FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

April 25, 2007

In Reply Refer To:
Columbia Gas Transmission Corporation
Docket No. RP07-362-000

Columbia Gas Transmission Corporation
2603 Augusta, Suite 300
Houston, Texas 77057-5637

Attention: James R. Downs, Director of Regulatory Affairs

Reference: Revised Tariff Sheets

Dear Mr. Downs:

1. On March 26, 2007, Columbia Gas Transmission Corporation (Columbia Gas) filed revised tariff sheets[1] to implement the procedures to be followed for the sale of capacity with a future service commencement date. Columbia Gas requests that the proposed tariff sheets be accepted effective April 26, 2007. The referenced tariff sheets are accepted effective April 26, 2007, subject to the condition set forth below.

2. Columbia Gas proposes to revise section 4.2 of the General Terms and Conditions (GT&C) of its tariff to make available, for future sale, capacity that is (1) currently unsubscribed, (2) under expiring or terminating service agreements which do not have a right of first refusal (ROFR) or for which a shipper does not exercise its ROFR; or (3) available due to modification, construction and/or acquisition of facilities.

3. Columbia Gas states that the proposed tariff change will benefit its shippers if it has the discretion to sell capacity with a future service commencement date. Columbia Gas proposes to revise its tariff to implement an open season capacity bidding process that will permit Columbia Gas to conduct open seasons and accept bids for capacity with

[1] See attached appendix for a listing of the filed tariff sheets.

a service commencement date at any time in the future. Under its proposal, Columbia Gas states that it will award capacity to the shipper making the highest net present value (NPV) bid taking into account the price, term offered, and the proposed service commencement date. Columbia Gas asserts that when an open season is conducted, all applicable requests for capacity that are the subject of the open season will be treated and awarded under this open season process. Columbia Gas states that its proposed open season capacity bidding process is consistent with prior Commission rulings.[2]

4. Columbia Gas states that, if it sells capacity with a future service commencement date under these provisions, capacity will be made available to other shippers on an interim basis up to the commencement date of the prospective firm transportation service agreement. In addition, if the future service commencement date is more than one year into the future and the interim capacity would otherwise be eligible for a ROFR because it is being acquired at a maximum applicable tariff rate, Columbia Gas states that it will limit the ROFR rights of such interim capacity commensurate with the future service commencement date. Columbia Gas asserts that, if ROFR rights are limited, the transportation service agreement will note the limitation.

5. Public notice of the filing was issued on March 29, 2007. Interventions and protests were due as provided in section 154.210 of the Commission's regulations. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2006)), all timely filed motions to intervene and any 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 the proceeding or place additional burdens on existing parties. Washington Gas Light Company (Washington Gas) filed comments, which are discussed below. On April 16, 2007, Columbia Gas filed an answer responding to Washington Gas' comments.[3]

6. Washington Gas argues that Columbia Gas has not explained why it needs the proposed tariff provision or how its proposal dovetails with its currently effective tariff

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[2] Columbia Gas' Transmittal Letter at 2, *citing, Columbia Gulf Transmission Co.*, 118 FERC ¶ 61,194 (2007); *Gas Transmission Northwest Corp.*, 109 FERC ¶ 61,141 (2004); *Northern Natural Gas Co.*, 109 FERC ¶ 61,388 (2004), *order on compliance*, 110 FERC ¶ 61,361 (2005); *East Tennessee Natural Gas, LLC*, 113 FERC ¶ 61,177 (2005); *Wyoming Interstate Co., Ltd.*, 110 FERC ¶ 61,238 (2005); *Great Lakes Gas Transmission Co.*, 112 FERC ¶ 61,341 (2005).

[3] Under Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 213(a)(2) (2006), answers to protests are not accepted unless otherwise ordered by the decisional authority. The Commission will accept Columbia Gas' answer because it provided information that assisted in our decision-making process.

that already contains provisions governing the sale of available capacity. Washington Gas states that it does not contest the ability to sell capacity with a future commencement date, but states that the tariff must be clear as to how the procedure will work such that all open access rights are preserved and no opportunity exists for undue discrimination or for abuse.

