

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeen G. Kelly.

Stingray Pipeline Company, L.L.C

Docket No. EM06-6-000

ORDER GRANTING WAIVER

(Issued November 10, 2005)

1. On November 4, 2005, Stingray Pipeline Company, L.L.C. (Stingray) filed a petition for a temporary emergency waiver of section 11 of the General Terms and Conditions of its FERC Gas Tariff (GT&C), which addresses Imbalances on Stingray's system, and section 3.3 of Stingray's Rate Schedule PAL Parking and Lending Service, which addresses the minimum and maximum terms for the PAL service. Stingray states that its waiver request will make available an additional imbalance resolution mechanism to its shippers. Stingray asks that the Commission rule on this motion on an expedited basis. As discussed below, the Commission finds good cause to grant the requested waiver.

Background

2. Stingray states that in mid-October it altered the historical operation of its system on a temporary basis to permit deliveries into High Island Offshore System (HIOS) in High Island Block A-330 and thereby allow the flow of up to 240 MMcf per day of natural gas production that was shut-in due to damage caused by Hurricane Rita. Stingray explains that Hurricane Rita extensively damaged the Stingray Plant, and the plant remains out of operation and is undergoing extensive repairs. Without Stingray's change in the operation of its system, production captive to Stingray's system would have remained completely shut-in until the Stingray Plant returns to operation.

3. Stingray states that, due largely to the fact HIOS operates at a higher pressure than Stingray in the relevant area, some shippers have experienced unusually high imbalances during this period. These imbalances result from Stingray receiving more gas from the shippers than Stingray has delivered to HIOS. Section 11.3 of Stingray's tariff defines

such imbalances as “due shipper” imbalances. Stingray states that these imbalances have provided an operational benefit. That is because they have temporarily increased the line pack on Stingray’s system, which has increased operating pressure. Stingray expects that the increased operating pressure will permit a more consistent flow of gas from its system into the HIOS system, thereby increasing the reliability of the Stingray system and mitigating the potential for imbalances during the remainder of the interim period.

4. Stingray states that the only mechanism currently available under its tariff for resolving imbalances is the cash-out mechanism because the lack of any other flows on the system has eliminated any potential for netting and trading imbalances. Section 11.3 of Stingray’s tariff provides that any imbalance remaining after the end of the trading period (the close of business on the 17th business day of the month following the month in which the imbalance was created) is required to be cashed out in accordance with the formula set forth therein.

Proposal

5. Stingray requests that the Commission grant temporary waiver of section 11 of its GT&C, and section 3.3 of its Rate Schedule PAL, so that Stingray may provide its shippers with an additional mechanism for resolving imbalances, until the earlier of the date on which the Stingray Plant is fully operational or March 31, 2006, the end of the 2005-2006 winter heating season. Stingray proposes to allow shippers flowing on Stingray during this interim period to transfer “due shipper” imbalances created during this period to their respective park account at Stingray’s minimum rate of \$0.00/Dth/day under Rate Schedule PAL. Stingray requests waiver of the one calendar month time limit to park gas under a PAL account under section 3.3 of Rate Schedule PAL to allow its shippers to park such gas in their PAL accounts until the end of the waiver period. Stingray states that this method of resolving the “due shipper” imbalances will translate into operational benefits, since it will allow the shippers to leave the gas on the Stingray system. To ensure that Stingray and its shippers have sufficient time prior to the end of the trading period to take advantage of the alternative imbalance resolution mechanism proposed herein, Stingray requests that the Commission rule on this petition for waiver on an expedited basis.

Public Notice

6. Public Notice of the instant filing was issued on November 4, 2005, with interventions and protests due on November 8, 2005. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2005)), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. No adverse comments or protests were filed.¹

Discussion

7. The Commission finds good cause exists for granting the requested waivers. Stingray has proposed a reasonable, temporary method of permitting an additional imbalance resolution mechanism to resolve imbalances caused by the emergency arrangements made between Stingray and HIOS as a result of damage from Hurricane Rita. Granting the requested waivers is consistent with the Commission's intent to do everything it can to help alleviate the problems caused by Hurricane Katrina and the subsequent Hurricane Rita. At the same time, it does not wish to act precipitously. Therefore, if any entities believe themselves to be adversely affected by our action here we urge them to make prompt filings with us, so that we can address their concerns.

The Commission orders:

Stingray's request for waiver of its tariff is granted as discussed in the body of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

¹ Because of the need to respond quickly to the emergency situation in the Gulf Coast, we are issuing this order after a shortened notice period, but this order will be subject to rehearing and the Commission urges all interested persons to act promptly in notifying it of any concerns.