

121 FERC ¶ 61,146
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Columbia Gas Transmission Corporation

Docket Nos. RP07-507-000
RP07-507-001
RP07-507-002

ORDER ACCEPTING TARIFF SHEETS SUBJECT TO CONDITIONS

(Issued November 15, 2007)

1. On June 29, 2007, Columbia Gas Transmission Corporation (Columbia Gas) filed revised tariff sheets,¹ in Docket No. RP07-507-000, to implement revisions related to the replacement of the Navigator commercial operations Internet-based Electronic Bulletin Board (EBB) system and gas management system. On August 17, 2007, in Docket No. RP07-507-002, Columbia Gas filed a request to change the originally requested effective date of August 1, 2007 to May 1, 2008, to coincide with the revised anticipated launch date of its new EBB system (Navigates). For the reasons discussed below, the Commission accepts the revised tariff sheets to be effective on the later of May 1, 2008, or the commencement of Navigates on the Columbia Gas system, subject to conditions.²

¹ The revised tariff sheets are listed in the appendix to this order.

² If Navigates commences on a date later than May 1, 2008, Columbia Gas is directed to file a letter prior to that commencement stating the revised commencement date.

I. Summary of Instant Filings

A. Elimination of Cross-Asset Capacity Release

2. Columbia Gas asserts that Navigates will allow it to automate and streamline many of its commercial processes, including contracting nominations, scheduling, allocations, invoicing, and decision support for customers. Columbia Gas is proposing to revise section 14.3 of the General Terms and Conditions (GT&C) of its FERC Gas Tariff to eliminate section 14.3(e), which allows releasing shippers to include in release notices a requirement that potential replacement shippers bid on parcels of capacity on both Columbia Gas and Columbia Gulf Transmission Company (Columbia Gulf) packaged together for bidding purposes (cross-asset capacity releases). Columbia Gas states that, as presently configured, Navigates cannot accommodate these cross-asset capacity releases. Columbia Gas further states that, in view of the Commission's prohibition of certain types of tying arrangements³ and the unsettled issues surrounding the type of conditions that releasing shippers may place on releases of capacity,⁴ section 14.3(e) should be deleted. Columbia Gas maintains that, while the cross-asset capacity releases that have been entered into under section 14.3(e) have not been unduly discriminatory in any respect, it is proposing to eliminate this feature out of an abundance of caution. Columbia Gas further maintains that to the extent the Commission's policy in this area becomes well established at some future date, it will consider whether it is appropriate to modify Navigates to accommodate the packaging of cross-asset capacity releases for bidding.

3. Columbia Gas asserts that the deletion of section 14.3(e) will not prohibit releasing shippers from requiring a prospective replacement shipper to bid on parcels of capacity on both pipelines, but will only result in each parcel being evaluated independently. Columbia Gas further asserts that independent auctions will be held on Columbia Gas and Columbia Gulf and releasing shippers may impose conditions in the separate release notices providing that the replacement shipper must purchase capacity on both pipelines in order to be the winning bidder.

³ Citing, *e.g.*, *Pipeline Service Obligations and Revisions to Regulations Governing Self-Implementing Transportation Under Part 284 of the Commission's Regulations, Regulation of Natural Gas Pipelines After Partial Wellhead Decontrol and Order Denying Rehearing in Part, Granting Rehearing in Part, and Clarifying Order No. 636, Order No. 636-A*, FERC Stats. and Regs., Reg. Preambles January 1991- June 1996 ¶ 30,950, at 30,559 (1992) (Order No. 636-A); *Louis Dreyfus Energy Services, L.P.*, 114 FERC ¶ 61,246, at P 19-20 (2006).

⁴ Citing *Coral Energy Resources, L.P., et al.*, 118 FERC ¶ 61,005 (2007).

B. Rate Schedule AS and IPP Operational Imbalances

4. Columbia Gas permits shippers to nominate service to and from pooling points under two rate schedules, Rate Schedule IPP (Interruptible Paper Pools) and Rate Schedule AS (Aggregation Service). Section 4(e) of Rate Schedule AS and section 3(e) of Rate Schedule IPP currently state that:

Any differences between confirmed nominations and actual receipt quantities shall be held as an operational imbalance under Shipper's [AS or IPP] Service Agreement. Such an imbalance shall not exceed two percent of Shipper's aggregate nominations for the Month. To maintain a concurrent balance between receipts and deliveries, Transporter may monitor and adjust confirmed nominations in accordance with the provisions of Section 6 (Nominating, Scheduling, and Monitoring) of the General Terms and Conditions. Operational imbalances shall be corrected as the first gas through the meter during the next Month.

5. Columbia Gas states that, pursuant to the last sentence of those sections, its current Navigator system automatically clears the operational imbalances for one month as of the first day of the next month. However, Columbia Gas states that its new Navigates system will not automatically clear the net monthly operational imbalances. Navigates instead requires that any make-up gas associated with operational imbalances be nominated by AS and IPP pool shippers. Columbia Gas further states that any difference between receipt nominations into the pool and actual receipts into the pool will reside under the shipper's pooling rate schedule and, therefore, commencing with the launch of Navigates, AS and IPP shippers will be responsible for making appropriate nominations to clear any such operational imbalances in their AS or IPP accounts. Accordingly, Columbia Gas proposes to delete the last sentence of section 4(e) of Rate Schedule AS and section 3(e) of Rate Schedule IPP, stating that operational imbalances will be corrected as the first gas through the meter during the next month.

