

121 FERC ¶ 61,148
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Columbia Gas Transmission Corporation

Docket Nos. RP07-479-000
RP07-479-001
RP07-479-002

ORDER ACCEPTING TARIFF SHEETS SUBJECT TO CONDITIONS

(Issued November 15, 2007)

1. On June 5, 2007, as amended August 1, 2007 and August 17, 2007, pursuant to section 4 of the Natural Gas Act (NGA), Columbia Gas Transmission Corporation (Columbia Gas) filed revised tariff sheets¹ proposing a new service to its Parking and Lending (PAL) rate schedule and *pro forma* service agreement called “Auto PAL.” Columbia Gas states that, under Auto PAL, shippers would have the option to elect to have Columbia Gas automatically deem certain quantities at Columbia Gas’ pooling points to be park and loans. Columbia Gas proposes a June 1, 2008, effective date, one month following the anticipated launch date of its new Electronic Bulletin Board (EBB) and gas management system (Navigates).² The Commission will accept the revised tariff sheets to be effective on the later of June 1, 2008, or one month following the commencement of Navigates on the Columbia Gas system, subject to the conditions set forth below.³

¹ Third Revised Sheet No. 228 and Original Sheet Nos. 540A, 540B, 540C and 540D to FERC Gas Tariff, Second Revised Volume No. 1.

² On August 17, 2007, Columbia Gas notified the Commission that the launch of Navigates would be May 1, 2008.

³ If Navigates commences on a date later than May 1, 2008, Columbia Gas is directed to file a letter prior to that commencement stating the revised commencement date.

Details of the Filing

2. Columbia Gas permits shippers to nominate service to and from pooling points under two rate schedules, Rate Schedule IPP (Interruptible Paper Pool) and Rate Schedule AS (Aggregation Service). Each Rate Schedule permits Columbia Gas to adjust shippers' scheduling nominations for service into and out of the pool, so that the quantities scheduled for delivery into the pool and out of the pool will be equal.⁴
3. Columbia Gas states in its transmittal letter that, consistent with the provisions of the two pooling rate schedules, Navigates will automatically adjust the shipper's scheduling nominations so that quantities scheduled into the point are equal to quantities scheduled from the point. Columbia Gas states that this will eliminate unauthorized parks and lends.
4. The purpose of the proposed Auto PAL service is to give shippers the option to elect to have Columbia Gas automatically deem differences in nominated quantities at pooling points to be park and loans,⁵ thereby providing shippers greater flexibility in managing over and under scheduled quantities at the customer-selected points.
5. Columbia Gas states that, during the term of an Auto PAL service agreement, a shipper will have the choice to turn "on" and "off" the Auto PAL service for any gas day. According to Columbia Gas, if the shipper has turned "on" its Auto PAL service, any difference between the shipper's scheduled quantities to and from its selected point of service for that gas day will be deemed by Columbia Gas to be parked or loaned.⁶ Columbia Gas states that auto parks and auto loans are only deemed to have occurred if Auto PAL service is available for that gas day, and the shipper: (1) has executed a Master Auto PAL Agreement, with an accompanying Appendix A identifying the pooling point(s) of service at which shipper desires Auto PAL service; and (2) has turned its Auto

⁴ Section 3(e) of Rate Schedule IPP and section 4(e) of Rate Schedule AS provide:

To maintain a concurrent balance between receipts and deliveries, Transporter may monitor and adjust confirmed nominations in accordance with the provisions of section 6 (Nominating, Scheduling, and Monitoring) of the General Terms and Conditions.

⁵ The pool points, explains Columbia Gas, include aggregation points (AS Rate Schedule), interruptible paper pool points (IPP Rate Schedule) and segmentation pool points.

⁶ Columbia Gas explains that it is only after the fourth nomination cycle (the Intra-Day 2 cycle) that a difference between the shipper's scheduled quantities to and from its selected point of service will be deemed an auto park or auto loan.

PAL service “on” for the gas day in which shipper has a difference between its scheduled quantities to and from its point(s) of service. This difference in scheduled quantities becomes shipper’s Auto PAL Account Balance, and the Auto PAL Account Balance Charge will be assessed on these quantities until shipper clears its balance to zero.

6. Columbia Gas states that, in the event a shipper without a Master Auto PAL Agreement (or one with a Master Auto PAL Agreement turned “off”) over- or under-nominates at a pooling point, Navigates will automatically adjust the shipper’s nominations so that the confirmed nomination into and from the pooling point are equal.

