

153 FERC ¶ 61,258  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;  
Cheryl A. LaFleur, Tony Clark,  
and Colette D. Honorable.

Tallgrass Interstate Gas Transmission, LLC

Docket Nos. RP16-137-000  
RP16-137-001

ORDER ACCEPTING AND SUSPENDING TARIFF RECORDS SUBJECT TO  
REFUND AND CONDITIONS, AND ESTABLISHING HEARING PROCEDURES

(Issued November 30, 2015)

1. On October 30, 2015, as amended on November 2, 2015, Tallgrass Interstate Gas Transmission, LLC (Tallgrass) filed tariff records<sup>1</sup> pursuant to section 4 of the Natural Gas Act (NGA) to implement a general rate case. As part of its filing, Tallgrass proposes a commodity surcharge to recover one-time system integrity costs pursuant to the *Modernization Cost Recovery Policy Statement*.<sup>2</sup> Tallgrass also proposes to revise its tariff definition of *force majeure* events and its reservation charge crediting provisions to be consistent with Commission policy. The Commission accepts and suspends certain tariff records to be effective May 1, 2016, subject to refund and conditions, and the outcome of a hearing established in this proceeding. Additionally, as set forth in the Appendix, the Commission accepts two tariff records related to *force majeure* events and reservation charge crediting to be effective December 1, 2015, subject to the conditions discussed below.

**I. Background**

2. Tallgrass operates pipeline transmission facilities in Colorado, Kansas, Missouri and Wyoming, as well as a natural gas storage facility in western Nebraska. It provides firm and interruptible transportation and storage services, as well as no-notice transportation and park and loan services. Its shippers include local distribution

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<sup>1</sup> See Appendix.

<sup>2</sup> *Cost Recovery Mechanisms for Modernization of Natural Gas Facilities*, 151 FERC ¶ 61,047 (2015) (*Modernization Cost Recovery Policy Statement*).

companies, commercial, industrial and agricultural customers, and producers and marketers who ship gas on Tallgrass to various other pipelines.

3. On January 23, 1998, Tallgrass' predecessor, KN Interstate Gas Transmission, Company, filed its last general NGA section 4 rate case. All issues in that proceeding were resolved by a settlement approved by the Commission on December 2, 1999.<sup>3</sup> That settlement established recourse reservation rates for transportation and storage.

4. On November 18, 2010, the Commission instigated a NGA section 5 investigation of Kinder Morgan Interstate Gas Transmission LLC (Kinder Morgan), also a Tallgrass predecessor.<sup>4</sup> The investigation was to determine whether Kinder Morgan was over-recovering its cost of service and fuel and lost and unaccounted-for gas.<sup>5</sup> On September 22, 2011, the Commission approved a settlement of the NGA section 5 proceeding.<sup>6</sup> Under the terms of the settlement, Kinder Morgan's fuel rates were adjusted but there were no changes to its recourse reservation rates. Further, Kinder Morgan agreed to file a cost and revenue study. On October 3, 2015, Tallgrass filed the required cost and revenue study in Docket No. RP11-1494-000. It is currently under review by the Commission.

## II. Proposal

5. Tallgrass proposes to increase its transportation and storage rates. Tallgrass states that its proposed rates are calculated using a base period reflecting 12 months of actual experience ending June 30, 2015, as adjusted for known and measurable changes through the test period ending March 31, 2016. Tallgrass' proposed rates are based on an annual cost of service of \$123,714,282 and annual billing determinants of 139,311,653 Dth. Its overall rate of return of 10.61 percent is based on a return on equity of 14.89 percent, a capital structure of 64.12 percent equity and 35.88 percent debt, and a cost of debt of 2.95 percent. Tallgrass proposes to reduce its rates of depreciation for transmission and storage plant from 2.5 percent and 3.00 percent, respectively, to 1.61 percent and 1.71 percent.

