149 FERC ¶ 61,191
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Chairman;
Philip D. Moeller, Tony Clark,
and Norman C. Bay.

Sunoco Pipeline L.P Docket No. OR14-40-000

DECLARATORY ORDER

(Issued December 1, 2014)

1. On August 29, 2014, Sunoco Pipeline L.P. (SPLP) filed a Petition for Declaratory Order (Petition) seeking approval of the priority service, tariff and rate structure, and terms of service for its proposed Project Mariner East 2 (Project). According to SPLP, the Project will create additional pipeline capacity to transport ethane, propane, and butane from the natural gas fields of the Marcellus Shale and Utica Shale in Pennsylvania, Ohio, and West Virginia to the Sunoco Partners Marketing & Terminals L.P. Terminal in Claymont, Delaware (SPMT Terminal). SPLP explains that the Project is an expansion of its Project Mariner East, which was approved by the Commission on February 15, 2013,[1] and is now under construction. SPLP emphasizes that the Project will serve the significant increase in shipper demand for transportation capacity from the Marcellus and Utica Shale production areas.

2. SPLP seeks Commission action by December 1, 2014, so that the Project can commence service as soon as possible. As discussed below, the Commission grants the requested rulings.

I. Purpose and Description of the Project

3. SPLP explains that the Marcellus Shale region extends through much of the Appalachian Basin from eastern Ohio and West Virginia through the Mid-Atlantic and into New York. SPLP cites U.S. Geological Survey estimates that the Marcellus Shale region contains as much as 141 trillion cubic feet of recoverable natural gas.[2] According to SPLP, as of August 2014, the Marcellus Shale region is the largest producing shale gas

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[1] *Sunoco Pipeline L.P*., 142 FERC ¶ 61,115 (2013).

[2] U.S. Energy Information Administration, *Annual Energy Outlook 2012 Early Release Overview 9 (2012)*, http://www.eia.gov/forecasts/archive/aeo12/index.cfm.

basin in the U.S., currently supplying more than 15 billion cubic feet per day, representing nearly 40 percent of America's shale gas production.[3]

4. SPLP further states that a byproduct of the increase in natural gas production from these regions is an abundance of propane and butane, which is outpacing demand in the Northeast, potentially causing an oversupply that could lead to curtailment of natural gas production. SPLP explains that the purpose of this Project is to relieve the oversupply by creating an additional outlet to move excess ethane, propane, and butane from the natural gas wells in Marcellus and Utica Shale areas. SPLP states that the Project's capacity will be approximately 272,750 barrels per day (bpd). SPLP further explains that when the products reach the SPMT Terminal, they will be stored, processed, and transported to alternative markets by water, rail, or truck. SPLP also states that the propane may be piped to a new propane cracking facility being considered for construction at the SPMT Terminal.

5. SPLP maintains that the Project will increase the capacity and versatility of the original Project Mariner East by adding ethane to the propane and butane to be transported on the system. Further, states SPLP, the Project will include development of a batched propane and butane pipeline from Scio, Ohio, and other downstream receipt points to the SPMT Terminal. SPLP also points out that it will retain the right to switch service on the two pipelines to maximize available throughput for its customers.

6. SPLP expects the Project to commence service in the fourth quarter of 2016. SPLP explains that it will establish identical committed tariff rates for ethane, propane, and butane movements on the Project, and these committed rates will be set at a premium as compared to uncommitted rates for the same service. Further, continues SPLP, any shipments prior to the operational date, as defined in the Transportation Service Agreements (TSA), will be on an interim, uncommitted basis and will not establish any historical rights to capacity on the Project. SPLP adds that up to 90 percent of the capacity will be available for shipment of committed volumes, and at least 10 percent of the capacity will be reserved for uncommitted volumes.

7. Citing the substantial capital investment required to complete the Project, SPLP states that it conducted a widely-publicized open season seeking term and volume commitments in return for priority transportation service at a premium rate.[4] SPLP maintains that all potential shippers had an equal opportunity to participate in the open

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[3] U.G. Energy Information Administration, *Drilling Productivity Report* (Aug. 11, 2014), http://eia.gov/petroleum/drilling/#tabs-summary-2.

