

142 FERC ¶ 61,237
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
Cheryl A. LaFleur, and Tony Clark.

Tennessee Gas Pipeline Company, L.L.C.

Docket No. RP13-545-000

ORDER ON INTERACTIVE CUSTOMER ACTIVITIES SYSTEM PROPOSAL

(Issued March 28, 2013)

1. On February 6, 2013, Tennessee Gas Pipeline Company, L.L.C. (Tennessee) submitted an informational filing, in the form of *pro forma* tariff records, declaring its intent to revise its tariff records,¹ in order to convert from the use of PASSKEY, Tennessee's current interactive customer activities system, to the Kinder Morgan interactive customer activities system, DART, and to make other changes as detailed below. We approve Tennessee's proposal, subject to Tennessee submitting actual tariff records pursuant to the Natural Gas Act (NGA), matching its *pro forma* tariff records at least thirty days before the conversion to the new DART system,² and further subject to the conditions discussed below.

Proposal

2. Tennessee's shippers currently use an Internet-based system called PASSKEY for their day-to-day interactions with the pipeline. Tennessee states that, as part of its project to integrate with its Kinder Morgan affiliates, it intends to replace PASSKEY with the Kinder Morgan interactive customer activities system, DART, on June 1, 2013. Tennessee argues that the instant filing is primarily administrative in nature, and is limited to the conversion to the DART system. Tennessee states that it has held several interactive Internet sessions with its customers informing them of the change, and plans to hold future sessions in order to train its customers and facilitate a smooth transition. Tennessee claims that it has not received any negative comments about its proposal.

¹ See Appendix for a listing of the *pro forma* tariff records.

² Tennessee notes that it anticipates that the conversion will occur on June 1, 2013, but that date may change.

3. Tennessee proposes numerous changes throughout its tariff, which it organizes in its transmittal letter into ten categories. First, it proposes to remove all references to PASSKEY and replace them with references to “Transporter’s Interactive Website.”

4. Second, Tennessee proposes to update certain administrative agreements and remove others from its tariff entirely. In particular, it proposes to place the System License Agreement and Trading Partner Agreement on its website instead of embedding them in its tariff. Tennessee will also eliminate the EDI Agency Authorization Agreement entirely, arguing that it already provides for this function by following the North American Energy Standards Board (NAESB) EDI Trading Partner Agreement.

5. Third, Tennessee proposes to modify Article VI, Section 1.1 (i), requiring releasing shippers to state whether bids based on a volumetric rate will be accepted and any special conditions associated with the release on a volumetric bases including any minimum volumetric commitments. Specifically, Tennessee proposes to eliminate language that would permit the releasing shipper to express any minimum volumetric commitment as either a quantity or a percentage of the Transportation Quantity. Tennessee states that DART requires releasing shippers to express any minimum volumetric commitment as a percentage and therefore this change is necessary for consistency with the DART system, but will have no practical effect on its shippers.

6. Fourth, Tennessee proposes to revise Article VI, Section 1.6(b) and (c) so as to require bidders to enter a Bid Rate as a daily reservation charge, which daily rate will be converted and displayed in the DART system to a monthly reservation rate consistent with NAESB standards.

7. Fifth, Tennessee proposes to revise Article IV, Section 9 in order to permit Tennessee and a point operator to mutually agree to establish a Central Delivery Point (CDP). Tennessee asserts that a CDP could help customers with numerous, geographically-proximate delivery points to simplify their nomination process by allowing the customer to aggregate nominations instead of nominating separately to each delivery point. Under this proposal, Tennessee would permit an individual local distribution company or an interconnecting pipeline with a delivery point balancing agreement to designate a central delivery point to which it may nominate all of its deliveries. The delivery points included in the CDP must be within close geographical proximity as determined by Tennessee based on operational constraints on its system or other operational considerations. Tennessee proposes that CDPs could also be developed for other entities or groups on a case-by-case basis. Article IV. Section 9(b) provides that a CDP may not be designated as a primary delivery point and the creation of a CDP will not alter any individual delivery point or the corresponding contractual entitlement at such point as specified in the customer’s service agreement.

