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

June 8, 2012

In Reply Refer To: Transcontinental Gas Pipe Line Company, LLC
Docket No. RP12-731-000

Transcontinental Gas Pipe Line Company, LLC
P.O. Box 1396
Houston, TX 77251

Attention: Scott C. Turkington, Director, Rates & Regulatory

Reference: New Rate Schedule, Initial Rates for Firm Transportation – Production Area

Ladies and Gentlemen:

1. On May 11, 2012, Transcontinental Gas Pipe Line Company, LLC (Transco) filed revised tariff records[1] to establish a new rate schedule and initial rates for Firm Transportation – Production Area (Rate Schedule FTP) and to make conforming changes to its tariff to accommodate the new rate schedule. Under Rate Schedule FTP, Transco proposes to provide an optional firm transportation service on its Mobile Bay Lateral to buyers willing to commit to transport gas reserves produced from Outer Continental Shelf (OCS) blocks for the life of the reserves.[2] Transco proposes to charge a volumetric rate comprised of a reservation rate component and a commodity rate component based on the currently effective rate approved for firm transportation in Zone 4A and 4B of Transco's system for this service. Rate Schedule FTP shippers would be subject to a minimum throughput requirement of 50 percent of the Transportation Contract Quantity (TCQ) in effect for the calendar quarter in question. Transco proposes that failure by the shipper to meet this standard would subject the shipper to a conditional reservation charge during

[1] *See* the attached Appendix for a listing of the tariff records.

[2] Rate Schedule FTP service is limited to Transco's Mobile Bay Lateral in Rate Zones 4A and 4B.

such quarter. Transco states that its proposed FTP Rate Schedule is modeled on similar OCS transportation service authorized by the Commission for other pipelines.[3]

2. Transco requests waiver of sections 284.7(e) and 284.10(c)(1) of the Commission's regulations (18 C.F.R. §§ 284.7 and 284.10 (2011)), which pertain to charging a reservation rate for firm service, and designing rates on a volumetric basis. Further, Transco states that it intends to provide the Rate Schedule FTP service on July 1, 2013 the day after one of its shippers provides turn-back capacity of 352,250 Dth per day on the Mobile Bay Lateral from Main Pass Area East Block 261, offshore Alabama, to the point of interconnection between the Mobile Bay Lateral and Transco's mainline located at milepost 784.66 in Choctaw County, Alabama. Transco proposes that the instant tariff records be accepted effective June 11, 2012. Transco states that by submitting the instant filing for Rate Schedule FTP service more than 13 months in advance of the effective date will provide potential Rate Schedule FTP shipper's with advance notice of the proposed FTP service to become available on July 1, 2013.

3. Public notice of the filing was issued on May 14, 2012. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2011)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2011)), all timely filed motions to intervene and any unopposed motion to intervene out-of-time filed before the issuance 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.

4. As discussed below, Exelon Corporation (Exelon) and North Carolina Utilities Commission (NCUC) filed adverse comments, Indicated Shippers[4] filed comments and a limited protest supported by Anadarko Petroleum Corporation, and LLOG Corporation, L.L.C., filed comments in support of the proposal. In its answer Transco generally responded to several of the concerns raised by the Commentors. The Commission's Rules of Practice and Procedure (18 C. F. R. § 385.213(a)(2) (2006)), generally prohibit answer to protests, and given the Commission's action herein, the Commission will reject Transco's motion.

5. Exelon and NCUC contend that because Transco is required by settlement to submit a general Natural Gas Act (NGA) section 4 rate case in August 2012, the

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[3] Citing *Trunkline Gas Co.*, 86 FERC ¶ 61,014 (1999); *Sea Robin Pipeline Co.*, 80 FERC ¶ 61,133 (1997); *order on reh'g*, 81 FERC ¶ 61,169 (1997), *order on clarification*, 82 FERC ¶ 61,042 (1998).

[4] For this filing, Indicated Shippers consists of: Chevron U.S.A. Inc.; ConocoPhilips Company; Exxon Mobil Gas & Power Marketing Company, a Division of Exxon Mobil Corporation; Hess Corporation; and Shell Offshore, Inc.

proposed June 11, 2012 effective date for Rate Schedule FTP will fall well within the test period of the unfiled rate case. Therefore, these parties submit that the two proceedings should be consolidated once the general rate case is filed. Exelon requests that, in the interim, the Commission establish a technical conference to explore the proposed rates in the instant case. In addition, NCUC requests that the Commission ensure that the Rate Schedule FTP does not provide Transco with undue discretion in determining how to set and whether to adjust the total Contract Quantity (TCQ) amount.

6. Indicated Shippers request that Rate Schedule FTP be modified in several respects. First, Indicated Shippers request that Transco state that gas produced and used for production purposes or for fuel by upstream gathering systems, or gas that is deemed lost and unaccounted for, is not committed to being transported on Transco under Rate Schedule FTP. Second, in the event transportation service is curtailed, the tariff should clarify when a Rate Schedule FTP shipper may schedule transportation at the end of the curtailment period. Third, Rate Schedule FTP should be clarified to explicitly allow for transport on the Mobile Bay Lateral under any available rate structure if the shipper holds transportation rights other than under Rate Schedule FTP. Fourth, the proper allocation of capacity under section 4.4 of Rate Schedule FTP should be clarified. Finally, Indicated Shippers maintain that Transco must explain how the net present value of a bid for capacity under Rate Schedule FTP will be evaluated.

7. Transco asserts this May 11, 2012 filing, provides notice to its customers that up to 352,250 Dth per day of gas will become available for service on July 1, 2013, enabling potential shippers to contract for such capacity for Commission accepted Rate Schedule FTP-type service. Accordingly, Transco submits the instant filing more than 13 months ahead of its projected in-service date and before capacity is needed to provide that the service will be available.

8. Transco's filing contravenes the Commission's regulations requiring that, "all proposed changes in tariffs, contracts, or any parts thereof must be filed with the Commission and posted not less than 30 days nor more than 60 days prior to the proposed effective date thereof, *unless a waiver of the time period is granted* by the Commission."[5] In its filing Transco did not request a waiver in order to bring its filing into compliance with the Commission's regulations, nor does the Commission find that Transco has demonstrated good cause to grant a waiver under these circumstances.

9. The Commission finds Transco's proposal to be premature. Accordingly, the Commission rejects the proposed tariff records listed in the Appendix without prejudice to Transco refiling such tariff records in compliance with the Commission's regulations. Moreover, if Transco believes that the Commission and its shippers need time to review a

[5] 18 C.F.R. § 154.207 (2011) (emphasis added).

proposal akin to the instant submittal, Transco may submit *pro forma* tariff records prior to the date it seeks to offer the new service. This approach will permit all potentially interested parties to examine Transco's proposal before the availability of the capacity upon which it is predicated.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

Appendix

Transcontinental Gas Pipe Line Company, LLC
Fifth Revised Volume No. 1
FERC NGA Gas Tariff

Tariff Records Rejected

Section 1.5, Rate Schedule FTP, 0.0.0
Section 1.1, Rate Schedule FT, 5.0.1
Section 1.2, Rate Schedule FT-G, 4.0.0
Section 1.5, Rate Schedule FTP, 0.0.0
Section 6, Billing, 1.0.0
Section 7, Payments, 2.0.0
Section 11, Force Majeure Provision and Contract Entitlements, 2.0.0
Section 28, Nominations, Allocations, Curtailment and Confirmations, 3.0.1Section 42, Capacity Release, 3.0.1
Section 50, Processing Rights Regarding Liquefiable Hydrocarbons, 2.0.0
Section 1.5, Rate Schedule FTP, 0.0.0