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<sup>3</sup> *KN Interstate Gas Transmission Co.*, 89 FERC ¶ 61,323 (1999).

<sup>4</sup> On December 28, 2012, the Commission approved a name change from Kinder Morgan to Tallgrass. *Tallgrass Interstate Gas Transmission, LLC*, Docket No. RP13-316-000 (December 28, 2015) (delegated letter order).

<sup>5</sup> *Kinder Morgan Interstate Gas Transmission LLC*, 133 FERC ¶ 61,157 (2010).

<sup>6</sup> *Kinder Morgan Interstate Gas Transmission LLC*, 136 FERC ¶ 61,201 (2011).

6. Tallgrass proposes to continue to use a Straight-Fixed Variable rate design. However, it proposes to roll into its rate base the costs of its Pony Express Facilities and the Kansas City Line and to replace its current three rate zones with a postage stamp rate design. Tallgrass also proposes to replace its existing system-wide fixed fuel rate with two separate trackers - one for the in-kind collection of fuel and lost and unaccounted for volumes used on its system and another dollar-based tracker for the actual costs of power paid at its electric compressor stations.

7. Tallgrass proposes to implement a commodity-based Cost Recovery Mechanism (CRM) charge for the recovery of pipeline modernization costs pursuant to the *Modernization Cost Recovery Policy Statement*. Tallgrass proposes to include in the CRM costs necessary for the safe or efficient operation of the system as required by regulations issued by Pipeline and Hazardous Materials Safety Administration (PHMSA), Environmental Protection Agency (EPA), or other government agencies. Tallgrass provides detailed testimony and exhibits explaining how its CRM charge satisfies the five criteria set forth in the *Modernization Cost Recovery Policy Statement*.<sup>7</sup>

8. Tallgrass proposes new reservation charge crediting provisions to the General Terms and Conditions (GT&C) of its tariff. Tallgrass proposes to provide full reservation charge credits for non-*force majeure* outages of primary firm service and partial credits for outages due to *force majeure* and “PHMSA Events.” Tallgrass proposes to define “PHMSA Events” as various actions Tallgrass takes before January 1, 2017 to comply with section 60139(d) of Chapter 601 of Title 49 of the United States Code, as added by section 23 of the Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011. Tallgrass proposes to provide partial credits under the Safe Harbor method, pursuant to which Tallgrass will provide no credits during the first 10 days of an outage and full credits thereafter. When notice of an outage is not provided before the Timely Cycle deadline for the day, the reservation charge credits will be based on the amount of primary firm service nominated that is not scheduled or delivered, up to the shipper’s contract demand. When notice of an outage is provided before the Timely Cycle deadline, credits will be based on the shipper’s usage of primary firm service during the seven days before it received notice of the outage.

9. Tallgrass requests that the tariff records described above become effective December 1, 2015. Tallgrass also submitted *pro forma* tariff records which it requests become effective on a prospective basis. In its *pro forma* tariff records, Tallgrass proposes to modernize or re-organize its tariff for user-friendliness and to harmonize

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<sup>7</sup> Testimony of David J. Haag at section III; Testimony of Gerald (Jay) B. Meyers at section II; Testimony of Bradley Van Dyke at section VI.

its provisions with other Tallgrass Energy pipelines. It also proposes to establish a non-electric flow management charge.

### **III. Notice of Filing, Interventions, and Protests**

10. Public notice of Tallgrass' filing was issued on November 2, 2015 and November 3, 2015. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.<sup>8</sup> Pursuant to Rule 214,<sup>9</sup> all timely motions to intervene and any unopposed motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties.

