

142 FERC ¶ 61,200  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

March 21, 2013

In Reply Refer To:  
Tennessee Gas Pipeline Company,  
L.L.C.  
Docket No. RP13-574-000

Tennessee Gas Pipeline Company, L.L.C.  
1001 Louisiana Street, Suite 1000  
Houston, Texas 77002

Attention: Milton Palmer, Jr., Director  
Rates and Regulatory Affairs

Reference: Multiple Agency Arrangements

Dear Mr. Palmer:

1. On February 19, 2013, Tennessee Gas Pipeline Company, L.L.C. (Tennessee) filed revised tariff records<sup>1</sup> reflecting an option for multiple shippers associated with a single designated agent to be defined individually and collectively as the “Shipper” under a single service agreement. Tennessee states that its proposal is set forth in section 6 to Article XXVI of the General Terms and Conditions (GT&C) of its tariff and is available under Rate Schedules FT-A, IT and PAL. Tennessee requests a March 21, 2012 effective date for its proposed tariff records, only 29 days after its filing. The Commission will waive the 30-day notice requirement as provided for in the Natural Gas Act, and accept the proposed tariff records listed in footnote No. 1 to be effective March 21, 2013, subject to the conditions herein.

2. Tennessee states that the Multiple Agency Arrangement option would be available under Rate Schedules FT-A, IT, and PAL to any group of shippers subject to the following terms and conditions: (1) Multiple Agency Arrangement Principals shall meet

---

<sup>1</sup> Tennessee Gas Pipeline Company, L.L.C., FERC NGA Gas Tariff, TGP Tariffs, [Sheet No. 295, , 5.0.0](#); [Sheet No. 387, Requests for Service, 4.0.0](#); [Sheet No. 387A, Discounting Policy, 0.0.0](#); [Sheet No. 399, , 2.0.0](#).

the “shipper must have title” requirement in accordance with Article XXVI, section 2(d) of the GT&C; (2) Prior to executing a Transportation Contract, Multiple Agency Arrangement Principals shall provide Tennessee with written proof that the Multiple Agency Arrangement Agent is authorized to act on behalf of each Multiple Agency Arrangement Principal and that each Multiple Agency Arrangement Principal agrees to be jointly and severally liable for all of the obligations of all of the Multiple Agency Arrangement Principals and of the Multiple Agency Arrangement Agent under the Transportation Contract; (3) Multiple Agency Arrangement Principals shall be treated collectively as one Shipper for nomination, allocation, and billing purposes, and quantities of gas scheduled may be allocated by the Multiple Agency Arrangement Agent to more than one of the Multiple Agency Arrangement Principals; and (4) the Multiple Agency Arrangement Agent shall not be deemed to be a Shipper under the Transportation Contract and shall not be deemed to have title to gas transported under the Transportation Contract.

3. Tennessee states that its proposed Multiple Agency Arrangement “is completely optional and will not have any impact on existing agreements.”<sup>2</sup> Tennessee also states that the proposed Multiple Agency Arrangement option is substantially similar to provisions accepted by the Commission in other proceedings.<sup>3</sup> Tennessee states that the Multiple Agency Arrangement will enable all similarly situated groups of shippers, subject to certain conditions, to utilize a single gas transportation agreement with a single agent or asset manager in order to meet their collective load obligations in a more efficient manner.

4. Public notice of the instant filing was issued on February 20, 2013. Interventions and protests were due as provided in section 154.210 of the Commission’s regulations (18 C.F.R. § 154.210 (2012)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2012)), all timely filed motions to intervene and any unopposed 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. Southern Company Services, Inc. filed comments in support of Tennessee’s filing. Adverse comments were filed by Tennessee Valley Authority (TVA) and Sequent Energy Management, L.P. (Sequent).

---

<sup>2</sup> Tennessee Transmittal Letter at p. 2.

<sup>3</sup> *Id.* (citing *Southern Natural Gas Co.*, 124 FERC ¶ 61,145 (2008) (*Southern*); *Florida Gas Transmission Co., LLC*, Docket No. RP09-922-001 (2009) director letter order (*Florida Gas*); and *Transcontinental Gas Pipe Line Corp.*, Docket No. RP10-1099-000 (2010) director letter order (*Transco*)).

