UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Texas Gas Transmission, LLC — Docket Nos. RP06-589-000
RP06-589-001
RP05-617-000

ORDER ACCEPTING AND SUSPENDING TARIFF SHEETS, SUBJECT TO REFUND, AND ESTABLISHING A TECHNICAL CONFERENCE

(Issued October 31, 2006)

1. On September 11, 2006, Texas Gas Transmission, LLC (Texas Gas) filed, in Docket No. RP06-589-000, revised tariff sheets[1] and supporting workpapers reflecting its annual filing to adjust its Effective Fuel Retention Percentages (EFRPs) pursuant to section 16 of the General Terms and Conditions (GT&C) of its tariff. On September 12, 2006, Texas Gas made an amended filing in Docket No. RP06-589-001[2] to correct erroneous references in its September 11, 2006 filing. Texas Gas requests a waiver of section 16.5 of its GT&C, which requires annual fuel filings to be made 60 days prior to the requested effective date, and further requests that the new EFRPs be made effective November 1, 2006. The Commission grants waiver of the 60-days tariff requirement and, for the reasons discussed below, accepts and suspends Substitute Fifth Revised Sheet No. 36 and Substitute First Revised Sheet No. 36A to Texas Gas' FERC Gas Tariff, Second Revised Volume No. 1 effective November 1, 2006 as requested, subject to refund, and subject to the outcome of a technical conference as established by this order. The Commission rejects Fifth Revised Sheet No. 36 and First Revised Sheet No. 36A to

[1] Fifth Revised Sheet No. 36 and First Revised Sheet No. 36A to Texas Gas' FERC Gas Tariff, Second Revised Volume No. 1.

[2] Substitute Fifth Revised Sheet No. 36 and Substitute First Revised Sheet No. 36A to Texas Gas' FERC Gas Tariff, Second Revised Volume No. 1.

Texas Gas' FERC Gas Tariff, Second Revised Volume No. 1 as moot. The Commission also terminates the proceeding in Docket No. RP05-617-000. [3]

Background

2. Texas Gas recovers fuel and lost and unaccounted for gas by retaining fuel. Section 16 of its GT&G requires Texas Gas to track its fuel costs. Texas Gas must file annually to revise its fuel retention percentages effective November 1 of each year. Section 16.5 requires that Texas Gas make its annual filing at least 60 days before the required effective date. Pursuant to GT&C section 16, fuel retained for each transportation service transaction under Rate Schedules NNS, SGT, SNS, FT, STF, and IT[4] is calculated as the product of the applicable EFRP and the applicable quantity of gas tendered for transportation. Fuel retained for each storage service transaction under Rate Schedules FSS and ISS[5] is calculated as the product of the applicable EFRP and the quantity of gas tendered for withdrawal or injection into storage. Texas Gas is required to establish separate EFRPs for its transportation services by zone and by season.[6] The requirement to establish and track fuel retention rates by service type, by season, by zone, and by injection and withdrawal from storage result in a fuel matrix for Texas Gas' system services containing 34 separate EFRPs.

3. The EFRP is made up of two components, the Projected Fuel Retention Percentage (PFRP) and the Fuel Adjustment Percentage (FAP). The PFRP is intended to compensate Texas Gas for its current fuel use during the year the EFRP is in effect. Section 16.3 requires that Texas Gas calculate a PFRP for each season and service category "by projecting seasonal zone distribution and storage utilization, then comparing these projections to historic fuel use and loss for comparable distribution and storage levels."

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[3] *Texas Gas*, 113 FERC ¶ 61,104 (2005).

[4] NNS – No-Notice Firm Transportation Service; SGT – Small General Firm Transportation Service; SNS – Summer No-Notice Service; FT – Firm Transportation Service; STF – Short-Term Firm Transportation Service; IT – Interruptible Transportation Service.

[5] FSS – Firm Storage Service; ISS – Interruptible Storage Service.

[6] The seasonal periods are a November through March winter season and an April through October summer season.

4. The FAP is intended to true up over and underrecoveries from past periods. Section 16.4 requires Texas Gas to maintain a Fuel Retention Deferred Account (Deferred Account), in which it records the monthly difference between the actual quantity of fuel retained under each of its PFRPs and the actual quantity of fuel use and lost gas allocated to all services. In each annual filing, Texas Gas calculates the FAP in order to amortize the net balance in the Deferred Account as of the preceding July 31. For transportation services the FAP is calculated for each zone and service on a seasonal basis. For storage services the FAP is calculated on withdrawals and injections.

