

# MIDCONTINENT EXPRESS PIPELINE LLC

July 31, 2020

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

Re: Midcontinent Express Pipeline LLC  
Disposition of Net Cashout Balance Filing  
Docket No. RP20-

Dear Ms. Bose:

Pursuant to Section 4 of the Natural Gas Act (“NGA”) and Part 154 of the regulations of the Federal Energy Regulatory Commission (“Commission” or “FERC”), Midcontinent Express Pipeline LLC (“MEP”) hereby submits for filing the tariff records of its First Revised Volume No. 1 FERC Gas Tariff (“Tariff”) listed in Appendix A.

## **Statement of Nature, Reasons and Basis**

This filing is being made to add to MEP’s Tariff a mechanism to pass through to its shippers any gains or losses from its cashout activities. MEP will determine a “Net Cashout Balance” on an annual basis for the period January through December of each year (“Annual Cashout Period”). The Net Cashout Balance will be the sum of (1) the dollar amounts associated with all the remaining monthly imbalances with MEP’s shippers; (2) any cashout related charges or credits associated with an OBA; and (3) the dollar amounts from MEP’s purchases and sales of gas as may be necessary to maintain an appropriate level of gas line-pack for system management purposes. Following each Annual Cashout Period, MEP will calculate a surcharge rate (for under-recovery) or refund rate (for over-recovery) by dividing the Net Cashout Balance by the firm and interruptible shipper quantities transported over the Annual Cashout Period. The resulting surcharge rate or refund rate will be applied beginning April 1 to the shippers’ volumes transported for the following twelve months. MEP will make an annual filing at least thirty days in advance of April 1 to update the surcharge rate or refund rate to be effective April 1. If the Net Cashout Balance for the Annual Cashout Period is less than \$100,000 (whether a positive or negative amount), no surcharge rate or refund rate will be applied and the balance will be carried over to the next year’s calculation. As a point of reference, the Net Cashout Balance for the twelve months ended May 2020 would have been less than \$100,000 (estimated to have been a refund amount of approximately \$49,000). MEP asks the Commission to accept this tariff filing and permit the proposed tariff records to become effective September 1, 2020<sup>1</sup>.

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<sup>1</sup> FERC has approved similar mechanisms as being proposed by MEP in this filing. See *Southern Natural Gas Company*, 72 FERC 61,322 (1995), *order on reh’g*, 75 FERC 61,046 (1996)

## **Procedural Matters**

MEP respectfully requests any waivers of the Commission's regulations, to the extent necessary, to permit the proposed tariff records in First Revised Volume No. 1 to become effective September 1, 2020.

## **Materials Enclosed**

In accordance with 18 C.F.R. Part 154.7(a) (1) of the Commission's regulations, MEP states that the following items are included in this filing:

An eTariff XML filing package, filed as a zip (compressed) file, containing:

1. This transmittal letter; and
2. Clean version of the tendered tariff records in PDF format in Appendix A; and
3. Marked redlined version of the tendered tariff records in PDF format in Appendix B.

## **Service**

The undersigned certifies that a copy of this filing has been served pursuant to 18 C.F.R. § 154.208 on MEP's customers and interested state regulatory commissions.

## **Communications**

Correspondence and communications concerning this filing should be sent to each of the following persons and that each should be included on the Commission's service list for this filing:

Karen Z. Ferazzi, Esq.  
General Counsel, Asst.  
Midcontinent Express Pipeline LLC  
1001 Louisiana St., Suite 1000  
Houston, TX 77002  
(713) 369-9354  
[karen\\_ferazzi@kindermorgan.com](mailto:karen_ferazzi@kindermorgan.com)

T. Brooks Henderson  
Director, Rates & Regulatory  
Midcontinent Express Pipeline LLC  
569 Brookwood Village, Suite 749  
Birmingham, AL 35209  
(205) 325-3843  
[brooks\\_henderson@kindermorgan.com](mailto:brooks_henderson@kindermorgan.com)

MEP also requests that copies be sent to:

Michael T. Langston  
VP & Chief Regulatory Officer  
Energy Transfer Partners, L.P.  
1300 Main St.  
Houston, TX 77002  
(713) 989-7610  
[michael.langston@energytransfer.com](mailto:michael.langston@energytransfer.com)

Pursuant to 18 C.F.R. § 154.4(b) and § 385.2005 (a)(2) of the Commission's regulations, the undersigned, having full power and authority to execute this filing, has read this filing and knows its contents, and the contents are true as stated, to the best knowledge and belief of the undersigned.

Very truly yours,

/s/ T. Brooks Henderson  
T. Brooks Henderson  
Director, Rates & Regulatory  
Midcontinent Express Pipeline LLC

**CERTIFICATE OF SERVICE**

I hereby certify that I have served the foregoing document upon all customers of Midcontinent Express Pipeline LLC and all interested state commissions this 31st day of July, 2020.

