

122 FERC ¶ 61,074
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

January 31, 2008

In Reply Refer To:
Gulf South Pipeline Company, LP
Docket No. RP07-561-000

Gulf South Pipeline Company, LP
9 E. Greenway Plaza, Suite 2800
Houston, TX 77046

Attention: Michael E. McMahon
General Counsel & Senior Vice President

Reference: Provisions Authorizing New Firm In-the-Path Service and Pooling Areas
and Paper Pooling Points for Expansion Facilities

Dear Mr. McMahon:

1. On August 3, 2007, Gulf South Pipeline Company, LP (Gulf South) filed revised tariff sheets¹ to establish a new “Firm In-the-Path Service” scheduling priority applicable to shippers that have firm capacity on its Expansion Facilities. The Commission approved the Expansion Facilities in three certificate proceedings.² Together, the Expansion Facilities will constitute a single high pressure, straight line pipeline running

¹ First Revised Sheet No. 716, Fourth Revised Sheet No. 804, Third Revised Sheet No. 805, Second Revised Sheet No. 805A, Second Revised Sheet No. 1807, Fourth Revised Sheet No. 1810, Original Sheet No. 1810A, and Third Revised Sheet No. 1811, to its FERC Gas Tariff, Sixth Revised Volume No. 1.

² Gulf South states that the Expansion Facilities include the East Texas to Mississippi Expansion Project which received a certificate of public convenience and necessity on June 18, 2007, in Docket No. CP06-446-000, *et al.*, *Gulf South Pipeline Co., LP, et al.*, 119 FERC ¶ 61,281 (2007); approximately 22 miles of pipeline extending from Carthage, Texas to Keatchie, Louisiana constructed pursuant to a prior notice filing in Docket No. CP06-127-000, which went into service in December 2006; and the Southeast Expansion Project in Docket No. CP07-32-000, *et al.*, approved by the Commission on September 27, 2007, *Gulf South Pipeline Co., LP, et al.*, 120 FERC ¶ 61,291 (2007).

from the Carthage, Texas area to Transcontinental Gas Pipe Line Corporation's (Transco) Station 85 in Alabama. Gulf South also proposed to create four new pooling areas with corresponding paper pooling points on its new expansion system. In its August 30, 2007 order in this proceeding (August 30 Order),³ the Commission accepted and suspended the revised tariff sheets to become effective the earlier of a date established by a subsequent order or February 3, 2008, subject to refund and conditions and further review. The Commission conditionally accepts Gulf South's revised tariff sheets, to become effective February 3, 2008, as more fully discussed below.

2. Gulf South proposed to establish Firm In-the-Path Service scheduling rights for firm transportation customers who hold capacity on the Expansion Facilities. Gulf South stated that it is not proposing to implement Firm In-the-Path Service scheduling on its historical system because that system's reticulated, bidirectional operations still render in-the-path scheduling operationally infeasible. Gulf South asserted that its proposal to provide Firm In-the-Path Service scheduling only on the non-reticulated Expansion Facilities is consistent with Commission decisions approving tariff proposals providing in-the-path scheduling rights only on non-reticulated discrete portions of a pipeline system, without providing such rights on reticulated portions of the pipeline's system. Gulf South stated that it will continue to schedule capacity on its historical system based on non-pathed primary point pairs. Gulf South further stated that to the extent a customer holds firm transportation capacity on both the Expansion Facilities and the historical system, Firm In-the-Path Service scheduling rights will apply only to capacity scheduled on the Expansion Facilities, and will not apply to capacity scheduled on its historical system.

3. Gulf South proposed to add the terms "Firm In-the-Path Service" and "Expansion Facilities"⁴ to the definitions section of its General Terms and Conditions (GT&C). Gulf South further proposed to amend section 11.4 of its GT&C to include the in-the-path scheduling priority as follows: (i) Firm Primary Service, (ii) Firm In-the-Path Service, (iii) Firm Secondary Service, and (iv) Firm Supplemental Service. Gulf South further maintained that the in-the-path scheduling priority applies only when scheduling mainline capacity on the Expansion Facilities under firm service agreements that specifically contracted for Expansion Facilities capacity. Gulf South proposed that to qualify for such

³ 120 FERC ¶ 61,200 (2007).