5. Texas Gas made its last annual filing in Docket No. RP05-617-000 to adjust its EFRPs on August 31, 2005. Texas Gas filed a revised tariff sheet adjusting its EFRPs and supporting workpapers.[7] On October 31, 2005, the Commission accepted and suspended the tariff sheet, subject to refund and the outcome of a technical conference.[8] The technical conference was held on January 10, 2006. In their comments after the technical conference the parties no longer protested the proposed EFRPs in Texas Gas' 2005 filing. However, some shippers requested that the Commission act, under section 5 of the Natural Gas Act, to change the requirements of Texas Gas' tariff regarding (1) the forecasting methodology used to determine its PFRPs and (2) the supporting information Texas Gas must include in each annual filing.

6. In its technical conference comments, Texas Gas provided a detailed explanation of how it determines its PFRPs pursuant to section 16.3 of its GT&C. Texas Gas stated that it begins by projecting transportation deliveries by season, service, and zone, and storage injections and withdrawals. It does this based on actual historic deliveries during the most recent corresponding season, adjusted for current conditions or anticipated trends. Texas Gas states that these adjustments are not strictly formulaic but reflect Texas Gas' best judgment, and may include known and measurable events and adjustments for weather or market trends. Texas Gas then makes a similar projection of receipts into its system, and uses the projections of deliveries and receipts to project total throughput through each zone by season.

7. The next step is to project total fuel use and loss in each zone by season. Texas Gas stated that it does this by correlating historic patterns of fuel consumption since November 1993 with actual throughput during the same period to develop equations that

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[7] First Revised Third Sheet No. 36 to Texas Gas's FERC Gas Tariff, Second Revised Volume No. 1.

[8] *Texas Gas*, 113 FERC ¶ 61,104 (2005).

calculate projected fuel use based on projected throughput. A similar process is used to predict fuel use for storage withdrawals and injections. The final step is to apply the relative percentages of each service type to the projected fuel to be used in each segment to derive the projected fuels by service type. Texas Gas stated that it then calculates Projected Fuel Retention Percentages for each service type, zone, and season using the projected throughputs and projected fuel.

8. Several shippers in their technical conference comments objected that Texas Gas' method of determining its PFRPs is overly complicated, uses a non-public computer program, and gives Texas Gas too much discretion to make adjustments. They suggested that projections be based solely on the prior year's actual throughput and fuel use data or a two or three year rolling average. Texas Gas responded that it continued to believe its methodology is reasonable. However, it stated it would agree to change to a methodology similar to one of those suggested if a majority of Texas Gas' customers supported such a change. The shippers also complained in their comments following the technical conference that Texas Gas did not include in its annual tracker filings sufficient information to enable the shippers to determine whether Texas Gas's calculation of both the PRFPs and the FAPs is reasonable and accurate. In response, Texas Gas offered to provide more supporting information in its future filings to adjust its EFRPs.

Details of the Instant Filing

9. The proposed EFRPs adjust the applicable fuel rates for Texas Gas' NNS/SGT/SNS, FT/STF/IT, and FSS/ISS rate schedules based on the tracker mechanism set forth in section 16 of its GT&C. Texas Gas does not propose to change the fuel retention methodology contained in section 16 of its currently effective tariff.

10. Schedule 1 of Appendix A to the instant filing compares the proposed EFRPs with the current EFRPs. The Schedule shows each proposed increase and decrease in the effective fuel rates by service type, zone and season. Appendix B contains supporting data and calculations used to determine the new EFRPs, PFRPs, and FAPs. Texas Gas asserts that while the instant filing reflects an overall increase in proposed fuel retention, due primarily to a net under-collection during the last tracker period, the impact of the fuel rate adjustments in the current filing varies from zone to zone, rate schedule to rate schedule, and season to season. Texas Gas states that of the 34 EFRPs filed by Texas Gas, 15 decrease and 19 increase. Texas Gas maintains that the changes in Texas Gas' system fuel rates also affect the fuel rates applicable to transportation by shippers utilizing capacity leased from Texas Eastern. In Appendix A, Schedule 1A of the instant filing, Texas Gas compares the proposed EFRPs with current EFRPs for receipts from the

