

# MIDCONTINENT EXPRESS PIPELINE LLC

February 17, 2021

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

Re: Midcontinent Express Pipeline LLC  
Annual Cashout Filing  
Docket No. RP21-

Dear Ms. Bose:

Enclosed for electronic filing is the first annual cashout filing of Midcontinent Express Pipeline LLC (MEP). This filing is being made pursuant to Section 10.9 of the General Terms and Conditions (GT&C) of MEP's FERC Gas Tariff and is based upon the twelve-month period ending December 31, 2020 (Annual Cashout Period). Under the above referenced GT&C Section 10.9, MEP is to make a filing at least thirty days in advance of April 1 to establish the refund or surcharge rate to be applied beginning on April 1. MEP files the following revised tariff sheet to its Gas Tariff to be effective April 1, 2021:

First Revised Volume No. 1

Second Revised Sheet No. 10

## **Nature, Basis and Reasons for Proposed Tariff Changes**

### **Background**

Section 10.9 was approved by the Federal Energy Regulatory Commission (FERC) on August 31, 2020 (Docket Number RP20-1059)<sup>1</sup>. As detailed therein, following each Annual Cashout Period, MEP shall calculate a surcharge rate or refund rate to be determined by dividing the Net Cashout Balance<sup>2</sup> by the sum of the quantities received under firm and interruptible transportation rate schedules (Rate Schedules FTS and ITS) during the most recent Annual Cashout Period. 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.

Beginning each April 1 following the Annual Cashout Period, MEP shall apply the surcharge rate or refund rate to the then current quantities received each month 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 monthly surcharge amounts collected or refund amounts paid by MEP shall be accounted for as revenues

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<sup>1</sup> *Midcontinent Express Pipeline LLC*, 172 FERC ¶ 61,185 (2020)

<sup>2</sup> Net Cashout Balance is defined in section 10.9(a) of MEP's GT&C.

received (positive amount) or costs incurred (negative amount), respectively, and such amounts will be included in the determination of the Net Cashout Balance.

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 the most recent Annual Cashout Period.

### **Instant Filing**

MEP's Net Cashout Balance for the Annual Cashout Period ending December 31, 2020 is (\$327,453.38). As detailed on Appendices B and D, this balance is comprised of net cashout activity for the twelve months ended December 2020, purchases and sales of gas for system management purposes to balance the net cashout activity and other Operational Balancing Agreements (OBA) charges. The net of these activities resulted in a Net Cashout Balance Before Other OBA Charges of \$76,918.28. In addition to these balancing activities, MEP incurred OBA charges billed by Transcontinental Gas Pipe Line Company, LLC (Transco) in 2020 of \$404,371.66 (\$190,984.13 billed for November 2020 and \$213,387.53 billed for December 2020). As such, the Net Cashout Balance including the Transco OBA charges is (\$327,453.38). MEP hereby proposes the following for disposition of its Net Cashout Balance for this initial Annual Cashout Period as described below.

The OBA charges from Transco emanate from the October 1, 2020 Transco filing in Docket No. RP21-24-000 of its initial cashout surcharge, which was accepted and suspended effective November 1, 2020,<sup>3</sup> subject to refund and the outcome of hearing procedures established in Docket No. RP20-618-000.<sup>4</sup> The hearing procedures as well as settlement discussions in Docket No. RP20-618-000 are on-going. In light of the limited amount of surcharge dollars billed by Transco to MEP to date and the fact that these dollars are subject to refund, MEP proposes to defer the \$404,371.66 charges billed by Transco in 2020 to MEP from the determination and disposition of the Net Cashout Balance for this initial cashout period filing.

