

149 FERC ¶ 61,090
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

October 30, 2014

In Reply Refer To:
Garden Banks Gas Pipeline, LLC
Docket No. RP15-24-000

Garden Banks Gas Pipeline, LLC
1001 Louisiana Street
Suite 3300
Houston, TX 77002

Attention: Susan M. Schwager
Assistant Secretary

Dear Mrs. Schwager:

1. On October 2, 2014, Garden Banks Gas Pipeline, LLC (Garden Banks) filed revised tariff records¹ to establish a new park and lending (PAL) rate schedule, to revise its Rate Schedule FT-2, and to correct clerical errors, as well as making other changes to its tariff. Garden Banks requests that the Commission approve its proposed tariff changes to be effective November 1, 2014 and grant any waivers that may be necessary. Indicated Shippers filed a conditional protest. As discussed below, the revised tariff records are accepted effective November 1, 2014, subject to condition.

2. In its filing, Garden Banks proposes to establish a new Rate Schedule PAL, under which park and lending service options will be provided to Garden Banks' customers. Garden Banks notes the PAL service will give customers additional flexibility to manage their natural gas supply portfolios and transportation arrangements by allowing customers to park gas or to receive loaned gas at a designated point of service located on Garden Banks' system. Garden Banks proposes to charge customers based on the daily balance of natural gas that is parked or loaned. Garden Banks proposes to use its currently effective, Commission-approved maximum base rate for interruptible transportation as the applicable maximum rate for service under Rate Schedule PAL.²

¹ See Appendix.

² \$0.1168 per Dth.

3. Concerning its proposed revisions to its Rate Schedule FT-2, Garden Banks states that a shipper may obtain firm transportation under Rate Schedule FT-2 that provides flexibility for the production variances in the shipper's offshore reserves, to the extent that the shipper executes a separate Reserve Commitment Agreement committing to deliver its reserves to Garden Banks for re-delivery. According to Garden Banks, several producers with Rate Schedule FT-2 transportation agreements have requested that their marketing affiliates, which would purchase the natural gas from the producer, be permitted to hold the Rate Schedule FT-2 transportation agreement with Garden Banks. Therefore, Garden Banks is proposing changes to Rate Schedule FT-2, its *pro forma* Rate Schedule FT-2 and its *pro forma* Reserve Commitment Agreement that will effectively release the producer from its reserve commitment as long as its affiliate has Garden Banks transport the producer's natural gas which the marketing affiliate has purchased.

4. In addition to the changes outlined above, Garden Banks states it has made several miscellaneous changes to its tariff to correct clerical errors such as formatting, punctuation and spelling, as well as to make other changes. Specifically, Gardens Banks is revising its Interactive Internet Website Agreement to better meet the needs of its customers. In addition, Garden Banks proposes to revise the description of the monthly fee stated in its natural gas liquids bank agreement.

5. Public notice of the filing was issued on October 6, 2014. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.³ 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 disrupt the proceeding or place additional burdens on existing parties.

³ 18 C.F.R. § 154.210 (2014).

⁴ 18 C.F.R. § 385.214 (2014).

6. On October 14, 2014, Indicated Shippers⁵ submitted a conditional protest. The Indicated Shippers have several concerns with Garden Banks' proposals, which they state were raised with Garden Banks before submitting their conditional protest. Indicated Shippers state that Garden Banks has agreed to address these concerns by submitting revisions to its tariff language in a compliance filing to be submitted following the Commission's acceptance of the instant filing. The agreed-upon tariff revisions are summarized below.

7. Specifically, Indicated Shippers state that Garden Banks' proposed Rate Schedule PAL tariffs do not include a provision for Garden Banks to return penalty revenues to non-offending shippers, net of Garden Banks' costs. Indicated Shippers point out that Commission precedent requires pipelines to return penalty revenues, net of costs.⁶ Therefore, Indicated Shippers request that Garden Banks include a provision in its tariff which provides that penalty revenues, including those from Rate Schedule PAL service, will be returned to shippers, net of Garden Banks' costs, on March 31 of each year.

8. Indicated Shippers also have a concern with Garden Banks' proposed section 3.5 of Rate Schedule PAL.⁷ Indicated Shippers request that Garden Banks revise the price paid by a shipper that owes natural gas to Garden Banks, under Rate Schedule PAL, from 150 percent of the Index Price to 100 percent of the Index Price.

9. Indicated Shippers also point out that Garden Banks' proposed definition for affiliate in the Form of Reserve Agreement states that the affiliate must be under the "control" of the shipper. Indicated Shippers argue that this requirement of "control" unnecessarily limits the range of eligible affiliate arrangements. Indicated Shippers state that there are several situations where the affiliates do not have control over one another,

⁵ The Indicated Shippers in this proceeding are Anadarko Energy Services Company, Apache Corporation, ExxonMobil Gas & Power Marketing Company, a division of Exxon Mobil Corporation, and SWEPI LP. Each of the Indicated Shippers separately filed a motion to intervene in this proceeding.

⁶ *Mojave Pipeline Co.*, 99 FERC ¶ 61,287 (2002).

⁷ Section 3.5 provides: Shipper may be required, upon notification from Transporter to deliver all, or any part, of its loaned gas quantity as rapidly as is consistent with Transporter's operating capabilities. Any quantity of gas not delivered in accordance with Transporter's notice within five (5) days of Transporter giving Shipper such notice shall be subject to Shipper's purchasing from Transporter such quantity of gas at 150% of the Index Price as defined in Section 13 of Transporter's General Terms and Conditions.

but rather control is through a common parent company. Therefore, Indicated Shippers argue the definition of “affiliate” should be broadened to include situations where the affiliates are under the common control of another person or entity.

10. Indicated Shippers represent that Garden Banks has agreed to make each of the tariff changes requested by the Indicated Shippers. Based on this representation, the Commission finds that the requested tariff changes are reasonable.

11. Accordingly, the Commission accepts Garden Banks’ instant filing, subject to the condition that, within 30 days of the date this order issues, Garden Banks will revise its tariff: (1) to provide that Garden Banks will refund any penalty revenue to non-offending shippers, net of Garden Banks costs; (2) to reduce the price paid by a shipper that owes natural gas to Garden Banks under Rate Schedule PAL from 150 percent of the Index Price to 100 percent of the Index Price, and (3) by amending its proposed definition of an “affiliate” in its Form of Reserve Commitment Agreement to be consistent with Commission regulations.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

Appendix

Garden Banks Gas Pipeline, LLC
FERC NGA Gas Tariff
First Revised Volume No. 1

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