104 FERC ¶ 61,160
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
William L. Massey, and Nora Mead Brownell.

Gulf South Pipeline Company, LP — Docket Nos. RP00-340-004
RP00-340-005
RP00-340-007
RP01-7-001

ORDER ON REHEARING AND COMPLIANCE FILING

(July 29, 2003)

1. On March 14, 2002, the Commission issued an order[1] on Gulf South Pipeline Company LP's (Gulf South's) revised filing to comply with Order No. 637.[2] The order accepted Gulf South's filing with some modifications and required the pipeline to file actual tariff sheets. Gulf South and several parties requested clarification or, in the alternative, rehearing on certain issues that include segmentation and discounting.

2. On April 15 and May 23, 2002, Gulf South made filings to comply with the directives of the Commission's March 14 order. For the reasons discussed below, the Commission grants in part and denies in part the requests for clarification and rehearing and accepts Gulf South's compliance filings, subject to the conditions of this order. This order benefits customers because it enhances competitive opportunities and service equality on the pipeline grid, and enhances transportation services.

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[1] 98 FERC ¶ 61,278 (2002).

[2] Regulation of Short-Term Natural Gas Transportation Services and Regulation of Interstate Natural Gas Transportation Services, FERC Stats. & Regs., Regulations Preambles (July 1996 - December 2000) ¶ 31,091 (2000); order on rehearing, Order No. 637-A, FERC Stats. & Regs., Regulations Preambles (July 1996 - December 2000) ¶ 31,099 (2000); order on rehearing, Order No. 637-B, 92 FERC ¶ 61,062 (July 26, 2000); aff'd in part and remanded in part, Interstate Natural Gas Association of America v. FERC, 285 F.3d 18 (D.C. Cir. 2002), order on remand, 101 FERC ¶ 61,127 (2002).

I. Background

3. On April 15, 2002, Gulf South, Reliant Energy - Entex and Atmos Energy - Louisiana (Entex/Atmos), the Interstate Natural Gas Association of America (INGAA) and the Indicated Parties[3] filed requests for clarification and/or rehearing of certain aspects of the Commission's March 14 order. On April 30, 2002, Southern Company Services, Inc. (Southern Company) filed an answer to Gulf South's request for clarification and rehearing.

4. On April 15, 2002, Gulf South made its filing to comply with the March 14 Order. Gulf South requests the tariff sheets listed on Attachment A to the filing to be effective 30 days after an order on rehearing, and the tariff sheets listed on Attachment B to the filing, to be effective four months after an order on rehearing. The sheets included on Attachment B relate to segmentation. On May 23, 2002, Gulf South made a filing revising certain of its tariff sheets to address the protest filed by United Municipal Distributors Group (United Municipal) and Entex/Atmos on April 29, 2002.

II. Public Notice, Interventions and Protests

5. Public notice of Gulf South's April 15 compliance filing was issued on April 18, 2002 and notice of Gulf South's May 23, 2002 filing was issued on June 3, 2002. Interventions and protests were due as provided in Section 154.210 of the Commission's Regulations (18 C.F.R. § 154.210 (2002). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2002), all motions to intervene are granted. On April 29, 2002, United Municipal and Entex/Atmos filed protests to Gulf South's April 15 filing. Gulf South's May 23 filing was not protested.

III. Discussion of Requests for Rehearing

A. Segmentation

6. The Commission approved Gulf South's proposed capacity segmentation plan. Under that plan, Gulf South would not physically path firm customers' transportation contracts, but would establish one virtual point in each of its four rate zones. Gulf South's customers would be able to segment their receipt point capacity by delivering receipts to the virtual point for that rate zone at no cost, except when the receipts are located on a

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[3]The Indicated Parties consist of Chevron USA Inc., Dynegy Marketing and Trade, Exxon Mobil Corporation, and Texaco Natural Gas, Inc.

gathering facility, the Bastian Bay or the Mobile Bay laterals which are subject to Commission approved incremental charges. Once gas is delivered to a virtual point, then gas could be traded at no cost among customers who have executed an Aggregation Trading Service Agreement. Firm customers who segment or release receipt point capacity and then elect to use their associated delivery capacity are required to nominate their receipts from a virtual point.

7. As part of its segmentation proposal, Gulf South also proposed to create a secondary firm scheduling priority. This priority would apply to all transactions involving either a primary receipt or delivery point within the primary points' contract Maximum Daily Quantity (MDQ). These transactions would be scheduled after transactions involving primary receipt point to primary delivery point transactions, and before supplemental point to supplemental point transactions.[4]

8. On rehearing, Indicated Parties argue that the Commission erred in approving Gulf South's virtual point segmentation proposal. Instead, they maintain that shippers on Gulf South should have regular segmentation rights along physical paths, with the possible condition that Gulf South will be able to review whether each proposed transaction on certain portions of its system is operationally feasible. They contend that the Commission applied the wrong standard in finding that Gulf South's virtual point approach gives shippers more flexibility. Indicated Shippers claim that the issue is whether the virtual point approach provides shippers with the comprehensive segmentation rights required by Order No. 637.

9. The Commission denies rehearing on this issue. As the Commission pointed out in the March 14 Order, Order No. 637-A recognized that segmentation on a reticulated pipeline can result in operational difficulties if replacement shippers flow gas at different points than the existing shippers. However, the Commission stated that the pipeline needs to optimize its system to provide maximum segmentation rights while devising appropriate mechanisms to ensure operational stability. In its previous compliance filings, Gulf South argued that it should be relieved of any obligation to allow segmentation on its system because its operational characteristics made physical path segmentation operationally infeasible. In its September 14, 2001 filing in Docket No. RP00-340-002, Gulf South filed its Virtual Point segmentation proposal.

[4]In its tariff, Gulf South uses the term "supplemental point". The term means the same as the "secondary point" term used by the Commission.

10. In this proceeding under NGA Section 5, the burden is on the Commission and other parties to show that Gulf South has the operational capacity to provide greater segmentation rights than it has proposed. Contrary to Indicated Parties' claim that the Commission accepted Gulf South's proposal merely because it afforded shippers more flexibility, the Commission accepted Gulf South's proposal because the record developed in this case is insufficient to support a finding that segmentation rights based on an assumed primary physical flow of a particular shipper's service is possible on Gulf South's system. It was in that context that the Commission found that Gulf South's Virtual Point approach was acceptable. It represented an effort on the part of Gulf South to be responsive to the goals of the Commission's segmentation policy consistent with the operational characteristics of its system.