11. The following parties filed protests challenging numerous aspects of Tallgrass' filing: the City of Hastings, Nebraska (Hastings); Green Plains Inc. (Green Plains); Kansas Corporation Commission; Continuum Retail Energy; SourceGas Distribution LLC; Indicated Shippers;<sup>10</sup> SourceGas Energy Services Company; Public Service Company of Colorado (PSCo); TIGT Shippers Group;<sup>11</sup> Laclede Gas Company; Atmos Energy Corporation; Black Hills Utility Holdings, Inc.; and Concord Energy LLC. Vista Energy Marketing, LP also filed comments. Generally, the protestors request that the CRM be rejected and that the rate issues be set for hearing.

### **IV. Discussion**

#### **A. Rate Issues**

12. Tallgrass proposes to increase its rates, roll in the costs of certain facilities, eliminate its rate zones, and establish fuel and electric power cost trackers. Protestors raise numerous concerns with Tallgrass' proposal. For example, Hastings argues that

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<sup>8</sup> 18 C.F.R. § 154.210 (2015).

<sup>9</sup> 18 C.F.R. § 385.214 (2015).

<sup>10</sup> Indicated Shippers include Anadarko Energy Services Company, Cross Timbers Energy Services, Inc., and Shell Energy North America (US), L.P.

<sup>11</sup> TIGT Shippers Group include American Foods Group – Gibbon Packing, Bridgeport Ethanol, Nebraska Corn Processing, LLC, Prairie Horizon Agri Energy, Sterling Ethanol, Trenton Agri Products, U.S. Energy Services, Valero Renewable Fuels Company, LLC, Western Plains Energy, LLP, and Yuma Ethanol. On November 23, 2015, Nucor Steel filed to withdraw from the TIGT Shippers Group and filed its own motion to intervene out of time.

Tallgrass' proposed return on equity of 14.89 percent is well above equity returns approved by the Commission. Green Plains argues that replacing a zone rate structure with a postage-stamp rate design will cause a 150 percent increase to one of its subsidiaries. PSCo asserts that Tallgrass has not justified its proposed roll-in of the Pony Express Facilities and the Kansas City Line.

13. The Commission finds that it is appropriate to examine these issues in the context of a hearing where a factual record can be developed by the parties. The issues to be addressed at hearing include, but are not limited to, cost of service, rate increase, capital structure, return of equity, cost of debt, and billing determinants, as well as issues relating to roll-in rates, fuel tracker, postage-stamp rate design, and the non-electric flow measurement. Accordingly, the Commission accepts and suspends for the maximum suspension period certain tariff records to be effective May 1, 2016, subject to refund.

### **B. Cost Recovery Mechanism**

14. The Commission's *Modernization Cost Recovery Policy Statement* establishes a process to allow interstate natural gas pipelines to seek to recover certain capital expenditures made to modernize system infrastructure through a surcharge mechanism, subject to conditions intended to ensure that the resulting rates are just and reasonable and protect natural gas consumers from excessive costs. The *Modernization Cost Recovery Policy Statement* adopted five guiding standards a pipeline would have to satisfy to obtain approval of a proposed surcharge mechanism. Those standards are: (1) the pipeline's existing base rates must be reviewed through an NGA general section 4 rate proceeding or other means; (2) eligible costs must generally be limited to one-time capital costs incurred to modify the pipeline's existing system to comply with safety or environmental regulations or other federal or state government agencies, or other capital costs shown to be necessary for the safe, reliable, and/or efficient operation of the pipeline, and the pipeline must specifically identify the costs of each project or capital investment to be included in the surcharge;<sup>12</sup> (3) a prohibition against cost shifting; (4) there must be a method to allow a periodic review of whether the surcharge and the pipeline's base rates remain just and reasonable; and (5) the pipeline must work collaboratively with shippers to seek shipper support for any surcharge proposal.

15. Pursuant to the *Modernization Cost Recovery Policy Statement*, Tallgrass proposes to establish a Cost Recovery Mechanism (CRM) to recover certain "system safety, integrity, reliability, and environmental-related costs"<sup>13</sup> through a volumetric surcharge to

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<sup>12</sup> As discussed below, the Commission also stated it could consider pipeline proposals to include certain limited non-capital maintenance costs in a modernization cost tracker.

