

139 FERC ¶ 61,163
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 30, 2012

In Reply Refer To:
Ruby Pipeline, L.L.C.
Docket No. RP12-715-000

Ruby Pipeline, L.L.C.
Post Office Box 1087
Colorado Springs, CO 80944

Attention: Richard L. Derryberry
Director, Rates Department

Reference: FL&U, EPC Rate Adjustment, and Limited Waiver Request

1. On May 1, 2012, Ruby Pipeline, L.L.C. (Ruby) filed revised tariff records¹ to reflect changes to its Fuel reimbursement percentage, Lost and Unaccounted for (L&U) reimbursement percentage and its Electric Power Cost (EPC) rate. Additionally, Ruby requests a limited waiver of section 13 (Fuel and L&U) and section 28 (Electric Power Costs) of the General Terms and Conditions (GT&C) of its FERC NGA Gas Tariff to offset the monetary value of the net Fuel and L&U (FL&U) under-collection against the EPC over-collection during the prior data collection period. As discussed below, Ruby's request for a limited waiver is granted and the revised tariff records listed in footnote No. 1 are accepted effective June 1, 2012.

2. The Commission approved the construction of Ruby's pipeline project by orders issued on September 4, 2009 and April 5, 2010 in Docket No. CP09-54-000.² Ruby commenced service on July 28, 2011.

¹ Ruby Pipeline, L.L.C., FERC NGA Gas Tariff, Ruby Tariff, [Part II: Stmt. of Rates, Section 1 - Service Rates, 2.0.0](#); and [Part II: Stmt. of Rates, Section 2 - Fuel and L&U Rates, 2.0.0](#).

² *Ruby Pipeline, L.L.C.*, 128 FERC ¶ 61,224 (2009), *reh'g granted in part and denied in part*, 131 FERC ¶ 61,007, *reh'g denied*, 133 FERC ¶ 61,015 (2010).

3. Sections 13 and 28 of Ruby's GT&C state that Ruby's first FL&U and EPC adjustment filings shall be made no later than six months after Ruby's in-service date. Thereafter, the FL&U and EPC adjustment filings shall be made at least every three months. Ruby made its first FL&U and EPC Filing on January 30, 2012, in Docket No. RP12-347-000, to be effective March 1, 2012. Therefore, Ruby's next FL&U and EPC adjustment filing was due no later than May 1, 2012, to be effective June 1, 2012. The data collection period used for this filing is the period between December 1, 2011 and February 29, 2012.

4. Both the Fuel and L&U reimbursement percentages are comprised of two components: (1) a current period volumetric reimbursement percentage based on the Fuel and L&U requirements that Ruby projects will be required to support transportation service during June 1, 2012 through August 31, 2012, and (2) a volumetric true-up adjustment percentage, which is attributable to the over- or under-recovery of Fuel and L&U quantities during the prior data collection period. Further, the EPC rate is comprised of: (1) the current period rate based on EPC requirement anticipated to support transportation service during the period of June 1, 2012 through August 31, 2012, and (2) the EPC cost true-up adjustment rate, which is attributable to the over- or under-recovery of costs during the prior data collection period.

5. Ruby calculated the current period volumetric reimbursement Fuel percentage to be 0.44 percent, a decrease from the currently effective 0.59 percent. Ruby states that the projected fuel requirement for the upcoming period is lower compared to levels forecasted at the time of Ruby's FL&U Filing effective March 1, 2012. Ruby proposes to decrease the current period volumetric reimbursement L&U percentage from 0.15 percent to 0.00 percent. Ruby contends that it has experienced a negative L&U (gain) for five of the last six months and it is investigating the cause of the negative L&U but has not yet identified any possible causes. Lastly, the current portion of the EPC rate will increase from \$0.036/Dth to \$0.039/Dth. Ruby attributes this increase to a higher anticipated reliance on electric compression relative to gas compression compared to the original forecast, based on actual operating experience.

6. Ruby requests limited waiver of its tariff provisions relating to the computation of the true-up percentages for Fuel and L&U volumes, and the EPC rate true-up. Specifically, Ruby requests that it be permitted to net Fuel and L&U volumes, and to offset the monetary value of this result against the EPC over-collection during the prior data collection period, rather than separately computing a volumetric true-up percentage for Fuel and L&U, and an EPC true-up rate.

7. During the data collection period, Ruby under-collected fuel by 331,654 Dth due to higher throughput than projected and a greater reliance on gas

compression. Further, Ruby over-collected L&U by 315,325 Dth during the data collection period. Rather than applying the 331,654 Dth Fuel under-collection and 315,325 Dth L&U over-collection quantities individually to calculate Ruby's Fuel and L&U true-up reimbursement percentages, as prescribed by its tariff, Ruby requests waiver to offset the monetary value of the 16,329 Dth net FL&U under-collection against the EPC over-collection. Therefore, Ruby proposes that both the Fuel and L&U volumetric true-up adjustments be 0.00 percent. Netting the monetary value of the FL&U under-collection of \$72,637³ against the \$213,434 EPC over-collection, results in an overall net EPC over-collection of \$140,797. Ruby proposes to return this net over-collection via a \$0.002/Dth negative true-up rate.

8. Ruby believes good cause exists to grant the waiver given the limited operating history of the pipeline and various start-up operational issues. Ruby states that a limited waiver of section 13 and section 28 will minimize the increase to the volumetric fuel percentage otherwise required in this filing and anomalous impacts from the start-up period operational issues on the other rates. Without the waiver, Ruby's volumetric true-up rate would be 0.39 percent for Fuel, negative 0.37 percent for L&U, and an EPC true-up rate of negative \$ 0.003, rather than a single true-up rate of negative \$0.002 for EPC, as proposed by Ruby.

9. Public notice of the filing was issued on May 3, 2012. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2011)). Pursuant to Rule 214 (18 C.F.R. § 385.214), all timely filed motions to intervene and any unopposed motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

10. Accordingly, having considered the filing and request for waiver, the Commission accepts the tariff records listed in footnote No. 1 of this letter order, effective June 1, 2012. The Commission finds that good cause exists to grant Ruby limited waiver of its GT&C as it applies to the computation of the true-up component of its Fuel percentage, L&U percentage and EPC rate. Specifically, we grant waiver of section 13 of Ruby's GT&C to permit offsetting

³ Ruby proposes to calculate a monetized value associated with the FL&U under-collection by using the average of the daily mid-point prices for Kern River, Opal as published in *Platt's Gas Daily* applied to the net Fuel and L&U under/over-collection volumes for each month of the December 1, 2011 through February 29, 2012, collection period.

under-collected Fuel volumes with over-collected L&U volumes, and grant waiver of section 28 of the GT&C to offset the monetary value of the net FL&U under-collection against the EPC over-collection.

By direction of the Commission. Chairman Wellinghoff is not participating.

Kimberly D. Bose,
Secretary.