/s/ T. Brooks Henderson  
Brooks Henderson  
Director, Rates & Regulatory  
Midcontinent Express Pipeline LLC

## APPENDIX A

Midcontinent Express Pipeline LLC

Tendered Tariff Records  
To Be Effective September 1, 2020

First Revised Volume No. 1

First Revised Sheet No. 270	Version 1.0.0
Original Sheet No. 270A	Version 0.0.0

**GENERAL TERMS AND CONDITIONS**

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

(c) On any day when a Critical Time is in effect, if actual receipts or actual deliveries allocated to Shipper at any point or under any Agreement do not conform to confirmed nominated volumes and rights applicable to such point or Agreement, Balancing Service Charges will be assessed for the variances that are to the detriment of MEP's system; provided, however, that such charges do not apply with respect to Leased Capacity. Charges hereunder shall be in lieu of any otherwise applicable Balancing Service Charges under subsections (a) and (b). The 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 DIP
3% to 10%	Greater of \$12.00/Dth or 6 times DIP
10% to 20%	Greater of \$40.00/Dth or 20 times DIP
20% to 50%	Greater of \$80.00/Dth or 40 times DIP
Above 50%	Greater of \$200.00/Dth or 100 times DIP

Any imbalance created during a Critical Time that is not eliminated before the end of the month will be subject to the cashout provisions of Section 10.4; provided, however, that any remaining imbalance created during a Critical Time which helped the System will be cashed out at 100% of the OAMIP or UAMIP used for calculating Underage or Overage Imbalances, as applicable, for the Operational Impact Area in which the imbalance occurred.

(d) MEP may discount or waive any charges under this Section 10.8 on a basis which is not unduly discriminatory.

**10.9 Disposition of Net Cashout Balance**

(a) On an annual basis for the period January 1 through December 31 (Annual Cashout Period), MEP shall determine its Net Cashout Balance. The "Net Cashout Balance" shall be the sum of the dollar amounts associated with all the remaining monthly imbalances (following the period for netting, offsetting, buying and/or selling

**GENERAL TERMS AND CONDITIONS**

imbalances described in Section 10.2 of these General Terms and Conditions) and any cashout related charges or credits associated with an OBA during the Annual Cashout Period, as well as the dollar amounts from MEP's purchases and sales of gas during the Annual Cashout Period as may be necessary to maintain an appropriate level of gas line-pack for system management purposes. In determining the Net Cashout Balance, dollars received by MEP will be positive amounts in the calculation and dollars paid by MEP will be negative amounts.

(b) Following each Annual Cashout Period, MEP shall calculate a surcharge rate or refund rate to be determined by dividing the Net Cashout Balance by the sum of the quantities received under firm and interruptible transportation rate schedules (Rate Schedules FTS and ITS) during this most recent Annual Cashout Period (quantities received will only be counted once even if transported to and from a pool or across more than one zone). If this calculation results in a negative rate, then it will be a surcharge rate. If this calculation results in a positive rate, then it will be a refund rate.

(c) Beginning each April 1 following the Annual Cashout Period, MEP shall apply the surcharge rate or refund rate to the then current quantities received under Rate Schedules FTS and ITS (quantities received will have the surcharge rate or refund rate applied only once even if transported to and from a pool or across more than one zone). The surcharge amounts collected or refund amounts paid by MEP shall be accounted for as revenues received (positive amount) or costs incurred (negative amount), respectively, and such amounts will be included in the determination of the Net Cashout Balance. MEP will make a filing with the FERC at least thirty days in advance of April 1 to update the surcharge rate or refund rate to be effective April 1.

(d) If the Net Cashout Balance (whether a positive or negative dollar amount) for the Annual Cashout Period is less than \$100,000, then this balance will be carried over to the next year's calculation of the Net Cashout Balance and no surcharge rate or refund rate will be applied effective April 1 following this most recent Annual Cashout Period.

## APPENDIX B

### Marked Tariff Records



**GENERAL TERMS AND CONDITIONS**

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

(c) On any day when a Critical Time is in effect, if actual receipts or actual deliveries allocated to Shipper at any point or under any Agreement do not conform to confirmed nominated volumes and rights applicable to such point or Agreement, Balancing Service Charges will be assessed for the variances that are to the detriment of MEP's system; provided, however, that such charges do not apply with respect to Leased Capacity. Charges hereunder shall be in lieu of any otherwise applicable Balancing Service Charges under subsections (a) and (b). The 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 DIP
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Above 50%	Greater of \$200.00/Dth or 100 times DIP

Any imbalance created during a Critical Time that is not eliminated before the end of the month will be subject to the cashout provisions of Section 10.4; provided, however, that any remaining imbalance created during a Critical Time which helped the System will be cashed out at 100% of the OAMIP or UAMIP used for calculating Underage or Overage Imbalances, as applicable, for the Operational Impact Area in which the imbalance occurred.

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(c) Beginning each April 1 following the Annual Cashout Period, MEP shall apply the surcharge rate or refund rate to the then current quantities received under Rate Schedules FTS and ITS (quantities received will have the surcharge rate or refund rate applied only once even if transported to and from a pool or across more than one zone). The surcharge amounts collected or refund amounts paid by MEP shall be accounted for as revenues received (positive amount) or costs incurred (negative amount), respectively, and such amounts will be included in the determination of the Net Cashout Balance. MEP will make a filing with the FERC at least thirty days in advance of April 1 to update the surcharge rate or refund rate to be effective April 1.

(d) If the Net Cashout Balance (whether a positive or negative dollar amount) for the Annual Cashout Period is less than \$100,000, then this balance will be carried over to the next year's calculation of the Net Cashout Balance and no surcharge rate or refund rate will be applied effective April 1 following this most recent Annual Cashout Period.