



LOST AND UNACCOUNTED FOR GAS  
RULEMAKING 15-01-008 | WORKSHOP  
NOVEMBER 16, 2018

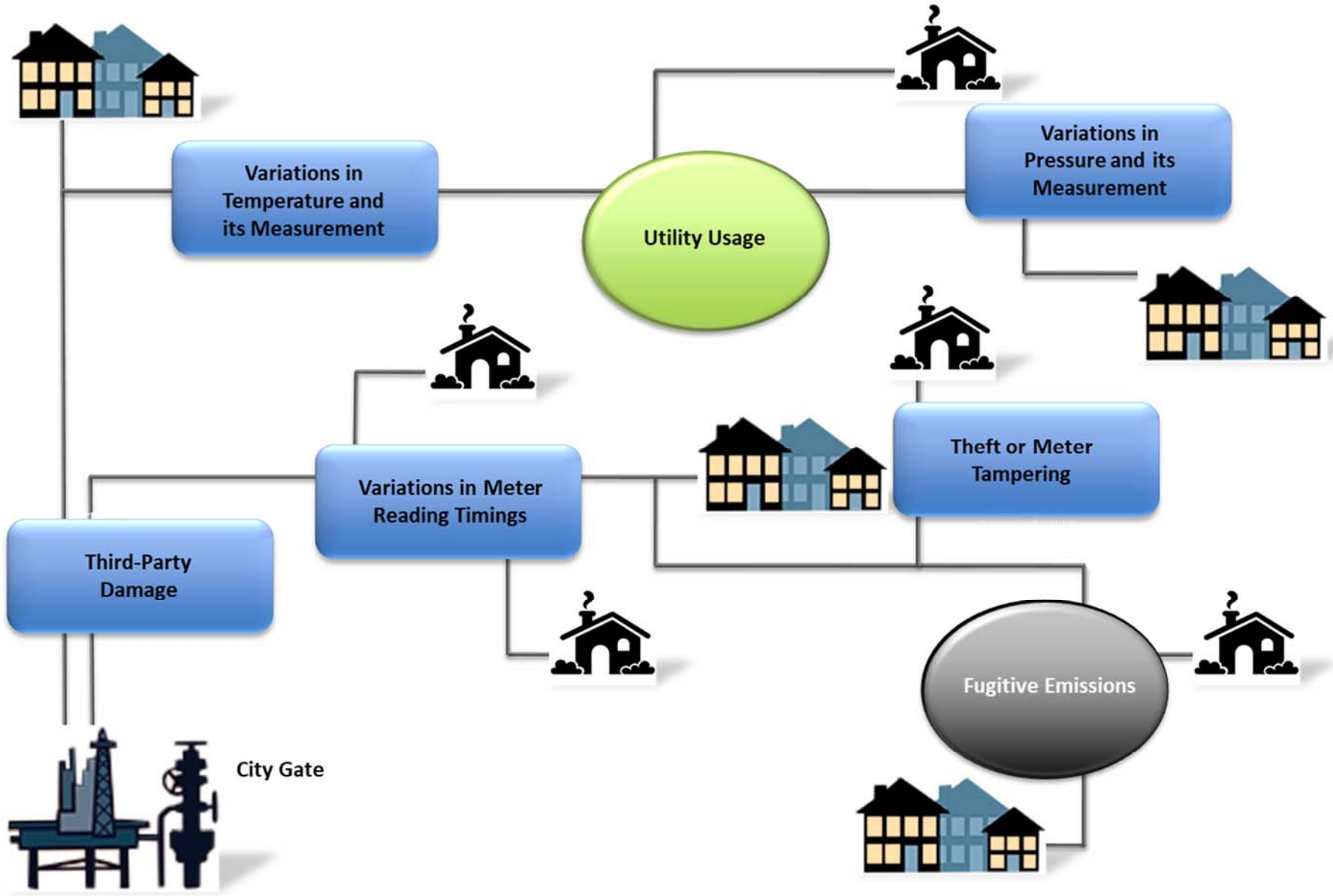
# What is Lost and Unaccounted for Gas? (LUAF)

- ▶ An accounting and ratemaking issue.
- ▶ LUAF is not an operational issue.

# WHAT IS LUAF? *(Continued)*

- ▶ Per PHMSA, LUAF is gas that an operator cannot account for as usage or through appropriate adjustments.
  - ▶ Adjustments may include:
    - ▶ Variations in:
      - ▶ Temperature
      - ▶ Pressure
      - ▶ Meter-reading cycles, or
      - ▶ Heat content
    - ▶ Calculable losses from:
      - ▶ Construction
      - ▶ Purging
      - ▶ Line breaks, etc.

# WHAT IS LUAF? (Continued)



# WHAT IS LUAF? *(Continued)*

- ▶ Per PHMSA, LUAF is gas that an Operator cannot account for as usage or through appropriate adjustments.

*(Purchased + Produced gas) – (Customer + Company use) – (Adjustments)*

# LUAF is not:

- ▶ A proxy for fugitive gas emissions.
- ▶ In response to comments on its Mandatory GHG Reporting Rule EPA stated:

*“EPA disagrees on the use of LUAF as a surrogate for greenhouse gas emissions data collection ...”*

# REPORTING LUAF - PHMSA

- ▶ Twelve months ending June 30 of the reporting year.
- ▶ Report percent of unaccounted for gas.

$$\% \text{ LUAF} = \frac{(\text{Purchased} + \text{Produced Gas}) - (\text{Customer} + \text{Company Use}) - (\text{Adjustments})}{(\text{Purchased} + \text{Produced Gas})}$$

$$\% \text{ LUAF} = \frac{(13,604,048 \text{ MCF} + 0) - (13,599,009 \text{ MCF} + 0) - (835 \text{ MCF})}{(13,604,048 \text{ MCF})}$$

$$\% \text{ LUAF} = .03\%$$

# REPORTING LUAF – GO 112-F

- ▶ Report:
  - ▶ PHMSA Percent Unaccounted for Gas
  - ▶ A listing of the different causes of LUAF Gas [adjustments] that the utility tracks as part of its operations;
  - ▶ An accounting of the contribution by each of the different causes of LUAF Gas, (actual and/or estimated values); and
  - ▶ Provide details on how each estimated value is derived.



# LUAF COST RECOVERY

- ▶ Different from PHMSA/GO 112-F requirements:
  - ▶ Calendar year versus Year-ending June 30;
  - ▶ Cost recovery excludes adjustments;
  - ▶ Recovered monthly through gas cost adjustment advice letter; and
  - ▶ Recorded to the 191 Purchased Gas Cost Adjustment Balancing Account.

# LUAF COST RECOVERY *(Continued)*

- ▶ Sales Customers - residential and small commercial
  - ▶ LUAF embedded in Core Procurement Charge:  
(Monthly Purchased Gas) – (Monthly Gas Sales Recorded to 191 Account)
- ▶ Transportation Customers
  - ▶ LUAF percentage factor approved in each Southwest Gas GRC
    - ▶ Developed on a 5-year average of LUAF
  - ▶ Shrinkage rate =  
(LUAF % factor) X (currently effective monthly gas cost procurement rate)

***QUESTIONS?***