C. Waiver of Requirement that the Segmentation Pool be Balanced

6. Columbia Gas requests that the Commission grant temporary waiver of GT&C section 40.5, which requires that the segmentation pool be balanced in each nomination cycle on a daily basis, pending approval of Columbia Gas' proposed Auto PAL service addition to the PAL (Parking and Lending) Rate Schedule in Docket No. RP07-479-000. Auto PAL permits a shipper to have Columbia Gas automatically deem differences between scheduled quantities to and from pool points to be parks and loans.

7. Columbia Gas states that its segmentation pool is treated as a secondary point for nomination and scheduling purposes and shippers have the right to transport gas into and out of the segmentation pool on a secondary firm basis. Columbia Gas maintains that under section 40.5, the gas to be transported from the segmentation pool to market is

required to equal the amount of gas supply from transportation into the segmentation pool or from inventory transfers. Columbia Gas further maintains that, upon the launch of Navigates, the imbalances will no longer automatically balance on the shipper's FSS Rate Schedule Firm Storage Service (FSS) account and shippers must clear any imbalances that exist on segmented capacity each nomination cycle by nominating the gas to the FSS account. Columbia Gas states that upon approval of its Auto PAL proposal, shippers will have the option to elect to have such imbalances automatically swing on their PAL accounts. Therefore, Columbia Gas requests that the Commission temporarily grant waiver of the daily segmentation pool balancing requirement under GT&C section 40.5 until the date on which its Auto PAL tariff provisions in Docket No. RP07-479-000 are placed into effect. In an order issued contemporaneously with this order, the Commission conditionally approved the Auto PAL service to be effective on June 1, 2008.⁵

D. Modification to Rate Schedule NTS

8. Finally, Columbia Gas is proposing a modification to NTS Rate Schedule No-Notice Transportation Service (NTS) to reflect the manner in which Gas Supply Quantity (GSQ) balances will be accumulated and displayed under Navigates. Columbia Gas states that, under the current practice a beginning GSQ balance is created for a new NTS shipper at twice the Transportation Demand specified in the shipper's NTS service agreement. Columbia Gas further states that, by contrast, under Navigates, the NTS shipper's beginning GSQ balance will be set at zero and the shipper will be able to draw on its GSQ up to a negative balance of twice the Transportation Demand specified in the shipper's NTS contract. Columbia Gas asserts that this modification will not affect the rights and obligations of the NTS shippers or Columbia Gas under the rate schedule. Columbia Gas further asserts that the only change that will occur as a result of the modification is the manner in which NTS shippers will view their GSQ balances.

E. Amended Proposed Effective Date and Waiver

9. On August 17, 2007, in Docket No. RP07-507-002, Columbia Gas requested a change in the requested effective date from August 1, 2007, the originally requested effective date, to May 1, 2008.⁶ Columbia Gas states that on August 15, 2007, it announced through a posting on its EBB that the launch of Navigates was delayed again from its initially anticipated June 1, 2007 launch date and revised August 1, 2007 and

⁵ *Columbia Gas Transmission Corp.*, 121 FERC ¶ 61,148 (2007) (*Columbia Gas*).

⁶ On July 18, 2007, in Docket No. RP07-507-001, Columbia Gas had filed a request to change the requested effective date to September 1, 2007, to coincide with the then anticipated launch date of Navigates.

September 1, 2007 launch dates to May 1, 2008. Columbia Gas further states that the change of the requested effective date will provide for more time for customer training and testing their own systems and EDI interfaces in preparation for the launch of Navigates. Columbia Gas also requests a waiver of the 60-day time limit in section 154.207 of the Commission's regulations⁷ for the effective date of the tariff sheets. Columbia Gas states that, in view of the need to have the effective date coincide with the new launch date of Navigates, good cause exists for the Commission to grant waiver of section 154.207.

II. Notice of Filings, Interventions, Comments, and Protests, and Answer

10. Public notice of Columbia Gas' filings in Docket Nos. RP07-507-000, RP07-507-001, and RP07-507-002 were issued on July 3, 2007, July 24, 2007, and August 24, 2007, respectively, with interventions and protests due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2007)). Pursuant to rule 214 (18 C.F.R. § 385.214 (2007)), 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. No comments or protests were filed in Docket Nos. RP07-507-001 and RP07-507-002 concerning the requested change in the proposed effective date. In Docket No. RP07-507-000, Virginia Power Energy Marketing, Inc. (VPEM), New Jersey Natural Gas Company and NJR Energy Services Company (NJR), and Hess Corporation (Hess) filed protests. Washington Gas Light Company (Washington Gas) and Interstate Gas Supply, Inc. (IGS) filed comments. Several parties requested summary judgment, suspension of the rates, a formal hearing, or a technical conference. Columbia Gas filed an answer to the protests and comments, and IGS filed a reply to the answer.⁸ The protests, comments, Columbia Gas' answer, and IGS' reply to the answer will be discussed in detail below.

III. Discussion

11. The Commission accepts and suspends the proposed tariff sheets, to become effective on the later of May 1, 2008, or the commencement of Navigates on the

⁷ 18 C.F.R. § 154.207 (2007).

