

## FERC-547--STATUTE AND REGULATIONS

### 15 USC § 717C - RATES AND CHARGES

#### **(a) Just and reasonable rates and charges**

All rates and charges made, demanded, or received by any natural-gas company for or in connection with the transportation or sale of natural gas subject to the jurisdiction of the Commission, and all rules and regulations affecting or pertaining to such rates or charges, shall be just and reasonable, and any such rate or charge that is not just and reasonable is declared to be unlawful.

#### **(b) Undue preferences and unreasonable rates and charges prohibited**

No natural-gas company shall, with respect to any transportation or sale of natural gas subject to the jurisdiction of the Commission,

**(1)** make or grant any undue preference or advantage to any person or subject any person to any undue prejudice or disadvantage, or

**(2)** maintain any unreasonable difference in rates, charges, service, facilities, or in any other respect, either as between localities or as between classes of service.

#### **(c) Filing of rates and charges with Commission; public inspection of schedules**

Under such rules and regulations as the Commission may prescribe, every natural-gas company shall file with the Commission, within such time (not less than sixty days from June 21, 1938) and in such form as the Commission may designate, and shall keep open in convenient form and place for public inspection, schedules showing all rates and charges for any transportation or sale subject to the jurisdiction of the Commission, and the classifications, practices, and regulations affecting such rates and charges, together with all contracts which in any manner affect or relate to such rates, charges, classifications, and services.

#### **(d) Changes in rates and charges; notice to Commission**

Unless the Commission otherwise orders, no change shall be made by any natural-gas company in any such rate, charge, classification, or service, or in any rule, regulation, or contract relating thereto, except after thirty days' notice to the Commission and to the public. Such notice shall be given by filing with the Commission and keeping open for public inspection new schedules stating plainly the change or changes to be made in the schedule or schedules then in force and the time when the change or changes will go into effect. The Commission, for good cause shown, may allow changes to take effect without requiring the thirty days' notice herein provided for by an order specifying the changes so to be made and the time when they shall take effect and the manner in which they shall be filed and published.

#### **(e) Authority of Commission to hold hearings concerning new schedule of rates**

Whenever any such new schedule is filed the Commission shall have authority, either upon complaint of any State, municipality, State commission, or gas distributing company, or upon its own initiative without complaint, at once, and if it so orders, without answer or formal pleading by the natural-gas company, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, charge, classification, or service; and, pending such hearing and the decision thereon, the Commission, upon filing with such schedules and delivering to the natural-gas company affected thereby a statement in writing of its reasons for such suspension, may suspend the operation of such schedule and defer the use of such rate, charge, classification, or service, but not for a longer period than five months beyond the time when it would otherwise go into effect; and after full hearings, either completed before or after the rate, charge, classification, or service goes into effect, the Commission may make such orders with reference thereto as would be proper in a proceeding initiated after it had become effective. If the proceeding has not been concluded and an order made at the expiration of the suspension period, on motion of the natural-gas company making the filing, the proposed change of rate, charge, classification, or service shall go into effect. Where increased rates or charges are thus made effective, the Commission may, by order, require the natural-gas company to furnish a bond, to be approved by the Commission, to refund any amounts ordered by the Commission, to keep accurate accounts in detail of all amounts received by reason of such increase, specifying by whom and in whose behalf such amounts were paid, and, upon completion of the hearing and decision, to order such natural-gas company to refund, with interest, the portion of such increased rates or charges by its decision found not justified. At any

hearing involving a rate or charge sought to be increased, the burden of proof to show that the increased rate or charge is just and reasonable shall be upon the natural-gas company, and the Commission shall give to the hearing and decision of such questions preference over other questions pending before it and decide the same as speedily as possible.

**(f) Storage services**

(1) In exercising its authority under this chapter or the Natural Gas Policy Act of 1978 ([15 U.S.C. 3301 et seq.](#)), the Commission may authorize a natural gas company (or any person that will be a natural gas company on completion of any proposed construction) to provide storage and storage-related services at market-based rates for new storage capacity related to a specific facility placed in service after August 8, 2005, notwithstanding the fact that the company is unable to demonstrate that the company lacks market power, if the Commission determines that—

(A) market-based rates are in the public interest and necessary to encourage the construction of the storage capacity in the area needing storage services; and

(B) customers are adequately protected.