11. Indicated Parties cite Williston Basin Interstate Pipeline Company,[5] Questar Pipeline Company,[6] and Ozark Gas Transmission, L.L.C.,[7] for the proposition that assertions that segmentation is operationally unfeasible do not relieve the pipeline of its obligation to provide segmentation to the extent that it can. However, in Williston, the Commission stated that it had approved two disparate segmentation plans for reticulated pipelines, one in Dominion Transmission Inc., 95 FERC ¶ 61,321 (2001), where segmentation would be allowed on a "virtual path" basis, and one in Colorado Interstate Gas Company, 95 FERC ¶ 61,321 (2001), in which segmentation would be based on an assumed "primary flow path" subject to a 20-day prior review by the pipeline to ensure that existing operations would not be adversely affected. The Commission directed Williston to propose a segmentation plan comparable to those adopted in Dominion or CIG. Here, Gulf South proposed a segmentation plan comparable to the virtual path segmentation plan in Dominion. In Questar and Ozark the Commission found that those pipelines could associate shipper nominations with physical flow paths on at least some portions of their system, making physical path segmentation possible, at least in some instances. By contrast, in the instant case, the Commission found that it had not been shown that Gulf South could provide conventional segmentation based on a physical path on any part of its system.[8] Consequently, the Commission concluded that Gulf South's Virtual Point approach was a way that the pipeline could achieve some of the goals of the Commission's segmentation policy.

[5] 98 FERC ¶ 61,212 (2002).

[6] 98 FERC ¶ 61,159 (2002).

[7] 96 FERC ¶ 61,160 (2001).

[8] 98 FERC at 62,164-165.

12. Indicated Parties suggest that Gulf South's Virtual Point approach merely enhances the existing pooling service on its system. However, Gulf South's proposal allows no-notice customers to release their receipt point capacity while maintaining the no-notice characteristics for their entire MDQ. It also allows firm shippers to release their point capacity to shippers that want to aggregate supplies in a given rate zone while retaining their firm delivery point capacity. Neither of these features would be available under Gulf South's existing pooling service.

13. Indicated Parties have not presented any evidence to contradict Gulf South's studies that physical flow on most of Gulf South's system is multi-directional at all times. The Commission recognizes that segmentation based upon a physical path is superior to Gulf South's Virtual Point approach, since it could allow a shipper to divide its capacity into greater number of segments. However, the Commission found in the March 14 Order, that under the circumstances of this case, the Virtual Point approach "creates a segmentation approach that makes shipper-held capacity more flexible so that the capacity holder can better compete with Gulf South for transportation on its system."[9] Indicated Parties have brought nothing to our attention that would warrant a different conclusion at this time. The March 14 Order required Gulf South to report the results of its segmentation plan after the plan has been in effect for a year. That report will provide an opportunity to consider whether further enhancements of customer segmentation rights are possible. Accordingly, we believe the best approach in the circumstances of this case is to approve Gulf South's proposed segmentation plan and allow it to go into effect at this time, subject to review upon receipt of Gulf South's report. As a result, we deny Indicated Parties' request for rehearing of this issue.

14. Indicated Parties observe that based on the Commission's finding that there are no specific flow paths assigned to firm services, the Commission found that Gulf South did not have to provide a higher scheduling priority to secondary firm transactions that occur entirely within the flow path between the shippers' primary receipt and delivery points. They contend that the Commission should require Gulf South to give an equal mainline scheduling and curtailment priority to primary firm service and within-the-path secondary service to the extent that Gulf South can identify a path for the transaction. In the March 14 Order, we found that because Gulf South is a reticulated system and its segmentation is not based on path rights, within-the-path scheduling does not apply in this case.[10] We adhere to that finding here. Consequently, Indicated Parties' request for rehearing of this issue is denied.

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[9] 98 FERC at 62,165.

[10] Id.

15. Gulf South has requested rehearing of certain aspects of the March 14 Order requirement that, after one year of operations, Gulf South must submit a report, "justifying the continuation of and proposing any modifications to the segmentation plan."[11] The Commission required that the report include: (1) identification of all segmentation requests; (2) the amount of time by Gulf South required to grant or deny each request; (3) the reason(s) for any denial; (4) whether Gulf South awarded new firm capacity at a point pair after having denied a segmentation request at the same point pair, and if so the justification for such subsequent award; and (5) interruptions of segmented service, including the reason and time period service was interrupted.

16. Gulf South contends that the Commission's statement that the report should justify continuation of its segmentation plan raises NGA Section 5 concerns and appears to suggest that Gulf South will bear the burden of proof to justify continuation of its tariff provisions that the Commission has allowed to become effective. Gulf South acknowledges that to the extent that it seeks to modify an effective tariff provision pursuant to Section 4 of the NGA, it bears the burden of proof with respect to any such change. However, it contends that to the extent any participant elects to challenge the reasonableness of Gulf South's segmentation tariff provision, that participant, under NGA Section 5, has the ultimate burden of proof, including demonstrating whether further segmentation on Gulf South is operationally feasible. Consequently, Gulf South maintains that the Commission should clarify that by using the word "justify" it is not attempting to inappropriately shift the burden of proof to Gulf South.

17. The Commission, in using the word "justify" in the order on compliance, was not seeking to effect a change in the burden of proof with respect to a tariff change. What the Commission is seeking, however, is an assessment on the part of the pipeline of the effectiveness of its segmentation plan, and to ascertain whether, at that time, the pipeline may be considering changes in light of its experience. The Commission discerns no obstacle to requiring this type of information from the pipeline. After receipt of this information, the Commission or any party to the proceeding may propose specific tariff changes. To the extent a party other than Gulf South proposes a change, the burden of proof under NGA Section 5 will apply.

18. Gulf South also requests clarification of the specific reporting requirements. First, Gulf South contends that requirement no. 4 that Gulf South report whether it awarded new firm capacity at a point pair after having denied a segmentation request at the same point pair is inconsistent with the very nature of its segmentation proposal. Gulf South states

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[11] 98 FERC at 62,165.

that, while segmentation will only occur at virtual points, it does not award primary firm capacity at such virtual points. Rather, it awards firm capacity at specific receipt and delivery points. It explains that available virtual point capacity will be determined during each nomination cycle based on the nominations of all Gulf South firm customers, with the result that there is no guaranteed firm capacity at virtual points that could be awarded on a primary firm basis. As a result, there could never be an occasion when Gulf South would award firm capacity at a virtual point where it had denied a segmentation request. Because it believes that the information sought by the Commission will not exist, Gulf South contends that the identification of all segmentation requests required by reporting requirement No.1 will provide the Commission with the needed information.

19. Upon further review, we agree with Gulf South and will not require it to provide the information sought by reporting requirement No. 4.

20. Second, Gulf South requests clarification of reporting requirement Nos. 2, 3, and 5. These require Gulf South to report information concerning the time taken to process segmentation requests, and the reasons for any denial or interruption of segmented service. Gulf South points out, under its segmentation plan, it will determine the availability of segmented capacity solely through the scheduling process and, once a segmented transaction has been scheduled, it will only be interrupted pursuant to an Operational Flow Order or a System Management Plan.