⁸ 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 accept Columbia Gas' answer and IGS' reply to the answer since it will not delay the proceeding, may assist the Commission in understanding the issues raised, and will ensure a complete record.

Columbia Gas system, subject to conditions. The requests for suspension or summary rejection are denied.

A. Elimination of Cross-Asset Capacity Release

Positions of the Parties

12. The protests and comments generally object to Columbia Gas' proposal to delete section 14.3(e) of the GT&C which permits releasing shippers to include in release notices a requirement that potential replacement shippers bid on parcels of capacity on both Columbia Gas and Columbia Gulf packaged together for bidding purposes as lacking adequate support and reducing flexibility. Hess contends that, since Columbia Gas asserts that it will no longer be capable of cross-asset releases due to the way Navigates is presently configured, it either implies that Navigates could allow cross-asset releases if it were configured differently or that Columbia Gas acquired an upgrade that lacked the functionality of the system it replaced.

13. NJR argues that Columbia Gas' customers should not suffer a loss of flexibility simply because Columbia Gas failed to properly configure Navigates. NJR further argues that Columbia Gas has been providing its customers this flexibility for many years, and it is unlikely that Columbia Gas is now unable to offer this feature because of a lack of technical know-how. NJR contends that, in the event that Columbia Gas is unable to offer this feature because of an oversight in the development of Navigates, it should be required to offer it as soon as possible after the start-up of Navigates, with an interim arrangement during the intervening period, or delay the start-up of Navigates until it is able to offer this feature. NJR further contends that Columbia Gas fails to explain how many other features of its tariff Columbia Gulf will be unable to offer under Navigates and how those should be treated. Washington Gas opposes the deletion of cross-capacity release since the reason given is that the Navigates' software has not been configured to permit it and the proposal reduces flexibility.

14. Hess argues that Columbia Gas' contention that it seeks to delete GT&C section 14.3(e) out of an abundance of caution rings hollow, in view of Columbia Gas' assertion that Navigates cannot provide the release flexibility required under section 14.3(e) and the fact that section 14.3(e) is already part of Columbia Gas' tariff. Hess asserts that the Commission has encouraged pipelines to establish multi-pipeline or regional auctions and has allowed pipelines to lease capacity on other pipelines to provide seamless service to shippers who need both pipelines. NJR argues that section 14.3(e) must comport with the Commission's existing capacity release policy or the Commission would not have accepted it. NJR further argues that any concerns by Columbia Gas over if and how the Commission may choose to modify its capacity release policy in the future are not a sufficient basis to reduce customer flexibility.

15. Hess contends that, while Columbia Gas asserts that the proposal will not significantly alter the status quo, it would degrade historical service flexibility. NJR asserts that it is not clear whether releasing shippers will or will not be able to require potential replacement shippers to bid on both parcels, but it is clear that Columbia Gas will no longer evaluate the bids together. NJR requests that the Commission require Columbia Gas to clarify its proposal. NJR asserts that, due to the operational interdependency of the two pipeline systems, capacity on one but not the other may have limited value. NJR further asserts that, while Columbia Gas contends that the only change is that Columbia Gas and Columbia Gulf will evaluate each parcel independently, this does not mitigate the releasor's loss of flexibility and bidders will not know until the end of the auctions whether they have obtained both parcels of capacity.

Commission Ruling

16. The Commission accepts Columbia Gas' proposal to eliminate GT&C section 14.3(e), which allowed releasing shippers to include in release notices a requirement that potential replacement shippers bid on capacity on both Columbia Gas and Columbia Gulf packaged together for bidding purposes. The tariff language which Columbia Gas seeks to eliminate is a portion of its existing FERC Gas Tariff accepted by the Commission as just and reasonable. However, the Commission has no policy requiring pipelines to offer this option to shippers. Columbia Gas and Columbia Gulf are two independent pipelines and one cannot be required to allow capacity on its system to be posted for release on the other pipeline's website and be bid upon as one package.⁹

17. In its transmittal letter, Columbia Gas states that the deletion of section 14.3(e) will not prohibit releasing shippers from requiring a prospective replacement shipper to bid on parcels of capacity on both Columbia Gas and Columbia Gulf. In its answer, Columbia Gas asserts that the sole difference will be that each parcel of released capacity will be evaluated in the independent auctions on Columbia Gas and Columbia Gulf, relying on section 14.1(b) of their GT&C.

18. Section 14.1(b) of both Columbia Gas' and Columbia Gulf's GT&C provide, in part, that:

Releasor may initiate the assignment of the service rights it is seeking to release and assign by electronically transmitting the information specified below to Transporter's EBB ("Release Notice"). Such electronic Release Notice shall contain the

⁹ *Duke Energy Marketing America, LLC, et al.*, 114 FERC ¶ 61,198, at P 38 (2006).

following information regarding the capacity that Shipper is seeking to release:

* * *

(7) whether Releasor will accept contingent bids for the capacity being released and, if so, *all terms and conditions of acceptable contingencies including the manner in which such contingent bids will be evaluated*; [Emphasis added.]

Therefore, section 14.1(b)(7) clearly permits the releasor to condition the release of the capacity so that it will accept a bid contingent on the bidder having won both parcels of capacity in separate auctions and to establish the manner in which the contingent bids on each pipeline are independently evaluated. The capacity will be offered to the shipper who places the highest value on the capacity as offered by the releasor.