<sup>13</sup> GT&C section 30.1.

its usage rates. Tallgrass proposes in GT&C section 30.3 to define costs eligible for recovery through the CRM as both capital costs and operation and maintenance (O&M) costs related to projects to comply with (1) PHMSA's pipeline integrity management regulations, (2) new PHMSA regulations and advisory bulletins that take effect on or after November 1, 2015, (3) EPA environmental rules, regulations, and orders, (4) state or other agency rules and orders concerning safety, integrity, reliability or environmental constraints, and (5) other pipeline one-time non-recurring costs representing initiatives that are distinct from ordinary capital projects routinely conducted as part of regular maintenance. Proposed GT&C section 30.3 also includes a list of criteria to be used in analyzing the eligibility of projects. Tallgrass proposes to recover a pre-tax rate of return on capital costs included in the CRM equal to the pre-tax rate of return determined in this section 4 rate case. Tallgrass proposes to use its currently effective depreciation rates for the eligible capital costs. Tallgrass proposes to limit the level of annual O&M costs included in the CRM to the amount by which those costs exceed \$1,770,801, which is the average of Tallgrass's annual O&M pipeline integrity costs during 2013-2015. Tallgrass proposes that the CRM charge be subject to a billing determinant floor of 115,871,043 Dth, based on the total system throughput (not adjusted for discounting), and that the total annual revenue requirement to be recovered in the CRM may not exceed \$4,350,000. Tallgrass states that, when applicable, the CRM charge for the Colorado Lateral will be calculated separately from the rest of its pipeline system. Tallgrass proposes to make annual filings to estimate and true up its eligible costs. Tallgrass proposes that the CRM expire no later than 10 years from the Commission approved implementation date. Tallgrass states that it held customer meetings to discuss its CRM proposal.

16. Tallgrass provides detailed testimony and exhibits explaining how its proposed CRM charge satisfies the five standards set forth in the *Modernization Cost Recovery Policy Statement*.<sup>14</sup> Tallgrass's testimony includes an exhibit describing 106 specific projects it intends to include in the CRM during its ten-year term. That exhibit includes the year in which it expects to perform the project and the estimated cost of each project.

17. Protestors object to the CRM charge and argue that Tallgrass did not meet the above standards. For example, they argue that the costs Tallgrass proposes to include in the CRM do not satisfy the eligibility criteria in the *Modernization Cost Recovery Policy Statement*. They contend that not only has Tallgrass included ordinary, recurring O&M costs in the CRM charge, but also many of the proposed capital projects appear to be routine capital projects for system maintenance. In addition, protestors raise concerns about whether Tallgrass' proposal includes appropriate limits on the costs included in the

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<sup>14</sup> *Modernization Cost Recovery Policy Statement*, 151 FERC ¶ 61,047 at PP 44-94.

charge. PSCo asserts that Tallgrass' proposed CRM is not consistent with the Commission's Straight Fixed Variable (SFV) rate design. Further, protestors argue that the 10-year period for the review of the CRM charge calculation is too long. Protestors also argue that the webinar and meetings they had with Tallgrass were merely informational presentations and not collaborative discussions.

18. Tallgrass' proposal is the first contested CRM proposal filed with the Commission since the *Modernization Cost Recovery Policy Statement*. The Commission is encouraged that Tallgrass submitted a comprehensive proposal and explained in detail how its proposal satisfies the criteria set forth in the *Modernization Cost Recovery Policy Statement*. Tallgrass' filing of a general section 4 rate case in conjunction with its proposed CRM will allow a thorough review of the justness and reasonableness of the base rates to which the CRM will be attached, consistent with the policy statement. However, Tallgrass' proposal raises numerous significant issues.

