

145 FERC ¶ 61,205
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

December 6, 2013

In Reply Refer To:
Transcontinental Gas Pipeline
Company, LLC
Docket Nos. RP12-993-000
RP12-993-001

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Director, Rates and Regulatory
Transcontinental Gas Pipe Line Company, LLC
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Ladies and Gentlemen:

1. On August 27, 2013, Transcontinental Gas Pipe Line Company, LLC (Transco) filed a Stipulation and Agreement (Agreement) to settle and resolve all issues in the above-captioned dockets. This proceeding was initiated with Transco's August 31, 2012, filing of tariff records in Docket No. RP12-993-000, proposing to implement a general rate change under section 4 of the Natural Gas Act (NGA). On September 28, 2012, the Commission accepted, effective October 1, 2013, without suspension, proposed tariff records containing rate decreases for certain services.¹ The Commission accepted and suspended to be effective March 1, 2013, subject to refunds, all other tariff records filed by Transco including rate increases for most of its services. The Commission also established a hearing on all issues raised by Transco's filing. On February 7, 2013, the Commission issued an order in Docket No. CP11-551-000, which, among other things, granted Transco's request to abandon its Eminence Storage Field Caverns 1 through 4.² In that order, the Commission stated that the cost allocation and rate design issues raised by Transco's abandonment of the Eminence Facilities should be addressed in the Docket No. RP12-993-000 section 4 rate case.

¹ *Transcontinental Gas Pipe Line Co.*, 140 FERC ¶ 61,251 (2012).

² *Transcontinental Gas Pipe Line Co.*, 142 FERC ¶ 61,095 (2013) (Eminence Order).

2. On September 30, 2013, the Presiding Administrative Law Judge certified the Agreement to the Commission as uncontested. The Commission finds that the Agreement is fair and reasonable, and in the public interest. It is therefore approved, to become effective as set forth in Article XI thereof.
3. The Agreement resolves all outstanding issues in these proceedings, including the rate issues identified in the Eminence Order for resolution in this section 4 rate case. The Agreement's rates commence March 1, 2013, and shall run until the earlier of (1) the effectiveness of Transco's next NGA section 4 general rate case filing or (2) the effective date of a change to Transco's jurisdictional rates directed by a Commission order (other than an order resolving the reserved issue identified in Article VII of the Agreement) pursuant to NGA section 5.
4. Article I of the Agreement describes the settlement cost of service and, with the exception of certain items specifically identified in Article I, has been negotiated and agreed to on a "black box" basis. The Agreement resolves all cost of service issues in the referenced proceedings. Article II of the Agreement describes the settlement provisions regarding reservation and throughput quantities.
5. Article III resolves Transco's cost classification, cost allocation, and rate design for the rate period, subject to the reserved issue identified in Article VII below. The Agreement reflects the same general methodologies in Transco's initial rate filing. However, the cost allocation methodology is modified, as described in Section B of Article III, to: (1) shift of \$2,500,000 of operations and maintenance expense and \$3,500,000 of administrative and general expense to and among the incrementally-priced transportation services reflected in the Docket No. RP12-993-000 rate filing, and (2) allocate \$12,800,000 from the annual costs of service of storage services under Rate Schedules WSS-Open Access, GSS (Transco owned and purchased from Dominion), LSS (Dominion and National Fuel), SS-2 (National Fuel), S-2 (Texas Eastern), and LG-A/LNG to non-incremental transportation, incremental transportation, and to the transportation component of the bundled storage services (Rate Schedules GSS, LSS, and SS-2). In addition, the rate design methodology filed by Transco is modified, as described in Section C of Article III, to establish Transco's maximum daily rate applicable to interruptible and firm gathering service at \$0.265 per Dth effective March 1, 2013. The same provision also includes terms addressing the rate to be applied to service on facilities that are refunctionalized from transmission to gathering during the rate period.
6. Article IV explains that within sixty days after the Agreement becomes effective, Transco will refund to its customers who are Non-Contesting Parties the total amount collected since March 1, 2013 in excess of the Settlement Rates, with interest, but subject to the "refund floor" established by the settlement established in a prior Transco docket, Docket No. RP06-569-000.

