

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
Nora Mead Brownell, Joseph T. Kelliher,
and Suedeen G. Kelly.

Central New York Oil and Gas Co., LLC	Docket Nos. TS04-283-000
Energy West Development	TS05-2-000
Granite State Gas Transmission, Inc.	TS04-150-001
Green Mountain Power Corporation	TS04-277-000
Ozark Gas Transmission, L.L.C.	TS04-284-000
Shell Gas Transmission, L.L.C.	TS04-274-001

ORDER ON REQUESTS FOR REHEARING, REQUEST FOR WAIVERS FROM THE
STANDARDS OF CONDUCT AND COMPLIANCE FILINGS

(Issued November 26, 2004)

1. On November 25, 2003, the Commission issued a Final Rule adopting Standards of Conduct for Transmission Providers (Order No. 2004 or Final Rule).¹ Under Order No. 2004, the Standards of Conduct govern the relationships between Transmission Providers and all of their Marketing and Energy Affiliates. Order No. 2004 states that Transmission Providers may request waivers or exemptions from all or some of the requirements of Part 358 for good cause. *See* 18 C.F.R. § 358.1(d)(2004).²

2. Between February 9, 2004 and August 24, 2004, several of the above-captioned Transmission Providers filed requests for exemption, waiver and partial waiver. Notices of the filings were published. In addition, two Transmission Providers made a compliance filing in response to the Commission's previous order on its respective request for waiver. The Commission is granting and denying the requests for waiver and

¹ *Standards of Conduct for Transmission Providers*, Order No. 2004, FERC Stats. & Regs., Regulations Preambles ¶ 31,155 (2003), *order on reh'g*, Order No. 2004-A, III FERC Stats. & Regs. ¶ 31,161 (2004), 107 FERC ¶ 61,032 (2004), *order on reh'g*, Order No. 2004-B, III FERC Stats & Regs. ¶ 31,166 (2004), 108 FERC ¶ 61,118 (2004).

² *See, e.g., Bear Creek Storage Co., et al.*, 108 FERC ¶ 61,011 (2004); *Black Marlin Pipeline Co., et al.*, 108 FERC ¶ 61,184 (2004); and *Alcoa Power Generating Inc., et al.*, 108 FRC ¶ 61,243 (2004).

exemption as discussed herein. This order benefits customers by applying the Standards of Conduct, as necessary, to ensure that Transmission Providers operate without undue discrimination or preference.

Central New York Oil and Gas Company, LLC (CNYOG) – Docket No. TS04-283-000

3. On September 21, 2004, CNYOG filed a request that the Commission confirm that it is not a Transmission Provider within the meaning of sections 358.1 and 358.2 of the Commission's regulations, 18 C.F.R. §§ 358.1 and 358.2 (2004). Alternatively, CNYOG requested an exemption from the Standards of Conduct under section 358.3(a)(3). CNYOG states that it does not qualify as a Transmission Provider because it is an independent natural gas storage provider authorized to charge market-based rates, is not interconnected with any affiliated interstate pipeline, has no franchised service territory, no captive customers and no market power. CNYOG states that it is mindful of its duty under the Natural Gas Act to provide service on a non-discriminatory basis.

4. CNYOG states that it is an independent storage company that owns and operates the Stagecoach Natural Gas Storage Facility (Stagecoach) located in south central New York pursuant to a certificate of public convenience and necessity issued by the Commission.³ CNYOG claims that it is not interconnected with the jurisdictional facilities of any affiliated interstate natural gas pipeline. CNYOG asserts that it does not own any pipeline facilities upstream of its Stagecoach storage facility nor does it provide any pipeline transportation services. In the 2001, the Commission stated that CNYOG has no market power and granted CNYOG the authority to charge market-based rates for storage services.⁴

A. Public Notice, Interventions, and Protests

5. No interventions or protests were filed.

B. Discussion

6. The Commission finds that CNYOG is a Transmission Provider as that term is defined in section 358.1 of the Commission's regulations. However, the Commission is granting CNYOG's request for an exemption based on CNYOG's representations that it meets all of the characteristics of an independent storage company as set forth in section 358.3(a)(3). In Order No. 2004-A, the Commission stated that it will exempt

³ *Central New York Oil and Gas Company, LLC*, 94 FERC ¶ 61, 194 (2001).

