

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

November 17, 2006

In Reply Refer To:  
East Tennessee Natural Gas, LLC  
Docket No. RP07-23-000

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

Attention: David A. McCallum  
Director, Rates and Tariffs

Reference: Revised Tariff Sheets Listed In Appendix

Dear Mr. McCallum:

1. On October 18, 2006, East Tennessee Natural Gas, LLC (East Tennessee) filed the referenced tariff sheets in the Appendix to this order which, according to East Tennessee (i) remove outdated provisions related to the implementation of Order No. 636, *et seq.*, (ii) modify Exhibit A to the *pro forma* firm transportation and storage agreements to correct the factor used to convert cubic feet to dekatherms, (iii) correct various sections of Rate Schedule FT-A to capitalize a defined term, and (iv) make additional conforming changes to East Tennessee's tariff. East Tennessee requests an effective date of November 18, 2006. For the most part, the revisions delete or modify language to reflect currently-approved system operations. However, as discussed below, the proposed revisions to section 11.2 of the General Terms and Conditions (GT&C), dealing with allocation of Rate Schedule LNGS capacity, appear to limit the availability of otherwise generally-available open-access storage capacity in a manner different from its currently-approved allocation method and are unclear. The tariff sheets listed in the Appendix are accepted to be effective November 18, 2006, as proposed, subject to the conditions set forth below.

2. Section 11 of the GT&C of East Tennessee's tariff currently sets forth outdated provisions for allocating LNGS capacity to certain shippers converting from now-terminated bundled sales service as authorized in East Tennessee's Order No. 636 restructuring proceeding in Docket No. RS92-33-000, *et al.* Section 11.1 currently provides for the allocation of LNG storage service and firm transportation capacity to customers converting from service under now-terminated sales Rate Schedule SWS.

Section 11.2 provides that a shipper on East Tennessee's system may request any portion of an additional 197,554 Dths of Winter Season LNGS capacity and 5,320 Dth maximum daily LNGS quantity. The remaining provisions of section 11.2 of the currently effective tariff establish an order of priority for allocating this additional capacity among three classes of shippers, the first two classes being sales customers under now-terminated Rate Schedule SWS, and the last class being shippers on the East Tennessee system.

3. East Tennessee proposes to revise section 11 to delete the language of section 11.1 (reserving that section for further use) and to revise section 11.2 to provide: "To the extent that Transporter determines, in its sole discretion, that all or a portion of such capacity is not needed to support Transporter's system operations, Transporter will make available an additional 197,554 dth of Winter season LNGS Quantity capacity to any Shipper who holds an existing LNGS service agreement(s)." It is unclear from this revision whether East Tennessee intends to make such capacity available to any current or future LNGS shipper, as required under its open-access tariff, or just available to current shippers holding an LNGS service agreement on the effective date of this provision. If East Tennessee intends the latter, it should explain why such capacity should not be generally available. Further, the proposed revisions to section 11.2 appear to give East Tennessee the sole discretion to reserve LNGS capacity for operational use rather than for contract storage service for its customers. East Tennessee is directed to explain what authorization it received, and the source of such authorization, to reserve such capacity to support its system operations rather than being required to offer such capacity to its shippers. Finally, the reference to "such capacity" in the foregoing sentence revising section 11.2 is unclear in light of the deletion of language in section 11.1 describing what the words "such capacity" are referring to. East Tennessee is directed to explain its proposed revisions, propose further revisions to clarify section 11.2 consistent with Commission policy and precedent, and address the questions raised in this order within 20 days of the date of this order. Acceptance of the subject tariff revisions is subject to Commission review and action on East Tennessee's compliance response.

4. Public notice of the filing was issued on October 20, 2006. Interventions and protests were due as provided in section 154.210 (18 C.F.R § 154.210 (2006)) of the Commission's regulations. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2006)) all timely filed motions to intervene and any motion 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 the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

By direction of the Commission.

Magalie R. Salas,  
Secretary.

**APPENDIX**

East Tennessee Natural Gas, LLC

Tariff Sheets to Third Revised Volume No. 1  
Accepted Effective November 18, 2006, Subject to Condition

Sixth Revised Sheet No. 20  
Eighth Revised Sheet No. 21  
First Revised Sheet No. 22  
Fourth Revised Sheet No. 101  
Second Revised Sheet No. 121  
Fifth Revised Sheet No. 300  
Second Revised Sheet No. 301  
First Revised Sheet No. 310  
Second Revised Sheet No. 312  
Fourth Revised Sheet No. 317  
Second Revised Sheet No. 319  
First Revised Sheet No. 320  
Second Revised Sheet No. 321  
First Revised Sheet No. 322  
First Revised Sheet No. 323  
First Revised Sheet No. 324  
First Revised Sheet No. 325  
First Revised Sheet No. 326  
Second Revised Sheet No. 337  
First Revised Sheet No. 386  
First Revised Sheet No. 387  
First Revised Sheet No. 388  
First Revised Sheet No. 389  
Second Revised Sheet No. 390  
First Revised Sheet No. 509  
Second Revised Sheet No. 529