

May 12, 2020

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: *Panhandle Eastern Pipe Line Company, LP, et al.*
Prepared Answering Testimony on NGA Section 5 Issues
Docket Nos. RP19-1523-000, et al.

Dear Ms. Bose:

Pursuant to the Presiding Administrative Law Judge's Order Adopting Procedural Schedule issued October 16, 2019, Panhandle Eastern Pipe Line Company, LP ("Panhandle") hereby submits for filing the following answering testimony and exhibits on NGA section 5 issues:

1. Prepared Answering Testimony and Exhibits of Lawrence J. Biediger (Exhibit Nos. PE-0085 to PE-0088);
2. Prepared Answering Testimony and Exhibits of Deborah A. Bradbury (Exhibit Nos. PE-0089 to PE-0094); and
3. Prepared Answering Testimony and Exhibits of Joseph M. Colton (Exhibit Nos. PE-0095 to PE-0097).

Panhandle is serving all parties on the Commission's service lists with copies of the filed answering testimony and exhibits. Panhandle also is serving the Presiding Administrative Law Judge and her law clerk with electronic copies of the filed answering testimony and exhibits. Panhandle will provide the Presiding Administrative Law Judge and her law clerk with hard copies of the testimony and exhibits as soon as possible after the Commission once again permits hard copies to be sent to the Commission's headquarters.

Respectfully submitted,

PANHANDLE EASTERN PIPE LINE COMPANY, LP

/s/ Michael T. Langston

Michael T. Langston
Vice President, Chief Regulatory Officer

Attachments

Panhandle Eastern Pipe Line Company, LP

Index of Prepared Answering Testimony and Exhibits

<u>Witness</u>	<u>Exhibit No.</u>	<u>Reference</u>	<u>Description</u>
L. J. Biediger	PE-0085		Prepared Answering Testimony
	PE-0086		Other Companies' Tariff Excerpts – Miscellaneous Fuel
	PE-0087		Response to Data Request No. PEPL-PMDG-2.09
	PE-0088		Hourly SCT Volumes
D. A. Bradbury	PE-0089		Prepared Answering Testimony
	PE-0090		Responses to Data Request Nos. PEPL-PMDG-2.09 and 2.10
	PE-0091		Other Companies' Tariff Excerpts – Daily Scheduling/ Balancing Charges
	PE-0092		Rate Schedule SCT Shippers Effective 2/1/19-1/31/20
	PE-0093		Rate Schedule FT/EFT Shippers with MDCQ of 10,000 Dt./day or less
J. M. Colton	PE-0094		Responses to Data Request Nos. PEPL-AMO-1.11, 1.7, 1.3, and 1.12
	PE-0095		Prepared Answering Testimony
	PE-0096		Daily Imbalance Activity Graph
	PE-0097		Data Response to Data Request No. PEPL-AOC-1.18

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Panhandle Eastern Pipe Line Company, LP) **Docket Nos. RP19-1523-000,**
) **et al.**

Prepared Answering Testimony

Of

Lawrence J. Biediger

May 12, 2020

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Panhandle Eastern Pipe Line Company, LP) Docket Nos. RP19-1523-000,
) et al.

**Summary of
Prepared Answering Testimony of
Lawrence J. Biediger**

Lawrence J. Biediger is Sr. Director of Rates and Regulatory Affairs for Panhandle Eastern Pipe Line Company, LP (“Panhandle”). Mr. Biediger has over forty years’ experience in the natural gas industry and has previously testified in many cases before the Federal Energy Regulatory Commission.

Mr. Biediger’s testimony responds to the arguments of (1) Ameren Operating Companies’ (Ameren Illinois Company and Union Electric Company d/b/a Ameren Missouri) (“Ameren”) witness Vonda K. Seckler with respect to miscellaneous fuel usage, and (2) Panhandle Municipal Defense Group (“PMDG”) witness Elizabeth Crowe with respect to the proper rate design for Panhandle’s Rate Schedule SCT (Small Customer Transportation Service) in this proceeding.

In its rate case filing, Panhandle proposed to modify its fuel tracking mechanism to include all miscellaneous fuel use in the fuel tracker, with the definition of “miscellaneous fuel usage” including costs booked to FERC Account Nos. 819, 823, 853 and 856. The Commission held a technical conference on this and other non-rate tariff proposals and subsequently approved it as just and reasonable in its February 28, 2020 Order on Technical Conference. Ameren

disagrees with the Commission's finding and has filed a request for rehearing. In her direct testimony, Ameren witness Seckler argues that the definition of "miscellaneous fuel usage" should include only costs booked to Account No. 856. Mr. Biediger testifies that two other pipelines have tariff language that is similar, if not identical, to the Panhandle Tariff language approved by the Commission. Mr. Biediger explains that items booked to Account No. 853 include expenses incurred in operating transmission compressor stations, including, among other things, utility services. The gas costs included in Panhandle's Account No. 853 for recovery under the fuel tracker are related to fuel used in space heaters and auxiliary equipment, which is similar to what Panhandle would pay a utility company for gas or electric service to run this equipment.

Mr. Biediger testifies that Ameren witness Seckler's proposal to exclude Account Nos. 819 and 823 is based on her incorrect assertion that Panhandle does not operate any underground storage. In fact, Panhandle operates five storage fields for its affiliates and leases underground storage from both its affiliates and third-parties. Therefore, it is appropriate to include Account Nos. 819 and 823 in the miscellaneous fuel usage for recovery through its separate Commission-approved fuel reimbursement tracker related to storage services that Panhandle provides to its customers.

Ameren witness Seckler has not demonstrated that Panhandle's Commission-approved miscellaneous gas cost tariff provisions are unjust and unreasonable or that her proposal is just and reasonable. She has not shown that the Commission committed any error in approving these tariff provisions in its Order on Technical Conference. Panhandle should be allowed to continue to include these miscellaneous gas costs in its Tariff GT&C Section 24 fuel reimbursement tracker filings, as approved by the Commission in its Order on

Technical Conference.

Panhandle has historically used Rate Schedule EFT (Enhanced Firm Transportation Service) as the basis for designing its Rate Schedule SCT (Small Customer Transportation Service) rates. Panhandle continued to use such existing method in its rate case filing in this proceeding. PMDG witness Crowe argues that this method should be changed and that Rate Schedule SCT rates should be derived from the Rate Schedule FT (Firm Transportation Service) rates instead of the Rate Schedule EFT rates. Witness Crowe fails to demonstrate that the existing method is unjust and unreasonable and that her proposed new method is just and reasonable.

Panhandle properly used Rate Schedule EFT as the basis for designing Rate Schedule SCT rates because service under Rate Schedule SCT has the same flexibility as service under Rate Schedule EFT. Both Rate Schedule SCT and Rate Schedule EFT do not require the use of flow control devices at delivery points and both allow hourly swings at delivery points, with such swings limited to 1/16th of the shipper's daily scheduled quantity, or 150% of scheduled hourly quantities should Panhandle require such restriction. Rate Schedule SCT rates are designed based on Rate Schedule EFT rates because both rate schedules provide valuable flexibility that SCT and EFT shippers use to vary their hourly takes. Rate Schedule FT, however, does not provide that valuable flexibility. Under PMDG witness Crowe's proposal to use the lower FT rates to design SCT rates, she would retain all of the valuable flexibility that the EFT Rate Schedule offers but design SCT rates on the lower FT rates that do not provide such flexibility. Mr. Biediger states that if PMDG witness Crowe wants to design SCT rates based on the lower FT rates, her proposal should provide that SCT shippers have the same limitations as FT shippers and not have the valuable flexibility of EFT shippers with rates designed on the basis of lower FT rates.

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Exhibit No.	Description	Confidentiality Designation
PE-0086	Response to Data Request No. PEPL-PMDG-2.09	Public
PE-0087	Other Pipeline Companies' Tariff Excerpts – Miscellaneous Fuel	Public
PE-0088	Hourly SCT Volumes	Public

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Panhandle Eastern Pipe Line Company, LP) Docket Nos. RP19-1523-000,
et al.**

**PREPARED ANSWERING TESTIMONY
OF
LAWRENCE J. BIEDIGER**

1 **Introduction**

2 **Q. Please state your name and business address.**

3 A. My name is Lawrence J. Biediger. My business address is 1300 Main
4 Street, Houston, Texas.

5 **Q. Have you previously submitted testimony in this proceeding?**

6 A. Yes, I have.

7 **Purpose of Testimony**

8 **Q. What is the purpose of this testimony?**

9 A. My testimony responds to the arguments of (1) Ameren Operating
10 Companies' (Ameren Illinois Company and Union Electric Company d/b/a
11 Ameren Missouri) ("Ameren") witness Vonda K. Seckler with respect to
12 miscellaneous fuel usage, and (2) Panhandle Municipal Defense Group
13 ("PMDG") witness Elizabeth Crowe with respect to the proper rate design

1 for Panhandle's Rate Schedule SCT (Small Customer Transportation
2 Service) in this proceeding.

3 **Q. Have these issues been put forward as Section 5 issues within the**
4 **Panhandle Section 4 rate case in Docket Nos. RP19-1523-000, et al?**

5 A. Yes. PMDG witness Crowe acknowledges that her proposal to modify the
6 rate design for Rate Schedule SCT using Rate Schedule FT instead of Rate
7 Schedule EFT as the basis is an issue where Panhandle has proposed no
8 change. (Exhibit No. PMDG-0001 at 4, ln. 2-6.) In addition, in response
9 to a data request, attached as Exhibit No. PE-0086, Witness Crowe
10 acknowledged that this is a Natural Gas Act ("NGA") section 5 issue. In
11 Ameren witness Seckler's direct and answering testimony, Exhibit No.
12 AOC-0001, she presents in Section V thereof her direct testimony under
13 NGA section 5 proposing a change to Panhandle's existing, Commission-
14 approved tariff provision regarding fuel reimbursement.

15 **Q. Are you sponsoring any exhibits with this testimony?**

16 A. Yes, I am sponsoring the following exhibits:

17	<u>Reference</u>	<u>Description</u>
18	Exhibit No. PE-0086	Response to Data Request No.
19		PEPL-PMDG-2.09
20	Exhibit No. PE-0087	Other Pipeline Companies' Tariff
21		Excerpts – Miscellaneous Fuel
22	Exhibit No. PE-0088	Hourly SCT volumes

1 **Q. Your testimony mentions various Commission orders. Are you**
2 **providing any type of legal opinion in your testimony?**

3 A. No. I cite cases merely to indicate the Commission guidance that I am
4 following.

5 **Miscellaneous Fuel**

6 **Q. What is Ameren witness Seckler’s argument regarding “miscellaneous**
7 **fuel usage”?**

8 A. She argues that the Commission erred in approving a definition of
9 “miscellaneous fuel usage” that includes costs booked to FERC Account
10 Nos. 819, 823, 853 and 856. She claims that the definition of
11 “miscellaneous fuel usage” should include only costs booked to Account
12 No. 856. (Exhibit No. AOC-0001 at 34-35.)

13 **Q. What is miscellaneous fuel?**

14 A. Miscellaneous fuel is natural gas fuel used for ancillary services primarily
15 associated with compressor buildings, such as fuel for heaters providing
16 heat in the buildings. In addition, the term miscellaneous fuel also covers
17 any natural gas fuel that would be used in the operations of Panhandle’s
18 transmission mains. It also includes any miscellaneous fuel that might be
19 billed to Panhandle from its third-party storage providers with which
20 Panhandle has contracted.

21 **Q. Did Panhandle propose in its rate case filing tariff language to address**

1 **miscellaneous fuel?**

2 A. Yes. In its rate case filing, Panhandle proposed to modify its fuel tracking
3 mechanism to include all miscellaneous fuel use in the fuel tracker. This
4 proposed tariff language also included a definition of miscellaneous fuel
5 usage that includes costs booked to FERC Account Nos. 819, 823, 853 and
6 856.

7 **Q. Has the Commission ruled on these tariff changes?**

8 A. Yes. The Commission set Panhandle's proposed non-rate tariff changes,
9 including the provisions which allow recovery of miscellaneous fuel in the
10 fuel tracker, for a technical conference which was held on October 30,
11 2019. Following the technical conference, and initial and reply comments
12 addressing various non-rate tariff changes, the Commission issued its
13 Order on Technical Conference on February 28, 2020. (170 FERC ¶
14 61,172 (2020).) Such order approved Panhandle's proposed language
15 regarding miscellaneous fuel, including costs booked to FERC Account
16 Nos. 819, 823, 853 and 856, as shown in Section 24, Fuel Reimbursement
17 Adjustment, of the General Terms and Conditions ("GT&C") of
18 Panhandle's FERC NGA Gas Tariff, Fourth Revised Volume No. 1
19 ("Tariff"). (*Id.* at P 98.)

20 **Q. Did Ameren file comments on the miscellaneous fuel issue following**
21 **the technical conference?**

1 A. No. Ameren filed initial and reply comments after the technical
2 conference, but did not address the miscellaneous fuel issue. Ameren
3 disagrees with the Commission's approval of Panhandle's tariff language
4 regarding miscellaneous fuel. Ameren filed a request for rehearing that
5 addressed this issue on March 30, 2020. In addition, Ameren is now
6 raising the Commission-approved miscellaneous fuel tariff language as a
7 Section 5 issue in its testimony in this Section 4 rate proceeding.

8 **Q. Did Ameren have the opportunity to raise its arguments regarding**
9 **miscellaneous fuel through the Commission's technical conference**
10 **procedures?**

11 A. Yes. Ameren participated in the technical conference and filed initial and
12 reply comments but did not raise any arguments opposing the
13 miscellaneous fuel tariff language.

14 **Q. Does Ameren's testimony demonstrate that the Commission-approved**
15 **tariff language on miscellaneous fuel is unjust and unreasonable and**
16 **that its proposed language is just and reasonable?**

17 A. No. The Commission already has reviewed the miscellaneous fuel tariff
18 language, including the reference to costs booked to FERC Account Nos.
19 819, 823, 853 and 856, and found it to be just and reasonable. Ameren has
20 not shown any error by the Commission.

21 **Q. With which statements discussed by Ameren witness Seckler do you**

1 **take exception?**

2 A. Specifically, I disagree with Ms. Seckler's statement that the Commission
3 did not specifically rule on Panhandle's proposed definition of
4 "miscellaneous fuel usage" in the introduction to Section 24 of the GT&C
5 of Panhandle's Tariff. Secondly, I disagree with her statement that fuel
6 reimbursement related to third-party storage contracted by Panhandle
7 should not be recovered in its fuel reimbursement tracker. Finally, I take
8 exception to Ms. Seckler's mischaracterization of Panhandle's approved
9 Tariff which provides for the inclusion of the miscellaneous fuel costs
10 reflected in FERC Account Nos. 819, 823, 853, and 856.

11 **Q. Are you aware of other FERC-regulated interstate pipelines that have**
12 **tariff provisions that include "miscellaneous fuel" in their fuel**
13 **reimbursement trackers?**

14 A. Yes. One is Panhandle's affiliate, Trunkline Gas Company, LLC, and the
15 other is Guardian Pipeline, LLC. Both of these pipelines have tariff
16 language similar, if not identical, to the language proposed by Panhandle
17 and approved by the Commission. I have included as my Exhibit No. PE-
18 0087, copies of the respective tariff sheets detailing their definition of
19 miscellaneous fuel.

20 **Q. Do these two pipelines define "miscellaneous fuel" as consisting of the**
21 **same FERC account numbers as Panhandle's definition?**

1 A. For Trunkline's tariff, yes, the same FERC account numbers 819, 823,
2 853, and 856 are used in the definition. Guardian also uses the same
3 account numbers except for storage-related account numbers 819 and 823,
4 which are not applicable to Guardian because it does not have storage,
5 either owned or leased and, therefore, there is no basis for it to include the
6 storage-related account numbers 819 and 823.

7 **Q. What portion of the costs associated with these FERC accounts did**
8 **Panhandle propose to include in its GT&C Section 24 fuel**
9 **reimbursement tracker?**

10 A. Panhandle proposed to include only those costs associated with gas costs,
11 not the entire costs booked to those accounts.

12 **Q. Please explain.**

13 A. FERC Account Nos. 853 and 856 both reflect labor, supplies and expenses,
14 and gas costs, as shown in Schedule H-1 of Panhandle's Exhibit No. PE-
15 0001. However, under the Commission-approved tariff language,
16 Panhandle only would include those costs attributable to gas costs in its
17 GT&C Section 24 fuel reimbursement tracker.