21. The Commission will eliminate reporting requirement No. 2 concerning the time taken to process segmentation requests. Since Gulf South's segmentation plan does not require shippers to obtain a determination by Gulf South that capacity is available for a segmented transaction before submitting a nomination to schedule that transaction, all segmentation requests must be processed within the ordinary time lines governing Gulf South's scheduling of service. The Commission clarifies that in response to reporting requirement No. 3 Gulf South should identify each nomination to schedule a segmented transaction which it did not schedule due to insufficient capacity and in response to reporting requirement No. 5 Gulf South should identify each segmented transaction that was interrupted after scheduling and why it was interrupted.

B. Discount Policy

22. The March 14 Order found that Gulf South had generally complied with the Commission's policy, enunciated in CIG,[12] of a rebuttable presumption that a shipper can retain its discount, negotiated at its primary points, when it switches to secondary points, either through capacity release, segmentation, or flexible point rights. Under the policy, as elaborated further in (Granite State),[13] the pipeline must respond within two hours to a shipper request to retain a discount at an alternate point.[14] The response time of two hours applies to both short-term and long-term discounts.

23. Gulf South's proposal to comply with the CIG/Granite State discount policy was set forth in a new Section 7.8 of its General Terms and Conditions. That section provided for a rebuttable presumption that, if a shipper's contract does not establish a rate for a particular receipt and delivery pair and Gulf South is providing a discount for the same type of service involving such pair, then a rebuttable presumption exists that a segmenting customer or a customer using such pair for firm secondary or supplemental service shall be entitled to the same discount for that receipt and delivery point pair. The Commission found that Gulf South's proposal to limit the rebuttable presumption to transactions using the same receipt/delivery point pair was acceptable, since Gulf South awards capacity based upon receipt and delivery point pairs and discounts vary depending upon the basis differentials between the requested receipt and delivery points.

24. However, the Commission directed Gulf South to revise proposed Section 7.8(b) of its General Terms and Conditions to clarify that (1) a similarly situated shipper using a secondary point must pay the higher of its contract rate or the discounted rate paid by other shippers at the point, (2) the two-hour processing time must apply to all discount requests, not just those for short-term discounts, and (3) in determining whether shippers are similarly situated, Gulf South may not automatically treat firm and interruptible transactions as not similarly situated.

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[12] Colorado Interstate Gas Company, 95 FERC ¶ 61,321 at 62,121 (2001).

[13] Granite State Gas Transmission, Inc., 96 FERC ¶ 61,273 (2001), reh'g denied, 98 FERC ¶ 61,019 (2002).

[14] The shipper would have to pay the greater of the contractual rate and the rate being offered at the alternative point. Requests received after 4:00 p.m. CCT are to be processed by 8:30 a.m. the following morning.

25. Gulf South, INGAA, Indicated Parties, and Entex/Amos all seek rehearing of various aspects of these rulings.

1. Rebuttable Presumption

26. Gulf South requests that the Commission clarify whether it has changed its policy regarding whether firm and interruptible transportation services are similarly situated. Gulf South contends that the Commission found in Sunrise Energy Co. v. Transwestern Pipeline Co., 62 FERC ¶ 61,087 at 61,623 (1993), that interruptible and firm shippers are not similarly situated, and the Commission must justify any departure from the precedent. Gulf South also asserts that, if the two services are not similarly situated, the Commission must justify why a discount to an interruptible transportation shipper triggers the rebuttable presumption under its CIG/Granite State policy.

27. Similarly, INGAA argues that the Commission should clarify that in its March 14 Order, the Commission has not departed from its selective discount policy and the precedents thereunder regarding what constitutes a similarly-situated shipper. To the extent that the Commission fails to so clarify, INGAA seeks rehearing. Also, INGAA contends that the Commission should clarify that, at a minimum, a pipeline can consider the type of service that was discounted as a factor in determining whether two types are similarly-situated.

28. The Commission's CIG/Granite State discount policy does not depart from the Commission's fundamental selective discounting policy. Consistent with Order No. 637-A,[15] the Commission in Colorado Interstate Gas Company[16] examined the effects on competition of its existing policy of permitting pipelines to limit a shipper's discount to its primary point. The Commission found that, if a shipper with a discount at a primary point would automatically lose that discount and be subject to the maximum rate if it moved to a secondary or segmented point, this would have the effect of restricting competition. However, the Commission also recognized that, if a shipper could automatically move its primary point discount to secondary points, discounts may be given for other than competitive reasons contrary to the selective discount policy. Therefore, the Commission balanced these interests by permitting the shipper to retain its discount when moving to secondary or segmented points, if the pipeline has granted a discount to a similarly situated shipper at the alternate point. This allows a shipper to better compete with primary capacity offered by the pipeline and with other shippers at the alternate points. However,

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[15] Order No. 637-A at 61,595.

[16] Colorado Interstate Gas Co., 95 FERC ¶ 61,321 at 62,120-21 (2001).

the pipeline need only allow the shipper to retain its discount to the extent it is similarly situated to other shippers receiving a discount at the point in the sense that the same competitive reasons requiring the discounts to the other shippers at the point also apply to the shipper shifting to that point.[17]

29. The Commission denies rehearing of its holding that Gulf South may not automatically treat firm and interruptible transactions as not similarly situated. In Order Nos. 636 and 637, the Commission has consistently held that a primary purpose of its capacity release program is to promote increased competition by allowing firm shippers to release their capacity in competition with the pipeline's interruptible service. If the fact a shipper is receiving firm service would in most instances render it not similarly situated to a shipper receiving interruptible service, then capacity release transactions would generally be considered not similarly situated to the pipeline's interruptible service. That would mean that a releasing shipper with a discount at one point would generally lose its discount when it sought to release capacity in competition with a pipeline's sale of interruptible service using another point. This would discourage such releases and undercut the Commission's competitive goals.

30. There may be times when a capacity release is not similarly situated to the pipeline's interruptible service and the presumption of similarity can be rebutted. For example, if the releasing shipper is selling released capacity on a non-recallable basis for a full year on a portion of the pipeline where interruptible service is often interrupted, the two services may well not be similar. But if the releasing shipper is selling capacity for only several days and at the same time reserving the right to recall it, the release transaction may well be similar to interruptible service sold by the pipeline. In other words, in considering whether two transactions are similarly situated, the pipeline must consider all the circumstances and cannot base its decision solely on a single hard and fast rule such as

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[17] In its rehearing request, INGAA maintains that the Commission should clarify that in the March 14 Order, the Commission has not departed from its policy of reviewing the interaction of its segmentation policy and a pipeline's discount procedures on a case-by case basis. As the Commission stated in response to a similar request in Granite State Gas Transmission, Inc., 98 FERC ¶ 61,054 at 61,055 (2002), in each individual Order No. 637 compliance proceeding, pipelines can raise specific factual conditions on their pipeline that they believe warrant a change in the application of the discount policy on their pipeline.

thatan interruptible transaction must be considered not similarly situated to a firm transaction.[18]

31. Gulf South contends that the Commission's refusal to allow the presumption of similarity to be rebutted based solely on the difference between firm and interruptible service is inconsistent with Sunrise Energy Co. v. Transwestern Pipeline Co., 62 FERC ¶ 61,087 at 61,623 (1993), reh'g denied, 66 FERC ¶ 61,170 (1994). In that case, the Commission denied a complaint that the pipeline had offered a discounted rate to a marketing affiliate receiving interruptible service but failed to offer a similar discount in connection with firm service provided to Sunrise Energy Co. (Sunrise). The Commission held, among other things, that Sunrise's firm service was inherently more reliable and therefore it was not similarly situated with the affiliated interruptible shipper.