Enterprise Texas Pipeline, L.P./Texas Eastern Transmission, LP interconnect near Beckville, Texas.[9]

11. Texas Gas states that its basic methodology for calculating its fuel rates is defined by its tariff and remains unchanged from previous years. However, Texas Gas states that in response to comments received at and following the technical conference on last year's annual tracker filing in Docket No. RP05-617-000 it has changed how it makes its fuel rate projections in order to improve the transparency of its calculations. Texas Gas explains that the basic change is that actual throughput and actual fuel, use and loss from the last year's tracker period are used as the basis for projections for the upcoming tracker period, except for minor clearly identified exceptions where the use of last year's actuals is not reasonable. Texas Gas states it has also changed the presentation and format of its supporting workpapers in order to more clearly explain its calculations. Texas Gas has eliminated the use of multi-year cumulative comparisons, and now shows only the most recent year's activities. Texas Gas states that the revised fuel rates also reflect recent operational changes on the Texas Gas system that may now cause bi-directional flows on portions (Zones 1 and SL) of the Texas Gas system as a result of changes in usage patterns by customers.

Notice, Interventions and Protests

12. Notice of Texas Gas' filing in Docket No. RP06-589-000 was issued on September 14, 2006. Notice of Texas Gas' filing in Docket No. RP06-589-001 was issued on September 15, 2006. Interventions and protests were due as provided in Rule 210 of the Commission's regulations, 18 C.F.R. § 385.210 (2006). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2006), 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 this proceeding or place additional burdens on existing parties. ProLiance Energy, LLC (ProLiance) filed comments and a request for a technical conference. Baltimore Gas and Electric Company and Constellation NewEnergy-Gas Division, LLC (jointly, BGE) filed a protest to the instant filing and request a technical conference. Memphis Light, Gas and Water Division, City of Memphis, Tennessee (Memphis) filed a protest and a request for a

[9] Pursuant to section 16.5 of Texas Gas' GT&C, Texas Gas incurs fuel charges for leased capacity from Texas Eastern Transmission, LP, which is separately stated in Texas Gas' tariff on Sheet No. 36A, and recovered only from those parties using the leased capacity.

technical conference. The Indicated Shippers[10] also filed a protest. On October 13, 2006, Texas Gas filed a motion for leave to answer the protests and comments out of time. Under Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2)(2006), answers to comments and protests are not accepted unless otherwise ordered by the decisional authority. The Commission will accept Texas Gas' answer because it further clarifies the issues. The protests, comments and answer are discussed below.

ProLiance

13. ProLiance asserts that a technical conference should be established, so the parties may examine the reasons behind the increase in fuel percentages. ProLiance notes that Texas Gas has made adjustments to the way it makes projections to make its calculations more transparent and easier to duplicate. ProLiance does not comment on the substance of these changes.

14. ProLiance asserts that the current fuel retention percentage methodology was suspended and put into effect subject to the outcome of a technical conference in Docket No. RP05-617-000. ProLiance states that no order has issued following that technical conference. ProLiance concludes that any order issued in the instant proceeding should be consistent with the order in Docket No. RP05-617-000.

15. Texas Gas notes that ProLiance does not protest the instant filing but suggests that a technical conference would be useful to examine the details of Texas Gas' changed Fuel Retention Percentage filing. Texas Gas disagrees that a technical conference is necessary, and asserts that the information contained in the instant filing as supplemented by its answer, is more than adequate for the Commission to find that Texas Gas' fuel tracker filing is adequately supported and is just and reasonable.

BGE

16. BGE states that the instant filing reflects a substantial underestimate, and related undercollection, of fuel requirements during the previous tracker period that is the subject of Docket No. RP05-617-000. BGE notes that the previous tracker period is under scrutiny at the Commission, following a technical conference. BGE finds Texas Gas' schedules, workpapers, and cover letter explanations in the subject filing to be incomprehensible.

[10] The Indicated Shippers consist of BP America Production Company, BP Energy Company, Chevron U.S.A. Inc. and Marathon Oil Company.

17. BGE questions the continued accuracy of past forecasting methodologies. BGE asserts that Texas Gas' forecasting performance in this area is poor, and has been deteriorating. BGE asserts that a fair measure of the accuracy of Texas Gas' methodology is a comparison between fuel use (including losses) and fuel retained. BGE contends that variances between these two figures represent forecasting errors, which are carried forward in the Fuel Retention Deferred Account. BGE states that a table in Texas Gas' February 7, 2006 post-technical conference comments, in Docket No. RP05-617-000, shows that the errors as a percent of total fuel use and loss average about 10 percent, and have been as high as 26.6 percent, with the highest forecasting errors in the sample showing up in the most recent two years. BGE argues that this pattern suggests that Texas Gas' methodology is unreliable and in need of correction.

