

146 FERC ¶ 61,062
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

February 3, 2014

In Reply Refer To:
Tennessee Gas Pipeline
Company, L.L.C.
Docket No. RP13-1374-000

Tennessee Gas Pipeline Company, L.L.C.
Attention: Milton Palmer, Jr., Director, Rates and Regulatory Affairs
1001 Louisiana Street
Suite 1642
Houston, TX 77002

Dear Mr. Palmer:

1. On September 30, 2013, Tennessee Gas Pipeline Company, L.L.C. (Tennessee) filed tariff records¹ to implement a rate adjustment pursuant to a Settlement Agreement (Settlement) in Docket No. RP12-887-000 approved by the Commission on May 31, 2013.² The May 31 Order, among other things, directed Tennessee to file tariff records reflecting the terms of the Settlement. Tennessee requests waiver of the Settlement and the Commission's May 31 Order in order to charge the new Settlement rate to all customers, including customers who were severed from the Settlement. As discussed below, waiver of the Commission's May 31 Order is granted and the referenced tariff records are accepted effective on the dates set forth in Appendices A and B.

¹ See Appendices for a complete listing of tariff records. The tariff records listed in Appendix A are proposed to become effective on September 1, 2013, the effective date of the Settlement Docket No. RP12-887-000. The tariff records listed in Appendix B are proposed to become effective on October 1, 2013, and supersede some of the Tariff records included in Appendix A to incorporate subsequent tariff changes filed by Tennessee: (i) in Docket No. RP13-1196-000 to eliminate the Annual Charge Adjustment (ACA) clause and incorporate by reference the ACA unit rate in its Tariff in compliance with Order No. 776, and (ii) in Docket No. RP13-545-001 to implement the conversion of Tennessee's PASSKEY system to DART.

² *Tennessee Gas Pipeline Co., L.L.C., et al.*, 143 FERC ¶ 61,196 (2013) (May 31 Order) (rehearing pending).

2. On July 26, 2012, in Docket No. CP12-490-000, Tennessee filed for authorization to abandon by sale certain offshore facilities in the Gulf of Mexico to Kinetica Energy Express, LLC (Kinetica Energy). On the same date, in Docket No. RP12-887-000, Tennessee filed a settlement (Settlement) regarding the proposed rate treatment for the proposed sale of the facilities. The Settlement was contested by several parties.

3. The Commission's May 31 Order approved Tennessee's request to abandon these facilities and granted certificate authority for Kinetica Energy to acquire and operate such facilities.³ The Commission also approved the Settlement for consenting parties, severed the parties contesting the Settlement, and established that such parties would pay Tennessee's existing rates, while consenting parties would pay Tennessee's new Settlement rates. The Settlement rates reflected the removal of costs related to the offshore facilities from Tennessee's existing rates and were therefore lower than the existing rates.⁴ The Settlement, as approved, also stipulated that the consenting parties waived their right to protest Tennessee's inclusion of costs related to a regulatory asset account established to amortize the loss on the sale of the facilities to Kinetica Energy in Tennessee's next NGA section 4 rate proceeding. The Commission directed that Tennessee file actual tariff records in a compliance filing to implement the settlement 30 days prior to the sale of the facilities. Tennessee was directed to continue to offer service over its remaining system to contesting parties under its currently filed rates, unless and until it made a filing under NGA section 4 to modify its rates applicable to service to those contesting parties and directed that the rates for contesting parties must remain in Tennessee's tariff.⁵

4. Tennessee states that the purpose of the instant filing is to implement the rate adjustment provision of Article III of the Settlement in compliance with the

³ *Id.* See also, *Tennessee Gas Pipeline Co.*, 137 FERC ¶ 61,105 (2011), *order on clarification*, 138 FERC ¶ 61,082 (2012), *order on reh'g*, 138 FERC ¶ 61,179 (2012).