⁴ *Id.* at 61,707.

from the Standards of Conduct independent storage companies that are not interconnected with the facilities of affiliated pipelines, cannot exercise market power, have no exclusive franchise, no captive ratepayers, no cost-of-service, no guaranteed rate of return, and no ability to cross-subsidize at-risk businesses with rate-payer contributions.⁵

Energy West Development (Energy West) – Docket No. TS05-02-000

7. On October 15, 2004, Energy West filed a request for exemption from the Standards of Conduct and a tolling of the effective dates of the requirement to file a plan and schedule under section 358.4(e)(1) until after the Commission acts on the instant request. Additionally, Energy West requests a minimum of thirty days from date of any denial of its exemption request to comply with the requirements of Part 358, including the informational filings.

8. Energy West is a wholly owned subsidiary of Energy West, Inc. (EWI). Energy West states that it is a 29-mile interstate pipeline commencing in Wyoming and terminating in Montana. Energy West states that it has one delivery point, an interconnection with Northwestern Energy. Energy West is affiliated with Energy West Wyoming (EWW) is a local distribution company (LDC) under the jurisdiction of the Wyoming Public Service Commission. Energy West states that EWW does not engage in off-system sales on non-affiliated transmission providers. Energy West requests that EWW be exempt from the definition of an Energy Affiliate. Energy West also states that the only customer on Energy West is its Marketing Affiliate, Energy West Resources, (EWR). EWR is engaged in the sale of natural gas to commercial and industrial customers outside of the Energy West and EWW territory. Energy West states that neither EWW nor Energy West can influence the market conditions that Energy West Resources is selling gas into.

A. Public Notice, Interventions, and Protests

9. No interventions, protests or comments were filed.

B. Discussion

10. With respect to Energy West's request for an exemption from the Standards of Conduct, Energy West did not provide sufficient information for the Commission to determine if it is a small pipeline that qualifies for a partial exemption from the Standards of Conduct. It did not tell us the extent to which the pipeline is utilized, the number of employees nor did it tell us how it operates in conjunction with EWW or EWR

⁵ 107 FERC ¶ 61,032 at P38.

with respect to the independent functioning requirements of section 358.4(a) or the information sharing prohibitions of sections 358.5(a) and 358.5(b)(1), (2) and (3).⁶

11. Section 358.3(d)(6)(v) provides that an Energy Affiliate does not include “[a] State-regulated local distribution company that acquires interstate transmission capacity to purchase and resell gas only for on-system customers, and otherwise does not engage in the activities described in sections 358.3(d)(1), (2), (3) or (4), except to the limited extent necessary to support on-system customer sales and to engage in de minimus sales necessary to remain in balance under applicable pipeline tariff requirements.”⁷ Energy West states that its LDC affiliate, EWW, does not engage in off-system sales on non-affiliated Transmission Providers, but does not state whether it engages in any of the other Energy Affiliate activities.

12. The Commission does not have sufficient information on which to determine whether EWW is exempt from the definition of Energy Affiliate in section 358.3(d)(6)(v). Within 30 days of the date of this order, Energy West must make a compliance filing clearly articulating whether EWW engages in any of the activities under sections 358.3(d)(1), (2), (3) or (4), as stated above. If EWW does engage in any Energy Affiliate activities, Energy West must explain how it will comply with the Standards of Conduct with respect to EWW.

Granite State Gas Transmission, Inc. (Granite State) - Docket No. TS04-150-001

13. On June 17, 2004, Granite State filed a request for partial exemption from the Standards of Conduct. Granite State is an interstate pipeline that is a wholly owned subsidiary of NiSource, Inc. Granite State serves two affiliated LDCs, Bay State Gas Company (Bay State) and Northern Utilities, Inc. (Northern) and four non-affiliated shippers. Eight employees of Energy Supply Services (ESS), a division of NiSource Corporate Services and one employee of Bay State jointly provide gas control,

⁶ The Commission has looked at the following criteria in determining whether small pipelines qualify for partial exemptions from the Standards of Conduct requirements: small size of pipeline or facilities; under-utilization; number of employees; and extent of operations. *See, e.g., Bear Creek Storage Co., et al.*, 108 FERC ¶ 61,011 (2004); *Black Marlin Pipeline Co., et al.*, 108 FERC ¶ 61,184 (2004); and *Alcoa Power Generating Inc., et al.*, 108 FRC ¶ 61,243 (2004).

