126 FERC ¶ 61,006
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Suedeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Columbia Gulf Transmission Company	Docket Nos.	RP09-141-000 RP09-141-001
Columbia Gas Transmission Corporation	Docket Nos.	RP09-142-000 RP09-142-001 (not consolidated)

ORDER ACCEPTING AND SUSPENDING TARIFF SHEETS

(Issued January 6, 2009)

1. On December 5 and 15, 2008, Columbia Gulf Transmission Company (Columbia Gulf) and Columbia Gas Transmission Corporation (Columbia Gas) filed proposed changes to their tariffs to implement new firm daily delivery point scheduling services under Rate Schedules SVS (Scheduling Variance Service).[1] The applicants requested that the tariff sheets be made effective January 5, 2009. As discussed below, the Commission accepts and suspends the proposed tariff revisions, to become effective in five months, subject to refund and condition.

Proposal

2. On June 11, 2007, the Commission approved new scheduling penalties on Columbia Gas and Columbia Gulf.[2] The scheduling penalties provide for a tolerance level of 3 percent on Critical Days and 5 percent on non-Critical Days. Columbia Gas and Columbia Gulf state that they are proposing, separately and independently, to

[1] The proposed tariff sheets for each company's tariff are shown on the Appendices. On December 15, 2008, Columbia Gulf amended its application to correct an incorrect tariff reference, and Columbia Gas amended its application to correct tariff sheet pagination.

[2] *Columbia Gulf Transmission Co.*, 119 FERC ¶ 61,268 (2007); *order on reh'g*, 124 FERC ¶ 61,121 (2008); and *Columbia Gas Transmission Corp.*, 119 FERC ¶ 61,267 (2007); *order on reh'g*, 124 FERC ¶ 61,122 (2008).

implement Rate Schedule SVS service in order to provide transportation customers and delivery point operators (jointly referred to as shippers) who value additional scheduling flexibility with the option to acquire additional variance quantities at points not covered by no-notice service or an operational balancing agreement. The applicants explain that they and the shipper will agree to a Maximum Daily Variance Quantity ("MDVQ"), which is defined as the maximum volume by which the shipper's scheduled deliveries can differ from its actual deliveries on any given day for a specific delivery point.[3] For that shipper, applicants continue, the MDVQ will then be added to the absolute value of the sum of the scheduling penalty tolerance levels of the shipper's transportation agreements at that point. The shipper's actual delivery quantities will be permitted to vary from the scheduled quantities by the tolerance level already provided plus the MDVQ contracted for under Rate Schedule SVS without incurring a scheduling penalty, so long as the shipper's deliveries do not exceed its total transportation demand. Therefore, they continue, a shipper's MDVQ will determine the level of scheduling flexibility for which it has contracted. The applicants explain that the additional variance quantity may not be used to increase a shipper's deliveries above its total transportation demand.

3. Columbia Gas and Columbia Gulf explain that requests for service under Rate Schedule SVS will be evaluated on a case-by-case basis to determine whether they have the facilities to provide the requested service. Columbia Gas and Columbia Gulf state that they intend to manage the additional variance flexibility using their existing transportation facilities – linepack, retained storage, and other transportation facilities. The applicants contend that because shippers using Rate Schedule SVS to manage scheduling variances under Rate Schedules FTS and OFT are prohibited from using their MDVQ to exceed the transportation demand set forth in their service agreements, Rate Schedule SVS cannot be used to increase a shipper's firm transportation entitlements. Thus, they conclude, existing firm shippers will not be affected by Rate Schedule SVS service.

4. For service under Rate Schedule SVS, Columbia Gas proposes to charge a maximum demand rate of $2.978 per Dth for the established MDVQ in a shipper's Rate Schedule SVS service agreement. The rates proposed for Columbia Gas' Rate Schedule SVS are based on one-half the daily scheduling penalty rate during non-critical periods of 19.51 cents per MMBtu, converted to a monthly demand charge. Columbia Gulf proposes to charge a maximum demand rate of $1.831 per Dth. The rates proposed for Columbia Gulf's Rate Schedule SVS are based on one-half the daily scheduling penalty rate during non-critical periods of 12.04 cents per MMBtu, converted to a monthly

[3] Rate Schedule SVS will not apply to receipt points, as there are no scheduling penalties for receipt point scheduling imbalances.

demand charge. There are no usage charges proposed for Rate Schedules SVS. The applicants explain that any usage charges associated with volumes that deviate from scheduled quantities will continue to be billed in accordance with the underlying transportation agreements.

