as summarized below and submitted data requests to FGT requesting documentation in support of the imbalances. FGT filed an answer to the protest. Rule 213(a)(2) (18 C.F.R. §385.213(a)(2) (2003)) provides that an answer may not be made to a protest or an answer. However, for good cause shown the Commission may waive the rule. In order to achieve a more complete record in this proceeding, the Commission will accept FGT's answer.

4. In the October 16 filing, FGT submitted an explanation and working papers adequately explaining the \$39,549.33 capitalized to a construction project and identifying the construction project in question. FGT also submitted a brief explanation of the \$342,159.05 in adjustments recorded in July 2003 and related to OBA imbalances for production months December 2002 through March 2003, along with an Attachment 2 detailing the adjustments for each relevant production month.

5. Auburndale argues that FGT has not demonstrated that the net debit adjustment to OBA imbalances recorded in July 2003 should impact FGT's lost-and-unaccounted-for volumes (LAUF); nor, it asserts, has FGT demonstrated that it is appropriate for adjustments to OBA imbalances to flow through FGT's FRCP or UFS since OBA imbalances are usually resolved between the parties to the OBA. It asserts that these imbalances are the responsibility of the point operators, not the pipeline shippers.

6. In its answer to Auburndale's protest, FGT states that because OBA imbalances are part of the gas received into the system and delivered from the system, OBAs are a part of the gas balance used to determine LAUF. FGT explains that to exclude OBA imbalances from the calculation of LAUF would be to misstate it by the net amount of the OBA imbalances. Finally, FGT attached to its answer a filing previously accepted by the Commission in which it illustrated how it calculates LAUF, including how OBA imbalances are taken into account.

7. The December 23 data request directed FGT to file a more detailed explanation of how the adjustments reflected on Attachment 2 of the October 16, 2003 compliance filing relate to LAUF, illustrating the explanation with further details on the figures from the December 2001 production month, describing what exactly the volumes represent, how the volumes were originally recorded, how the adjustments were recorded, and how the changes affect LAUF.

8. In its January 6 data response, FGT filed a detailed explanation of the figures from the December 2001 production month along with an attachment showing how and when those volumes, and adjustments to those volumes, were recorded and how they affected LAUF. In its January 6 data response, FGT requested that the refund condition contained in the September 30 Order be removed.

9. The Commission finds that FGT's October 16, 2003 compliance filing, together with its January 6, 2004 data request response, satisfactorily supports the underlying filing in this proceeding. As explained by FGT, LAUF is calculated by taking the difference between all accounted for receipts of gas into the system (sources) and all accounted for deliveries of gas from the system (uses). Therefore, it is appropriate to include activities related to OBA imbalances among other categories of known sources and uses of gas on the system identified by FGT. Accordingly, we find Auburndale's concerns to be unfounded and remove the refund condition established by the September 30 Order.

By direction of the Commission. Commissioner Kelly not participating.

Magalie R. Salas,
Secretary.