150 FERC ¶ 61,257
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

March 31, 2015

In Reply Refer To:
Transcontinental Gas Pipe Line
Company, LLC
Docket No. RP15-461-000

Transcontinental Gas Pipe Line Company, LLC
P.O. Box 1396
Houston, TX 77251

Attention: Scott C. Turkington, Director, Rates & Regulations

Dear Mr. Turkington

1. On February 18, 2015, Transcontinental Gas Pipe Line Company, LLC (Transco) filed *pro forma* tariff records detailing a new rate schedule and initial volumetric rates for Rate Schedule FTP (Firm Transportation Service – Production Area), a new form of service agreement for use under Rate Schedule FTP, and conforming changes to its tariff to accommodate this proposed rate schedule. Transco states that Rate Schedule FTP will provide an optional firm transportation service on Transco's Mobile Bay Lateral for shippers that commit to transport gas reserves produced from Outer Continental Shelf (OCS) blocks for the life of the reserves. Transco also requests that the Commission grant waiver of sections 284.7(e) and 284.10(c)(1) of the Commission's regulations,[1] to permit it to implement Rate Schedule FTP.

2. As discussed below, the Commission finds that the proposed tariff language is just and reasonable and directs Transco to file actual tariff records consistent with the *pro forma* language no less than 30 days before its implementation of the proposed rate schedule and associated tariff changes. The Commission also finds good cause to waive the requested regulations.

[1] 18 C.F.R. § 284.7(e) (2014) and 18 C.F.R. § 284.10(c)(1) (2014).

3. Transco states that it currently has available 241,896 dekatherm per day of capacity on its Mobile Bay Lateral from Main Pass Area East Block 261, to the point of interconnection between the Mobile Bay Lateral and Transco's mainline (Station 85 Zone 4A Pool). Transco states that on its system this capacity contract path would be from Zone 4B to Zone 4A. Transco states that as a result of discussions it has entered into with its customers, Transco proposes the instant *pro forma* tariff records to accommodate the new rate schedule. Transco states that proposed Rate Schedule FTP will provide an optional firm transportation service for customers on its Mobile Bay Lateral that commit to transport OCS gas reserves for the life of such reserves. Transco asserts that because the capacity to provide Rate Schedule service is available due to the turn-back by a shipper of firm transportation service provided on Transco's Mobile Bay Lateral, the proposed Rate Schedule FTP service will have no adverse impact on Transco's existing firm and interruptible shippers.

4. Transco proposes that Rate Schedule FTP will feature a daily volumetric rate, subject to a minimum throughput requirement (80 percent of the Buyer's quarterly Transportation Contract Quantity (TCQ)), and that the rate schedule will permit the shippers to prospectively change their TCQ based on the production profile of the committed reserves. Transco points out that the daily volumetric charge under Rate Schedule FTP is comprised of a reservation charge component and a usage charge component, the sum of which equal the equivalent rate under Rate Schedule IT. Transco states that its Rate Schedule IT rates are the 100 percent load factor equivalent of Transco's Rate Schedule FT rates. Thus, Transco states that the proposed Rate Schedule FTP rates are fully allocated volumetric rates based on currently effective rates approved for firm transportation service in Zones 4A and 4B. Transco also states that if the minimum throughput commitment is not achieved, the shipper will be subject to a conditional reservation charge. In order to allow the minimum throughput provision, Transco requests waiver of sections 284.7(e) and 284.10(c)(1) of the Commission's regulations which prohibit minimum take provisions that have the effect of guaranteeing revenue.

5. Transco states that service under proposed Rate Schedule FTP will be a Part 284 open access firm transportation service and will be subject to the General Terms and Conditions of Transco's Tariff (GT&C). In particular, Transco states that Rate Schedule FTP monthly imbalances will be subject to the provisions of sections 25 (Monthly Imbalance Resolution) and 37 (Cash Out Provisions) of the GT&C and it also maintains that a Rate Schedule FTP shipper will be subject to sections 51 (Operational Controls) and 52 (Operational Flow Orders) of the GT&C. Transco also states that Rate Schedule FTP is eligible for capacity release pursuant to section 42 of the GT&C and that a releasing shipper under Rate Schedule FTP will be credited all reservation charges paid by the replacement shipper.

