

171 FERC ¶ 61,178  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Neil Chatterjee, Chairman;  
Richard Glick, Bernard L. McNamee,  
and James P. Danly.

Columbia Gas Transmission, LLC

Docket No. RP20-857-000

ORDER ON TARIFF FILING

(Issued May 29, 2020)

1. On May 1, 2020, Columbia Gas Transmission, LLC (Columbia Gas) filed a revised tariff record<sup>1</sup> to modify the reservation charge crediting provisions set forth in section 38 of the General Terms and Conditions (GT&C) of its tariff. Specifically, Columbia Gas proposes to change its methodology for calculating the volumes to which reservation charge credits (RCC) apply, and switch from the No-Profit method to the Safe Harbor method for determining when it must grant RCC. For the reasons discussed below, we accept the tariff record, effective June 1, 2020, subject to the conditions discussed in this order.

**Proposal**

2. Columbia Gas proposes to modify VII.38-General Terms & Conditions, Reservation Charge Credits (section 38) of its FERC Gas Tariff. Columbia Gas's currently effective tariff sets forth the No-Profit method for calculating RCC. Under the No-Profit method, the pipeline provides RCC equal to the return on equity and income taxes portion of its rates starting on the first day of any *force majeure* event. Under the Safe Harbor method, the pipeline provides full credits to shippers after a short grace period, usually of 10 days or less. In the instant filing, Columbia Gas proposes to change its method for assessing RCC to the Safe Harbor method.

3. To implement its change to the Safe Harbor method, Columbia Gas proposes certain modifications to section 38 of its GT&C. Columbia Gas's proposed modifications to section 38.2(a)(ii) provide that, when Columbia Gas is unable to schedule or deliver up to a shipper's eligible gas quantities, as determined in the proposed section 38.2(a)(ii), for a period greater than 10 consecutive days due to a *force majeure*

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<sup>1</sup> Columbia Gas Transmission, LLC, FERC NGA Gas Tariff, Baseline Tariffs, [Gen. Terms & Conditions, Reservation Charge Credits, 7.0.0.](#)

event, it will credit to shippers the full contract reservation rate applicable to the eligible RCC volume not delivered by Columbia Gas as calculated and discussed above for each day beyond 10 consecutive days that it is unable to provide service. Columbia Gas's proposed revisions to sections 38.2(a)(ii) and 38.2(b)(ii)<sup>2</sup> reflect that on days when Columbia Gas provides advance notice of an event that may result in the unavailability of service, the volume eligible for RCC will be equivalent to a shipper's average daily usage during the most recent seven days during which Columbia Gas did not experience either a *force majeure* or non-*force majeure* event, prior to the notice date on its electronic bulletin board. Columbia Gas states that eligible shipper volumes for RCC will continue to be based upon service from a shipper's primary receipt points to a shipper's primary delivery points. Columbia Gas further states that the actual volumes for which RCC will be calculated will equal a shipper's seven-day average, less any quantity that the same shipper nominated and that Columbia Gas scheduled and delivered. Columbia Gas maintains that the proposed changes eliminate the need for shipper nominations to be confirmed in order to be eligible for RCC when Columbia Gas has provided advance notice of a service interruption event.

4. Columbia Gas states that for its no-notice services,<sup>3</sup> it will make use of the most recent seven-day average during which it did not experience an event for purposes of determining RCC when advance notice of a *force majeure* or non-*force majeure* event has been provided. Columbia Gas further explains that for instances where it fails or is unable to post advance notice, the RCC for no-notice shippers will be calculated relative to the quantity of gas allocated to the shippers' primary points. Columbia Gas maintains that this method of determining RCC for no-notice services is consistent with a previous Commission decision.<sup>4</sup>

5. Columbia Gas states it is proposing that only firm service which is affected by either a *force majeure* or non-*force majeure* event shall be included in the daily usage utilized to calculate a shipper's seven-day historical average daily usage, for purposes of determining the volumes eligible for RCC. Columbia Gas maintains that the revisions it

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<sup>2</sup> Section 38.2(a)(ii) describes the volume to which RCC are eligible during a *force majeure* event, and section 38.2(b)(ii) describes the volume to which RCC are eligible during a non-*force majeure* event.