32. However, the Sunrise case is distinguishable from the present situation. The issue in that case was whether Sunrise's long-term firm service at primary points purchased directly from the pipeline should be considered similar to interruptible service. Such long-term, primary firm service is clearly of a higher quality than interruptible service and therefore the two should not be considered similarly situated. The rebuttable presumption at issue here, however, involves comparing the pipeline's interruptible service with, among other things, capacity release and a shipper's temporary use of its firm service to reach a secondary point. While these latter two services are firm services, they are not necessarily of such higher quality than interruptible service that they cannot be similarly situated. For example, a capacity release may be recallable. Alternatively, a capacity release or use of a secondary point may be for only a short term and during that term the pipeline may have sufficient capacity available that there is little likelihood its interruptible service will be interrupted. The Sunrise case is also distinguishable because the two services being compared in that case were both purchased directly from the pipeline. As a result, the concern about competition between the pipeline's interruptible service and capacity release sold by releasing shippers, discussed above, did not exist in the Sunrise case.

33. Accordingly, the Commission reaffirms that the pipeline must consider discounts to both firm and interruptible shippers at a point in determining whether the presumption

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[18] By the same token, the Commission will clarify that it did not intend its statement that "in determining whether shippers are similarly situated, Gulf South must use criteria other than the fact that one shipper is firm and other is interruptible" (98 FERC at 62,169) to mean that the difference in service can never be considered. It simply meant that such a difference in service is not, by itself, sufficient to overcome the presumption.

applies that the shipper using the alternate point is similarly situated and will retain its discount.

34. Indicated Parties contend that the Commission erred in allowing Gulf South to limit the rebuttable presumption to transactions that use the same receipt/delivery point pair. Indicated Parties maintain that, contrary to Gulf South's proposed tariff language, Commission policy requires that the rebuttable presumption apply whenever the flexing shipper moves to a new delivery point where the pipeline is already discounting service, regardless of whether the shippers already receiving discounts at the new delivery point are using the same receipt point. Indicated Parties contend that Gulf South's proposal to limit the rebuttable presumption to transactions using the same receipt/delivery point pair is contrary to the goal underlying the CIG/Granite State policy of encouraging competition between capacity release and the pipeline's sale of its own capacity. Indicated Parties point out that shippers generally use different receipt/delivery point pairs, with the result that under Gulf South's proposal the rebuttable presumption will generally not apply. Indicated Parties contend that this means that shippers seeking to segment their own capacity or release a segment to another shipper will generally be required to pay the maximum rate, thereby discouraging them from competing with the pipeline's sale of its own capacity.

35. The Commission grants Indicated Parties' request for rehearing on this issue. The Commission has rejected pipeline proposals for "hard and fast" rules for determining whether shippers are similarly situated for purposes of applying the rebuttable presumption under the CIG/Granite State policy.[19] Among the hard and fast rules the Commission has rejected is a requirement that the transaction must use the same receipt/point pair in order for the presumption to apply.[20]

36. In the March 14 order, the Commission accepted Gulf South's proposal to limit the rebuttable presumption to transactions using the same receipt/delivery point pair based on Gulf South's explanation that it grants discounts based on the basis differentials between a shipper's requested primary receipt and delivery points. The Commission recognizes that where a discount has been granted based on the price differential between a particular receipt and delivery point, then a transaction from a different receipt point to the same delivery point as in the first transaction would not be similarly situated. However, Section 7.7(a) of Gulf South's GT&C authorizes it to grant discounts on a number of other

[19] Williams Gas Pipelines Central, Inc., 100 FERC ¶ 61, 61,034 at P 56 (2002).

[20] CenterPoint Energy Gas Transmission Co., 104 FERC ¶ 61,070 at P 6 and 7 (2003).

grounds, including, for example, where the shipper agrees to transport specified volumes or where the shipper dedicates a specified percentage of its production reserves to be transported on Gulf South. Where discounts are granted on grounds other than basin differentials, the specific receipt/delivery point combination may not have been relevant to the discount decision and a second transaction using different receipt points could be similarly situated. Accordingly, consistent with the recent CenterPoint order, the Commission requires Gulf South to revise Section 7.8(b) so that the rebuttable presumption applies to all transactions using the same delivery point, regardless of the receipt point used. However, where Gulf South has given a discount based on the basis differential between a particular receipt and delivery point, it may treat the presumption as having been rebutted where the new transaction for which a discount is requested uses a different receipt point.

37. Finally, Entex/Atmos point out that while the Commission accepted Gulf South's discount proposal in the compliance order with certain modifications, it did not address their request that Gulf South be required to include in its tariff the standards on which it will rely in determining whether customers are similarly situated for purposes of receiving a discount. The Commission will not require Gulf South to include in its tariff the standards upon which it will rely in granting discounts. As discussed above, the Commission has held that pipelines must weigh all relevant factors in deciding whether two transactions are similarly situated, rather than apply a series of hard and fast rules. Since the reasons a pipeline may give particular discounts vary, the same difference between two transactions may render them not similarly situated in one case but not in another case. In these circumstances, any standards listed in the tariff would, at best, be of limited usefulness in resolving the issue, and could lead to incorrect results.

2. Two-hour Processing Requirement

38. Gulf South contends that the Commission erred in rejecting its proposal to limit the two-hour processing period for discount requests to short-term transactions of 30 days or less and respond to discount requests for longer term transactions within five business days. It maintains that requiring Gulf South to evaluate the price risk inherent in granting a long-term discount within two hours is both unreasonable and unnecessary to permit nominations during the next period. Gulf South explains that the unintended result of forcing the pipeline to make long-term pricing decisions and to modify the pricing structure under an existing contract within two hours may result in each of those discount requests being denied. To satisfy the CIG/Granite State requirement, Gulf South offers the following solution: If a customer requests a long-term discount for a receipt/delivery point pair under an existing firm contract, and that discount would begin the next nomination cycle, Gulf South proposes to respond to that discount request to the extent that it would

apply for a shorter term (i.e., the remainder of the month), within two hours. Then, on or before the fifth business day following receipt of the request, Gulf South would notify the customer whether the discount request has been granted for the remainder of the term requested by the shipper.

39. The Commission denies Gulf South's request for rehearing of the Commission's requirement that the two-hour processing period apply to all requests to transfer discounts to secondary points. In CIG,[21] the Commission explained that the purpose of the new policy is to establish a uniform nomination procedure to promote transactional efficiency across the interstate pipeline grid:

> In order to assure uniform implementation of its discounting policy on all pipelines, the Commission has adopted a standardized process for pipelines to act on requests to retain discounts. In establishing this process, the Commission balanced the need to provide the pipeline with sufficient time to process requests to retain discounts while at the same time providing shippers with notice of pipeline determinations in sufficient time to submit nominations at the four standard nomination cycles.