5. On March 8, 2013, Tennessee filed an answer to the comments of TVA and Sequent. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2012), prohibits answers to protests or answers unless otherwise permitted by the decisional authority. We will accept Tennessee's answer, because it will assist in the disposition of the issues raised by the protesting parties.

6. TVA has multiple contracts for service on Tennessee. It states that because it does not utilize an Agent or Asset Manager to manage nominations, it does not meet the fourth condition in Tennessee's proposal. TVA also states that Tennessee previously denied it the option to "roll-up" its contracts into a single transportation agreement because its contracts contained various different discounted rates. TVA points out that Tennessee's proposal does not mandate all contracts to be of a uniform rate. TVA concludes that offering this proposed option only to agents and not to a single shipper with multiple contracts appears to be, at the least, an inconsistent policy, and at the most, discriminatory treatment.

7. In its answer, Tennessee states that its proposal to permit Multiple Agency Arrangements is not the same as the multiple contract roll up addressed by TVA. Tennessee states that a contract roll up permits a single shipper to roll up multiple contracts into one single contract to make nominating and scheduling capacity under those multiple contracts more efficient. However, its Multiple Agency Arrangement proposal would permit multiple shippers with a single contract each to have all of the subject capacity managed by a single agent and as one contract. Tennessee asserts that because its proposal and the roll up of multiple contracts into a single contract are fundamentally different, there is no discriminatory treatment of customers between the two programs. Tennessee asserts that TVA's comments regarding contract roll up on Tennessee should have no bearing on the Commission's assessment of whether Tennessee's Multiple Agency Arrangement proposal is just and reasonable.

8. The Commission finds that it is not unduly discriminatory for Tennessee to offer multiple shippers served under the same contract the option to have all the capacity managed by a single agent, without also offering a shipper with multiple contracts with different rates the option to combine those contracts into a single contract. Multiple shippers served under the same contract are all subject to the same rate, and thus permitting one agent to manage the contract on behalf of all the shippers does not raise any issue as to what rate should be applied to particular transactions nominated by the agent. By contrast, combining several contracts with different discounted rates held by a single shipper into one contract could make it difficult to determine which discounted rate to apply to particular transactions nominated by that shipper. The Commission finds that Tennessee's proposal is consistent with similar provisions approved by the

Commission in other proceedings and all similarly situated shippers receive similar treatment under Tennessee's proposal.<sup>4</sup>

9. Sequent states that it does not oppose Tennessee's proposal but seeks additional assurances relating to the optional nature of the proposal. Sequent argues that although Tennessee states in its transmittal letter that election of a Multiple Agency Arrangement is optional, this is not explicitly stated in the tariff.

10. In its answer, Tennessee responds that its proposal is completely optional and that Tennessee has no authority to mandate that any group of shippers enter into a Multiple Agency Arrangement because of Paragraph (b) of proposed Section 6 which holds that shippers wishing to enter into a Multiple Agency Arrangement must provide Tennessee with proof that the designated agent is authorized to act on behalf of each shipper and that each shipper agrees to be jointly and severally liable for all obligations of the agent and of all shippers. Tennessee states that such an act must be voluntary because neither Tennessee nor any other third-party could unilaterally impose such a condition upon a shipper.

11. In addition, Tennessee states that it further clarifies its proposal by: (i) changing the title of Section 6 from "Multiple Agency Arrangements" to "Multiple Agency Arrangement Option"; and (ii) by inserting "upon request," between "Under Rate Schedules FT -A, IT, and PAL," and "Transporter may provide" in the first line of Section 6. Tennessee states that it will also make corresponding changes to the Index on Sheet No. 295 and the table in Article XXXVI on Sheet No. 399. Tennessee states that if the Commission agrees with such changes, Tennessee would make a compliance filing to implement these clarifications.

12. The Commission finds that Tennessee has, in its transmittal letter as well as in its answer, clarified that its proposal is voluntary in nature. Further, the Commission agrees with the revisions Tennessee has volunteered to make to its proposal to reflect its intentions for this proposal within its tariff. Tennessee is directed to make such changes within 15 days of the date this order issues.

