

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 7, 2006

In Reply Refer To:
Transcontinental Gas Pipe Line Corporation
Docket No. RP06-356-000

Transcontinental Gas Pipe Line Corporation
P.O. Box 1396
Houston, TX 77251-1396

Attention: Marg Camardello
Manager, Tariffs and Certificates

Reference: Eighth Revised Sheet No. 30, Sixth Revised Sheet No. 437 and First
Revised Sheet No. 438 to FERC Gas Tariff, Third Revised Volume No. 1

Dear Ms. Camardello:

1. On May 9, 2006, Transcontinental Gas Pipe Line Corporation (Transco) filed the referenced tariff sheets to revise its Form of Service Agreement under Rate Schedule FT. Specifically, the tariff sheets reflect alternative language in Article IV, Term of Agreement, that: (1) will allow the contract effective date to be determined by the later of the anticipated in-service date of a project or the date that all of the project facilities necessary to provide firm transportation service have been constructed and are ready for service; and (2) will allow the primary term of the agreement to be stated as a number of years from the effective date rather than as an exact date for the expiration of the primary term. In addition, Transco proposes to remove a contract (South Jersey Gas Company Agreement) from the tariff list of non-conforming agreements.¹ The referenced tariff sheets are accepted effective June 9, 2006, without condition, as discussed below.

¹ The Agreement, which contains the same alternative language proposed in the instant filing, and a tariff sheet listing it as non-conforming were accepted for filing on November 14, 2005. See *Transcontinental Gas Pipe Line Corp.*, Docket No. RP06-50-000 (Nov. 14, 2005) (unpublished letter order).

Notice, Comment and Answer

2. Public notice of the filing was issued on May 12, 2006. Interventions and protests were due as provided in section 154.210 of the Commission's regulations. Pursuant to Rule 214 (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 will not disrupt the proceeding or place additional burdens on existing parties. Atlanta Gas Light Company, Pivotal Utility Holdings, Inc. d/b/a/ Elizabethtown Gas in the State of New Jersey and d/b/a/ Elkton Gas in the State of Maryland and Virginia Natural Gas, Inc. (collectively, the AGLC Parties) filed comments.

3. The AGLC Parties state that Transco's proposed language could be used to activate a service agreement and trigger demand charges before Transco is authorized to provide service on the facilities. While pointing out that a pipeline may not commence service until receiving approval from the Director of the Office of Energy Projects (OEP), the AGLC Parties nevertheless allege that a situation could arise in which Transco deems its facilities are "ready for service" before the Commission has authorized Transco to commence service. The ALGC Parties state that this could happen if, for example, the Commission was not satisfied with Transco's rehabilitation or completion of other mitigation measures. In such situation, the ALGC Parties aver that Transco could require the shipper to pay demand charges despite the fact that it has not been authorized to provide service. Accordingly, the ALGC Parties request that the Commission require Transco to modify its proposal to ensure that customers would not be obligated to pay demand charges prior to Transco receiving approval to provide a particular service and service has actually commenced.

4. Transco filed an answer stating that the ALGC Parties' concerns regarding the potential effect of the tariff language are unfounded, and that their requested modification to Transco's tariff filing is unnecessary. Transco states that the ALGC Parties miss the clear intent and effect of the tariff language and the legal/regulatory protections already available to shippers. Moreover, Transco states that the proposed tariff language has already been approved by the Commission in a prior proceeding in its Docket No. RP06-50-000. Transco states that having this alternative language in its form of service agreement in the tariff will avoid the need to submit filings to the Commission and update Transco's tariff list of non-conforming service agreements each time Transco executes a service agreement under an expansion project that contains the deviating language.

5. Transco states that the ALGC Parties fail to understand that the alternative tariff language provides a safeguard for shippers. Instead, they apparently view the tariff language as a potential opportunity for Transco to unilaterally declare project facilities as being ready for service for purposes of billing while at the same time being precluded

from actually providing service because the Commission has not yet authorized the commencement of service. Transco asserts that this concern that there could be two “ready for service” dates – one that Transco could determine for purposes of billing shippers and another that the Commission would authorize for commencement of service – is unfounded. Transco states that there can only be one “ready for service” determination for newly constructed facilities, which determination would apply for all purposes, including service commencement, billing and depreciation. Transco asserts that if the Commission has not yet authorized the commencement of service through newly certificated facilities, then the facilities simply cannot, and will not, be placed into service.

6. Transco asserts that the ALGC Parties correctly state in their comments that a pipeline may not commence service until receiving approval from the OEP, effectively answering their own concern. Transco states that pursuant to the Commission’s standard condition in all certificates, Transco cannot place expansion project facilities into service and, hence, commence service through those facilities or collect reservation charges, until the Director of OEP issues authorization to do so. Transco states that it would be in violation of the Commission’s orders, rules and regulations if it were to declare newly certificated facilities ready for service, for any purpose, without Commission authorization. Transco states that if the ALGC Parties seek express tariff protection against Transco violating the Commission’s orders, rules and regulations, then that protection already exists in Transco’s form of service agreement. Specifically, Transco points out that Article VI, section 3 of the form of service agreement states that the interpretation and performance of the agreement is subject to orders, rules and regulations of duly constituted authorities, which would include the Commission.

Discussion

7. The Commission finds Transco’s proposed language is reasonable for reasons expressed by Transco. The Commission declines to require Transco to modify the tariff as requested by the ALGC Parties. If the Commission has not yet authorized the commencement of service through newly-certificated facilities, then the facilities cannot be placed into service and Transco would have no authority to bill demand charges until such time as service is authorized to commence. Accordingly, we will accept Transco’s proposed tariff revisions effective June 9, 2006, as requested, without condition.

By direction of the Commission.

Magalie R. Salas,
Secretary.