



**Federal Energy Regulatory Commission  
FACT SHEET  
September 20, 2007  
Notice of Inquiry, Fuel Retention Practices of  
Natural Gas Companies  
Docket No. RM07-20-000**

**Introduction and Background**

The Federal Energy Regulatory Commission today issued a Notice of Inquiry (NOI) seeking comment on its policy for in-kind recovery of fuel and lost and unaccounted-for gas by natural gas pipeline companies. The Commission is exploring how best to both guard against over-recovery of fuel costs by pipelines and encourage pipelines to improve fuel efficiency and reduce lost and unaccounted-for fuel.

Pipeline companies now have two options for recovering these costs, and pipelines follow a variety of practices for fuel and lost and unaccounted-for gas. The first option is to establish a fixed fuel retention percentage in a general section 4 rate case and leave that percentage unchanged until the pipeline files its next general section 4 rate case. The second option allows the pipeline to include in its tariff a mechanism permitting periodic changes in its fuel retention percentage outside of a general section 4 rate case.

**Proposal**

In the NOI, the Commission seeks comment on the following questions:

1. Should the Commission continue to allow recovery of pipeline fuel costs through fixed fuel retention percentages?
2. Should the Commission mandate that all pipelines have tracker mechanisms for the recovery of fuel?
3. If the Commission requires pipelines to use trackers, should it require a true-up mechanism?

Comments are due 60 days from the date the NOI is published in the *Federal Register*.

MA07-13