



Transcontinental Gas Pipe Line  
Company, LLC  
2800 Post Oak Boulevard (77056)  
P.O. Box 1396  
Houston, Texas 77251-1396  
713/215-2000

March 1, 2016

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

Attention: Kimberly D. Bose, Secretary

Reference: Transcontinental Gas Pipe Line Company, LLC  
WSS-Open Access Incremental Rates – Docket No. RP16-

Ladies and Gentlemen:

Pursuant to Section 4 of the Natural Gas Act (“NGA”) and Part 154 of the regulations of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. Part 154 (“Regulations”), Transcontinental Gas Pipe Line Company, LLC (“Transco”) herewith submits the following revised tariff record to its FERC Gas Tariff, Fifth Revised Volume No. 1 (“Tariff”):

<u>Version</u>	<u>Part</u>	<u>Section</u>	<u>Description</u>
9.0.0	II	3.1	Rate Schedule WSS-Open Access Rates

The proposed effective date of the tariff record is April 1, 2016.

**Statement of Nature, Reasons and Basis**

The purpose of the instant filing is to establish Incremental Rate Schedule WSS-Open Access (“WSS-OA”) rates pursuant to Section 8.3 of Rate Schedule WSS-OA to recover an increase in the cost of service attributable to Transco’s purchase of replenishment base gas to serve a new buyer, WGL Midstream, Inc. (“WGL”), commencing April 1, 2016.

WGL acquired WSS-OA storage capacity effective April 1, 2016 through two separate open seasons posted by Transco on August 26, 2015 and November 20, 2015. The storage capacity acquired by WGL became available as a result of WSS-OA contract

terminations by Southwestern Virginia Gas Company (“SWVA”) and UGI Central Penn Gas, Inc. (“UGI”). In conjunction with such terminations, SWVA and UGI exercised their right to purchase their respective base gas quantities pursuant to Section 8.2 of Rate Schedule WSS-OA.<sup>1</sup>

Pursuant to Section 8.1 of Rate Schedule WSS-OA, Transco is obligated to maintain sufficient base gas to support the total top gas capacity entitlements of its customers. Therefore, in order to serve WGL and maintain the base gas to support the total top gas capacity entitlements of its customers, Transco is purchasing a total quantity of replenishment base gas equivalent to the total base gas quantities purchased by SWVA and UGI (10,449 Dts and 200,945 Dts, respectively).

In accordance with Section 8.3 of Rate Schedule WSS-OA, on February 16, 2016, Transco posted a “Request for Bids to Sell Gas on a Firm Basis to Transco for WSS-OA Base Gas” pursuant to a posting and bidding process consistent with the procedures set forth in Section 43 of the General Terms and Conditions of its Tariff. As a result of the bidding process, Transco agreed to purchase, during April 2016, 211,394 Dts at an average price of \$1.93953 for a total of \$410,005.<sup>2</sup> Further, consistent with Section 8.3 of Rate Schedule WSS-OA, Transco is making the instant NGA limited Section 4 rate filing to recover through new incremental WSS-OA rates the increase in the cost of service attributable to the replenishment of the base gas to serve WGL.

Appendix A attached hereto, which consists of 2 pages, contains a detailed explanation and calculations supporting the derivation of the WGL WSS-OA incremental rates submitted herein.

### **Proposed Effective Date**

Transco requests that the revised tariff record submitted herein be made effective April 1, 2016, the effective date of the service provided to WGL under Rate Schedule WSS-OA. In the event the Commission elects to accept and suspend the revised tariff record submitted herein, in accordance with Section 154.7(a)(9) of the Regulations, Transco moves to place such tariff record into effect at the end of the applicable suspension period.

<sup>1</sup> SWVA terminated its WSS-OA service effective October 31, 2015 and exercised its option to purchase its base gas quantities of 10,096 Mcf (10,449 Dt). UGI provided notice to Transco that it is terminating its WSS-OA service effective March 31, 2016 and exercising its option to purchase its base gas quantities of 194,150 Mcf (200,945 Dt).

