

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 5, 2006

In Reply Refer To:
Natural Gas Pipeline Company of
America
Docket No. RP06-318-000

Natural Gas Pipeline Company of America
747 East 22nd Street
Lombard, IL 60148

Attention: Bruce H. Newsome, Vice President
Rates and Certificates

Reference: Petition for Waivers

Ladies and Gentlemen:

1. On April 25, 2006, Natural Gas Pipeline Company of America (Natural) submitted a petition for waivers pursuant to Rule 207 of the Commission's Rules of Practice and Procedure.¹ Natural requests waiver of its zone limitations and limited waiver of the discount posting requirement and the transactional posting requirement. Natural asserts that in-line inspections will require it to reduce capacity on a portion of its system temporarily, and that in the interim the waivers of its tariff and Commission regulations are necessary to enable it to perform those inspections in a way that will help shippers mitigate the impact of the capacity reductions.

2. Natural's system consists of two roughly parallel mainlines. The Amarillo Line, which originates in the Permian Basin and runs Northeast to Iowa, then East to Chicago, Illinois; and the Gulf Coast Line, which begins in the production fields of Texas and Louisiana and runs Northeast to Chicago, Illinois. A crossover line connects the two mainlines between northwest and northeast Texas and traverses parts of southern Oklahoma between the points of interconnection. Natural has four storage facilities along both mainlines with two facilities in each of its producing and market areas.

¹ 18 C.F.R. Section 385.207 (2005).

3. In support of its petition, Natural asserts that, as part of its “Pipeline Integrity Management Program,” it is evaluating sections of its Amarillo Mainline No. 3 from Compressor Station No. 110 in Henry County, Illinois (CS 110) approximately 106 miles to Compressor Station No. 113 near Joliet, Illinois in Will County. These sections of Natural’s Segment No. 14 are where Natural plans to run an in-line inspection tool for one day on May 9, 2006. Also, on May 24, 2006, Natural will run a second in-line inspection tool for one day through the same portion of Segment No. 14. The purpose of the inspection is to evaluate and determine whether these pipeline sections require any remediation. Natural states that these two pigging tool runs will each necessitate a reduction in available capacity through the affected area on days when the inspections occur. The results from the inspections, as well as unexpected technical difficulties during pigging operations, may require more than the two days Natural anticipates will be necessary to complete the inspections. Therefore, for purposes of this Petition, Natural will refer to the periods when it performs these pigging operations as the “Outage Periods.”

4. Natural states that during the Outage Periods, the capacity reduction through the affected portion of pipeline will result in Natural initially scheduling primary firm and secondary in-path firm transports to a minimum of 74% of the maximum daily quantity (MDQ) for each contract with Segment No. 14 primary/secondary in-path rights that is nominated through and downstream of CS 110. This will include firm contracts utilized to inject Nominated Storage Service (NSS) at any storage point on the Amarillo leg. Similarly, Natural will also initially schedule no-notice and nominated Delivered Firm Storage Service (DSS) storage withdrawals to a minimum of 74% of the Amarillo leg Withdrawal Quantity (WQ). Actual daily scheduled quantities for each Firm Transportation Service (FTS) contract, and for no-notice and nominated DSS storage withdrawals (and the related affected area MDQ and WQ scheduling percentage) may increase to maximize the amount of firm capacity available to shippers based on total nominations received on any day during the Outage Periods.

5. Natural asserts the reduced available capacity will constrain the quantities of gas affected shippers can deliver on the Amarillo Line during the Outage Periods. Consequently, Natural proposes to assist affected shippers in scheduling gas during the Outage Periods using different paths to offset the impact of these capacity reductions. Natural states that the facts surrounding this situation, along with its proposed mitigation measures to lessen the impact, are described in greater detail in an April 25, 2006 posting on Natural’s Internet Website.

6. To enable shippers to plan their nominations for the weeks of May 8 and May 22 in advance of any service reductions related to the two planned Outage Periods, Natural requests the Commission grant its petition by no later than May 5, 2006.

7. Notice of Natural’s petition was issued on April 28, 2006, and the Commission set a deadline of May 2, 2006, for persons desiring to intervene or to protest Natural’s

petition. One timely motion to intervene was filed jointly by The Peoples Gas Light and Coke Company and North Shore Gas Company, raising no substantive issues. No party filed a protest.