---

<sup>4</sup> See *Southern Natural Gas Company*, 124 FERC ¶ 61,145 (2008). See also *Florida Gas Transmission Company, LLC Fifth Revised Volume No. 1, Rate Schedule FTS-1*; *Transcontinental Gas Pipe Line Company, LLC, Fifth Revised Volume No. 1, Rate Schedule FT*; *Elba Express Company, L.L.C., First Revised Volume No. 1, FTS Firm Transportation Service Agreement*; and *Gulf South Pipeline Company, LP., Seventh Revised Volume No. 1, Section 6.21.13 of the GT&C*.

13. Sequent requests clarification that a shipper electing the Multiple Agency Arrangement option will not be treated any differently with respect to nominations, allocations, billing and scheduling gas or that rights held under existing contracts will not be negatively impacted by optional Multiple Agency Arrangements. Sequent also seeks reassurances that tariff rights for shippers utilizing the Multiple Agency Arrangement option should be the same as the rights for shippers not utilizing the Multiple Agency Arrangement option. Sequent also states that an Agent transacting under the Multiple Agency Arrangement option should not be permitted to obtain any incremental rights of the combined volumes, beyond that which were contracted within the original agreement.

14. In its answer, Tennessee states that under its proposal, Tennessee would treat the entire group of shippers as a single shipper. Tennessee states that with respect to nominations, allocations, billing and scheduling gas, the treatment of the entire group of Multiple Agency Arrangement Principals under a Multiple Agency Arrangement will be identical to the treatment of a single shipper utilizing an agent under a standard transportation contract.

15. Tennessee states that nothing in its proposal should be construed to affect in any way how Tennessee would treat a single shipper utilizing an agent under a standard transportation contract. Moreover, Tennessee states that its proposal for a Multiple Agency Arrangement transportation contract will be subject to the Commission's rules and regulations, the applicable rate schedules of Tennessee's Tariff, and the GT&C of Tennessee's tariff. Tennessee asserts that under its proposal Multiple Agency Arrangement Principals and Multiple Agency Arrangement Agents will not receive any special tariff rights and the proposed Multiple Agency Arrangement option will have no impact on existing transportation contracts. Further, Tennessee clarifies that an agent will not be permitted to create a Multiple Agency Arrangement by combining existing transportation contracts.

16. Finally, Sequent asserts that it is unclear whether revisions to Tennessee's Form of Service Agreement in its tariff are necessary in order to implement the Multiple Agency Arrangement option. In its answer, Tennessee states that no revisions to any of Tennessee's Form of Service Agreements are necessary in order to implement its proposal. Tennessee states that Multiple Agency Arrangements will utilize the standard Form of Service Agreement for the applicable rate schedules and that any contractual language relating specifically to Multiple Agency Arrangements will be inserted in the fill-in-the-blank in Exhibit A of the Form of Service Agreement for "Other Provisions Permitted By Tariff Under the Applicable Rate Schedule and/or General Terms and Conditions and Pursuant to Article XXXVI of the General Terms and Conditions of Tennessee's FERC Gas Tariff." Tennessee states that this is permissible because its filing amends Article XXXVI to specifically reference the proposed Multiple Agency Arrangement option.

17. The Commission finds that Tennessee has provided several reassurances regarding the treatment of shippers under the Multiple Agency Arrangement option stating the proposal will not have any impact on existing agreements. Further, the proposed language also defines how shippers will be treated in contracting service under this proposal and explicitly states that shippers under a Multiple Agency Arrangement “shall be treated collectively as one Shipper for nomination, allocation, and billing purposes, and quantities of gas scheduled may be allocated by the Multiple Agency Arrangement Agent to more than one of the Multiple Agency Arrangement Principals.”

18. Tennessee states that Sequent has authorized it to state that its answer satisfies all of Sequent’s concerns with the instant filing. Moreover, the Commission finds that Tennessee has also explained to the Commission’s satisfaction that no revisions are necessary to its Form of Service Agreement to accommodate its proposal and that its proposal is consistent with Commission precedent. Accordingly, the Commission accepts the instant tariff records to be effective March 21, 2013 subject to Tennessee making a compliance filing within 15 days of the date this order issues, as discussed herein.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.