

129 FERC 61,113
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

November 6, 2009

In Reply Refer To:
Texas Gas Transmission, LLC
Docket No. RP09-548-001

Texas Gas Transmission, LLC
9 Greenway Plaza
Houston, TX 77046

Attention: J. Kyle Stephens
Vice President - Regulatory Affairs and Rates

Reference: Compliance Filing

Dear Mr. Stephens:

1. On July 29, 2009, Texas Gas Transmission, LLC (Texas Gas) filed revised tariff sheets to comply with the Commission's order issued June 30, 2009, in Docket No. RP09-548-000.¹ As discussed below, the Commission accepts the revised tariff sheets² filed by Texas Gas, to be effective December 1, 2009, subject to further conditions described herein.

2. On April 29, 2009, Texas Gas filed revised tariff sheets to redesign several of its *pro forma* service agreements. Texas Gas's filing created one *pro forma* service agreement for its FT, STF, NNS, NNL, SGT, SGL, and SNS services. Texas Gas also filed a *pro forma* service agreement for ISS, ISS-M, FSS, and FSS-M services; another *pro forma* service agreement for PAL agreements; and letter agreements for negotiated rate and discounted rate agreements. Texas Gas included language in the *pro forma*

¹ *Texas Gas Transmission, LLC*, 127 FERC ¶ 61,192 (2009) (May 29 Order).

² *See Appendix.*

service agreements incorporating subsequent modifications to its tariff into the agreements and providing that its tariff controls to the extent that there are any conflicts between the agreement and the tariff. The proposed *pro forma* service agreements included a provision for the insertion of supplemental exhibits, but the *pro forma* service agreement did not specify the information that would be included in the supplemental exhibits.

3. For some of the *pro forma* service and letter agreements, Texas Gas also filed a *pro forma* exhibit A and, if there were two exhibits, a *pro forma* exhibit B to identify and describe terms related to receipt and delivery points or, for the exhibit related to the PAL *pro forma* service agreement, points subject to the PAL service. These *pro forma* exhibits listed several items which could be inserted relating to the applicable points, but also stated that the inserted information “need not be limited to” the listed terms and also allowed for the insertion of “additional terms and conditions permitted by the Tariff” related to the respective points.

4. Several customers protested Texas Gas’s filing, claiming that the proposed *pro forma* service agreements and related exhibits lacked specificity and omitted certain terms. Referencing the Commission’s May 8, 2009 Order in Docket No. RP09-505-000, protestors also sought confirmation that the revised *pro forma* service agreements would not adversely affect their contractual rights, either starting at the effective date of the new *pro forma* service agreements or upon customer exercise of extension rights.

5. On June 30, 2009, the Commission accepted and suspended Texas Gas’s filing subject to conditions, to be effective December 1, 2009. The Commission found that the provision in the *pro forma* service agreements allowing for the attachment of supplemental exhibits lacked the specificity required by Commission policy. The Commission ordered Texas Gas to create a list in its General Terms and Conditions (GT&C) of the terms that could be inserted into the supplemental exhibits.³

6. Texas Gas was also required to modify *pro forma* Exhibits A and B and the *pro forma* service agreements’ provisions relating to contract demand and contractual right of first refusal to provide greater specificity regarding the information that it planned to insert and to identify the relevant tariff terms. In response to the filings provided by the parties, the June 30 Order required that Texas Gas list operating pressure and supply lateral rights provisions as terms that may be inserted into the applicable *pro forma* exhibits. The Commission also requested that Texas Gas clarify whether it would continue to post certain information regarding secondary points on its website.

³ Citing *Northern Natural Gas Co.*, 102 FERC ¶ 61,171, at P 19 (2003) (*Northern Natural*) (June 30 Order).

7. The Commission further noted that there was no indication that the revised *pro forma* service agreements changed the substantive rights of customers pursuant to their current contracts, and the Commission accepted the revised *pro forma* service agreement subject to this understanding. With regard to concerns that the new *pro forma* service agreement might affect contract extension rights, the Commission stated that this issue would be addressed in the proceedings in Docket No. RP09-505-000.

