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.
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)
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 ..."
Twelve months ending June 30 of the reporting year.
Report percent of unaccounted for gas.

\[
\% \, LUAF = \frac{(Purchased + Produced \, Gas) - (Customer + Company \, Use) - (Adjustments)}{(Purchased + Produced \, Gas)}
\]

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

\[
\% \, LUAF = .03\%
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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.
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?