

145 FERC ¶ 61,067
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

October 25, 2013

In Reply Refer To:
Laclede Gas Company
Southern Union Company
Docket No. RP13-1330-000

Schiff Hardin LLP
901 K Street, NW, Suite 700
Washington, DC 20001

Attention: Debra Ann Palmer, Esquire

Reference: Petition for Temporary Waiver of Capacity Release Regulations

Dear Ms. Palmer:

1. On September 17, 2013, Laclede Gas Company (Laclede) and Southern Union Company (Southern Union) (Petitioners) filed a petition for temporary 90-day waiver of the Commission's capacity release regulations and policies in order to enable the transfer of assets (Asset Sale) from Southern Union to Laclede. Petitioners also seek a temporary and limited waiver of certain provisions of the FERC Gas Tariffs of Tallgrass Interstate Gas Transmission (Tallgrass), LLC, Rockies Express Pipeline, LLC (REX), Panhandle Eastern Pipe Line Company, LP (Panhandle), and Southern Star Central Gas Pipeline, Inc. (Southern Star). In addition, Petitioners request that the Commission act on this petition no later than October 25, 2013. For the reasons discussed below, the Commission grants Petitioners' requested temporary waivers.

2. Prior to the Asset Sale, Petitioners state that Missouri Gas Energy (MGE) was an operating division of Southern Union engaged in the local distribution of natural gas in western Missouri. Petitioners also state that MGE was the only entity within Southern Union that provided natural gas service. In addition, Petitioners state that MGE had executed transportation and storage agreements with Tallgrass, REX, Panhandle, and Southern Star.

3. Petitioners state that on September 1, 2013, Laclede purchased MGE from Southern Union. Petitioners state that the Asset Sale provided for the assignment of the rights and obligations under MGE's pipeline service agreements and written consent by

such pipelines.¹ Petitioners further state that certain of the pipelines consented to the transfer of the service agreements while others expressed concerns that waiver of the Commission's capacity release requirements may be necessary because: (1) the Asset Sale involved the sale of assets rather than the transfer of stock; and (2) the MGE operating division of Southern Union did not represent all (or substantially all) of the assets of Southern Union.

4. Specifically, Petitioners request a temporary waiver of the following: (1) the capacity release regulations set forth in section 284.8 of the Commission's regulations, including the posting and bidding requirements and restrictions on capacity releases below the maximum rate; and (2) the relevant tariff provisions of the affected transportation and storage providers, including those specifying the timing and postings and the requirements that the contracts be released rather than assigned. Petitioners state that the waivers will be utilized for the limited purpose of transferring Southern Union's rights and obligations under the service agreements listed in Appendix A of this letter order, as contemplated by the Asset Sale.

5. Public notice of the petition was issued on September 23, 2013. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2013)). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2013), all timely motions to intervene and any unopposed 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. No protests or adverse comments were filed.

6. The Commission has reviewed Petitioners' request for temporary waivers and finds that the request is adequately supported and consistent with previous waivers that the Commission has granted to permit the release of capacity under similar circumstances.² Moreover, the approval of the requested temporary waivers is consistent with decisions in other proceedings where the Commission has granted similar waivers.³

¹ A list of the contract numbers and rate schedules is attached as Appendix A.

² *Big Sandy Pipeline, LLC*, 141 FERC ¶ 61,151 (2012); *Antero Resources Corp.*, 139 FERC ¶ 61,258 (2012); *Salmon Resources, LTD*, 138 FERC ¶ 61,059 (2012); *Big Sandy Pipeline, LLC*, 136 FERC ¶ 61,130 (2011); *BHP Billiton Petroleum (Fayetteville LLC)*, 135 FERC ¶ 61,088 (2011); *Wisconsin Electric Power Co.*, 131 FERC ¶ 61,104 (2010); *EnergyMark, LLC*, 130 FERC ¶ 61,059 (2010); *Total Gas & Power North America, Inc.*, 131 FERC ¶ 61,023 (2010); *Sequent Energy Mgmt., L.P., et al.*, 129 FERC ¶ 61,188 (2009); *North Baja Pipeline, LLC*, 128 FERC ¶ 61,082 (2009); *Macquarie Cook Energy, LLC*, 126 FERC ¶ 61,160 (2009); *Bear Energy LP*, 123 FERC ¶ 61,219 (2008).

³ See, e.g., *Macquarie Cook Energy, LLC*, 126 FERC ¶ 61,160.

Petitioners have provided the information required for approval of such waivers: (1) identification of the regulations and policies for which waiver is sought; (2) identification of the pipeline service agreements and capacity to be transferred; and (3) description of the overall transaction and its claimed benefits, with sufficient detail to permit the Commission and other interested parties to determine whether granting the requested waivers is in the public interest.⁴

7. Accordingly, for good cause shown, the Commission grants a temporary, limited waiver of its capacity release regulations set forth in section 284.8 of the Commission's regulations, including the posting and bidding requirements and restrictions on capacity releases below the maximum rate, and the relevant provisions of the FERC Gas tariffs of Tallgrass, REX, Panhandle, and Southern Star for the limited purpose of transferring Southern Union's rights and obligations under the service agreements listed in Appendix A. The waivers shall remain in effect for 90 days from the date of this order.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁴ *Request for Clarification of Policy Regarding Waivers of Applicable Requirements to Facilitate Integrated Transfers of Marketing Businesses*, 127 FERC ¶ 61,106, at P 10 (2009).

Appendix A

Pipeline	Contract Number	Rate Schedule
Southern Star Central	TA 8249	TSS-P
Southern Star Central	TA 8249	TSS-M
Southern Star Central	SA 8250	FSS
Southern Star Central	TA 0630	FTS-P
Southern Star Central	TA 0637	FTS-P
Southern Star Central	TA 0926	FTS-P
Southern Star Central	TA 0927	FTS-P
Southern Star Central	TA 0954	FTS-P
Southern Star Central	TA 0955	FTS-M
Southern Star Central	TA 8664	FTS-P
Southern Star Central	TA 9644	FTS-P
Southern Star Central	TA 10993	FTS-P
Southern Star Central	TA 10761	FTS-M
Panhandle Eastern	12625	GDS
Panhandle Eastern	017071	EFT-P
Panhandle Eastern	017071	EFT-M
Panhandle Eastern	017073	FS
Kinder Morgan*	0569	FT
Kinder Morgan*	0570	FT
Rockies Express	557204	
Rockies Express	554836	FT

*The Kinder Morgan contracts were acquired by Tallgrass.