⁷ Energy Affiliate activities described in sections 358.3(d)(1), (2), (3) or (4) include engaging or being involved in transmission transactions; managing or controlling transmission capacity; buying, selling, trading or administering natural gas or electric energy; or engaging in financial transactions relating to the sale or transmission of natural gas or electric energy.

monitoring of pressures and flows and nomination and scheduling functions for Granite State, Bay State and Northern. ESS also administers and manages Bay State's and Northern's gas supply and interstate natural gas transportation contracts. Granite State sought a partial exemption from the Standards of Conduct for the limited purpose of permitting certain gas control and scheduling functions to continue to be provided to Granite State by the employees of ESS and the one employee of Bay State.

14. On September 20, 2004, the Commission denied Granite State's request for partial exemption, but stated that with additional information, procedures and modest restructuring, ESS may provide gas control and scheduling services for Granite State, Bay State and Northern.⁸ The Commission ordered Granite State to submit a compliance filing explaining why the employees who perform gas supply functions and transportation contracting functions for Bay State and Northern must perform gas control functions for Granite State, how Granite State will restrict access to transmission or customer information in the gas control center from the employees engaged in gas supply functions or in contracting functions, and to identify the responsibilities of the Bay State employee in the gas control and scheduling functions.

B. Compliance Filing

15. Granite State filed a compliance filing and an alternate request for rehearing on October 20, 2004. Granite State clarified that the ESS employees and the one Bay State employee perform gas control services and are not involved in any gas supply functions or activities. The ESS employees provide gas control services to Granite State, Bay State, and Northern, and the Bay State employee provides scheduling and confirmation services to Granite State. Granite State states that it will incur one-time capital costs of approximately \$1.2 million and additional annual operating costs of approximately \$180,000 if it is required to transfer the gas control, confirmation and scheduling functions to personnel performing those functions for other NiSource Transmission Provider companies located in West Virginia.

16. Granite State states that in order to address any Commission concerns expressed in the September 20, 2004 Order, the Bay State employee will no longer provide confirmation and scheduling services for Granite State. Granite State states that it will transfer the function of providing scheduling and confirmation services to personnel providing transmission function services to Granite State located in West Virginia.⁹

⁸ The Commission declined to enforce the separation of functions requirements with respect to these employees or the information sharing prohibitions of the Standards of Conduct until 30 days after the Commission rules on Granite State's compliance filing.

⁹ Granite State states that since the Bay State employee will not provide any services to Granite State and will not have access to any non-public information about

Granite State states that transmission function personnel in West Virginia are physically separated from all NiSource Energy Affiliate employees and have received training on nondisclosure requirements. After the transfer of job function takes place, Granite State states that the Bay State employee will not provide any services to Granite State and will not have access to any transmission or customer information with respect to Granite State. Granite State further explains that operational gas control services should continue to be supplied by ESS employees on a joint basis to Granite State, Bay State, and Northern. Granite State states that its system is proxy monitored through pressure telemetry located at the extremities of the Bay State and Northern distribution systems. Granite State further states that personnel and systems are not available in Charleston, West Virginia, to monitor the Granite States system without the incurrance of significant costs to install real time pressure and flow devices at key operational points on the Granite State system. The installation of pressure and flow devices would necessitate the installation of real time measurement at 38 sites.

17. The September 20, 2004 Order directed Granite State to address how it will restrict access to transmission or customer information in the gas control center from the employees engaged in gas supply functions or other Energy Affiliate activities. Granite State states that the employees performing gas supply functions are located in different buildings, entry into the operational gas control building is secured through a password protected keypad system that limits access to the respective buildings to appropriate personnel, and a sign-in log is maintained for all visitors to the gas control building.

18. Granite State states that good cause exists to grant the partial exemption. Granite State states that it is a small pipeline, serves a limited geographic area, has a limited number of customers, throughput and employees, and has significant unused capacity. Further, Granite State states that full compliance with the Standards of Conduct would require Granite State to incur significant costs and the purposes of the Standards of Conduct would not be served by requiring Granite State to comply with the limited portions of the Standards of Conduct implicated by the request. Granite State also requests the Commission grant rehearing of the September 20, 2004 Order if the Commission does not accept Granite State's compliance filing and approve the exemption request.