7. Specifically, Washington Gas argues that the proposed tariff sheet would seem to reserve for Columbia Gas' sole discretion whether it will conduct an open season for "Available Sale Capacity."[4] Washington Gas argues that this provision seems to contradict the existing tariff provisions that mandate that capacity be posted and sold whenever it is available and in no case withheld from the market, except in unique and limited circumstances.[5]

8. In its Answer, Columbia Gas states that its proposal is virtually identical to the tariff filing by Columbia Gas' sister pipeline, Columbia Gulf Transmission Company (Columbia Gulf) which was approved by the Commission in an order issued March 15, 2007, [6] and that Washington Gas acknowledges that Columbia Gas' proposal will benefit its shippers, does not contest that it is virtually identical to Columbia Gulf's tariff, and does not address the abundance of Commission precedent on which Columbia Gas' proposal is modeled and which clearly supports its proposal. In response to Washington Gas' claim that the proposal contradicts the existing tariff, Columbia Gas responds that under its existing tariff, all existing capacity that is not previously committed must be made available for sale and cannot be withheld from the market.[7] Columbia Gas states that its future sale tariff provision does not alter this requirement and does not withhold capacity from the market. Columbia Gas asserts that the future sale tariff provision

[4] *Citing* proposed section 4.2(j)(i) of the GT&C of Columbia Gas' tariff stating that "Transporter <u>may</u> conduct an open season . . ." [emphasis added]

[5] *Citing* what it characterizes as "Proposed section 4.2(c)(2) (3rd paragraph) ("Available Reservation Capacity")." Washington Gas Comment at 2. It appears that Washington Gas mis-cited section 4.2(c)(2) as it is a revised provision concerning net present value (NPV) evaluation of bids and does not refer to "Available Reservation Capacity." The language to which Washington Gas appears to intend to refer is from the third paragraph of existing section 4.2(i) which concerns posting requirements for Columbia Gas' reservation of capacity for future expansion projects.

[6] *Citing Columbia Gulf Transmission Co.*, 118 FERC ¶ 61,194 (2007).

[7] *Citing* section 4.2 of the GT&C of Columbia Gas' tariff ("As capacity becomes available on Transporter's system . . . , such capacity shall be made available for bidding provided that it is not previously committed and capacity remains available.").

simply permits Columbia Gas to offer to sell to shippers that desire a future service commencement date existing capacity (and in certain circumstances newly developed capacity) that is not previously committed. Columbia Gas notes that these future sales will be conducted via an open season. Further, Columbia Gas states that even in the context of the future sale tariff provision, shippers can purchase the capacity with an immediate start date: "Any potential shippers wishing to acquire the 'Available Sale Capacity' may participate in the open season and may request an immediate or any future service commencement date."[8] Moreover, Columbia Gas asserts that once sold, that capacity will continue to be made available during the interim period before the future service commences.

9. Washington Gas argues that the proposed tariff change would add a new type of available capacity, referred to as "Available Sale Capacity," to "Generally Available Capacity" and "Available Reservation Capacity" that are already described in Columbia Gas' tariff. Washington Gas asserts that Columbia Gas has not explained why this new category is needed or what type of capacity will be sold under this new provision that cannot already be adequately handled under its existing tariff.

10. In its Answer, Columbia Gas states that, under its existing tariff in section 4.1(c)(6) of the GT&C, unsubscribed existing capacity is made available for sale as "Generally Available Capacity," but no existing tariff provision permits Columbia Gas to sell that capacity with a future service commencement date. Columbia Gas states that, consistent with established Commission precedent, the instant tariff provisions were filed to distinguish the sale of capacity with a future commencement date that it elected to identify as "Available Sale Capacity" from "Generally Available Capacity" that is not being offered for sale with a future service commencement date. Columbia Gas asserts that its decision to distinguish between categories of capacity in this manner is fully consistent with the nomenclature approved by the Commission for Columbia Gulf's future sale provisions. Further, Columbia Gas states that it is also consistent with Columbia Gas' approach when it implemented tariff provisions authorizing Columbia Gas to reserve capacity for future expansion projects.