[4] SPLP states that the open season extended from December 4, 2013, through May 30, 2014.

season. SPLP also explains that priority shippers will not be subject to prorationing of their committed volumes under normal operating circumstances. According to SPLP, following the open season, it provided, as applicable, either the Ethane Pipeline Transportation Services Agreement (Ethane TSA) or the NGLs Pipeline Transportation Services Agreement (NGLs TSA) to shippers that executed confidentiality agreements. SPLP states that shippers that executed NGLs TSAs agreed to ship at least 10,000 bpd on a ship-or-pay basis for either a 10- or 15-year term. Further, states SPLP, shippers that signed Ethane TSAs committed to ship at least 5,000 bpd on a ship-or-pay basis for either a 10- or 15-year term.[5]

8. SPLP points out that the Project's tariff structure is based on a traditional one-part rate. According to SPLP, for shipments under the NGLs TSA, committed and uncommitted shippers of propane and butane will pay a "postage stamp" rate, i.e., the same tariff rate will apply regardless of the nominated origin and destination points.[6] However, SPLP adds that committed shippers under both the Ethane and NGLs TSAs will pay a premium rate for shipment of their committed volumes, which will be at least $0.01 more than the rate applicable to uncommitted volumes.

[5] SPLP explains that to size the Project's propane/butane pipeline and its receipt points properly, it required committed shippers of propane and/or butane to select in their NGLs TSAs specified volumes of propane and/or butane (Selected NGLs) from a specified origin point (Selected Origin Point). According to SPLP, those volumes will receive first priority on the propane/butane pipeline. Additionally, SPLP states that, subject to operational capability, a committed shipper can ship the other type of NGLs from the same or a different origin point to satisfy its volume commitment and receive priority service for those volumes as long as at least 10 percent of the capacity of the propane/butane pipeline remains available for uncommitted volumes.

[6] SPLP clarifies that it offered propane service from the Houston, Pennsylvania origin point established in connection with the original Project Mariner East. Therefore, continues SPLP, to satisfy the requirement that committed volumes will be subject to the premium rate, the uncommitted rate for shipments of propane from Houston will be at least $0.01 less than the committed rate for that product from that origin in the original Project Mariner East. For that reason, states SPLP, the tariff rate for uncommitted volumes from Houston will be lower than the postage stamp rate for uncommitted shippers, and that rate is not part of the postage stamp rate proposal sought in the Petition.

9. SPLP points out that it will have the right to adjust the committed rates annually, effective January 1 of each year, commencing on January 1, 2017.[7] According to SPLP, the adjustment will be based on the Commission's annual oil pipeline index, or if the indexing process is terminated, by the annual change in PPI published in the immediately preceding calendar year, except that the committed rates will never be less than the committed rates established in the TSAs. In addition, continues SPLP, it will have the right to adjust the uncommitted rates annually in accordance with the same index. SPLP reiterates that in exchange for their long-term ship-or-pay obligation and premium rates, committed shippers will not be subject to prorationing under ordinary operating circumstances with respect to their committed volumes.

II. Requested Rulings

10. SPLP seeks approval of the following aspects of the Project's rate structure and terms of service:

a. Committed rates established in the TSAs will be treated as settlement rates pursuant to section 342.4(c) of the Commission's regulations[8] at the time of their initial filing and throughout the terms of the TSAs;

b. SPLP will provide up to 90 percent of the Project's total capacity as priority service at a premium rate;

c. Committed shippers of propane and butane under the NGLs TSA will have the right of first offer (ROFO) for up to 75 percent of any expansion of the propane/butane pipeline undertaken after the Project enters service that increases the Project's capacity to transport those products;

[7] However, SPLP points out that the indexing adjustment will commence January 1, 2015, only for uncommitted volumes of propane and ethane tendered to the Houston origin point. SPLP explains that the earlier index adjustment date for volumes of propane and ethane tendered at the Houston origin point is necessary because spot service will be available for propane and ethane shipments from Houston when the Project goes into service in 2015. SPLP adds that because the uncommitted rate for shipments of propane and ethane from Houston will be significantly less than the equivalent committed rate, the committed rate will continue to be at a premium to the uncommitted rate.