8. Sixth, Tennessee proposes to remove Rate Schedule TTT (Title Transfer Tracking) and replace it with a new Transfer Nominations provision. Tennessee argues that, consistent with NAESB requirements, this would allow customers to use the nomination transfer process to track title at pools, storage, and all receipt locations.
9. Seventh, Tennessee proposes to revise Rate Schedule PAL (Park and Loan) to incorporate a Master Park and Loan Service Agreement. This master agreement, which Tennessee states is in response to customer requests, would serve as a blanket agreement for entering into future PAL transactions, and would establish an approved aggregate credit limit for that customer. Tennessee argues that this will expedite the contracting and transactional process.
10. Eighth, Tennessee proposes to replace its existing three-party Agency Authorization Agreement with a new, two-party agreement, and to eliminate its 48-hour notice of termination requirement. Tennessee argues that this will streamline contracting procedures and increase customer flexibility.
11. Ninth, Tennessee proposes revisions that it claims reduce the steps in the process for creating and executing capacity release contracts for temporary capacity releases. As proposed, a temporary capacity release shall become effective upon Tennessee posting on DART the details of the successful bid. Service will be provided pursuant to the applicable rate schedule, *pro forma* service agreement, capacity release offer, bid and award, rather than requiring the successful bidder to execute a new service agreement.
12. Tenth, Tennessee proposes to improve shippers' ability to make use of existing imbalance trading Tariff provisions. Tennessee claims that its revisions will allow more flexibility to trade between pools and eliminate the need for trading parties to hold a transportation contract. Under the proposal, all shippers would be eligible to pay the applicable Rate Schedule FT-A commodity rate (including fuel and surcharges) for imbalance trades between operational areas, irrespective of what rate schedule may be associated with the particular transportation contracts in the underlying balancing agreement.³

Notice and Responsive Pleadings

13. Public notice of Tennessee's filing was issued on February 7, 2013, with responses due on February 19, 2013. Pursuant to Rule 214,⁴ 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

³ Tennessee Transmittal at 4.

⁴ 18 C.F.R. § 385.214 (2012).

disrupt this proceeding or place additional burdens on existing parties. Indicated Shippers⁵ filed comments on February 19, 2013, in which they requested more information from Tennessee. Tennessee filed an answer to Indicated Shippers' comments on March 12, 2013.⁶

14. Indicated Shippers state that they do not protest Tennessee's proposal, in reliance on the understanding that Tennessee's proposal would not limit the flexibility of the current services Indicated Shippers have contracted for. However, they raise questions regarding (1) the term "Transporter's Interactive Website," (2) the treatment of License Agreements, and (3) the new CDP proposal. Indicated Shippers submit that the Commission should direct Tennessee to answer these questions. Indicated Shippers also note that depending on Tennessee's answers, or depending on the outcome of Tennessee's DART training sessions, it reserves the right to file additional pleadings.

15. First, Indicated Shippers express concern with Tennessee's proposal to replace the approximately 185 references to PASSKEY with the phrase "Transporter's Interactive Website." Indicated Shippers argue that such a generic reference would allow Tennessee to institute a new computer system or other significant changes without filing tariff revisions with the Commission.

16. Second, Indicated Shippers argue that the NGA requires Tennessee to include the license agreement necessary to access the Customer Services web in its tariff. Indicated Shippers claim that Tennessee currently requires shippers to execute the software license agreement as a prerequisite to receiving service, and thus will require customers to sign the DART license agreement on its website. However, they argue, NGA Section 4(c) requires that interstate pipelines' tariffs include "**all** contracts which **in any manner** affect or relate to [the pipeline's] rates, charges, classifications, and services."⁷ Indicated Shippers argue that this violation is material, since it would allow Tennessee to change the terms of the DART license agreement, or enter into non-conforming license agreements, without Commission oversight.

⁵ Indicated Shippers joining in these comments are Chevron U.S.A. Inc., Hess Corporation, and Shell Energy North America (US) L.P.

⁶ Rule 213 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213 (2012), permits answers to comments, if filed within 30 days of the comments.

⁷ Indicated Shippers Comments at 3 (citing 15 U.S.C. § 717c(c)) (emphasis Indicated Shippers).

