

129 FERC ¶ 61,082
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

October 29, 2009

In Reply Refer To:
Texas Gas Transmission, LLC
Docket No. RP09-556-001

Texas Gas Transmission, LLC
9 Greenway Plaza
Houston, TX 77046

Attention: J. Kyle Stephens
Vice President - Regulatory Affairs and Rates

Reference: Compliance Filing

Dear Mr. Stephens:

1. On June 12, 2009, Texas Gas Transmission, LLC (Texas Gas) filed additional information to comply with the Commission's order issued May 29, 2009, in Docket No. RP09-556-000.¹ As discussed below, the Commission accepts the tariff sheet² filed by Texas Gas on April 30, 2009, to be effective November 1, 2009.
2. On April 30, 2009, Texas Gas proposed to add section 7.1(c) of its General Terms & Conditions (GT&C) to allow any customer and Texas Gas to agree to a minimum and/or maximum pressure for any receipt or delivery point. Specifically, the new section 7.1(c) proposed by Texas Gas provided:

Transporter may agree with any Customer to a minimum and/or maximum pressure for any Point of Receipt/Delivery, if in Transporter's reasonable

¹ *Texas Gas Transmission, LLC*, 127 FERC ¶ 61,192 (2009) (May 29 Order).

² First Revised Sheet No. 1900 to Texas Gas's FERC Gas Tariff, Third Revised Volume No. 1.

determination such pressure is operationally feasible and does not adversely affect any firm service on Transporter's system. Any agreed-to pressure shall apply to all Customers at the Point of Receipt/Delivery.

3. Louisville Gas and Electric Company (Louisville) filed a protest seeking modifications to Texas Gas's *pro forma* service agreement to include a blank for the minimum and maximum pressure levels and for an explicit guarantee in Texas Gas's tariff that existing pressure commitments would carry forward as service agreements are rolled over. PSEG Energy Resources and Trade, LLC (PSEG) filed comments requesting more information regarding Texas Gas's planned implementation of the proposal. Texas Gas filed an answer in response to the protest and comments.

4. On May 29, 2009, the Commission issued an order accepting and suspending Texas Gas's revised tariff sheet until November 1, 2009, subject to Texas Gas providing additional information. Specifically, the Commission sought further explanation from Texas Gas regarding the proposed language that "any agreed-to pressure shall apply to all Customers at the Point of Receipt/Delivery." The Commission expressed its concern that Texas Gas by agreeing to a pressure level with one customer may impose the same pressure level on other customers who may not wish to accept such a pressure level. The Commission also sought further information regarding how Texas Gas's proposal was consistent with its assurances that it will honor its current contractual commitments with existing customers. The Commission stated that it would address in the proceedings in Docket No. RP09-548-000 whether Texas Gas's revised *pro forma* service agreements adequately reflect Texas Gas's provision permitting negotiation of minimum and maximum pressures.³ The Commission also stated that its acceptance of the proposed provision did not diminish Texas Gas's obligation to honor rollover rights.

5. To comply with the May 29 Order, Texas Gas filed additional information regarding its proposal on June 12, 2009. In its June 12, 2009 filing, Texas Gas stated that it included the provision that "any agreed-to pressure shall apply to all customers at the Point of Receipt/Delivery" to comply with prior Commission precedent requiring the pipeline to offer all shippers delivering to the same point the same delivery pressure.⁴ Texas Gas states that it has no objection to removing this sentence from its filing.

6. Texas Gas states that the provision has little impact upon the actual pressures at the point of receipt or delivery. Texas Gas states that its tariff requires customers to

³ In Docket No. RP09-548-000, Texas Gas has proposed to revise its *pro forma* service agreements.

⁴ Citing *Transcontinental Gas Pipe Line Corporation*, 112 FERC 61,030 (2005).

deliver gas into or receive gas at the prevailing operating pressure on Texas Gas's system. Texas Gas states that all gas quantities received or delivered at a particular point are made at the same pressure regardless of the entity contracting for service or any pressure commitments by Texas Gas. Texas Gas elaborates that because gas quantities are received and delivered in a comingled stream, Texas Gas cannot operationally distinguish between receipt and delivery pressures for multiple shippers at the same point. Thus, as a practical matter, Texas Gas states that any agreed-upon minimum or maximum pressures simply create the floor or ceiling for receipts and deliveries at a particular point.

7. Texas Gas also claims that its proposal bars Texas Gas from entering into a new firm transportation agreement with a pressure commitment with one customer that would violate a pre-existing pressure commitment with an existing customer or that would effectively reduce available capacity. Texas Gas states that as set forth in the proposed language, Texas Gas will not be permitted to enter into any agreement for a minimum or maximum pressure that would "adversely affect any firm service on [Texas Gas's] system." For example, Texas Gas states that it could not negotiate a maximum pressure at a point of receipt with one shipper that is less than a pre-existing minimum delivery pressure commitment with firm customers at the same point.

8. Texas Gas also states that it is willing to revise Exhibit A of its *pro forma* service agreements filed in Docket No. RP09-548-000 to include a reference for the inclusion of "maximum and/or minimum pressure for receipt and/or delivery points."

9. Public notice of Texas Gas' filing was issued on June 15, 2009, with protests due on or before June 24, 2009. No protests or comments were filed.

10. Texas Gas's explanation addresses the Commission's concerns regarding the effect of the tariff language that "any agreed-to pressure shall apply to all Customers at the Point of Receipt/Delivery." Texas Gas has explained that it is operationally necessary for all customers to be subject to the same pressure levels at receipt and delivery points. Moreover, Texas Gas has explained that its proposal does not permit it to enter into a pressure commitment with a shipper that violates Texas Gas's commitments with existing firm service customers. The Commission will address issues relating to the adequacy of Texas Gas's proposed *pro forma* service agreements, including how to reflect agreed-

upon pressure provisions, in Docket No. RP09-548-000, *et al.* Accordingly, the Commission accepts Texas Gas's proposed tariff sheet, referenced in footnote 2, to be effective November 1, 2009.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.