

157 FERC ¶ 61,054  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, DC 20426

October 25, 2016

In Reply Refer To:  
Gulf South Pipeline Company, LP  
Docket No. RP15-1158-000

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Ladies and Gentlemen:

1. On July 31, 2015, Gulf South Pipeline Company, LP (Gulf South) filed a tariff record in order to establish a new firm rate schedule, Ambient Winter Firm Transportation Service (FTS-A).<sup>1</sup> Gulf South also filed tariff records to set forth the proposed rate for FTS-A service, and to add references to the new rate schedule in the General Terms and Conditions (GT&C) of its tariff and to its *pro forma* firm service agreements.<sup>2</sup> According to Gulf South, the proposed service would provide short-term firm capacity that exceeds certificated capacities on its proposed Coastal Bend Header project due to cold ambient winter temperatures.<sup>3</sup> Gulf South requests that its proposed

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<sup>1</sup> See Appendix A.

<sup>2</sup> See Appendix B.

<sup>3</sup> Gulf South filed for Commission approval of its Coastal Bend Header project on June 12, 2015, in Docket No. CP15-517-000. According to its application, the project consists of a new compressor station and a 66-mile pipeline lateral that would enable Gulf South to transport up to 1.42 Bcf per day of natural gas to Freeport LNG Development, LP's liquefaction and export terminal on Quintana Island in Brazoria County, Texas. In that proceeding, Gulf South also proposed *pro forma* tariff records to establish firm and interruptible Rate Schedule Options FTS-FCB and ITS-ICB for

(continued ...)

tariff records be made effective on July 1, 2016, the same effective date it has requested for the tariff records associated with its proposed Coastal Bend Header project. However, it states that it has submitted the FTS-A tariff records proposed in this proceeding as a compliance filing in the Commission's eTariff system, rather than as a filing subject the 30-day notice period of NGA section 4, so that, upon Commission approval, it can make both the FTS-A tariff records and the Coastal Bend Header project tariff records effective at the same time. As discussed more fully below, we accept the proposed tariff record establishing Rate Schedule FTS-A in Appendix A, effective on the Coastal Bend Header in-service date, subject to conditions. We reject the proposed tariff records in Appendix B as moot.

2. Gulf South states that when a new facility is granted a certificate of public convenience and necessity pursuant to section 7(c) of the Natural Gas Act, the specific quantity of capacity certificated is based upon a set of engineering assumptions, including but not limited to ambient temperatures. Gulf South states that the engineering assumptions used to calculate certificated capacity must ensure the pipeline can provide firm service every day of the year, not just under prime operating conditions. Gulf South further states that the certificated capacity may be less than the capacity actually available when the pipeline is experiencing prime operating conditions. In particular, Gulf South asserts that ambient temperatures can alter the capacity of a pipeline with compression because colder ambient conditions increase the available horsepower for turbine driven consumption, and thus allow for greater pipeline capacity.

3. Gulf South states that the proposed FTS-A service will be limited to the Coastal Bend Header and "would be available during the winter months of December, January, and February to the extent that cold ambient temperatures create available capacity."<sup>4</sup> Gulf South states that the capacity will be posted separately on Gulf South's website, which Gulf South states is consistent with the Commission's order in *Transwestern Pipeline Co.*,<sup>5</sup> where the Commission found that confusion and discrimination could

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transportation service on the Coastal Bend Header project, and to make conforming changes to the GT&C of its tariff, and to its *pro forma* service agreements for the new rate schedule options. The Commission approved the project on June 20, 2016. The Commission also found the *pro forma* tariff proposals acceptable and directed Gulf South to file actual tariff records at least 30 days, but no more than 60 days, before the in-service date of the project. *Gulf South Pipeline Co., LP*, 155 FERC ¶ 61,287 (2016).

<sup>4</sup> Gulf South transmittal at 3.

