

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

May 16, 2006

In Reply Refer To:  
Columbia Gas Transmission Corporation  
Docket No. RP06-311-000

Columbia Gas Transmission Corporation  
P.O. Box 10146  
Fairfax, VA 22030-0146

Attention: Thomas D. Stone  
Manager, Rates and Tariffs

Reference: Fifth Revised Sheet No. 538, Second Revised Sheet No. 539 and Original  
Sheet No. 540 to FERC Gas Tariff, Second Revised Volume No. 1

Dear Mr. Stone:

1. On April 19, 2006, Columbia Gas Transmission Corporation (Columbia) filed the referenced tariff sheets to revise its *pro forma* PAL Service Agreement. According to Columbia, the revisions will streamline the process for rendering PAL service by consolidating, in new Appendix A to Rate Schedule PAL Service Agreement, blank fields reserved for terms specific to each PAL transaction that are currently interspersed throughout the body of the Agreement. Such terms include information identifying the shipper, the beginning and ending dates of the transaction, whether the transaction is a park or a loan, and information related to the parties' execution of the Appendix. Appendix A also groups together other blank information fields into a Schedule for Service: the maximum and minimum transaction quantities; and the maximum and minimum daily delivery and receipt quantities at each transaction point and their associated beginning and ending dates. Finally, Appendix A includes the agreed rates for service rendered according to the Schedule of Service. Columbia states that this type of appendix is used in virtually all of its other form of service agreements. The referenced tariff sheets are accepted to be effective May 19, 2006, as requested, subject to further revision, as discussed below.

2. Notice of Columbia's filing was issued on April 25, 2006, with interventions and protests due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2005). 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. No protests were filed. However, one intervening party expressed concern about certain language in Appendix A that we will clarify below.

3. In its motion to intervene, the Natural Gas Marketers Group (Marketers) states that if Columbia's filing here is intended to simply streamline its contracting process for PAL service, it does not object to the proposed tariff sheets. However, it adds that if the purpose of the filing is to substantively change PAL service, then such changes could have an adverse effect on Marketers and other customers. In particular, Marketers expresses concern that Appendix A includes, for each park or loan, blank fields for a "Beginning Date" as well as an "Ending Date". According to Marketers, these date fields could imply that Columbia intends to treat interruptible PAL service as a *de facto* firm service in the period between such dates.

4. Columbia's proposal does not change the character of its PAL service. The characteristics of a service are defined and circumscribed by its rate schedule. The PAL Rate Schedule clearly states that the service is interruptible. In addition, the scheduling priorities in section 7 of the General Terms and Conditions of Columbia's tariff reflect the interruptible nature of the service. The fact that Columbia agrees to provide PAL service during a period circumscribed by dates specified in the *pro forma* Service Agreement does not change the service from interruptible to firm. Moreover, knowing the specific term over which interruptible service will be rendered helps the parties address other tariff issues (*e.g.*, determining the level of a shipper's creditworthiness, knowing when a non-creditworthy shipper's collateral obligation ends, etc.) Therefore, the Commission accepts Columbia's proposal to include Beginning Date and Ending Date fields in Appendix A.

5. However, we find that another provision in Appendix A is not just and reasonable, and direct Columbia to file within 10 days of the date of this order to delete the following language from Sheet No. 539:

Any service(s) outside the defined Schedule for Service terms will result in Shipper being charged the maximum applicable tariff rate on all Account Balances from the Term Commencement Date through the Term Ending Date, unless otherwise mutually agreed upon by Transporter and Shipper and set forth in a revised Appendix A.

6. Conceivably, a PAL shipper that committed a minor violation of its service agreement during a very short period could be required under this provision to pay the difference between a discounted rate and the maximum rate for several years of service

during which no violation had occurred. Similar to our recent action in *Stingray Pipeline Company, L.L.C.*,<sup>1</sup> we find that this provision constitutes an unreasonable penalty for violating the terms of an interruptible service agreement. However, when it makes its compliance filing, Columbia may propose a less onerous penalty that is related to the specific transaction, level of service and period of time during which the violation occurred.

By direction of the Commission.

Magalie R. Salas,  
Secretary.

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<sup>1</sup> 115 FERC ¶ 61,161 (2006).