[8] 18 C.F.R. § 342.4(c) (2014).

d. SPLP may employ the "postage stamp" rate design in setting rates for committed shippers and uncommitted shippers under the NGLs TSA so that the same rates will apply to each shipper regardless of the origin or destination of the shipper's movement;[9]

e. Committed shippers with NGLs TSAs will have the opportunity to extend the terms of their NGLs TSA for either three or five years after expiration of the primary term of their NGLs TSAs (Term Extension Rights) and to amend or trade the origin points selected under their NGLs TSAs and reallocate selected NGLs under limited circumstances (Selected Origin Point Rights);[10] and

f. As provided in the TSAs, SPLP will have the right to establish additional origin and delivery points for the pipelines.

III. SPLP's Arguments

11. SPLP contends that the rulings it seeks are fully consistent with previous Commission orders addressing priority service terms, tariff and rate structures, and terms of service applicable to new pipeline projects and pipeline expansion projects. SPLP asserts that the Commission has affirmed on numerous occasions that the Interstate Commerce Act (ICA) gives the Commission discretion to approve contract rate service under appropriate circumstances.[11]

12. First, states SPLP, it seeks a ruling that its initial committed rates will be treated as settlement rates, not only when it files the initial committed rates, but also when it makes subsequent adjustments to the committed rates, as provided in the TSAs.[12] According to SPLP, when a pipeline will begin a new service that includes premium rates, the Commission has approved initial agreed-upon rates if the pipeline conducted an open

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[9] SPLP states that it is not seeking approval of a postage-stamp rate design for shippers under the Ethane TSA because that TSA only offered service from one origin point to one destination point. However, SPLP states that it reserves the right to add origin points and make them available, subject to the Ethane TSA.

[10] *See supra* n.5.

[11] SPLP cites, *e.g.*, *Sunoco Pipeline L.P.*, 145 FERC ¶ 61,273, at P 12 (2013) (*Sunoco*); *CenterPoint Energy Bakken Crude Services, LLC*, 144 FERC ¶ 61,130 (2013) (*CenterPoint Bakken*); *Enterprise TE Products Pipeline Co., LLC*, 144 FERC ¶ 61,092 (2013) (*Enterprise*).

[12] SPLP cites 18 C.F.R. § 342.4(c) (2014).

season making the opportunity to become committed shippers available to all prospective shippers.[13] SPLP maintains that the factual circumstances of the Project are essentially identical to the facts of the previous cases.

13. SPLP contends that in *Sunoco*, the Commission approved priority service where, in "exchange for the long-term commitments, the Committed Shippers will pay higher rates for a premium service that is not subject to prorationing under ordinary operating conditions" because the premium rates paid by priority committed shippers "provide financial assurances" through "long-term volume commitments to the pipeline through ship-or-pay obligation."[14] SPLP emphasizes that priority shippers on the Project will be providing financial assurances by making large financial commitments to the pipeline through their ship-or-pay commitments that obligate them to make payments over an extended period of years. SPLP reiterates that the TSAs for the Project comply with Commission precedent by providing that committed shippers will pay a premium rate for transportation of their committed volumes of at least $0.01 above the uncommitted rate.[15]

14. SPLP also submits that the Project is consistent with Commission precedent in reserving 90 percent of its capacity for committed volumes, while ensuring that uncommitted volumes have access to 10 percent of the capacity.[16] SPLP points out that while the Commission "has not established a stated minimum percentage of capacity that must be set aside" for uncommitted volumes and has made clear that "[e]ach proposal presented to the Commission is appraised on its own merits,"[17] the Commission has

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[13] SPLP cites, *e.g.*, *Sunoco Pipeline L.P.*, 145 FERC ¶ 61,273, at PP 11-12 (2013); *Seaway Crude Pipeline Co., LLC*, 142 FERC ¶ 61,201, at P 12 (2013) (*Seaway*):

> The Commission hereby affirms that its regulations allow an oil pipeline to charge a negotiated rate if it is agreed to by at least one unaffiliated shipper. Although the Commission's regulations do not provide specifically for negotiated rates with agreed-to future rate changes, the Commission has ruled that such contracts "are consistent with the spirit of section 342.4(c) of the Commission's regulations." (quoting *Express Pipeline P'ship*, 76 FERC ¶ 61,245, at 62,258-59 (1996)).

[14] *Sunoco Pipeline L.P.*, 145 FERC ¶ 61,273, at P 11 (2013).

[15] *Id*. PP 6, ll.

[16] *Id*. P 12.