<sup>5</sup> *Transwestern Pipeline Co.*, 96 FERC ¶ 61,138, at 61,598 (2001) (*Transwestern*)).

occur if transiently available operational capacity is not distinguished from generally available capacity.<sup>6</sup> Gulf South states that because service provided pursuant to Rate Schedule FTS-A will utilize available unsubscribed firm capacity, no existing firm customer will be adversely affected, nor will the quality of existing services be degraded.

4. In its filing, Gulf South proposes a cost-based, two-part rate, which it states is derived from the initial rate for firm service on the Coastal Bend Header under Rate Schedule Option FTS-FCB that Gulf South proposed in Docket No. CP15-517-000.<sup>7</sup>

5. Gulf South also requests waiver of section 154.202(a)(1)(viii) of the Commission's regulations, which requires a projection of the estimated effect on revenues and costs over the twelve month period commencing on the proposed effective date of the filing.<sup>8</sup> Gulf South states that because FTS-A service is a new optional service, it cannot precisely forecast the revenues it may receive from implementing the service. Gulf South requests that the Commission permit the referenced tariff provisions to become effective July 1, 2016, contemporaneous with the Commission's approval of the tariff records proposed in the Coastal Bend Header project in Docket No. CP15-517-000.

6. Public notice of the filing was issued on August 3, 2015. Interventions and protests were due on or before August 12, 2015, as provided in section 154.210 of the Commission's regulations.<sup>9</sup> Pursuant to Rule 214,<sup>10</sup> all timely motions to intervene and any unopposed motions to intervene out-of-time filed before the issuance date of this

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<sup>6</sup> Gulf South transmittal at 5 (citing *Transwestern*, 96 FERC ¶ 61,138).

<sup>7</sup> Gulf South transmittal at 3. When Gulf South made the instant filing, its general section 4 rate case in Docket No. RP15-65-000 was pending before the Commission, and Gulf South stated that it would conform the proposed FTS-A rate schedule to the outcome of that rate case, prior to the effective date of the proposed tariff records. The Commission approved a settlement of that rate case on September 12, 2016. *Gulf South Pipeline Co., LP*, 156 FERC ¶ 61,172 (2016).

<sup>8</sup> On page 4 of the transmittal letter, Gulf South requested waiver of 18 C.F.R. § 154.202(a)(1)(vii). However, based on the description of the requirement, we believe that Gulf South intended to request a waiver of 18 C.F.R. § 154.202(a)(1)(viii) and have granted that waiver accordingly.

<sup>9</sup> 18 C.F.R. § 154.210 (2016).

<sup>10</sup> 18 C.F.R. § 385.214 (2016).

order are granted. Granting late interventions 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 encourages pipelines to develop new services to use their systems more efficiently, and has previously recognized a pipeline's ability to establish seasonal rates.<sup>11</sup> Consistent with Commission precedent,<sup>12</sup> Gulf South will post the FTS-A capacity separately on its website in order to avoid confusion between transiently available operational capacity and generally available design capacity. Furthermore, service pursuant to Rate Schedule FTS-A will be limited to the proposed Coastal Bend Header facilities. For these reasons, we accept the proposed tariff records, subject to Gulf South revising those tariff records as discussed below.

8. Gulf South states that FTS-A service "would be available during the winter months of December, January, and February to the extent that cold ambient temperatures create available capacity."<sup>13</sup> Under Gulf South's current proposal, if curtailment is required on the Coastal Bend Header, FTS-A customers would have similar priority to Gulf South's customers receiving firm transportation service pursuant to Gulf South's Rate Schedule FCB, the only firm transportation service that will be available to customers using the Coastal Bend Header facilities. While we find it reasonable that an optional service such as that provided pursuant to proposed Rate Schedule FTS-A could be rendered unavailable due to a certain events, such as unseasonably warm temperatures, we find it is not reasonable to curtail firm customers paying for service pursuant to Rate Schedule FCB at the same priority. Thus, we condition acceptance of Gulf South's proposal upon Gulf South amending its proposed tariff to state that, to the extent that Gulf South is operating over its certificated capacity, FTS-A customers will be curtailed before Rate Schedule FCB customers.

