

111 FERC ¶ 61,443  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

June 20, 2005

In Reply Refer To:  
CenterPoint Energy – Mississippi River  
Transmission Corporation  
Docket No. RP00-305-023

CenterPoint Energy – Mississippi River  
Transmission Corporation  
P. O. Box 21734  
Shreveport, LA 71151

Attention: Lawrence O. Thomas, Director of Rate and Regulatory

Reference: Negotiated Rates Agreement

Ladies and Gentlemen:

1. On May 5, 2005, CenterPoint Energy – Mississippi River Transmission Corporation (MRT) filed a negotiated rates contract pursuant to its negotiated rate authority under section 19.2 of the General Terms and Conditions (GT&C) of its tariff, and section 154.1(d) of the Commission's regulations governing non-conforming contracts. The contract provides interruptible transportation service to ConocoPhillips Company (ConocoPhillips) under MRT's Rate Schedule ITS. MRT states that the filing includes, for informational purposes, its Facilities Agreements with ConocoPhillips and related non-jurisdictional intrastate agreements between ConocoPhillips and an affiliate, Illinois Gas Transmission Company (Illinois Gas). MRT requests confidential treatment on behalf of ConocoPhillips for the intrastate agreements. MRT requests an April 1, 2006, effective date consistent with the in-service date of the ITS contract.

2. The Commission accepts for filing the negotiated rates contract effective April 1, 2006, subject to MRT filing the explanation discussed below. Further, MRT must file a revised tariff sheet to reflect the pertinent data under the subject ITS contract consistent with GT&C section 19.2 at least thirty days prior to the April 1, 2006, contract effective date. This order benefits the public because it permits the delivery of clean burning natural gas to a Mid-continent refiner.

3. Public notice of MRT's filing issued on May 10, 2005, with interventions, comments, and protests due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2004)). Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2004)), all timely filed 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. Laclede Gas Company filed a protest, but subsequently withdrew its pleading.

4. MRT filed the negotiated rates agreement, executed March 24, 2005 (the March 24 Agreement), because of its concern that the Commission might view the March 24 Agreement as containing non-conforming provisions. However, MRT claims that the subject contract contains no material deviation from its tariff.

5. The March 24 Agreement provides ConocoPhillips with interruptible transportation service at negotiated rates beginning April 1, 2006 through March 31, 2016. From November through March, ConocoPhillips will pay \$0.13 per dth for Field Zone to Market Zone service, and from April through October it will pay \$0.06 per dth with system wide access to all receipt points. Also under the agreement, ConocoPhillips agrees to a \$325,000 minimum annual revenue requirement to underwrite MRT's building facilities to satisfy ConocoPhillips's need for additional capacity. ConocoPhillips may pay the minimum revenue requirement through usage charges under the March 24 Agreement, or its interruptible contract with Illinois Gas.

6. Further, the agreement stipulates that if ConocoPhillips subsequently obtains additional firm service from MRT, MRT will reduce the revenue requirement "by the amount of corresponding MRT Reservation and Usage Charges paid by ConocoPhillips to MRT" under the new firm contract. MRT states that ConocoPhillips will not receive "preferential treatment" with respect to the availability of such firm capacity, and must comply with the posting and competitive bidding procedures under MRT's tariff.

7. MRT states the March 24 Agreement and the non-jurisdictional contracts with Illinois Gas stem from ConocoPhillips's need for gas deliveries in addition to its existing firm service of up to 10,239 dth per day on MRT for its two refineries. Thus, MRT maintains, the "flexibility" provisions allow ConocoPhillips "to take service from either pipeline as market conditions warrant", and satisfy a minimum revenue requirement through use of either pipeline. MRT perceives such rate arrangement "as a valid exercise of [its] negotiated rate authority", and notes that Illinois Gas's tariff approved by the Illinois Commerce Commission also permits reductions in the revenue requirement.

8. Commission review shows that the negotiated rate aspects of the March 24 Agreement comply with MRT's negotiated rate authority. *See Mississippi River Transmission Corp.*, 91 FERC ¶ 61,342 (2000). Further, our review finds that the agreement contains no deviations from MRT's *pro forma* service agreement or tariff.

MRT's *pro forma* service agreement includes an Exhibit B to be used in its negotiated and discounted rate agreements. That exhibit includes in paragraph (d) a blank to be used to "describe terms of the discounted or negotiated rates as permitted by the tariff and applicable Commission policy and precedent." In the instant agreement, MRT appropriately filled in that blank language that solely describes the terms of the negotiated rate. MRT made no changes to the text to the *pro forma* service agreement, including Exhibit B.

9. However, we are concerned about the scheduling priority for the ConocoPhillips interruptible service. Under GT&C section 8.2.c.(iv), MRT schedules discounted interruptible rate nominations, after all firm services and interruptible service at the maximum rate, according to the relative level of the discount. MRT's filing fails to explain whether ConocoPhillips's interruptible service will receive a higher priority than MRT's other interruptible shippers because of the subject agreement's guaranteed revenue requirement or how that guaranteed revenue requirement will be factored into a determination of ConocoPhillips' relative priority for service. We will accept the March 24 Agreement for filing, subject to MRT filing an explanation addressing the specific scheduling priority for this interruptible service contract within fifteen days of the date this order issues.

10. Further, GT&C section 19.2 requires MRT to file a tariff sheet reflecting each negotiated rate agreement and pertinent contract data (*e.g.*, the shipper, the rate(s), the contract term, and receipt and delivery points) and a statement that the contract does not deviate from MRT's *pro forma* service agreement). Accordingly, we direct MRT to file such revised tariff sheet at least thirty days prior to the April 1, 2006, contract effective date.

11. As noted above, MRT states that ConocoPhillips requests privileged treatment under Rule 1112 (18 CFR § 385.1112) for the non-jurisdictional Illinois Gas contracts included in MRT's non-public filing because the contracts contain "commercially sensitive" information. We will grant MRT's request in light of the fact that no one opposed the request, and the contracts involved are non-jurisdictional contracts whose exact provisions are not necessary for an understanding of the terms of the jurisdictional contract.

By direction of the Commission.

Linda Mitry,  
Deputy Secretary.

cc: All Parties