8. On July 29, 2009, Texas Gas filed revised tariff sheets to comply with the June 30 Order. Texas Gas modified the provision in its *pro forma* service agreement to limit the information in the supplemental exhibits to either administrative information or terms listed in a newly proposed section 25.11 of the GT&C to Texas Gas's FERC tariff. The proposed section 25.11 of Texas Gas's GT&C identifies five provisions that may be inserted into the supplemental exhibits, including (i) shoulder month contract demand, (ii) request for service provisions, (iii) supply lateral capacity, (iv) discounting, and (v) negotiated rates. For each of these provisions, the filing specifies (1) the sheet number of the tariff sheet where the actual provision is located, (2) the section of the tariff in which the actual provision is authorized, (3) the rate schedules to which the provision applies, (4) the provision topic, and (5) a summary of the provision.

9. Texas Gas also modified the filed *pro forma* exhibits to restrict additional information not explicitly identified on the exhibits to that necessary either for identifying the points or the terms listed in section 25.11 of the GT&C. Texas Gas also included a supply lateral rights provision in the new section 25.11, thus permitting terms related to supply lateral capacity to be inserted onto the exhibits. Texas Gas further stated that it would add a provision for the negotiation of minimum and maximum pressure at receipt and delivery points to the list in section 25.11, pending the outcome of the proceedings in Docket No. RP09-556-000 concerning the negotiation of minimum and maximum pressures.

10. Texas Gas specified in the *pro forma* service agreements the section of its tariff authorizing the contractual right of first refusal and contract demand provisions. Texas Gas added a provision to section 6 of its GT&C clarifying that it will post information regarding available secondary points on its Internet website. Texas Gas further stated that it corrected several typographical errors.

11. The Commission finds that Texas Gas has complied with the June 30 Order. However, subsequent Commission orders and other filings by Texas Gas necessitate further revisions to the proposed *pro forma* service agreements filed on July 29, 2009.

12. After Texas Gas made its July 29, 2009 compliance filing, the Commission accepted Texas Gas's provision permitting the negotiation of minimum and maximum pressure at receipt and delivery points as proposed in Docket Nos. RP09-556-000, *et al.* In Texas Gas's July 29 filing, Texas Gas stated that once the Commission accepted this

underlying tariff provision, Texas Gas would add the negotiated pressure provision to the list of terms in section 25.11 of its GT&C, thus permitting insertion of terms related to negotiated pressure onto exhibits to the *pro forma* service agreements. Now that the Commission has accepted the underlying tariff provision permitting the negotiation of such pressures, Texas Gas must modify section 25.11 accordingly.

13. In addition to the pressure provision, there have also been other tariff changes initiated by Texas Gas which require further modifications to the proposed *pro forma* service agreements as filed July 29, 2009.⁴ Texas Gas has stated that it will make a further compliance filing in this docket to modify its *pro forma* service agreements accordingly.⁵ To date, Texas Gas has made no filing to effectuate such changes to the revised tariff sheets filed July 29, 2009.

14. Thus, the tariff sheets filed by Texas Gas in the Appendix are accepted subject to the filing of further revisions within 15 days to the proposed *pro forma* service agreements to reflect modifications which have been made to Texas Gas's tariff subsequent to its July 29, 2009 compliance filing.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁴ See, e.g., *Texas Gas Transmission Co.*, 128 FERC ¶ 61,104, at P 10 (2009) (finding that Texas Gas must modify its *pro forma* service agreements to reflect a new tariff provision allowing Texas Gas to pay for part or all of the cost of modification or construction of facilities at a delivery point or points if Texas Gas and the customer agree to extend a service agreement at mutually agreeable rates for a term of at least five years).

⁵ Texas Gas, Transmittal Letter to the Filing of Revised Tariff Sheets, Docket No. RP09-317-002, at 2 (filed Aug. 19, 2009).

**Texas Gas Transmission, LLC
FERC Gas Tariff
Third Revised Volume No. 1**

**Tariff Sheets Accepted and Suspended, Subject to Conditions
Effective December 1, 2009**

Substitute Second Revised Sheet No. 3

Fourth Revised Sheet No. 1801

Original Sheet No. 3705

Sheet No. 3706

Substitute Third Revised Sheet No. 3800

Substitute First Revised Sheet No. 3801

Substitute First Revised Sheet No. 4700

Substitute First Revised Sheet No. 4701

Substitute First Revised Sheet No. 5000

Substitute First Revised Sheet No. 5001

Substitute Original Sheet No. 5301

Substitute Original Sheet No. 5303

Substitute Original Sheet No. 5304

Substitute Original Sheet No. 5401

Substitute Original Sheet No. 5403

Substitute Original Sheet No. 5404