19. Accordingly, releasing shippers may condition the separate release notices to provide that the replacement shipper must purchase capacity on both pipelines in order to be the winning bidder. This method is consistent with the Commission determination regarding aggregation of firm capacity on upstream and downstream pipelines for release in Order No. 636-A. The Commission stated in Order No. 636-A that:

a shipper holding capacity on an upstream and downstream pipeline, which together provide a path from the Gulf to New York, could aggregate that capacity for a single release. Each block of capacity could be sold at up to the maximum rate on each pipeline and the transaction would have to be posted on each pipeline's electronic bulletin board. [¹⁰]

Therefore, the Commission, while allowing shippers to aggregate upstream and downstream pipeline capacity on different pipelines, does not require that the capacity be combined for bidding purposes on both pipelines. Under Columbia Gas' proposal, shippers will continue to have the ability to package released capacity through separate auctions on Columbia Gas and Columbia Gulf. There is no need to further clarify this proposal. Further, contrary to NJR's assertion, there is no contradiction between the elimination of GTC section 14.3(e) and the use of separate auctions to evaluate packaged released capacity.

¹⁰ Order No. 636-A, at 30,558, n. 144.

B. Rate Schedule AS and IPP Operational Balancing**Positions of the Parties**

20. With respect to the proposed elimination of tariff language in section 4(e) of Rate Schedule AS and section 3(e) of Rate Schedule IPP, providing that operational imbalances are corrected as the first gas through the meter during the next month under Rate Schedules AS and IPP, Hess argues that the proposal is unjustified, unexplained, and unworkable. Hess asserts that, although Columbia Gas attributes the proposed change to Navigates' inability to provide the flexibility previously provided by Navigator, it provides no explanation to establish that this proposed change is just and reasonable. Hess further asserts that Columbia Gas also does not even address, let alone explain, how IPP and AS shippers may correct imbalances. Hess contends that, without a statement in the tariff, AS and IPP shippers may not realize that they must nominate make-up volumes. Hess asserts that Columbia Gas provides no guidance as to what an appropriate nomination to clear operational imbalances would be or how it would be made. Hess further asserts that, in addition to the absence of any clear guidance in the tariff to indicate to AS and IPP shippers that they must nominate and schedule imbalance make-up, Columbia Gas does not address potential problems with imbalance make-up under these two services due to their low scheduling priority.

21. Hess also contends that it is unclear from the filing whether AS and IPP shippers are eligible to net and trade imbalances under GT&C section 18.6. Hess argues that, if the Commission does not reject this proposal for lack of support, the Commission should direct Columbia Gas to explain how AS and IPP shippers would correct imbalances consistent with the tariff, and identify the provisions in the tariff that establish their ability to utilize these correction procedures or to revise its tariff to provide a reasonable, realistic, and fair mechanism for AS and IPP to utilize to clear imbalances. Hess asserts that Columbia Gas imposes an imbalance penalty for any imbalance that has not been cleared by the end of the following month. Hess further asserts that, if the AS or IPP shipper is unable to clear its imbalances due to Columbia Gas's inability to schedule make-up volumes, the shipper should not be penalized.

22. VPEM states that it generally supports the update of technology to provide both pipelines and shippers with additional tools to conduct business by replacing the Navigator EBB. However, VPEM further states that Columbia Gas' proposals to delete section 14.3(e) and language regarding the correction of imbalances from Rate Schedules AS and IPP would result in a reduction in the service quality and flexibility. VPEM asserts that Columbia Gas would have the Commission gauge the justness and reasonableness of tariff revisions by whether or not the proposed revisions conform to the capabilities of its scheduling systems and EBB. VPEM further asserts that, under such a regime, a natural gas company need only reprogram its systems, as Columbia Gas has done here, to achieve whatever tariff provisions may suit its purposes. VPEM argues

that, even though Columbia Gas makes clear that the proposed changes to Rate Schedules AS and IPP will result in additional revenues via Auto PAL transactions, the pipeline has included no workpapers showing the estimated effect on revenues, as is required by section 154.204(e) of the Commission's regulations.¹¹

23. IGS argues that the proposed change to Rate Schedules AS and IPP will act to penalize shippers when operational imbalances occur. IGS asserts that Columbia Gas fails to explain why the changes to Rate Schedules AS and IPP are necessary. IGS further asserts that if Columbia's intent is to hold the operational imbalances under some other rate schedule it should be required to file appropriate tariff sheets supported by an operational explanation.

24. In its transmittal letter (at 2), Columbia Gas states that under Navigates, differences between receipt nominations into the pool and actual receipts into the pool will reside under the shipper's pooling rate. In its answer, Columbia Gas explains that commencing with the launch of Navigates, AS and IPP shippers will be responsible for making appropriate nominations to clear any such operational imbalances in their AS or IPP accounts, and that operational imbalances will not be automatically cleared at the first of the next month, as under the current Navigator system. Columbia Gas argues that there is nothing inappropriate or unjust about requiring shippers under Rate Schedules AS and IPP to bear the responsibility of clearing their operational imbalances.

25. Columbia Gas asserts that once the automatic provisions are removed from the AS and IPP Rate Schedules, sections 6.2 (j) and (k) of its GT&C¹² apply which provide that

¹¹ 18 C.F.R. § 154.204(e) (2007).