7. Columbia Gas states that the instant filing does not propose a rate change, and that its currently effective maximum and minimum rates under its PAL Rate Schedule will apply to the proposed Auto PAL service feature within the existing PAL Rate Schedule. In addition, Columbia Gas states, it may, from time to time, post on Navigates point-specific discounts generally applicable to Auto PAL shippers at such point(s). Columbia Gas further states that any such generally-applicable discounts will be posted a minimum of two business days in advance of the discount’s effectiveness, and that if no discount is posted, then the default rate (called the Account Balance Charge) shall be the maximum rate. Columbia Gas states that an Auto PAL shipper can avoid paying the maximum rate by clearing its Auto PAL Account Balance to zero before the posted discount terminates.

Waiver

8. Columbia Gas’ initial filing and the amendments to its initial filing were made more than 60 days prior to the requested effective date. Columbia Gas states that in view of the change in the launch date of Navigates and its desire to provide its customers with a one-month lag between the implementation of Navigates and the effective date of the Auto PAL feature, Columbia Gas requests that when the Commission acts on the merits of its Auto PAL proposal that the subject tariff sheets be accepted effective June 1, 2008. Columbia Gas asserts that good cause exists for the Commission to grant waiver of the 60-day time limit in section 154.207 of the Commission’s regulations.⁷

Notice of Filing, Interventions, Comments, Protests and Answer

9. Public notice of Columbia Gas’ June 5, 2007, filing was issued on June 8, 2007. Interventions and protests were due as provided in Rule 210 of the Commission’s regulations.⁸ Pursuant to Rule 214,⁹ all timely filed motions to intervene and any motion to intervene out-of-time filed before the issuance date of this order are granted. Granting

⁷ 18 C.F.R. § 154.207 (2007).

⁸ *Id.* § 154.210.

⁹ *Id.* § 385.214.

late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. Protests were filed by Constellation NewEnergy-Gas Division, LLC (Constellation); jointly by Conectiv Energy Supply, Inc. and Delmarva Power & Light Company (CESI/Delmarva); jointly by New Jersey Natural Gas Company and NJR Energy Service Company (NJR); Piedmont Natural Gas Company, Inc. (Piedmont); and Virginia Power Energy Marketing, Inc. (VPEM). Comments were filed by Independent Oil & Gas Association of West Virginia (IOGA) and ProLiance Energy, LLC (ProLiance). A request for clarification was filed by Interstate Gas Supply, Inc. (IGS). Piedmont and NJR's protests also contained requests for a technical conference. On June 28, 2007, Columbia Gas filed an answer. On July 9, 2007, IGS filed a reply to Columbia Gas' answer. Under Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2007), answers to protests and answers to answers are not accepted unless otherwise ordered by the decisional authority. The Commission will accept Columbia Gas' answer and IGS' reply to the answer because they have provided information that assisted in our decision making process.

10. On August 1, 2007 and August 17, 2007, in Docket Nos. RP07-479-001 and RP07-479-002, respectively, Columbia Gas amended the filing, requesting a later effective date for the Auto PAL tariff due to the delay in the launch of Navigates. Public notices of these filings were issued on August 2, 2007 and August 28, 2007, respectively. No comments or protests were filed. Pursuant to Rule 214, all timely filed motions to intervene and any 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.

Discussion

11. We find that Columbia Gas' proposed optional Auto PAL service feature is just and reasonable, subject to the conditions described below. The Auto PAL service will provide Columbia Gas' shippers greater flexibility in managing over and under scheduled quantities at customer-selected points, and will not have the various adverse effects asserted by the protesters. However, certain modifications are required to be consistent with the Commission's June 5, 2007 Order in Docket No. RP07-413-000 concerning Columbia Gas' Master Auto PAL Agreement and Columbia Gas' willingness to provide a "safe-harbor limit" for free Auto Pal service during the first two months the service is in effect, as discussed below. In addition, Columbia Gas will be directed to provide information and explanations regarding Auto PAL service. Accordingly, Columbia Gas' revised tariff sheets are accepted effective on the later of June 1, 2008, or one month following the commencement of Navigates on the Columbia Gas system, subject to the conditions discussed below.

