

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 31, 2006

In Reply Refer To:
Gulf South Pipeline Company, LP
Docket No. RP06-251-000

Gulf South Pipeline Company, LP
20 East Greenway Plaza, Suite 900
Houston, TX 77046

Attention: Michael E. McMahon

Reference: Second Revised Sheet Nos. 304 and 305, and Second Revised Sheet No. 305A to FERC Gas Tariff, Sixth Revised Volume No. 1

Dear Mr. McMahon:

1. On March 1, 2006, Gulf South Pipeline Company, LP (Gulf South) tendered for filing the referenced tariff sheets to revise its No Notice Service (NNS) Rate Schedule to permit customers with NNS service agreements to divide them into smaller service agreements to facilitate compliance with post-contract state regulatory directives. The referenced tariff sheets are accepted to be effective March 31, 2006, subject to conditions.
2. Gulf South states that its current tariff requires that if a local distribution company (LDC) uses a single NNS service agreement to serve multiple states or service territories, and, after executing the NNS contract is required by a state regulatory agency to execute NNS contracts containing a maximum daily quantity (MDQ) designed to support only the needs of discrete service territories, the LDC would be required either to execute a new NNS service agreement with Gulf South and contract for more capacity than it might need, or the LDC would have to realign its NNS capacity requirements by releasing a portion of its own NNS capacity to itself. Gulf States argues that while using the capacity release process is feasible, it would be unduly burdensome in these circumstances.
3. Gulf South states that it is proposing to modify its NNS Rate Schedule to grant a customer the flexibility to align its interstate transportation arrangements under Rate Schedule NNS to better match the needs of a specific service territory, if the customer is

required to do so by a state regulatory authority. Specifically, Gulf South proposes to add a provision that would enable an NNS customer to divide an existing NNS contract into multiple new NNS contracts containing smaller MDQs. Gulf South states that the aggregate MDQs of the smaller NNS contracts would equal the total MDQ of the original contract. Gulf South states that to facilitate this change the NNS customer would specify in writing precisely how the existing contract MDQ and specific receipt and delivery point MDQ would be allocated among the contracts. In addition, Gulf South asserts that the customer would also specify how any gas in storage would be allocated. Gulf South claims that at the end of this process the NNS customer will have the same contract rights as before. Gulf South states that the only difference is that those contract rights will be spread over multiple contracts. Gulf Sought claims that its proposed tariff revision is just and reasonable because it will reduce the administrative burdens on both Gulf South and any customer that is required by a state or local regulatory authority to execute NNS contracts with MDQs designed to support only the needs of discrete service territories.

4. Public notice of Gulf South's filing was issued on March 8, 2006, with comments, protests or interventions due on or before March 13, 2005. Notices of intervention and unopposed timely filed motions to intervene are granted under Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2005)). Any untimely motion to intervene filed as of the date of this order is granted. Granting late interventions at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. City of Vicksburg, Willmut Gas Company, Mobile Gas Service Corporation, and CenterPoint Energy Entex (commentators) filed comments.

5. CenterPoint Energy Entex (Entex) states that it strongly supports the proposed tariff changes. Entex further states that the proposed provision will make it easier for an NNS customer to comply with state regulatory directives, and align its interstate transportation arrangements to better match the specific needs of a service territory. Entex requests that the Commission promptly approve Gulf South's proposed tariff provision.

6. The remaining commentators state that there appears to be a typographical error on Gulf South's proposed tariff sheet Second Revised Sheet No. 304. They state that the proposed provision in section (i) on the aforementioned tariff sheet should be changed for acceptance by the Commission to read: "If a Customer is required by a state or local regulatory..." from the filing's apparent typographical error "If a Customer is required by a state or federal regulatory..." The commentators also state that Gulf South's transmittal letter emphasizes that its proposed facilities compliance with state regulatory directives and will simplify compliance with state regulatory orders. Further, the commentators argue that there is no mention of Federal regulatory authority. Finally, the commentators point out that Gulf South's transmittal letter states that any NNS "customer

that is required by a state or local regulatory authority to execute NNS contracts containing MDQs designed to support only the needs of discrete service territories.” Since Gulf South’s transmittal letter generally refers only to “state” regulatory orders, requirements, or agencies in most places, but also refers in one place to “state or local” regulatory authority, and the proposed tariff provision refers to “state or federal” regulatory authority, Gulf South is directed to file to clarify what it intends and to modify the tariff language accordingly, within 15 days of this order.

By direction of the Commission.

Magalie R. Salas,
Secretary.