

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

May 28, 2004

In Reply Refer To:  
Columbia Gulf Transmission Company  
Docket No. RP03-492-001

Columbia Gulf Transmission Company  
12801 Fair Lakes Parkway  
P.O. Box 10146  
Fairfax, Virginia 22030-0146

Attention: Carl W. Levander, Vice President

Reference: Substitute Third Revised Sheet No. 272, Substitute Original Sheet No. 273,  
and Substitute Fifth Revised Sheet No. 318 to FERC Gas Tariff, Second  
Revised Volume No. 1

Dear Mr. Levander,

1. On July 15, 2003, Columbia Gulf Transmission Company (Columbia Gulf) filed the above-referenced tariff sheets in compliance with the Commission order issued on June 30, 2003.<sup>1</sup> Columbia Gulf has satisfactorily complied with the June 30 Order, and accordingly, the Commission accepts the referenced tariff sheets effective July 1, 2003 as proposed. This order benefits the public interest by providing customers more flexibility in making contracting decisions while protecting Columbia Gulf's right to reasonably limit contract demand reductions.

**Background and Details of Instant Filing**

2. On May 30, 2003, Columbia Gulf filed tariff sheets to add a new section 34 to the General Terms and Conditions (GT&C) of its tariff and to make related changes to other tariff provisions. The proposed new section 34 would permit Columbia Gulf and eligible shippers to mutually agree to include in the shippers' service agreements contract demand reduction rights under specified circumstances. In the June 30 Order, the Commission accepted Columbia Gulf's proposal, subject to Columbia Gulf revising the subject tariff sheets.

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<sup>1</sup> Columbia Gulf Transmission Co., 103 FERC ¶ 61,389 (2003) (June 30 Order).

3. At paragraph 13 of the June 30 Order, the Commission directed Columbia Gulf to: 1) revise the definition of Regulatory Unbundling pursuant to the alternative language proposed by Orange & Rockland Utilities, Inc.; 2) change the term “Regulatory Unbundling” to “Regulatory Restructuring”; and, 3) clarify its tariff language in section 34 regarding the requirement about the initial term or remaining term of at least five years, and the eligibility of the shipper to negotiate to include a reduction option in the service agreement. In the instant filing, Columbia Gulf has made all of these revisions pursuant to the June 30 Order.

4. At paragraph 14 of the June 30 Order, the Commission directed Columbia Gulf to clarify certain tariff language in section 34 to make clear that a contract demand reduction will not apply to capacity made available for release by a shipper with a reduction option when that capacity is purchased by a replacement shipper in whole or in part at both the rate provided for under the releasing shipper’s service agreement (or a greater rate) and for the full remaining term of that service agreement. In the instant filing, Columbia Gulf has revised its tariff language pursuant to this direction in the June 30 Order.

5. At paragraph 12 of the June 30 Order, the Commission directed Columbia Gulf to clarify certain tariff language to make clear that the optional pro rata reduction in contract demand for shippers served by multiple pipelines will be based on the contract entitlements held by the shippers used to serve the load loss associated with Regulatory Restructuring. In the instant filing, Columbia Gulf has revised its tariff language pursuant to this direction in the June 30 order.

### **Notice, Interventions and Protests**

6. Public notice of the instant filing was issued on July 18, 2003, with interventions and protests due on or before July 28, 2003. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2003).

7. The Process Gas Consumers Group (Process Gas) filed a protest to Columbia Gulf’s compliance filing. Process Gas states it is protesting the compliance filing for the same reasons it protested Columbia Gulf’s initial filing in this proceeding. Specifically, Process Gas protests that the implementation of this program whereby LDCs are allowed to reduce their contract demand, without a comparable right for industrial end users to reduce contract demand in the event of plant closures or permanent scale-downs, is, inter alia, unduly discriminatory to industrial end-users, and inconsistent with the Commission’s regulations prohibiting undue discrimination and preferences among customer classes. Further, Process Gas asserts the proposed program will skew bidding and awards of capacity, and will interfere with the effective functioning of a vibrant secondary market at the LDC city-gate delivery points.

**Discussion**

8. The only issue before the Commission in the instant filing is whether Columbia Gulf has complied with the June 30 Order. Accordingly, the Commission rejects the protest of Process Gas since it contests the holdings of the June 30 Order, rather than whether Columbia Gulf has complied with those holdings. Process Gas raised the same issues in its request for rehearing as it raises in its protest to Columbia Gulf's compliance filing. The Commission discussed these issues, and denied rehearing in the Order on Rehearing issued on December 23, 2003 (105 FERC ¶ 61,351 (2003)).

9. The Commission finds that Columbia Gulf has satisfactorily complied with the directives of the June 30 Order, and accordingly, accepts the referenced tariff sheets effective July 1, 2003 as proposed.

By direction of the Commission.

Linda Mitry,  
Acting Secretary.

cc: All Parties