

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

October 29, 2003

In Reply Refer To:  
Iroquois Gas Transmission System, L.P.  
Docket No. RP98-18-008

Iroquois Gas Transmission System, L.P.  
One Corporate Drive, Suite 600  
Shelton, CT 06484

Attention: Jeffrey A. Bruner  
Vice President, General Counsel & Secretary

Reference: Revised Tariff Sheets and Non-Conforming Transportation Contract

Dear Mr. Reitz:

1. On October 1, 2003, Iroquois Gas Transmission System, L.P. (Iroquois) filed non-conforming transportation contract No. R-1365-03 with Amerada Hess Corporation (Amerada) and revised tariff sheets to provide firm transportation service at the maximum applicable rate effective November 1, 2003.<sup>1</sup> Iroquois proposes to provide firm transportation service from the Waddington, New York receipt point to the Hunts Point, New York delivery point under a transportation contract containing a non-conforming provision in Article V. Iroquois' form of service agreement provides for the parties to agree to a primary term during which neither party can terminate the contract with a blank to be filled in stating the date when the primary term ends. The form of service agreement also provides that service will continue year to year after the primary term unless either party gives 12 months notice that it desires to terminate the contract. The agreement between Iroquois and Amerada provides for the primary term to end on November 2004, one year after the contract commences. The non-conforming language provides Amerada with the option to extend the primary contract term and maximum applicable tariff rate for an additional three years, with that option to be exercised no later than nine months after the November 1, 2003 commencement date. The revised tariff sheets identified in footnote 1 are accepted subject to Iroquois filing within 15 days of the date of this order to either modify the service agreement eliminating the provision which

---

<sup>1</sup> Fourth Revised Sheet No. 1 and First Revised Sheet No. 8 to Iroquois' FERC Gas Tariff, First Revised Volume No. 1.

permits Amerada the ability to extend the primary contract term for an additional three years, no later than nine months after the commencement date or Iroquois filing a revised tariff sheet to make this option of extending a contract nine months after the commencement date available to other shippers.

2. Under this proposal, Iroquois is permitting one shipper, Amerada the opportunity to extend, upon three months notice, the primary term of its contract during which neither party can terminate the contract. Such a provision offered only to Amerada could present the potential for undue discrimination among shippers and materially deviates from Iroquois' tariff. Ordinarily, when the contract of a maximum rate shipper such as Amerada expires, the pipeline could require it, through the right of first refusal (ROFR) process, to match the bid of a third party in order to renew its contract. The proposed service agreement permits Amerada to extend the primary term of its contract outside of the standard procedure specified in Iroquois' tariff and also permits Amerada to avoid the ROFR bidding process under which Amerada could be required to enter into a longer term transportation arrangement than the three year term specified in the service agreement if a third party bids the maximum rate for more than three years. The Commission has found that contract provisions which allow a customer to obtain capacity outside the ordinary procedures set forth in the tariff, present too much potential for undue discrimination, unless they are offered in the pipeline's tariff pursuant to generally applicable conditions.<sup>2</sup> Therefore, Iroquois is required within 15 days of the date of this order, to either revise the service agreement with Amerada to reflect its existing tariff provisions or modify its tariff to provide all shippers with the same rights that it is proposing to offer Amerada, the ability to extend the primary term of a contract without going through the ROFR process.

---

<sup>2</sup> ANR Pipeline Company, order on rehearing, 97 FERC ¶ 61,222 at 62,013 (2001).

3. Public notice of this filing was issued with protests and adverse comments due October 14, 2003. Timely unopposed motions to intervene are granted by operation of Rule 214 of the Commission's regulations.<sup>3</sup> No protest or adverse comments were filed.

By direction of the Commission.

Linda Mitry,  
Acting Secretary.

cc: All Parties

---

<sup>3</sup>18 C.F.R. § 385.214 (2003).