

124 FERC ¶ 61,186
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

August 27, 2008

In Reply Refer To:
Texas Eastern Transmission, LP
Docket No. RP08-476-000

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

Attention: David A. McCallum
Director, Rates and Tariffs

Reference: Fifth Revised Tariff Sheet No. 645 to FERC Gas Tariff,
Seventh Revised Volume No. 1

Dear Mr. McCallum:

1. On July 31, 2008, Texas Eastern Transmission, LP (Texas Eastern) filed a revised tariff sheet to modify section 29 of the General Terms and Conditions of its FERC Gas Tariff to revise its definition of negotiated rates. The revision provides that negotiated rates may be less than, equal to, or greater than the maximum recourse rate and/or the minimum rate.
2. Public notice of the filing was issued on August 4, 2008. Interventions and protests were due on or before April 12, 2008. Pursuant to Rule 214 (18 C.F.R. § 385.214), all timely filed motions to intervene and any motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late interventions at this stage of the proceeding will not disrupt the proceeding or place additional burdens on

existing parties. Subsidiaries of National Grid USA (National Grid)¹ filed a motion to intervene, comments, and request for conditions.

3. National Grid states that it does not oppose Texas Eastern's proposed tariff revision. National Grid notes that this change is consistent with the negotiated rate authorization recently approved by the Commission in the *Saltville* decision.² National Grid states that, however, in *Saltville*, the Commission found that pipelines that offered negotiated rates below the minimum rate would still be "at risk for any under-recovery of fuel charges not collected from its negotiated rate shippers at such time as its proposed fuel charge becomes effective so that there would be no subsidy by recourse rate shippers."³ National Grid states that the Commission should make the same clarification in the instant proceeding to ensure that recourse shippers are protected and are not subsidizing negotiated rate shippers for any under-recovery of fuel or electric power charges. National Grid also requests that the Commission direct Texas Eastern to identify with specificity any and all negotiated fuel or electric power volumes collected or not collected in Texas Eastern's annual fuel or electric power charge tracking filing, as applicable.

4. We find that Texas Eastern's proposed tariff changes are consistent with revisions approved by the Commission in *Saltville*. However, we agree with National Grid's concern that costs associated with negotiated rate shippers are not shifted to Texas Eastern's recourse shippers.⁴ Accordingly, Texas Eastern is at risk for any under-recovery of fuel charges not collected from its negotiated rate shippers to ensure that there will be no subsidy by recourse rate shippers. Further, Texas Eastern should be prepared in its annual tracking proceedings to show that no costs associated with negotiated rate shippers have been shifted to recourse rate shippers.

¹ The subsidiaries which are doing business as National Grid, National Grid USA, National Grid NH or National Grid NY consist of the following: The Brooklyn Union Gas Company; Keyspan Gas East Corporation; Boston Gas Company, Colonial Gas Company, and Essex Gas Company; EnergyNorth Natural Gas, Inc.; Niagara Mohawk Power Corporation; and Narragansett Electric Company.

² *Saltville Gas Storage Company, L.L.C.*, 123 FERC ¶ 61,107 (2008) (*Saltville*).

³ *Saltville*, 123 FERC ¶ 61,107 at P 13.

⁴ *See NorAm Gas Transmission Co.*, 77 FERC ¶ 61,011, at 61,036 (1996).

5. Texas Eastern's proposed tariff revisions are hereby accepted, to be effective September 1, 2008, as proposed, subject to the conditions discussed in the body of this order.

By direction of the Commission.

Kimberly D. Bose,
Secretary.