19. For example, in the *Modernization Cost Recovery Policy Statement*, the Commission stated that it was allowing modernization cost trackers "primarily for the purpose of allowing pipelines to recover capital costs incurred to upgrade the older parts of their systems (1) to comply with new, more stringent regulatory requirements and/or (2) take advantage of new technologies that reasonably increase safety and/or efficiency, such as reductions in methane leaks, system modifications to allow the use of advanced in-line inspection tools in lieu of hydrostatic testing, or replacement of old compressors with newer more energy efficient ones."<sup>15</sup> The Commission stated that pipelines should continue to recover in their base rates ordinary capital costs of the type they routinely incur as part of their regular system maintenance. The protestors have raised numerous issues as to whether the specific projects whose capital costs Tallgrass proposes to include in the CRM are consistent with the above policy concerning what capital costs should be eligible for recovery in such a surcharge. They also point out that Tallgrass failed to include in its proposal a mechanism for ensuring that a representative level of ordinary system maintenance capital costs are excluded from the tracker, as suggested by the *Modernization Cost Recovery Policy Statement*.<sup>16</sup>

20. In addition, the *Modernization Cost Recovery Policy Statement* stated that, while the Commission would not impose a blanket prohibition on the inclusion of non-capital costs in a tracker, "any proposal to include such non-capital costs in the tracker would need to demonstrate that such non-capital costs are special non-recurring costs not reflected in the O&M costs included in the pipeline's base rates and are directly related to

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<sup>15</sup> 151 FERC ¶ 61,047 at P 63.

<sup>16</sup> See *Modernization Cost Recovery Policy Statement*, 151 FERC ¶ 61,047 at P 64, describing an example of such a mechanism.

the modernization projects whose costs are included in the modernization cost tracker.”<sup>17</sup> The protestors have raised serious concerns that Tallgrass’ proposal includes ordinary, recurring O&M costs in its CRM charge (e.g., in-line inspections and hydrostatic testing), contrary to this policy.<sup>18</sup> Because these and other concerns involving the CRM charge raise issues of material fact, the Commission will set, with one exception discussed below, all issues pertaining to the CRM charge mechanism for hearing.

21. The Commission finds that Tallgrass’ proposed design of the CRM is contrary to the Commission’s policy, adopted in Order No. 636, requiring pipelines to use an SFV rate design, in which all fixed costs are assigned to a pipeline’s reservation charges.<sup>19</sup> While Tallgrass has proposed to continue to design its base rates using an SFV rate design, its proposed CRM is a volumetric surcharge added to its usage charge. Both the capital costs and the O&M costs Tallgrass proposes to recover in the CRM are fixed costs, which the Commission’s SFV policy requires to be included in a pipeline’s reservation charge, not its usage charge. While the *Modernization Cost Recovery Policy Statement* granted an exception to the Commission’s general rate policy that interstate natural gas pipelines design their transportation rates based on projected units of service,<sup>20</sup> the policy statement did not modify the Commission’s policy concerning the use of SFV. That policy is intended to foster competition among natural gas producers based on their relative production costs, without distortion by the inclusion of fixed transportation costs in pipeline usage charges. That policy is applicable, regardless of whether the fixed costs are in the pipeline’s base rates or a surcharge to those rates.

22. Although the Commission allows departures from SFV rate design “[i]f the parties affected by a pipeline’s rate design agree to a different method,”<sup>21</sup> there is no such agreement here. The CRM charge has been heavily protested. In the absence of agreement between the pipeline and its shippers, the Commission has rejected non-SFV

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<sup>17</sup> *Id.* P 65.

<sup>18</sup> Tallgrass, Exhibit TIG-110 (Testimony of Meyers).

<sup>19</sup> 18 C.F.R. § 284.7(e) (2015).