<sup>3</sup> Columbia Gas specifies its no-notice services as Rate Schedules FSS with SST, NTS, and NTS-S.

<sup>4</sup> Columbia Gas Transmittal Letter at 4 & n.11 (citing *WBI Energy Transmission, Inc.*, 157 FERC ¶ 61,184 (2016)).

is proposing to section 38 are consistent with Commission policy.<sup>5</sup> Specifically, Columbia Gas asserts that the Commission has found it appropriate for a pipeline to calculate the RCC owed to shippers based on an appropriate historical average of usage as a substitute for the use of quantities nominated and/or confirmed for scheduling, when proper notification of the unavailability of service is provided during either *force majeure* or non-*force majeure* events.<sup>6</sup> Columbia Gas argues that historical average usage is preferable to its current confirmable nomination methodology, because it reflects actual shipper utilization, provides certainty, and will effectively eliminate the inherent difficulties with the confirmation of pooling nominations when determining eligible RCC quantities.<sup>7</sup>

6. Columbia Gas states that the changes to section 38.2(b)(i) reflect the revisions proposed to the calculation of gas quantities eligible for RCC discussed above for non-*force majeure* events. Columbia Gas states that the calculation of RCC during such events will be based upon a shipper's full contract reservation rate and will be applied to the eligible gas quantities as determined in the proposed section 38.2(b)(ii), beginning with the first Gas Day of the non-*force majeure* event. Columbia Gas asserts that these changes are consistent with the Commission's requirement for non-*force majeure* events.<sup>8</sup>

7. Columbia Gas states that the same Safe Harbor RCC calculation methodology will be applied to recourse, discounted, and negotiated rate service agreements. Additionally, Columbia Gas clarifies in sections 38.2(a)(i) and 38.2(b)(i) that volumes flowing under secondary service shall not be eligible for RCC under either a *force majeure* or non-*force majeure* event, respectively. Columbia Gas states that its proposed tariff revisions that revise its RCC calculation methodology are consistent with the Safe Harbor method and with language previously approved by the Commission for other pipelines.<sup>9</sup>

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<sup>5</sup> Columbia Gas Transmittal Letter at 8 & n.23 (citing *Millennium Pipeline Co.*, 149 FERC ¶ 61,290 (2014)).

<sup>6</sup> Columbia Gas Transmittal Letter at 5 (citing *Midwestern Gas Transmission Co.*, 137 FERC ¶ 61,257, at P 22 (2011)).

<sup>7</sup> Columbia Gas states that with the proposed change to the use of a historical daily average usage volume to determine eligible RCC quantities, it is removing superfluous language in section 38, paragraph 1(a)(i), and all of paragraph 1(e).

<sup>8</sup> Columbia Gas Transmittal Letter at 6 (citing *Millennium Pipeline Co.*, 149 FERC ¶ 61,290, at PP 8 & 17).

<sup>9</sup> Specifically, Columbia Gas cites the following FERC Gas Tariffs: ANR Pipeline Company, Part 6.36.2, General Terms & Conditions, Reservation Charge Credits; Gas

**Notice and Responsive Pleadings**

8. Public notice of the filing was issued on May 4, 2020. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.<sup>10</sup> Pursuant to Rule 214,<sup>11</sup> all timely filed unopposed motions to intervene and any unopposed motions 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 this proceeding or place additional burdens on existing parties. Timely adverse comments and/or protests were filed<sup>12</sup> by Joint Protesters,<sup>13</sup> Appalachian Basin Shippers,<sup>14</sup> and Cities.<sup>15</sup>

9. On May 22, 2020, Columbia Gas filed an answer to the protests. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure prohibits an answer to a protest unless otherwise ordered by the decisional authority.<sup>16</sup> The Commission will accept the instant answer because it provides information that will assist us in our decision-making process.

10. Joint Protestors, Appalachian Basin Shippers, and Cities object to Columbia Gas's proposal to eliminate RCC for volumes nominated from secondary points. In general,

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Transmission Northwest LLC, Part 5.1.3.9, Rate Schedule FTS-1, Reservation Charge Credit-Force Majeure Event; Great Lakes Gas Transmission Limited Partnership, Part 6.10.3(b), General Terms & Conditions, Force Majeure, Remedies, and Reservation Charge Credits; Northern Border Pipeline Company, Part 6.6.7(1), General Terms & Conditions, Reservation Charge Credits; and Portland Natural Gas Transmission System, Part 6.21.4(a), General Terms & Conditions, Liability and Remedies.

