Rates

Training Module

Enclosed are instructions for using the Rate Calculator to determine rates and fuel charged, as well as an explanation of the rates listed on invoices.

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Important Information – Please Read

The information provided herein is for informational purposes only and does not modify any provision in Transco's FERC Gas Tariff. If a conflict exists between this information and Transco's FERC Gas Tariff, the provisions in Transco's FERC Gas Tariff apply. Transco makes no representation or warranty as to the completeness or accuracy of this information. Transco shall not be liable for any informational errors, incompleteness or delays, or for any actions taken in reliance on this information.

To review the tariff language specific to any topic, go to Transco's Informational Postings page, and select Tariff from the left hand navigation menu.

Introduction

This document is designed to give you an overview of Rates by introducing you to the tools available to assist you in determining and verifying the rates you will be charged for various services. This module will also provide a reference to Transco's Tariff for each Rate Schedule.

Tariff References

To find the currently effective rates in Transco's FERC Gas Tariff (Tariff), access the Tariff online by going to Transco's Info Postings page, and then from the left-hand menu, selecting **Tariff > Table of Contents or Currently Effective Rates**. Also, current and pending rates are listed under **Rate Matrices (Regulatory > Rate Matrices)** on the 1Line Informational Postings page as a quick reference. These rates combine the fixed and variable costs to allow you to quickly determine rates for a certain zonal combination. The Electric Power rate is also provided. For Commodity and Interruptible Service an additional column that has ACA calculated into the Maximum Rate is provided.

Left-hand Menu>Regulatory>Rate Matrices

Fuel Retention
Trading Fees and Fuel Retention Percentages are in Section 10.2 of the Tariff.

Trading Fees
Trading Fees and Fuel Retention Percentages are in Section 10.2 of the Tariff.

PAL Rates
Parking and Loaning Fees are in Section 10.1 of the Tariff.

Rate Schedules
A list of Rate Schedules is provided in the Tariff, under Part III – Rate Schedules.

Yearly Rate Changes

Some rates change on a regularly scheduled basis. These rates are listed in the table below.

Annual Rate Changes				
	Transmission Electric Power Adjustment	Fuel Tracker Adjustment	ACA	LNG Fuel Tracker
Purpose of rate	Designed to recover Transco's electric power costs for its electric compressor station locations and gas coolers located at the compressor station locations	Transco files a redetermination of its fuel retention percentages applicable to transportation and storage rate schedules.	To recover costs incurred by the FERC.	Transco files a redetermination of its fuel retention percentages applicable to LNG rate schedules.
Date changed	April 1	April 1	October 1	November 1
Where to find	Tariff under each rate schedule	Tariff under storage, firm and interruptible services	FERC, Current Year, "FY20XX" link	Tariff under Rate schedules LNG, LG-A, and LG-S

NAESB Descriptions

To help standardize invoices, the North American Energy Standards Board (NAESB) has defined charge codes. These charge codes are referenced in the Tariff and help differentiate between sales, transportation and storage transactions. The chart below lists the most commonly used charge types and the corresponding tariff term. A complete list of NAESB charge types is available on the NAESB website. On an invoice, these charge types are located under the column **Transaction Type/Charge Description**.

Most Commonly Used NAESB Charge Types	
Tariff Language	**NAESB Charge Types/Billing**
FERC Annual Charge Adjustment	ACA
Daily Transportation Reservation	RES
Daily Reservation Electric Power	REP
Commodity Transportation Rate	COT
Commodity Electric Power Rate	CEP
Gathering Reservation Charge	GAR
Gathering Usage Charge	GAT
Storage Reservation Charge	STR
Storage Capacity Charge	SCH
Storage Injection Charge	STI
Storage Withdrawal Charge	STW