12. Piedmont protests that the implementation of the Auto PAL service feature will result in the imposition of increased scheduling penalties. Piedmont argues that shippers will have to subscribe to Auto PAL in order to avoid having to pay the Daily Delivery

Point Scheduling Penalties recently approved by the Commission in Docket No. RP07-340-000.¹⁰ However, as Columbia Gas explains, the scheduling penalties approved in Docket No. RP07-340-000, do not apply at pooling points. Therefore, Piedmont is incorrect in the assertion that shippers will have to subscribe to Auto PAL to avoid having to pay Daily Delivery Point Scheduling Penalties because these penalties are not applicable at pooling points.

13. Piedmont, Constellation and VPEM protest the provisions of the proposed Master Auto PAL Agreement and Transaction Confirmation that provide for deemed acceptance of transaction confirmations two days after they are transmitted by Columbia Gas unless disputed in writing by the shipper to whom the confirmations were directed, and argue that the proposed confirmation procedures are inconsistent with the recent order on Columbia Gas' limited section 4 filing to revise its Master PAL Agreement in Docket No. RP07-413-000.¹¹ In that order, the Commission directed Columbia Gas to file revised tariff sheets that give shippers the option of whether or not to agree to the process whereby an Appendix A is deemed executed if not objected to within two days.

14. In its answer, Columbia Gas states that it will make a compliance filing that reflects the same change to the electronic contracting confirmation process applicable to the Master Auto PAL Transaction Confirmation Sheet, as that required of the Master PAL Transaction Confirmation Sheet that was the subject of the Commission's recent order in Docket No. RP07-413-000.¹² The Commission conditions acceptance of the instant proposal on Columbia Gas filing revised tariff sheets with conforming language as required in Docket No. RP07-413-000, within 15 days of the issuance of this order.

15. Piedmont, NJR and VPEM argue that if a shipper does not have Auto PAL service (or a shipper has the service turned "off"), then Navigates will automatically adjust the shipper's over- or under-nominations at a pooling point so that quantities scheduled into the point are equal to quantities scheduled from the point – this is described by parties as a "forced balancing."

16. In its answer, Columbia Gas states that sections 3(e) of IPP Rate Schedule and section 4(e) of its AS Rate Schedule provide authority for the automatic adjustment of pool nominations so that amounts scheduled into a pooling point are equal to the amounts scheduled out of the point. Columbia Gas states that Navigates has the functionality to automatically "monitor and adjust" nominations into and out of a shipper's pool "to maintain a concurrent balance between receipts and deliveries," consistent with these

¹⁰ See *Columbia Gas Transmission Corp.*, 119 FERC ¶ 61,267 (2007).

¹¹ *Columbia Gas Transmission Corp.*, 119 FERC ¶ 61,235 (2007).

¹²*Id.*

provisions of the two rate schedules. However, Columbia Gas asserts that if a shipper uses the Auto PAL service feature it can avoid such automatic nomination adjustments.

17. The Commission finds that Columbia Gas' currently-effective tariff language already provides it with the authority to make such adjustments to balance the volumes it schedules into and from a pooling point and that the new Auto PAL service feature is not reducing a shipper's flexibility since Columbia Gas will merely enforce an existing tariff provision. Further, we find that the proposed optional Auto PAL service feature will provide shippers greater flexibility in managing over and under scheduled quantities at customer-selected points.

18. While Columbia Gas' tariff allows it to equalize the volumes it schedules into and out of a pooling point during the scheduling process, the tariff does permit shippers to carry physical differences between the receipts that are scheduled at a pooling point and the shipper's actual receipts at that point.¹³ These differences are referred to as "operational imbalances." The authorization for shippers to carry such imbalances is subject to the condition that a shipper's net operational imbalances for a month shall not exceed two percent of a shippers' aggregate nominations for the month. Several parties are concerned that Columbia Gulf's Auto PAL proposal will limit their ability to carry operational imbalances. CESI/Delmarva, Constellation, IOGA and VPEM interpret Columbia Gas' transmittal letter as stating that if a shipper does not participate in Auto PAL, Columbia Gas will be able to automatically adjust a shipper's nominations at a pooling point so that the nominations and actual takes match. CESI/Delmarva asserts that this directly contradicts Columbia Gas' currently effective tariff provisions, permitting shippers nominating under Rate Schedule IPP to aggregate nominations at a pooling point and to carry physical imbalances without Columbia Gas charging an additional rate for this service. CESI/Delmarva concludes that if Columbia Gas is seeking tariff authority to automatically adjust a shipper's nominations to/from a pooling point under Rate Schedule IPP, Columbia Gas has not proposed changes to its currently effective tariff that would give it the ability to do so. In short, CESI/Delmarva argues that Columbia Gas is requiring shippers to incur the cost of Auto PAL in order to continue to carry physical imbalances at pooling points and that Columbia Gas has not provided any cost justification for the proposal.