The Commission has found that two hours is a reasonable outside time for pipelines to evaluate requests to retain discounts.[22]

40. Gulf South has not demonstrated why a request to retain a discount in connection with a transaction that will be in effect for an extended term requires more time than a short-term request, nor has it shown that two hours is insufficient time to evaluate a shipper's long-term request. In evaluating a request to retain a discount, the pipeline must consider whether the new transaction is similarly situated to the transaction for which discounts have already been given at the new point. This need not involve the full economic analysis of industry, market, and pricing trends as postulated by Gulf South. For example, if the discounts given to existing shippers at the new point are all for relatively

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[21] 97 FERC ¶ 61,011 at 61,049.

[22] See also Kinder Morgan Interstate Gas Transmission, LLC, 103 FERC ¶ 61,216 P 26 (2003), explaining that the two-hour processing requirement is necessary so that shippers holding discounted contracts have the same ability to submit nominations at each of the four standard scheduling periods as shippers purchasing capacity directly from the pipeline.

short-term transactions of a month or less and the shipper seeks to retain its existing discount in connection with a long-term release transaction of a year or more, the pipeline could find the long-term release transaction not similarly situated based on the difference in term.

41. The Commission also rejects Gulf South's alternative proposal, under which for long-term transactions that would begin the next nomination cycle, Gulf South would give a response within two hours that would apply for the remainder of the month, and then respond within five business days with respect to the remainder of the term. The Commission has explained that the two-hour requirement "will provide shippers with flexibility to determine how much advance notice of a pipeline discount determination the shipper requires to structure the business transaction."[23] For example, if a shipper wants 10 hours within which to make its decision, it would make its request to Gulf South at least 12 hours in advance. Gulf South's proposal conflicts with Commission policy because it would not give the shipper advance notice of the pipeline's discount decision with respect to the entire transaction. Rather, the shipper could be required to commence a long-term transaction with the pipeline only having advised it of its discount decision with respect to a small portion of the term of the transaction. However, the shipper may need to have a decision concerning retention of the discount for the entire term of its intended transaction in order to complete that transaction. Finally, with regard to Gulf South's assertion that the required response time must fall on a business day, the Commission has clarified that the two-hour processing time does not require the pipeline to process requests overnight or over a weekend.[24]

C. Penalties

42. Indicated Parties observe that in their February 2001 protest, they challenged Gulf South's proposal to make point operators responsible for penalties if the operator does not provide Gulf South with information that the pipeline determines that it needs during an OFO. They contend that point operators are non-jurisdictional entities, who have no contractual privity with the pipeline, and there is no jurisdictional basis to impose the information requirements on point operators. Indicated Parties also contend that Gulf South's tariff improperly imposes penalties on point operators for leaving unauthorized gas on the system. We deny rehearing on this issue. The Commission fully addressed the appropriateness of Gulf South imposing penalties on point operators in Koch Gateway

[23] Granite State Gas Transmission, Inc., 96 FERC ¶ 61,273 at 62,037 (2001).

[24] National Fuel Gas Supply Corp., 98 FERC ¶ 61,123 (2002) and Granite State Gas Transmission, Inc., 98 FERC ¶ 61,019 (2002).

Pipeline Co., 77 FERC ¶ 61,098 (1996), reh'g, 79 FERC ¶ 61,218 (1997). In essence, Indicated Shippers seek to reargue issues that were decided in the 1996 order. Order No. 637 made no change in the Commission's policy concerning the imposition of penalties on point operators, and therefore, the Commission rejects Indicated Shippers' current rehearing request on the same grounds as it previously rejected those contentions.

43. Indicated Parties point out that in their protest to Gulf South's filing, they asserted that Gulf South should credit gas processing revenues as part of the penalty credit mechanism. They observe that in its March 14 Order, the Commission stated that this issue was beyond the scope of the compliance filing, and that Indicated Parties were seeking modification of an existing tariff provision. The Indicated Parties seek rehearing, arguing that the Commission has broad authority to require a pipeline to revise its service conditions to ensure that Commission policies are properly implemented.

44. Under Order No. 637, et seq., the Commission exercised its authority under NGA Section 5 to require pipelines to modify their tariffs to conform to new Commission policy. Order No. 637 required only that pipelines credit all penalty revenues to their shippers. It did not address the treatment of the pipeline's revenue from processing gas. Therefore, the issue raised by Indicated Parties is beyond the scope of the Order No. 637, et seq., requirements and are inappropriate for consideration in this proceeding. A more appropriate forum to address the issue raised by Indicated Parties is either a general NGA Section 4 rate proceeding or in a separate complaint proceeding under Section 5 of the NGA. Therefore, as discussed below with regard to uniform hourly flows, we reaffirm our finding that this issue is beyond the scope of this proceeding, whose purpose is determine Gulf South's compliance with the requirements of Order No. 637.[25]

D. Uniform Hourly Flows

45. Indicated Parties contends that it is unreasonable for Gulf South to require uniform hourly flows. They assert that it is essential that Gulf South's tariff makes it clear that a shipper's duty to take service on a uniform hourly level applies when this requirement is operationally necessary, and applies only to the extent practicable. Gulf South has not proposed to change its tariff provision which addresses uniform hourly flows. In the March 14 Order, the Commission determined that this issue was beyond the purview of this proceeding. Nothing has been brought to our attention to warrant a different result here. Consequently, we deny rehearing on this issue.

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[25] This also applies to Indicated Parties' argument that the Commission erred in not addressing the issue of the transportation rate charged for plant thermal reduction.

IV. Gulf South's Compliance Filing

A. Capacity Release/Scheduling Equality.

46. The March 14 Order found that Gulf South had not fully complied with the scheduling equality requirements of Section 284.12(b)(1)(ii) of the Commission's regulations and directed Gulf South to modify its proposal concerning scheduling equality so that the replacement shipper in a prearranged deal can nominate as soon as the pipeline is informed of the release. In its April 15, 2002 compliance filing, Gulf South revised its scheduling equality provisions. Subsequently, on August 1, 2002, in Docket No. RP02-421-000, Gulf South filed revised tariff sheets to comply with Order No. 587-O,[26] which adopted Version 1.5 of the NAESB standards. Version 1.5 of Standard 5.3.2 establishes a revised capacity release timeline, which the Commission found satisfies the scheduling equality provisions of Section 284.12 of its regulations. On September 27, 2002, a Director letter order accepted tariff sheets filed in Docket No. RP02-421-000 to become effective October 1, 2002. Consequently, Gulf South's proposed tariff sheet addressing scheduling equality in the instant filing has been superseded and is rejected as moot.[27]

B. Segmentation, Flexible Point Rights and Secondary Point Priority

47. The Commission accepted Gulf South's virtual point segmentation proposal and the associated scheduling priorities, with some modifications. The Commission observed that Gulf South agreed to accept United Municipal's suggestions on revisions to proposed Sections 8.3, 25.4 and 29.1(H)(2) that relate to how segmentation will apply to Gulf South's NNS customers. The Commission directed Gulf South to make the revisions and Gulf South has done so. No further modification is required here.