Rate Calculator

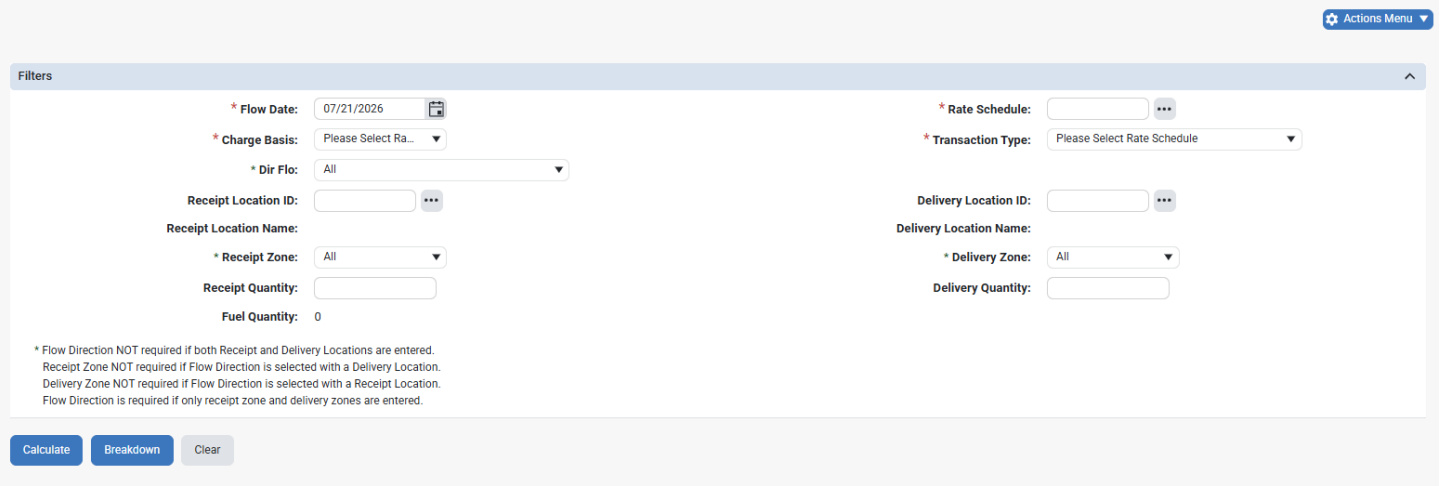
The Rate Calculator is a tool available to assist you in calculating rates and fuel percentages. The Rate Calculator has several filters that are used to calculate the rates for a certain transaction. The rate is displayed in two ways: 1) an overall rate, and 2) a breakdown of the rate into its components.

Note: for an accurate rate, include the Locations in the filters. If only zones are provided, the Rate Calculator will include all surcharges, such as ACA and gathering, even if they are not applicable to that particular path.

The rate calculator may also be used to look up rates for a future time period, provided that the future rates have been input into the system by Transco.

You can access the Rate Calculator by clicking on Tools->Rate Calculator.

This page is available to print from the action menu.



Cash Out Prices

The Cash Out Indices that pertain to most contracts are posted on the EBB at the beginning of the month, while the Minority/Majority Cashout Indices are posted on the EBB after the trade period[1] closes. They are calculated by the Rates Department. These are the rates at which most imbalances are cashed out. The publication and the rates used for OBA parties' cash out calculations are listed in each OBA agreement. A spreadsheet is distributed monthly that specifies the cash out rate for each OBA party.

A customer is designated as being in the Minority or the Majority based on whether their imbalance is in same direction as the majority of the other parties' imbalances (Majority) within the OIA, or whether their imbalance is in the opposite direction (Minority).

Majority Sell

If a customer has a **Due From** imbalance, and all the others in the OIA are also in a Due From position, then the customer is defined as a **Majority** shipper.

The breakdown of the tiers is as follows:

Tier 1: (Total Deliveries x 2.5%)
Tier 2: (Total Deliveries x 5%) – Tier 1 Volume
Tier 3: (Total Deliveries x 10%) – Tier 1 Volume – Tier 2 Volume

[1] Prior month imbalances can be traded from the 1st of the month until midnight of the 17th business day. *Caution: trading prior to the close of allocations may potentially worsen, rather than improve, your imbalance position if changes to allocated quantities occur between the time you trade and when allocations close.*

Tier 4: (Total Deliveries x 15%) – Tier 1 Volume – Tier 2 Volume – Tier 3 volume
Tier 5: (Total Deliveries x 20%) – Tier 1 Volume –Tier 2 Volume –Tier 3 Volume – Tier 4 Volume.
Tier 6: Total Cash Out for that zone – all previous tiers.