As reflected in Appendix B, when these Transco charges are excluded, the Net Cashout Balance is changed from (\$327,453.38) to a positive \$76,918.28, which is below the \$100,000 threshold (as specified in Section 10.9(d) of the GT&C of MEP's Gas Tariff). This results in a cashout rate of \$0.0000 (as reflected in clean and marked tariff sheets in Appendix A). MEP proposes to defer these Transco charges for this initial cashout filing since they are subject to refund and to carry over the full current year Net Cashout Balance of (\$327,453.38) to next year's filing when greater certainty as to the ongoing level of Transco's OBA billings to MEP, or refunds thereof, may be incorporated in the calculations of the Net Cashout Balance. Accordingly, MEP respectfully requests a waiver of the terms of Section 10.9 of the General Terms and Conditions of its Tariff to defer the Transco charges at this time. Good cause exists for allowing such a waiver because it will eliminate the need for MEP to have to charge its shippers a surcharge for this Annual Cashout Period and it will decrease the burden of MEP and its shippers to be encumbered by

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<sup>3</sup> *Transcontinental Gas Pipe Line Co., LLC*, 173 FERC ¶ 61,114 (2020)

<sup>4</sup> *Transcontinental Gas Pipe Line Co., LLC*, 170 FERC ¶ 61,282 (2020)

charges which are likely going to be adjusted in the future. MEP will incorporate the receipt of any refunds from Transco in its calculation of the Net Cashout Balance for the Annual Cashout Period in which they are received.

In the alternative, if the FERC declines to grant the waiver requested above, then MEP requests FERC approval to implement a cashout surcharge of \$0.0007 effective April 1, 2021. As reflected in Appendix D of this filing, this \$0.0007 surcharge reflects a December 31, 2020 Net Cashout Balance of (\$327,453.38), which includes the \$404,371.66 of Transco OBA charges that are subject to refund. Appendix C includes the clean and marked tariff sheets reflecting the \$0.0007 cashout surcharge. As stated above, in the event that there are refunds of the Transco OBA charges, MEP will incorporate such refunds in the determination of its Net Cashout Balance for the Annual Cashout Period in which they are received.

### **Procedural Matters**

Pursuant to the applicable provisions of Part 154.7 of the FERC's regulations, MEP submits an eTariff XML filing surcharge, filed as a zip (compressed) file, containing:

1. This transmittal letter; and
2. A Certificate of Service; and
3. Appendix A, containing clean and marked tariff versions of the tariff sections in PDF format (i.e. \$0.0000 cashout rate); and
4. Appendix B, containing supporting workpapers for Appendix A ; and
5. Appendix C, containing clean and marked tariff versions of the tariff sections in PDF format for Alternative #1 (i.e. \$0.0007 cashout rate); and
6. Appendix D, containing supporting workpapers for Appendix C (i.e. for Alternative #1).

As required by Section 154.208 of the FERC's regulations, copies of this filing are being made available at MEP's offices in Birmingham, Alabama and electronically mailed to MEP's customers and interested commissions.

Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
February 17, 2021  
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MEP requests that all FERC orders and correspondence as well as pleadings and correspondence by other parties concerning this filing be served on the following:

T. Brooks Henderson  
Director – Rates & Regulatory  
Midcontinent Express Pipeline LLC  
Post Office Box 2563  
Birmingham, AL 35202-2563  
(205) 325-3843  
brooks\_henderson@kindermorgan.com

Karen Z. Ferazzi  
General Counsel, Asst.  
Midcontinent Express Pipeline LLC  
1001 Louisiana Street, Ste. 1000  
Houston, TX 77002  
(713) 369-9354  
karen\_ferazzi@kindermorgan.com

MEP also requests that copies be sent to:

Michael T. Langston  
VP & Chief Regulatory Officer  
Energy Transfer Partners  
1300 Main Street,  
Houston, TX 77002  
(713) 989-7610  
michael.langston@energytransfer.com

Pursuant to 18 CFR § 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 this day served the foregoing document upon all customers of Midcontinent Express Pipeline LLC and all interested state commissions.

Dated at Birmingham, Alabama, this 17th day of February, 2021.