⁴ Gulf South proposed to define "Expansion Facilities" as "the pipeline and associated facilities associated with Gulf South Index Nos. 816-1, 816, and 817, such facilities extending from the Carthage, Texas area to Transco Station 85 in Choctaw County, Alabama."

scheduling priority, one point must be a primary point with “Available Quantities”⁵ and the other point must be a supplemental point⁶ located either (i) on the Expansion Facilities between the contracted primary point pair locations, or (ii) off the Expansion, only for such portions of the capacity scheduled on the Expansion Facilities between the primary point and the point where Gulf South receives or delivers the subject gas quantities from the historical system. Gulf South maintained that all capacity used on the Expansion Facilities must have Available Quantities. Gulf South further maintained that it will deem any expansion shipper with primary receipt points on the historical system to enter the Expansion Facilities in the vicinity of Carthage Junction and such shippers will have the same Firm In-the-Path rights on the Expansion header system as those expansion shippers with primary receipt points on the Expansion header system. Gulf South stated that, if a customer selects a secondary point not located on the Expansion Facilities, the customer will be subject to the scheduling rules applicable to historical system capacity.

4. Gulf South also proposed to modify Rate Schedule PS to add four new pooling areas, each with one paper pooling point, to its system. Gulf South stated that it currently has 11 pooling areas on its historical system and that each pooling area contains one paper pooling point. Gulf South further stated that the new pooling areas will be located on the expansion system, and will allow expansion and existing shippers to manage supplies at the new pools under Rate Schedule PS.⁷ Gulf South stated that,

⁵ Gulf South defines “Available Quantities” in its current tariff provisions as the applicable point or contract Maximum Daily Quantity (MDQ), Maximum Storage Quantity (MSQ), Maximum Daily Injection Quantity (MDIQ), or Maximum Daily Withdrawal Quantity (MDWQ) as established in the service agreements or, for interruptible services, the quantities nominated and confirmed, divided by (24) twenty-four and multiplied by the remaining hours in the day plus the Elapsed-Prorated-Scheduled Quantity, if any.

⁶ “Firm Supplemental Service” is defined in Gulf South’s tariff as “the scheduling priority for service under firm service agreements where either (1) both points are supplemental points; or (2) both points are primary points without Available Quantities; or (3) one point is a supplemental point and the other point is a primary point without Available Quantities.”

⁷ Gulf South’s new pooling areas include the following: Pool Area 16, located in Panola County, Texas, consisting of Station Location Nos. 22116, 21921, 21922, and 21923; Pool Area 17, located in Ouachita Parish, Louisiana, consisting of Station Location Nos. 22117, 22095, 22106, 22107, 22110, 22111, and 22133; Pool Area 18, located in Madison Parish, Louisiana, consisting of Station Location Nos. 22118, 22113, and 22112; and Pool Area 19, located in Simpson County, Mississippi, consisting of Station Location Nos. 22118, 22129, 22128, and 22108.

due to the higher operating pressures on the Expansion Facilities, it proposes to create discrete pools for its Expansion Facilities. Gulf South further stated that the new pooling areas and paper pooling points will ensure that shippers on the Expansion Facilities have the same ability to pool gas receipts as shippers on the historical system.

5. In the August 30 Order, the Commission accepted and suspended the proposed tariff sheets, to become effective the earlier of a date established by a subsequent order or February 3, 2008, subject to refund and conditions and further Commission review. The Commission accepted Gulf South's answer to the protests filed in the proceeding. The Commission directed Gulf South, within twenty days of the date of that order issued, to provide further information and explanations and denied requests for a technical conference.⁸

6. On October 10, 2007, Gulf South filed its response providing further information and explanations of its proposal. The protestors, BP America Production Company and BP Energy Company (BP), Merrill Lynch Commodities, Inc. (Merrill Lynch), and ConocoPhillips Company (ConocoPhillips) (collectively Indicated Shippers), withdrew their protests and requests for technical conference and other pleadings filed in this proceeding. On January 15, 2008, following BP and Merrill Lynch's withdrawals and prior to ConocoPhillips' withdrawal, Gulf South filed additional comments in this proceeding (additional comments).⁹ Public notice of Gulf South's additional comments issued on January 16, 2008, with answers due on or before January 22, 2008. No party filed an answer in opposition to the additional comments.

