

126 FERC ¶ 61,117
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Acting Chairman;
Sudeen G. Kelly, Marc Spitzer,
and Philip D. Moeller.

Tennessee Gas Pipeline Company

Docket No. RP09-194-000

ORDER ACCEPTING AND SUSPENDING TARIFF SHEETS, SUBJECT TO
CONDITIONS AND ESTABLISHING TECHNICAL CONFERENCE

(Issued February 13, 2009)

1. On December 31, 2008, Tennessee Gas Pipeline Company (Tennessee) filed proposed tariff revisions¹ to enhance the flexibility of shippers that utilize Tennessee's supply area and/or market area pooling points. Tennessee proposes an effective date of February 16, 2009. As discussed below, the Commission accepts and suspends the revised tariff sheets to be effective the earlier of July 16, 2009, or a date set by subsequent Commission order and subject to the outcome of a technical conference.

Details of the Filing

2. Tennessee states that it operates a supply area pool in Zone 0 of its system. Tennessee states that its Zone 0 pool begins at the international border with Mexico and extends north, across Texas, to Tennessee's Natchitoches, Louisiana compressor station. Tennessee proposes to bifurcate this pooling area into two smaller pools: (1) the Zone 0 South Pool, which would begin at the border with Mexico and extend north to the E. Bernard compressor station in Texas, and (2) the Zone 0 North Pool, which would begin at the E. Bernard compressor station and extend north to the Natchitoches compressor station in Louisiana.

¹ See Appendix.

3. Tennessee proposes to establish a paper pooling point (Pooling Area Point) at the furthest downstream location in each of the bifurcated pools. The Pooling Area Points for the Zone 0 South Pool and the Zone 0 North Pool would be located, respectively, at the E. Bernard and Natchitoches compressor stations. Tennessee further proposes to allow firm shippers to select the new Pooling Area Points as primary receipt points. Tennessee states that such primary receipt points would afford shippers holding rights at the Pooling Area Points certain priorities in nominating gas from the relevant pool.

4. Tennessee states that its proposed revisions would enhance the flexibility and increase the liquidity of the supply area pools. Tennessee asserts that it has modified the tariff language for enhancement and pooling applicable to Rate Schedules FT-A, FT-GS, FT-G, FT-BH, SA and revisions to the General Terms and Conditions. Tennessee also states that it proposes minor “clean up” revisions to Rate schedule SA.

5. Tennessee states that because modifications are required to its internal systems for managing the proposed changes, it envisions “that these changes to its tariff will be effectuated no later than fall of 2009.” Tennessee requests that the Commission take action on the tariff sheets by February 16, 2009.

Notice, Interventions and Protests

6. Public notice of the filing was issued on January 7, 2009. Interventions and protests were due on January 12, 2009, as provided in section 154.210 of the Commission’s regulations (18 C.F.R. § 154.210 (2008)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2008)), all timely 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. A protest and request for a technical conference was filed by Louisville Gas and Electric Company (Louisville). A request for a technical conference was also filed by the New England Local Distribution Companies;² however, the New England Local Distribution Companies withdrew their request on January 23, 2009.

7. Louisville protests Tennessee’s proposal to establish paper pooling points as primary receipt points in Zone 0 and asserts that such action would degrade existing firm services to shippers that hold rights to primary physical receipt points within the existing

² The New England Local Distribution Cos. consists of: Bay State Gas Co.; The Berkshire Gas Co.; Connecticut Natural Gas Corp.; Fitchburg Gas and Electric Light Co.; City of Holyoke, Massachusetts Gas and Electric Department; Northern Utilities, Inc.; NSTAR Gas Co.; The Southern Connecticut Gas Co.; Westfield Gas & Electric Department; and, Yankee Gas Services Co.

Zone 0 pool. Louisville also objects to the proposed bifurcation of the Zone 0 pool unless Tennessee's pooling proposal can be modified to ensure that the rights of existing firm shippers as to the entire Zone 0 pool are preserved.

8. Louisville asserts that Tennessee's proposal could reverse the historic pattern of scheduling priorities on Tennessee's system and that Tennessee's proposal is unclear concerning the manner in which Tennessee would determine Rate Schedule SA (Supply Aggregation Service) shippers' scheduling priorities upstream of the proposed Pooling Area Points (i.e., from the receipt points within the pool to the Pooling Area Points).