18 **Q. To what specifically do these gas costs relate?**

19 A. For Account No. 853, the gas costs are related to fuel used in space heaters
20 and auxiliary equipment at compressor stations along Panhandle's
21 transmission system, similar to what Panhandle would pay a utility

1 company for gas or electric service. For Account No. 856, the gas costs
2 relate to gas used in transmission mains operations.

3 **Q. Ameren witness Seckler claims that language in the definition for**
4 **Account No. 853 excludes fuel costs and argues that this supports**
5 **excluding costs in Account No. 853 from the definition of**
6 **miscellaneous fuel usage. (Exhibit No. AOC-0001 at 35, ln. 1-5.) Do**
7 **you agree?**

8 A. No. Under the definition for Account No. 853, items to be booked to this
9 account include expenses incurred in operating transmission compressor
10 stations including, among other things, utility services. As I explained
11 above, the gas costs included in Account No. 853 are related to fuel used in
12 space heaters and auxiliary equipment, similar to what Panhandle would
13 pay a utility company for gas or electric service. Ameren witness Seckler's
14 reference to the exclusion of fuel costs relates to fuel used "in operating
15 transmission compressor stations," not to the gas costs related to fuel used
16 in space heaters and auxiliary equipment at compressor stations along
17 Panhandle's transmission system.

18 **Q. Ameren witness Seckler claims that Panhandle does not own or**
19 **operate any underground storage and, based on such claim, argues**
20 **that Account Nos. 819 and 823 should be excluded from miscellaneous**
21 **fuel usage because they relate to underground storage. (Exhibit No.**

1 **AOC-0001 at 34, ln. 14-21.) Do you agree?**

2 A. No. Her claim that Panhandle does not operate underground storage is not
3 correct. Panhandle operates five storage fields for its affiliates, Southwest
4 Gas Storage Company and Lee 8 Storage Partnership. Panhandle also
5 leases storage from both of its affiliates and from third-parties. Therefore,
6 there is no merit to her argument that Account Nos. 819 and 823 should be
7 excluded from miscellaneous fuel usage.

8 **Q. Ameren witness Seckler argues that any costs related to underground**
9 **storage should be booked to Account No. 824 (Other expenses) and**
10 **recovered in Panhandle's next NGA section 4 rate case. (Exhibit No.**
11 **AOC-0001 at 34, ln. 14-21.) Do you agree?**

12 A. No. Panhandle has had and continues to have a separate fuel
13 reimbursement tracker under GT&C Section 24 related to the storage
14 services that Panhandle provides to its customers. The Commission has
15 approved each of the bi-annual filings Panhandle has made under GT&C
16 Section 24, including the underlying fuel reimbursement percentages
17 contained therein.

18 **Q. What FERC accounts associated with its storage service has**
19 **Panhandle included in its bi-annual fuel reimbursement filings under**
20 **GT&C Section 24?**

21 A. Panhandle has included both FERC Account Nos. 819 and 823 as part of

1 its bi-annual fuel reimbursement filings.

2 **Q. Has the Commission ever questioned or disallowed inclusion of the**
3 **fuel costs associated with those accounts in any of Panhandle's GT&C**
4 **Section 24 fuel reimbursement filings?**

5 A. No.

6 **Q. Have any of Panhandle's customers ever challenged the inclusion of**
7 **those costs in the GT&C Section 24 fuel reimbursement tracker**
8 **filings, including Panhandle's most recent fuel tracker filing in Docket**
9 **No. RP20-580-000?**

10 A. No.

11 **Q. Please summarize your response to Ameren witness Seckler's**
12 **argument that Panhandle should not be allowed to include the**
13 **miscellaneous gas costs associated with FERC Account No. 819, 823**
14 **and 853 in its GT&C Section 24 fuel reimbursement tracker?**

15 A. Ameren witness Seckler has not demonstrated that the Commission-
16 approved miscellaneous gas cost tariff provisions are unjust and
17 unreasonable or that her proposal is just and reasonable. She has not shown
18 that the Commission committed any error in approving these tariff
19 provisions. Panhandle should be allowed to continue to include these
20 miscellaneous gas costs in its GT&C Section 24 fuel reimbursement
21 tracker filings, as approved by the Commission in its Order on Technical

1 Conference.

2 **Rate Schedule SCT Rate Design**

3 **Q. What rate schedule has Panhandle historically used as the basis to**
4 **design Rate Schedule SCT rates?**

5 A. Panhandle has historically used Rate Schedule EFT (Enhanced Firm
6 Transportation Service) as the basis for designing Panhandle's Rate
7 Schedule SCT rates. Panhandle continued to use such existing method in
8 its rate case filing in this proceeding.

9 **Q. Does PMDG witness Crowe propose a change in this existing method**
10 **that underlies Panhandle's Commission-approved Rate Schedule SCT**
11 **rates?**

12 A. Yes. Ms. Crowe states that Panhandle's Rate Schedule SCT rates should
13 be derived from the Rate Schedule FT (Firm Transportation Service) rates
14 instead of the Rate Schedule EFT rates.

15 **Q. Has PMDG witness Crowe demonstrated that the existing method is**
16 **unjust and unreasonable and that her proposed new method is just**
17 **and reasonable?**

18 A. No, as I discuss below, she has not made that showing.

19 **Q. Please explain the difference between Rate Schedule FT service and**
20 **Rate Schedule EFT service.**

21 A. Rate Schedule FT, Firm Transportation, was established in conjunction

1 with Panhandle's restructuring proceeding in Docket No. RS92-22-000.

2 The main characteristics of this service are that shippers under this rate
3 schedule are required to have a flow control device at the physical delivery
4 point and delivery of gas is to be done on a uniform hourly basis, or 1/24th
5 of the daily scheduled quantity. Rate Schedule EFT, Enhanced Firm
6 Transportation, which also was established as part of Panhandle's
7 restructuring proceeding, is different from Rate Schedule FT service in that
8 Rate Schedule EFT shippers are not required to have flow control devices
9 at their delivery points. Also, shippers under Rate Schedule EFT are
10 allowed hourly swings at their delivery points, with such swings limited to
11 1/16th of the shipper's daily scheduled quantity, or 150% of scheduled
12 hourly quantities should Panhandle require such restriction.

13 **Q. What is the rationale underlying the hourly swings that are allowed**
14 **under Rate Schedule EFT?**

15 A. As noted in the Commission's Order on Compliance with Restructuring
16 Rule, issued December 22, 1992 in Docket No. RS92-22-002
17 (Restructuring Order) (61 FERC ¶ 61,357 (1992)), the 150 percent swing
18 reflected the historic limits of operational flexibility on Panhandle's
19 system and tracked the hourly delivery specifications previously afforded
20 to Panhandle's sales customers.

21 **Q. Please describe Rate Schedule SCT.**

1 A. Rate Schedule SCT is available to municipal or small distribution shippers
2 that agree to transport their total system requirements under the provisions
3 of this rate schedule. The Maximum Daily Contract Quantity for a shipper
4 under this rate schedule may not exceed 10,000 Dekatherms (“Dt.”) per
5 day. Service under Rate Schedule SCT is essentially the same as that
6 under Rate Schedule EFT because it too does not require the use of flow
7 control devices at the delivery points and allows hourly swings at shippers’
8 delivery points, with such swings limited to 1/16th of the shipper’s daily
9 scheduled quantity, or 150% of scheduled hourly quantities should
10 Panhandle require such restriction.

11 Under Panhandle’s Tariff, these two requirements are exactly the
12 same under Rate Schedule EFT and Rate Schedule SCT. However, unlike
13 Rate Schedule EFT’s two-part rate of reservation and usage charges, Rate
14 Schedule SCT only consists of a commodity or usage charge based on a
15 one-part rate with an imputed load factor.

16 **Q. Historically, have Rate Schedule SCT shippers utilized the hourly**
17 **swing capability allowed under this rate schedule?**

18 A. Yes. As shown in Panhandle’s responses to numerous data requests from
19 PMDG and FERC Trial Staff, including a response to Data Request No.
20 PMDG-PEPL-3.04, dated March 19, 2020, the hourly takes by shippers
21 under Rate Schedule SCT were not uniform as would be required under

1 Rate Schedule FT.

2 **Q. Please discuss one example that shows the hourly swings you discuss.**

3 A. The data shown on my Exhibit No. PE-0088, which is an excerpt of
4 Panhandle's response to Data Request No. PMDG-PEPL-3.04, reflects just
5 one 24-hour gas day for January 12, 2019, beginning at 9:00 am and
6 ending on January 13, 2019. Column (g) reflects the hourly takes during
7 that 24-hour period and range from a low of 150 Dt./hr to a high of 285
8 Dt./hr. Had this shipper contracted under Rate Schedule FT, which would
9 have required flow control at the shipper's delivery point, the shipper
10 would have been unable to meet its demand load for 14 of the 24 hours.

11 **Q. Does PMDG witness Crowe's proposal take into account the hourly**
12 **swings of Rate Schedule SCT shippers?**

13 A. No. At one point she even questions whether there are any hourly swings
14 by SCT shippers at all, referring to "... deviations from hourly takes (*if*
15 *there are any*) by small customers." (Exhibit No. PMDG-0001 at 13, ln.
16 13 (emphasis added).)

17 **Q. Does PMDG witness Crowe's failure to recognize the facts with**
18 **respect to the hourly swings of SCT shippers show that her proposal is**
19 **unreasonable?**

20 A. Yes. She ignores the value of the flexibility provided under the EFT and
21 SCT Rate Schedules that allows hourly swings. The SCT Rate Schedule

1 rates are designed based on the EFT Rate Schedule rates because both rate
2 schedules provide valuable flexibility that SCT and EFT shippers use to
3 vary their hourly takes. The FT Rate Schedule does not provide that
4 valuable flexibility. Under PMDG witness Crowe's proposal to use the
5 lower FT rates to design SCT rates, she would retain all of the value of the
6 flexibility that the EFT Rate Schedule offers but design SCT rates on the
7 lower FT rates that do not provide such flexibility. If PMDG witness
8 Crowe wants to design SCT rates based on FT rates, her proposal should
9 provide that SCT shippers have the same limitations as FT shippers, not
10 the valuable flexibility of EFT shippers with rates designed on the basis of
11 lower FT rates. Her current proposal is an unreasonable mix of "apples
12 and oranges."

13 **Q. Was Rate Schedule SCT established as part of Panhandle's**
14 **restructuring in Docket No. RS92-22-000?**

15 A. Yes, it was. With the unbundling of Panhandle's former sales service
16 under restructuring, Rate Schedule SCT was designed to take the place of
17 Panhandle's former small sales service.

18 **Q. In its Restructuring Order, what was the Commission's conclusion**
19 **with respect to Rate Schedule SCT?**

20 A. The Commission found that the Rate Schedule SCT rates complied with
21 the requirements of Order No. 636 that small customers could continue to

1 receive firm transportation under a one-part volumetric rate in the manner
2 in which their then-current sales rates were determined.

3 **Q. What is your conclusion with respect to PMDG witness Crowe's**
4 **proposal to change the historic Commission-approved method of using**
5 **Rate Schedule EFT rates as the basis for designing Panhandle's Rate**
6 **Schedule SCT rates?**

7 A. PMDG witness Crowe has failed to show that the existing method is unjust
8 and unreasonable and that her proposed new method of using Rate
9 Schedule FT rates is just and reasonable. The use of Rate Schedule EFT as
10 the basis for designing the rates for Rate Schedule SCT continues to be
11 consistent with the Commission's previous findings regarding the design
12 of Rate Schedule SCT rates.

13 **Q. Does this conclude your Prepared Answering Testimony?**

14 A. Yes, it does.

TABLE OF ACRONYMS

ABBREVIATION OR ACRONYM	TERM
Ameren	Ameren Operating Companies (Ameren Illinois and Union Electric Company d/b/a Ameren Missouri)
Dt.	Dekatherm
EFT	Enhanced Firm Transportation Service
FT	Firm Transportation Service
GT&C	General Terms and Conditions
NGA	Natural Gas Act
Panhandle	Panhandle Eastern Pipe Line Company, LP
PMDG	Panhandle Municipal Defense Group
SCT	Small Customer Service
Tariff	Panhandle's FERC Gas Tariff

The State of Texas }
 } SS.
County of Harris }

BEFORE ME, the undersigned authority, on this day personally appeared
Lawrence J. Biediger, who being by me first duly sworn, on oath deposes and says:

That he is the Lawrence J. Biediger, offering the foregoing prepared answering
testimony and that all statements of fact contained therein are true and correct to the best of
his knowledge, information and belief.

 /s/ Lawrence J. Biediger
Lawrence J. Biediger

Subscribed and sworn to before me this 11th day of May, 2020.

 /s/ Suzanne Samano
Notary Public

My Commission Expires:

 April 10, 2022 .

PEPL-PMDG-2.9

Referencing Witness Crowe's testimony (Exhibit No. PMG-0001) on page 4, lines 2-6, Witness Crowe proposes a change to rate design that Panhandle has proposed no change in this proceeding to its previous practice. As such, is it her intention that her testimony on this matter represents a proposal under Section 5 of the Natural Gas Act? If not, please fully explain why that would not be the case.

Response: Yes. *See* Ms. Crowe's testimony at page 4, lines 2-9.

Response prepared by Counsel

Response Date: April 17, 2020

GENERAL TERMS AND CONDITIONS
(Continued)

22. FUEL REIMBURSEMENT ADJUSTMENT

The Fuel Reimbursement percentages under Rate Schedules FT, SST, EFT, QNT, LFT, IT and QNIT shall be adjusted downward to reflect reductions and shall be adjusted upward to reflect increases in fuel usage, including miscellaneous fuel usage and electric compression costs, and lost or unaccounted for Gas in accordance with this Section 22; provided, however, fuel reimbursement for transactions on the South Texas Modified Transmission System shall be isolated from other fuel reimbursement adjustment provisions and shall be calculated separately in accordance with Section 22.6 herein. For purposes of this Section 22, the term "miscellaneous fuel usage" shall pertain to fuel use volumes other than FERC Account No. 854, Gas for Compressor Station Fuel, which are accounted for in FERC Account Nos. 819, 823, 853 and 856. For purposes of this Section 22, the term "electric compression costs" shall consist of the cost of electric power, including surcharges, purchased by or for Trunkline to be used in the operation of electrical powered compressor stations.

22.1 Filing of Fuel Reimbursement Adjustment

(A) Effective Date of Adjustment

The effective date of each Fuel Reimbursement Adjustment shall be November 1 and April 1.

(B) Filing Procedure

At least thirty (30) days prior to the Effective Date of Adjustment, Trunkline shall file with the Commission and post, as defined by Section 154.2(d) of the Commission's Regulations, a schedule of effective Fuel Reimbursement percentages together with supporting documentation including a report of actual monthly South Texas Modified Transmission System retention rates and data demonstrating that South Texas Modified Transmission System costs are not included in the schedule of effective Fuel Reimbursement percentages. With respect to the adjustment described herein, such filing shall be in lieu of any other rate change filing required by the Commission's Regulations under the Natural Gas Act.

(C) Fuel Reimbursement Adjustment Period

The Fuel Reimbursement Adjustment Period shall be the billing periods beginning with each Effective Date of Adjustment.

32. TRANSPORTER'S USE GAS ADJUSTMENT

32.1 General

Transporter's Use Gas percentage under applicable Rate Schedules shall be adjusted downward to reflect reductions and shall be adjusted upward to reflect increases in fuel usage, including miscellaneous fuel usage, and lost or unaccounted for Gas in accordance with this Section 32. For purposes of this Section 32, the term "miscellaneous fuel usage" shall pertain to fuel use quantities other than FERC Account No. 854, Gas for Compressor Station Fuel, which are accounted for in FERC Account Nos. 853 and 856.

32.2 Filing Procedure

At least thirty (30) days prior to each November 1 which is the beginning date for the Annual Period, Transporter shall file with the Commission and post, as defined by Section 154.2(d) of the Commission's Regulations, a schedule of Transporter's Use Gas percentages together with supporting documentation. With respect to the adjustment described herein, such filing shall be in lieu of any other rate change filing required by the Commission's Regulations under the Natural Gas Act.

32.3 Definitions

- (a) Annual Period - The twelve-month period beginning each November 1.
- (b) Actual Use Gas - Actual gas used in Transporter's operations including all gas otherwise used, lost or unaccounted for.
- (c) Estimated Use Gas - Use Gas quantities projected for the Annual Period adjusted, where necessary, for known variations from actual experiences.
- (d) Estimated Quantities - Actual annual volume determinants attributable to services to which Transporter allocates or assigns Use Gas quantities for the latest twelve month period adjusted, where necessary, for known variations from actual experience.
- (e) Deferral Period - The Period of 12 months ending 2 months prior to the effective date of a change in rates filed pursuant to this Section 32.