To calculate the rates for each tier:

Minority/Majority Cash Out Indices for the cash out month

- Tier 1: Find correct zone and Majority (<=2.5% or 1,000dts)
- Tier 2: Find correct zone and Majority (>2.5%)

Cash Out Indices for the cash out month
Find correct zone, Sell price and

- Tier 3: Multiply by 120%
- Tier 4: Multiply by 130%
- Tier 5: Multiply by 140%
- Tier 6: Multiply by 150%

Minority Sell

If a customer has a Due From imbalance and all the others in the OIA are in a Due To position, then the customer is defined as a minority shipper.

The breakdown of the tiers is as follows:

Tier 1: (Total Deliveries x 5%)
Tier 2: (Total Deliveries x 10%) – Tier 1 Volume
Tier 3: (Total Deliveries x 15%) – Tier 1 Volume – Tier 2 Volume
Tier 4: (Total Deliveries x 20%) – Tier 1 Volume – Tier 2 Volume – Tier 3 volume
Tier 5: Total Cash Out for that zone – all previous tiers.

To calculate the rates for each tier:

Minority/Majority Cash Out Indices for the cash out month

- Tier 1: Find correct zone and Minority for price

Cash Out Indices for the cash out month
Find correct zone, Sell price and

- Tier 2: Multiply by 120%
- Tier 3: Multiply by 130%
- Tier 4: Multiply by 140%
- Tier 5: Multiply by 150%

Majority Buy

If a customer has a Due To imbalance and all the others in the OIA are also in a Due To position, then the customer is defined as a majority shipper.

The breakdown of the tiers is:

Tier 1: (Total Deliveries x 2.5%)
Tier 2: (Total Deliveries x 5%) – Tier 1 Volume
Tier 3: (Total Deliveries x 10%) – Tier 1 Volume – Tier 2 Volume
Tier 4: (Total Deliveries x 15%) – Tier 1 Volume – Tier 2 Volume – Tier 3 volume
Tier 5: (Total Deliveries x 20%) – Tier 1 Volume – Tier 2 Volume – Tier 3 volume – Tier 4 Volume.
Tier 6: Total Cash Out for that zone – all previous tiers.

To calculate the rates for each tier:

Minority/Majority Cash Out Indices for the cash out month

- Tier 1: Find correct zone and Majority (<=2.5% or 1,000dts)
- Tier 2: Find correct zone and Majority (>2.5%)

Cash Out Indices for the cash out month
Find correct zone, Buy price and

- Tier 3: Multiply by 80%
- Tier 4: Multiply by 70%
- Tier 5: Multiply by 60%
- Tier 6: Multiply by 50%

Minority Buy

If a customer has a Due To imbalance and all the others in the OIA are in a Due From position, then the customer is defined as a Minority shipper.

The breakdown of the tiers is:

Tier 1: (Total Deliveries x 5%)
Tier 2: (Total Deliveries x 10%) – Tier 1 Volume
Tier 3: (Total Deliveries x 15%) – Tier 1 Volume – Tier 2 Volume
Tier 4: (Total Deliveries x 20%) – Tier 1 Volume – Tier 2 Volume – Tier 3 volume
Tier 5: Total Cash Out for that zone – all previous tiers.

To calculate the rates for each tier:

Minority/Majority Cash Out Indices for the cash out month

- Tier 1: Find correct zone and Minority

Cash Out Indices for the cash out month
Find correct zone, Buy price and

- Tier 2: Multiply by 80%
- Tier 3: Multiply by 70%
- Tier 4: Multiply by 60%
- Tier 5: Multiply by 50%

Surcharges

Annual Charge Adjustment (ACA)

To reimburse the United States Government for costs incurred by the FERC, an annual charge is assessed. All natural gas pipeline companies, public utilities and oil pipeline companies are required to pay this annual charge. It is a standard unit charge across the industry. The rate is specified by the FERC. The FERC determines the rates by dividing their budget amount by the total regulated volumes. Transco is authorized to recover this annual charge from its customers by charging the Annual Charge Adjustment (ACA).

ACA can only be charged once per dekatherm. To ensure this, the surcharge is billed when gas leaves the system. For example, if gas is moving from a pooling station to a distribution center, ACA would be charged. However, when gas is delivered to a pooling station, the surcharge is not billed since the gas has not left the system. The ACA is charged on the usage component of rate schedules. The ACA charge is updated every October 1.