5. Columbia Gas estimates 200,000 to 400,000 Dth of total deliveries per day would qualify for Rate Schedule SVS service, and estimates incremental revenues at $0.5 to $1.4 million. Columbia Gulf estimates 200,000 to 300,000 Dth of total deliveries per day would qualify, with estimated incremental revenues at $300,000 to $700,000.

6. On December 15, 2008. Columbia Gas and Columbia Gulf both submitted amended tariff sheets. Columbia Gas seeks to correct incorrect pagination in its tariff sheets, while Columbia Gulf corrects an incorrect tariff reference on Sheet No. 64. Applicants request that the Commission allow the tariff sheets to go into effect on January 5, 2009 because the amended filings do not contain any substantive revisions to the sheets filed on December 8, 2008.

Notice, Interventions and Protests

7. Public notice of the filings were issued in 73 Fed. Reg. 76,024 (2008), with comments due by December 17, 2008. Public notice of the amendments were issued, with comments due by December 29, 2008.

8. Notices of intervention and unopposed timely motions to intervene are granted pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008). Pursuant to Rule 214(d), 18 C.F.R. § 385.214(d), the Commission will grant any late-filed motions to intervene filed prior to the date of this order given the early stage of the proceeding, and the absence of undue prejudice or delay.

9. Protests were filed by Sequent Energy Management, L.P. (Sequent) in RP09-142, and Atmos Energy Corporation (Atmos) and Piedmont Natural Gas Company, Inc. (Piedmont) in both dockets. The protests are addressed below. On December 22, 2008, both Columbia Gas and Columbia Gulf filed answers to the protests.

10. Rule 214(a)(2), 18 C.F.R. § 385.214(a)(2), prohibits answers to protests unless otherwise ordered by the decisional authority. The Commission accepts the December 22, 2008 answers by Columbia Gas and Columbia Gulf as they have assisted us in our consideration of this matter.

Discussion

11. As discussed below, the Commission finds that the services proposed by Columbia Gas and Columbia Gulf have not been shown to be just and reasonable, and establishes a technical conference.

A. Status of Navigates

12. Sequent protests Columbia Gas' filing on the basis that Columbia Gas' new electronic bulletin board, Navigates, is experiencing continuing problems involving scheduled volumes and storage balances. Sequent alleges that these problems make it difficult to perform business functions on the Columbia Gas system on behalf of itself and its asset management customers. Sequent states that it believes it is not alone experiencing these problems. Sequent states that Navigates overrides *scheduled* volumes fields with allocated numbers, making it difficult if not impossible for shippers to view accurate scheduled volumes from which decisions can be made. Sequent alleges that Columbia is aware of the problem. Sequent attached recent Navigates notices informing customers that scheduling penalties and monthly imbalance cashouts would not be assessed until further notice. Sequent requests that the Commission suspend Rate Schedule SVS for the full five months or until the Navigates problems are fully resolved. Sequent also request that the Commission require Columbia to continue to waive its scheduling penalties until Navigates is repaired.

Commission Determination

13. Sequent raises serious allegations regarding the scheduling information Navigates is providing customers. Sequent's allegations, while made only in the Columbia Gas proceeding, implicates the Navigates system also used by Columbia Gulf. Scheduling and providing scheduled information to customers is a fundamental business requirement pipelines must perform for all their transportation services. Customers contemplating Rate Schedule SVS service must evaluate how much scheduling variance service to acquire. As part of that evaluation, they need to evaluate their own ability to manage scheduling variances during the intra-day scheduling periods. If the Navigates scheduling information is unreliable, shippers' ability to manage scheduling imbalances would be reduced and may require them to acquire more Rate Schedule SVS service to reduce the risk of being assessed the higher scheduling imbalance penalties.

14. The Commission believes that Rate Schedules SVS may not be just and reasonable. Therefore, the Commission will suspend the proposed tariff sheets for five months, to be effective June 5, 2009. The Commission directs Staff to hold a technical conference in both proceedings, and report back to the Commission 120 days from the date of this order.