32.4 Determination of the Current Transporter's Use Gas Percentage

Transporter shall determine the Current Transporter's Use Gas Percentage for each Annual Period by the following procedures:

- (a) The Estimated Use Gas quantities shall be summed with the Deferred Use Gas Account component.
- (b) The Deferred Use Gas Account component shall be determined by taking the balance accumulated at the end of the Deferral Period in the Deferred Use Gas Account as determined in accordance with Section 32.5 below and dividing by the Estimated Quantities

Panhandle Eastern Pipe Line Company, LP
Docket No. RP19-1523-000, et al.

Response to Panhandle Municipal Defense Group's Third Set of Data Requests
Dated March 5, 2020

- PMDG-PEPL-3.04 With respect to allowed hourly swings from uniform hourly takes, or non-uniform hourly takes, under Panhandle's Rate Schedule EFT and Rate Schedule SCT:
- a) Please identify each place in Panhandle's tariff where the limitation to 150% of uniform hourly takes is stated.
 - b) Please identify each place in Panhandle's tariff where any other specification of a limitation to divergences from uniform hourly takes is stated.
 - c) Please provide the actual swings from uniform hourly takes for each Rate Schedule SCT shipper for each day of the base and test periods, in volume and percentage of uniform hourly take.

Response:

Panhandle has objected to this data request. Notwithstanding such objection:

- a) Rate Schedules EFT and SCT: Section 3.5(b) - Takes in Excess of Permissible Hourly Deliveries and Section 5 - Hourly Deliveries
General Terms and Conditions: Section 12.11(g) - Hourly Delivery Notification and 12.17(a) – Conditions for the Issuance of an Operational Flow Order
- b) Rate Schedules GDS: Section 4(b)
General Terms and Conditions: Section 12.2 – Conditions of Receipt and Delivery
- c) For the Market Area, see Staff-PEPL-COS-16.83_Attachment_5.xlsx, which contains the list of points available to SCT customers as well as Staff-PEPL-COS-16.83_Attachment_8.xlsx through Staff-PEPL-COS-16.83_Attachment_41.xlsx which contain hourly information for Market Zone delivery points by hour in Mcf for the months of January 2017 through September 2019. Staff-PEPL-COS-16.83_Attachment_41.xlsx contains a supplemental list of Market Zone delivery points by hour in Mcf that were not included in the monthly attachments of 8 through 40. Additionally, see Staff-PEPL-COS-20.13(oo)_Attachment 1 through Staff-PEPL-COS-20.13(oo)_Attachment 11 for hourly delivery information. For the Field Zone, see PMDG-PEPL-3.04_Attachment_1.xlsx containing a list of SCT FLD Zone meters and PMDG-PEPL-3.04_Attachment_2.xlsx containing hourly volumes (in Mcf) for FLD Zone meters for the period of January 2017 thru January 2020.

Sea Robin Pipeline Company, LLC
Docket No. RP14-247-000

Response to Commission Trial Staff's Data Request COS-1
Dated January 29, 2014

Prepared By:

Deborah A. Bradbury
Sr. Director, Regulatory Tariffs & Reporting

Joey M. Colton
Sr. Director, Commercial Optimization

Date:

March 19, 2020

Location Number	Location Name	Meter Direction	Linesegment	Mile Post	Effective Date	Std Rolled Adj Total Volume summed
(a)	(b)	(c)	(d)	(e)	(f)	(g)
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/12/2019 9:00:00 AM	170
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/12/2019 10:00:00 AM	164
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/12/2019 11:00:00 AM	156
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/12/2019 12:00:00 PM	158
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/12/2019 1:00:00 PM	155
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/12/2019 2:00:00 PM	154
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/12/2019 3:00:00 PM	156
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/12/2019 4:00:00 PM	189
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/12/2019 5:00:00 PM	285
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/12/2019 6:00:00 PM	159
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/12/2019 7:00:00 PM	152
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/12/2019 8:00:00 PM	151
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/12/2019 9:00:00 PM	152
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/12/2019 10:00:00 PM	151
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/12/2019 11:00:00 PM	150
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/13/2019 12:00:00 AM	151
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/13/2019 1:00:00 AM	152
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/13/2019 2:00:00 AM	154
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/13/2019 3:00:00 AM	156
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/13/2019 4:00:00 AM	159
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/13/2019 5:00:00 AM	163
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/13/2019 6:00:00 AM	171
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/13/2019 7:00:00 AM	171
00776	FULTON MISSOURI	O	HAV-ILL	325.489990234375	1/13/2019 8:00:00 AM	171

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Panhandle Eastern Pipe Line Company, LP)
) Docket Nos. RP19-1523-000,
) et al.**

Prepared Answering Testimony

Of

Deborah A. Bradbury

May 12, 2020

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ENERGY REGULATORY COMMISSION

Panhandle Eastern Pipe Line Company, LP)
) Docket Nos. RP19-1523-000, et al.
)

Summary of

Prepared Answering Testimony of

Deborah A. Bradbury

Deborah A. Bradbury is Sr. Director of Regulatory Tariffs and Reporting for Panhandle Eastern Pipe Line Company, LP (“Panhandle”). Mrs. Bradbury has thirty-two years’ experience in the natural gas industry.

Mrs. Bradbury's testimony responds to arguments made by (1) Panhandle Municipal Defense Group ("PMDG") witness Elizabeth H. Crowe with respect to the proper tolerance level for shippers in this proceeding, and (2) Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") witness Brian C. Daschbach with respect to the 500 Dt./day limit on new deduct meters.

Panhandle’s Tariff sets out the daily tolerance levels applicable to scheduled volumes on the Panhandle system. For non-critical conditions, the daily tolerance levels are 10% or 100 Dekatherms (“Dt.”), whichever is greater, relative to volumes scheduled for delivery at any delivery point. If Panhandle has issued an Operational Flow Order (OFO), then the tolerance levels are reduced from 10% to 5%, relative to volumes scheduled for delivery at any delivery point. However, for Rate Schedule SCT (Small Customer Transportation Service) shippers, the tolerance level during an OFO is 5% or 500 Dt., whichever is greater. Given the relatively small volumes associated with individual SCT shippers, the vast majority

of SCT shippers receive a tolerance level much larger than 5% due to the alternative 500 Dt. limit.

Unlike the 500 Dt. limit available only to SCT shippers during an OFO, PMDG witness Crowe proposes that the daily tolerance levels for non-critical conditions be increased from 10% or 100 Dt., whichever is greater, to 10% or 1000 Dt., whichever is greater. Witness Crowe fails to present any evidence that the current tariff provision of 100 Dt. is unjust and unreasonable. Mrs. Bradbury testifies that the 100 Dt. tolerance provision has been in Panhandle's tariff since May 1993 and has proven effective to maintain the integrity of the pipeline by providing the incentive for shippers to take actions to ensure that their nominations reflect actual deliveries. Panhandle has numerous methods available to the shippers to manage any daily imbalances.

Mrs. Bradbury also explains that witness Crowe did not present any evidence that a tenfold increase to 1000 Dt. is just and reasonable. Witness Crowe fails to consider that the 1000 Dt. tolerance provision would be applicable to all shippers, not just the SCT shippers. Witness Crowe assumes that increasing the threshold from 100 Dt. to 1000 Dt. should have little or no impact on Panhandle's operations. However, she supplies no study or analysis to support her proposal. Furthermore, if applied to all transportation shippers, her proposal has the potential of having a large impact on the Panhandle system and Panhandle's continued ability to provide reliable service.

Mrs. Bradbury testifies that PMDG witness Crowe did not propose new tariff language setting out her proposal to increase the volumetric tolerance under normal operating conditions from 100 Dt. to 1000 Dt. As a result of such failure there is a possibility that witness Crowe may be advocating that the increase of the volumetric threshold under normal operating conditions from 100 Dt. to 1000 Dt.

would only apply to SCT shippers. If that is the case, then PMDG witness Crowe's proposal would be unduly discriminatory against non-SCT shippers with MDCQ levels at or below 10,000 Dt. per day. Witness Crowe offers no explanation of why such discrimination would be just and reasonable.

In its rate case filing, Panhandle proposed a new tariff provision that there be a minimum of 500 Dt./day required for each new deduct meter. The Commission held a technical conference that included this item and subsequently approved it without modification in its February 28, 2020 Order on Technical Conference. Ameren Missouri disagrees with the Commission's finding and had filed a request for rehearing. In its direct testimony, Ameren Missouri witness Daschbach proposes that Panhandle's tariff be revised to eliminate the 500 Dt./day limit on new deduct meters. Mrs. Bradbury testifies that witness Daschbach has presented no new facts or arguments that would warrant a reversal of the Commission's February 28, 2020 order. Mrs. Bradbury is not aware of any other interstate natural gas pipeline that includes in its tariff a service similar to Panhandle's deduct meter service. Witness Daschbach admits that none of the seven other interstate pipelines that serve Ameren Missouri have such a deduct meter service. Mrs. Bradbury testifies that local distribution companies, such as Ameren Missouri, are in the best position to serve these small customer volumes, not the interstate natural gas pipeline.

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Table of Exhibits

Exhibit No.	Description	Confidentiality Designation
PE-0090	Responses to Data Request Nos. PEPL-PMDG-2.09 and 2.10	Public
PE-0091	Other Companies' Tariff Excerpts - Daily Scheduling/Balancing Charges	Public
PE-0092	Rate Schedule SCT Shippers Effective 2/1/19-1/31/20	Public
PE-0093	Rate Schedules FT/EFT Shippers with MDCQ of 10,000 Dt./day or less	Public
PE-0094	Responses to Data Request Nos. PEPL-AMO-1.11, 1.7, 1.3, and 1.12	Public

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Panhandle Eastern Pipe Line Company, LP)
Docket Nos. RP19-1523-000,
et al.)

**PREPARED ANSWERING TESTIMONY
OF
DEBORAH A. BRADBURY**

1 **Introduction**

2 **Q. Please state your name and business address.**

3 A. My name is Deborah A. Bradbury. My business address is 1300 Main
4 Street, Houston, Texas.

5 **Q. Have you previously submitted testimony in this proceeding?**

6 A. Yes, I have.

7 **Purpose of Testimony**

8 **Q. What is the purpose of your testimony?**

9 A. My testimony responds to arguments made by (1) Panhandle Municipal
10 Defense Group (“PMDG”) witness Elizabeth H. Crowe with respect to the
11 proper tolerance level for shippers in this proceeding, and (2) Union
12 Electric Company d/b/a Ameren Missouri (“Ameren Missouri”) witness
13 Brian C. Daschbach with respect to the 500 Dt./day limit on new deduct
14 meters.

1 **Q. Have these issues been put forward as Section 5 issues within the**
2 **Panhandle Section 4 rate case in Docket No. RP19-1523-000, et al?**

3 A. Yes. PMDG witness Crowe acknowledges that her proposal to modify
4 existing tariff provisions with respect to shippers' tolerance levels is an
5 issue where Panhandle has proposed no change. (Exhibit No. PMDG-0001
6 at 4, ln. 2-9.) In addition, in response to a data request, attached as Exhibit
7 No. PE-0090, Witness Crowe acknowledged that this is a Natural Gas Act
8 ("NGA") section 5 issue. Ameren Missouri acknowledges that witness
9 Daschbach's testimony, Exhibit No. AMO-0001, should have been styled
10 as direct testimony, consistent with the provisions in the procedural
11 schedule in this proceeding regarding the filing of direct testimony on
12 NGA section 5 issues and refiled his testimony as such. (REVISED
13 Exhibit No. AMO-0001.)

14 **Q. What Exhibits are you sponsoring with respect to this testimony?**

15 A. I am sponsoring the following Exhibits, which were prepared under my
16 supervision, or produced during discovery:

17	<u>Reference</u>	<u>Description</u>
18	Exhibit No. PE-0090	Responses to Data Request Nos.
19		PEPL-PMDG-2.09 and 2.10
20	Exhibit No. PE-0091	Other Companies' Tariff
21		Excerpts – Daily Scheduling/
22		Balancing Charges

1	Exhibit No. PE-0092	Rate Schedule SCT Shippers
2		Effective 2/1/19-1/31/20
3	Exhibit No. PE-0093	Rate Schedules FT/EFT Shippers
4		with MDCQ of 10,000 Dt./day or
5		less
6	Exhibit No. PE-0094	Responses to Data Request Nos.
7		PEPL-AMO-1.11, 1.7, 1.3, and
8		1.12

9 **Daily Tolerance Level**

10 **Q. Please outline the current daily tolerance levels for scheduled volumes**
11 **on the Panhandle system.**

12 A. The daily tolerance levels applicable to scheduled volumes on the
13 Panhandle system are outlined in the General Terms and Conditions
14 (“GT&C”), Section 12 of Panhandle’s FERC Gas Tariff (“Tariff”). For
15 non-critical conditions, the daily tolerance levels are 10% or 100
16 Dekatherms (“Dt.”), whichever is greater, relative to volumes scheduled
17 for delivery at any delivery point. If Panhandle has issued an Operational
18 Flow Order (OFO), then the tolerance levels are reduced from 10% to 5%,
19 relative to volumes scheduled for delivery at any delivery point. However,
20 for Rate Schedule SCT (Small Customer Transportation Service) shippers,
21 the tolerance level during an OFO is 5% or 500 Dt., whichever is greater.

22 **Q. Are these tolerance levels applied to all shippers on the system?**

23 A. Yes, the stated daily tolerance levels apply to all shippers on the system,

1 not just those moving volumes under Rate Schedule SCT. As noted,
2 however, there already is an exception for SCT shippers when an OFO has
3 been issued, with the tolerance level for SCT shippers under such
4 conditions being 5% or 500 Dt., whichever is greater. Given the relatively
5 small volumes associated with individual SCT shippers, the vast majority
6 of SCT shippers receive a tolerance level much larger than 5% due to the
7 alternative 500 Dt. limit.

8 **Q. What is an Operational Flow Order?**

9 A. Panhandle's Tariff defines an OFO as an order issued by Panhandle in the
10 circumstances specified in GT&C Section 12.17 of the Tariff requiring a
11 shipper(s) to take certain actions(s) or to refrain from taking a certain
12 action(s). In general, GT&C Section 12.17 permits Panhandle to issue an
13 OFO when, in Panhandle's reasonable judgment, such an OFO is required
14 to alleviate conditions which threaten or could threaten system integrity,
15 safety or reliability of service or to ensure shipper(s) compliance with the
16 provisions contained in Panhandle's Tariff.

17 **Q. Does the exception that exists in the Tariff for SCT shippers during an**
18 **OFO provide a benefit to SCT shippers that other non-SCT shippers**
19 **do not have?**

20 A. Yes. This provision provides a minimum tolerance for SCT shippers under
21 OFO conditions of 5%, the same as for all other shippers. As the

1 Maximum Daily Contract Quantity (“MDCQ”) allowed under Rate
2 Schedule SCT is capped at 10,000 Dt. per day, the 5% tolerance under
3 OFO conditions provides the same benefit to SCT shippers with a MDCQ
4 of 10,000 as the fixed number of 500 Dt. (i.e., $10,000 \text{ Dt.} \times 0.05 = 500$
5 Dt.). The benefit for SCT shippers under OFO conditions occurs in the
6 case of SCT shippers with MDCQs below 10,000 Dt. per day because they
7 have a tolerance level that is the greater of 5%, or the fixed number of 500
8 Dt. For SCT shippers that have MDCQs below 10,000 Dt., the tolerance
9 level under OFO conditions is higher than that applied to all other shippers
10 on the system. For example, an SCT shipper with a contract quantity of
11 5,000 Dt. per day would have a tolerance under OFO conditions of 5%
12 (i.e., 250 Dt.), or 500 Dt., whichever is greater. The fixed number of 500
13 Dt. is twice the 250 Dt. tolerance that would result from applying the 5%
14 tolerance. As a result, such a SCT shipper would receive a tolerance level
15 of 10%, which is double the 5% tolerance that applies to all other shippers
16 under OFO conditions. Approximately 93% of the currently effective Rate
17 Schedule SCT agreements have an MDCQ of 5,000 Dt./day or less. The
18 average MDCQ for all SCT shippers is just under 2,200 Dt. per day. Thus,
19 the existing Tariff exception for SCT shippers that provides a tolerance
20 under OFO conditions that is the greater of 5% or the fixed number of 500
21 Dt. provides a greater benefit to almost all SCT shippers than the tolerance

1 limit applicable to non-SCT shippers.