(2) The Commission shall ensure that reasonable terms and conditions are in place to protect consumers.

(3) If the Commission authorizes a natural gas company to charge market-based rates under this subsection, the Commission shall review periodically whether the market-based rate is just, reasonable, and not unduly discriminatory or preferential.

## **15 USC § 717d - Fixing rates and charges; determination of cost of production or transportation**

**(a) Decreases in rates**

Whenever the Commission, after a hearing had upon its own motion or upon complaint of any State, municipality, State commission, or gas distributing company, shall find that any rate, charge, or classification demanded, observed, charged, or collected by any natural-gas company in connection with any transportation or sale of natural gas, subject to the jurisdiction of the Commission, or that any rule, regulation, practice, or contract affecting such rate, charge, or classification is unjust, unreasonable, unduly discriminatory, or preferential, the Commission shall determine the just and reasonable rate, charge, classification, rule, regulation, practice, or contract to be thereafter observed and in force, and shall fix the same by order: Provided, however, That the Commission shall have no power to order any increase in any rate contained in the currently effective schedule of such natural gas company on file with the Commission, unless such increase is in accordance with a new schedule filed by such natural gas company; but the Commission may order a decrease where existing rates are unjust, unduly discriminatory, preferential, otherwise unlawful, or are not the lowest reasonable rates.

**(b) Costs of production and transportation**

The Commission upon its own motion, or upon the request of any State commission, whenever it can do so without prejudice to the efficient and proper conduct of its affairs, may investigate and determine the cost of the production or transportation of natural gas by a natural-gas company in cases where the Commission has no authority to establish a rate governing the transportation or sale of such natural gas.

## **[Natural Gas Act Section 16] 15 USC § -**

The Commission shall have power to perform any and all acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary or appropriate to carry out the provisions of this chapter. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this chapter; and may prescribe the form or forms of all statements, declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and the time within which they shall be filed. Unless a different date is specified therein, rules and regulations of the Commission shall be effective thirty days after publication in the manner which the Commission shall prescribe. Orders of the Commission shall be effective on the date and in the manner which the Commission shall prescribe. For the purposes of its rules and regulations, the Commission may classify persons and matters within its jurisdiction and prescribe different requirements for different classes of persons or matters. All rules and regulations of the Commission shall be filed with its secretary and shall be kept open in convenient form for public inspection and examination during reasonable business hours.

**Title 18: Conservation of Power and Water Resources**  
**PART 154—RATE SCHEDULES AND TARIFFS**

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Subpart F—Refunds and Reports

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**§154.501 Refunds.**

(a) **Refund Obligation.** (1) Any natural gas company that collects rates or charges pursuant to this chapter must refund that portion of any increased rates or charges either found by the Commission not to be justified, or approved for refund by the Commission as part of a settlement, together with interest as required in paragraph (d) of this section. The refund plus interest must be distributed as specified in the Commission order requiring or approving the refund, or if no date is specified, within 60 days of a final order. For purposes of this paragraph, a final order is an order no longer subject to rehearing. The pipeline is not required to make any refund until it has collected the refundable money through its rates.

(2) Any natural gas company must refund to its jurisdictional customers the jurisdictional portion of any refund it receives which is required by prior Commission order to be flowed through to its jurisdictional customers or represents the refund of an amount previously included in a filing under §154.403 and charged and collected from jurisdictional customers within thirty days of receipt or other time period established by the Commission or as established in the pipeline's tariff.

(b) **Costs of Refunding.** Any natural gas company required to make refunds pursuant to this section must bear all costs of such refunding.

(c) **Supplier Refunds.** The jurisdictional portion of supplier refunds (including interest received), applicable to periods in which a purchased gas adjustment clause was in effect, must be flowed through to the natural gas company's jurisdictional gas sales customers during that period with interest as computed in paragraph (d) of this section.

(d) **Interest on Refunds.** Interest on the refund balance must be computed from the date of collection from the customer until the date refunds are made as follows:

(1) At an average prime rate for each calendar quarter on all excessive rates or charges held (including all interest applicable to such rates and charges) on or after October 1, 1979. The applicable average prime rate for each calendar quarter must be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin, or in the Federal Reserve's "Selected Interest Rates" (Statistical Release G, 13), for the fourth, third, and second months preceding the first month of the calendar quarter.

