

169 FERC ¶ 61,184
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

December 4, 2019

In Reply Refer To:
Columbia Gas Transmission, LLC
Docket No. RP20-78-000

Columbia Gas Transmission, LLC
700 Louisiana Street
Suite 700
Houston, TX 77002-2700

Attention: John A. Roscher, Director
Rates & Tariffs

Dear Mr. Roscher:

1. On October 18, 2019, Columbia Gas Transmission, LLC (Columbia Gas) petitioned the Commission for approval of a Stipulation and Settlement Agreement (Settlement) in lieu of its obligation to file a limited Natural Gas Act (NGA) section 4(e) rate case.¹ We approve Columbia Gas' Settlement, as proposed.

2. Columbia Gas states that all capacity in its Chesapeake LNG (Liquified Natural Gas) Facility is fully contracted under contracts with three shippers: the City of Richmond, Virginia, Columbia Gas of Virginia, Inc., and Virginia Natural Gas, Inc. (the LNG Customers). Columbia Gas further states that it provides such service under Rate Schedules X-131, X-132, and X-133 (X-Rate Agreements) respectively. Columbia Gas states that a prior settlement between it and its LNG Customers addressed funding capital improvements for the LNG facilities, and requires Columbia Gas to file an adjustment to its base rates by December 31, 2019 and meet with customers at least one-hundred twenty days prior to that date to attempt to reach a settlement.² Columbia Gas states that LNG

¹ The filing was made pursuant to Rule 207(a)(5) of the Commission's Rules of Practice and Procedure. *See* 18 C.F.R. § 385.207(a)(5) (2019).

² Columbia Gas Transmittal at 3, n.8 (citing Columbia Gas Transmission, LLC, Offer of Settlement and Petition for Approval of Settlement, Docket No. RP13-606-000 (filed Feb. 28, 2013)).

shippers using the subject service are parties to, and are supportive of, the instant Settlement.

3. Columbia Gas states the Settlement represents a collaborative resolution between it and its LNG Customers. In addition, Columbia Gas states that the Settlement provides for five-year term extensions of each of the LNG Customers' X-Rate Agreements, an increase to Chesapeake LNG's demand and capacity base rates, revised depreciation and negative salvage rates to be effective July 1, 2020, continued use of legacy cost allocation and rate design, and a five-year rate moratorium on Columbia Gas' base LNG rate. Columbia Gas requests Commission approval of the Settlement without condition or modification, as soon as possible but preferably no later than January 16, 2020.

4. Columbia Gas further states that the LNG Customers have fully contracted for all capacity of the LNG facilities pursuant to the X-Rate Agreements. Finally, Columbia Gas states that it will file tariff records consistent with the *pro forma* tariff records included in Appendix A of the Settlement, after the Settlement is approved. The pertinent provisions of the Settlement are summarized below.

5. Article I provides that each LNG Customer must extend the terms of their existing X-Rate Schedules for a period of five years, i.e., from January 31, 2029 through January 31, 2034. Article I further provides that the amendments to the X-Rate agreements are to be filed with the Commission in compliance with an order approving the Settlement.

6. Article II provides that the base rates for Columbia Gas' system are set forth in the *pro forma* tariff records in Appendix A to the Settlement. Article II provides that the Settlement rates will become effective on July 1, 2020.

7. Article III establishes that all cost and revenue components of Columbia Gas' base rate are to be considered on a "black box" basis, except for the depreciation and negative salvage rates.³ Article IV provides for the continued use of legacy cost allocation and rate design during the period that the Settlement remains in effect.

8. Article V provides for a base LNG rate moratorium on any changes to the base LNG rate through June 30, 2025. Article V further provides that no new NGA section 4(e) or any NGA section 5 base LNG rate change proposed by either Columbia Gas or an LNG Customer may become effective prior to July 1, 2025.

³ Article III specifies that the depreciation rate shall be 0.26 percent and the negative salvage rate shall be 0.10 percent. The depreciation and negative salvage rates for the Chesapeake LNG Adder facilities will remain at 3.00 percent and 0.30 percent.

9. Article VI specifies that Columbia Gas shall file the *pro forma* tariff records contained in Appendix A to the Settlement after the Commission order approving the Settlement becomes a Final Order as defined in Article VII. Article VII states that the Settlement shall become effective on the first day of the month immediately following the date that a Commission order becomes a Final Order.

10. Article VIII provides that the Settlement is privileged and of no effect unless it becomes effective. Article VIII further provides that the standard of review for any changes to the terms of the Settlement during the term of the Settlement is the public interest standard and not the just and reasonable standard.

11. Public notice of the filing was issued on October 22, 2019. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.⁴ Pursuant to Rule 214,⁵ 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. Columbia Gas of Virginia, Inc. filed comments in support of the Settlement. No comments in opposition to the settlement were filed.

12. Accordingly, we find that the uncontested Settlement appears to be fair, reasonable and in the public interest. Therefore, we approve the Settlement, to be effective as proposed. We direct Columbia Gas to file actual tariff records consistent with the Settlement in eTariff format as required by Order No. 714.⁶ The Commission's approval of the Settlement does not constitute acceptance of, or precedent regarding, any principle or issue in this proceeding.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁴ 18 C.F.R. § 154.210 (2019).

⁵ 18 C.F.R. § 385.214 (2019).

⁶ *Electronic Tariff Filings*, Order No. 714, 124 FERC ¶ 61,270 (2008).