<sup>10</sup> 18 C.F.R. § 154.210 (2019).

<sup>11</sup> 18 C.F.R. § 385.214 (2019).

<sup>12</sup> Direct Energy Business Marketing, LLC filed comments but later withdrew them on May 22, 2020.

<sup>13</sup> In this docket, Joint Protesters refers to EQT Energy LLC, Spotlight Energy, LLC, and Tenaska Marketing Ventures.

<sup>14</sup> In this docket, Appalachian Basin Shippers refers to Ascent Resources – Utica, LLC and Range Resources – Appalachia, LLC.

<sup>15</sup> In this docket, Cities refers to the cities of Charlottesville and Richmond, Virginia.

<sup>16</sup> 18 C.F.R. § 385.213(a)(2) (2019).

protestors argue that Columbia Gas's proposed revisions to its RCC methodology will inhibit point flexibility by discouraging shippers from using the Columbia Gas Pool on a secondary basis. The protestors maintain that shippers frequently buy gas and receive it at secondary receipt points, including pooling points, which are not listed in their firm transportation service agreements and that shippers have relied on RCC for volumes nominated from secondary points. Protestors also assert this provision was agreed to in Columbia Gas's previous rate settlement and claim that the elimination of RCC for volumes nominated from secondary points will disrupt the way many firm shippers have historically conducted business on the Columbia Gas system. Generally, protestors request that the Commission reject this element in Columbia Gas's instant filing or direct Columbia Gas to revise its proposed tariff language.

11. Joint Protestors, Appalachian Basin Shippers, and Cities also take issue with Columbia Gas's proposal to determine a shipper's RCC-eligible volumes using a seven-day usage history. Generally, protestors assert that the proposed revisions allow Columbia Gas to control its RCC payment amounts by manipulating the notice process for service outages. Protestors allege this will eliminate Columbia Gas's incentive to plan and manage service outages in an efficient manner. Furthermore, protestors contend that Columbia Gas's proposal to use a seven-day historical average could disproportionately affect firm shippers that use capacity differently on a seasonal basis. Generally, protestors request that the Commission reject this element in Columbia Gas's instant filing or direct Columbia Gas to revise its proposed tariff language.

12. In addition, Cities argue that Columbia Gas's proposed tariff language for the no-notice service provided through a combination of storage (Rate Schedule FSS) and transportation (Rate Schedule SST) services fails to account for the fact that the transportation component for such no-notice service varies by season. Cities assert that depending on the timing and length of a service disruption, a no-notice service average usage quantity could be based on allocated no-notice service when a shipper's no-notice rights were only half of its actual no-notice delivery right. Accordingly, Cities request that the Commission direct Columbia Gas to revise its proposed tariff language to calculate the average usage over a seven-day period based on the quantities actually delivered to the shipper's primary delivery point up to the applicable transportation demand and to increase the average usage quantity when a shipper's no-notice contract rights step up during a period when service is disrupted.

13. In its answer, Columbia Gas argues that its proposal to not provide crediting to secondary transactions is consistent with Commission policy. Columbia Gas argues that the protestors' reliance on the pipeline's application of RCC to secondary points in the past is misplaced. Columbia Gas states that the previous arrangement was part of a settlement that expressly reserved to Columbia Gas the right to revise these RCC

provisions in the future,<sup>17</sup> and argues that the fact that the previous arrangement was just and reasonable is irrelevant so long as the instant proposal is just and reasonable. Regarding the proposed use of historical average data, Columbia Gas states that its proposal has been misconstrued. Columbia Gas states that in non-*force majeure* situations, it will still be providing RCC from the first day of the outage, and that it regularly posts its scheduled maintenance events well in advance.

14. Columbia Gas proposes to address Cities' concerns regarding seasonality by modifying the disputed tariff language. Columbia Gas proposes to modify language in section 38.3 to state that, if an "event extends into a subsequent season(s)," the historical average would instead be based on the applicable "average daily usage ... in the same month of the preceding year for the duration of the event."<sup>18</sup> Columbia Gas proposes similar modifications to sections 38.2(a) and 38.2(b).<sup>19</sup> Columbia Gas argues that these modifications would resolve Cities' concerns.