(2) The interest required to be paid under paragraph (d)(1) of this section must be compounded quarterly.

(3) The refund balance must be either:

(i) The revenues resulting from the collection of the portion of any increased rates or charges found by the Commission not to be justified; or

(ii) An amount agreed upon in a settlement approved by the Commission; or

(iii) The jurisdictional portion of a refund the natural gas company receives.

(e) Unless otherwise provided by the order, settlement or tariff provision requiring the refund, the natural gas company must file a report of refunds, within 30 days of the date the refund was made, which complies with §154.502 and includes the following:

- (1) Workpapers and a narrative sufficient to show how the refunds for jurisdictional services were calculated;
- (2) Workpapers and a narrative sufficient to determine the origin of the refund, including step-by-step calculations showing the derivation of the refund amount described in paragraph (d)(3) of this section, if necessary;
- (3) References to any publicly available sources which confirm the rates, quantities, or costs, which are used to calculate the refund balance or which confirm the refund amount itself. If the rate, quantity, cost or refund does not directly tie to the source, a workpaper must be included to show the reconciliation between the rate, quantity, cost, or refund in the natural gas company's report and the corresponding rate, quantity, cost or refund in the source document;
- (4) Workpapers showing the calculation of interest on a monthly basis, including how the carrying charges were compounded quarterly;
- (5) Workpapers and a narrative explaining how the refund was allocated to each jurisdictional customer. Where the numbers used to support the allocation are publicly available, a reference to the source must be included. Where the allocation methodology has been approved previously, a reference to the order or tariff provision approving the allocation methodology must be included.
- (6) A letter of transmittal containing:
  - (i) A list of the material enclosed;
  - (ii) The name and telephone number of a company official who can answer questions regarding the filing;
  - (iii) A statement of the date the refund was disbursed;
  - (iv) A reference to the authority by which the refund is made, including the specific subpart of these regulations, an order of the Commission, a provision of the company's tariff, or any other appropriate authority. If a Commission order is referenced, include the citation to the FERC Reports, the date of issuance, and the docket number;
  - (v) Any requests for waiver. Requests must include a reference to the specific section of the statute, regulations, or the company's tariff from which waiver is sought, and a justification for the waiver.
- (7) A certification of service to all affected customers and interested state commissions.
- (f) Each report filed under paragraph (e) of this section must be posted no later than the date of filing. Each report must be posted to all recipients of a share of the refund and all state commissions whose jurisdiction includes the location of any recipient of a refund share that have made a standing request for such full report.
- (g) Recipients of refunds and state commissions that have not made a standing request for such full report shall receive an abbreviated report consisting of the items listed in §154.501 (e)(5) and (e)(6).

[Order 582, 60 FR 52996, Oct. 11, 1995, as amended by Order 582-A, 61 FR 9629, Mar. 11, 1996]

## **§154.502 Reports.**

- (a) When the natural gas company is required, either by a Commission order or as a part of a settlement in a proceeding initiated under this part 154 or part 284 of this chapter, to make a report on a periodic

basis, details about the nature and contents of the report must be provided in an appropriate section of the general terms and conditions of its tariff.

(b) The details in the general terms and conditions of the tariff must include the frequency and timing of the report. Explain whether the report is filed annually, semi-annually, monthly, or is triggered by an event. If triggered by an event, explain how soon after the event the report must be filed. If the report is periodic, state the dates on which the report must be filed.

(c) Each report must include:

(1) A letter of transmittal containing:

(i) A list of the material enclosed;

(ii) The name and telephone number of a company official who can answer questions regarding the filing;

(iii) A reference to the authority by which the report is made, including the specific subpart of these regulations, an order of the Commission, a provision of the company's tariff, or any other appropriate authority. If a Commission order is referenced, include the citation to the FERC Reports, the date of issuance, and the docket number;

(iv) Any requests for waiver. Requests must include a reference to the specific section of the statute, regulations, or the company's tariff from which waiver is sought, and a justification for the waiver.

(2) A certification of service to all affected customers and interested state commissions.

(d) Each report filed under paragraph (b) of this section must be posted no later than the date of filing.