18. BGE acknowledges that Texas Gas has made adjustments to its throughput and fuel requirement projection methods, and specifically, that actual throughput and actual fuel, use and loss from the last year's tracker period are used as the basis for projections of the upcoming tracker period. BGE states that this is a positive step, but if falls short of making the fuel tracker mechanism transparent. BGE argues that Texas Gas' proposed fuel retention ratios cannot be shown to be just and reasonable, nor can it be regarded as a mechanism that will safeguard against repeated filings to increase charges based on faulty forecasts. BGE concludes that a technical conference is in order.

19. Texas Gas states that it respectfully disagrees with BGE's characterization of Texas Gas' schedules, workpapers, cover letter explanation and fuel tracker mechanism. Texas Gas states that all of the data supporting the proposed fuel rates is included in the workpapers accompanying the filing and each step of the calculations is explained in detail in the cover letter.

Memphis

20. Memphis notes that EFRPs are made up of two parts, the PFRPs (based on projected fuel use for the coming annual period) and the FAPs (based on the over- or under-collections for fuel in the latest annual period). Memphis further notes that under-collections for fuel drive the winter FAP up by approximately 121 percent, so that the NNS EFRP for Zone 1 increases by 40.7 percent. Memphis asserts that Texas Gas fails to explain adequately why there were such large under-collections for fuel for Zone 1 NNS service last winter.

21. Memphis states that Texas Gas previously based its fuel use projections on expected throughputs for each service and zone. Texas Gas states that from now on it will base throughput and fuel projections on the actual throughput and fuel, use and loss from the previous tracker period. Memphis contends, however, that Texas Gas has not applied its proposed methodology in a consistent manner. For example, Texas Gas

proposes to use the minimum storage cycle for non-notice storage projection rather than its proposed methodology. Memphis asserts that Texas Gas should be required to provide more detail as to why it has elected to implement this proposed new methodology and why Texas Gas finds its new methodology not to be reasonable in certain cases.

22. Memphis recommends that the Commission suspend Texas Gas' filing, subject to refund, and schedule a technical conference to discuss Memphis' issues and the issues of other parties. Memphis believes the following questions must be answered before the Commission can determine whether Texas Gas' proposal is just and reasonable. What caused the large increase in the Zone 1 EFRP? Given the low level of no-notice storage withdrawal last winter, why did Texas Gas experience such large under collections for fuel for the Zone 1 NNS service last winter? Why is Texas Gas proposing a change in its methodology for projecting throughput and fuel use?

23. In response to Memphis' concern about what caused the large increase in the Zone 1 EFRP, Texas Gas states that all of the 2005-2006 Zone 1 EFRPs benefited from negative FAPs due to over-collections during the prior tracker period. Texas Gas explains that those negative FAPs were replaced with either positive FAPs or a smaller negative FAP in the current tracker period, resulting in higher EFRPs.

24. Texas Gas states that it does not agree with the characterization that it "experience[d] such large under collections for fuel for the zone 1 NNS service last winter." Texas Gas notes that, as shown on Table 9 of Appendix B, Texas Gas began the winter with an allocated over-collection of 87,847 MMBtu for winter NNS Zone 1, and ended the winter with a net under collection of 21,528 MMBtu for winter NNS Zone 1. Texas Gas contends that the under-collections of NNS Zone 1 fuel in the winter of 2005-06 were smaller than the over collections during the previous winter. Texas Gas notes that Memphis did not complain in the previous fuel tracker filing about the size of the over-collections during the winter 2004-05 that resulted in a negative FAP reducing Memphis' fuel rates. Texas Gas asserts that the under collections for NNS Zone 1 fuel last winter were well within normal ranges.

25. As to why Texas Gas is proposing a change to its methodology for projecting throughput and fuel use, Texas Gas states that "Texas Gas' basic methodology for calculating its fuel rates is defined by its tariff and remains unchanged from previous years." Texas Gas explains that most projections in this filing are based on the actual throughput and fuel for the previous tracker period (*i.e.*, last year's actuals). Texas Gas adds that although it has not polled its customers, it is not aware of any party opposing the use of last year's actual as a general basis for next year's projections.