6. Transco states that its proposed Rate Schedule FTP is modeled on similar OCS transportation services authorized by the Commission for other pipelines.[2]

7. Public notice of Transco's filing was issued on February 23, 2015 with interventions and protests due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2014)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2014)), all timely motions to intervene and any 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 the proceeding or place additional burdens on existing parties.

8. On March 2, 2015, LLOG Exploration Offshore, L.L.C. (LLOG) filed a comment on Transco's proposal. LLOG states that it generally supports the filing and requests that the Commission expeditiously approve the filing. However, LLOG requests that the Commission require Transco to modify its proposal. LLOG states that section 2.10 of proposed Rate Schedule FTP provides that in the event Transco cannot receive a shipper's TCQ on any gas day, the shipper can redirect such gas to a facility upstream of Transco. Upon Transco's ability to resume receipts of the shipper's gas, the shipper would be required to commence deliveries to Transco no earlier than ten days, or, if the next month begins within the ten days, the first day of the following month.

9. LLOG proposes that section 2.10 should be revised to provide that if Transco cannot receive a shipper's gas for a period exceeding 30 days, the shipper should not be obligated to resume deliveries to Transco until the first day of the month following 30 days after the shipper receives Transco's written notice of its ability to resume receipts of the shipper's gas. LLOG argues that its proposed revision would better account for the fact that a shipper likely would be required to execute interim gas transportation and sales agreements of no less than 30 days in duration in the event that Transco could not receive the shipper's gas for a prolonged period of time (i.e., 30 days or more).

10. The Commission finds that Transco's proposal is just and reasonable and consistent with Commission precedent. The Commission will not require Transco to modify its proposal as requested by LLOG. While LLOG asserts that its proposal better takes into account the fact that a shipper likely would be required to execute interim gas transportation and sales agreements of no less than 30 days in duration in the event that Transco could not receive the shipper's gas for a prolonged period of time, the Commission cannot find, based on this assertion, that Transco's proposal is not just and reasonable. LLOG has merely speculated on one type of transportation agreement that a

[2] Transco Transmittal Letter at p. 3 (citing *Trunkline Gas Co.*, 86 FERC ¶ 61,014 (1999); *Sea Robin Pipeline Co.*, 80 FERC ¶ 61,133 (1997); *Destin Pipeline Co., L.L.C.*, 79 FERC ¶ 61,395 (1997)).

shipper would “likely be required to execute” in order to rectify its position.[3] LLOG’s assertion does not take into account other methods of obtaining capacity on other pipelines such as interruptible capacity for which it would not pay once it ceased transportation or for that matter the acquisition of a type of firm capacity for which a shipper could avail itself of capacity release regulations once it could resume shipments on Transco’s system.

11. Transco proposes, consistent with Commission precedent, an optional firm transportation service on Transco’s Mobile Bay Lateral for shippers that commit to transport gas reserves produced from OCS blocks for the life of the reserves under a volumetric rate. Consistent with Commission action approving similar rate schedules in which the pipeline offers a volumetric rate in return for a commitment by producers to ship their reserves on the pipeline, the Commission finds good cause to waive sections 284.7(e) and 284.10(c)(1) of its regulations as necessary to allow the volumetric rate and minimum throughput commitment.[4]

12. As stated, the Commission finds Transco’s proposal to be just and reasonable. Transco states that to implement its proposal, programming changes must be made to its computer system and that implementation may occur approximately nine months following the issuance of a final Commission order. Transco states that it intends to file its proposal as actual tariff records no less than 30 days in advance of the effective date of implementation. The Commission directs that Transco file actual tariff records consistent with the *pro forma* language approved herein no less than 30 days and not more than 60 days before the implementation of its proposal consistent with 18 C.F.R. § 154.207 (2014).

By direction of the Commission.

Kimberly D. Bose,
Secretary.

---

[3] LLOG comments at 4.

[4] *Sea Robin Pipeline Co.*, 80 FERC ¶ 61,133, at 61,443 (1997).