C. Discounting

48. The Commission directed Gulf South to revise proposed Section 7.8(b) of its General Terms and Conditions implementing the CIG/Granite State discount policy to clarify that (1) a similarly situated shipper using a secondary point must pay the higher of its contract rate or the discounted rate paid by other shippers at the point, (2) the two-hour processing time must apply to all discount requests, not just those for short-term discounts, and (3) in determining whether shippers are similarly situated, Gulf South may not automatically treat firm and interruptible transactions as not similarly situated.

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[26] 99 FERC ¶ 61,146 (2002).

[27] See Appendix C.

49. Gulf South has revised Section 7.8(b) to make these clarifications. However, the Commission will require Gulf South to clarify its revised Section 7.8(b) in one additional respect. The Commission has not permitted pipelines to include in a shipper's contract provisions that limit the shipper's right under the CIG/Granite State policy to shift a primary point discount to a secondary point.[28] The first sentence revised Section 7.8(b) reads: "If Gulf South and a firm transportation customer have previously agreed to a discounted rate for a particular receipt and delivery point pair, then the rate agreed to in the contract shall govern." Since this provision is not limited to discounts at a shipper's primary points, it appears to permit Gulf South to include in a shipper's contract rates to apply to the shipper's secondary points that are higher than the shipper's discounted rate at its primary point. This would prevent the shipper from shifting its primary point discount to a secondary point, regardless of the rates being charged similarly situated shippers at the secondary point. This is contrary to the CIG/Granite State policy permitting shippers to retain their primary point discount when they shift to a secondary point where a similarly situated shipper is also receiving a discount. Accordingly, Gulf South must revise the first sentence of Section 7.8(b) to limit its applicability to service at primary points.

D. Imbalance Services, Operational Plans and Penalties

1. Imbalance Services

50. The March 14 Order found that Gulf South has generally complied with Order No. 637's requirement that it provide imbalance management services. However, the Commission required Gulf South to remove its daily cap on a shipper's out-of-balance nominations to make up imbalances incurred earlier in the month. That cap was 10 percent of the shipper's contract demand. The Commission stated that customers should be allowed to nominate out of balance, when it is operationally feasible to do so without harm to Gulf South or to its other customers. The Commission directed Gulf South to permit shippers to nominate any amount of out-of-balance volumes during the month in order to reduce outstanding imbalances when it is operationally feasible. The Commission explained that such make-up volumes in excess of the 10 percent cap proposed by Gulf South may be scheduled on an-available basis after all other services are scheduled.

51. Gulf South has revised Sections 11.4(c)(6) and 13.2(b) to provide customers an opportunity to nominate payback quantities when operationally feasible. Specifically, Section 13.2(b) provides that if during the month a customer has created an imbalance by

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[28] Natural Gas Pipeline Co., 103 FERC ¶ 61,174 at P 43-44 (2003).

failing to conform its receipts to deliveries, then upon prior verification with Gulf South as to the customer's imbalance position and the operational feasibility of payback, the customer can nominate to clear such imbalance over the remainder of the month. The customer will be required to nominate, confirm and schedule "Payback Quantities" to clear an imbalance in uniform daily quantities, as practicable. [29]

52. Gulf South's modifications comply with the Commission's directives that customers be granted enhanced flexibility in resolving imbalances during the month and are accepted.

2. Operational Flow Orders

53. As part of complying with Order No. 637's requirement that pipeline tariff's state clear standards for the issuance of Operational Flow Orders (OFO), Gulf South removed "normal maintenance" from the conditions under which it may issue an OFO and replaced it with "maintenance of total system deliverability or quality of gas delivered." The Commission stated that it was unclear how this phrase differs from normal maintenance. Citing Gulfstream Natural Gas System, L.L.C.,[30] the Commission reiterated that an OFO can be issued only to perform emergency maintenance or repair, and routine maintenance and repair should be planned through scheduling. Gulf South was directed to specify in its tariff that an OFO will only issue for emergency maintenance and repair, and to post a monthly operations plan which identifies scheduled maintenance, storage guidelines and other operational information.

54. Gulf South has added a definition of "emergency maintenance" to its OFO provision concerning the circumstances under which Gulf South may issue an OFO. Emergency maintenance includes the "replacement of pipelines or portions thereof, installation of taps, unscheduled testing of storage fields or any other similar unscheduled actions affecting the capacity of any portions of Gulf South's system." Gulf South's revisions comply with the Commission's March 14 directives and are accepted.

3. OFO, SMP, and Critical Period Penalties

55. Gulf South's tariff currently includes a $25 penalty applicable to all tenders or takes of gas in violation of an OFO. The existing tariff also includes a penalty of $10 for

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[29] "Payback Quantities" as defined in Gulf South's tariff mean a quantity of gas nominated by a Customer to clear a current production month balance.

[30] 91 FERC ¶ 61,119 at 61,470 (2000).

violating an order issued pursuant to a System Management Plan (SMP).[31] The SMP is used to curtail already scheduled service any time Gulf South cannot provide all or any part of its scheduled transportation and/or storage services. In its initial Order No. 637 filing, Gulf South proposed to add a tariff provision permitting it to call a Critical Period as an intermediate step before issuing an OFO. Gulf South would call a Critical Period when it judges that general system flexibility cannot be afforded to customers to accommodate minor variations in receipt and delivery quantities.

56. Gulf South proposed to revise its penalties for violating an OFO and an SMP by basing them on an index price for the commodity price of gas and to add a similar penalty for violating a Critical Period. For shippers at delivery points with electronic flow measurement (EFM), Gulf South proposed in Section 19.1 of its GT&C an OFO penalty of five times the Daily Henry Hub Midpoint price to be imposed on tenders or takes of gas varying from the OFO by more than 5 percent. Gulf South proposed in Section 19.1(a)(I) that shippers at delivery points without EFM, who take and/or tender gas in violation of an OFO, would pay three times the Daily Henry Hub price for volumes greater than 10 percent but less then 12 percent, and five times the Daily Henry Hub price for volumes greater than 12 percent. Gulf South proposed a Critical Period penalty of two times the Daily Henry Hub Midpoint price for volumes exceeding a 5 percent variance between allocated quantities and scheduled nominations. This penalty would only be applied to shippers at delivery points with EFM. Finally, Gulf South proposed a penalty of five times the Daily Henry Hub Midpoint price for takes of gas that are more than 10 percent of scheduled nominations at points subject to the SMP.