7. In its additional comments, Gulf South states that it and ConocoPhillips mutually developed modified tariff language that clarified the language of Gulf South's proposed

⁸ Sempra Energy Trading, Inc. (Sempra Energy) filed a late motion to intervene. Granting late intervention at this time will not disrupt the proceeding or place additional burdens on existing parties. Therefore, the Commission grants Sempra Energy's late motion to intervene. Sempra Energy must accept the record of this proceeding as developed prior to the late intervention.

⁹ The Commission's Rules of Practice and Procedure do not permit answers to protests or answers to answers (18 C.F.R. § 385.213(a)(2)(2007)). However, the Commission finds good cause to admit Gulf South's additional comments since it will not delay the proceeding, may assist the Commission in understanding the issues raised, and will ensure a complete record. Therefore, Gulf South's additional comments are accepted.

tariff sheets to the satisfaction of both parties. Gulf South offers to clarify the definitions of "Expansion Facilities" and "Firm In-the-Path Service" in proposed Substitute Fourth Revised Sheet No. 804 and Substitute Third Revised Sheet No. 805 as follows:

"Expansion Facilities" shall mean the pipeline and associated facilities specifically identified in Docket Nos. CP06-127, CP06-446, and CP07-32 as associated with Gulf South Index Nos. 816-1, 816, and 817, such facilities extending from the Carthage, Texas area to Transco Station 85 in Choctaw County, Alabama, but excluding any non-Expansion (i.e., historical) interconnections and associated facilities, such as Gulf South Index Nos. 130 (Kosci Line) and 330 (Middle 30).

"Firm In-the-Path Service" is the scheduling priority applicable under firm service agreements that specifically contracted for capacity on the Expansion Facilities, and only for the scheduling of gas nominated on the Expansion Facilities under firm service agreements that specifically contracted for Expansion Facility capacity, where one point is a primary point physically located on the Expansion Facilities with Available Quantities and the other point is a supplemental point physically located either (i) on the Expansion Facilities between the Customer's contracted primary point pair locations. If a Customer has a firm service agreement that specifically contracts for capacity on the Expansion Facilities and, under such contract, such Customer nominates a receipt or delivery point that is not located on the Expansion Facilities, the Firm In-the-Path scheduling priority will apply to volumes being scheduled on the Expansion Facilities, but will not apply to volumes being scheduled on Gulf South's non-Expansion pipeline system. or (ii) off the Expansion, only for such portions of the capacity scheduled on the Expansion Facilities between the primary point and the point at which the capacity is delivered to or received from the non-Expansion system. All capacity utilized on the Expansion Facilities must have Available Quantities.

Gulf South asserts that these modifications clarify its original intent to implement Firm In-the-Path Service on the Expansion Facilities only. Gulf South further asserts that these revisions are the only changes it is proposing to the originally proposed tariff sheets.

8. Gulf South's proposed clarification is reasonable. Further, Gulf South's response is accepted as in satisfactory compliance with the August 30 Order. Gulf South's now uncontested proposal to provide in-the-path scheduling priority on its Expansion Facilities is consistent with Commission policy favoring an in-the-path scheduling

priority.¹⁰ The Expansion Facilities constitute a non-reticulated, straight line pipeline which is operationally distinct from the existing reticulated system. Because the Expansion Facilities operate at a higher pressure than the existing system, gas can only physically enter the Expansion Facilities from the existing system in the area of Carthage, Texas at the upstream end of the Expansion Facilities. Accordingly, it is reasonable for Gulf South to provide an in-the-path scheduling priority only on the Expansion Facilities, while continuing not to implement such a scheduling priority on its existing, reticulated system. Therefore, the Commission conditionally accepts the revised tariff sheets, subject to Gulf South filing revised tariff sheets with the proposed substitute tariff sheets containing the clarifying language above within 15 days of the date this order issues.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

¹⁰ *Regulation of Short-Term Natural Gas Transportation Services, and Regulation of Interstate Natural Gas Transportation*, Order No. 637-A, FERC Stats. & Regs. ¶ 31,099, at 31,596-98 (2000).