

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

July 11, 2006

In Reply Refer To:  
Vector Pipeline L.P.  
Docket No. RP06-390-000

Vector Pipeline L.P.  
1200 17th Street, N.W., Suite 600  
Washington, DC 20036

Attention: Kim M. Clark  
Counsel for Vector Pipeline L.P.

Reference: New Tariff Provision Concerning Acquired Capacity and Waiver Request

Dear Mr. Clark:

1. On June 12, 2006, Vector Pipeline, L.P. (Vector) filed tariff sheets<sup>1</sup> proposing to add to its General Terms and Conditions (GT&C) a new tariff provision that will allow Vector to enter into transportation or storage agreements with connecting entities, including other interstate pipelines, intrastate pipelines, local distribution companies, and Hinshaw pipelines with blanket section 7 certificates for the purpose of providing service to its customers. Vector states that if it provides service for others using its acquired capacity, the proposed service will be offered and provided consistent with the rates and terms of Vector's tariff. For purposes of this acquired capacity, Vector requests waiver of the "shipper must have title" rule and an effective date of July 12, 2006. As discussed below, the Commission accepts the referenced tariff sheet to become effective on July 12, 2006, as proposed, and grants waiver of the "shipper must hold title" requirement.

2. Vector added section 39 concerning Acquired Capacity to the Table of Contents on Sixth Revised Sheet No. 3 and the proposed tariff provision to Third Revised Sheet No. 163. Specifically, Vector proposes the following tariff language:

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<sup>1</sup> Sixth Revised Sheet No. 3 and Third Revised Sheet No. 163 to FERC Gas Tariff, Volume Original Volume No. 1.

a. Transporter may from time to time enter into transportation or storage agreements with connecting entities, including other interstate pipelines, intrastate pipelines, local distribution companies, or Hinshaw pipelines holding a blanket section 7 certificate ("Acquired Capacity"). Transporter may use Acquired Capacity for its system operational needs and/or to render service to its customers. Except as provided in section 39.2, Transporter states that, if it provides service for others using Acquired Capacity, it will apply to such services the same rates and tariffs as are applicable to on-system customers, as such rates and tariffs may change from time to time. For purpose of any use of Acquired Capacity covered by this section 39.1, the "shipper must have title" requirement shall be waived.

b. Nothing herein shall be read to preclude Transporter from filing with the Commission for different tariff provisions applicable to any such service which Transporter provides using Acquired Capacity; provided, however, that the waiver of the "shipper must have title" requirement hereunder shall not apply in such circumstance, and Transporter will be required to seek a case-specific waiver of that requirement from the Commission.

3. Public notice of this filing was issued on June 15, 2006. Interventions and protests were due as provided in section 154.210 of the Commission's regulations. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214. No adverse comments or protests were filed.

4. The Commission's policy with respect to pipelines holding capacity on other pipelines has evolved since the issuance of Order No. 636. In an April 12, 2001, *Texas Eastern Transmission Corp.* order denying clarification and rehearing, the Commission reaffirmed the December 14 Order on Remand's ruling that pipelines can acquire offsystem capacity without pre-approval.<sup>2</sup> Under these circumstances, the Commission stated that once a pipeline submitted a single filing to include a general statement in its tariff that it would "only transport for others on offsystem capacity pursuant to its existing tariff and rates," the Commission would grant a generic waiver of the "shipper must hold title" policy for any such subsequent transportation provided by the pipeline.<sup>3</sup>

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<sup>2</sup>*Texas Eastern Transmission Corp.*, 95 FERC ¶ 61,056 (2001).

<sup>3</sup> *Id.* at 61,140.

Accepting Vector's filing and granting its request for waiver of the "shipper must have title" rule is consistent with this policy.

By direction of the Commission.

Magalie R. Salas,  
Secretary.