

127 FERC ¶ 61,002
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

April 1, 2009

In Reply Refer To:
Egan Hub Storage, LLC
Docket No. RP09-426-000

Egan Hub Storage, LLC
P.O. Box 1642
Houston, TX 77251-1642

Attention: Janice K. Devers
General Manager, Tariffs and Commercial Development

Reference: Tariff Sheets and Service Agreements Filed March 2, 2009

Dear Ms. Devers:

1. On March 2, 2009, Egan Hub Storage, LLC (Egan Hub) filed five non-conforming service agreements¹ under Rate Schedule FSS, requesting that the Commission accept the non-conforming provisions as permissible material deviations from its *pro forma* FSS service agreement. The filing also includes revised tariff sheets² which identify the service agreements as non-conforming, and contain proposed housekeeping changes and updates. Egan Hub requests an April 1, 2009 effective date for the tendered tariff sheets and service agreements. The service agreements and the tariff sheets referenced in footnote no. 2 are accepted to be effective April 1, 2009, subject to condition, as discussed below.

¹ The service agreements are between Egan Hub and (1) Bear Energy LP (Contract No. 310401), (2) Eagle Energy Partners I, L.P. (Contract No. 310408), (3) Merrill Lynch Commodities, Inc. (Contract No. 310399), (4) ONEOK Energy Services Company, L.P. (Contract No. 310402), and (5) Euromin Inc. (Contract No. 310410) (collectively, “the service agreements”).

² Second Revised Sheet No. 17, Fourth Revised Sheet No. 110, and Fifth Revised Sheet No. 111 to FERC Gas Tariff, First Revised Volume No. 1.

2. Public notice of Egan Hub's filing was issued on March 4, 2009, with interventions and protests due by March 16, 2009. Pursuant to Rule 214 (18 C.F.R. § 385.214 (2008)), 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 intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

3. The service agreements were executed in conjunction with precedent agreements for capacity in Egan Hub's fourth natural gas storage cavern, currently under construction.³ Egan Hub proposes that the service agreements become effective on April 1, 2009, so that it can provide service under these agreements using its existing facilities until the fourth storage cavern is placed in service in the summer of 2009.

4. Egan Hub states that each service agreement conforms to Egan Hub's *pro forma* FSS service agreement except for two possible non-conforming provisions. It states that in each agreement the blank for the term has been completed with a service commencement date of the later of April 1, 2009, or the date that all conditions precedent set forth in the related precedent agreement are satisfied or waived. Egan Hub states that the conditions precedent relate to the in-service date of Egan Hub's expansion project. This provision is a permissible method of coordinating the commencement date of the service agreements with the in-service date of the expansion project.

5. In addition, Article IV of each service agreement (Incorporation of Rate Schedule and Tariff Provisions) states that the credit requirements applicable to the service agreement are set forth in the related precedent agreement between Egan Hub and the shipper. On March 11, 2009, Staff sent Egan Hub a data request requiring Egan Hub to file each precedent agreement related to the subject service agreements. On March 17, Egan Hub complied with this directive, requesting privileged treatment for the precedent agreements pursuant to section 388.112 of the Commission's regulations.⁴ The Commission has reviewed the credit requirements in each precedent agreement and finds, consistent with Commission policy and precedent, that they do not present a substantial risk of undue discrimination to other shippers.⁵

³ *Egan Hub Storage, LLC*, 121 FERC ¶ 61,053 (2007).

⁴ 18 C.F.R. § 388.112 (2008).

⁵ *Policy Statement on Creditworthiness for Interstate Natural Gas Pipelines and Order Withdrawing Rulemaking Proceeding*, FERC Stats. & Regs. ¶ 31,191 (2005) (Permitting different creditworthiness provisions for foundation shippers on expansion projects) *Id.* P 17-18.

6. However, section 4(c) of the Natural Gas Act (NGA)⁶ requires full disclosure of contractual terms and prices in order to ensure that a pipeline's contracting practices are not unduly discriminatory.⁷ Consistent with NGA section 4, section 154.1(d) of the Commission's regulations⁸ requires that pipelines file any contractual provision which "deviates in any material aspect from the form of service agreement in the tariff." Therefore, Egan Hub is directed to file, within 30 days of the date of this order, the provisions of the precedent agreements containing the subject credit requirements so that such information may be publicly available on file with the Commission. This will permit the Commission and all parties to assure themselves that the subject provisions do not result in any undue discrimination.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁶ 15 U.S.C. § 717(c) (2006).

⁷ See *Columbia Gas Transmission Corp.*, 97 FERC ¶ 61,221, at p. 62,001-004 (2001); See also *Southern Star Central Gas Pipeline, Inc.*, 125 FERC ¶ 61,082 (2008).

⁸ 18 C.F.R. § 154.1(d) (2008).