2 **Q. What is PMDG witness Crowe's proposal regarding daily tolerance**
3 **levels under non-critical conditions?**

4 A. In her testimony in Exhibit No. PMG-0001, at page 14, line 11 though
5 page 15, line 5, PMDG witness Crowe proposes to modify the tolerance
6 level under non-critical conditions from 10% or 100 Dt., whichever is
7 greater, to a level of 10% or 1000 Dt., whichever is greater. She testifies
8 that her proposal is as follows: "I propose one change to these tolerance
9 levels, which is to increase the volumetric tolerance under normal
10 operating conditions from 100 Dth to 1000 Dth." (Exhibit No. PMDG-
11 0001, at page 15, ln. 4-5.)

12 **Q. What arguments does PMDG witness Crowe make to attempt to**
13 **support her proposal?**

14 A. Her first argument is based on mathematical consistency. She argues that
15 changing to a 1000 Dt. level in addition to the 10% tolerance for non-
16 critical conditions would be consistent with the 500 Dt. and 5% level that
17 currently exists in the Tariff for SCT shippers under OFO conditions, i.e.,
18 both the volume and percentage levels for OFO conditions would be 50
19 percent less than the volume and percentage levels for non-critical
20 conditions.

21 **Q. Do you believe that her argument demonstrates that the existing Tariff**

1 **level of 100 Dt. is unjust and unreasonable and that her proposed level**
2 **of 1000 Dt. is just and reasonable?**

3 A. No. Her argument is backwards. She cannot demonstrate that the 100 Dt.
4 level for non-critical conditions is unjust and unreasonable by simply
5 comparing it to the special exception of 500 Dt. for SCT shippers under
6 OFO conditions. Similarly, she cannot demonstrate that her proposed
7 1000 Dt. level is just and reasonable by simply comparing it to the special
8 exception of 500 Dt. for SCT shippers under OFO conditions. Such
9 special exception of 500 Dt. is not applicable to any customers except SCT
10 customers. PMDG witness Crowe cannot simply double the 500 Dt. level
11 to 1000 Dt. and claim that such 1000 Dt. is just and reasonable.

12 **Q. Does PMDG witness Crowe consider the full impact of her proposed**
13 **1000 Dt. level for non-critical conditions?**

14 A. No. Panhandle's current Tariff language, in GT&C Section 12.11(h)
15 regarding daily scheduling charges during non-critical conditions, states a
16 tolerance level of 10% or 100 Dt., whichever is greater. PMDG witness
17 Crowe fails to recognize that these tolerance levels apply to *all*
18 transportation rate schedules, which includes not only shippers with
19 MDCQs of 10,000 Dt./day or less under Rate Schedule SCT, but also those
20 shippers with MDCQs of 10,000 Dt./day or less under Rate Schedule FT
21 (Firm Transportation Service) and Rate Schedule EFT (Enhanced Firm

1 Transportation Service). The 100 Dt. tolerance provision has been in
2 Panhandle's Tariff since May 1993 and has proven effective to maintain
3 the integrity of the pipeline by providing the incentive for shippers to take
4 actions to ensure that their nominations reflect actual deliveries.

5 **Q. Does PMDG witness Crowe argue that her proposed 1000 Dt. level is**
6 **reasonable because it is in the tariffs of other pipelines?**

7 A. No, she does not make that argument. Further, I am not aware of any
8 pipeline having the 1000 Dt. level that PMDG witness Crowe has
9 proposed. Daily scheduling tolerances vary among other interstate
10 pipeline tariffs and range from 10% to 5%, with some tariffs providing
11 only a percentage level and no separate volumetric tolerance level
12 whatsoever. For example, there is no separate volumetric level in the
13 tariffs of Trunkline Gas Company, LLC, Natural Gas Pipeline Company of
14 America LLC, and ANR Pipeline Company. The relevant parts of the
15 tariffs of these pipelines are attached as Exhibit No. PE-0091. Hence,
16 based on other Commission-approved tariffs, Panhandle's current Tariff,
17 with a percentage level at the high end of this range (10%) plus a 100 Dt.
18 volumetric tolerance level has not been shown to be unjust and
19 unreasonable.

20 **Q. PMDG witness Crowe argues with respect to SCT shippers, that they**
21 **are highly weather-sensitive, may not be as sophisticated at controlling**

1 **gas flows as large customers or may not have the personnel to manage**
2 **gas flows to avoid daily scheduling charges. (Exhibit No. PMG-0001**
3 **at 16, ln. 2-7.) Do these arguments demonstrate that the existing level**
4 **of 100 Dt. is unjust and unreasonable or that her proposed level of**
5 **1000 Dt. is just and reasonable?**

6 A. No. These arguments ignore the facts. The majority of SCT shippers have
7 designated an agent to handle daily scheduling and manage their Rate
8 Schedule SCT agreements for nominations, scheduling and daily
9 imbalances. These agents have the resources to monitor daily volumes and
10 take advantage of the numerous methods available on the Panhandle
11 system to minimize daily scheduling charges.

12 **Q. Are there other facts that rebut PMDG witness Crowe's arguments**
13 **regarding weather sensitive loads and possible lack of sophistication**
14 **or personnel?**

15 A. Yes. Panhandle provides a number of tools that all shippers, including
16 SCT shippers or their agents, can utilize to manage their daily imbalances:

- 17 1) There are three intraday nomination cycles available for shippers
18 to manage their supply to meet their demand changes;
19 2) Reports are available that reflect daily imbalances by contract;
20 3) Real time measurement reports are available at those delivery
21 meters where data ports are installed; and,

1 4) There are additional services, including storage, delivery
2 variance, general delivery and transportation balancing, available to
3 help eliminate or limit daily imbalances.

4 **Q. Do SCT shippers, for example, use these tools to manage daily swings**
5 **in deliveries?**

6 A. Yes, some SCT shippers do utilize these tools. Attached as Exhibit No.
7 PE-0092 is a listing of the SCT shippers that use additional services and
8 the specific additional services they have under contract or that their agent
9 has under contract for them. However, only 26% of the SCT shippers or
10 their agents are using additional services, such as storage, delivery
11 variance, general delivery or transportation balancing, to help manage
12 daily imbalances.

13 **Q. Are all SCT shippers or their agents able to utilize such services to**
14 **manage daily swings in deliveries?**

15 A. Yes, additional services, such as storage, delivery variance, general
16 delivery and transportation balancing, are available to all SCT shippers or
17 their agents.

18 **Q. Has PMDG witness Crowe provided any study or analysis showing**
19 **that the existing tolerance level of 100 Dt. is unjust and unreasonable**
20 **and that her proposed 1000 Dt. level is just and reasonable?**

21 A. No. PMDG witness Crowe has provided no study or analysis whatsoever.

1 Her claim that her proposal “should have little or no impact on
2 Panhandle’s operating parameters and pipeline pressures” (Exhibit No.
3 PMG-0001 at 16, ln. 7-10) is not supported by any study or analysis as to
4 the impact of her proposal on Panhandle’s system and whether such a
5 change would adversely affect other shippers. As noted above, she fails to
6 recognize that Panhandle has agreements with shippers under other firm
7 transportation rate schedules at MDCQ levels at or below 10,000 Dt. per
8 day. Attached as Exhibit No. PE-0093 is a listing of the Rate Schedules
9 FT and EFT agreements on the system and their applicable MDCQ. These
10 agreements represent approximately 33% of the total firm transportation
11 agreements on the Panhandle system, while the Rate Schedule SCT
12 agreements represent approximately 25%, for a total of 58% of firm
13 transportation agreements with MDCQs at or below 10,000 Dt. per day.
14 Therefore, contrary to witness Crowe’s unsupported claims, her proposal,
15 if applied to all transportation shippers, has the potential of having a large
16 impact on the Panhandle system and Panhandle’s continued ability to
17 provide reliable service.

18 **Q. Did PMDG witness Crowe propose new tariff language setting out her**
19 **proposal to increase the volumetric tolerance under normal operating**
20 **conditions from 100 Dt. to 1000 Dt.?**

21 **A.** No. Due to her failure to propose new tariff language, there is a possibility

1 that witness Crowe may be advocating that the increase of the volumetric
2 threshold under normal operating conditions from 100 Dt. to 1000 Dt.
3 would only apply to SCT shippers.

4 **Q. What additional issues would PMDG witness Crowe’s proposal**
5 **present if she meant for such proposal to be limited to SCT shippers**
6 **only?**

7 A. As noted above, there are many shippers on the Panhandle system with FT
8 and EFT agreements that have MDCQs at or below 10,000 Dt. per day. If
9 her proposal applies only to SCT shippers, then it is unduly discriminatory
10 against non-SCT shippers with MDCQ levels at or below 10,000 Dt. per
11 day. Witness Crowe offers no explanation of why such discrimination
12 would be just and reasonable.

13 **500 Dt./day Limit on New Deduct Meters**

14 **Q. What tariff language regarding deduct meters did Panhandle propose**
15 **in its rate case filing?**

16 A. Panhandle proposed the following language in GT&C Section 11.10:
17 “After October 1, 2019, there will be a minimum of 500 Dt./day required
18 for each new deduct meter.”

19 **Q. Has the Commission ruled on this proposed tariff change?**

20 A. Yes. The Commission set Panhandle’s non-rate tariff changes, including
21 the proposed provision to limit new deduct meters to those flowing 500

1 Dt./day or more, for a technical conference that was held on October 30,
2 2019. Following the technical conference, and initial and reply comments
3 filed by various participants, the Commission issued its Order on
4 Technical Conference on February 28, 2020. (170 FERC ¶ 61,172
5 (2020)). Such order approved the above-quoted deduct meter language
6 proposed by Panhandle. (*Id.* at P 80.)

7 **Q. Did Ameren Missouri file comments on the deduct meter issue**
8 **following the technical conference?**

9 A. Yes. Ameren Missouri filed initial and reply comments on this issue
10 following the technical conference. Panhandle also filed initial and reply
11 comments on the deduct meter issue. The Commission considered all of
12 these comments prior to finding in its Order on Technical Conference that
13 Panhandle's proposed 500 Dt./day limitation for future deduct meters is
14 just and reasonable.

15 **Q. Has Ameren Missouri witness Daschbach raised any new facts or**
16 **arguments that would warrant a reversal of the Commission's Order**
17 **on Technical Conference and support a finding that Panhandle's**
18 **Commission-approved tariff language on deduct meters is unjust and**
19 **unreasonable and that having no volume limitation would be just and**
20 **reasonable?**

21 A. No. This deduct meter issue was decided by the Commission only a few

1 months ago after thorough consideration of extensive initial and reply
2 comments filed after the Technical Conference. Ameren Missouri simply
3 disagrees with the Commission's conclusion and on March 30, 2020 filed
4 for rehearing of the Commission's Order on Technical Conference.

5 **Q. Are you aware of any other FERC-regulated interstate pipelines that**
6 **have provisions in their tariffs for "deduct meter" service?**

7 A. No. Panhandle was unable to identify any other interstate pipeline tariff
8 that included a service similar to Panhandle's tariff provisions for deduct
9 meters. Also, as stated in Ameren Missouri witness Daschbach's response
10 to PEPL-AMO-1.11, attached as Exhibit No. PE-0094, page 1, there are no
11 such provisions in the tariffs of the seven other interstate pipelines that
12 serve Ameren Missouri.

13 **Q. Ameren Missouri witness Daschbach is critical of Panhandle's**
14 **estimated cost of maintaining deduct meters and claims that since the**
15 **volumes are small, it is "...reasonable to assume that Panhandle's**
16 **actual costs to serve any future Ameren Missouri customers who take**
17 **less than 500 Dt./d would be significantly less than the average \$1,719**
18 **per year." (REVISED Exhibit No. AMO-0001 at 4, ln. 21 through 5,**
19 **ln. 15.) Does he provide any support for his assumption that the costs**
20 **"would be significantly less"?**

21 A. No.

1 **Q. Does Ameren Missouri have any cost data in its own records as to its**
2 **costs of providing service to meters with volumes less than 500**
3 **Dt./day?**

4 A. No. In response to PEPL-AMO-1.7, attached as Exhibit No. PE-0094,
5 page 2, witness Daschbach states that Ameren Missouri “does not track the
6 number of customers, annual revenue received, or annual cost of providing
7 service based on average daily usage above or below 500 Dth.” He also
8 stated that Ameren Missouri does not track costs based on daily usage or
9 based on customer category, such as residential, commercial and industrial.
10 (Exhibit No. PE-0094, page 3.)

11 **Q. In REVISED Exhibit No. AMO-0001 at page 5, lines 18-22, witness**
12 **Daschbach states that Ameren Missouri “anticipates that other of its**
13 **customers are likely to want this same option [deduct meters] in the**
14 **future as gas prices and the availability of transportation capacity**
15 **change.” Does Ameren Missouri witness Daschbach provide any**
16 **support for his claimed anticipation of future demand for deduct**
17 **meter service?**

18 A. No. In fact, even though Ameren Missouri submitted an objection to
19 Panhandle’s data request PEPL-AMO-1.3, which requested copies of all
20 studies, analyses or other documents that address the subject matter of
21 Ameren Missouri witness Daschbach’s testimony, he stated there were

1 none, as shown in the attached Exhibit No. PE-0094, page 4. And in
2 response to Panhandle's data request PEPL-AMO-1.12, attached as Exhibit
3 No. PE-0094, page 5, Ameren Missouri witness Daschbach stated that his
4 testimony "was not referring to a specific price or market condition" that
5 would support his claim that there will be future demand for deduct service
6 "but rather referencing changed natural gas market conditions generally."

7 **Q. Who is the best position to provide service for these small volumes**
8 **under 500 Dt./day?**

9 A. Local distribution companies, such as Ameren Missouri, serve the entity
10 behind the deduct meter. The entities that are the beneficiaries of deduct
11 meters are customers of their respective local distribution companies. As
12 such, deduct meters for entities with extremely low volumes (less than 500
13 Dt./day) should be administered by the local distribution companies, which
14 are better equipped to manage these very small volumes. It is not
15 appropriate for Panhandle, as the interstate natural gas pipeline, to be
16 saddled with the administration and cost of these small volume deduct
17 meters for the benefit of the customers of the local distribution companies.
18 In the Order on Technical Conference approving Panhandle's tariff
19 language limiting new deduct meters to a minimum of 500 Dt./day, the
20 Commission noted that it "has previously accepted minimum volume
21 requirements for new connections due to the costs and operational

1 challenges of serving such similar small volume points.” (170 FERC ¶
2 61,172 at P 80 and n.153 (2020).)

3 **Q. How many deduct meters does Panhandle serve on its system?**

4 A. Panhandle serves 31 deduct meters although only 20 are currently active.
5 Of the active deduct meters, 60% have volumes over 500 Dt./day. There
6 are 11 deduct meters on the Ameren Missouri system, but only three of
7 such meters are active, and of these three active meters, two have contract
8 volume levels below 500 Dt./day.

9 **Q. Does the presence of only three active deduct meters on the Ameren**
10 **Missouri system indicate, in your opinion, that there is a strong**
11 **demand for deduct meter service on the Ameren Missouri system?**

12 A. No.

13 **Q. Does this conclude your Prepared Answering Testimony?**

14 A. Yes, it does.

TABLE OF ACRONYMS

ABBREVIATION OR ACRONYM	TERM
Ameren Missouri	Union Electric Company d/b/a Ameren Missouri
Dt.	Dekatherm
EFT	Enhanced Firm Transportation Service
FT	Firm Transportation Service
GT&C	General Terms and Conditions
MDCQ	Maximum Daily Contract Quantity
NGA	Natural Gas Act
OFO	Operational Flow Order
Panhandle	Panhandle Eastern Pipe Line Company, LP
PMDG	Panhandle Municipal Defense Group
SCT	Small Customer Service
Tariff	Panhandle's FERC Gas Tariff

The State of Texas}
} SS.
County of Harris }

BEFORE ME, the undersigned authority, on this day personally appeared
Deborah A. Bradbury, who being by me first duly sworn, on oath deposes and says:

That she is the Deborah A. Bradbury, offering the foregoing prepared answering
testimony and that all statements of fact contained therein are true and correct to the best of
her knowledge, information and belief.

/s/ Deborah A. Bradbury
Deborah A. Bradbury

Subscribed and sworn to before me this 11th day of May, 2020.