The Indicated Shippers

26. The Indicated Shippers reference their February 28, 2006 reply comments on the technical conference in Docket No. RP05-617-000, and argue that Texas Gas should be required to provide additional information and a complete explanation of its proposed fuel rates to allow the Commission and shippers to fully understand and verify the appropriateness of Texas Gas' proposed fuel rates. The Indicated Shippers request that the Commission require Texas Gas to:

a) Include in its annual fuel filings the following, among other things: (1) an explanation and description of all adjustments made to any of the fuel rates' components, such as throughput, fuel use, and lost and unaccounted for fuel (L&U); (2) an explanation and description of each estimate of L&U; (3) the monthly Deferred Account balances; (4) a description and reconciliation of the differences between Texas Gas' annual fuel filing and Form No. 2; (5) supporting workpapers regarding the fuel rates for storage service; and (6) detailed information regarding fuel use, including fuel used for other utility operations.
b) Use the previous period's actual throughput, which should only be adjusted for known and measurable changes, to develop fuel rates.
c) No longer use 12+ year data and non-disclosed correlation models to develop proposed fuel rates.
d) Provide detailed information regarding the previous period's L&U and the projected L&U.

27. Indicated Shippers acknowledge that Texas Gas has made some responsive changes to its annual fuel filing. However, the Indicated Shippers assert that Texas Gas' fuel filing continues to lack the necessary transparency for the Commission and shippers to fully understand and verify the appropriateness of Texas Gas' proposed fuel rates. The Indicated Shippers state that although Texas Gas uses actual data from the previous tracker period as the basis for many of its projections, the reasons for certain of Texas Gas' adjustments to the previous tracker period's actuals are unclear.

28. Texas Gas argues that it fully explains and adequately describes all adjustments made to its fuel rate components in its transmittal letter and accompanying workpapers, including historical and projected throughput, fuel use, and L&U.

29. Texas Gas explains that, "the lost and unaccounted for gas in any month is the difference between total receipts and total deliveries on the Texas Gas system for that month. Total receipts include receipts from transportation and storage customers for redelivery and fuel, withdrawals from the Texas Gas storage fields, system management purchases and receipts of gas transported by others. Total deliveries include deliveries to

transportation and storage customers, injections into Texas Gas storage fields, gas used in compressor stations and other gas used on the system." Texas Gas states that this same definition of lost and unaccounted for gas was used in Docket No. RP05-617-000.

30. Texas Gas explains that it has projected lost and unaccounted for gas using a five year average, instead of merely using last year's actual lost and unaccounted for quantities. Texas Gas states it has done this primarily because lost and unaccounted quantities may sometimes be a result of timing differences related to measurement and measurement corrections, and secondly, because last year's lost and unaccounted for quantity, although within normal range, was higher than the five year average. Texas Gas states that use of the five year-average in this tracker period resulted in slightly lower fuel rates than using last year's actual lost and unaccounted for quantity.

31. Texas Gas states that the monthly deferred account balances for the tracker period are shown on Table 3, and that these monthly entries in the fuel retention deferred account tie back to the fuel over/under-collections used in the workpapers supporting Texas Gas' fuel rates.

32. Texas Gas states that the quantities reported in the annual fuel tracker filings do not directly correspond with the quantities reported in Texas Gas' Form 2, due to the different time periods covered by each. The Form 2 is based on a calendar year, while the fuel tracker uses two different annual periods. The fuel tracker establishes seasonal fuel rates to be in effect for the 12 month period beginning each November.

33. Texas Gas states that supporting workpapers for the calculation of proposed fuel rates for storage service are shown included in Appendix B of its annual filing, specifically, Tables 1, 6, 11 and 16.

34. Regarding its use of the previous period's actual throughput to develop fuel rates, Texas Gas states that its basic methodology for calculating its fuel rates is defined by its tariff and remains unchanged from previous years, and that most projections in this filing are based on the actual throughput and fuel for the previous tracker period (*i.e.*, last year's actuals).

35. Texas Gas states that the instant filing does not use 12-year plus data and non-disclosed correlation models in developing its fuel rates.