### **Discussion**

15. As discussed below, we accept the revised tariff record, effective June 1, 2020, subject to Columbia Gas filing a revised tariff record consistent with the tariff language proposed in its answer. Commission policy requires that pipelines and shippers share the risk of certain service interruptions by providing RCC, but the Commission is flexible concerning the arrangement established by the pipeline to accommodate such risk. The Commission has approved two main methods, the "No-Profit" method, and the "Safe Harbor" method, but also allows "any other method provided it results in the same type of risk-sharing as the two approved methods do."<sup>20</sup> In this filing, Columbia Gas is switching from the No-Profit method, which provides shippers a partial credit with no delay period, to the Safe Harbor method, which provides full credits after a delay period. No parties object to Columbia Gas's choice of the Safe Harbor method. Rather, they object to the changes regarding how RCC are calculated, which we address below: the impact of seasonal variations on the transportation component for no-notice service, the use of historical averages to calculate credits when Columbia Gas provides advance notice of an outage, and the failure to include delivery to secondary points when calculating those credits.

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<sup>17</sup> Columbia Gas Answer at 5.

<sup>18</sup> *Id.* at 10.

<sup>19</sup> *Id.* at 10-11.

<sup>20</sup> *Natural Gas Supply Assn.*, 135 FERC ¶ 61,055, at P 16 (2011).

16. Cities argue that Columbia Gas's proposal to determine RCC-eligible volumes based on historical average usage fails to account for the fact that the transportation component for no-notice service varies by season. In its answer, Columbia Gas proposes modified tariff language that, we find, resolves Cities' concern. Accordingly, as a condition of our acceptance, Columbia Gas shall file a modified tariff record to match the modified tariff language proposed in its answer, within 30 days of the date of this order.

17. Joint Protesters, Appalachian Basin Shippers, and Cities raise objections to Columbia Gas using historical average usage to determine crediting during an outage. The Commission's policy holds that, when the pipeline gives advance notice of an outage before shippers have submitted scheduling nominations for the day (or days) of an outage, it is reasonable for the pipeline to calculate the RCC based on an appropriate historical average of usage, such as the shipper's prior seven days utilization of firm capacity.<sup>21</sup> This policy recognizes that, when advance notice of an outage has been given, the shippers' scheduling nominations may not accurately reflect what they would have scheduled without advance knowledge that the scheduling nominations would not be accepted. We see no reason to find that Columbia Gas may intentionally delay the posting of notices to manipulate credits in the manner described in the protests, as an artificially delayed response could harm the pipeline's ability to protect its own system. Accordingly, consistent with our policies, we find that Columbia Gas's proposed use of historical averages of usage for nominations is reasonable in order to minimize the potential for gaming if shippers have advance knowledge that their nominations will not be accepted.<sup>22</sup> We find no unique circumstances present on Columbia Gas that would prevent us from applying that general policy here.

18. Joint Protesters, Appalachian Basin Shippers, and Cities also object that, in calculating credits, Columbia Gas will not include nominations through secondary points. While pipelines are free to provide credits above and beyond our requirements, the Commission only requires RCC for primary firm service, not secondary firm service.<sup>23</sup> We will not require Columbia Gas to include secondary points in its historical calculations here.

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<sup>21</sup> *Southern Natural Gas Co.*, 135 FERC ¶ 61,056, at PP 33-34, *order on reh'g*, 137 FERC ¶ 61,050 (2011) (*Southern*).

<sup>22</sup> *Tennessee Gas Pipeline Co.*, 135 FERC ¶ 61,208 (2011), *order on reh'g and compliance*, 139 FERC ¶ 61,050, at P 92 (2012) (*Tennessee*).

<sup>23</sup> *Tennessee*, 139 FERC ¶ 61,050 at P 96; *Southern*, 135 FERC ¶ 61,056, at P 40.

The Commission orders:

For the reasons discussed above, we accept the tariff record as just and reasonable, effective June 1, 2020, subject to Columbia Gas filing a revised tariff record to incorporate the modified tariff language proposed in its answer, within 30 days of the date of this order.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.