FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

April 20, 2004

In Reply Refer To:
Columbia Gas Transmission Corporation
Docket No. RP03-280-001

Columbia Gas Transmission Corporation
12801 Fair Lakes Parkway
P.O. Box 10146
Fairfax, VA 22030-3308

Attention: Carl W. Levander
Vice President

Reference: Compliance Filing

Dear Mr. Levander:

1. On April 15, 2003 Columbia Gas Transmission Corporation (Columbia Gas) filed information to comply with the Commission's order issued on March 31, 2003.[1] The March 31, 2003 Order accepted and suspended Columbia Gas' annual fuel retainage adjustment (RAM) filing permitting it go into effect April 1, 2003, subject to refund and conditions. The March 31, 2003 Order directed Columbia Gas to respond to the Commission's questions regarding support for the proposed fuel percentages and, among other things, Columbia Gas' efforts to mitigate its lost and unaccounted-for gas volumes (LAUF). Based on the discussion below, the Commission finds that Columbia Gas' filing complies with the Commission's March 31, 2003 Order and defers issues regarding Columbia Gas' efforts to mitigate LAUF to its next annual RAM proceeding. Accordingly, the refund condition set forth in the March 31, 2003 Order is removed. This order is in the public interest because it ensures that Columbia Gas' retainage adjustment filing is supported.

[1] Columbia Gas Transmission Corp., 102 FERC ¶ 61,347 (2003).

Details of the Filing

2. The March 31, 2003 Order directed Columbia Gas to provide: A) an explanation and support for its projected five percent increase in compressor fuel and 23 percent increase in gas used in other utility operations, and how these increases correspond to a three percent reduction in total projected throughput on Columbia Gas' system; B) workpapers which support the discrepancy in its capacity release throughput; C) an explanation and quantification of the specific effects of its proposal to retire its existing gas compression units on its projections for fuel use for compressor station power; and, D) an explanation of its mitigation efforts to reduce its LAUF volumes. Columbia Gas responded to each of the Commission's questions or concerns. Columbia Gas' response is summarized briefly below.

3. In response to the first question, Columbia Gas states that it projected a 5 percent increase in compressor station fuel because it anticipates that great demands will be placed on its compressor stations in order to transport customer gas into storage fields in order to replenish customers' storage accounts, given the cold 2002-2003 winter heating season. Columbia Gas states that the 23 percent increase in projected gas used in other utility operations is in part attributable to the increase in fuel that Columbia Gas must provide as part of its use of transportation contracts on other pipelines; i.e., contracts accounted for in Columbia Gas' Account No. 858 in preparation for the cold winter season. Columbia Gas states that since it is projecting a continuing need to use capacity held on other pipelines as part of its ongoing operations, Columbia Gas based its projections on its actual experience in 2002. Columbia Gas also states that some of the increase in this category is a direct result of Columbia Gas' efforts to reduce the amount of LAUF on its system once new internal procedures were put in place to properly classify gas consumed as part of various maintenance activities. Finally, Columbia Gas states that the increases in compressor fuel and gas used for utility operations is unrelated to and does not correspond to the projected decrease in throughput in 2003 RAM filing. Columbia Gas states that that its throughput projections differ in the 2003 RAM filing because its capacity release throughput estimate in the 2002 RAM filing was too high and did not accurately reflect actual experience. Thus, Columbia Gas states that it utilized actual capacity release throughput to aid in projecting its total throughput estimate for its 2003 RAM filing.

4. In response to the question regarding the replacement of gas compression units with electric compression units, Columbia Gas states that its projection takes into account a fuel savings of 48,743 Dth for the five month period the electric compressor will be in service during the period covered by the instant filing.

5. Responding to the Commission's questions regarding its efforts to reduce its LAUF gas, Columbia Gas points out that its LAUF level has decreased by approximately 11.6 percent since calendar year 2000. Columbia Gas reports that it has completed its

efforts to ensure that appropriate reporting procedures are followed to report gas used in the conduct of operational and maintenance activities. Columbia Gas states that it also changed its software program to further its efforts in this area. While these changes were necessary improvements to its internal process, Columbia Gas states that they will not likely lead to large adjustments that would further reduce LAUF going forward.