[17] *CCPS Transportation, LLC*, 122 FERC ¶ 61,123, at P 14 (2008) (*CCPS*).

indicated that the reservation of 10 percent of capacity for uncommitted shippers is sufficient to provide reasonable access.[18]

15. According to SPLP, the volume and term commitments support the financing of pipeline projects because pipelines may use the commitments as collateral to secure loans. In contrast, continues SPLP, uncommitted shippers will have no obligation to use the pipeline and may choose to ship for one month and not the next, without penalty and without providing any assured cash flow to the pipeline. Therefore, states SPLP, as long as uncommitted shippers have reasonable access to the pipeline's capacity, there is nothing inequitable or unfair about preserving on a priority basis a portion of the pipeline's capacity for shippers that have made the pipeline capacity possible.[19]

16. In this case, continues SPLP, the priority service terms have been crafted based on projected shipments of Product from the Marcellus and Utica Shale regions and the expected need for prorationing of pipeline capacity. SPLP asserts that the priority service proposed here is not unduly discriminatory and is consistent with the ICA's common carrier obligations.

17. SPLP next contends that the proposed ROFO for propane and butane expansion capacity is consistent with Commission precedent. SPLP explains that the NGLs TSA provides that if SPLP expands the propane/butane pipeline's capacity after the Project enters service, and if it accepts long-term volume commitments for that expansion capacity, it will give committed shippers under the NGLs TSA a ROFO for up to 75 percent of the available expansion capacity. However, continues SPLP, the long-term volume commitments will be capped for each committed shipper at 50 percent of its committed volume as of the date the expansion enters service until the 10th anniversary

[18] SPLP cites, *e.g.*, *Sunoco Pipeline L.P.*, 145 FERC ¶ 61,273, at P 12 (2013); *CCPS Transportation, LLC*, 122 FERC ¶ 61,123, at P 17 n.33 (2008) (*CCPS*); *Enbridge (U.S.) Inc. and ExxonMobil Pipeline Co.*, 124 FERC ¶ 61,199, at P 35 (2008).

[19] SPLP cites, *e.g.*, *Sunoco Pipeline L.P.*, 145 FERC ¶ 61,273, at P 12 (2013); *CCPS Transportation, LLC*, 121 FERC ¶ 61,253, at PP 17 n.33, 19 (2007); *Enbridge (U.S.) Inc. and ExxonMobil Pipeline Co.*, 124 FERC ¶ 61,199, at P 35 (2008); *Enbridge Energy Pipelines (North Dakota) LLC*, 133 FERC ¶ 61,167, at PP 39-40 (2010); *Enbridge Pipeline (Illinois) LLC*, 145 FERC ¶ 61,085 (2013).").

of the in-service date.[20] SPLP maintains that this is consistent with Commission precedent and is reasonable and not unduly discriminatory or preferential.[21]

18. In particular, SPLP cites *CenterPoint Bakken*, in which the Commission stated that ROFO provisions like the one SPLP proposes here are "permissible, inasmuch as the original TSA was available to all shippers in a widely publicized open season, and all shippers had the same opportunity to take advantage of the terms and conditions of the original TSA."[22] According to SPLP, the Commission also stated that "at least 10 percent of the expansion capacity" must remain available to uncommitted shippers to ensure that there is no undue discrimination or preference.[23] SPLP contends that the Project's NGLs TSA meets these requirements, in that the terms of that agreement were offered to all interested shippers as part of a widely publicized open season. Further, continues SPLP, the ROFO limit of 75 percent of any expansion capacity of the propane/butane pipeline and the 50-percent cap for an individual committed shipper's initial contract volumes is appropriate. SPLP emphasizes that committed shippers will have no ROFO rights to at least 25 percent of any expansion capacity.

19. SPLP next addresses its proposed use of postage stamp rates for shipments under the NGLs TSA. SPLP reiterates that under these rates, all committed volumes will be subject to the same rate for transportation from any origin point to any destination point made available by the Project.[24] SPLP also notes again that, consistent with Commission policy, the postage stamp rates applicable to committed volumes will be at a premium of at least $0.01 per barrel more than postage stamp uncommitted rates.

20. SPLP argues that the Commission previously has authorized substantially similar provisions. SPLP cites *Enable Bakken Crude Services, LLC*, in which the Commission approved a postage stamp rate design where "the same rate would apply to the shipper regardless of the origin or destination of the shipper's transportation movement," and where the "postage stamp rate applicable to a Committed Shipper (Committed Rate)

[20] SPLP states that the remaining 25 percent of any expansion capacity of the propane/butane pipeline for which SPLP will accept long-term volume commitments will be available for other potential shippers.

