

151 FERC ¶ 61,106
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 8, 2015

In Reply Refer To:
East Tennessee Natural Gas, LLC
Docket No. RP15-856-000

East Tennessee Natural Gas, LLC
5400 Westheimer Court
Houston, TX 77056-5310

Attention: Janice K. Devers, General Manager
Tariffs and Commercial Development

Dear Ms. Devers:

1. On April 6, 2015, East Tennessee Natural Gas, LLC (East Tennessee) filed a request for waiver of the collection and crediting of operational flow order (OFO) penalties incurred by East Tennessee customers during the month of February 2015. For good cause shown the Commission grants East Tennessee's request.
2. East Tennessee states that its operating conditions on its system during the 2014-2015 heating season varied from recent norms. According to East Tennessee, the prolonged, harsh winter resulted in a demand for natural gas continuing late into the winter heating season. East Tennessee further states that to maintain the operational integrity of the system, East Tennessee issued a series of operational alerts and OFOs during February 2015.
3. East Tennessee states that although certain customers did not completely adhere to the operational flow orders, aggregate customer behavior resulted in pipeline operations that were sufficiently balanced during the OFO period, and as a result, there was no impairment of primary firm transportation service. Accordingly East Tennessee states that a waiver of its OFO tariff penalty¹ is appropriate for any customers that incurred such penalties during February 2015.

¹ East Tennessee states that sections 14.9 and 47.5 of the General Terms and Conditions (GT&C) of its FERC Gas Tariff provide for an OFO violation penalty of \$15, (continued ...)

4. East Tennessee states it has tariff discretion to waive OFO penalties on a not unduly discriminatory basis,² and that it is only required to credit penalty revenues, net of costs, to the extent that it has collected the penalty revenues. East Tennessee states it has not yet collected penalty revenues for the February OFO violations, and for the reasons stated above, proposes that the Commission allow East Tennessee to waive the collection and crediting of those penalties incurred during February 2015.

5. East Tennessee also states that it is currently reviewing its tariff for possible changes to enhance operations while protecting the operational integrity of the East Tennessee system. East Tennessee states that it plans to collaborate with its customers prior to filing any potential tariff revisions with the Commission. East Tennessee states that it anticipates submitting tariff changes in time for them to be effective prior to the 2015-2016 heating season.

6. Public notice of the filing was issued on April 7, 2015. 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. The Tennessee Valley Authority (TVA), Atmos Energy Corporation (Atmos), and the East Tennessee Group (ETG) each filed comments on East Tennessee's waiver request.

7. TVA states that it supports East Tennessee's request for waiver and is appreciative of East Tennessee's proposal to explore alternative ways of maintaining system balance, and in particular recommends that the pipeline institute pooling in the near future.

8. ETG also acknowledges that severe weather stressed conditions on East Tennessee's system during February 2015, while noting that LDCs faced restricted and curtailed service as a result. ETG states that while the situation was a true emergency and that this may be one of the rare occasions in which waiving OFO penalties is appropriate, in order to protect human needs firm customers it must not be repeated. Stating that it is focusing on the future rather than the past, ETG commends

plus an index price for the day of the violation, for each dekatherm by which a customer deviates from a balancing alert.

² [East Tennessee Natural Gas, LLC - East Tennessee Database 1, 5.1, FT-A Firm Transportation Service, 3.0.0.](#)

³ 18 C.F.R. § 154.210 (2014).

⁴ 18 C.F.R. § 385.214 (2014).

East Tennessee for bringing this situation to the attention of the Commission and for undertaking a review of its tariff to make necessary improvements prior to the 2015-2016 heating season. ETG proposes a variety of principles that it suggests should govern those proposed tariff revisions.

9. Atmos states that it respects East Tennessee's request for waiver of the collection and crediting of OFO penalties, while noting that East Tennessee's filing may lack sufficient detail to determine whether the requested waivers were sought on a non-discriminatory basis.⁵

10. For good cause shown the Commission grants the requested waiver. East Tennessee's request is not opposed by any party and is consistent with previous Commission determinations to waive collection and crediting of penalties.⁶ Further, discretion for such a waiver is provided for in East Tennessee's tariff, and as it is proposing to waive all OFO penalties for the month of February 2015, there is nothing to indicate that such waiver is in any way discriminatory. We encourage East Tennessee and its customers to continue their efforts to collaborate on methods to improve system reliability in advance of the 2015-2016 heating season.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁵ Atmos Comments at 3.

⁶ See *El Paso Natural Gas Co.*, 136 FERC ¶ 61,219 (2011).