¹² Sections 6.2 (j) and (k) of Columbia Gas' GT&C provide that:

(j) Transporter shall electronically on its EBB make available to Shipper on a daily basis Shipper's imbalance status or information from which Shipper can determine its imbalance status. Such daily electronic updates by Transporter shall be based upon the data available to Transporter at that time. Shipper may avoid the imbalance penalties provided for in Transporter's Tariff by eliminating imbalances in its account as soon as possible by in no event later than the last day of the month in which Shipper is notified of its imbalance status for the immediately preceding month.

shippers may avoid imbalance penalties by eliminating their imbalances. Columbia Gas contends that this appropriately places the responsibility of imbalance management upon the shipper. Columbia Gas asserts that it will provide through Navigates the operational imbalance status of AS and IPP shippers. Columbia Gas contends that, since section 6.2(j) and (k) clearly state how imbalances can and should be eliminated, there is nothing confusing or harsh about its proposal to eliminate the automatic provision in the AS and IPP rate schedules. However, Columbia Gas states that regardless of the explanation provided, to the extent necessary, it is willing to add language to the AS and IPP Rate Schedules to explain that, with the launch of Navigates, pool shippers will be responsible to make appropriate nominations to clear any operational imbalances in their AS or IPP accounts. Columbia Gas further states that, if the Commission believes that confusion could exist regarding the fact that operational imbalances will no longer be automatically cleared at the first of the next month, it can submit the appropriate language in a compliance filing in this proceeding.

26. In its reply to the answer, IGS asserts that Columbia Gas has failed to properly answer its concerns regarding operational imbalances and how such imbalances may be corrected through nominations. IGS asserts that it remains unclear how Columbia Gas' prior tariff filings in Dockets Nos. RP07-340, RP07-413, and RP07-479, which act to limit shipper flexibility regarding operational imbalances and force balance or automatically alter nominations to reduce operational imbalances on a per nomination cycle daily basis, will coincide with Columbia Gas' response in Docket No. RP07-507. IGS further asserts that it is unclear (1) how allowable operational imbalances will be created, since the pools will essentially be "forced balanced" by Columbia Gas, (2) whether shippers need to nominate to an "Operational Imbalance" account, and (3) whether Auto PAL service can be turned on only when the accumulated volume surpasses the two percent tolerance level allowed for operational imbalances.

Commission Ruling

27. Columbia Gas' current tariff provides that operational imbalances under Rate Schedules AS and IPP shall be corrected as the first gas through the meter during the next month. Columbia Gas has adequately explained that the operational imbalances are held in the AS and IPP accounts. Columbia Gas did not propose in any of the other filings cited by IGS to revise the currently existing provisions of the AS and IPP Rate Schedules, which allow any differences between confirmed nominations and actual receipt quantities to be held as an operational imbalance under the shipper's service agreement. Those rate

(k) Transporter shall electronically on its EBB make available to all Shippers on a daily basis Transporter's pipeline system imbalance status. Such daily electronic updates by Transporter shall be based upon the data available to Transporter at that time.

schedules also permit Columbia Gas to monitor and adjust nominations into and out of a shipper's pool to maintain a concurrent balance between receipts into and deliveries out of the pool. In contrast, Auto PAL service is intended to allow shippers to manage such nominations into and out of the pool rather than have them adjusted by Columbia Gas and to permit the differences between receipt nominations and delivery nominations at the AS and IPP pools to be deemed Auto Parks and Auto Loans.

28. However, operational imbalances, which reflect the monthly difference between confirmed nominations and actual receipts not exceeding two percent of a shipper's aggregate nominations for the month, may still be created. Therefore, operational imbalances represent the difference between the monthly quantities that the shipper nominates into the pool versus the actual quantities the shipper tenders to the pool, and do not govern the difference between nominations into versus out of the pools to which Auto PAL service is directed. Further, with respect to the asserted impact of the scheduling penalties adopted in Docket No. RP07-340, those penalties are not imposed at pooling points¹³ and, therefore, are irrelevant.

29. However, Columbia Gas's answer does make clear that shippers may be subject to imbalance penalties if they fail to correct operational imbalances under Rate Schedules AS and IPP within one month of being notified of the operational imbalance. The Commission believes that the manner in which shippers will be able correct the operational imbalances in order to avoid such penalties needs to be further clarified. Therefore, the Commission directs Columbia Gas to (1) file revised tariff sheets in Rate Schedules AS and IPP (a) expressly stating how the operational imbalances may be corrected and (b) identifying the specific provisions in Columbia Gas' tariff which may be utilized to correct the operational imbalances, and (2) provide a detailed explanation of how the operational imbalances may be corrected which responds to the concerns of the protests and comments related to this issue.

30. Finally, we will not grant VPEM's request that Columbia Gas be required to include workpapers in its filing showing the estimated effect on revenues as required by section 154.204(e) of the Commission's regulations. VPEM contends that Columbia Gas indicates that the revisions to Rate Schedules AS and IPP will result in additional revenues through Auto PAL transactions. Any additional revenues from Auto PAL service are a matter for determination in the Auto PAL proceeding in Docket No. RP07-479. Moreover, the Auto PAL service concerns the difference between nominated quantities to and from a selected pooling point and is intended to help Rate Schedules AS

¹³ The Commission noted in the order conditionally approving the Auto PAL service that the scheduling penalties approved in Docket No. RP07-340 are not applicable at pooling points. *Columbia Gas*, 121 FERC ¶ 61,148 at P 12.

and IPP shippers to avoid the adjustment of nominations into and out of the pool. In contrast, the operational imbalances which are impacted by the revisions to Rate Schedules AS and IPP reflect the difference between monthly confirmed nominations and actual quantities tendered to a pooling point. Therefore, there is no basis to assume any connection between Auto PAL revenues and the instant changes to Rate Schedules AP and IPP.