C. Discussion

19. The Commission grants Granite State's request for partial waiver of the separation of functions requirement of section 358.4(a) and information sharing prohibitions of 358.5(a) and 358.5(b)(1), (2) and (3) to allow ESS to continue to provide gas control services for Granite State, Bay State and Northern. The compliance filing clarified that the ESS employees perform solely gas control services and do not provide gas supply

Granite State, the Commission's concerns about the employee have been addressed.

services. The compliance filing also explained in detail how access to transmission or customer information in the gas control center is restricted from the employees engaged in gas supply functions or other Energy Affiliate activities. The Commission believes that the safeguards in place, including separate office buildings, password protected access, and a sign-in log, should act as a deterrent to improperly sharing information with employees of Energy Affiliates. Finally, Granite State's proposal to transfer the Bay State employee's job function of providing scheduling and confirmation services for Granite State to personnel providing transmission function services located in West Virginia addresses our concerns related to the job responsibilities of the Bay State employee and the sharing of information. The ESS employees who provide gas control services shall strictly observe the Standards of Conduct, including the no-conduit rule. Since the partial exemption is granted, the request for rehearing is denied as moot.

Green Mountain Power Corporation (GMP) – Docket Number TS04-277-000

20. On August 17, 2004, GMP filed a request for an exemption from the Standards of Conduct. In the alternative, GMP requests a partial exemption from the independent functioning and information access provisions. GMP asserts that it is a small, vertically integrated utility that primarily provides retail service to 89,000 customers in parts of Vermont. GMP is regulated by the Vermont Public Service Corporation and purchases most of its power under long-term power purchase agreements with Hydro Quebec and Energy Vermont Yankee and from its own generation. GMP states it does make some wholesale power sales, but considers these sales *de minimus* and in support of its retail load.

21. GMP argues that it meets the Commission's waiver standards under *Black Creek Hydro*.¹⁰ GMP states that it controls a limited and discrete transmission system that consists of a few small stand-alone facilities that are not part of the grid operated by ISO New England. GMP states that in Vermont, the Vermont Electric Power Company (VELCO) operates the transmission grid, and VELCO's facilities have been designated by the New England Power Pool (NEPOOL) as Pool Transmission Facilities. GMP states that transmission over these facilities is provided by ISO New England, which has contracted with NEPOOL to provide open access transmission service. GMP states that its transmission system consists only of a discrete set of low voltage transmission lines.

22. GMP states that its annual sales for 2003 were slightly in excess of 4 million MWh. However, GMP argues that due to a restructuring of power sales and purchases, the annual sales for 2004 are expected to be only 2.5 million MWh which will fall within

¹⁰ 77 FERC ¶ 61,232 (1996).

the Commission's definition of a small utility. Furthermore, since the facilities GMP controls are not within NEPOOL, it is not a member of a tight power pool.

23. In the alternative, GMP requests a partial waiver of the Standards. GMP argues that it has recently restructured its workforce to reduce the number of employees to 197. Additionally, GMP states it has relocated its offices to a smaller, more centralized facility to provide more efficient lines of communication and cost effective energy services. Consequently, requiring GMP to implement the independent functioning and information sharing provisions would be cost prohibitive in that it would require restructuring the work environment to ensure the physical separation of employees.

24. Additionally, GMP argues that this waiver is necessary to ensure that its power supply personnel have access to transmission information necessary for the efficient use of its capacity on high voltage direct current (HVDC) interconnects between GMP and Hydro Quebec in Canada. GMP argues that this importation of power requires close coordination between the operation of those facilities and the power supply personnel who are responsible for importing such power under the existing contracts.

A. Interventions, Protests, and Comments

25. No interventions, protests or comments were filed.

B. Discussion

26. The Commission is granting GMP a waiver of the Standards of Conduct. Waivers of Order No. 2004, are granted upon request to: (1) a utility that owns, operates, or controls only limited and discrete transmission facilities (rather than an integrated transmission grid); or (2) a small public utility that owns, operates, or controls an integrated transmission grid unless it is a part of a tight power pool, or unwarranted by other circumstances.¹¹

27. While GMP is a small utility that is not a member of a tight power pool, it is an investor-owned utility. Additionally, as all other utilities in Vermont, GMP is a shareholder of VELCO and, therefore, is technically partial owner of the integrated transmission grid in Vermont. However, GMP does not control or operate VELCO's transmission grid. GMP only has control over small, discrete, stand alone transmission facilities that are not governed by NEPOOL. The transmission facilities operated by GMP are not part of the grid and are not operated by ISO New England. Consequently, under these facts, we find good cause exists to grant GMP's request for an exemption from the requirements of Order No. 2004.