9. As Gulf South notes, Rate Schedule FTS-A service will not be available until the Coastal Bend Header is placed into service. Therefore the tariff record establishing Rate Schedule FTS-A designated in Appendix A is accepted on the date on which the facilities

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<sup>11</sup> See *Trunkline Gas Co.*, 47 FERC ¶ 61,298, at 62,070 (allowing seasonal rates, subject to conditions on rate design), *on reh'g*, 49 FERC ¶ 61,126, at 61,534 (1989), *on reh'g*, 51 FERC ¶ 61,035, at 61,061 (1990).

<sup>12</sup> *Transwestern*, 96 FERC ¶ 61,138 at 61,598.

<sup>13</sup> Gulf South transmittal at 3.

authorized in Docket No. CP15-517-000 are placed into service.<sup>14</sup> The Commission rejects as moot the tariff records in Appendix B, setting forth the FTS-A rates and making conforming changes to its GT&C and *pro forma* service agreements. Those tariff records do not reflect changes that Gulf South must make to its tariff to reflect the approval of Rate Schedule Options FTS-FCP and ITS-FCB in its certificate proceeding.<sup>15</sup> Accordingly, Gulf South is directed to make a single tariff filing 30 to 60 days prior to the date the Coastal Bend Header facilities go into service which includes tariff records that: (1) make the tariff changes required by our June 20, 2016 order in Docket No. CP15-517-000 and (2) state the rate for the FTS-A service and make any other necessary conforming tariff changes to reflect the FTS-A service.

10. The Commission grants Gulf South's request for waiver of section 154.202(a)(1)(viii) of the Commission's regulation that tariff filings for a new service include an estimate of the effect on revenues and costs for the 12 months after the new service begins. Consistent with our precedent, the Commission requires Gulf South to file a report within 45 days after the first year of service including the following information related to FTS-A service: dates of service; volumes transported; firm contracts by MDQ; and the associated firm transportation rate charged.<sup>16</sup>

By direction of the Commission.

Kimberly D. Bose,  
Secretary.

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<sup>14</sup> When Gulf South files in compliance with 18 C.F.R. § 157.20(c)(2), it should also make this informational filing with the Commission through the eTariff portal using a Type of Filing Code 620. Gulf South is advised to include, as part of the eFiling description, a reference to Docket No. CP15-517-000, and the actual in-service date of the project.

<sup>15</sup> See Appendix to Gulf South's instant filing, showing combined tariff changes required to implement both the tariff revisions proposed in the certificate proceeding and this proceeding.

<sup>16</sup> See, e.g., *Millennium Pipeline Co., L.L.C.*, 127 FERC ¶ 61,309, at P 26 (2009) (granting waiver of section 154.202(a)(1)(v-viii), subject to pipeline filing an activity report following the first year of service, where the pipeline proposing a new rate schedule lacked experience necessary to provide a reliable projection of possible revenues and costs related to the new service).

**Appendix A**

Gulf South Pipeline Company, LP  
FERC NGA Gas Tariff  
Tariffs

*Tariff record accepted conditionally, to be effective on the Coastal Bend Header in-service date*

[Section 5.19, Rate Schedules - FTS-A, 1.0.0](#)

**Appendix B**

Gulf South Pipeline Company, LP  
FERC NGA Gas Tariff  
Tariffs

*Tariff records rejected, as moot*

[Section 1, Table of Contents, 10.0.0](#)  
[Section 4.19, Currently Effective Rates - FTS-A, 1.0.0](#)  
[Section 6.16.6, GT&C - Capacity Release - Additional Information, 6.0.0](#)  
[Section 6.17, GT&C - Segmentation of Capacity, 6.0.0](#)  
[Section 7.1, Form\(s\) of Service Agmts - Firm Transportation Services, 8.0.0](#)  
[Section 7.8, Form of Agmt - Firm Services Disc Rates Ltr Agmt, 10.0.0](#)  
[Section 7.10, Firm Services Neg Rate Letter Agmt, 9.0.0](#)  
[Section 7.14, Form\(s\) of Service Agmt - Umbrella Firm Transportation, 4.0.0](#)