



## MEDIA ALERT

### FERC Terminates Fuel Retention Proceeding

November 20, 2008  
RM07-20-000

**The Federal Energy Regulatory Commission today terminated a proceeding established in September 2007 on its current policies concerning pipelines' recovery of their fuel costs.**

#### **Background**

On September 20, 2007, FERC issued a Notice of Inquiry (NOI) seeking comment on its policy for in-kind recovery of fuel and lost and unaccounted-for (LAUF) gas by pipelines. Pipelines recover costs of fuel and LAUF gas either by a fixed fuel retention percentage or through a fuel tracker, either with or without a true-up mechanism. In the NOI, FERC wanted to know whether the policy should be modified to give pipelines greater incentives for efficiency and to minimize pipeline over-recovery of these costs.

#### **The Order**

Today's order terminates the proceeding and concludes that case-by-case consideration of individual pipeline incentive proposals will assist in the development of FERC policies concerning pipelines' recovery of fuel costs.

The order says that commenters on the NOI failed to provide the Commission with a basis for imposing a generic requirement for all pipelines to recover their fuel costs through trackers with true-up mechanisms. Any shipper believing a pipeline is over-recovering its fuel costs can file a complaint under the section 5 of the Natural Gas Act, FERC said.

Today's order refers to a recent FERC order in which the Commission convened a technical conference to consider a three-year experimental fuel incentive mechanism proposed by Texas Gas Transmission, L.L.C.

MA08-51

The FERC decision can be found at [www.ferc.gov](http://www.ferc.gov)

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