

FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

November 24, 2004

In Reply Refer To:  
Tennessee Gas Pipeline Company  
Docket No. CP04-404-000

Tennessee Gas Pipeline Company  
1001 Louisiana Street  
Houston, TX 77002

Attention: David E. Maranville  
Senior Counsel

Reference: Abandonment Authority and Amendment of Certificate

Ladies and Gentlemen:

1. On August 24, 2004, Tennessee Gas Pipeline Company (Tennessee) filed an application requesting authority, pursuant to sections 7(b) and (c) of the Natural Gas Act (NGA), to abandon a section 7(c) firm transportation service to Dominion Transmission Inc. (Dominion), and for a certificate of public convenience and necessity to permit TransCanada Power (Castleton) LLC (TransCanada Power) to assume Dominion's entitlements under a new firm transportation agreement under Tennessee's Rate Schedule NET. The gas transported under this service fuels a power plant owned by TransCanada Power. The Commission finds that the requested authorizations are in the public interest because they permit continuation of gas deliveries to an electric power generating plant.

**I. Background**

2. On September 30, 1990, the Commission issued a certificate order authorizing Tennessee to provide firm transportation of up to 13,900 Dth/day for CoGen Energy Technology, LP (CoGen).<sup>1</sup> Tennessee and CoGen entered into a transportation agreement whereby Tennessee would transport up to 13,900 Dth/day for CoGen. On February 4, 1992, the Commission issued an order amending the original certificate and permitting CoGen to assign its rights and obligations under the transportation agreement to Dominion's predecessor, CNG Transmission Corporation.<sup>2</sup> Tennessee states that

---

<sup>1</sup> 52 FERC ¶ 61,257 (1990).

<sup>2</sup> 58 FERC ¶ 61,087 (1992).

Dominion has informed Tennessee that it wishes to permanently assign its rights and obligations under the transportation agreement to TransCanada Power. Thus, Tennessee seeks authority under section 7(b) of the NGA to abandon its Rate Schedule NET firm transportation service to Dominion, and requests an amendment to its certificate under section 7(c) of the NGA and Part 157 of the Commission's regulations to provide service under the same rate schedule to TransCanada Power without any interruption of service.

3. Tennessee, Dominion, and TransCanada Power have executed a precedent agreement pursuant to which Dominion has agreed, subject to receipt of appropriate regulatory approvals, to transfer Dominion's firm transportation entitlement to TransCanada Power. One of the regulatory approvals required by the precedent agreement is approval of a proposed TransCanada Power transportation agreement. Tennessee requests that the Commission approve the proposed agreement in this proceeding. Tennessee states that it does not want to execute its termination agreement with Dominion prior to receiving approval of the proposed agreement with TransCanada Power. Tennessee states that if it were to execute the termination agreement and the Commission were to ultimately reject the proposed transportation agreement with TransCanada Power, Dominion would be relieved of its obligations without Tennessee having a suitable replacement shipper. Tennessee states that, although the proposed transportation agreement with TransCanada Power has some terms which differ from the *pro forma* Rate Schedule NET service agreement, the differences are not material deviations, and Tennessee requests that the Commission approve the agreement.

4. The proposed transportation agreement between Tennessee and TransCanada Power differs from the standard form of service agreement under Rate Schedule NET in several respects. The proposed agreement does not contain the proviso that Tennessee will apply for authorization to construct and operate facilities because no new facilities will be required for this service. Also because no construction is involved, Articles 2.1 and 8.1 of the new agreement provide that the Commencement Date and the Effective Date are the same. Finally, Article XII reflects the appropriate Effective Date and the fact that the agreement expires October 31, 2011, rather than for a term of 20 years as is provided in the standard form of agreement. This is because TransCanada Power is taking assignment of the remaining term of Dominion's contract.

5. Public notice of Tennessee's application was issued August 31, 2004, with comments due September 7, 2004. Pursuant to Rule 214 (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. No adverse comments or protests were filed.

## II. Discussion

6. Since the transportation of natural gas at issue is in interstate commerce subject to the Commission's jurisdiction, the transportation and abandonment are subject to the requirements of subsection (b) and (c) of section 7 of the NGA.

7. The Commission finds that the proposed modifications to the unexecuted firm natural gas transportation agreement with TransCanada Power are not material deviations from the form of service agreement found in Tennessee's FERC Gas Tariff, and do not create a risk of undue discrimination. As a result, Tennessee is not required to file this service agreement with the Commission. The Commission concludes that the abandonment authorization and revisions to the certificate orders requested by Tennessee in this proceeding are required and permitted by the public convenience and necessity.

8. A certificate of public convenience and necessity under NGA section 7(c) is issued to Tennessee authorizing Tennessee to render transportation service to TransCanada Power as described herein and in the application. Tennessee is granted permission and approval to abandon transportation service under Rate Schedule NET to Dominion as described herein and in the application. Tennessee is directed to file revised tariff sheets, within 15 days of executing the firm service agreement with TransCanada Power, to amend its Rate Schedule NET to reflect TransCanada Power as a shipper under the NET Rate Schedule. Tennessee is also directed to eliminate Dominion's predecessor, CNG, from the list of shippers under Rate Schedule NET. The certificate granted by this order is conditioned upon Tennessee's compliance with all applicable regulations under Parts 154 and 157 of the Commission's regulations.

By direction of the Commission.

Magalie R. Salas,  
Secretary.