<sup>2</sup> Cost of Base Gas Replenishment

	<u>Quantity (Dt)</u>	<u>Rate (\$)</u>	<u>Amount (\$)</u>
Seller A	196,926	1.93500	381,052
Seller B	14,468	2.00121	28,954
Total	<u>211,394</u>	<u>1.93953</u>	<u>410,005</u>

**Materials Submitted Herewith**

In accordance with Section 154.7(a)(1) of the Regulations, the following material is submitted herewith:

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

- (1) The tariff record being revised in RTF format with metadata attached;
- (2) A transmittal letter in PDF format;
- (3) A clean version of the revised tariff record in PDF format for publishing in eLibrary;
- (4) A marked version of the revised tariff record in accordance with Section 154.201(a) of the Regulations;
- (5) Appendix A in PDF format which contains the explanation and derivation of the cost of base gas replenishment and the calculation of the WGL incremental WSS-OA rates;
- (6) A copy of the complete filing in PDF format for publishing in eLibrary.

**Posting and Certification of Service**

In accordance with the provisions of Section 154.2(d) of the Commission's Regulations, copies of this filing are available for public inspection, during regular business hours, in a convenient form and place at Transco's main office at 2800 Post Oak Boulevard in Houston, Texas. In addition, Transco is serving copies of the instant filing to its affected customers, interested State Commissions and other interested parties.

Any communications regarding this filing should be sent to:

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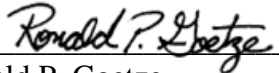
Federal Energy Regulatory Commission

March 1, 2016

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Respectfully submitted,

TRANSCONTINENTAL GAS PIPE LINE COMPANY, LLC

By 

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STATEMENT OF RATES AND FUEL  
 RATE SCHEDULE WSS-OPEN ACCESS  
 WASHINGTON STORAGE SERVICE – OPEN ACCESS

Rate Schedule and Section

		Maximum Daily Rate (dt) <hr/> (\$)	Minimum Daily Rate (dt) <hr/> (\$)
<u>WSS-Open Access – Washington Storage Service</u>			
3.3 (a)	Demand Charge	0.02198	0.00000
3.3 (b)	Storage Capacity Quantity Charge	0.00023	0.00000
3.3 (c)	Quantity Injected Charge	0.01456	0.01456
3.3 (d)	Quantity Withdrawn Charge	0.01456	0.01456

Incremental Rates

Paribas Energy Trading GP

3.3 (a)	Demand Charge	0.05754	0.00000
3.3 (b)	Storage Capacity Quantity Charge	0.00061	0.00000
3.3 (c)	Quantity Injected Charge	0.01456	0.01456
3.3 (d)	Quantity Withdrawn Charge	0.01456	0.01456

South Jersey Resources Group LLC

3.3 (a)	Demand Charge	0.05179	0.00000
3.3 (b)	Storage Capacity Quantity Charge	0.00055	0.00000
3.3 (c)	Quantity Injected Charge	0.01456	0.01456
3.3 (d)	Quantity Withdrawn Charge	0.01456	0.01456

WGL Midstream, Inc.

3.3 (a)	Demand Charge	0.03114	0.00000
3.3 (b)	Storage Capacity Quantity Charge	0.00033	0.00000
3.3 (c)	Quantity Injected Charge	0.01456	0.01456
3.3 (d)	Quantity Withdrawn Charge	0.01456	0.01456

5	Injection Fuel Retention %	1.52%
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STATEMENT OF RATES AND FUEL  
 RATE SCHEDULE WSS-OPEN ACCESS  
 WASHINGTON STORAGE SERVICE – OPEN ACCESS

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WGL Midstream, Inc.

<u>3.3 (a)</u>	<u>Demand Charge</u>	<u>0.03114</u>	<u>0.00000</u>
<u>3.3 (b)</u>	<u>Storage Capacity Quantity Charge</u>	<u>0.00033</u>	<u>0.00000</u>
<u>3.3 (c)</u>	<u>Quantity Injected Charge</u>	<u>0.01456</u>	<u>0.01456</u>
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5	Injection Fuel Retention %	1.52%
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**Transcontinental Gas Pipe Line Company, LLC**  
Explanation and Calculation Supporting the Derivation of the  
WGL WSS-OA Incremental Rate

Calculation of the Increase in the Cost of Base Gas Attributable to WGL

The increase in cost associated with the replenishment of base gas is calculated by subtracting the average price of WSS-OA Non-Incremental base gas included in the currently effective rates from the average price of the replenishment base gas. The average price increase of the base gas is then multiplied by the quantity of base gas replenished. The increase in the cost of the replenished base gas cost attributable to WGL is \$249,861 and is shown on Page 2, Line 6 of this Appendix A.