Gathering Charges

Certain facilities are designated as Gathering Facilities on Transco's system. These gathering points are listed in the Tariff. Note that Transco is not limited to charging gathering to those locations listed in the Tariff as this list is subject to change. The Rates Department submits filings periodically to add gathering points. All points that are assessed a gathering charge have a use code of **Gathering Fees Applies**.

Gathering Example

A gathering surcharge is assessed to those locations that are deemed to be on gathering facilities by the FERC. To determine which locations will be assessed gathering charges, see Part II - Statement of Rates and Fuel, FERC Gas Tariff Section 9.2 - List of Gathering Points.

Note: this may not be a comprehensive list of gathering points as the list is not automatically updated when new points are added to Transco's system. The Rate Department makes periodic filings to update the list of gathering points in the Tariff.

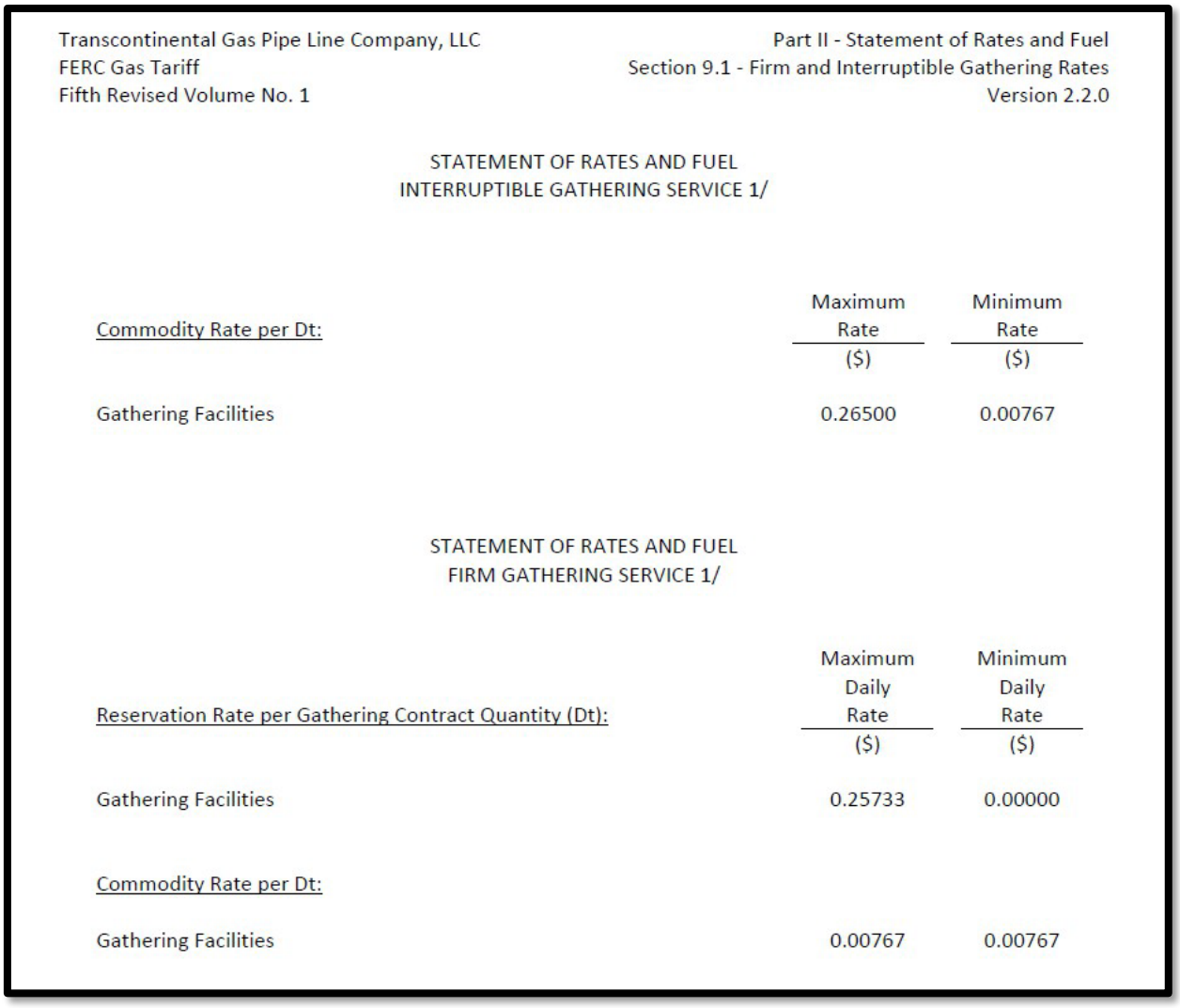
Invoicing of Gathering Charges

Gathering Rates are provided in Section 9.2 of the Tariff for both IT and FT services. Below is an example of a demand and a commodity invoice that is assessed gathering.

Commodity:
The gathering rates are assessed on the net receipt quantity (i.e. receipt net of fuel retained). For IT contracts, the commodity rate is listed as **Gathering Facilities**. The NAESB abbreviation for gathering is GAT.

Demand:
For FT contracts, the Gathering Facilities reservation rate (GAF) and the commodity rate (GAV) are both listed on the Invoice. The NAESB abbreviation for gathering is GAT.

The gathering rates are assessed on the net receipt quantity (i.e. receipt net of fuel retained).



Transcontinental Gas Pipe Line Company, LLC
FERC Gas Tariff
Fifth Revised Volume No. 1

Part II - Statement of Rates and Fuel
Section 9.1 - Firm and Interruptible Gathering Rates
Version 2.2.0

STATEMENT OF RATES AND FUEL
INTERRUPTIBLE GATHERING SERVICE 1/

Commodity Rate per Dt:	Maximum Rate ($)	Minimum Rate ($)
Gathering Facilities	0.26500	0.00767

STATEMENT OF RATES AND FUEL
FIRM GATHERING SERVICE 1/

Reservation Rate per Gathering Contract Quantity (Dt):	Maximum Daily Rate ($)	Minimum Daily Rate ($)
Gathering Facilities	0.25733	0.00000
Commodity Rate per Dt:		
Gathering Facilities	0.00767	0.00767