/s/ Suzanne Samano
Notary Public

My Commission Expires:

April 10, 2022.

PEPL-PMDG-2.9

Referencing Witness Crowe's testimony (Exhibit No. PMG-0001) on page 4, lines 2-6, Witness Crowe proposes a change to rate design that Panhandle has proposed no change in this proceeding to its previous practice. As such, is it her intention that her testimony on this matter represents a proposal under Section 5 of the Natural Gas Act? If not, please fully explain why that would not be the case.

Response: Yes. *See* Ms. Crowe's testimony at page 4, lines 2-9.

Response prepared by Counsel

Response Date: April 17, 2020

- PEPL-PMDG-2.10** Referencing Witness Crowe's testimony (Exhibit No. PMG-0001) at page 14, line 12 through page 16, line 16:
- a. Witness Crowe proposes a change to an existing tariff provision. The change she proposes does not address any change proposed by Panhandle in the rate case filing. As such, is it her intention that this testimony represents a proposal under Section 5 of the Natural Gas Act? If not, please fully explain why that would not be the case.
 - b. Please provide all reviews, studies, analysis, work papers and other documents Witness Crowe has reviewed, relied on or considered showing the average volume levels taken by SCT customers, the peak day volume levels taken by SCT customers and the relative swing allowed under the existing tariff structure for SCT customers and the same information projected under the tariff structure for SCT customers proposed in her testimony.
 - c. Please provide all reviews, studies, analysis, work papers and other documents Witness Crowe has reviewed, relied on or considered showing the daily tolerance levels for each member of the PMDG group, the days in the last 12 months where such tolerance levels were exceeded, and the applicable charges. Please indicate for each day where such tolerance levels were exceeded whether or not such shipper entered an intraday nomination in the Panhandle Messenger system to adjust their volumes for the day in order to avoid such charges.

Response:

- a. *See* response to PEPL-PMDG-2.9.
- b. All documents relied upon in the preparation of the cited portion of Ms. Crowe's testimony are cited or otherwise referenced in that testimony.
- c. All documents relied upon in the preparation of the cited portion of Ms. Crowe's testimony are cited or otherwise referenced in that testimony. It is Ms. Crowe's understanding that the daily tolerance levels for each member of the PMDG group are as specified in Panhandle's tariff. Ms. Crowe did not review any information pertaining to the days in which any PMDG shipper's tolerance levels were exceeded or whether such shipper entered an intraday nomination in the Panhandle Messenger system.

Response to PEPL-PMDG-2.10a prepared by Counsel
Response to PEPL-PMDG-2.10b-c by Elizabeth Crowe

Response Date: April 17, 2020

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Delivery on Trunkline's Master Delivery Point List (MDPL) or South Texas Master Delivery Point List (South Texas MDPL), as applicable, are also available as secondary Points of Delivery if the points are within or between the Zones used to calculate the Reservation Charge in accordance with Section 3.1 herein.

- 2.3 Service provided at the primary and secondary Points of Receipt and primary and secondary Points of Delivery shall be provided on a firm basis subject to the scheduling, curtailment and interruption provisions of Sections 3 and 4 of the General Terms and Conditions.

2.4 **Tolerance Level**

The Tolerance Level under this Rate Schedule FT shall be ten percent (10%) at Points of Delivery and the greater of ten percent (10%) or 1,000 Dt at Points of Receipt. Daily scheduling variances in excess of the Tolerance Level shall be subject to a daily scheduling penalty calculated in accordance with Section 5 of the General Terms and Conditions.

3. RATE

The rates and charges for firm service under this Rate Schedule FT shall be as follows:

3.1 Reservation Charge

- (A) If both the primary Points of Receipt and primary Points of Delivery as designated in the Service Agreement are located within the same Zone, the monthly Reservation Charge shall be the product of the MDQ, or applicable portion thereof, at such primary Points of Delivery and the applicable reservation rate per Dt for service within the Zone, as set forth on the Currently Effective Rates for Rate Schedule FT; and
- (B) If the primary Points of Receipt and primary Points of Delivery as designated in the Service Agreement are located in different Zones, then the monthly Reservation Charge shall be the product of the MDQ, or applicable portion thereof, at such primary Points of Delivery and the sum of the applicable reservation rates per Dt for service within the respective Zones and any Zones located between such Zones, as set forth on the Currently Effective Rates for Rate Schedule FT.

The Reservation Charge shall be prorated for the first and last contract Months to adjust for the number of days during those Months for which service was contracted. In the event commencement of services contracted for is contingent upon the repair, upgrade, construction of facilities, financial considerations or third party contingencies, Trunkline may waive any or all

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shall equal the sum of the MDDOs at Shipper's primary Points of Delivery. Points of Delivery on Trunkline's Master Delivery Point List (MDPL) or South Texas Master Delivery Point List (South Texas MDPL), as applicable, are also available as secondary Points of Delivery if the points are within or between the Zones used to calculate the Reservation Charge in accordance with Section 3.1 herein.

- 2.3 Service provided at the primary and secondary Points of Receipt and primary and secondary Points of Delivery shall be provided on a firm basis subject to the scheduling, curtailment and interruption provisions of Sections 3 and 4 of the General Terms and Conditions.

- 2.4 Flow Rate of Delivered Quantities

Shipper is allowed to take at any Point of Delivery during any hour between fifty percent (50%) and one hundred fifty percent (150%) of the uniform hourly Quantities scheduled for Transportation to such Point of Delivery and will not incur a daily scheduling penalty if the total Quantities delivered for the Gas Day at such point are within the Tolerance Level specified in Section 2.5 herein.

- 2.5 Tolerance Level

The Tolerance Level under this Rate Schedule EFT shall be ten percent (10%) at Points of Delivery and the greater of ten percent (10%) or 1,000 Dt at Points of Receipt. Daily scheduling variances in excess of the Tolerance Level shall be subject to a daily scheduling penalty calculated in accordance with Section 5 of the General Terms and Conditions.

3. RATE

The rates and charges for firm service under this Rate Schedule EFT shall be as follows:

- 3.1 Reservation Charge

- (A) If both the primary Points of Receipt and primary Points of Delivery as designated in the Service Agreement are located within the same Zone, the monthly Reservation Charge shall be the product of the MDQ, or applicable portion thereof, at such primary Points of Delivery and the applicable reservation rate per Dt for service within the Zone, as set forth on the Currently Effective Rates for Rate Schedule EFT; and
- (B) If the primary Points of Receipt and primary Points of Delivery as designated in the Service Agreement are located in different Zones, then the monthly Reservation Charge shall be the product of the MDQ, or applicable portion thereof, at such primary Points of Delivery and the sum of the applicable reservation rates per Dt for service within the respective Zones and any Zones

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2.4 Tolerance Level

The Tolerance Level under this Rate Schedule SST shall be **ten percent (10%) at Points of Delivery** and the greater of ten percent (10%) or 1,000 Dt at Points of Receipt. Daily scheduling variances in excess of the Tolerance Level shall be subject to a daily scheduling penalty calculated in accordance with Section 5 of the General Terms and Conditions.

3. RATE

The rates and charges for firm service under this Rate Schedule SST shall be as follows:

3.1 Usage Charge

- (A) If both the primary Points of Receipt and primary Points of Delivery, as set forth in the Rate Schedule SST Form of Service Agreement, excluding Epps Storage Field points, are located within the same Zone, the monthly Usage Charge shall be the product of the actual Quantity of Gas delivered up to Shipper's MDQ during the Month and the usage rate per Dt, as determined by such primary points, for service within the Zone, as set forth on the Currently Effective Rates for Rate Schedule SST; and
- (B) If the primary Points of Receipt and primary Points of Delivery, as set forth in the Rate Schedule SST Form of Service Agreement, excluding Epps Storage Field points, are located in different Zones, then the monthly Usage Charge shall be the product of the actual Quantity of Gas delivered up to Shipper's MDQ during the Month and the usage rates per Dt, as determined by such primary points, for service between such Zones, as set forth on the Currently Effective Rates for Rate Schedule SST.

3.2 Gathering Charge

If Shipper designates a Point of Receipt identified as a Gathering Point of Receipt on the MRPL then, in addition to the Usage Charge established in Section 3.1 of this Rate Schedule SST, Shipper shall pay a monthly Gathering Charge which shall be the product of the actual Quantity of Gas received up to the MDRO at such Point of Receipt and the applicable Gathering usage rate per Dt as set forth on the Currently Effective Rates for Rate Schedule SST.

3.3 Surcharges

Shipper shall pay all usage surcharges specified in Section 21 of the General Terms and Conditions and as set forth on the Currently Effective Rates for Rate Schedule SST. In addition, the Usage Charge shall include all other applicable surcharges specified in the General Terms and Conditions and as set forth on the Currently Effective Rates for Rate

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GENERAL TERMS AND CONDITIONS

5. TRANSPORTATION BALANCING

5.1 Daily Scheduling

- (A) Except as provided in Section 5.1(E), each Transportation Service Agreement, TABS-1 Service Agreement and Operational Balancing Agreement (OBA) with a daily scheduling variance exceeding the Tolerance Level as stated in the applicable Rate Schedule or OBA, plus the available MDVQ at a Point of Delivery if the Shipper, TABS-1 Party or OBA Party, as applicable, is a DVS Party at such point, shall be subject to a daily scheduling penalty in accordance with this Section 5.1; provided, however, that no individual Service Agreement receiving or delivering Gas at a Point of Receipt or Point of Delivery shall be assessed a daily scheduling penalty if: (1) the aggregate receipts or deliveries for all Service Agreements at such Point, as applicable, do not exceed the aggregate Quantity scheduled at such point by the Tolerance Level plus the available MDVQ if the delivery point operator is a DVS Party or (2) an interruptible Shipper's scheduled Quantity for a Gas Day has been reduced as a result of a nomination by a firm Shipper during the Evening Nomination Cycle, the Intraday 1 Nomination Cycle or the Intraday 2 Nomination Cycle in Section 3.1(C) herein.
- (1) Except as set forth below, daily scheduling variance shall be the absolute value of the percentage of: (a) the difference between the scheduled Quantities at each Point of Receipt and each Point of Delivery each Gas Day and the Quantity of Gas allocated to such point divided by (b) Quantities scheduled for receipt or delivery, as applicable.
- (2) When Shipper is utilizing a Point of Receipt or Point of Delivery with service provided by a TABS-1 Party or an OBA Party, as applicable, Shipper's confirmed nomination Quantity at such point will be the actual Quantity for purposes of calculating the daily scheduling variance.
- (3) The daily scheduling variance for a TABS-1 Party or an OBA Party will be the difference between the total actual Quantity and the total confirmed nomination Quantity for that OBA's Point of Receipt or Point of Delivery or TABS-1 service point each Gas Day.
- (4) For Designated Transportation Service Agreements used in conjunction with service under Rate Schedule NNS-1 or NNS-2, the scheduled Quantities at Eligible Points of Delivery shall be increased by the Quantity of Gas Trunkline withdraws from storage pursuant to Section 2.2 of Rate Schedule NNS-1 or NNS-2, and the scheduled Quantities at such points shall

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be decreased by the Quantity of Gas Trunkline injects into storage pursuant to Section 2.2 of Rate Schedule NNS-1 or NNS-2.

- (B) To enable Shippers to minimize daily scheduling variances, Trunkline will make available to Shippers continuous monitoring of EGM points and will make applicable receipt or delivery information for a meter available to the operator of that meter by:
- (1) Allowing operators access to real time, unverified receipt or delivery data through direct communications with remote EGM terminals.
 - (2) Posting on the Messenger® system unverified receipt or delivery data for receipts and deliveries obtained from remote EGM terminals on a timely basis.
 - (3) Posting on the Messenger® system verified data within twenty-four (24) hours after the end of the Gas Day.
- (C) To avoid issuance of an OFO pursuant to Section 6, Trunkline shall notify Shipper of a daily scheduling variance, and Shipper shall, within a reasonable time, adjust nominated or actual receipts or deliveries of Gas in order to maintain a daily balance between actual receipts and scheduled receipts and between actual deliveries and scheduled deliveries.
- (D) The daily scheduling penalty for the applicable Rate Schedule shall be equal to one half of the Field Zone to Zone 2 rate for Rate Schedule FT, stated on a one hundred percent (100%) load factor basis. The daily scheduling penalty shall be billed in accordance with Section 16 herein.
- (E) The daily scheduling penalty shall not apply to a Transportation Service Agreement, TABS-1 Service Agreement or an OBA receiving Gas at a Point of Receipt unless Trunkline has provided each Shipper, TABS-1 Party and OBA Party utilizing the Point of Receipt with at least twenty-four (24) hours prior notice that daily scheduling variances at the Point of Receipt are causing capacity constraints or are creating operating conditions which threaten or could threaten system integrity or safety or which impair Trunkline's ability to provide efficient and reliable service to any other party. Trunkline will provide notice of the applicability of the daily scheduling penalty through the Messenger® system and the Web Site and by telephone and by facsimile or via e-mail communication. Trunkline may provide such notice with respect to a specific Point of Receipt or with respect to all Points of Receipt on all or a portion of the system. The notice will provide the date and time the daily scheduling penalty will begin to apply, the Points of Receipt to which the daily scheduling penalty will apply and how long the daily scheduling penalty is expected to apply, together with operating variables providing the basis for applying the

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GENERAL TERMS AND CONDITIONS

12. BALANCING SERVICE AND OVERRUN CHARGES

12.1 GENERAL

This Section applies to transportation services provided under Rate Schedules FTS, FFTS, FTS-G, DSS and ITS, to storage services provided under Rate Schedules PALS, BESS, DSS, FRSS and NSS and to line pack service under Rate Schedules IBS and LPS. Except for the no-notice aspect of service under Rate Schedules DSS, FTS-G/NB, FFTS-NB, FRSS and FTS-NB, each Shipper has the obligation to ensure actual volumes delivered to Natural at Receipt Points and actual volumes taken from Natural at Delivery Points conform to the volumes nominated by the Shipper and confirmed by Natural each day.

**12.2 BALANCING SERVICE AND OVERRUN CHARGES DURING
NON-CRITICAL TIMES**

(a) During periods when a Critical Time is not in effect, if actual receipts, deliveries, injections or withdrawals under an Agreement at a point on any day do not conform to a Shipper's rights under its Agreements or to the sum of its confirmed nominations and available no-notice rights, after receipts, deliveries, injections and withdrawals are allocated consistent with Section 10 or 11 of these General Terms and Conditions, as applicable, the following Overrun Charges and Balancing Service Charges shall apply (except as provided in Section 12.6):

(1) In the event that receipts, deliveries, injections or withdrawals allocated to a Shipper under said Section 10 or 11 at any point or under any Agreement exceed Shipper's available firm contractual rights (MDQ, MSV, IQ or WQ), an Overrun Charge shall apply. Specifically, the Overrun Charges set out herein shall apply to the following: volumes taken or tendered in excess of MDQ under Rate Schedule FTS, FFTS or FTS-G; volumes taken or tendered in excess of MDQ, MSV, IQ or WQ or volumes taken in excess of Shipper's maximum withdrawal rights in any fifteen (15) day period under Rate Schedule DSS; and volumes taken or tendered in excess of MDQ, MSV, IQ or WQ under Rate Schedule NSS; volumes taken or tendered in excess of MDQ, IQ, WQ or MSWQ under Rate Schedule FRSS; and volumes taken or tendered in excess of Shipper's maximum daily access volumes or maximum allowed cumulative IBS Balance under Rate Schedule IBS; and volumes taken or tendered in excess of a Shipper's rights under an LPS Agreement or in any way inconsistent with an LPS RO. In addition, if a Shipper fails to satisfy the maximum or minimum monthly withdrawal obligation in Rate Schedule DSS, an

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Overrun Charge hereunder shall apply to the volume by which Shipper failed to satisfy the obligation. Overrun Charges applicable to Rate Schedules ITS, IBS and BESS shall be separately stated in those Rate Schedules; provided, however, that overrun rates for Rate Schedules ITS, IBS and BESS may be discounted on a non-discriminatory basis to any level between zero and the stated rate. Overrun volumes shall be deemed authorized overrun if tendered or taken pursuant to confirmed nominations except that any non-compliance with monthly maximum or minimum withdrawal rights or maximum withdrawal rights over any fifteen (15) day period shall be unauthorized overrun absent a specific waiver by Natural of the requirements. In the case of authorized overrun, as reflected in overrun requests properly submitted by Shipper and accepted by Natural (i.e., a confirmed nomination), the applicable maximum Overrun Charge for transportation shall be a maximum Authorized Overrun Rate determined on the same basis as the maximum rate for Rate Schedule ITS (i.e., the maximum Authorized Overrun Rate for Rate Schedule FTS and FFTS would equal the maximum rate for Rate Schedule ITS) multiplied by the number of Dth of the authorized overrun gas; provided, however, that the maximum Authorized Overrun Rate for Rate Schedule FTS-G would be the applicable maximum commodity rate for Rate Schedule FTS-G. For storage and line pack services, the Authorized Overrun Rate shall be as stated on the corresponding rate section in this Tariff. Such Authorized Overrun Rates may be discounted on a non-discriminatory basis to any level between zero and the maximum Authorized Overrun Rate. In the case of unauthorized overrun, the Shipper shall pay Natural the applicable authorized overrun rate and, in addition, an unauthorized overrun charge equal to the volume of the overrun multiplied by an Unauthorized Overrun Rate. The maximum Unauthorized Overrun Rate is \$10/Dth, which rate may be discounted to any level between zero and the maximum rate so calculated. Any charges for an unauthorized overrun in excess of the authorized overrun charge shall be waived by Natural if the unauthorized overrun does not cause operational problems. Only a single Overrun Charge shall apply to any volume even though it may represent a overrun of more than one restriction under the applicable Rate Schedule (such as MDQ and MSV). Cashout shall apply to overrun in the event such an overrun would otherwise result in a storage withdrawal which would reduce Shipper's storage account(s) below zero. Notwithstanding the foregoing, no Overrun Charge shall apply to an authorized overrun pursuant to a confirmed nomination under Section 5.5(b) of Rate Schedule DSS or Section 5.5(b) of Rate Schedule NSS.