C. Temporary Waiver of Requirement that the Segmentation Pool be Balanced

Positions of the Parties

31. Columbia Gas requests a temporary waiver of GT&C section 40.5 which requires that the segmentation pool be balanced in each nomination cycle on a daily basis, until the date on which Columbia Gas' proposed Auto PAL tariff provisions in Docket No. RP07-479-000 are placed into effect. Section 40.5 states:

The Segmentation Pool must be in balance in each nomination on a daily basis. Therefore, the gas to be transported from the Segmentation Pool to market must equal the amount of gas supply arising from transportation into the Segmentation Pool and/or from inventory transfers.

32. Columbia Gas states, in its transmittal letter, that upon the commencement of Navigates, the balances will no longer automatically balance on the shipper's FSS account. Columbia Gas further states that shippers must clear the imbalances on segmented capacity each nomination cycle by nominating the gas to their FSS account and when Auto PAL service is made effective, shippers will have the option to elect to have such imbalances automatically swing on their PAL accounts. In its request to change the effective date (at 2, n. 3), Columbia Gas specifically requests a temporary waiver of section 40.5, for the period of May 1 through May 31, 2008, to accommodate the one-month lag in the requested effective date of its Auto PAL proposal.

33. IGS objects to the request for temporary waiver of the requirement for the segmentation pool to be in balance. IGS argues that the reason for the temporary length of time is unknown. IGS further argues that the more unsettling aspect of this proposal is the "disassociation" of the FSS storage account from the segmentation pool. IGS asserts that, at the inception of segmentation pools, Columbia Gas required that all FSS storage holders "associate" or attach their segmentation pool to their FSS storage as a clean way to automatically balance the pool. IGS further asserts that, if a segmentation pool operator did not have FSS, it could elect a third party or utilize Storage In Transit Service (SIT) to balance their segmentation pool. IGS contends that Columbia Gas is suggesting that this process of balancing or association will vanish either on some temporary basis or permanent basis which is currently unknown. IGS further contends that it is presumed that the balancing aspect of the segmentation pools will be replaced by the still undecided

and highly protested Auto PAL service proposed in Docket RP07-479-000. IGS argues that if Columbia Gas is able to “disassociate” the automatic balancing feature already in place and subsequently replace it with their version of “Auto PAL, Auto Penalty or Auto Revenue Generator,” the shipper will be burdened with extra unnecessary daily costs and operational considerations currently not in place.

34. In its answer, Columbia Gas asserts that the Auto PAL proposal will give shippers the option to elect to have such imbalances automatically swing on their PAL accounts. Columbia Gas argues that, contrary to IGS’ concerns about the reason for and length of the “temporary” waiver of GT&C section 40.5, the proposed delay in the implementation of Auto PAL is one month following the commencement of Navigates and is designed to give customers a month of experience with Navigates before having to become familiar with a new service. Columbia Gas asserts that this one-month delay will benefit its shippers by allowing them to gain experience with Navigates prior to the effective date of Auto PAL.

35. Columbia Gas also argues that IGS’ assertions regarding the “disassociation” of the FSS storage account from the segmentation pool are misleading and should be rejected. Columbia Gas asserts that it has not proposed any tariff modification to require this decoupling because the association of the segmentation pool to a shipper’s FSS account for balancing purposes is not presently required under its tariff. Columbia Gas further asserts that, upon the launch of Navigates, shippers will be required to clear any imbalances that exist on segmented capacity each nomination cycle by nominating the gas to Rate Schedule FSS. Columbia Gas contends that, therefore, FSS customers who segment capacity merely will have to make such nominations to have the imbalances swing on their FSS accounts. Columbia Gas further contends that, upon the approval of its Auto PAL proposal, shippers will have the option to elect to have such imbalances automatically swing on their Auto PAL accounts.

36. In its response to Columbia Gas’ answer, IGS argues that, by Columbia Gas’ own admission, the automatic balancing feature is currently allowed and widely accepted by all segmentation pool operators with FSS storage accounts, and IGS would be harmed if it were replaced by Auto Pal service and inefficiency would result. IGS asserts that Columbia Gas first disclosed that it is discontinuing a currently acceptable and important automatic balancing feature in this request for a waiver, filed approximately one month after the original filing of Docket No. RP07-479. IGS further asserts that it and other shippers protested this filing and requested a technical conference for the same reason, that shippers will pay additional fees for a service that is not needed for those that hold FSS storage and will lose this aspect of the value of the FSS storage currently held.

37. In its August 17, 2007 request to change effective date, Columbia Gas requests that the Commission approve the temporary waiver of section 40.5 of its GT&C for the period commencing from May 1, through May 31, 2008.

