

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 4, 2006

In Reply Refer To:
East Tennessee Natural Gas, LLC
Docket No. RP05-672-002

East Tennessee Natural Gas, LLC
P.O. Box 1642
Houston, TX 77251-1642

Attention: Gregg E. McBride
Vice President, Rates & Economic Analysis

Reference: East-End Pooling Point *Pro Forma* Tariff Filing

Dear Mr. McBride:

1. On March 7, 2006, East Tennessee Natural Gas, LLC (East Tennessee) filed *pro forma* tariff revisions to comply with Article IV(1) of the Settlement Agreement approved by Commission Order dated October 26, 2005.¹ Article IV(1) requires East Tennessee to implement an east-end pooling point (pool) for firm transportation customers with primary point rights at any of several specified storage facilities. East Tennessee states that after the Commission approves the *pro forma* tariff revisions, it will begin systems modifications necessary to implement the pool and, at least 30 days prior to a proposed effective date of November 1, 2006, will file actual tariff revisions corresponding to the approved *pro forma* revisions. This order approves the *pro forma* tariff revisions subject to condition, as discussed below.

2. Public notice of East Tennessee's filing was issued on March 10, 2006, requiring protests to be filed in accordance with the provisions of section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2005)). On March 17, 2006, the East Tennessee Group (ETG) filed comments stating that it welcomed and supported East Tennessee's filing. No protests were filed.

¹ 113 FERC ¶ 61,099 (2005).

3. Article IV(1) of the Settlement states:

No later than March 31, 2006, East Tennessee shall file for an east-end pooling point, encompassing the Saltville and Early Grove storage facilities and the East Tennessee LNG storage facility. The pooling point is intended to increase customers' flexibility *to inject and withdraw* gas from storage. For every customer that has a firm transportation service agreement with primary point rights at any one of these storage facilities, this pooling point will enhance operational flexibility . . . by providing the equivalent level of primary point rights at any one or a combination of the three storage facilities through nominations at the new pooling point. [Emphasis added.]

4. *Pro Forma* Sheet No. 102 revises Rate Schedule FT-A by adding a new paragraph in subsections 3.1 (Receipt Points) and 3.2 (Delivery Points) entitled "East End Storage". The new paragraph in subsection 3.1 enables firm shippers to aggregate primary receipt point nominations for the purpose of withdrawing storage gas from the Kingsport liquefied natural gas storage facility, Early Grove storage facility, the original Saltville storage facility, the original Saltville (Radford) storage facility, and the Saltville LLC storage facility up to the sum of the Maximum Daily Receipt Obligation(s) stated in the shipper's FT-A service agreement for those receipt points. The new paragraph in subsection 3.2 is substantively identical to the new paragraph in subsection 3.1, except that the paragraph in subsection 3.2 provides for aggregate treatment of nominations utilizing delivery points for injecting gas into the facilities.

5. *Pro Forma* Sheet No. 123 adds a new paragraph to subsection 3.1 (Receipt Points) of Rate Schedule FT-GS² which is identical to the new paragraph in subsection 3.1 of Rate Schedule FT-A, except for a reference to the applicable rate schedule. East Tennessee did not revise subsection 3.2 (Delivery Points) of Rate Schedule FT-GS to enable an FT-GS shipper to aggregate nominations for the purpose of injecting gas into the east-end pool.

6. We will approve the proposal subject to condition. According to Article IV(1) of the Settlement, the purpose of the proposed east-end pooling point is to enable a firm shipper to aggregate its nomination rights at primary points within the east-end storage facilities for the purpose of injecting and withdrawing gas. A firm shipper on East Tennessee's system would nominate at a storage delivery point for the purpose of injecting gas, and nominate at a storage receipt point in order to withdraw gas. Although East Tennessee revised Rate Schedule FT-A to create pooling rights at both delivery points and receipt points of the pooled facilities, it revised Rate Schedule FT-GS to create

² Rate Schedule FT-GS is available to customers that meet certain eligibility requirements, including not receiving total deliveries of more than 4,167 Dths during any day of the eleven months preceding the billing month.

pooling rights only at receipt points of the facilities. Thus, an FT-GS shipper would have the right to nominate withdrawals from the pool but not to nominate injections into the pool. Despite the fact that ETG, which does include several FT-GS shippers, filed comments supporting the proposal, it is not clear why East Tennessee limited the pooling rights of FT-GS shippers in this way. In other respects, East Tennessee's filing complies with Article IV(1).

7. Therefore, East Tennessee's *pro forma* tariff proposal is approved subject to East Tennessee filing within 10 days of the date of this order to either revise the *pro forma* tariff language in this filing by adding delivery point pooling rights to subsection 3.2 of Rate Schedule FT-GS, or to explain why the instant proposal fully complies with Article IV(1) of the Settlement.

8. Finally, East Tennessee states that after Commission approval, it will begin systems modifications necessary for operation of the pool. Representing that development and testing of the modifications will require considerable time, East Tennessee proposes to file actual tariff sheets in accordance with the 30-day notice provisions of section 154.207 of the Commission's regulations (18 C.F.R. § 154.207 (2005)) to implement the *pro forma* revisions effective no later than November 1, 2006. East Tennessee's proposal in this regard is approved.

By direction of the Commission.

Magalie R. Salas,
Secretary.