57. In the March 14 Order, the Commission generally approved Gulf South's proposed penalty revisions, finding that OFO, Critical Period, and SMP penalties based on a commodity index are reasonable given the volatility of recent gas prices, and that placing a premium on top of this commodity index should serve as an effective deterrent to commodity arbitrage. The Commission also explained that five times the Henry Hub Midpoint price is in the range of Gulf South's current $25 fixed OFO penalty.[32] The

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[31] An OFO and an SMP may be used independently or together based upon the operation circumstances Gulf South is facing at the time.

[32] Gulf South's change in the OFO penalty also rendered it less stringent by permitting takes or tenders of gas to vary from the OFO by more than 5five percent at points with EFM and providing for even greater tolerance at points without EFM. Previously, all takes or tenders of gas varying from the OFO incurred the penalty no matter how small the variance. Also, use of the index price reduces the level of the

(continued...)

Commission noted, however, that Gulf South's current tariff provides an SMP penalty that is forty percent of the OFO penalty ($10 versus $25), but it now proposes to increase the SMP penalty to equal the OFO penalty. The Commission found that Gulf South had not supported this increase. The Commission observed that Gulf South had provided no evidence demonstrating arbitrage behavior by shippers due to the disparity between the current OFO and SMP penalties. The Commission found that, unless Gulf South can demonstrate otherwise, a more appropriate SMP penalty would be two times the Henry Hub Midpoint price.

58. Finally, the March 14 Order also required Gulf South to clarify how it would implement the difference in tolerance levels for points with and without EFM. In particular, the Commission found that it was unclear how Gulf South's customers with a mix of EFM and non-EFM points would be treated for purposes of implementing the penalty provisions, and whether imbalance and overrun charges are based on the lesser of the impact from operational or actual data. Therefore, Gulf South was directed to clarify its proposed tariff. The Commission stated that it would determine whether to accept Gulf South's proposal after Gulf South submits its clarification.

59. In its instant compliance filing, Gulf South has revised its SMP penalty to two times the Daily Henry Hub price. Gulf South has also revised Section 19 to now provide that to the extent a customer has both points with and without EFM, penalties hereunder shall be calculated as follows: (1) If the OFO requires a customer to take specific action at either a receipt or delivery point then the measurement type at each point where the action is to be taken will control whether Section 19.1 or 19.1(a)(I) shall apply; or (2) if the action requires that nominations are to be in balance then the type of measurement at the delivery point will control whether Section 19.1 or 19.1(a)(I) shall apply. If the delivery point is an aggregate point comprised of both points with and without EFM, that point will be treated as a point without EFM for purposes of this Section. To the extent that Gulf South issues an OFO that does not fall in either of these two categories then the OFO notice will explain how customers with both EFM and non-EFM points will be treated.

60. Gulf South' s reduction of its proposed SMP penalty to two times the Henry Hub Midpoint price complies with the March 14 order. In addition, Gulf South's revised proposal for implementing its OFO penalties between customers with a mix of EFM and non-EFM is reasonable and we accept it.

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[32](...continued)
penalty itself during periods when the Henry Hub price is less than $5, and that price has on occasion ranged down to $2.

4. Unauthorized Overrun Penalties

61. Gulf South proposed to reduce its unauthorized overrun penalty applicable during non-OFO and non-SMP periods from two times the 100 percent load factor IT rate to simply equal to the 100 percent load factor IT rate, unless another rate has been agreed to in writing. The Commission approved Gulf South's proposal to charge the maximum IT rate, finding that such a charge was not in fact a penalty but simply compensated Gulf South for service performed without a contract. However, the Commission found that Gulf South's tariff was unclear as to the timing of when Gulf South must respond to a customer request for a rate lower than the maximum rate to be applicable to the customer's overrun volumes. The Commission directed Gulf South to clarify its tariff to propose a time frame within which it must respond to such requests. Further, the Commission found that Gulf South's proposed Section 8 of Rate Schedule FTS and NNS was unclear as to how a shipper's overrun charge is computed and directed Gulf South to revise its proposed tariff language to clarify how to compute a shipper's overrun charge.

62. In Gulf South's instant compliance filing, it provides that it will respond to a request for a discounted overrun rate within two (2) hours of the customer's request. Gulf South also has revised Section 8 of its Rate Schedules FTS and NNS to provide that if any customer takes gas from Gulf South in excess of its contract MDQ, the customer shall pay Gulf South an amount equal to the product of the Overrun Quantity times the Overrun Rate. Gulf South shall determine Overrun Quantity based upon the difference between (1) the total monthly allocated delivery quantities under the customer's contract pursuant to Section 12 hereof and (2) the product of the contract MDQ multiplied by the number of the days in the billing month. The "Overrun Rate" shall be the maximum applicable tariff rate, calculated on a 100% load factor basis unless another rate is agreed to by the parties in writing prior to the time the overrun occurs. Gulf South's revisions comply with our March 14 directives and are accepted.

5. "No Harm, No Foul"

63. Gulf South's proposed Section 19.4 exempts customers from a penalty when they cooperate with the pipeline and take actions in compliance with those mandated by the pipeline. The March 14 order found that Gulf South's proposed language in Section 19.4 did not make clear whether Gulf South would determine which customer's actions that violated the mandates of an operational plan, hurt or helped the system. The Commission directed Gulf South to clarify its tariff as to how non-pipeline ordered actions which benefit the system will be determined, e.g., must a customer contact Gulf South to propose

that it go short or long on the system? Will Gulf South post on its Web site which actions will benefit the system and allow customers to volunteer those actions?

64. Gulf South's revised Section 19.4 now provides that Gulf South may post on its Internet Web site instructions to customers that indicate specific actions which would benefit the system and do not require specific approval. Otherwise, before taking action which it believes will assist Gulf South in resolving any operational problem, a customer should contact Gulf South for approval of such action. Further, no customer shall be assessed penalties under this section where such penalties were a result of actions taken pursuant to pipeline directives issued to assist in correcting operational problems. We find that Gulf South's revisions comply with the March 14 order and are accepted.

E. Other Issues

1. Elimination of the Negligence Standard

65. The March 14 order found that Gulf South had not justified its proposal to insulate itself from liability resulting from Gulf South's issuance of an OFO unless the issuance of the OFO is the result of Gulf South's "willful conduct". The Commission found in Gulf South's Order No. 636 proceeding that all parties should be responsible for their negligent acts, and therefore the Commission required it to modify its tariff to reflect liability for simple negligence. Gulf South has revised Section 10 to re-state the simple negligence standard.[33] Gulf South's revisions comply with our March 14 order and are accepted.

2. Predetermined Allocation Agreement (PDA)

66. The Commission found that Gulf South's PDA provision was vague and may be unreasonable. The Commission directed Gulf South to explain how suspension of PDAs beyond the timeframe of the SMP would be in compliance with operating standards adopted in Order No. 587, et seq., and to include in its tariff the circumstances under which it will suspend PDAs.