Commission Ruling

38. Columbia Gas asks the Commission to approve a waiver of section 40.5 for the period from May 1, 2008 through May 31, 2008 to accommodate the one-month lag until the proposed effectiveness of Auto PAL service. In its contemporaneous order in *Columbia Gas*, the Commission is accepting Columbia Gas' Auto PAL proposal, to be effective on the later of June 1, 2008, or the commencement of Navigates on the Columbia Gas system subject to conditions. Columbia Gas has adequately supported its request for a temporary waiver of the daily balancing requirement for the segmentation pool. IGS, in its response (at 3), mischaracterizes the waiver as a temporary waiver of the requirements of the Auto PAL tariff proposed in Docket No. RP07-479. In fact, the requested waiver only temporarily removes the segmentation pool balancing requirement for shippers contained in Columbia Gas' currently effective tariff between the anticipated commencement of Navigates and the requested effective date of Auto Pal service and, therefore, is not a waiver of Auto PAL service.

39. However, IGS raises an issue that goes beyond the matter of waiver, calling into question whether Columbia Gas has now clarified its intent, without requesting approval to do so, of eliminating automatic balancing utilizing FSS service agreements – a matter more properly addressed in Columbia Gas' Auto PAL proceeding in Docket No. RP07-479. In *Columbia Gas*, in response to a comment from IGS raising questions regarding the interrelationship between the new Auto PAL service and existing services, the Commission stated (at P 25) that:

Columbia Gas is directed to respond to IGS' concerns related to whether the FSS agreements can be used to balance the pool points the same way that the Auto PAL service feature does, and what Columbia Gas was referring to when in its answer it stated that "under Columbia Gas currently effective tariff, such nominations may include tariff nominations between certain pooling points and FSS service agreements."

40. Accordingly, the issues IGS raises here related to the claimed elimination of any feature of FSS service will be addressed in the Auto PAL proceeding in Docket No. RP07-479. Acceptance of the instant tariff revisions is subject to the outcome of these issues in Docket No. RP07-479. In this proceeding, the Commission's determination is limited to granting the request for temporary waiver of the balancing requirement for the segmentation pool. Therefore, for good cause shown, the Commission will grant waiver of section 40.5 of the GT&C for a period of one month following the commencement of Navigates on the Columbia Gas system subject to the outcome of the proceeding in Docket No. RP07-479-000, *et al.*

D. Navigates Training and Implementation**Positions of the Parties**

41. Hess asserts that making the proposed revisions effective simultaneously with the Navigates launch risks substantial implementation problems and degradation of services. Hess contends that the launch has been planned for many months, yet Columbia Gas has chosen to make its implementing tariff filings piecemeal, with no comprehensive explanation of the impact, and has waited until only a few weeks before the launch to make this and other filings. Hess further contends that training of shipper personnel has been grossly inadequate. Hess asserts that, despite the limited time remaining, the NiSource Inc.'s (NiSource)¹⁴ website shows that it has posted only three of thirteen training manuals that shippers evidently must review to schedule and receive service on any of the NiSource pipelines. Hess further asserts that one of the missing manuals is for “contracting” although the website states it will post that manual “soon”.

42. Washington Gas asserts that Columbia Gas has not offered appropriate training on the workings of this system to its shippers, and Washington Gas cannot offer complete comments without a true understanding of how the system will work. Washington Gas requests that the Commission condition acceptance of the proposed tariff sheets on a thorough explanation and appropriate training. Washington Gas argues that Columbia Gas must ensure shippers know how to use Navigates to make nominations, produce reports, stay in balance, and perform all of the other necessary operational tasks while conforming to the tariff.

43. Columbia Gas responds that these parties incorrectly assume that it has completed customer training on Navigates. Columbia Gas states that it announced on July 17, 2007, that it was going to delay the launch of Navigates in order to provide adequate time for training. Columbia Gas further responds that the number of training modules available for Navigates training has been increased to seven,¹⁵ not three as asserted by Hess. Columbia Gas asserts that it is well aware of the need to provide its customers with complete and thorough training on Navigates. In its August 17, 2007 request for change of effective date, Columbia Gas asserts that the change in the requested effective date to May 1, 2008 will provide customers with more time for training and testing their own systems and EDI interfaces in preparation for the launch of Navigates. Columbia Gas

¹⁴ Columbia Gas and Columbia Gulf are subsidiaries of NiSource.

¹⁵ Columbia Gas states that the seven training modules cover the following topics: System Conventions, Contracts, Supernominations, Nominations, Pooling, Segmentation on Columbia, and Flowing Gas. Columbia Gas further states that video files for all of these topics will be available in the very near future.

further asserts that Navigates was launched for Columbia Gas' affiliate Hardy Storage Company, LLC (Hardy) on April 1, 2007. Columbia Gas contends that some of the same customers that transport and store gas on its system are also customers of Hardy and, therefore, are already trained on Navigates and use it on a daily basis. Columbia Gas asserts that Navigates will provide improved information access and management, reporting capabilities, and flexibility. Columbia Gas further asserts that, without the implementation of Navigates, the existing system ultimately will cease to meet critical functional requirements.

Commission Ruling

44. Columbia Gas explains that it has requested a delay in implementation (now including the further delay until May 1, 2008) and will adequately train its shippers concerning Navigates. Further, Columbia Gas states that it has already trained certain customers, is in the process of training other customers, and has extended its training program to provide sufficient time for training. Therefore, the Commission rejects the objections by Hess and Washington Gas as premature and unsupported, and will not condition the acceptance of the instant proposals on Columbia Gas providing adequate training on Navigates.

