

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

(October 24, 2003)

In Reply Refer To:
Texas Gas Transmission, LLC
Docket No. RP03-588-000

Texas Gas Transmission, LLC
3800 Frederica Street
Owensboro, KY 42304-0008

Attention: Kathy D. Fort
Manager, Certificates and Tariffs

Reference: First Revised Sheet No. 36 to FERC Gas Tariff, Second Revised Volume
No. 1

Dear Ms. Fort:

1. On August 29, 2003, Texas Gas Transmission, LLC (Texas Gas) filed a revised tariff sheet and supporting workpapers reflecting its annual filing to adjust its Effective Fuel Retention Percentages (EFRP) pursuant to Section 16 of the General Terms and Conditions (GT&C) of its FERC Gas Tariff. The new EFRP are proposed to become effective November 1, 2003. For the reasons discussed below, Texas Gas' revised tariff sheet will be accepted and suspended to be effective November 1, 2003, subject to refund and subject to the outcome of the proceedings in Docket No. RP02-515. This order is in the public interest because it will assist in ensuring that the proposed rates accurately reflect the subject costs.

2. The proposed EFRPs adjust the fuel cost rates for the NNS/SGT/SNS, FT/STF/STFX/IT/ITX and FSS/ISS rate schedules. The EFRPs consist of two components, the Projected Fuel Retention Percentages (PFRPs) and the Fuel Adjustment Percentages (FAPs). The filing includes workpapers in support of the data and calculations used to determine the proposed EFRPs and their two components. The proposed EFRPs also contain a third component, the Cash-out Adjustment Percentage (CAP). This component, an additional 0.14 percent is described in Section 17.3(p) of

Texas Gas' GT&C.¹ Texas Gas states that the CAP amount was approved in Texas Gas' filing in Docket No. RP00-260.²

3. Texas Gas states that the impact of the fuel rate adjustments vary from zone to zone, rate schedule to rate schedule, and season to season, making it somewhat difficult to generalize about the impact of the filing. However, Texas Gas further states that 11 of 16 winter and 12 of 16 summer EFRPs decreased with decreases ranging from 0.07 percent to 1.33 percent and with no increase greater than 0.30 percent. Texas Gas also states that the majority of these rate decreases are due to slight over collections in the most recent 12-month period, and a small incremental increase in the Unaccounted For quantity.

4. Public notice of the filing was issued on September 4, 2003. Interventions and protests were due as provided in Section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2003). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2003), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance of this order is granted.

5. The Memphis Light, Gas and Water Division (MLGW) filed a protest in this proceeding. MLGW states that it is adopting by reference all of the arguments and requests for relief that were made previously in Texas Gas' last annual EFRP filing in Docket No. RP02-515.³ In addition, MLGW requests that the Commission reject the instant EFRP and convene a technical conference for the purpose of providing Texas Gas and its shippers a platform for establishing a just and reasonable EFRP calculation mechanism.

6. On July 11, 2003, the Commission rejected MLGW's protest and approved Texas Gas' EFRP filing.⁴ On August 11, 2003, MLGW filed a request for rehearing which is still pending Commission review.

¹ The CAP component does not apply to FSS or ISS fuel.

² 98 FERC ¶ 61,244 (2002).

³ MLGW states in its protest filed in Docket No. RP02-515-001, that Texas Gas reallocates pro rata the cumulative "unaccounted for" volumes each year, even though the previous years' "unaccounted for" volumes have already been allocated and ostensibly collected from different rate schedules and zones. MLGW also argued that, if Texas Gas does not change the current manner in which it reallocates the "unaccounted for" volumes on its systems, this problem will only exacerbate in the future.

⁴ 104 FERC ¶ 61,067 (2003).

7. As the issues remain unchanged from Texas Gas' last EFRP filing, the Commission will accept and suspend Texas Gas' referenced tariff sheet, subject to the Commission's action on MLGW's request for rehearing.

8. It is the Commission's policy to suspend rate filings for the maximum period permitted by statute if preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or that it may be inconsistent with other statutory standards. See Great Lakes Gas Transmission Co., 12 FERC ¶ 61,293 (1980) (five-month suspension). It is also recognized however, that shorter suspensions may be warranted under circumstances in which suspension for the maximum period may lead to harsh and inequitable results. See Valley Gas Transmission, Inc., 12 FERC ¶ 61,197 (1980) (one-day suspension). Such circumstances exist here where the pipeline is filing pursuant to a Commission approved tracker mechanism. Accordingly, the Commission will exercise its discretion to suspend the rates for a shorter period and permit the rates to take effect on November 1, 2003, subject to refund and subject to the conditions set forth in the body of this order.

By direction of the Commission.

Magalie R. Salas,
Secretary.