

126 FERC ¶ 61,304
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 31, 2009

In Reply Refer To:
Mississippi Canyon Gas Pipeline, LLC
Docket Nos. RP09-366-000 and
RP09-366-001

Mississippi Canyon Gas Pipeline, LLC
1100 Louisiana Street, Suite 3300
Houston, TX 77002

Attention: Chris Kaitson
Assistant Secretary

Reference: Revised Tariff Sheets Regarding Hydrocarbon Liquids and Retrograde
Condensate

Ladies and Gentlemen:

1. On February 12, 2009, in Docket No. RP09-366-000, Mississippi Canyon Gas Pipeline, LLC (Mississippi Canyon) filed revised tariff sheets, as modified on February 24, 2009 in Docket No. RP09-366-001, to clarify the treatment of injected hydrocarbon liquids and retrograde condensate transported on Mississippi Canyon's system.¹ As discussed below, we accept the revised tariff sheets listed in the Appendix to become effective April 1, 2009, as requested, subject to conditions.

2. Mississippi Canyon states that it is a dual-phase system that transports the natural gas stream received offshore from West Delta Block 143 to various onshore interstate pipeline interconnections and the inlet of the Venice Processing Plant in Plaquemines Parish, Louisiana. Upstream of these onshore interconnections is the Separation-Stabilization Facility owned by Enbridge Offshore Facilities, LLC (Enbridge), which provides separation and stabilization of Mississippi Canyon shippers' liquids and retrograde condensate. Mississippi Canyon states that Enbridge is negotiating with

¹ See Appendix.

Mississippi Canyon shippers to expand and upgrade the Separation-Stabilization Facility to handle increased quantities of liquids and/or retrograde condensate from the natural gas stream transported onshore by Mississippi Canyon, which the shippers strongly support to ensure that natural gas and associated oil production will not be disrupted or curtailed due to inadequate separation/stabilization capacity.

3. Mississippi Canyon currently offers firm (FT-1, FT-2) and interruptible (IT-1) natural gas transportation service pursuant to its tariff and an optional non-jurisdictional liquids transportation service for shippers pursuant to a Liquids Transportation Agreement (LTA).

4. To ensure that no ambiguity exists in Mississippi Canyon's tariff as to its treatment of injected hydrocarbon liquids and retrograde condensate transported on its system, Mississippi Canyon proposes the following tariff revisions to the GT&C: (a) adding or clarifying definitions for "equivalent quantities" (section I(j)), "Liquids" (section I(m)), "Retrograde Condensate" (section I(ag)), and "Separation-Stabilization Facility" (section I(ai)); (b) revisions to Mississippi Canyon's form of service agreement for Rate Schedules FT-1, FT-2, and IT-1 that reflect the proposed new or revised definitions; (c) changing its force majeure provision to include a specific reference to disruption of services provided by the Separation-Stabilization Facility (section 7.3(b)); and (d) adding an indemnification provision to section 8 applicable to both Mississippi Canyon and its shippers.

5. Mississippi Canyon states that the bulk of its proposed tariff revisions are fully consistent with its interpretation of its existing tariff provisions and past practices under its tariff and are not intended to alter Mississippi Canyon's existing service obligations, or the obligations of its shippers. Further, Mississippi Canyon states that its tariff clarifications will eliminate any ambiguity which could potentially interfere with Mississippi Canyon's shippers and Enbridge agreeing on how best to increase capacity at the Separation-Stabilization Facility.

6. Notice of Mississippi Canyon's filings in Docket Nos. RP09-366-000 and RP09-366-001 was issued on February 18, 2009 and February 27, 2009, respectively. Interventions and protests were due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2008). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2008), all timely-filed motions to intervene and any motions to intervene out-of-time 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. Comments were filed by Exxon Mobil Gas & Power Marketing Company (ExxonMobil) and Shell Offshore Inc. (Shell).

7. ExxonMobil states that it does not object in general to Mississippi Canyon's proposed tariff revisions. However, ExxonMobil requests that the Commission clarify that acceptance of the proposed tariff sheets does not constitute any finding with regard to Mississippi Canyon's past practices, in particular whether those past practices conformed to the tariff in effect at that time, and that Mississippi Canyon's proposed changes are effective prospectively from April 1, 2009. ExxonMobil is concerned that Mississippi Canyon, through its narrative explanation of the changes, is seeking post-hoc approval of unspecified past actions and practices. Moreover, ExxonMobil contends that Mississippi Canyon has failed to provide any basis upon which the Commission can determine whether or not Mississippi Canyon's proposed changes are consistent with Mississippi Canyon's past practices or whether or not Mississippi Canyon's past practices have been consistent with Mississippi Canyon's tariff as it existed at that time.

8. ExxonMobil also argues that the scope of Mississippi Canyon's proposed tariff changes constitute an acknowledgement that the proposed tariff revisions are necessary because its tariff is ambiguous and does not address certain issues. Further, Exxon Mobil argues that the addition of three significant and related new defined terms and a proposed revision to the definition of the term "Gas" are not minor or clarifying changes.

9. ExxonMobil also points out that the term "retrograde condensate" in the first paragraph of section 15.5 of the FT-2 form of service agreement should be capitalized and the term "retrograde liquid hydrocarbons" in the first paragraph of section 15.5 of the FT-1 form of service agreement should be changed to "Retrograde Condensate."

10. Shell requests that the Commission accept Mississippi Canyon's proposed tariff changes as filed and deny ExxonMobil's requested clarification without prejudice to its right to raise this issue in a different proceeding. Shell believes that Mississippi Canyon's proposed tariff changes (i) remove any ambiguity, (ii) are consistent with its past practices, (iii) are consistent with Mississippi Canyon's interpretation and intent under its existing tariff, and (iv) are required due to expected changes of the commingled gas stream transported on Mississippi Canyon's system and the resulting additional investment needed to handle such changes.

11. The Commission accepts Mississippi Canyon's proposed tariff sheets, to be effective as of April 1, 2009, subject to conditions, discussed below. However, our acceptance of Mississippi Canyon's proposed tariff sheets does not constitute any finding with regard to Mississippi Canyon's past practices. We agree with ExxonMobil that tariff changes are not applied to prior periods unless specifically requested by the pipeline and only when good cause has been shown.² Here, Mississippi Canyon has neither

² See *Williams Natural Gas Company*, 71 FERC ¶ 61,412, at 62,629 (1995).

requested nor shown cause why its tariff changes should apply to a period prior to April 1, 2009.

12. As a condition of our acceptance, Mississippi Canyon is directed to file revised tariff sheets, within 30 days of the date this order issues, that: (a) revise the first paragraph of section 15.5 in its FT-1 and IT-1 form of service agreements to change the term “retrograde liquid hydrocarbons” to “Retrograde Condensate” and (b) revise the first paragraph of section 15.5 in its FT-2 form of service agreement to capitalize the term “retrograde condensate.”

By direction of the Commission.

Kimberly D. Bose,
Secretary.

Appendix

**Mississippi Canyon Gas Pipeline, LLC
FERC Gas Tariff, First Revised Volume No. 1
Tariff Sheets Accepted Effective April 1, 2009, Subject to Conditions**

Sixth Revised Sheet No. 57
Original Sheet No. 57A
Second Revised Sheet No. 58
Second Revised Sheet No. 59
Second Revised Sheet No. 60
Third Revised Sheet No. 61
Substitute First Revised Sheet No. 85
First Revised Sheet No. 88
First Revised Sheet No. 247
First Revised Sheet No. 248
First Revised Sheet No. 258
First Revised Sheet No. 269