67. Gulf South updated Section 12.12 to clarify the circumstances under which a PDA will be suspended, and how end-of-the-month imbalances will be resolved during a month

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[33] In its April 15, 2002 filing, Gulf South revised Section 10.4(d) and 10.5(d) to re-state the simple negligence standard. In response to protests, Gulf South made a supplemental filing to include the simple negligence standard in Sections 10.4(e) and Section 10.6(f) as well.

in which a PDA was suspended. Specifically, Section 12.12 now provides that if Gulf South issues a Critical Period, OFO, or implements the SMP as provided in Section 10 (Operational Plans), Gulf South may suspend any predetermined allocation methodology (PDA) and utilize the default allocation methodology only for the days affected by the Operational Plan. Gulf South also agreed to file a report with the Commission within 30 days if any PDA is suspended.

68. Under revised Section 12.12, Gulf South will use a daily allocation methodology for the calculation of penalties pursuant to Section 19. Unless otherwise agreed to by the Operator and Gulf South, a monthly allocation methodology will be used for purposes of allocating monthly volumes. Finally, end-of-month imbalances will be calculated consistent with Section 10.1 by netting allocated receipt quantities and allocated delivery quantities across the entire month.

69. We find that Gulf South's revisions are reasonable and comply with the March 14 Order.

3. Miscellaneous

70. Gulf South agreed to correct certain section references and to revise Section 19.2 by adding language to clarify that a NNS customer can take gas up to one hundred and ten percent of its Section 10.5 allocated capacity without penalty under the SMP. Gulf South also made minor changes to its Aggregation Trading Agreement (ATA) service agreements. Finally, Gulf South has eliminated its Predetermined Allocation Agreements from its tariff. Gulf South explains that rather than having these forms as part of its tariff, Gulf South will post the forms on its Internet website. Gulf South states this change in practice will eliminate the need for Gulf South having to file corresponding tariff changes to these sheets when it changes Section 12 of its tariff. We accept Gulf South's changes, and no further action is required here.

4. Effective Date

71. The March 14 Order gave Gulf South four months from the date of Commission action on the compliance with the March 14 order to implement changes related to segmentation. Gulf South was required to file two sets of actual tariff sheets. One set would include only those tariff changes that can be implemented immediately. The other set must contain all tariff changes that require additional time.

72. In the April 15 and May 23, 2002 filings to comply with the March 14 order, Gulf South filed actual tariff sheets. Gulf South stated that it intends to implement 30 days after

an order on rehearing those tariff sheets listed on Attachment A and four months after an order on rehearing for those tariff sheets listed on Attachment B.

73. Consistent with the March 14 Order, the tariff sheets in Appendix A are accepted effective August 1, 2003, the tariff sheets in Appendix B are accepted effective December 1, 2003, subject to Gulf South filing revised tariff sheets to comply with the requirements of this order.

The Commission orders:

(A) The requests for rehearing are granted in part and denied in part as discussed above.

(B) The tariff sheets listed in Appendix A, are accepted, to be effective August 1, 2003, and the tariff sheets listed in Appendix B are accepted, to be effective December 1, 2003, subject to the conditions in this order.

(C) The tariff sheet listed in Appendix C is rejected as moot.

(D) Gulf South is directed to file revised tariff sheets consistent with the directives set forth in this order within 15 days of the date of issuance of this order.

By the Commission.

(S E A L)

Linda Mitry,
Acting Secretary.

Appendix A

Gulf South Pipeline Company, LP
Docket Nos. RP00-340-005 and 007

FERC Gas Tariff, Sixth Revised Volume No. 1
Effective August 1, 2003

First Revised Sheet No. 102
Original Sheet No. 106
Sheet Nos. 107-199
First Revised Sheet No. 202
First Revised Sheet No. 304
First Revised Sheet No. 306
First Revised Sheet No. 404
Second Revised Sheet No. 502
Second Revised Sheet No. 604
Third Revised Sheet No. 800
Second Revised Sheet No. 809
First Revised Sheet No. 1301
First Revised Sheet No. 1700
Original Sheet No. 1700A
Second Revised Sheet No. 1701
First Revised Sheet No. 1702
First Revised Sheet No. 1703
First Revised Sheet No. 1704
First Revised Sheet No. 1705
Second Revised Sheet No. 1706
First Revised Sheet No. 1707
First Revised Sheet No. 1708
Substitute First Revised Sheet No. 1708
Second Revised Sheet No. 1709
First Revised Sheet No. 1710
Original Sheet No. 1711
Original Sheet No. 1712
Original Sheet No. 1713
Original Sheet No. 1714
Substitute Original Sheet No. 1714
Original Sheet No. 1715
Substitute Original Sheet No. 1715
Original Sheet No. 1716

Appendix A (cont.)

Original Sheet No. 1717
Substitute Original Sheet No. 1718
Sheet Nos. 1719-1799
First Revised Sheet No. 1809
Second Revised Sheet No. 1810
First Revised Sheet No. 1902
First Revised Sheet No. 1903
First Revised Sheet No. 1904
First Revised Sheet No. 1905
First Revised Sheet No. 1906
First Revised Sheet No. 2000
First Revised Sheet No. 2001
First Revised Sheet No. 2002
First Revised Sheet No. 2003
Sheet Nos. 2004-2099
Second Revised Sheet No. 2401
First Revised Sheet No. 2600
Original Sheet No. 2601
Original Sheet No. 2602
Original Sheet No. 2603
Original Sheet Nos. 2604-
Substitute First Revised Sheet No. 2707
Sheet Nos. 2800-2899
Original Sheet No. 3606A
Third Revised Sheet No. 3607
Second Revised Sheet No. 3613
Second Revised Sheet No. 3614
First Revised Sheet No. 4900
First Revised Sheet No. 5200

Appendix B

FERC Gas Tariff, Sixth Revised Volume No. 1
Effective December 1, 2003

Original Sheet No. 750
Original Sheet No. 751
Original Sheet No. 752
Original Sheet No. 753
Sheet Nos. 754-799
Third Revised Sheet No. 801
Second Revised Sheet No. 804
Second Revised Sheet No. 805
First Revised Sheet No. 813
Second Revised Sheet No. 1415
First Revised Sheet No. 1416
Original Sheet No. 1417
Sheet Nos. 1418-1499
Second Revised Sheet No. 1501
Second Revised Sheet No. 1502
Substitute Second Revised Sheet No. 1502
First Revised Sheet No. 1807
First Revised Sheet No. 1808
Second Revised Sheet No. 1809
Third Revised Sheet No. 1810
Second Revised Sheet No. 1811
Second Revised Sheet No. 1812
Second Revised Sheet No. 1813
Sheet Nos. 1814-1899
Original Sheet No. 3000
Original Sheet No. 3001
Original Sheet No. 3002
Substitute Original Sheet No. 3002
Original Sheet No. 3003
Original Sheet No. 4807
Sheet Nos. 4808-4899

Appendix C

FERC Gas Tariff, Sixth Revised Volume No. 1

Rejected as Moot

Second Revised Sheet No. 3606