<sup>20</sup> 18 C.F. R. § 284.10(c)(2) (2015)

<sup>21</sup> Pipeline Service Obligations and Revisions to Regulations Governing Self-Implementing Transportation; and Regulation; and Regulation of natural Gas Pipelines After Wellhead Decontrol, Order No. 636, FERC Stats. & Regs. ¶ 30,939, at 30,434 (1992) (Order No. 636).

rate designs, and Tallgrass has provided no reason to depart from that practice here.<sup>22</sup> In addition, a refund remedy here may not alleviate the impacts to competition among gas sellers that Order No. 636 was designed to eliminate.<sup>23</sup> Finally, the use of a non-SFV surcharge is inconsistent with the SFV method used to calculate Tallgrass' base rates. Accordingly, Tallgrass must file within 30 days of the date of this order to revise its proposed modernization surcharge to be consistent with SFV. In light of this change, Tallgrass will need to reassess its volume floor billing determinants used in the CRM charge. This holding is without prejudice to subsequent consideration of a settlement with a non-SFV rate design that is supported by a large majority of Tallgrass' customers.

### C. Reservation Charge Credit

23. Tallgrass proposes new reservation charge crediting provisions and a new *force majeure* definition in sections 3.15 and 16.1 of its GT&C. With two exceptions discussed below, the Commission finds that Tallgrass' proposed reservation charge crediting provisions and *force majeure* definition are consistent with Commission policy. Accordingly, the Commission accepts the tariff records including those proposals to be effective December 1, 2015, subject to the changes required below.

24. The Commission requires Tallgrass to modify aspects of its proposed reservation charge crediting mechanism. First, Tallgrass must modify proposed section 3.15(A) to clarify that it cannot curtail transportation shipments due to service interruptions caused by routine events. As the Commission has explained previously, an interruption of service caused by a routine or planned event should be addressed in the scheduling process and the pipeline should not confirm shipper nominations and schedule service that it cannot provide.<sup>24</sup> Thus, the Commission has explained that pipelines may only curtail service due to (a) an emergency situation or (b) when an unexpected capacity loss occurs after the pipeline has scheduled service.<sup>25</sup> Tallgrass' proposed section 3.15(A), which allows curtailment "to test, alter, modify, enlarge or repair any facility or property," is inconsistent with this requirement. None of these items are limited to

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<sup>22</sup> *E.g. Transwestern Pipeline Co., LLC*, 150 FERC ¶ 61,034, at PP 13-14 (2015) (summarily rejecting a recent pipeline proposal to depart from an SFV rate design).

<sup>23</sup> *Id.* P 14 (citing Order No. 636, FERC Stats. & Regs. ¶ 30,939 at 30,433).

<sup>24</sup> *Algonquin Gas Transmission, LLC*, 143 FERC ¶ 61,082, at P 30 (2013), *order on reh'g*, 153 FERC ¶ 61,038, at PP 12, 112-117 (2015); *Ryckman Creek Resources, LLC*, 136 FERC ¶ 61,061, at P 68 (2011); *Portland Natural Gas Transmission Sys.*, 76 FERC ¶ 61,123, at 61,663 (1996).

<sup>25</sup> *Id.*

emergencies or unexpected events. On the contrary, they may be routine or, if not routine, at least planned in advance. Accordingly, Tallgrass should modify proposed section 3.15(A) to clarify that it will not make a curtailment for such routine events. Similarly, Tallgrass should also modify its curtailment provision in section 16.3 to be consistent with this finding.