19. Columbia Gas states in its answer that it does not intend to eliminate the provisions of the IPP and AS rate schedules that provide for differences between confirmed nominations and actual receipts into the pool to be held as operational imbalances. Columbia Gas' currently effective tariff provides: "Any differences between confirmed nominations and actual receipt quantities shall be held as an

¹³ Section 3(e) of Rate Schedule IPP and section 4(e) of Rate Schedule AS.

operational imbalance under Shipper's IPP Service Agreement.”¹⁴ The Commission finds that the Auto PAL service feature will not eliminate the ability of an IPP or AS user to have operational imbalances. Columbia Gas has not proposed in this filing to modify the existing provisions of the IPP and AS Rate Schedules which permit shippers to carry operational imbalances between confirmed nominations and actual receipts, subject to the requirement that the net imbalance for a month shall not exceed two percent of a shipper's aggregate nominations of the month.¹⁵

20. Piedmont and NJR question what priority will the “deemed nominations” under Auto PAL have, compared to the priority of regular PAL nominations. Columbia Gas states that they will have the same priority. Columbia Gas explains that Auto PAL is an additional feature of PAL service, and not an entirely new service. Auto PAL and regular PAL customers will experience *pro rata* reductions on days when not all nominations can be fully scheduled.

21. NJR and Piedmont ask if Navigates will show in advance, what total quantity is available for Auto PAL each day. Columbia Gas states that Navigates will show whether Auto PAL will be available the next gas day, but will not show precise quantities available because such information will be unknown. The Commission finds that Columbia Gas has adequately addressed this concern.

22. ProLiance and IGS request clarification that Rate Schedule FSS can be used to balance their pools. Columbia Gas states in its answer that the Auto PAL service feature will only be available at the AS, IPP and Segmentation pools, and not at all of Columbia Gas' receipt and delivery points. Columbia Gas states that Auto PAL will not be the kind of “balancing mechanism” under which a shipper's receipts into the pipeline system will be balanced with the shipper's deliveries off of the pipeline system. Columbia Gas states that rather, Auto PAL will allow shippers to manage their non-concurrent nominations into versus out of their pools, and will permit differences between receipt nominations and delivery nominations at only those pooling points to be deemed Auto Parks and Auto Loans. Without Auto PAL, Columbia Gas states that Navigates will automatically detect and adjust non-concurrent nominations to make them equal each other.

¹⁴ Columbia Gas' answer at 3 (citing section 3(e) of the Columbia Gas' IPP Rate Schedule). Columbia Gas also states that the same provision appears in section 4(e) of its AS Rate Schedule.

¹⁵ Columbia Gas filed in Docket No. RP07-507-000 to change the method for curing operational imbalances in excess of two percent. The Commission is conditionally accepting that proposal but such acceptance does not affect the right to carry physical imbalances during the month.

23. In its answer, Columbia Gas also asserts that since the Auto PAL service feature is optional, a customer is free to choose not to subscribe to the new Auto PAL service feature, and may avoid having its nominations adjusted by Navigates simply by ensuring that receipt nominations into its AS, IPP or Segmentation pool equal delivery nominations out of its AS, IPP, or Segmentation pool. Further, Columbia Gas states that under its currently-effective tariff, such nominations may include nominations between certain pooling points and FSS service agreements. In view of the foregoing, we find that Columbia Gas has adequately answered this concern.

24. In its reply to Columbia Gas' answer, IGS argues that Columbia Gas did not answer whether the FSS service agreements can be used to balance the AS, IPP and Segmentation pools the same way that Auto PAL will be able to. IGS also seeks clarification as to which pooling points Columbia Gas referred to when in its answer it stated "under Columbia Gas' currently-effective tariff, such nominations may include nominations between certain pooling points and FSS service agreements." Further, IGS argues that it would seem that the overpriced maximum rate Auto PALs would carry scheduling priority over those of the individually negotiated PALs.

