

156 FERC ¶ 61,190
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

September 22, 2016

In Reply Refer To:
Washington Gas Light Company
Docket Nos. PR15-5-002 and
RP15-238-000

Washington Gas Light Company
101 Constitution Avenue, NW
Washington, DC 20080

Attention: Rose T. Lennon, Esq.
Attorney for Washington Gas Light Company

Dear Ms. Lennon:

1. On August 1, 2016, Washington Gas Light Company (WGL) filed a Stipulation and Agreement of Settlement (Settlement) to resolve or provide procedures for the resolution of all issues in the captioned proceedings, including associated tariff records to be effective July 1, 2016.¹ As discussed below, the Commission approves the Settlement as it appears to be fair and reasonable and in the public interest.
2. On October 31, 2014, in Docket No. PR15-5-000, WGL filed a tariff record to reduce its lost and unaccounted-for gas (LAUF) retention percentage from 3.36 percent to 2.49 percent. On November 21, 2014, Mountaineer Gas Company (Mountaineer) filed a motion to intervene and protest stating that WGL's filing did not contain sufficient explanation or supporting detail to demonstrate that the proposed LAUF adjustment was fair and equitable. On December 8, 2014, WGL filed an answer to the protest requesting that Mountaineer's request for relief be denied. On December 2, 2014, Mountaineer filed a complaint with the Commission against WGL in Docket No. RP15-238-000.

¹ Washington Gas Light Company, FERC NGPA Gas Tariff, Firm Interstate Transportation Service Operating Statement, [Operating Statement, Firm Interstate Transportation Service Operating Statement, 2.0.0](#) and [Interstate Service Rates, Statement of Interstate Service Rates, 6.3.0](#).

3. In the complaint, Mountaineer sought to require WGL to amend the terms and conditions of service that WGL provided to Mountaineer pursuant to section 311 of the Natural Gas Policy Act (NGPA). Specifically, Mountaineer requested the Commission to require WGL to amend the Firm Interstate Service Operating Statement (FITSOS), and the underlying Firm Interstate Transportation Service Agreement (FITSAS) between WGL and Mountaineer, to include a standard meter error provision. Mountaineer further requested that the Commission require WGL to implement a tracker/true-up mechanism for its LAUF gas cost on the Shenandoah Pipeline, a closed loop pipeline in Virginia, which according to the complaint, is operated by WGL and receives all of its gas from Columbia Gas Transmission, LLC (Columbia Gas). On December 22, 2014, WGL filed an answer requesting the complaint be dismissed. On March 4, 2016, the Commission issued an order² requesting additional data from WGL.

4. On February 2, 2016, March 31, 2016, and May 31, 2016, Mountaineer filed letters in Docket Nos. PR15-5-000 and RP15-238-000 informing the Commission that the parties reached an agreement in principle resolving their differences in the referenced dockets. On March 1, 2016, WGL filed a revised Statement of Interstate Rates in Docket No. PR15-5-001, to implement a portion of the Settlement by reducing the percentage of gas retained by WGL for LAUF to 0.80 percent, which the Commission accepted by letter order dated March 30, 2016, effective February 1, 2016.³ On August 3, 2016, Mountaineer filed to withdraw its complaint and protest.

5. The terms of the Settlement are described briefly below.

6. Article I of the Settlement provides that the agreement will become effective on the date that the Commission order approving the agreement without material modifications, reservations, or conditions, becomes final and that, except for certain provisions that are specifically identified, the agreement will continue in full force and effect until the effective date of WGL's next change in its base rates. The agreement provides that WGL will make effective revised FITSOS language set forth in Appendix B to the Settlement. The parties intend that the revised FITSOS becomes effective retroactively on July 1, 2016. Mountaineer will implement the settlement by withdrawing its protest and complaint, in Docket Nos. PR15-5-000 and RP15-238-000 respectively, within three days of the filing of the Settlement.

7. Article II of the Settlement provides for a modernization surcharge modeled after the modernization program in effect for WGL in Virginia. The surcharge would require Mountaineer to contribute its share of modernization costs of the pipeline

² *Mountaineer Gas Co. v. Washington Gas Light Co.*, 150 FERC ¶ 61,171 (2015).

³ *Washington Gas Light Co.*, Docket Nos. PR15-5-000 and PR15-5-001 (Mar. 30, 2016) (delegated letter order).

extending from Nineveh, Virginia (where the facilities of WGL and Columbia Gas interconnect) to the Clearbrook measurement station. Appendix A to the Settlement sets forth the rate mechanism that the parties have agreed to and to include as part of the FITSA. Appendix A also includes a description of the pipeline to be replaced and a discussion of the reasons why WGL has decided to replace that line. The agreed-to rate formula would allow WGL to collect the surcharge on a self-implementing basis without further Commission filings or review except in cases of dispute where the Commission would be called on to resolve the parties' differences.

8. Article III contains other miscellaneous clauses associated with the settlement including a non-severability provision and entireties clause. According to that Article, the parties do not intend that the settlement become a "settled practice" as defined in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980). Further, Article III, section 3.6 of the Settlement states that "[t]he standard of review for any prospective changes to the terms and conditions of this Agreement shall be the 'fair and equitable' standard."

9. The Commission finds that the Settlement appears to be fair and reasonable and in the public interest, and therefore, the Commission approves the Settlement pursuant to Rule 602(g)(3),⁴ as well as the tariff records referenced in footnote 1. The Commission's approval of the Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

10. This letter order terminates the captioned dockets.

The Commission orders:

(A) The Settlement is approved, as discussed in the body of this order.

(B) The tariff records referenced in footnote 1 are accepted to be effective July 1, 2016, as proposed.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁴ 18 C.F.R. § 385.602(g) (2016).