25. Second, Tallgrass' reservation charge crediting proposal includes a safe harbor that applies to *force majeure* and certain "PHMSA Events" pursuant to section 60139(d) of Chapter 601 of Title 49 of the United States Code. Under the safe harbor, Tallgrass will provide no credits during the first 10 days of an outage and full credits thereafter. The Commission requires Tallgrass to modify the definition of PHMSA Events to apply to section 60139(c), not "60139(d)" as in its proposal. This appears to have been an inadvertent error. The Commission has not permitted a safe harbor, such as the one proposed by Tallgrass, to apply to actions pursuant to section 60139(d).<sup>26</sup> However, the Commission has permitted pipelines to apply such a safe harbor for outages resulting from PHMSA orders pursuant to section 60139(c). The Commission has explained that actions under section 60139(c) are non-recurring events, consisting of one-time tests or temporarily reduced operating pressure.<sup>27</sup> In order to utilize this safe harbor policy, Tallgrass should modify its proposal to replace the reference to section "60139(d)" with section "60139(c)."<sup>28</sup> The Commission accepts the tariff records referenced in the Appendix to be effective December 1, 2015, subject to Tallgrass making the necessary changes within 30 days of the date of this order.

#### **D. Suspension**

26. Based on a review of the filing, the Commission finds that certain Tallgrass' proposed tariff records have not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, except as

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<sup>26</sup> Section 60139(d) requires PHMSA to issue a rulemaking, and the Commission has held that it is premature to permit partial reservation charge crediting prior to the adoption of the applicable regulations by PHMSA. *Texas Gas Transmission, LLC*, 141 FERC ¶ 61,223, at PP 39, 45 (2012).

<sup>27</sup> *Id.* P 41.

<sup>28</sup> Because Tallgrass' proposed tariff language applies to provisions commencing prior to January 1, 2017, it is consistent with Commission policy allowing a safe harbor applicable to section 60139(c) for up to a two-year transition period.

noted,<sup>29</sup> the Commission will accept and suspend the effectiveness of the tariff records proposed to be effective December 1, 2015 for the maximum statutory period, until May 1, 2016, subject to refund, the conditions set forth in this order, and the outcome of the hearing proceedings ordered herein.

27. The Commission's policy regarding suspension is that tariff filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or inconsistent with other statutory standards. It is recognized, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results. The Commission does not find such results here where the pipeline has proposed an NGA general section 4 rate case. Therefore, the Commission shall accept, except as noted, and suspend for the maximum period of five months the proposed tariff records in the Appendix, to be effective May 1, 2016, subject to refund, and the outcome of the hearing proceedings ordered herein.

28. Tallgrass must adhere to section 154.303(c)(2) of the Commission's regulations which provides that at the end of the test period, the pipeline must remove from its rates costs associated with any facility that is not in service or for which certificate authority is required but has not been granted.

The Commission orders:

(A) Except as noted, the proposed tariff records listed in the Appendix are accepted and suspended, to be effective, upon motion, May 1, 2016, subject to refund and the outcome of the hearing established in this order.

(B) As reflected in the Appendix, the proposed tariff records containing GT&C sections 3.15 and 16 are accepted effective without suspension on December 1, 2015. Within 30 days of the date of this order, Tallgrass is directed to file revised tariff records as discussed herein.

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by section 402(a) of the Department of Energy Organization Act and the NGA, particularly sections 4, 5, 8, 9, and 15 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the FPA (18 C.F.R. Chapter I), a public hearing shall be held

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<sup>29</sup> As noted above, the Commission accepts two tariff records referenced in the Appendix, to be effective without suspension on December 1, 2015, subject to Tallgrass filing revised tariff records within 30 days of the date of this order.

concerning the justness and reasonableness of Tallgrass' proposed tariff revisions, as discussed in the body of this order.

(D) A presiding judge, to be designated by the Chief Administrative Law Judge for that purpose pursuant to 18 C.F.R. § 375.304 (2015), shall convene a prehearing conference in this proceedings to be held within 20 days after issuance of this order, in a hearing room of the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426. The prehearing conference is for the purpose of clarification of the positions of the participants and consideration by the presiding judge of any procedural issues and discovery dates necessary for the hearing. The presiding judge is authorized to establish procedural dates, and to rule on all motions (except motions to dismiss) as provided in the Commission's Rules of Practice and Procedure.

