

121 FERC ¶ 61,026  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

October 12, 2007

In Reply Refer To:  
Texas Eastern Transmission, LP  
Docket No. RP07-693-000

Texas Eastern Transmission, LP  
P.O. Box 1642  
Houston, Texas 77251-1642

Attention: David A. McCallum  
Director, Rates and Tariffs

Dear Mr. McCallum:

1. On September 14, 2007, Texas Eastern Transmission, LP (Texas Eastern) filed First Revised Sheet No. 537A and Fourth Revised Sheet No. 538 to its FERC Gas Tariff, Seventh Revised Volume No. 1. Texas Eastern proposes to add language to the General Terms and Conditions (GT&C) of its tariff, section 3.14(G)(4)(a) to clarify procedures and obligations of parties applicable to capacity release transactions for storage services under Rate Schedules SS-1 and FSS-1. The tariff sheets are accepted effective October 1, 2007, as requested.
2. Public notice of the filing was issued on September 17, 2007. Interventions and protests were due as provided in section 154.210 of the Commission's regulations. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2007)), 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. KeySpan Delivery Companies (KeySpan) filed a Statement in Support of Texas Eastern's proposal. No adverse comments or protests were filed.

3. In an order issued on August 30, 2007,<sup>1</sup> the Commission rejected tariff language proposed by Texas Eastern in GT&C section 3.14(G)(4) that provided that “[i]f the Releasing Customer proposes or requires a transfer of all or a portion of its Storage Inventory in conjunction with its release of storage capacity rights, it shall so specify in its offer to release capacity.” The Commission found that the proposed language appeared to constitute a broad authorization for shippers on its system to tie their release of storage capacity to an extraneous condition (*i.e.* the taking of gas inventory) in all situations. The Commission found that the proposed tariff provision violated the Commission’s current tying prohibition policy as articulated in Order No. 636-A and *Louis Dreyfus Energy Services, L.P.*,<sup>2</sup> which prohibits a releasing shipper from tying the release of its capacity to any extraneous conditions. In the August 30 Order, the Commission directed Texas Eastern to delete the proposed language, and Texas Eastern subsequently complied.<sup>3</sup> Texas Eastern, KeySpan and the Public Service Commission of the State of New York have filed requests for rehearing or clarification of the August 30 Order. The Commission will address these requests for rehearing and clarification in a separate order.

4. In the instant filing, Texas Eastern is proposing a solution that addresses any inventory that the releasing shipper fails to withdraw from storage or transfer to another storage customer within three business days of the proposed release of storage capacity. Texas Eastern asserts that, as a result, a releasing shipper will be permitted to release storage capacity that is not empty at the time of the capacity release. Specifically, in the instant filing, Texas Eastern is proposing to modify GT&C section 3.14(G)(4)(a), to provide that, in the event that any portion of storage inventory is not withdrawn or transferred within three business days of the effective date of the release, the storage inventory will be cashed out in the same manner as approved for the replacement shipper’s inventory not withdrawn by a similar period after the end of the release in GT&C section 3.14(G)(4)(e), *i.e.*, based on the average of the lowest weekly Spot Index Prices for the four Access Area Zones, as determined pursuant to GT&C section 8.5(C)(3),<sup>4</sup> for the month preceding the effective date of the release.

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<sup>1</sup> *Texas Eastern Transmission, LP*, 120 FERC ¶ 61,199 (2007) (the August 30 Order).

<sup>2</sup> *Louis Dreyfus Energy Services, L.P.*, 114 FERC ¶ 61,246 at P 19 (2006).

<sup>3</sup> Texas Eastern’s compliance filing in Docket No. RP07-552-001 was accepted by delegated Director’s letter order issued on October 1, 2007.

<sup>4</sup> GT&C section 8.5(C)(3) specifies “Louisiana, Gulf Coast, Offshore, and Spot Delivered to Pipeline.”

5. The Commission finds that the cash out mechanism proposed in the instant tariff filing, as set forth in GT&C section 3.14(G)(4)(a), is consistent with the mechanism already in place for replacement customers in GT&C section 3.14(G)(4)(e), which the Commission has found to be just and reasonable. Accordingly, the Commission accepts the subject tariff sheets effective October 1, 2007, as requested.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.

cc: All Parties

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