[21] SPLP cites, *e.g.*, *CenterPoint Energy Bakken Crude Services, LLC*, 144 FERC ¶ 61,130 (2013); *Enbridge Pipelines (Southern Lights) LLC*, 141 FERC ¶ 61,244 (2012).

[22] *CenterPoint Energy Bakken Crude Services, LLC*, 144 FERC ¶ 61,130, at P 33 (2013).

[23] *Id*.

[24] *See supra* note 9.

would always be at least $0.01 per barrel more than the Uncommitted Rate for walk-up, Uncommitted Shippers."[25] According to SPLP, that project also included provisions allowing for up to 90 percent of the project's capacity to be reserved for priority service at a premium rate, as is the case with the instant Project.

21. SPLP next contends that the term extension and selected origin point rights afforded to committed shippers in the NGLs TSA are consistent with Commission precedent. SPLP points out that in those TSAs, it offered committed shippers certain term extension and selected origin point rights. In particular, continues SPLP, the NGLs TSA allowed a committed shipper making a minimum volume commitment the option to choose its Selected NGLs and Selected Origin Points, such as Scio and Hopedale, Ohio; Follansbee Jct., West Virginia; and/or Houston, Pennsylvania.[26] SPLP further explains that the NGLs TSA allows a committed shipper a one-time option to amend its selected origin points and to reallocate some or all of its Selected NGLs among the amended Selected Origin Points within six months from the effective date of the NGLs TSA. Moreover, continues SPLP, the NGLs TSA also allows a committed shipper a one-time option to trade with another committed shipper one or more of its Selected Origin points with respect to the same volume of Selected NGLs at least three months prior to the date the Project enters service; however, SPLP emphasizes that a committed shipper is not entitled to modify the total volume of its Selected NGLs under either of the above options.

22. In addition, SPLP states that the NGLs TSAs grant each committed shipper the right to extend the initial terms of its TSA for an additional term. SPLP explains that committed shippers that signed up for initial 10-year terms may extend that term for an additional three years, while committed shippers that signed up for an initial 15-year term may extend that term for an additional five years. SPLP adds that if committed shippers extend the terms of their NGLs TSAs and the aggregate volume commitments of all committed shippers that do so is less than 40,000 bpd, SPLP reserves the right to terminate the TSAs at the end of the initial term.

23. SPLP emphasizes that these provisions were part of the overall package that shippers considered in making their decisions to incur long-term obligations to transport substantial volumes of Selected NGLs on the Project. SPLP explains that the provisions were designed to provide committed shippers significant flexibility in meeting their commitments under their NGLs TSAs. According to SPLP, in *Enbridge Pipelines (FSP) LLC*, the Commission approved similar rights that were intended to persuade committed shippers to enter contracts, so long as all interested shippers had the opportunity those

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[25] *Enable Bakken Crude Services LLC*, 148 FERC ¶ 61,048, at P 8 (2014).

[26] *See supra* note 5.

rights were offered to all interested shippers.[27] SPLP points out that the Commission stated that "uncommitted shippers that do not enter into agreements for committed service, but instead take service on a walk-up basis, are not similarly situated with committed shippers that provide financial support for a proposed pipeline project."[28] Further, states SPLP, the Commission also has recognized that term extension rights afford shippers "the ability to adjust to changing market conditions without being locked into a long term contract."[29]

24. Finally, SPLP maintains that its ability to add origin and destination points to the project is consistent with Commission precedent. Specifically, it seeks approval of the provisions in the NGLs TSA that allow for the addition of origin or destination points for propane or butane shipments either at SPLP's discretion or by request of a shipper (subject to certain conditions). SPLP also seeks approval of the provision in the Ethane TSA that allows SPLP to add origin points to the pipeline at SPLP's sole discretion. SPLP states that when new origin or destination points are added, it will file either interstate or intrastate tariffs, as applicable, notifying all shippers of the availability of these new origins or destinations.