Calculation of the Increase in Cost of Service Attributable to the Replenished Base Gas

The increase in the cost of service is calculated by multiplying the additional base gas cost associated with the replenished base gas shown on Page 2, Line 6 of this Appendix A by the pretax return.<sup>1</sup> The increase in the cost of service is \$38,329 as shown on Page 2, Line 9 of this Appendix A.

Derivation of WGL's Incremental Daily Rates

The cost of service increase associated with the cost of replenished base gas is classified as a fixed cost which is included in the storage demand and capacity rates. Transco uses the *Equitable* method in allocating storage function costs. Under that method, one-half of the fixed costs is assigned to the deliverability rate component and one-half of the fixed costs is assigned to the capacity rate component. The unit rate increases in the deliverability and capacity rate components resulting from the cost of service increase is calculated by dividing the respective deliverability and capacity cost of service increases by the respective annual deliverability and capacity billing determinants for WGL. The resulting deliverability and capacity unit rate increases are shown on Page 2, Line 13 of this Appendix A.

The total daily storage demand and capacity incremental rates applicable to WGL under Rate Schedule WSS-OA are shown on Page 2, Line 15 of this Appendix A. The incremental rates are determined by summing the currently effective WSS-OA Non-Incremental Rates and the unit rate increases associated with the incremental cost of the WGL replenishment base gas.

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<sup>1</sup> Transco's most recent rate cases in Docket Nos. RP06-569 and RP12-993 resulted in "black box" settlements that did not specify most cost of service components, including rate of return. Therefore, Transco has used the pretax return of 15.34% underlying Transco's approved Stipulation and Agreement in Docket No. RP01-245 as approved by the Commission on July 23, 2002 (100 FERC ¶81,086).

**Transcontinental Gas Pipe Line Company, LLC**  
Calculation of Washington Storage Service Incremental Rates for WGL Midstream  
Associated With the Replenishment of Base Gas

Line No.	Particulars (A)	Amount (B)	Deliverability (C)	Capacity (D)
<b>1</b>	<b><u>Calculation of the Increase in the Cost of Base Gas</u></b>			
2	Average Price of Replenishment Base Gas	\$ 1.93953		
3	Average Price of WSS-OA Non-Incremental Base Gas	<u>0.75756</u>	1/	
4	Increase in Base Gas Price (Line 2 - Line 3)	\$ 1.18197		
5	Base Gas Replenishment (Dt)	<u>211,394</u>		
6	Increase in Base Gas Cost (Line 4 * Line 5)	<u>\$ 249,861</u>		
<b>7</b>	<b><u>Calculation of the Increase in the Cost of Service</u></b>			
8	Pretax Return	<u>15.34%</u>		
9	Cost of Service (Line 6 * Line 8)	<u>\$ 38,329</u>		
<b>10</b>	<b><u>Derivation of the Incremental Daily Rates</u></b>			
11	Cost of Service Increase (Line 9)	\$ 38,329	\$ 19,164	\$ 19,164
12	WGL Midstream Annual Billing Determinants (Dt)		<u>2,091,450</u>	<u>198,709,650</u>
13	Unit Rate Increase (Line 11 / Line 12)		\$ 0.00916	\$ 0.00010
14	RP12-993 WSS-OA Non-Incremental Rates		<u>\$ 0.02198</u>	<u>\$ 0.00023</u>
15	Incremental - WGL Midstream per Dt (Line 13 + Line 14)		<u>\$ 0.03114</u>	<u>\$ 0.00033</u>

**16 1/ Average Cost of Base Gas per Dt**

	Quantity (Dt)	Average Rate	Amount
17	Total Washington Base Gas	35,927,080	\$ 45,173,137
18	Less: Incrementally Priced Base Gas		
19	Paribas Energy Trading GP	(1,607,562)	(10,683,679)
20	South Jersey Resources Group LLC	<u>(1,710,903)</u>	<u>(9,786,634)</u>
21	WSS-OA Non-Incremental	<u>\$ 32,608,615</u>	<u>\$ 24,702,824</u>