

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 29, 2004

In Reply Refer To:
Columbia Gas Transmission Corporation
Docket No. RP95-408-052

Columbia Gas Transmission Corporation
P.O. Box 10146
Fairfax, VA 22030-0146

Attention: Carl W. Levander
Vice President

Reference: Report on Profit Sharing of Base Gas Sales

Dear Mr. Levander:

1. On May 9, 2003, Columbia Gas Transmission Corporation (Columbia) filed the referenced report pursuant to Stipulation II, Article IV, Sections A through E of the rate case settlement approved by the Commission in Docket No. RP95-408-013 (79 FERC ¶ 61,044 (1997)) (Settlement). The referenced report is accepted.
2. On May 21, 2003, Energy Catalyst filed a motion to intervene and a request for clarification of Columbia's report, which the Commission construes as a protest. On January 4, Columbia filed an answer opposing the motion to intervene on the ground that Energy Catalyst had not stated a sufficient interest. Energy Catalyst's intervention is denied, because the movant has neither demonstrated its interest in sufficient factual detail nor any other basis upon which to grant intervenor status. 18 C.F.R. § 385.214(b) (2003). Energy Catalyst is a consultant; Energy Catalyst has not said that it is a customer of Columbia or a customer of someone who pays Columbia's rates. Energy Catalyst has not alleged with sufficient specificity that it represents anyone with any interest in Columbia's rates. However, the Commission will consider Energy Catalyst's protest. 18 C.F.R. § 385.211(a) (2003).
3. On June 11, 2003, Columbia filed a response to Energy Catalyst's two objections to Columbia's report. On June 12, 2003, Energy Catalyst filed an answer to Columbia's June 11 response.

4. Public notice of the filing was issued on May 15, 2003. Interventions and protests were due as provided in Section 154.210 of the Commission's regulations. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2003)), all timely unopposed filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Energy Catalyst's motion to intervene is denied, as discussed above. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties.

5. Article IV of Stipulation II of the Settlement requires the sharing of profits with customers from the sale of certain base gas from storage facilities. Profits up to \$21.4 million are retained by Columbia. Columbia retains ninety percent of the profits between \$21.4 million and \$41.5 million, with the remaining ten percent refunded to its customers. Profits greater than \$41.5 million are split 50/50 between Columbia and its customers.

6. In the instant filing, Columbia reported excess profits from sales of base gas of \$9,064,557, with \$4,593,505, inclusive of interest, refunded to its customers. Customers designated by the Settlement under Rate Schedules FSS, FTS, GTS, and OPT received credits reflecting the refunds with their allocated share of such profits on their invoices for service rendered in March 2003, which invoices were issued April 10, 2003.

7. In its May 21, 2003 motion, Energy Catalyst states that while Columbia's workpapers are consistent with Stipulation II, Article IV of the Settlement, Energy Catalyst requests that the Commission ask Columbia to clarify the basis of two factors used in the calculations: the sales prices and the Btu conversion factor. Energy Catalyst contends that the prices which Columbia reports on Schedule 1 (\$3.73/Dth for December 2002 and \$4.75/Dth for January 2003) appear too low. Energy Catalyst states that the NYMEX futures prices at the expiration of these periods were \$4.14/Dth for December and \$4.97/Dth for January. In other words, Energy Catalyst complains, if the prices were artificially dampened, the firm customers of Columbia would not receive the proper credit due them. Energy Catalysts states that every \$0.10/Dth increase in the sales price would mean an additional \$140,000 of credit for the customers.

8. Energy Catalyst also states that the Btu factor calculation of 1.034 reported in Schedule 1 likewise appears understated, and that the appropriate BTU conversion factor should be 1.048. Energy Catalyst contends that the incorrect Btu factor decreases the revenue to be shared with Columbia's customers by nearly \$40,000.

9. In its June 11, 2003 response to Energy Catalyst's protest, Columbia states that the protest is without merit. Answers to protests are prohibited by Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2003), unless otherwise ordered by the decisional authority. We find that good cause exists to allow

Columbia's response to the protest of Energy Catalyst, as it provides additional information that assists the Commission in the decision-making process.

10. With regard to the base gas sales prices, Columbia states that Energy Catalyst's use of the NYMEX futures price comparison is not valid for two reasons. First, Columbia states that the sales prices were not based on the NYMEX futures prices. Second, Columbia states that even if this index were applicable, the months shown on Schedule 1 of Columbia's report reflect the months Columbia delivered the gas and received payment, not the months in which the gas was originally sold.

11. Columbia also states that Energy Catalyst's calculation of a Btu conversion factor from Form 2 data fails to recognize the fact that an historical reserve related to storage gas losses (the creation and termination of which was previously approved by the Commission) is also reflected in the figure on Line 5, Column I. Columbia explains that when this figure is removed, the Btu conversion factor is appropriately 1.034: the figure Columbia reports.¹

12. The Commission finds Columbia's answer to the issues raised by Energy Catalyst to be persuasive. Moreover, Energy Catalyst has not shown that Columbia has violated the terms of the Settlement, which does not specify how base gas sales are to be conducted or how sales prices are established. However, the Settlement does require Columbia to share gas proceeds on a 50/50 basis (Article IV of Stipulation II); therefore, Columbia has an incentive to maximize base gas sales revenues. Accordingly, the Commission accepts the referenced report.

By direction of the Commission.

Linda Mitry,
Acting Secretary.

¹ Page 552 of Columbia's 2002 Form 2 data shows that volumes reported for storage operations on pages 512 and 513 are based on a Btu conversion factor of 1.034.