(2) If the volumes allocated to any FTS, FFTS, FTS-G, LPS or ITS Agreement fail to equal the confirmed nomination under such Agreement or if volumes allocated to any DSS, NSS, FRSS, FTS-G/NB, FFTS-NB, FTS-NB or PALS Agreement are inconsistent with confirmed nominations and/or available no-notice rights, as applicable, the following charges [in addition to any charges applicable under subsection (1)] shall apply, subject to the availability of balancing service under

**Issued By: Bruce H. Newsome, Vice President
Issued On: September 30, 2010**

Effective On: September 30, 2010

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Rate Schedule IBS consistent with its terms, based on the degree of variance between actual, deliveries, injections or withdrawals and Shipper's rights and/or confirmed nominations (no charge hereunder shall apply for variances at Receipt Points):

<u>VARIANCE</u>	<u>CHARGE</u>
0% to 5%	No additional charges
5% to 10%	\$0.10/Dth
10% to 20%	\$0.20/Dth
20% to 50%	\$0.30/Dth
Above 50%	\$0.50/Dth

Such charges shall also apply as specified in Section 6(d) of Rate Schedule IBS.

(3) Natural may discount or waive charges under subsection (2) on a basis which is not unduly discriminatory.

(4) Tiered Balancing Service Charges under Sections 12.2, 12.3 and 12.4 shall be applied on a graduated basis, i.e., the specified charge shall apply only to that portion of the variance which is within the corresponding tier between its lower and upper percentage boundaries (variances within a range greater than the lower boundary and equal to or less than the upper boundary) and not to any portion of the variance falling within other tiers.

(b) A Shipper subject to any Overrun Charges and/or Balancing Service Charge(s) under subsection (a) shall, in addition, pay an applicable transportation commodity charge on takes from Natural in excess of applicable rights and shall be obligated to return any volumes taken from Natural in excess of volumes delivered to Natural which are not accommodated through storage withdrawals from such Shipper's storage account(s). The volume of any imbalance remaining at the end of the month will be cashed out under Section 13 of these General Terms and Conditions.

12.3 BALANCING CHARGES WITH OPERATIONAL FLOW ORDERS

(a) On any day when an Operational Flow Order (but not a Critical Time) is in effect, if actual receipts, deliveries, injections or withdrawals allocated to a Shipper at any point or under any Agreement do not conform to the sum of such Shipper's confirmed nominations and no-notice rights applicable to such point and/or Agreement, Balancing Service Charges will be assessed on such variances that are detrimental to Natural's system,

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based on the conditions described in or giving rise to the Operational Flow Order, except as provided in Section 12.6. Notwithstanding the foregoing, Balancing Service Charges shall not be assessed for variances at Receipt Points unless explicitly stated in the Operational Flow Order. The Operational Flow Order shall also state whether the charges are to be based on variances at individual points, by zone or by other aggregation. Balancing Service Charges during this period will be as follows, based on the variance between actual receipts, deliveries, injections or withdrawals and the applicable confirmed nominations and/or no-notice rights:

<u>VARIANCE</u>	<u>CHARGE</u>
0% to 3%	No additional charges
3% to 10%	Greater of \$1.00/Dth or 50% of AMIP
10% to 20%	Greater of \$2.00/Dth or 1 times AMIP
20% to 50%	Greater of \$4.00/Dth or 2 times AMIP
Above 50%	Greater of \$8.00/Dth or 4 times AMIP

(b) Shipper shall in addition pay all applicable charges specified in Sections 12.2(a)(1) and 12.2(b). Where Balancing Service Charges apply under this Section 12.3, they shall be in lieu of Balancing Service Charges under Section 12.2(a)(2), but the charges identified in the prior sentence shall still apply.

12.4 CHARGES DURING CRITICAL TIMES

(a) On any day when a Critical Time is in effect, if actual receipts, injections, withdrawals and/or actual deliveries allocated to Shipper at any point or under any Agreement for services provided by Natural under the Commission's Regulations at 18 C.F.R. Part 284 do not conform to the sum of confirmed nominated volumes and no-notice rights applicable to such point or Agreement, Balancing Service Charges will be assessed for the variances that are to the detriment of Natural's system, except as provided in Section 12.6. Balancing Service Charges in effect during a Critical Time will be as follows:

<u>VARIANCE</u>	<u>CHARGE</u>
0% to 3%	Greater of \$4.00/Dth or 2 times AMIP
3% to 10%	Greater of \$12.00/Dth or 6 times AMIP
10% to 20%	Greater of \$40.00/Dth or 20 times AMIP
20% to 50%	Greater of \$80.00/Dth or 40 times AMIP
Above 50%	Greater of \$200.00/Dth or 100 times AMIP

Issued By: Bruce H. Newsome, Vice President
Issued On: September 30, 2010

Effective On: September 30, 2010

ANR Pipeline Company
FERC Gas Tariff
Third Revised Volume No. 1

PART 6.14.1
6.14.1 - GT&C
Allocation of Deliveries
v.0.0.0

6.14.1 **Allocation of Deliveries.** Unless Transporter and Operator mutually agree to allocate deliveries each Day using ranked, pro rata, percentage, swing, or operator provided value methodologies, such deliveries will be allocated through the meter using the allocation methodology in Section 6.14.1(a) below.

- (a) Each Day's deliveries of Gas shall be allocated by Transporter for all services using the following order through the meter:
 - (1) Rate Schedules FTS-3, ITS-3 and MBS Shippers and BTA Stand-Alone Option Shippers will be allocated their BTA consumption, if available, or, if such BTA consumption is not available, pursuant to Section 6.14.1(a)(2), below. The difference between the BTA Stand-Alone Option Shipper's nomination and its BTA allocation ("BTA Stand-Alone Variance") shall be subject to the additional charges, if any, set forth in Section 6.14.1(d), below. The MBS Supply Transportation shall be allocated as-nominated, pursuant to Section 6.14.1(a)(2), below. The difference between the MBS Supply Transportation allocation and the BTA shall be allocated as injections into or withdrawals from the MBS Storage Account and as Transportation under Rate Schedule MBS. An overrun charge pursuant to Rate Schedule MBS shall only be assessed on each Dekatherm of such allocated quantities that exceeds the Swing Percentage;
 - (2) Next, all Notice Services (other than BTA Stand-Alone Option Shippers) will be allocated a quantity equal to the confirmed daily nomination for such services;
 - (3) Finally, all residual quantities, positive or negative, will be allocated pursuant to the following procedures:
 - (i) In the case of any Delivery Point Operator that has elected no-notice service pursuant to Rate Schedule NNS, there shall be no daily scheduling penalties. The residual quantities, positive or negative, shall be allocated to the Delivery Point Operator's NNS service as injections into or withdrawals from the Designated Storage Account, and as transportation under the Delivery Point Operator's NNS Storage Transportation. An overrun charge pursuant to Rate Schedule NNS shall only be assessed on each Dekatherm of such allocated quantities that exceeds the Swing Percentage.
 - (ii) In the case of any Delivery Point Operator that is a Rate Schedule STS Shipper, there shall be no daily scheduling penalties. The residual quantities, positive or negative, shall be allocated as no-notice service pursuant to Rate Schedule STS. The difference between the quantities allocated hereunder and the receipts allocated for such service pursuant

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6.14.1 - GT&C
Allocation of Deliveries
v.0.0.0

to Section 6.14.2, below, shall be injected into or withdrawn from the storage account underlying such service. An overrun charge pursuant to Rate Schedule STS shall only be assessed on each Dekatherm of such allocated quantities that exceeds the Swing Percentage.

- (iii) In the case of any Delivery Point Operator that has not elected No-Notice Service pursuant to Rate Schedules NNS or STS, then, unless otherwise agreed, residual quantities shall first be allocated to any Notice Service designated for that purpose by the Delivery Point Operator (if the affected Shipper has agreed in writing) and then shall be allocated pro rata based on nominations to all Notice Services, except for MBS Supply Transportation, and such Shippers shall be subject to daily scheduling penalties on each Dekatherm of such allocated quantities in excess of the Swing Percentage.
- (b) Notwithstanding Section 6.14.1(a) above, if the Delivery Point is a Point of Injection/Withdrawal or a Headstation, deliveries shall be allocated to each service in a quantity equal to the confirmed nomination for such service.
- (c) If allocated deliveries hereunder exceed nominations and the MDQ under any Agreement, Transporter will, after applying the Swing Percentage, only charge the affected Shipper the applicable daily scheduling penalty for overdeliveries up to MDQ, and only the applicable overrun charges for overdeliveries in excess of MDQ.
- (d) The BTA Stand-Alone Variance, in addition to the applicable Transportation charges, shall be subject to the following charges:
 - (i) for a quantity up to the Swing Percentage, there shall be no additional charge;
 - (ii) for the next incremental quantity up to any amount equal to the Swing Percentage, a daily scheduling penalty equal to the highest applicable Rate Schedule STS rate times each Dekatherm of such quantity; then
 - (iii) for any remaining quantity, a daily scheduling penalty of ten dollars (\$10) per Dekatherm.

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PART 6.1
6.1 - GT&C
Definitions
v.5.0.0 Superseding v.4.1.0

65. The term "Reput" shall mean the reinstatement of a capacity release transaction that was recalled.
66. The term "Residue Gas" shall mean Transporter's Gas stream that has been reduced by PTR.
67. The term "Secondary Delivery Point" shall mean a Delivery Point that is not specified as a Primary Delivery Point.
68. The term "Secondary Receipt Point" shall mean a Receipt Point that is not specified as a Primary Receipt Point.
69. The term "Secondary Point(s)" shall mean the Secondary Delivery Point and/or the Secondary Receipt Point.
70. The term "Service Day" shall mean the Day during which Shipper receives Transportation Service pursuant to a nomination in accordance with Section 6.6 of these General Terms and Conditions.
71. The term "Service Month" shall mean the Month during which Shipper receives Transportation Services under this Tariff.
72. The term "Southeast Area Facilities" shall mean those facilities of Transporter which are located upstream or south of the Eunice, LA compressor station site property, including such site property of Transporter at Eunice, and Transporter's other facilities which are not directly connected.
73. The term "Southwest Area Facilities" shall mean those facilities of Transporter which are located upstream of the Greensburg, KS compressor station site property, including such site property of Transporter at Greensburg.
74. Unless otherwise agreed, the term "Storage Contract Year" shall mean a period of consecutive Months ending on March 31 for services of at least twelve (12) consecutive Months, and shall commence and end on the Days provided in the Service Agreement for services of less than twelve (12) consecutive Months.
75. The term "Summer Period" shall mean the period from April 1 of each calendar year through October 31 of such year.
76. The term "Swing Percentage" shall mean the percentage of quantities allocated at Delivery Points to each Shipper that will be excused from overrun charges or daily scheduling penalties, as applicable. The Swing Percentage shall be equal to ten percent (10%) of the Delivery Point nomination for such Shipper, unless Transporter

ANR Pipeline Company
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Third Revised Volume No. 1

PART 6.1
6.1 - GT&C
Definitions
v.5.0.0 Superseding v.4.1.0

shall have posted on GEMS[™] a notification that an Extreme Condition Situation exists. In such case, the Swing Percentage shall be equal to five percent (5%) of the Delivery Point nomination for such Shipper.

77. The terms "Tender Gas" and "Tender of Gas" shall mean that the delivering party is able and willing, and offers, to deliver Gas to the receiving party at the appropriate Receipt Point or Delivery Point.
78. The term "Term of Agreement" shall mean the period set forth in the applicable Agreement during which Shipper may take service under the Agreement and shall be any period of one Day or longer. A period must be for consecutive Days except that Transporter may agree to non-continuous periods for multiple year contracts on a not-unduly discriminatory basis.
79. The term "Transmission Delivery Point(s)" shall mean any Delivery Point which does not include any facilities functionalized as gathering.
80. The term "Transmission Receipt Point(s)" shall mean any Receipt Point which does not include any facilities functionalized as gathering.
81. The terms "Transportation" and "Transportation Service(s)" shall mean (a) storage or (b) transportation of Gas by either forward haul, exchange or Backhaul or any combination thereof which includes the use of facilities functionalized on Transporter's books as transmission and/or storage.
82. The term "Transporter" shall mean ANR Pipeline Company.
83. The term "Transporter's Pipeline System" shall mean those facilities of Transporter which are Mainline Area Facilities, Southwest Area Facilities or Southeast Area Facilities.
84. The term "Transporter's Use" shall mean the quantity of Gas required by Transporter for (1) compressor fuel and (2) lost-and-unaccounted for ("L&U") Gas for service under each Agreement, and shall be equal to the Transporter's Use (%) under each such Agreement times Receipt Point quantities tendered to Transporter.
85. The term "Transporter's EPC" shall mean the dollar amount required by Transporter to recover the cost of electric power purchased, including surcharges, by or for Transporter for use in the operation of electric powered compressor units, and shall be equal to the EPC Charge times Delivery Point quantities.
86. The term "Transporter's Use (%)" shall mean the applicable percentage of Transporter's Use, as specified in the Agreement, which shall be an allocable amount of Transporter's Use. The term "EPC Charge" shall mean the rates in \$ per Dth

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PART 5.2.3
5.2.3 - Rate Sch STS
Charges
v.1.0.0 Superseding v.0.0.0

Tariff, to the extent that Working Storage Gas is greater than zero and less than the Maximum Storage Quantity.

10. Storage Account Implementation. Upon the effective date of this Tariff, Shipper electing service under this Rate Schedule shall have purchased storage inventory in place equal to its Maximum Storage Quantity.