⁴ The Commission stated that it "approves the settlement for the consenting parties and severs all contesting parties from the settlement." The Commission also noted that the settlement provides for an immediate reduction in Tennessee's rates by the cost of service effect of: (1) the removal of depreciation, return, and related income taxes associated with the facilities; and (2) five million dollars of operating and maintenance cost savings, for a total cost of service reduction of \$9.3 million. May 31 Order, *Tennessee Gas*, 143 FERC ¶ 61,196 at PP 271-272. The Commission reasoned that approving Tennessee's Settlement for the consenting parties, while severing contesting parties, preserves the benefits of the Settlement for the consenting parties and ensures that contesting parties will have an opportunity to litigate the merits of any rate change Tennessee seeks to apply to contesting parties. *Id.* P 275.

⁵ *Id.* P 276.

Commission's May 31 Order. Accordingly, Tennessee submits: (1) proposed tariff records listed in Appendices A and B to become effective on September 1, 2013 and October 1, 2013, respectively and (2) supporting work papers detailing the derivation of the rate adjustment.

5. Tennessee also states that because of the limited number of contesting parties to the Settlement, Tennessee proposes to waive its right to charge such contesting parties the higher existing rates and instead to provide such contesting parties the benefit of the lower rates pursuant to Article III of the Settlement. Therefore, Tennessee requests waiver of the Commission's May 31 Order in order to charge the lower Settlement rates to contesting parties as well as to parties supporting, or not opposing the original Settlement. No party opposes this request.

6. Public notice of the filing was issued on October 1, 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 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. No protests or adverse comments were filed.

7. The Commission finds that there is good cause to grant Tennessee waiver of the directives of the May 31 Order regarding the tariff rates for contesting shippers. Tennessee is permitted to charge the contesting parties the same lower rate as the consenting parties to the Settlement and to reflect such charge in its tariff. However, Tennessee's decision to waive its rights with regard to the rate to be charged to contesting Settlement parties does not remove any rights retained by the contesting parties under the Settlement.

8. Accordingly, the Commission accepts the proposed tariff records listed in Appendices A and B to be effective September 1, 2013 and October 1, 2013, respectively.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

Appendix A

Tennessee Gas Pipeline Company, L.L.C.
FERC NGA Gas Tariff
TGP Tariffs
Tariff Records Effective September 1, 2013

Sheet No. 5, System Map, 2.0.0

Sheet No. 14, FT-A Rates - Firm Transportation, 6.0.0

Sheet No. 16, , 7.0.1

Sheet No. 17, FT-A Rates EDS/ERS, 5.0.0

Sheet No. 20, FT-BH Rates - Backhaul, 6.0.0

Sheet No. 21, , 7.0.1

Sheet No. 22, , 7.0.1

Sheet No. 23, FT-G Rates - Small Customer Transportation, 6.0.0

Sheet No. 25, , 7.0.1

Sheet No. 26, FT-GS Rates, 8.0.1

Sheet No. 27, , 7.0.1

Sheet No. 44, IT Rates - Interruptible Transportation, 9.0.1

Sheet No. 59, PAL Rates - Park and Loan Services, 5.0.0

Sheet No. 60, PTR Rate - Liquefiable Hydrocarbons, 5.0.1

Sheet No. 298, , 3.0.1

Sheet No. 368, Rate Zone Boundaries and Incremental Laterals, 2.0.0

Appendix B

Tennessee Gas Pipeline Company, L.L.C.
FERC NGA Gas Tariff
TGP Tariffs
Tariff Records Effective October 1, 2013

Sheet No. 16, , 9.0.0

Sheet No. 21, , 9.0.0

Sheet No. 22, , 9.0.0

Sheet No. 25, , 9.0.0

Sheet No. 26, FT-GS Rates, 10.0.0

Sheet No. 27, , 9.0.0

Sheet No. 44, IT Rates - Interruptible Transportation, 11.0.0

Sheet No. 60, PTR Rate - Liquefiable Hydrocarbons, 7.0.0

Sheet No. 298, , 5.0.0