8. In its petition, Natural proposes to offer discounts or assess no charge on certain alternative paths using the Gulf Coast Line to help shippers mitigate the impact of the temporary capacity reduction on the Amarillo Line. Natural states that while it has implemented some of these steps using the discounting authority under its tariff, it needs several waivers to implement its mitigation proposal completely. Natural requests the Commission waive: (1) the zone limitations for opposite leg rights found in sections 5.5(a)(2)(i)-(iii) of its General Terms and Conditions (GT&C);² and (2) the discount posting requirement of 18 C.F.R. section 358.5(d) and the transactional posting requirement of 18 C.F.R. section 284.13(b), on a limited basis. Natural states that the waivers requested herein are consistent with a similar waiver granted to Natural on August 23, 2005, in Docket No. RP05-565-000.³

9. Natural agrees to discount Gulf Coast Line volumes using opposite leg rights under firm Amarillo Line contracts under section 5.5(a)(2) of its GT&C to give shippers added flexibility to re-route their scheduled gas deliveries. For qualified volumes, Natural will charge a reservation rate set at the lower of the shipper's current contract rate or 4 cents per Dth/day plus all other applicable charges, including commodity, fuel, and gas lost and unaccounted for (GLU) charges. As noted above, Natural seeks waiver of the tariff's existing limitations for opposite leg rights in order to expand the scheduling ability of shippers using opposite leg rights during the Outage Periods.

10. In addition to the waiver of tariff provisions, Natural also seeks a partial, limited waiver of the discount and transactional posting requirements of 18 C.F.R. sections 284.13(b) and 358.5(d). Natural states that when it posts a generally-applicable discount for interruptible service, it also makes specific postings for each individual shipper. Natural claims that its computer systems cannot accommodate a posting that notifies shippers when a generally-applicable discount is made available to shippers under existing firm contracts. Natural also claims that it has never posted a generic discount affecting a class of firm contracts. Waiver of these Commission regulations is also necessary, according to Natural, because it would cause a considerable burden on its administrative staff if it were required to post manually the transactional details for individual shippers. Therefore, Natural requests a waiver of the requirement for "contemporaneous" posting of discounts, and it seeks authorization to make any individual shipper discount and transactional postings required within ten (10) days after

² Currently, a firm Amarillo Line transportation contract has opposite leg rights only in receipt zones on the Gulf Coast Line that corresponds to its path on the Amarillo Line.

³ 112 FERC ¶ 61,214 (2005).

the Outage Periods conclude. Finally, Natural seeks a limited waiver to make a single interactive website posting that sets out the required information identifying all contracts that utilized the discounts. Natural claims that if the Commission grants the waiver, it will either make a single interactive website posting or make discount and transactional postings for each contract eligible for the discount, whichever turns out to be less burdensome administratively. Natural also claims that since it posted the generally-applicable discounts via an Internet Website posting on April 25, 2006, the market is fully aware of such discount availability and should not create any disadvantage to the market.

11. Natural requests the Commission grant the waivers for the duration of the Outage Periods which may occur between May 9, 2006 and May 31, 2006. Natural states that it will undertake to notify the Commission when all Outage Periods have concluded and the requested waivers are no longer necessary.

12. In its petition, Natural states that the actions it proposes to take, including those that require a waiver of its tariff, will help shippers mitigate the impact of the Outage Periods. Accordingly, the Commission finds that Natural's waiver requests are justified and in the interest of its shippers. The waiver of zone limitations for opposite leg rights will assist shippers by providing alternative means to serve their markets and will help them offset any adverse consequences of the two one-day capacity reduction on a portion of Natural's Segment No. 14. The Commission also finds that, because Natural is effectively announcing in its petition that all qualifying firm transportation shippers will either pay the lower of their current reservation charge or the 4 cents per Dth/day rate offered by Natural, the limited waiver of the posting requirements will cause no harm to the market. While the Commission believes that its posting requirements provide important transparency for market participants, Natural has demonstrated that there will be no harm to the shippers as a result of this limited waiver of the posting requirements. Therefore, the Commission grants Natural's waiver requests, as proposed.

By direction of the Commission.

Magalie R. Salas,
Secretary.

cc: All Parties

Paul Korman
J. Curtis Moffatt, Esq.
Van Ness Feldman, P.C.
1050 Thomas Jefferson Street, N.W., 7th Floor
Washington, D.C. 20007-3877