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

## **Appendix A**

**CURRENTLY EFFECTIVE RATES**  
**(RATES PER DTH)**

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	<u>Rates Per Dth</u>	
	<u>Maximum</u>	<u>Minimum</u>
<u>PALS - Interruptible Park and Loan Service</u>		
<u>Zone 1</u>		
Section 5.1 Usage Charge	\$0.3476	\$0.0031
Authorized Overtime Usage Charge	\$0.3476	\$0.0031
<u>Zone 2</u>		
Section 5.1 Usage Charge	\$0.3375	\$0.0012
Authorized Overtime Usage Charge	\$0.3375	\$0.0012
<u>IBS - Interruptible Balancing Service</u>		
<u>Zone 1</u>		
Daily Access Rate	\$0.3476	\$0.0031
Authorized Overtime Daily Access Rate	\$0.3476	\$0.0031
<u>Zone 2</u>		
Daily Access Rate	\$0.3375	\$0.0012
Authorized Overtime Daily Access Rate	\$0.3375	\$0.0012
<u>Cashout Surcharge Rate <sup>1</sup></u>		
Cashout Surcharge Rate	\$0.0000	\$0.0000

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<sup>1</sup> This surcharge is applied to Rate Schedules FTS and ITS on volumes transported in accordance with Section 10.9 of the General Terms and Conditions.

**CURRENTLY EFFECTIVE RATES  
 (RATES PER DTH)**

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	<u>Rates Per Dth</u>	
	<u>Maximum</u>	<u>Minimum</u>
<u>PALS - Interruptible Park and Loan Service</u>		
<u>Zone 1</u>		
Section 5.1 Usage Charge	\$0.3476	\$0.0031
Authorized Overrun Usage Charge	\$0.3476	\$0.0031
<u>Zone 2</u>		
Section 5.1 Usage Charge	\$0.3375	\$0.0012
Authorized Overrun Usage Charge	\$0.3375	\$0.0012
<u>IBS - Interruptible Balancing Service</u>		
<u>Zone 1</u>		
Daily Access Rate	\$0.3476	\$0.0031
Authorized Overrun Daily Access Rate	\$0.3476	\$0.0031
<u>Zone 2</u>		
Daily Access Rate	\$0.3375	\$0.0012
Authorized Overrun Daily Access Rate	\$0.3375	\$0.0012
<u>Cashout Surcharge Rate <sup>1</sup></u>		
<u>Cashout Surcharge Rate</u>	<u>\$0.0000</u>	<u>\$0.0000</u>

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<sup>1</sup> This surcharge is applied to Rate Schedules FTS and ITS on volumes transported in accordance with Section 10.9 of the General Terms and Conditions.



## **Appendix B**

Midcontinent Express Pipeline LLC  
Calculation of Net Cashout Balance and Surcharge  
January 1, 2020 through December 31, 2020

Line No	Month	Shipper's	OBA	Total	Weighted Average Price	Calculation of
		Imbalance Dth	Imbalance Dth	Imbalance Dth		Net Cash-Out Balance <u>1/</u>
	(a)	(b)	(c)	(d)	(e)	(f)
1	Jan-20	187	1,451	1,638		\$ 3,484.44
2	Feb-20	239	3,880	4,119		\$ 7,794.60
3	Mar-20	8	992	1,000		\$ 1,783.62
4	Apr-20	4	859	863		\$ 1,408.75
5	May-20	(1)	1,085	1,084		\$ 1,870.08
6	Jun-20	0	0	0		\$ -
7	Jul-20	15	0	15		\$ 35.93
8	Aug-20	5,521	8,043	13,564		\$ 32,650.28
9	Sep-20	35	0	35		\$ 103.13
10	Oct-20	236	(1,078)	(842)		\$ (1,274.40)
11	Nov-20	(14,293)	0	(14,293)		\$ (12,192.98)
12	Dec-20	<u>(14,451)</u>	<u>(2,225)</u>	<u>(16,676)</u>		<u>\$ (4,370.98)</u>
13	Total Cashout Amount	(22,500)	13,007	(9,493)	(\$3.30)	\$ 31,292.47
14	Purchases of Gas for System Management			(22,283)	\$ 1.49	\$ (33,167.47)
15	Sales of Gas for System Management			<u>31,776</u>	\$ 2.48	<u>\$ 78,793.28</u>
16	Net Cashout Balance Before Other OBA Charges			0		\$ 76,918.28
17	<u>Other OBA Charges 2/</u>					
18	Nov 2020					(\$190,984.13)
19	Dec 2020					<u>(\$213,387.53)</u>
20	Total Other OBA Charges					(\$404,371.66)
21	Total Cashout Balance at 12/31/20 (line 16 + line 20)					\$ (327,453.38)
22	Less Transco OBA Charges Subject to Refund					<u>\$ (404,371.66)</u>
23	Adjusted Cashout Balance at 12/31/20					\$ 76,918.28
24	Volumes Received under Rate Schedule FTS and ITS					462,966,616 <u>3/</u>
25	Cashout Surcharge					\$0.0000 <u>4/</u>