17. Third, Indicated Shippers state that, while they do not oppose Tennessee's CDP proposal, Tennessee has failed to fully explain how CDPs would work. Indicated Shippers note that Tennessee states that it would establish CDPs for individual pipeline interconnects or individual local distribution companies (LDC) and for other entities or groups on a case-by-case basis. It remains unclear, for example, whether multiple LDCs could group their points into a single CDP. Indicated Shippers note that Tennessee also states that the points comprised within a CDP must be in close geographical proximity as determined by Tennessee, but fails to explain how Tennessee would determine proximity. Further, Indicated Shippers argue that Tennessee's proposal is unclear on what service priority CDP allocations would have, stating that Tennessee has only clarified that it would not allow a CDP to be designated as a primary delivery point. Indicated Shippers argue that this vagueness raises an issue as to the capability of DART to allocate deliveries correctly on constrained days.

18. In Tennessee's answer to Indicated Shippers' comments, Tennessee states it has consulted with Indicated Shippers to provide additional explanations, and that Tennessee reiterates that Indicated Shippers do not oppose Tennessee's proposal, but seek further explanation.

19. Tennessee states that the CDP program will simplify the nomination process for shippers with numerous delivery points in close geographic proximity. Tennessee states that new section 9 of Article IV of the GT&C provides that, upon mutual agreement with Tennessee, an individual LDC or an individual pipeline with a delivery point balancing agreement will be permitted to designate a central delivery point to which it may nominate all of its deliveries. Tennessee notes that numerous other pipelines have similar CDP programs and that Tennessee's proposal is modeled on these.

20. In response to Indicated Shippers' question whether multiple LDCs will be able to group their points into a single LDC, Tennessee states the answer is no. Tennessee notes that the proposed tariff language refers to an individual LDC or an individual pipeline.

21. In response to Indicated Shippers' question whether operating conditions would permit the establishment of a CDP, Tennessee replies that its evaluation of whether operating conditions would permit the establishment of a CDP will focus on preserving Tennessee's ability to honor the primary point scheduling priority at the underlying delivery points. Tennessee states that as delivery points become more geographically removed, the likelihood of intervening operating conditions that may affect the scheduling of deliveries increases. Tennessee notes that it is not uncommon for pipeline tariffs to condition the availability of services or other flexibility on operating conditions on the pipeline.

22. In response to Indicated Shippers' question about how would a CDP operate, Tennessee states that if Tennessee and a customer agree to establish a CDP, the customer will nominate all of its deliveries to the CDP and the primary delivery point priority that it had to each individual primary delivery point in the underlying contract will be retained.

23. In response to Indicated Shippers' assertion that the DART License Agreement should be included in Tennessee's tariff, just as the license agreement for the PASSKEY system was included in the tariff, Tennessee states it does not agree, but as a courtesy to its customers, Tennessee will agree to include the DART License Agreement in its tariff, and has included *pro forma* tariff records as Exhibit A to its answer, reflecting the inclusion of the agreement.

24. Tennessee notes that in their comments, Indicated Shippers suggest that Tennessee's proposal to replace tariff references to PASSKEY with references to "Transporter's Interactive Website" would mean that Tennessee may not need to revise its tariff in the future if it institutes a new computer system, even though such changes may be significant. In its answer, Tennessee asserts that its proposal to replace specific references to PASSKEY with generic references to Transporter's Interactive Website, is in no way intended to set up the tariff for future system changes that could be implemented without adequate notice to Tennessee's customers.

Discussion

25. We find that the *pro forma* tariff records submitted by Tennessee are acceptable, subject to the condition that Tennessee also implement the *pro forma* records included in its answer to Indicated Shippers' comments. Tennessee's proposal, as it states in its filing, is primarily administrative in nature, and should improve electronic communications with its current and potential customers. As Tennessee has explained in its answer, its CDP proposal is a voluntary option which should help streamline the nomination process for a shipper with multiple delivery points, if the shipper desires to use that option. Also, Tennessee has clarified that the primary delivery point priority that the shipper had to each individual primary delivery point in the underlying contract will be retained. Because Tennessee has agreed to include a *pro forma* license agreement in its tariff, we need not address the issue whether the NGA requires such a license agreement to be included in a pipeline's tariff. Finally, Tennessee has clarified that its proposal to replace specific references to PASSKEY in its tariff with generic references to Tennessee's interactive website is not intended to permit future computer system changes to be implemented without notice to Tennessee's customers.

The Commission orders:

Tennessee is directed to submit actual tariff records consistent with the *pro forma* tariff records included in its initial filing, as modified in its answer, at least thirty days before the conversion to the new DART system.

By the Commission.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

Appendix

Tennessee Gas Pipeline Company, L.L.C.
FERC NGA Gas Tariff
TGP Tariffs

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