11. The Commission finds that Columbia Gas' proposed tariff provisions are generally just and reasonable and accepts them, subject to the condition set forth below. Columbia Gas' filing, as supplemented by the information provided in its Answer, adequately supports the need for permitting the sale of capacity for service to commence in the

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[8] *Citing* proposed section 4.2(j)(ii) of the GT&C of Columbia Gas' tariff.

future. As Columbia Gas points out, its proposed tariff provisions are consistent with Commission precedent and tariff provisions recently approved for a similar proposal filed by Columbia Gulf.[9]

12. Washington Gas argues that the language in proposed section 4.2(j)(i) stating that "Transporter may conduct an open season" appears to give Columbia Gas sole discretion on whether to conduct an open season and to contradict the existing tariff's provisions that require that all available capacity be posted and sold and not withheld. In its answer, Columbia Gas points out that, under section 4.2 of the GT&C of its existing tariff, all existing capacity that is not previously committed must be made available for sale and cannot be withheld from the market. Columbia Gas asserts that the proposed tariff provision simply permits it to offer to sell existing capacity (and in certain circumstances newly developed capacity) that is not previously committed with a future service commencement date through an open season. Potential shippers may acquire such capacity and request either an immediate or future service commencement date. Further, the capacity with a future service commencement date will be made available to other shippers on an interim basis up to the future service commencement date. Therefore, Columbia Gas will make all capacity available for sale and will not withhold capacity from the market. However, Columbia Gas' proposal will give it the option of offering the capacity for sale with a future service commencement date in addition to offering the capacity for immediate sale. This is consistent with the Commission's policy of allowing pipelines some degree of flexibility in how they market their capacity in order to sell it to those who value it the most.[10] Accordingly, there is no conflict, as asserted by Washington Gas, of the proposed tariff revisions with Columbia Gas' existing tariff provisions.

13. Washington Gas argues that Columbia Gas has not explained what type of capacity Available Sale Capacity consists of. However, Available Sale Capacity is expressly defined in the proposed tariff language as:

> (1) any unsubscribed capacity; (2) any capacity under expiring or terminating service agreements where such agreements do not have a right of first refusal or shipper does not exercise its right of first refusal; or (3) any capacity that becomes available due to modification,

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[9] *Columbia Gulf Transmission Co*., 118 FERC ¶ 61,194 (2007).

[10] *Gulf South Pipeline Co., LP*, 119 FERC ¶ 61,032, at P11 (2007).

> construction, or acquisition of facilities in accordance with the Commission's certificate regulations (collectively "Available Sale Capacity”).[11]

14. However, with respect to Washington Gas’ comment questioning the need for a new category of capacity in light of current tariff provisions governing Columbia Gas’ election to reserve capacity for future expansion projects under section 4.2(i) (“Available Reservation Capacity”), it appears that existing section 4.2(i) could overlap with proposed section 4.2(j)(i)(3) insofar as section 4.2(j)(i)(3) covers future capacity available due to construction of facilities. Acceptance of the subject tariff sheets is conditioned on Columbia Gas clarifying its proposal or filing revised provisions to eliminate any overlap between the two sections, within 20 days of this order.

15. Accordingly, the Commission will accept Columbia Gas’ proposed tariff sheets to be effective April 26, 2007, subject to the condition set forth above.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

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[11] Proposed section 4.2(j)(i) of the GT&C of Columbia Gas’ tariff.

Appendix

Columbia Gas Transmission Corporation
FERC Gas Tariff
Second Revised Volume No. 1

Ninth Revised Sheet No. 280
Tenth Revised Sheet No. 282
First Revised Sheet No. 283A
Third Revised Sheet No. 501A
Fourth Revised Sheet No. 502A
Third Revised Sheet No. 503.01
Second Revised Sheet No. 505A
Sixth Revised Sheet No. 511
First Revised Sheet No. 542