1/ Negative amounts reflect dollars paid by MEP; positive amounts reflect dollars received by MEP.

2/ Pertains to OBA charges from Transco Pipeline.

3/ See Appendix B, Schedule 2.

4/ Surcharge is \$0.0000 since the adjusted cashout balance of \$76,918.28 is below the \$100,000 threshold.

Appendix B  
Schedule 2

Midcontinent Express Pipeline LLC  
Volumes Received Under Rate Schedules FTS and ITS 1/

<u>Line No</u>	<u>Month</u>	<u>(DTH)</u>
1	Jan-20	37,838,740
2	Feb-20	36,940,958
3	Mar-20	39,717,914
4	Apr-20	37,883,655
5	May-20	37,305,004
6	Jun-20	37,583,860
7	Jul-20	39,842,580
8	Aug-20	40,563,957
9	Sep-20	38,526,635
10	Oct-20	37,330,989
11	Nov-20	38,448,612
12	Dec-20	<u>40,983,712</u>
13	Total	462,966,616

1/ The quantities above exclude quantities transported to and from a pool or across more than one zone, so that the refund or surcharge rate is applied only once.

## **Appendix C**

**CURRENTLY EFFECTIVE RATES**  
**(RATES PER DTH)**

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	<u>Rates Per Dth</u>	
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<u>Cashout Surcharge Rate <sup>1</sup></u>		
Cashout Surcharge Rate	\$0.0007	\$0.0007

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<sup>1</sup> This surcharge is applied to Rate Schedules FTS and ITS on volumes transported in accordance with Section 10.9 of the General Terms and Conditions.

**CURRENTLY EFFECTIVE RATES**  
**(RATES PER DTH)**

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<u>Cashout Surcharge Rate</u>	<u>\$0.0007</u>	<u>\$0.0007</u>

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<sup>1</sup> This surcharge is applied to Rate Schedules FTS and ITS on volumes transported in accordance with Section 10.9 of the General Terms and Conditions.

## **Appendix D**

Midcontinent Express Pipeline LLC  
Calculation of Net Cashout Balance and Surcharge  
January 1, 2020 through December 31, 2020

Line No	Month	Shipper's	OBA	Total	Weighted Average Price	Calculation of
		Imbalance Dth	Imbalance Dth	Imbalance Dth		Net Cash-Out Balance <u>1/</u>
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1/ Negative amounts reflect dollars paid by MEP; positive amounts reflect dollars received by MEP.

2/ Pertains to OBA charges from Transco Pipeline.

3/ See Appendix D, Schedule 2.

4/ Surcharge is a positive rate since total cashout balance is a negative amount and reflects dollars paid by MEP and thus owed to MEP.



Appendix D  
Schedule 2

Midcontinent Express Pipeline LLC  
Volumes Received Under Rate Schedules FTS and ITS 1/

<u>Line No</u>	<u>Month</u>	<u>(DTH)</u>
1	Jan-20	37,838,740
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