6. Columbia Gas states that it is currently monitoring its program of installing thermal conversion measurement devices at storage fields. Columbia Gas asserts that it is collecting data in order to determine whether any adjustments to storage Btu assumptions are necessary, which could in turn, impact LAUF. With respect to its Appalachia receipt interconnections, Columbia Gas states that 75 percent of gas received at the subject Appalachian receipt points is measured with custody transfer measurement. Columbia Gas states that it has plans to install additional custody transfer meters over the coming year. Finally, Columbia Gas states that it continues to devote company resources and efforts to monitor and identify potential causes of LAUF with a goal of reclassifying (and ultimately reducing) LAUF. Columbia Gas states that it has established a team that reviews implementation or data collection undertakings directed towards monitoring and mitigating LAUF levels on its system.

Notice

7. Public notice of the filing was issued on April 18, 2003. Interventions and protests were due as provided in section 154.210 of the Commission's regulations. Pursuant to Rule 214 of the Commission's rules of Practice and Procedure, 18 C.F.R. § 385.214, any timely filed motion to intervene and motion to intervene out-of-time filed before the issuance date of this order are granted. New York State Electric and Gas Corporation (NYSEG) filed comments and Virginia Power Energy Marketing, Inc. (VPEM) protested Columbia Gas' compliance filing. The parties' concerns are addressed below.

Discussion

8. NYSEG and VPEM contend that if any of the costs in Columbia Gas' TCRA proceeding in Docket No. RP03-282-000 are determined to be unrecoverable, the Commission should require conforming adjustments to the RAM in this proceeding in order to remove retainage quantities associated with any such contracts. Therefore, NYSEG and VPEM request that the Commission condition the instant RAM filing on Columbia Gas making any adjustment to remove retainage quantities associated with any unrecoverable contracts determined in Columbia Gas' TCRA proceeding in Docket No. RP03-282-000. The Commission in its October 7, 2003 Letter Order in Docket No. RP03-282-001 accepted Columbia Gas' compliance filing in that docket and removed the refund condition. The October 7, 2003 Order found that Columbia Gas adequately supported recovery of its third party transportation contracts through its TCRA surcharge

and required no further action. Accordingly, the Commission will deny the request to condition the outcome of the instant filing on the outcome of Docket No. RP03-282-000.

9. VPEM contends that Columbia Gas has failed to justify an increase in the fuel use component of its RAM and, therefore, the portion of the increase in retainage percentage attributable to the projected increase in compressor fuel use should be rejected. In addition, VPEM states that since Columbia Gas reclassified LAUF volumes to gas used in other utility operations, Columbia Gas' LAUF volumes have not remained constant as it claims, but have increased. In other words, it asserts that if Columbia Gas had not reclassified these volumes to gas used in other utility operations, it would have filed to recover the gas as increased LAUF. VPEM asserts that Columbia Gas' ongoing efforts to further reduce LAUF appear unlikely to produce results and, thus, VPEM renews its request for a technical conference to explore Columbia Gas' gas loss problems.

10. Columbia Gas' April 30, 2003 compliance filing adequately responded to all of the questions posed by the Commission in its March 31, 2003 Order and adequately supported the RAM fuel percentage proposed in its 2003 RAM filing. However, the Commission is concerned that the level of Columbia Gas' LAUF is essentially constant from year to year and remains high in relation to total fuel burned. Columbia Gas has filed, in Docket Nos. RP04-202-000 and RP03-222-001, its 2004 RAM filing. In a March 31, 2004 Order,[2] the Commission conditioned its acceptance of the 2004 RAM filing upon Columbia Gas filing additional support and explanations for its proposal. Specifically, in that order, the Commission requested additional information regarding Columbia Gas' ongoing mitigation efforts with respect to LAUF volumes, its increase in company-use fuel and certain accounting procedures with respect to prior period adjustments. These questions are relevant to the concerns raised by VPEM herein.[3] Therefore, the Commission will defer further action on the concern raised by VPEM here regarding Columbia Gas' efforts to mitigate LAUF to Columbia Gas' 2004 RAM filing in Docket Nos. RP04-202-000 and RP03-222-001 and denies VPEM's request for a technical conference in the instant proceeding.

By direction of the Commission.

Linda Mitry,
Acting Secretary.

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[2] Columbia Gas Transmission Corp., 106 FERC ¶ 61,334 (2004).

[3] On March 15, 2004, VPEM filed a Motion to Intervene and Protest and commented on Columbia's LAUF gas amounts in Columbia's 2004 RAM filing.