

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

November 28, 2005

In Reply Refer To:
Texas Gas Transmission, LLC
Docket No. RP06-26-000

Texas Gas Transmission, LLC
3800 Frederica Street
P.O. Box 20008
Owensboro, KY 42304-0008

Attention: Kathy D. Fort, Manager
Certificates and Tariffs

Reference: Second Revised Sheet No. 278 and First Revised Sheet No. 278A to FERC
Gas Tariff, Second Revised Volume No. 1

Dear Ms. Fort:

1. On October 13, 2005, Texas Gas Transmission, LLC (Texas Gas) filed the above-referenced tariff sheets to delete a tariff provision that sets forth a rebuttable presumption policy and a two-hour processing requirement for discounts. A protest was filed, the details of which are discussed below. The Commission accepts Texas Gas' proposed deletion of the subject tariff provision and the referenced tariff sheet, effective December 1, 2005, as requested.

2. Texas Gas states that the purpose of the instant filing is to delete section 31.3 of the General Terms and Conditions (GT&C) of its tariff. Section 31.3 of the GT&C of Texas Gas' tariff sets forth the procedures whereby a customer receiving a discount at a specific point may request that this discount apply at a different point. Section 31.3 states that a discount rate will not be retained by the shipper if the pipeline can demonstrate that it has not granted a discount with respect to a similarly situated shipper at that point. Section 31.3 also provides that Texas Gas shall generally respond to the customer's request within two hours. The rebuttable presumption policy and two-hour processing requirement were articulated by the Commission in *Colorado Interstate Gas Co.*, 95 FERC ¶ 61,321 (2001) and modified in *Granite State Gas Transmission, Inc.*, 96 FERC ¶ 61,273 (2001).

3. In *Williston Basin Interstate Pipeline Co.*,¹ the Commission determined that it could not show pursuant to section 5 of the Natural Gas Act (NGA) that the benefits of the *CIG/Granite State* policy in increasing competition outweigh the disadvantages of potentially discouraging pipelines from using selective discounting to increase throughput. The Commission further found that the Commission's discount policy as set forth in *El Paso Natural Gas Co.*² more appropriately balances the goals of the selective discount policy with the Commission's goals in adopting its segmentation and flexible point rights policies of enhancing competition. The Commission concluded that pipelines that implemented the *CIG/Granite State* policy may file pursuant to NGA section 4 to remove their tariff provisions implementing that policy.³

4. Public notice of the instant filing was issued on October 24, 2005. Interventions and protests were due as provided in section 154.210 (18 C.F.R. § 154.2210 (2005)) of the Commission's regulations. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2005)), all timely filed 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. ProLiance Energy, LLC (ProLiance) filed a protest.

5. ProLiance argues that Texas Gas has submitted its proposal to delete the tariff provisions related to the *CIG/Granite State* policy from section 31.3 of its GT&C without providing necessary factual support. Further, ProLiance states that Texas Gas refers to the Commission's policy on discounting, as announced in *Williston Basin*, as justification for its requested tariff change. ProLiance contends that based upon this record, Texas Gas has not met its requisite burden under section 4 of the NGA for the relief it seeks.

6. The Commission finds that Texas Gas is merely acting upon the Commission's findings in *Williston Basin* that pipelines that implemented the *CIG/Granite State* policy may file to remove such provisions from their tariff. The Commission further finds that Texas Gas' reference to *Williston Basin*, and its reliance on the Commission's determinations in that order, constitute sufficient support for its proposal in the instant

¹ 110 FERC ¶ 61,210 (2005), *order denying rehearing*, 112 FERC ¶ 61,038 (2005) (*Williston Basin*).

² 62 FERC ¶ 61,311 at 62,990-91 (1993).

³ *ANR Pipeline Co.*, 112 FERC ¶ 61,287 (2005), *order denying rehearing*, *Panhandle Eastern Pipeline Co.*, 112 FERC ¶ 61,217 (2005), *order denying rehearing*.

filing. Accordingly, Texas Gas' proposal is consistent with current Commission policy, and the protest by ProLiance is denied. Texas Gas' proposed deletion of GT&C section 31.3 from its tariff is accepted effective December 1, 2005.

By direction of the Commission.

Magalie R. Salas,
Secretary.

cc: All Parties