

156 FERC ¶ 61,199
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

September 22, 2016

In Reply Refer To:
Columbia Gas Transmission, LLC
Docket No. RP16-1082-000

Columbia Gas Transmission, LLC
5151 San Felipe
Suite 2400
Houston, Texas 77056

Attention: William A. Sala, Jr., Senior Counsel

Reference: Petition for Approval of Stipulation and Agreement

Dear Mr. Sala:

1. On June 30, 2016, pursuant to Rule 207(a)(5) of the Commission's Rules of Practice and Procedure,¹ Columbia Gas Transmission, LLC (Columbia) filed a petition for approval of a Stipulation and Agreement of Settlement (Settlement) that it contends would, among other things, provide a more stable framework for allocating costs from lost and unaccounted for gas volumes (LAUF) between transmission and gathering customers. The Commission finds that the Settlement is uncontested, and approves the Settlement as it appears fair and reasonable and in the public interest.

2. Columbia states that it recovers costs of LAUF and company-use gas through the Retainage Adjustment Mechanism (RAM) provided for in section 35 of the General Terms and Conditions (GT&C) of its tariff. According to Columbia, the RAM produces a retainage percentage that Columbia revises on an annual basis to reflect both prospective changes in retainage requirements and unrecovered retainage quantities from the past period.

¹ 18 C.F.R. § 385.207(a)(5) (2016).

3. According to Columbia, shippers on its system have been expressing concerns regarding the amount of LAUF since 2013, which prompted Columbia to focus on, and to initiate an investigation into, the LAUF issue. Columbia further states that as a result of the investigation, it found that the age and condition of its Low Pressure Systems,² which include both transmission and gathering facilities, was an underlying cause of system LAUF. Columbia states that this finding led it to examine its allocation of LAUF between its transmission and gathering functions on its Low Pressure Systems. Columbia states that previously it allocated LAUF between the transmission and gathering functions by using a simple ratio of gathering receipt quantities to total transportation receipt quantities. Columbia states that it determined, based on the results of the LAUF investigation, that the results of the simple ratio methodology were not representative of the realities of LAUF on certain parts its low pressure systems and proposed an increased allocation to the gathering function in a recent RAM filing with the Commission.³

4. Columbia states that it also engaged in extensive discussions with its customers to negotiate a new permanent framework for the allocation of LAUF between the transmission and gathering functions. Columbia states that the instant Settlement is the result of those negotiations. In brief, the Settlement provides:

5. Article I of the Settlement sets the gathering retainage rate at 4 percent beginning March 1, 2017. Columbia will change the rate through its annual RAM filing. The rate will increase by 0.5 percent each year until it reaches 6 percent as part of the March 1, 2021 RAM filing. During the Settlement term, LAUF allocation between gathering and transmission functions will be governed by Article I of the Settlement and parties will be deemed to have waived and relinquished all rights to assert or argue for a different allocation method.

6. Article II provides that beginning in 2016 and continuing during the Settlement term, Columbia will hold one annual meeting by October 30 of each year to provide a status update on leaks repaired on Low Pressure Systems and associated costs. Article III provides that beginning in 2016, Columbia will conduct aerial flyovers of the Low

² Columbia states that “Low Pressure Systems” refers to the Rimersburg, Southern PA, CHEWP, T-Loop, Spencer, and Inez-Walbridge systems, which are located in Southwestern Pennsylvania and West Virginia.

³ According to Columbia, it proposed in its March 1, 2016 RAM filing to significantly increase the gathering retainage rate (.0617 percent to 3.5 percent) to more accurately reflect LAUF activity on its system, and that the Commission approved its proposal. *Columbia Gas Transmission, LLC*, Docket No. RP16-670-000 (Mar. 30, 2016) (delegated letter order).

Pressure Systems with aircraft equipped with forward-looking infrared cameras at least once every two years. The Settlement states that identified leaks will be graded and assessed.

7. Article IV provides that Columbia will continue to explore opportunities to abandon by sale all or portions of the Low Pressure Systems, as well as other opportunities to reduce LAUF by abandoning discrete facilities. Additionally, according to the Settlement, if an abandonment by sale results in a forecasted LAUF decrease of 1 Bcf or more on an annual basis, or would require a cumulative capital or ongoing O&M expense commitment from Columbia of more than \$32,800,000, Columbia and the Settling Parties will meet and confer to discuss the continuing necessity of the Settlement, or to make mutually agreeable changes.

8. Article V provides that the Settlement will remain in effect until the earlier of Columbia's first RAM filing following the filing of Columbia's next general NGA section 4(e) rate case; Columbia's first RAM filing following Commission approval of an extension of the existing Modernization Settlement; or unless otherwise terminated in accordance with the Settlement terms.

9. Article VI defines "Settling Parties" and "Contesting Parties," and provides that the Settlement is an integrated package and must be reviewed and approved in its entirety to become effective, and requests that the Settlement be evaluated and approved as fair and reasonable and in the public interest. Exhibit D to the Settlement lists parties either supporting or not opposing the Settlement.

10. Article VII sets forth reservations and limitations and provides, among other things that the Settlement represents a negotiated settlement and relates only to the specific matters referred to therein. Section 7 of this article states, "[t]he standard for review of proposed changes to the provisions of this Settlement will be the ordinary just and reasonable standard, and not the 'public interest' standard."

11. Public notice of the filing was issued on July 11, 2016. Interventions and protests were due on or before July 12, 2016, as provided by the notice. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2016), all timely motions to intervene and any unopposed motions to intervene 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 this proceeding or place additional burdens on existing parties. No adverse comments were filed.

12. The Commission finds that the proposed Settlement resolves system-wide rate issues without a hearing and lengthy litigation, consistent with the Commission's

guidance for settlements outside the context of an existing proceeding.⁴ The Settlement appears to be fair and reasonable and in the public interest, and is hereby approved.⁵ The Commission's approval of this Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

13. This letter order terminates Docket No. RP16-1082-000.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁴ See, e.g., *Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 (2005).

⁵ 18 C.F.R. §385.602 (g) (3) (2016).