9. Louisville contends that Tennessee's proposal would effectively create a class of super priority primary receipt point rights at the Pooling Area Points that would trump existing firm shippers' rights as to nominations from secondary points and that Tennessee provides no analysis to support its proposal that the changes would not be detrimental to its firm shippers.

10. Louisville also asserts that Tennessee has not addressed the allocation of mainline versus receipt point capacity among the proposed Pooling Area Points and existing receipt points. Louisville requests that the Commission convene a technical conference so that all parties could explore and understand Tennessee's proposal.

11. On January 30, 2009, Tennessee filed an Answer to Louisville's protest. Under Rule 213(a)(2) of the Commission's Rules of Practice and Procedure 18 C.F.R. § 213(a)(2) (2008) answers to protests or answers are prohibited unless otherwise ordered. In the instant proceeding, the Commission will permit the answer in order to fully understand Tennessee's position. Although Tennessee attempts to clarify several of its positions, Tennessee states that its opinion is that all of Louisville's questions have been answered and all that remains is a philosophical difference between the parties on the priorities ascribed to primary-in-path rights, secondary-in-path rights and secondary-out-of-path rights on the Tennessee system. On February 3, 2009, Louisville filed a Response to Tennessee's Answer maintaining its position in the original protest. For similar reasons stated above, the Commission will permit Louisville's response.

Discussion

12. The Commission finds that Tennessee's tariff filing and Louisville's protest raise a variety of issues including, but not limited to, the possible degradation of existing service, scheduling and nomination priorities, primary firm rights, and allocation of mainline versus receipt point capacity among proposed and existing points. In order to fully explore the issues raised by the instant filing, the Commission finds that it is necessary to hold a technical conference where the details of the proposal may be fully ventilated. Accordingly, the Commission will accept the instant tariff sheets and suspend them to be effective the earlier of July 16, 2009, or a date set by subsequent Commission order and subject to the outcome of a technical conference.

13. Tennessee is directed to be prepared to address the issues raised in Louisville's protest and to be prepared to discuss its filing in detail. Any party proposing alternatives to Tennessee's proposal must also be prepared to discuss their position.

Suspension

14. Based on a review of the instant filing, the Commission finds that the proposed tariff sheets have not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission shall accept the tariff sheets for filing and suspend them to be effective the earlier of July 16, 2009, or a date set by subsequent Commission order and subject to the conditions set forth in this order.

15. The Commission's policy regarding suspensions is that tariff filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or inconsistent with other statutory standards.³ It is recognized, however, that shorter suspensions may be warranted in circumstances where suspension for the maximum period may lead to harsh and inequitable results.⁴ Such circumstances do not exist here. Therefore, the Commission will accept and suspend the proposed tariff sheets to be effective the earlier of July 16, 2009, or a date set by subsequent Commission order and subject to the outcome of a technical conference.

The Commission orders:

(A) The tariff sheets listed in the Appendix to this order are accepted and suspended to be effective the earlier of July 16, 2009, or a date set by subsequent Commission order and subject to the outcome of a technical conference established in the instant proceeding.

(B) Staff is directed to convene a technical conference in the captioned dockets

³ See *Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension).

⁴ See *Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (one-day suspension).

to explore the issues raised by the parties and Commission staff. The Staff is directed to report the results of the technical conference within 120 days of the issuance of this order.

By the Commission. Commissioner Kelliher is not participating.

(S E A L)

Nathaniel J. Davis, Sr.,
Deputy Secretary.

APPENDIX

Tennessee Gas Pipeline Company
Docket No. RP09-194-000
FERC Gas Tariff, Fifth Revised Volume No. 1

**Accepted and Suspended to be Effective the Earlier of July 16, 2009,
or a Date Set by Subsequent Commission Order and Subject to the
Outcome of a Technical Conference:**

Third Revised Sheet No. 157
1st Rev. Second Revised Sheet No. 158
Third Revised Sheet No. 165A
Third Revised Sheet No. 171
Sixth Revised Sheet No. 228
Fourth Revised Sheet No. 229
Second Revised Sheet No. 231
Second Revised Sheet No. 232
Seventh Revised Sheet No. 304
Fifth Revised Sheet No. 304A
Original Sheet No. 304B