

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

October 31, 2006

In Reply Refer To:  
Transcontinental Gas Pipe Line  
Corporation  
Docket Nos. CP88-391-032  
RP93-162-017

Transcontinental Gas Pipe Line Corporation  
P.O. Box 1396  
Houston, TX 77251

Attention: Charlotte Hutson, Manager-Rates

Reference: Annual Cash-Out Report

Dear Ms. Hutson:

1. On September 22, 2006, Transcontinental Gas Pipe Line Corporation (Transco) filed its annual cash-out report for the period August 1, 2005 through July 31, 2006. Transco's cash-out report, filed in compliance with section 15 of the General Terms and Conditions of its tariff, is accepted for filing.
2. The annual report was filed in accordance with the requirement to report the volumes involved in cash-out transactions and the amounts paid to or by firm and interruptible transportation customers and Operational Balancing Agreement (OBA) parties.<sup>1</sup> The cash-out report compares the cash-out revenues received with the costs incurred under the cash-out procedures of its tariff. The cash-out report reflects a cumulative overrecovery of \$33,503,861 with revenues exceeding costs resulting in Transco refunding the net overrecovery to its firm and interruptible customers and OBA parties on September 22, 2006.
3. Public notice of the filing was issued on September 26, 2006. Interventions and protests were due on or before October 3, 2006. Delmarva Power & Light Company,

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<sup>1</sup> *Transcontinental Gas Pipe Line Corporation*, 65 FERC ¶ 61,315 (1993) and *Transcontinental Gas Pipe Line Corporation*, 55 FERC ¶ 61,446 (1991).

New Jersey Natural Gas Company, and the Transco Municipal Group<sup>2</sup> and the Municipal Gas Authority of Georgia<sup>3</sup> filed timely motions to intervene. The KeySpan Delivery Companies<sup>4</sup> (KeySpan) filed a timely protest and motion to consolidate. Sequent Energy Management, L.P. filed a motion for leave to intervene out-of-time, while Public Service Company of North Carolina (PSNC) and South Carolina Pipeline Company (SCPC) filed a protest and motion to intervene one day out-of-time. Transco filed a motion to answer to KeySpan, PSNC, and SCPC's protests.

4. 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. Pursuant to Rule 213, 18 C.F.R. § 385.213(a)(2) (2006), the Commission prohibits answers to protests unless otherwise ordered by the decisional authority. We will accept the answer filed by Transco because it has provided information that has assisted us in our decision-making process.

5. KeySpan asserts that the concerns it raised in Transco's previous annual cash-out report filing are present in the instant filing, namely: 1) Transco does not allocate refunds to the transportation component of bundled storage service; 2) Transco double-counts certain volumes in its refund calculations; and 3) the tariff mechanism is not just and

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<sup>2</sup> The members of the Transco Municipal Group include the City of Alexander City and Sylacauga, Alabama; the Commissions of Public Works of Greenwood, Greer, and Laurens, South Carolina; the City of Union, South Carolina; and the cities of Bessemer City, Greenville, Kings Mountain, Lexington, Monroe, and Shelby, North Carolina.

<sup>3</sup> The Gas Authority consists, *inter alia*, of the following municipalities which are served directly by Transco: the Georgia municipalities of Bowman, Buford, Commerce, Covington, Elberton, Hartwell, Lawrenceville, Madison, Monroe, Royston, Social Circle, Sugar Hill, Toccoa, Winder, Crawfordville, Greensboro and Union Point; the East Central Alabama Gas District, Alabama; the towns of Wadley and Rockford, Alabama; the Utilities Board of the City of Roanoke, Alabama; Wedowee Water, Sewer & Gas Board, Wedowee, Alabama; and the Maplesville Waterworks and Gas Board, Maplesville, Alabama.

<sup>4</sup> KeySpan Delivery Companies consists of The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York; KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island; and Boston Gas Company, Colonial Gas Company, EnergyNorth Natural Gas, Inc., and Essex Gas Company, collectively KeySpan Energy NE.

reasonable. KeySpan argues that the evidentiary hearing established by the Commission in the September 29 Order in Docket No. RP06-569-000 is the appropriate forum to examine Transco's cash-out refund methodology. KeySpan requests that the Commission consolidate the issue of Transco's cash-out refund methodology with the issues set for hearing in Docket No. RP06-569-000 and condition its acceptance of Transco's cash-out report to the outcome of the hearing.

6. PSNC and SCPC requests the Commission make the order of this instant filing subject to the outcome of the hearing in Docket No. RP06-569-000.

7. In its answer, Transco states that the protestors do not allege the report was not calculated in accordance with section 15 of the GT&C, but rather have issue with the approved methodology of the calculations. Transco does not oppose the parties' request to have the cash-out refund methodology reviewed in the general section 4 rate filing in Docket No. RP06-569-000. Also, Transco argues that changes to an approved tariff mechanism pursuant to Natural Gas Act (NGA) section 5 can only be applied prospectively and so acceptance of the annual cash-out report should not be conditioned on the outcome of the rate case proceeding. Transco requests the Commission accept its annual cash-out report filing without condition.

8. The Commission will not consolidate or make acceptance of the instant filing subject to the Docket No. RP06-569-000 general section 4 rate filing because we agree with Transco that any changes to the cash-out refund methodology pursuant to NGA section 5 must be applied prospectively and therefore would not affect this report. However, the parties are free to raise issues about Transco's cash-out methodology in the pending hearing proceeding established in Transco's general section 4 rate case in Docket No. RP06-569-000. Therefore, the Commission accepts Transco's cash-out report for filing.

By direction of the Commission.

Magalie R. Salas,  
Secretary.