By the Commission.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

**Appendix**

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Tallgrass Interstate Gas Transmission, LLC  
FERC NGA Gas Tariff  
Tariffs

Tariff records are accepted effective December 1, 2015, subject to conditions:

[GT&C, Section 3.15 - Reservation Charge Credits, 0.0.1](#)

[GT&C, Section 16 - Limitations on Obligations, 3.0.1](#)

Tariff records are accepted and suspended to be effective, upon motion, May 1, 2016, subject to refund:

[TOC, Table of Contents, 5.0.1](#)

[Rates, Currently Effective Rates - FT, 4.0.1](#)

[Rates, Currently Effective Rates - IT, 3.0.1](#)

[Rates, Currently Effective Rates - NNS, 3.0.1](#)

[Rates, Currently Effective Rates - SCS, 3.0.1](#)

[Rates, Currently Effective Rates - PALS, 2.0.1](#)

[Rates, Currently Effective Rates - S-PALS, 2.0.1](#)

[Rates, Currently Effective Rates - CMC-2, 2.0.1](#)

[Rates, Currently Effective Rates - FSS, 3.0.1](#)

[Rates, Currently Effective Rates - ISS, 3.0.1](#)

[Rates, Currently Effective Rates - ACA & Other, 5.0.1](#)

[Rates, Currently Effective Rates - FL&U, 5.0.1](#)

[Negotiated Rates - 1, Negotiated Rates - 1, 30.0.1](#)

[Negotiated Rates - 2, Negotiated Rates - 2, 30.0.1](#)

[Negotiated Rates - 3, Negotiated Rates - 3, 30.0.1](#)

[Rate Schedule, Rate Schedule FT, 3.0.1](#)

[Rate Schedule, Rate Schedule IT, 3.0.1](#)

[Rate Schedule, Rate Schedule NNS, 3.0.1](#)

[Rate Schedule, Rate Schedule S-PALS, 3.0.1](#)

[Rate Schedule, Reserved, 3.0.1](#)

[Rate Schedule, Rate Schedule CMC-2, 3.0.1](#)

[Rate Schedule, Rate Schedule FSS, 3.0.1](#)

[Rate Schedule, Rate Schedule ISS, 3.0.1](#)

[GT&C, General Terms and Conditions, 2.0.1](#)

[GT&C, Section 3.14 - Segmentation, 2.0.1](#)

[GT&C, Section 8 - Receipts & Deliveries, 2.0.1](#)

**Appendix**

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Tallgrass Interstate Gas Transmission, LLC  
FERC NGA Gas Tariff  
Tariffs

Tariff records are accepted and suspended to be effective, upon motion, May 1, 2016, subject to refund:

[GT&C, Section 15 - Reserved, 2.0.1](#)

[GT&C, Section 23 - Capacity Release by Firm Shippers, 3.0.1](#)

[GT&C, Section 27 - PRA Fuel and L&U Reimbursement, 2.0.1](#)

[GT&C, Section 28 - PRA Power Cost Tracker, 2.0.1](#)

[GT&C, Section 29 - Operational Parameters, 2.0.1](#)

[GT&C, Section 29.5 - Directional Notice and OFO, 3.0.1](#)

[GT&C, Section 30 - Cost Recovery Mechanism, 2.0.1](#)

[GT&C, Section 33 - Discounting, 2.0.1](#)

[GT&C, Section 35 - Crediting of Imbalance Revenue, 3.0.1](#)

[Forms, Forms and Service Agreements, 4.0.1](#)

[Forms, Form of Service Agreement - FT, 3.0.1](#)

[Forms, Form of Service Agreement - IT, 3.0.1](#)

[Forms, Form of Service Agreement - NNS, 3.0.1](#)

[Forms, Form of Service Agreement - PALS, 4.0.1](#)

[Forms, Form of Service Agreement - S-PALS, 4.0.1](#)

[Forms, Reserved, 3.0.1](#)

[Forms, Form of Service Agreement - CMC-2, 3.0.1](#)