7. The Agreement also resolves, as stated in Article V of the Agreement, various tariff and other matters:

- A. Section A of Article V of the Agreement provides for the prospective revision, as of the effective date of the Agreement, to the Transmission Electric Power Rates established under section 41 of the General Terms and Conditions of Transco's FERC Gas Tariff to end the incremental allocation to the Cherokee Expansion Project shippers of the Cherokee-related Station 115 electric power costs, and to reflect instead the roll-in of those electric power costs in the determination of the system-wide Transmission Electric Power Rates.
- B. Section B of Article V of the Agreement provides that Transco will convene a meeting or meetings with interested customers, within one year following the effectiveness of the Agreement, to discuss the pooling structure on the Transco system and gas quality issues.
- C. Section C of Article V of the Agreement contains provisions authorizing Transco to sell up to 541,305 Dths of Eminence Storage Field base gas, under the terms and conditions set forth therein.³ Section C also states that Commission approval of the Agreement shall provide Transco any and all authorizations and waivers necessary to make such base gas sales to permit Transco's transmission function employees to make those sales.
- D. Section D of Article V of the Agreement addresses revisions to the Order of Discounts established under section 33 of the General Terms and Conditions of Transco's FERC Gas Tariff to provide that any discounts of charges under Rate Schedules ESS and EESWS shall be applied first to the rate component for the recovery of the Eminence Abandonment Costs.

8. Article VI of the Agreement sets forth the participants' agreement to a moratorium. Transco shall not file an NGA section 4(e) general rate case prior to August 31, 2014. Further, except as provided in the Agreement, each Non-Contesting Party shall not initiate or support any NGA section 5 proceeding on the Transco system prior to August 31, 2014. Article VI also obligates Transco to file an NGA section 4(e) general rate case no later than August 31, 2018.

³ After the abandonment of Eminence Storage Caverns 1 through 4, Transco will continue to provide service at the Eminence Storage Field using Caverns 5 through 7. Therefore, the February 7, 2013 Eminence Order certificated the new operating parameters of the Eminence Storage Field, including the volumes of base gas required to operate the field. We clarify that, since it is beyond the Parties' authority to modify a Commission certificate, Article V, Section C of the Agreement should not be interpreted as altering the operating parameters certificated by the Eminence Order.

9. Article VII of the Agreement states that the Commission's orders addressing the reserved issue in Transco's general rate case proceeding in Docket No. RP06-569-000 involving Transco's rate proposal under Rate Schedule WSS-Open Access is pending review by the United States Court of Appeals for the District of Columbia Circuit in *BNP Paribas Energy Trading GP v. FERC*, Case No. 12-1242. Article VII provides that the Agreement does not resolve that issue, and such issue shall be resolved in accordance with the Stipulation and Agreement approved by the Commission in that proceeding.

10. Article VIII contains Contesting Party provisions. Articles IX, X and XI of the Agreement are provisions governing court remand or modification of orders regarding the Agreement, standard reservations, approval by the Commission, and effectiveness of the Agreement. In particular, Article X, Section G states that once approved, the standard of review for changes sought by individual participants to the Agreement shall be the "public interest" standard, but for changes sought by a non-settling third party, a Contesting Party, or the Commission acting *sua sponte*, the standard of review to be applied by the Commission shall be the "just and reasonable" standard. Article XI states that the Agreement shall become effective on the first day of the first month that commences at least 30 days after the date on which a Commission order approving the Agreement without material modification becomes no longer subject to rehearing.

11. Appendices A, B, and C to the Agreement provide, respectively, the Settlement Depreciation Rates, Assets and Asset Retirement Obligation (ARO) Amounts, and the Reservation and Throughput Quantities. Appendices D and E contain *pro forma* tariff records reflecting rates derived in accordance with the Agreement. The Settlement Rates reflect approved changes in Transco's rates made effective since March 1, 2013 (e.g., tracker filings) and prior to the filing of the Agreement. Finally, Appendix F lists the Supporting or Non-opposing Participants.

12. We conclude that the Agreement is fair and reasonable, and in the public interest. It is therefore approved, to become effective as set forth in Article XI of the Agreement. Approval of the Agreement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

13. We direct Transco to file, electronically in eTariff, revised tariff records to be effective as described in the Agreement.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.