Unique Locations

Washington Storage

Washington Storage is located in Zone 3. The billing for transportation is applied as follows: (1) for gas leaving Washington Storage, the Zone 3 zonal rate is not charged to the customer; (2) the customer is charged as if they are leaving Zone 4 for forward hauls and Zone 2 for backhauls; (3) the customer is only charged the Zone 3 zonal charge once for entering Washington Storage.

Station 85

Quantities transported from Zone 4A into the Sta 85 Zone 4A pool will not be assessed any transportation charges (with the exception of Gathering Charges, where applicable). The Zone 4A-4A commodity charge will be applied to quantities transported from the Zone 4A Pool for delivery to zones other than Zone(s) 4A or 4B.[2]

Quantities transported from Zone 4 into the Sta 85 Zone 4 pool will not be assessed any transportation charges (with the exception of Gathering Charges, where applicable). The Zone 4-4 commodity charge will be applied to quantities transported from the Zone 4 Pool for delivery to Zone(s) 4A or 4B.[2]

Non-Tariff Rates

Contract Rates

Contract rates are rates that are non-tariff rates and are not filed with the FERC. These include Liquids and retrograde. Another non-tariff rate is Facility Surcharge. These rates charge customers that are paying Transco back for a meter station built and funded by Transco.

System Management Gas (SMG)

Transco is allowed to buy or sell gas if conditions exist that threaten the operational integrity of the pipeline. Gas Control, in discussion with other groups, will make a decision that current operations require a sale or purchase of gas. Transportation Marketing administers the sale or purchase through an open season process posted on 1Line (in accordance with Section 43 of the GT&C). The shipper who bids to buy or sell gas from/to Transco must have a currently effective transportation contract to move the volumes to or from the point of transaction, and an SMG contract is set-up in 1Line to account for the purchase/sale price and the balance.

If you have any questions regarding Rates, please contact your Commercial Services Representative.

[2] The gathering rates on the Statement of Rates and Fuel for Firm and Interruptible Gathering Service in Section 9.1 of Transco's FERC Gas Tariff shall apply to quantities transported through gathering facilities.