25. According to SPLP, provisions allowing the addition of new origin and destination points fall within the pipeline's discretion under the ICA, which affords pipelines broad discretion to initiate or abandon service. In fact, continues SPLP, the Commission has recognized on several occasions that it does not have jurisdiction to compel an oil pipeline to add service points to its system or to prevent a pipeline from abandoning service.[30] SPLP contends that the only exception to this discretion is in the event that a pipeline's decision to add service points may cause undue discrimination among shippers.[31]

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[27] *Enbridge Pipelines (FSP) LLC,* 146 FERC ¶ 61,148 (2014).

[28] *Id*. P 28.

[29] *CenterPoint Bakken Crude Services, LLC*, 144 FERC ¶ 61,130, at P 35 (2013).

[30] SPLP cites, *e.g.*, *Enbridge Energy, Limited P'ship*, 139 FERC ¶ 61,134, at P 19 (2012); *Plantation Pipe Line Co. v. Colonial Pipeline Co*., 104 FERC ¶ 61,271, at P 28 (2003).

[31] SPLP cites, *e.g.*, *Suncor Energy Marketing Inc. v. Platte Pipe Line Co*., 132 FERC ¶ 61,242, at P 120 (2010).

Public Notice and Interventions

26. Notice of the filing was issued September 3, 2014 2014, with interventions and protests due September 29, 2014. Pursuant to Rule 214 of the Commission's regulations,[32] all timely-filed 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 delay or disrupt the proceeding or place additional burdens on existing parties. The Petition is unopposed.

Commission Analysis

27. The Commission will grant the unopposed Petition. SPLP has demonstrated that additional NGL transportation is necessary in the active natural gas production areas to be served by the Project. SPLP has demonstrated that excess NGLs are being produced in the Marcellus and Utica Shale areas, which may impede natural gas production unless additional NGL transportation can be developed. SPLP also seeks the right to add more origin and delivery points, which will aid in meeting the demand for transportation from these production areas. These rights will benefit both SPLP and its shippers in bringing additional NGLs to market and minimizing any impairment to natural gas production in those areas.

28. To meet this demand, SPLP must undertake a substantial capital investment to construct facilities in addition to its Project Mariner East, which is currently under construction. The Project's added facilities will increase the capacity and versatility of the original Project Mariner East for ethane and propane, as well as adding butane as an additional product to be transported to the SPMT terminal in Claymont, Delaware. Without the substantial financial investment of shippers that commit to move barrels on the Project, it is possible that service on the Project will not commence in a timely manner.

29. Additionally, SPLP has demonstrated that its proposed priority service, tariff and rate structure, and terms of service are consistent with applicable Commission policy and precedent. Accordingly, the Commission authorizes SPLP to file its committed rates as settlement rates as proposed. As SPLP has shown, this treatment of initial rates is consistent with Commission precedent.

30. The Commission also approves SPLP's proposal to offer a variety of contract rights to committed shippers that will not be available to uncommitted shippers. The uncommitted shippers have not made similar volume and financial commitments that will contribute to the construction of the Project. It is appropriate for the uncommitted

[32] 18 C.F.R. § 385.214 (2014).

shippers to have fewer rights, so long as this does not constitute any undue preference or discrimination. Because SPLP conducted a widely-advertised open season, all potential shippers had an equal opportunity to become committed shippers, with all of the rights and obligations inherent in committed shipper status.

31. Additionally, the Commission finds that SPLP's proposal to provide up to 90 percent of the Project's capacity to committed shippers at a premium rate is appropriate. SPLP proposes to reserve up to 10 percent of the available capacity for uncommitted shippers that prefer not to contract for a specific term and a specific volume. As SPLP demonstrated, the Commission has approved a number of such proposals. Likewise, the Commission approves SPLP's proposal to allow committed shippers under the NGL TSAs the opportunity to extend the terms of their contracts at the end of their primary terms and to amend or trade their Selected Origin Points and reallocate Selected NGLs. Moreover, SPLP's proposal provides for a ROFO for committed shippers of propane and butane under the NGL TSAs for up to 75 percent of any additional expansion of the Project's capacity. This too is appropriate because of the committed shippers' financial support of the Project.

32. Finally, SPLP's proposed "postage stamp" rate design will allow both committed and uncommitted shippers to pay the same basic rates. However, committed shippers will pay an additional premium because they will receive priority service in the event prorationing of the system is necessary.

33. Accordingly, the Commission grants the rulings sought by SPLP, finding that the proposals addressed above are just and reasonable, consistent with Commission precedent, and do not create any undue discrimination or preference.

The Commission orders:

The Petition is granted, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.