Issued: July 29, 2016
Effective: August 1, 2016

Docket No. RP16-440-000
Accepted: February 29, 2016

PANHANDLE EASTERN PIPE LINE COMPANY, LP

Rate Schedule SCT
February 1, 2019 through January 31, 2020

Line No.	Rate Schedule	Contract	Shipper	Throughput Volume (a)	MDCQ (b)	Load Factor (c)	IOS Storage (d)	GDS/TBS Service (e)	Assigned Agent (f)
<u>Less than 1,000 Dt/d</u>									
1	SCT	11476	City of Clarence	28,239	262	29.53%	Yes	Yes	Yes
2	SCT	11478	Atmos Energy Corporation	4,688	300	4.28%			
3	SCT	11480	City of LaCygne	68,369	850	22.04%			Yes
4	SCT	11481	City of Madison	15,036	400	10.30%	Yes	Yes	Yes
5	SCT	11485	City of Perry, Missouri	26,176	519	13.82%	Yes	Yes	Yes
6	SCT	11491	Seiling Public Works Authority	36,868	600	16.83%			Yes
7	SCT	11496	Town of Hardesty	10,293	300	9.40%			Yes
8	SCT	11501	Town of Taloga	14,171	400	9.71%			Yes
9	SCT	11502	Town of Vici Public Works Authority	22,010	500	12.06%			Yes
10	SCT	11504	Village of Edinburg, IL	46,228	766	16.53%			Yes
11	SCT	11505	Village of Franklin	36,045	600	16.46%			Yes
12	SCT	11508	Village of Pleasant Hill	38,854	725	14.68%			Yes
13	SCT	11510	Village of Rossville (Municipal Gas System)	70,233	990	19.44%			Yes
14	SCT	18153	Dacott Industries Inc.	140,936	500	77.23%			
15	SCT	43783	Pro Solutions, L.L.C.	2,060	36	15.68%			Yes
16	Total Less than 1,000 Dt/d			560,206	7,748	19.81%			
<u>1,000-9,998 Dt/d</u>									
17	SCT	11474	Liberty Utilities (Midstates Natural Gas) Corp.	176,831	2,600	18.63%	Yes	Yes	Yes
18	SCT	11475	City of Auburn	135,161	2,100	17.63%			Yes
19	SCT	11479	City of Hermann	275,452	3,750	20.12%			Yes
20	SCT	11483	City of Montgomery City	112,376	1,600	19.24%			Yes
21	SCT	11484	City of Paris	56,255	1,270	12.14%	Yes	Yes	Yes
22	SCT	11486	City of Pittsfield	237,508	3,300	19.72%			Yes
23	SCT	11487	City of Roodhouse	71,624	1,525	12.87%			Yes
24	SCT	11488	City of Shelbina	159,452	2,000	21.84%	Yes	Yes	Yes
25	SCT	11490	City of Winchester, Illinois	70,797	1,450	13.38%			Yes
26	SCT	11493	City of Waverly	47,187	1,050	12.31%			Yes
27	SCT	11494	City of White Hall	108,943	2,200	13.57%			Yes
28	SCT	11495	City of Monroe City	183,079	3,500	14.33%	Yes	Yes	Yes
29	SCT	11497	Town of Lapel	81,310	1,150	19.37%			Yes
30	SCT	11498	Town of Montezuma	58,252	1,700	9.39%			Yes
31	SCT	11499	Town of Pittsboro	79,982	2,000	10.96%			Yes
32	SCT	11500	Town of Roachdale	108,298	1,400	21.19%			Yes
33	SCT	11503	Village of Divernon	113,519	2,000	15.55%			Yes
34	SCT	11507	Village of Pawnee (Utilities Department)	91,880	1,550	16.24%			Yes
35	SCT	11511	Village of Stonington	62,466	1,400	12.22%	Yes	Yes	Yes
36	SCT	11512	Village of Westville	141,567	2,500	15.51%	Yes	Yes	Yes
37	SCT	11533	City of Bushnell	310,327	3,250	26.16%			Yes
38	SCT	11636	City of Gruver	57,477	1,000	15.75%			Yes
39	SCT	11668	Liberty Utilities (Midstates Natural Gas) Corp.	327,282	5,000	17.93%	Yes	Yes	
40	SCT	11680	Liberty Utilities (Midstates Natural Gas) Corp.	53,124	1,000	14.55%			
41	SCT	11722	City of Macon, MO	354,387	4,500	21.58%			Yes
42	SCT	11867	Liberty Utilities (Midstates Natural Gas) Corp.	356,856	8,000	12.22%	Yes	Yes	
43	SCT	14738	Black Hills Service Company, LLC	215,076	5,000	11.78%			
44	SCT	14987	City of Louisburg	142,565	2,600	15.02%			Yes
45	SCT	16060	Village of Riverton	130,812	1,800	19.91%			Yes
46	Total 1,000-9,998 Dt/d			4,319,845	72,195	16.39%			
<u>9,999 Dt/d</u>									
47	SCT	11477	City of Fulton, MO	838,712	9,999	22.98%			Yes
48	SCT	11506	Village of Morton	1,340,030	9,999	36.72%	Yes	Yes	Yes
49	Total 9,999 Dt/d			2,178,742	19,998	29.85%			
50	Total Rate Schedule SCT			7,058,793	99,941	19.35%			

PANHANDLE EASTERN PIPE LINE COMPANY, LP

Rate Schedule FT and EFT
Shippers with MDCQ of 10,000 Dt/day or less

Line No.	Rate Schedule	Contract	Shipper	MDCQ (b)
<u>Less than 1,000 Dt/d</u>				
1	EFT	11464	Astral Industries, Inc.	120
2	FT	11582	Northern Illinois Gas Company	207
3	EFT	11521	Alsey Refractories Company	385
4	EFT	12388	Thermal Ceramics, Inc.	150
5	EFT	13613	Cerro flow Products LLC	700
6	EFT	14084	Amarillo Natural Gas, Inc.	75
7	EFT	21435	Town of Bainbridge	245
8	EFT	39905	Clearwater Enterprises, LLC	35
9	EFT	42418	Mid-Missouri Energy, LLC	500
10	EFT	51981	Woodriver Energy LLC	500
11	EFT	57635	BlueMark Energy, LLC	180
12	EFT	59003	Vermillion Rise Mega Park	80
13	EFT	61980	ProSolutions, L.L.C.	600
14	Total Less than 1,000 Dt/d			<u>3,777</u>
<u>1,000-9,999 Dt/d</u>				
15	EFT	11604	Ohio Gas Energy Services Company	3,960
16	EFT	11617	Ohio Gas Energy Services Company	6,700
17	EFT	11671	Liberty Utilities (Midstates Natural Gas) Corp.	8,045
18	EFT	11891	Tylox, Inc.	1,700
19	EFT	12006	Ardagh Glass, Inc.	4,000
20	EFT	12782	DTE Energy Trading, Inc.	7,500
21	EFT	17024	Northeast Missouri Grain, LLC	4,700
22	EFT	18597	Mid-Missouri Energy, LLC	4,000
23	EFT	18686	Guardian Industries, LLC	7,600
24	EFT	18942	Interstate Gas Supply, Inc.	1,000
25	EFT	20349	Vectren Energy Delivery of Ohio, Inc.	1,000
26	EFT	21632	Ultimate Ethanol, LLC	7,000
27	EFT	21884	Tylox, Inc.	2,850
28	EFT	22888	Citizens Energy Group	5,000
29	EFT	23488	Arkalon Ethanol, LLC	7,600
30	EFT	23719	Ohio Gas Energy Services Company	5,000
31	EFT	26859	Union Electric Company dba Ameren Missouri	2,000
32	EFT	30676	Missouri Ethanol, LLC	4,400
33	EFT	31151	Northeast Missouri Grain, LLC	1,350
34	FT	33526	Lima Refining Company	2,918
35	FT	33529	INEOS Nitriles USA LLC	2,000
36	FT	33834	ISP Lima, LLC	5,500
37	EFT	41238	ONE Gas, Inc. dba Kansas Gas Service	1,645
38	EFT	41261	ONE Gas, Inc. dba Kansas Gas Service	1,129
39	EFT	41745	Dominion Energy Solutions, Inc.	4,000
40	FT	42884	Lima Refining Company	7,000
41	EFT	43044	Sequent Energy Management, L.P.	4,500
42	EFT	44887	Atmos Energy Corporation	5,050
43	EFT	48910	Nucor Corporation d/b/a Nucor Crawfordsville	5,500
44	EFT	50899	Encore Energy Services, Inc.	1,000
45	EFT	51708	LNG Indy, LLC dba Kinetrex Energy	8,400
46	EFT	52260	Duke energy Carolinas, LLC	1,000
47	EFT	58787	Direct Energy Business Marketing, LLC	3,000
48	EFT	60288	Spire Marketing Inc.	9,000
49	FT	61688	Uniper Global Commodities North America LLC	7,500
50	FT	61694	Citadel Energy Marketing LLC	5,000
51	EFT	61735	Michigan Gas Utilities Corporation	2,000
52	FT	61949	Spotlight Energy, LLC	5,000
53	FT	62830	Hartree Partners, LP	5,047
54	FT	62921	Citadel Energy Marketing LLC	5,000
55	Total 1,000-9,999 Dt/d			<u>176,594</u>
<u>10,000 Dt/d</u>				
56	EFT	17071	Spire Missouri Inc.	10,000
57	EFT	30930	Johns Mansville International, Inc.	10,000
58	EFT	38699	Spire Missouri Inc.	10,000
59	FT	56504	Mustang Fuel Marketing Company	10,000
60	EFT	56746	Twin Eagle Resource Management, LLC	10,000
61	FT	58281	Sequent Energy Management, L.P.	10,000
62	EFT	59843	Exelon Generation Company, LLC	10,000
63	Total 10,000 Dt/d			<u>70,000</u>
64	Total Rate Schedules FT/EFT w/10,000 MDCQ or less			<u>250,371</u>

PEPL-AMO-1.11:

Please provide a list of all other interstate pipelines serving Ameren Missouri's natural gas distribution systems that provide a service similar to the deduct meter service provided by Panhandle. Please specifically identify if any interstate pipeline affiliated with Ameren Missouri provides such service.

OBJECTION:

Ameren Missouri objects to PEPL-AMO-1.11 to the extent it requests that Ameren Missouri research publicly available interstate pipeline tariffs on Panhandle's behalf. Panhandle is just as capable as Ameren Missouri at reviewing such tariffs. *See Panhandle Eastern Pipe Line Company, LP*, "Order Confirming Bench Rulings on Motion to Compel," Docket Nos. RP19-78-000, *et al.* at PP 16-17 (2019) (Nagel, ALJ). Subject to this objection, Ameren Missouri will provide a response.

Objections Prepared by Counsel
April 8, 2020

RESPONSE:

Subject to Ameren Missouri's objections, Ameren Missouri is served by Southern Star Central Gas Pipeline, Inc., Texas Eastern Transmission, LP, MoGas Pipeline LLC, Natural Gas Pipeline Company of America LLC (NGPL), Trunkline Gas Company, LLC, Dominion Energy Transmission, Inc., and Enable Mississippi River Transmission, LLC. I am not aware that any of the listed pipelines provides a service similar to Panhandle's deduct meter service.

Prepared by Brian Daschbach
April 15, 2020

PEPL-AMO-1.7:

Please provide the following information:

- a. For each of the following three categories of customers served by Ameren Missouri's natural gas distribution systems, residential, commercial and industrial, please provide the total number of customers in each such category that receive natural gas in quantities that are less than 500 dekatherms (Dt) per day on average. Please provide the annual revenue received from each such group of customers in these three categories for each of the last three years. Please provide the annual cost of providing service to each such group of customers in each of these three categories for each of the last three years.
- b. For each of the following three categories of customers served by Ameren Missouri's natural gas distribution systems, residential, commercial and industrial, please provide the total number of customers in each such category that receive natural gas in quantities that are greater than 500 dekatherms (Dt) per day on average. Please provide the annual revenue received from each such group of customers in these three categories for each of the last three years. Please provide the annual cost of providing service to each such group of customers in each of these three categories for each of the last three years.
- c. Does Ameren Missouri serve its customers under any rate schedule or tariff that define the type of service to be provided? If so, does Ameren Missouri have any rate schedule or tariff that provides for a volume limit to determine eligibility for service under such rate schedule or tariff? If yes, please provide a copy of such rate schedule and/or tariff provision. Please provide a full explanation for each such volume limitation existing in an Ameren Missouri rate schedule or tariff, the reasons for such limitation and when such limitation was implemented.

OBJECTION:

Ameren Missouri objects to PEPL-AMO-1.7, subsections (a) and (b), because they seek information that is not relevant to the issues set for hearing in this proceeding. Ameren Missouri's costs and revenues are not at issue in this proceeding and have no bearing on Panhandle's provision of deduct meter services. Ameren Missouri further objects to these requests to the extent they require Ameren Missouri to conduct a study.

Objections Prepared by Counsel
April 8, 2020

RESPONSE:

Subject to Ameren Missouri's objections:

- a. Ameren Missouri does not track the number of customers, annual revenue received, or annual cost of providing service based on average daily usage above or below 500 Dth. For the number of residential, commercial, and industrial natural gas customer accounts and revenues from each group of customer accounts for the last three years, see PEPL-

AMO-1.7_Attachment. Ameren Missouri does not track costs based on customer category or daily usage.

- b. See response to subsection a.
- c. Yes, Ameren Missouri does serve its customers under rate schedules or tariffs that define the type of service provided. Ameren Missouri does not have a natural gas rate schedule or tariff that provides for a volume limit to determine eligibility for service under such rate schedules and/or tariff provisions.

Prepared by or under the supervision of Brian Daschbach
April 15, 2020

PEPL-AMO-1.3:

Please provide copies of all studies, analyses, or other documents prepared by or for Mr. Daschbach that address the subject matter of his testimony filed on March 20, 2020 in this proceeding.

OBJECTION:

Ameren Missouri objects to PEPL-AMO-1.3 to the extent it seeks “all studies, analyses, or documents prepared by or for Mr. Daschbach,” because it is overbroad and unduly burdensome. Subject to this objection, Ameren Missouri will provide a response.

Objections Prepared by Counsel
April 8, 2020

RESPONSE:

Subject to Ameren Missouri’s objections, none.

Prepared by Brian Daschbach
April 15, 2020

PEPL-AMO-1.12

Referencing Exhibit No. AMO-0001 at page 5, lines 18-22:

- a. Please identify what level of future gas prices Mr. Daschbach is referring to that would lead to his anticipation of other customers taking less than 500 Dekatherms (Dt) per day to want to receive deduct meter service.
- b. Please identify what type of change in transportation capacity Mr. Daschbach is referring to that would lead to his anticipation of other customers taking less than 500 Dekatherms (Dt) per day to want to receive deduct meter service.
- c. Please indicate whether or not Ameren Missouri would be able to serve such customers under the conditions identified in a. and b. above. If not, please explain fully why such service would not be able to be provided.

RESPONSE:

The referenced testimony was not referring to a specific price or market condition but rather referencing changed natural gas market conditions generally.

Prepared by Brian Daschbach
April 15, 2020

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Panhandle Eastern Pipe Line Company, LP) Docket Nos. RP19-1523-000,
) et al.

Prepared Answering Testimony

Of

Joseph M. Colton

May 12, 2020

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**Panhandle Eastern Pipe Line Company, LP) Docket Nos. RP19-1523-000,
) et al.**

**Summary of Prepared Answering Testimony
of
Joseph M. Colton**

Joseph M. Colton is Senior Director of Commercial Optimization for Panhandle Eastern Pipe Line Company, LP (“Panhandle”). Mr. Colton has almost 15 years of experience in the natural gas industry through his various positions with the Panhandle Commercial/Marketing Department. Mr. Colton provides a response to the proposal of Ameren Operating Companies (“AOC”) witness Vonda K. Seckler with respect to Panhandle’s Operational Balancing Agreement (“OBA”) with Trunkline Gas Company, LLC (“Trunkline”).

Mr. Colton explains that the Commission allows pipelines to routinely grant, on a non-discriminatory basis, waivers of the 30-day reimbursement provisions in OBAs and reach agreements on a different time period for reimbursement. He states that AOC witness Seckler’s proposal is clearly discriminatory because it would require Panhandle, for only one of its 59 in-kind balanced OBAs, to request and receive prior Commission approval in order to waive the 30-day reimbursement

provision and agree to a different time period for reimbursement.

Mr. Colton explains that AOC witness Seckler concedes that OBA agreements must be entered into and maintained on a non-discriminatory and non-preferential basis, but her proposal would in fact discriminate against Trunkline because it would be treated differently than all of the volumetrically balanced OBAs across the Panhandle system. He notes that the Commission's Audit Report examined the Panhandle OBA with Trunkline in great detail and did not recommend the discriminatory treatment proposed by AOC witness Seckler.

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Table of Exhibits

Exhibit No.	Description	Confidentiality Designation
PE-0096	Response and Supplemental Response to Data Request No. PEPL-AOC-1.18	Public
PE-0097	Daily Imbalance Activity Graph	Public

1 **Exhibits**

2 **Q. What Exhibits are you sponsoring with respect to this testimony?**

3 A. I am sponsoring the following Exhibits, which were prepared under my
4 supervision, or produced during discovery:

5	<u>Reference</u>	<u>Description</u>
6	Exhibit No. PE-0096	Response and Supplemental
7		Response to Data Request No.
8		PEPL-AOC-1.18
9	Exhibit No. PE-0097	Daily Imbalance Activity
10		Graph

11 **Panhandle OBA with Trunkline**

12 **Q. What is AOC witness Seckler's opinion regarding Panhandle's OBA**
13 **with Trunkline?**

14 A. She states that, in her opinion, the OBA between Panhandle and Trunkline
15 is being administered "in a fashion that is unduly discriminatory and
16 preferential." (Exhibit No. AOC-0001 at 32, ln. 5-7.)