25. As discussed above, we find that Columbia Gas' answer has adequately addressed IGS' concern regarding scheduling priority. Columbia Gas clearly states regular PAL service and Auto PAL will have an equal priority so that Auto PAL and regular PAL customers will experience *pro rata* reductions on days when not all nominations can be fully scheduled.¹⁶ However, Columbia Gas is directed to respond to IGS' concerns related to whether the FSS agreements can be used to balance the pooling points the same way that the Auto PAL service feature does, and what Columbia Gas referred to when it stated "under Columbia Gas' currently effective tariff, such nominations may include nominations between certain pooling points and FSS service agreements." Further, Columbia Gas must respond to IGS' requests for information and explanations regarding: (1) whether the balances parked or loaned through Auto PAL to a shipper would be based on the net variances at all three pools combined or each pool individually; and (2) whether nominations at the pools would be "force balanced" on a day when Auto PAL and PAL service experience pro-rata reductions.¹⁷ Therefore, Columbia Gas is directed to submit additional information that responds to these issues in the compliance filing it makes in response to the other directives of this order.

¹⁶ Section 7.2(f) of Columbia Gas' GT&C provides that:

For parking or lending at delivery points under Rate Schedule PAL, Transporter shall allocate capacity among those Shippers, on a pro rata basis, based upon those Shippers' respective nominated quantities.

¹⁷ IGS' reply to Columbia Gas' answer at 3.

26. NJR asks if an Auto PAL shipper can trade its Auto PAL Account Balance with another Auto PAL shipper for free. Columbia Gas states that an Auto PAL shipper would not be permitted to do so. Columbia Gas states that each customer will maintain its own Auto PAL Account Balance, and pay the applicable Auto PAL Account Balance Charge on such balance. Columbia Gas states that under the PAL Rate Schedule currently in effect in its tariff, a PAL shipper's Account Balance is not allowed to be freely traded with another PAL shipper's Account Balance.¹⁸ We find that equal treatment of PAL service and Auto PAL in this regard is appropriate.

27. Piedmont questions why section 2(b) of Columbia Gas' PAL Rate Schedule does not apply to the Auto PAL service feature. Section 2(b) of Columbia Gas' PAL Rate Schedule provides for situations in which a PAL Account Balance is reduced when the quantities identified in a shipper's nomination submission, which nomination would have reduced a park or loan balance, are not confirmed. Columbia Gas states the Auto PAL service feature is not nominated by shippers, rather it is automated. Thus, Columbia Gas asserts that section 2(b) of its PAL Rate Schedule, by its terms, does not apply. We find that Columbia Gas has adequately answered this concern.

28. NJR also argues that it is unreasonable for Columbia Gas to implement what amounts to a new fee/penalty scheme so soon after the launch of Navigates, thereby not allowing shippers adequate time to familiarize and train themselves to the level necessary to avoid paying these new fees/penalties. NJR requests that the instant proposal be implemented not less than three months after the successful rollout of Navigates.

29. In its answer, Columbia Gas states that it agrees to provide a "safe-harbor limit" for free Auto PAL service during an initial two-month grace period during September and October, 2007. With the new June 1, 2008, effective date, the August 17, 2007, filing revises the safe harbor period to begin on June 1, 2008, and end on July 31, 2008. Columbia Gas states that during this grace period, a shipper at any eligible Auto PAL point of service will be allowed up to a total Auto PAL account balance of 1,000 Dth without charge. Columbia Gas also states that should shippers exceed this limit during the grace period, Auto PAL charges will apply to quantities above 1,000 Dth. The Commission finds that Columbia Gas' willingness to provide a "safe-harbor limit" adequately addresses NJR's concern. The Commission will condition acceptance of the

¹⁸ Free PAL to PAL transfers are not allowed under the inventory transfer provisions of section 18.2 of the General Terms and Conditions of its tariff.

instant proposal on Columbia Gas filing revised tariff sheets establishing the “safe-harbor limit” to which it has agreed, as described above, within 15 days of the issuance of this order.¹⁹

30. In light of the foregoing, we do not find a need to establish a technical conference in this proceeding. Further, the Commission finds good cause to grant waiver of section 154.207 of the Commission’s regulations.

The Commission orders:

(A) The revised tariff sheets listed in footnote no. 1 of this order are accepted effective on the later of June 1, 2008, or one month following the commencement of Navigates on the Columbia Gas system, subject to the conditions set forth in this order.

(B) Columbia Gas is directed, within 15 days of the date this order issues, to file revised tariff sheets and information and explanations with adequate support consistent with the discussion in the body of this order.

(C) The request of Columbia Gas for waiver of section 154.207 of the Commission’s regulations is granted, as discussed in the body of this order.

(D) The requests for a technical conference are hereby denied.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹⁹ The tariff revision should provide that, if Navigates commences on a date later than May 1, 2008, the dates for the 2 month “safe-harbor limit” will be adjusted correspondingly.