B. Revenue Protests

15. Atmos and Piedmont allege that the applicants are currently recovering the costs for the assets proposed to be used by Rate Schedules SVS from existing firm rate shippers. They contend that their current services, until recent Commission action accepting applicants' imposition of scheduling penalties, included the service for which the applicants now propose to charge separately. Both protestors allege that Rate

Schedules SVS are an attempt by the applicants to raise their revenue outside of a general section 4 of the Natural Gas Act general rate case. Both request that the Commission reject Rate Schedules SVS. If the Commission accepts Rate Schedules SVS, the protestors request a full five month suspension and a hearing. Further, if the Commission accepts Rate Schedules SVS, the protestor request that the Commission require the applicants to credit the revenues to firm shippers.

Commission Determination

16. Atmos and Piedmont request that the Commission reject Rate Schedules SVS on the basis that this service was formerly part of existing services, the costs of performing such scheduling variance service is already being recovered by existing services' rates, and the new Rate Schedules SVS' services will result in the applicants over-recovering their cost of service. The issues raised by Piedmont and Atmos may be addressed at the technical conference.

Suspension and Effective Date

17. Based on a review of the filing, the Commission finds that the proposed tariff sheets listed in the Appendices to both filings have not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission will accept the tariff sheets for filing and suspend their effectiveness for the period set forth below, subject to refund and condition.

18. The Commission's policy regarding suspensions is that tariff filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or inconsistent with other statutory standards.[4] It is recognized, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results.[5] Here, the Commission will exercise its discretion to accept and suspend these tariff sheets for five months, subject to refund.

19. Columbia Gas and Columbia Gulf filed the tariff sheets at issue in this proceeding on December 5, 2008, requesting a January 5, 2009 effective date. On December 15, 2008, however, both applicants filed amendments, as discussed above. Applicants request that the Commission accept the amended tariff sheets with an effective date of January 5, 2009 because the amendments did not include any substantive revisions to the tariff sheets filed on December 5, 2008. Because the Commission finds that the tariff

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[4] *See Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (5 month suspension).

[5] *See Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (1 day suspension).

sheets have not been shown to be just and reasonable, as discussed above, we suspend the sheets for five months, from January 5, 2009. Therefore, these tariff sheets are accepted and suspended for five months, to become effective on June 5, 2009, subject to refund.

The Commission orders:

(A) The tariff sheets listed in the Appendix A for both Columbia Gas and Columbia Gulf are accepted and suspended, subject to refund, to become effective on June 5, 2009;

(B) Staff is directed to convene a technical conference and report back to the Commission within 120 days of the date of this order; and

(C) The tariff sheet listed in Appendix B for Columbia Gulf is rejected as moot.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

Appendix A

List of Tariff Sheets

Accepted and Suspended, Effective June 5, 2009:

Columbia Gulf Transmission Company: Second Revised Volume No. 1
Docket: RP09-141-000

Ninth Revised Sheet No. 1
Ninth Revised Sheet No. 20
Original Sheet No. 65
Eleventh Revised Sheet No. 216
First Revised Sheet No. 320
Original Sheet No. 321
Original Sheet No. 322
First Revised Sheet No. 362
Third Revised Sheet No. 372
Fifth Revised Sheet No. 373
Second Revised Sheet No. 375
Second Revised Sheet No. 384
Fifth Revised Sheet No. 388
Sixth Revised Sheet No. 395

Columbia Gulf Transmission Company: Second Revised Volume No. 1
Docket: RP09-141-001

Substitute First Revised Sheet No. 64

Columbia Gas Transmission Corporation: Second Revised Volume No. 1
Docket: RP09-142-000

Eighth Revised Sheet No. 1
Thirteenth Revised Sheet No. 2
Fifth Revised Sheet No. 30.01
First Revised Sheet No. 109
Original Sheet No. 110
Ninth Revised Sheet No. 390
Seventh Revised Sheet No. 551
Third Revised Sheet No. 553
Fourth Revised Sheet No. 571
Eighth Revised Sheet No. 575
Eighth Revised Sheet No. 585

Columbia Gas Transmission Corporation: Second Revised Volume No. 1
Docket: RP09-142-001

Second Revised Sheet No. 506
First Revised Sheet No. 507
First Revised Sheet No. 508

Appendix B

List of Rejected Tariff Sheets

Columbia Gulf Transmission Company: Second Revised Volume No. 1
Docket: RP09-141-000

First Revised Sheet No. 64