17 **Q. What is AOC witness Seckler's recommendation regarding**
18 **Panhandle's OBA with Trunkline?**

19 A. Her recommendation is that "this OBA be reformed to eliminate the ability
20 of the parties to mutually agree to waive the 30 day deadline unless they
21 first specifically request and are granted the ability to waive this
22 requirement from the Commission." (Exhibit No. AOC-0001 at 32, ln. 13-
23 16.) Additionally, her recommendation was to only reform this OBA and

1 not all of the other Panhandle OBAs, as shown in the attached Exhibit No.
2 PE-0096.

3 **Q. Does she cite any Commission precedent to support her**
4 **recommendation?**

5 A. No. She does not cite any Commission precedent in which the
6 Commission has singled out one OBA of the many OBAs used by a
7 pipeline and prohibited the pipeline from waiving the 30-day period for
8 imbalance resolution and agreeing to a different time period for
9 reimbursement unless the pipeline first applies for and obtains pre-
10 approval from the Commission for such waiver and agreement.

11 **Q. Does AOC witness Seckler refer to the Commission's Audit Report**
12 **issued in Docket No. PA16-4-000 in an attempt to support her**
13 **recommendation?**

14 A. Yes. She refers to such Audit Report in Exhibit No. AOC-0001 at 30, ln.
15 11-31, ln. 2 and at 32, ln. 16-19. She also attached a copy of the Audit
16 Report as Exhibit No. AOC-0015.

17 **Q. Did the Audit Report examine the facts and circumstances involving**
18 **Trunkline's OBAs?**

19 A. Yes, the Audit Report examined Trunkline's OBAs, including its OBA
20 with Panhandle, in great detail.

21 **Q. Did the Audit Report make the recommendation now being made by**

1 **AOC witness Seckler?**

2 A. No. The Audit Report listed three recommendations regarding OBAs but
3 did not make the recommendation now being made by AOC witness
4 Seckler. The Audit Report's recommendations are shown on page 4 and
5 page 26 of the Audit Report. (Exhibit No. AOC-0015 at 9 and 31.)

6 **Q. What recommendations in the Audit Report specifically addressed the**
7 **Panhandle OBA with Trunkline?**

8 A. While not a formal recommendation, the Audit Report states that "audit
9 staff believes that Trunkline *should* settle its long-standing cumulative
10 imbalance with ... [Panhandle] and incorporate similar measures for other
11 interconnecting pipelines with long-standing cumulative imbalances."
12 (Exhibit No. AOC-0015 at 31 (emphasis added).) With respect to the three
13 formal recommendations in the Audit Report regarding OBAs, one
14 specifically relates to the Panhandle OBA with Trunkline: "Strengthen
15 policies and procedures to resolve imbalances within 30 days as specified
16 in OBAs, or enter into written agreements with OBA parties for other
17 agreed upon time periods." (Exhibit No. AOC-0015 at 31.)

18 **Q. Has Trunkline implemented the recommendations contained in the**
19 **Audit Report with respect to its OBAs?**

20 A. Yes.

21 **Q. What steps were taken to implement such recommendations of the**

1 **Audit Report?**

2 A. Panhandle and Trunkline worked towards resolving the imbalance at their
3 interconnect and ultimately lowered the imbalance existing at such location
4 consistent with the Audit Report recommendations and implemented
5 written statements on the monthly OBA Operator Report outlining
6 agreements to extend imbalances beyond 30 days with all parties not
7 cashing out the imbalance. Operational imbalances at the Panhandle
8 interconnection with Trunkline still occur due to normal operational
9 activity that exists on the two systems. AOC witness Seckler
10 acknowledged that Panhandle and Trunkline successfully reduced the
11 imbalance on Panhandle when she noted that “since June of 2019, the
12 imbalances have now shifted in the opposite direction, with Panhandle’s
13 cumulative monthly imbalance on Trunkline in November 2019 exceeding
14 3 Bcf.” (Exhibit AOC-0001, at 31, ln. 11-14.) I note that with normal
15 system operations the imbalance has been reduced to approximately
16 18,028 Dth as of May 4, 2020.

17 **Q. Does AOC witness Seckler acknowledge that Trunkline agreed to**
18 **implement the recommendations in the Audit Report?**

19 A. Yes. AOC witness Seckler states that Trunkline “agreed to implement all
20 of the recommendations contained in the report” (Exhibit No. AOC-
21 0001 at 31, ln. 5-7.)

1 **Q. Does AOC witness Seckler acknowledge that Trunkline’s imbalance**
2 **on Panhandle has been resolved?**

3 A. Yes. As I noted above, she recognizes that there is no Trunkline imbalance
4 on Panhandle because the imbalance has shifted since June of 2019.
5 (Exhibit No. AOC-0001 at 31, ln. 4-14.)

6 **Q. Did the resolution of Trunkline’s imbalance on Panhandle occur after**
7 **Trunkline’s implementation of the recommendations in the Audit**
8 **Report?**

9 A. Yes. The Audit Report was issued on October 19, 2018. (Exhibit No.
10 AOC-0015 at 1.)

11 **Q. Does AOC witness Seckler claim that her new, additional**
12 **recommendation is based on facts that were not reviewed or**
13 **considered by the Commission Audit Staff in the Audit Report?**

14 A. No. She does not claim that her recommendation is based on new or
15 different facts from those reviewed in the Audit Report.

16 **Q. Is AOC witness Seckler’s recommendation consistent with**
17 **Commission policy?**

18 A. No. AOC witness Seckler states that “... OBAs, like other pipeline
19 contracts, are subject to the Natural Gas Act requirement that they be
20 entered into and maintained on a non-discriminatory and non-preferential
21 basis.” (Exhibit No. AOC-0001 at 31, ln.16-19.) However, her

1 recommendation would single out Panhandle's OBA with Trunkline in a
2 discriminatory manner compared to all other volumetrically balanced
3 OBAs on the Panhandle system.

4 **Q. Does AOC witness Seckler take into account the operational**
5 **circumstances involving Panhandle's interconnect with Trunkline that**
6 **affect imbalances under the OBA?**

7 A. No. She references an explanation provided to her by Panhandle in a data
8 response (Exhibit No. AOC-0001 at 29, ln. 18-22), but the operational
9 circumstances involving Panhandle's interconnect with Trunkline do not
10 appear to factor into her analysis or recommendation.

11 **Q. Please describe the history of the Trunkline and Panhandle systems.**

12 A. Virtually from its inception, Trunkline's operations were integrated with
13 those of Panhandle. On April 29, 1949, the Commission granted Trunkline
14 its original certificate to construct mainline and lateral pipeline facilities
15 extending from south Texas to Kansas. *Trunkline Gas Supply Co.*, 8 F.P.C.
16 250 (1949). Those originally proposed facilities were not constructed;
17 however, on November 15, 1949, Trunkline filed to amend its original
18 certificate to construct and operate mainline and lateral pipeline facilities
19 from south Texas to a point of connection with the facilities of Panhandle
20 at Tuscola, Douglas County, Illinois. On May 4, 1950, the Commission
21 granted Trunkline's amended certificate in Docket No. G-882. *Trunkline*

1 *Gas Supply Co.*, 9 F.P.C. 721 (1950). The Commission also authorized
2 Trunkline to transport and sell 250,000 Mcf of natural gas per day to
3 Panhandle, which was the entire initial capacity of Trunkline's system. *Id.*
4 at 722, 739.

5 In the same May 4, 1950 order, the Commission also granted
6 Panhandle's section 7 application to construct certain facilities designed to
7 enable it to receive, transport and deliver the 250,000 Mcf per day received
8 from Trunkline. In this regard, the Commission's order stated, "Everyone
9 concedes that the volume of gas initially proposed to be transported and
10 sold by Trunkline to Panhandle (250,000 Mcf per day) is required by
11 Panhandle to meet the unsatisfied demands of its present and prospective
12 customers." *Id.* at 728.

13 On June 30, 1956, Trunkline was granted authorization in Docket
14 No. G-8664 to construct and operate eight (8) mainline compressor
15 stations in Texas, Louisiana, Mississippi, Tennessee and Illinois to expand
16 its system from the original 250,000 Mcf per day to 375,000 Mcf per day.
17 *Panhandle Eastern Pipe Line Co., et al.*, 15 F.P.C. 46, 67-69 (1956).

18 On May 22, 1959, in Docket No. G-15394, Trunkline was
19 authorized to extend its system approximately 204 miles from Tuscola,
20 Illinois to an interconnect with Consumers Power Company
21 ("Consumers") to deliver and sell for resale an additional volume of

1 135,000 Mcf per day, increasing the Trunkline capacity from 375,000 Mcf
2 per day to 510,000 Mcf per day. *Trunkline Gas Co.*, 21 F.P.C. 704 (1959).

3 In that order, the Commission stated:

4 Furthermore, the evidence in this proceeding has shown
5 clearly that the systems of Trunkline and Panhandle are in
6 fact completely coordinated and operated as one integrated
7 natural gas system. *Id.* at 735-36.

8 A few months later, the Commission again acknowledged the integrated
9 operations of Trunkline and Panhandle under circumstances involving
10 multiple service requests for unallocated Trunkline capacity:

11 In any determination of the capacity of the Trunkline system,
12 consideration has to be given also to the capacity of its
13 affiliate, Panhandle Eastern Pipeline Company. The two
14 systems are integrated in their operation and the Commission
15 in the past has so considered their operations as being
16 integrated. *United Cities Gas Co.*, 22 F.P.C. 767, 769 (1959)
17 (citations omitted).

18 Over the years, Trunkline has further expanded its system in the
19 same general configuration to: (i) meet increased demand into Panhandle
20 and to Consumers (a shipper served directly by both pipelines); and (ii) to
21 serve local distribution companies (“LDCs”) and communities in Illinois,
22 Tennessee, Mississippi, and Louisiana located along its pipeline system.
23 Specifically, following the Trunkline expansion approved by the
24 Commission on June 16, 1970, service to Panhandle and Consumers was
25 each 700,000 Mcf per day. *Trunkline Gas Co.*, 43 F.P.C. 897, 898-99
26 (1970). Together, this represented a total of over 80% of Trunkline system

1 capacity at the time.

2 **Q. Is the interconnection point between Panhandle and Trunkline one of**
3 **the largest points on the system?**

4 A. Yes. The bi-directional interconnection point between Panhandle and
5 Trunkline has historically been a major source of supply into the
6 Panhandle system, as detailed above. With the completion of the bi-
7 directional modifications on Panhandle in response to the Rover Pipeline
8 LLC (“Rover”) transportation volumes, this interconnect has become a
9 major delivery point for the Panhandle system based on contracted
10 transportation volumes. As can be expected, any variation in the large
11 scheduled volumes at this point on both the Trunkline and Panhandle
12 systems can heavily swing the amount of volumes that flow through the
13 point to either a major receipt or major delivery point. Additionally, due to
14 the active nature of this interconnect, imbalances can vary substantially.

15 **Q. When was the OBA between the two pipelines implemented?**

16 A. The OBA between Panhandle and Trunkline was implemented in
17 September 1993.

18 **Q. Does Panhandle have any other OBAs on the system?**

19 A. Yes, Panhandle volumetrically balances at interconnects with many other
20 major pipelines, such as ANR Pipeline Company, Natural Gas Pipeline
21 Company of America LLC (“NGPL”), Texas Eastern Transmission, LP

1 (“TETCO”), Trunkline, Rover, Rockies Express Pipeline LLC (“REX”),
2 Michigan Gas Storage Company (“MGS”), Consumers, and DTE Gas
3 (“MichCon”). In fact, Panhandle has a total of 61 OBAs across its system
4 footprint. Out of that total, 59 OBAs are balanced on an in-kind
5 (volumetric) basis and do not cashout whereas the other 2 OBAs cashout at
6 quantities above a 5% tolerance level utilizing a tiered system. As shown
7 on Exhibit No. PE-0097, for the twelve months ended January 31, 2020,
8 the percentage of daily imbalance relative to scheduled volumes under the
9 Panhandle OBA with Trunkline is consistent with other major OBAs on
10 the system outside of instances of imbalance payback and normal
11 operational activity.

12 **Q. Are there any special provisions in the Panhandle OBA with**
13 **Trunkline that are different from other volumetric OBAs on the**
14 **Panhandle system?**

15 A. No. However, the OBA between Panhandle and Trunkline is a Trunkline
16 OBA agreement whose standard language includes daily scheduling
17 charges and monthly cashout of volumetric imbalances. Trunkline and
18 Panhandle agreed in a separate waiver with respect to this OBA to
19 eliminate daily scheduling charges and monthly cashout. OBA agreements
20 on the Panhandle system do not have any reference to daily scheduling
21 charges because these charges are only applied to transportation

1 agreements per the Panhandle Tariff and no monthly balancing provisions
2 are included unless mutually agreed to otherwise.

3 **Q. Are there any fees associated with Panhandle's volumetrically**
4 **balanced OBAs?**

5 A. No.

6 **Q. Please summarize your response to AOC witness Seckler's**
7 **recommendation with respect to the OBA between Panhandle and**
8 **Trunkline.**

9 A. The Commission allows pipelines to routinely grant, on a non-
10 discriminatory basis, waivers of the 30-day reimbursement provisions in
11 OBAs and reach agreements on a different time period for reimbursement.
12 AOC witness Seckler's proposal is clearly discriminatory because it would
13 require Panhandle, for only one of its 59 in-kind balanced OBAs, to
14 request and receive prior Commission approval in order to waive the 30-
15 day reimbursement provision and agree to a different time period for
16 reimbursement. As stated previously, the Panhandle OBAs do not include
17 any reference to daily scheduling fees and have no monthly balancing
18 unless mutually agreed to otherwise. AOC witness Seckler concedes that
19 OBA agreements must be entered into and maintained on a non-
20 discriminatory and non-preferential basis, but her proposal would in fact
21 discriminate against Trunkline since it would be treated differently than all

1 of the volumetrically balanced OBAs across the system. The Audit Report
2 examined the Panhandle OBA with Trunkline in great detail and did not
3 recommend the discriminatory treatment proposed by AOC witness
4 Seckler.

5 **Q. Does this conclude your Prepared Answering Testimony?**

6 A. Yes, it does.

TABLE OF ACRONYMS

ABBREVIATION OR ACRONYM	TERM
AOC	Ameren Operating Companies (Ameren Illinois and Union Electric Company d/b/a Ameren Missouri)
Consumers	Consumers Power Company
Dth	Dekatherm
Dth/d	Dekatherm per day
MGS	Michigan Gas Storage Company
MichCon	DTE Gas
NGPL	Natural Gas Pipeline Company of America LLC
OBA	Operational Balancing Agreement
Panhandle	Panhandle Eastern Pipe Line Company, LP
REX	Rockies Express Pipeline LLC
Tariff	Panhandle's FERC Gas Tariff
TETCO	Texas Eastern Transmission, LP
Trunkline	Trunkline Gas Company, LLC

The State of Texas }
 } SS.
County of Harris }

BEFORE ME, the undersigned authority, on this day personally appeared
Joseph M. Colton, who being by me first duly sworn, on oath deposes and says:

That he is the Joseph M. Colton, offering the foregoing prepared answering testimony and that all statements of fact contained therein are true and correct to the best of his knowledge, information and belief.

/s/ Joseph M. Colton
Joseph M. Colton

Subscribed and sworn to before me this 11th day of May, 2020.

/s/ Suzanne Samano
Notary Public

My Commission Expires:

April 10, 2022 .

PEPL-AOC-1.18

Referencing Exhibit No. AOC-0001 at page 32, lines 13-16, is it Witness Seckler's opinion that Panhandle eliminate the ability of the OBA parties to mutually agree to waive the 30 day deadline, as discussed in her testimony, for all of Panhandle's OBAs? If not, please discuss the basis for the discriminatory treatment she is proposing. Please explain such answer and provide all documents relied on for such answer.

RESPONSE:

I proposed that only this single OBA be reformed consistent with the terms of the Enforcement Report appended to my testimony. See Exh. No. AOC-0015.

Prepared by Vonda Seckler
April 27, 2020

SUPPLEMENTAL RESPONSE:

The reason that I proposed this single OBA be reformed is set out in my testimony, Exhibit No. AOC-0001 at 28:4:15-32:19. See also Exh. No. AOC-0015 at 31.

Prepared by Vonda Secker
May 4, 2020

