

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 11, 2007

In Reply Refer To:
Columbia Gas Transmission Corporation
Docket No. RP07-449-000

Columbia Gas Transmission Corporation
5151 San Felipe, Suite 2500
Houston, TX 77056-3639

Attention: James R. Downs, Director of Regulatory Affairs

Reference: Tariff Provision – Operational Purchases and Sales

Dear Mr. Downs:

1. On May 15, 2007, Columbia Gas Transmission Corporation (Columbia Gas) filed revised tariff sheets¹ to add a new section 50 governing operational purchases and sales of gas to the General Terms and Conditions (GT&C) of its tariff. Columbia Gas also requested waiver of section 284.286 of the Commission's regulations² which requires that a pipeline must organize its unbundled sales and transportation operating employees so that they function independently of each other. The tariff sheets are accepted effective June 14, 2007, as proposed.

2. Columbia Gas states that it proposes adding a new section 50 to the GT&C of its tariff to clarify its authority to make operational purchases or sales of gas. Columbia Gas further states that the Commission recently approved this same filing for Columbia Gas' sister pipeline Columbia Gulf Transmission Company (Columbia Gulf), in Docket No. RP07-125.³ Columbia Gas asserts that it is filing to place the same authority in its tariff. Columbia Gas further asserts that the only difference is that proposed section 50.1(iii) also provides for operational sales and purchases to be made in connection with storage.

¹ Thirteenth Revised Sheet No. 262, First Revised Sheet No. 489, and Original Sheet No. 490 to FERC Gas Tariff, Second Revised Volume No. 1.

² 18 C.F.R. § 284.286 (2006).

³ *Columbia Gulf Transmission Co.*, 118 FERC ¶ 61,066 (2007).

3. Section 50.1 of the proposed tariff provision specifies circumstances under which Columbia Gas may buy or sell gas for operational purposes. Section 50.2 provides that Columbia Gas will post its operational sales quantities for bidding on its electronic bulletin board, and section 50.3 requires that Columbia Gas file an annual report of the details of each operational purchase and sale, including the disposition of costs and revenues associated with those transactions.

4. Public notice of the filing was issued on May 21, 2007. Interventions and protests were due as provided in section 154.210 of the Commission's regulations. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2006)), all timely filed motions to intervene and any motion 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 the proceeding or place additional burdens on existing parties. Baltimore Gas and Electric Company (BGE) filed comments, Piedmont Natural Gas Company, Inc. (Piedmont) filed a request for clarification to the filing, and Columbia Gas filed an answer to the comments and request for clarification. While the Commission's regulations do not permit the filing of answers to protests,⁴ the Commission will accept the answer because it provides additional information which aids in our decision making process.

5. In its comments, BGE requests clarification that the proceeds from sales of base gas out of storage continue to be governed by the Commission-approved Stipulation and Agreement (Stipulation) resolving the most recent Natural Gas Act section 4 base rate filing by Columbia Gas in Docket No. RP95-408.⁵ Specifically, BGE states that section IV(C), entitled "Disposition of Proceeds from Additional Base Gas Sales," provides for sharing of such proceeds with Columbia Gas' customers "during the period the Stipulation remains in effect." BGE argues that the Stipulation remains in effect because Columbia Gas has not filed a superceding base rate case nor has the Commission issued an order concerning Columbia Gas' base rates pursuant to section 5 of the Natural Gas Act. Accordingly, BGE states that the instant filing should in no way alter the revenue sharing terms of the Stipulation insofar as sales of base gas from storage are concerned.

6. In its answer, Columbia Gas states that it does not intend that its operational purchases and sales will alter the revenue sharing terms of the Stipulation insofar as sales of base gas from storage are concerned.

7. Piedmont argues that it is not clear from Columbia Gas' filing whether the proposed operational purchase or sale points anticipated by Columbia Gas under its proposed tariff revisions would include points otherwise subject to no cost transfers under

⁴ 18 C.F.R. § 385.213 (2006).

⁵ *See Columbia Gas Transmission Corp.*, 79 FERC ¶ 61,044 (1997).

section 18.2 of the GT&C of Columbia Gas' tariff.⁶ Further, Piedmont argues that it is not clear whether there are any distinguishing characteristics of gas transfers between shippers and Columbia Gas' existing tariff. Accordingly, Piedmont requests that the Commission clarify that operational purchase and sale points would include points subject to the no cost transfer provisions of section 18.2 and, except for the purchase price, the provisions of section 18.2 will be applicable to those transactions.

8. In its answer, Columbia Gas states that its operational purchases and sales are distinct from no cost transfers under section 18.2. Further, Columbia Gas asserts that there is no overlap between the two concepts. Columbia Gas argues that its proposal is quite clear on the purpose for which operational purchases and sales can be made and how and where they will be made.

9. The Commission finds that Columbia Gas has satisfactorily clarified that its proposal will not modify the operation of any existing tariff provisions and that its operational sales and purchases should not be made subject to section 18.2 as that section is irrelevant as it only applies to shipper transfers of gas. Further, we find that Columbia Gas' proposal is consistent with the tariff language recently approved for its sister pipeline, Columbia Gulf.⁷ Therefore, the Commission accepts Columbia Gas' revised tariff sheets to be effective June 14, 2007, as proposed. No waiver of section 284.286 of

⁶ Section 18.2 provides that a shipper may transfer inventory without incurring transportation, storage, injection or withdrawal charges or surcharges and without assessment of Retainage on the transferred quantity: (a) from an account under Firm Transportation Service (FTS), Off-Peak Firm Transportation Service (OPT), Interruptible Transportation Service (ITS) and No-Notice Transportation Service (NTS) Service Agreements to an account under FTS, OPT, ITS, NTS, and General Transportation Service (GTS) Service Agreements; (b) from an account under Firm Storage Service (FSS), Firm Balancing Service (FBS), and Interruptible Storage Service (ISS) to an account under FSS, FBS, ISS, Storage In Transit Service (SIT), NTS, and GTS Service Agreements; (c) from an account under a SIT Service Agreement to an account under NTS and GTS Service Agreements; (d) from an account under a GTS Service Agreement to an account under a GTS Service Agreement; (e) for certain transfers related to SIT Service Agreement inventory balances; and (f) for transfers of imbalance quantities under a Shipper's non-FSS Service Agreements to the Segmentation Pool.

⁷ See 118 FERC ¶ 61,066 (2007) and March 28, 2007 letter order on compliance filing in Docket No. RP07-125-001.

the Commission's regulations is required.⁸ In *CIG* the Commission found that no waiver of section 284.286 of the Commission's regulations is necessary with regard to incidental purchases or sales of gas to operate the pipeline because such purchases or sales are not part of the pipeline's sales or marketing activities *per se*.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

⁸ See *Colorado Interstate Gas Co.*, 107 FERC ¶ 61,312 (2004) (*CIG*).