Commission Disposition

36. The parties have raised numerous questions about Texas Gas' proposal, as described above. The Commission finds they warrant further examination and discussion. A technical conference will provide an appropriate forum to obtain responses to the questions raised by the parties and provide further information on Texas Gas'

filing. The Commission will therefore accept and suspend Texas Gas' filing in Docket No. RP06-589-000, as amended, to become effective as proposed, subject to refund and a technical conference established to address the issues that have been raised by the instant filing.

37. After examination of the additional information, and consideration of all protests and comments in Texas Gas's 2005 filing in Docket No. RP05-617-000, the Commission finds that the calculations in that docket were in accordance with Texas Gas' tariff. We note that in that proceeding, the parties asked the Commission to require Texas Gas to change the requirements of section 16 of its GT&C with respect to the supporting information to be filed and how the projections are made in Texas Gas' annual filings; they did not allege that the EFRPs were not calculated in accordance with its tariff. However, in its September 11, 2006 annual filing in Docket No. RP06-589-000, Texas Gas is proposing to change how it makes its fuel rate projections and is changing the amount of supporting information provided in its annual filing. Because we find that Texas Gas did not propose any changes to its accepted methodology in the Docket No. RP05-617-000 proceeding, and complied with its tariff, the Commission believes that there is no need to pursue further action in that proceeding. Accordingly, the Commission terminates the proceeding in Docket No. RP05-617-000, and approves First Revised Third Revised Sheet No. 36 to Texas Gas' FERC Gas Tariff, Second Revised Volume No. 1 filed in Docket No. RP05-617-000 on August 31, 2005, to be effective November 1, 2005, and removes the refund condition. The tariff sheet sets forth proposed EFRPs for the period November 1, 2005 through October 31, 2006.

38. However, as discussed above, we are ordering a technical conference in Docket No. RP06-589-000 to explore Texas Gas' proposed changes to the methodology used in its projections of fuel use, and to respond further to the issues raised in the protests, including the adequacy of supporting information provided in its annual filings. In this connection, we note that section 16.3 of Texas Gas's tariff describes in only very general terms the methodology to be used by Texas Gas in determining its PFRP. As a result, that tariff provision appears to accommodate both the methodology Texas Gas used in prior tracker filings basing its projections on historical data going back to November 1993, as well as the methodology used in the instant filing basing the projections on only more recent data. At the technical conference, the parties may consider whether Texas Gas's tariff should be revised to require use of a more specifically defined methodology for calculating the PFRPs. Similarly, the parties may consider whether Texas Gas' tariff should specify in greater detail the information to be filed by Texas Gas to support each annual tracker filing.

Suspension

39. Based upon a review of the Texas Gas' 2006 annual filing, as amended, the Commission finds that Texas Gas' proposal may not be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission will accept Texas Gas' revised tariff sheets Substitute Fifth Revised Sheet No. 36 and Substitute First Revised Sheet No. 36A to its FERC Gas Tariff, Second Revised Volume No. 1 for filing and suspend their effectiveness for the period set forth below, and permit them to become effective, subject to refund and the outcome of a technical conference.

40. The Commission's policy regarding suspensions is that rate filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or inconsistent with other statutory standards.[11] The Commission recognizes, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results.[12] Such circumstances exist here, where the pipeline is filing pursuant to an approved tariff mechanism. Therefore, the Commission will exercise its discretion to suspend the tariff sheets and permit them to become effective November 1, 2006.

The Commission orders:

(A) The Commission accepts and suspends Texas Gas' Substitute Fifth Revised Sheet No. 36 and Substitute First Revised Sheet No. 36A to its FERC Gas Tariff, Second Revised Volume No. 1 to be effective November 1, 2006, subject to refund and the outcome of the technical conference established by this order.

(B) Fifth Revised Sheet No. 36 and First Revised Sheet No. 36A to Texas Gas' FERC Gas Tariff, Second Revised Volume No. 1 are rejected as moot.

(C) The Commission accepts Texas Gas' First Revised Third Revised Sheet No. 36 to its FERC Gas Tariff, Second Revised Volume No. 1 filed in Docket

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[11] *See Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension).

[12] *See Valley Gas Transmission, Inc*., 12 FERC ¶ 61,197 (1980) (one-day suspension).

No. RP05-617-000, to be effective November 1, 2005, and terminates the proceeding in Docket No. RP05-617-000, as discussed in the body of this order.

(D) The Commission's staff is directed to convene a technical conference and report the results of that conference to the Commission within 120 days of the date this order issues.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.