E. Technical Conference

Positions of the Parties

45. Hess argues that, if the Commission does not reject the filing, the Commission should convene a technical conference and direct Columbia Gas to provide a comprehensive explanation of all Navigates-related filings¹⁶ and operational changes and consolidate these proceedings. Hess argues that these Navigates filings are related, and to evaluate whether they are just and reasonable, they must be consolidated and considered comprehensively. Hess further argues that by filing these tariff changes in a staggered and piecemeal manner Columbia Gas has avoided an examination of the comprehensive impact of the Navigates-related changes by the Commission and the shippers.

¹⁶ Hess identifies the other Columbia Gas Navigates-related filings as the filing to implement new daily scheduling penalties in Docket No. RP07-340, conditionally accepted, 119 FERC ¶ 61,267 (2007); the new master agreement for PAL service in Docket No. RP07-413, conditionally accepted, 119 FERC ¶ 61,235 (2007); the streamlined firm contracting in Docket No. RP07-414, Letter Order dated June 8, 2007 (unreported); Auto PAL service in Docket No. RP07-479, conditionally accepted, 121 FERC ¶ 61,148 (2007); and the modifications to the *pro forma* Form of Assignment Agreement in Docket No. RP07-509, 121 FERC ¶ 61,046 (2007).

46. NJR and IGS contend that, because of the interrelated nature of the proposals it would make much more sense for the Commission and Columbia Gas' customers to have an opportunity to evaluate and consider the proposed changes in aggregate. They further contend that, by proposing the changes piecemeal, many of the historical flexibilities that have enhanced service on Columbia Gas' system are being eroded under the guise of non-substantive changes in preparation for Navigates. They argue that by establishing a technical conference to consider all of Columbia Gas' recent EBB-related, PAL, scheduling and other proposed tariff changes, the Commission would afford customers the opportunity to productively work with Columbia Gas to refine all of its recent proposals to arrive at an integrated package of changes that best meet the needs of Columbia Gas and its customers.

Commission Ruling

47. The requests for a formal hearing and a technical conference and consolidation with other proceedings are denied as unnecessary. The issues concerning the acceptance of the instant revised tariff sheets can be determined on the record in this proceeding independently of the other proceedings. Further, the other proceedings referenced are in varying procedural stages, with the proposals either accepted or conditionally accepted, and a technical conference was not instituted in any of these proceedings.¹⁷

F. Amended Proposed Effective Date and Waiver

48. The Commission grants the request for change in the effective date of the instant revised tariff sheets to the later of May 1, 2008, or the commencement of Navigates on the Columbia Gas system, to allow the effective date to coincide with the launch date for

¹⁷ In addition to this order in Docket No. RP07-507, orders have been issued in the following dockets: Docket No. RP07-340-000, 119 FERC ¶ 61,267 (2007); Docket No. RP07-174-000, 119 FERC ¶ 61,268 (2007); Docket No. RP07-412-000, Letter Order dated June 5, 2007, 119 FERC ¶ 61,233 (2007); Docket No. RP07-413-000, Letter Order dated June 5, 2007, 119 FERC ¶ 61,235 (2007); Docket No. RP07-414-000, Letter Order dated June 8, 2007 (unreported); Docket No. RP07-415-000, Letter Order dated June 8, 2007 (unreported); Docket No. RP07-478, 121 FERC ¶ 61,147 (2007); Docket No. RP07-479, 121 FERC ¶ 61,148 (2007); Docket No. RP07-500, 121 FERC ¶ 61,045; Docket No. RP07-508, 121 FERC ¶ 61,145 (2007); and Docket No. RP07-509, 121 FERC ¶ 61,046 (2007).

Navigates. Further, the Commission finds good cause to grant waiver of section 154.207 of the Commission's regulations.

The Commission orders:

(A) The tariff sheets listed in the appendix to this order are accepted to become effective on the later of May 1, 2008, or commencement of Navigates on the Columbia Gas system, subject to conditions, as discussed in this order.

(B) Columbia Gas is directed, within 15 days of the date this order issues, to (1) file revised tariff sheets in Rate Schedules AS and IPP (a) expressly stating how the operational imbalances may be corrected and (b) identifying the specific provisions in Columbia Gas' tariff which may be utilized to correct the operational imbalances, and (2) provide a detailed explanation of how the operational imbalances may be corrected which responds to the concerns of the protests and comments related to this issue, as discussed in the body of this order.

(C) The request of Columbia Gas for waiver of GT&C section 40.5 is granted for a period of one month following the commencement of Navigates on the Columbia Gas system subject to the outcome of the proceeding in Docket No. RP07-479-000, *et al.*, as discussed in the body of this order.

(D) The request of Columbia Gas for waiver of section 154.207 of the Commission's regulations is granted, as discussed in the body of this order.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

Appendix

Columbia Gas Transmission Corporation
Docket Nos. RP07-507-000, RP07-507-001, and RP07-507-002
Tariff Sheets Conditionally Accepted Effective on the Later of May 1, 2008 or the
Commencement of Navigates

FERC Gas Tariff, Second Revised Volume No. 1

Fifth Revised Sheet No. 105
Third Revised Sheet No. 106
Eighth Revised Sheet No. 108
Second Revised Sheet No. 207
Fifth Revised Sheet No. 217
First Revised Sheet No. 353A