¹¹ *Black Creek Hydro Inc.*, 77 FERC ¶ 61,232 (1996).

Ozark Gas Transmission, L.L.C. (Ozark) - Docket Numbers TS04-284-000

28. Ozark Gas Transmission, L.L.C. (Ozark) requests a case-specific clarification of the Standards of Conduct so that Ozark can continue to share a common Gas Control Group with its Energy Affiliates to monitor and administer the Ozark pipeline system. Ozark's Energy Affiliates that operate pipeline facilities included Enogex, Inc. (Enogex), an intrastate natural gas pipeline and two gas gathering companies, Ozark Gas Gathering, L.L.C. (OGG) and Enogex Gas Gathering, L.L.C. (EGG). Ozark and Enogex are directly interconnected at two points in Oklahoma. EGG interconnects with Enogex in Oklahoma at multiple points. OGG interconnects with Ozark in Oklahoma and Arkansas at multiple points. Ozark's pipeline system consists of approximately 730 miles of facilities and runs from southeast Oklahoma, through Arkansas, and culminates in the southeast corner of Missouri. For calendar year 2003, Ozark transported 38,463,351 Dth, which equates to approximately 32 percent of its design throughput capability.

29. Ozark states that it currently shares a common Gas Control Group with its Energy Affiliates Enogex, OGG and EGG to monitor and administer physical changes on the separate yet interconnected pipeline facilities of the four companies. In the event of an accident or other emergency on the pipeline facilities, Gas Control Group is the primary point of contact for field and maintenance employees as well as for third parties.

30. Ozark states that the Gas Control Group consists of 11 employees, all of whom are employees of Enogex. Gas Control is a "24/7" function, requiring that one or more employees be present at all times. Ozark asserts that the Enogex employees in the Gas Control Group play no role in buying, selling, marketing, brokering or trading natural gas or electricity; they do not buy or sell transmission capacity; and they do not administer the scheduling or the nomination of transmission service.

31. The Gas Control Group has access on a real time basis to the Ozark computer systems, including its Supervisory Control and Data Acquisition (SCADA) system, as well as the SCADA systems of Enogex, OGG and EGG. Ozark asserts that the Gas Control Group does not share the Ozark SCADA information with non-shared employees of the Energy Affiliates, and the Gas Control Group does not share Energy Affiliate SCADA information with Ozark employees other than day-to-day operational information related to interconnection operations as permitted by the Standards of Conduct. *Order No. 2004-A*, at P 203. Ozark asserts that if the operational parameters of a pipeline system needs to be modified, Ozark's transmission engineer or the transmission engineer of the affected Energy Affiliate, not the Gas Control Group, would make the alterations and modifications and decide which transactions (if any) would be altered or affected.

32. Ozark states that the Gas Control Group also administers each pipeline system to ensure that it continues to operate within the parameters set by each pipeline's Transmission Engineer. Such actions include opening or closing valves or changing compression. Some of these actions require communication between the Gas Control Group and field/maintenance personnel. If events occur that would prevent Ozark from operating within the pre-set parameters, the Gas Control Group advises the Ozark Transmission Engineer of the problem and seeks guidance on how to respond. The information would not be provided to any non-shared Energy Affiliate employee. Similar procedures occur if the problem affects the pipeline facilities of Enogex, OGG and EGG.

33. Ozark asserts that the Gas Control Group is located in secure rooms accessible only by a protected pass code to ensure that the only Gas Control Group employees and necessary support personnel (such as building security, cleaning staff and information technology personnel) can access the Gas Control's Group's offices. The computer systems used by the Gas Control Group are password protected so Gas Control Group employees and necessary support personnel, such as information technology support personnel, are the only Energy Affiliate employees who can access Ozark transmission information displayed on those systems. Ozark further asserts that the Gas Control Group employees have been specially trained in Order No. 2004 to ensure that they do not act as conduits of transmission information to non-shared Energy Affiliate employees.

34. Ozark contends that its request is in line with the Commission's ruling in several recent waiver and/or exemption requests that a Transmission Provider could share gas control functions with an Energy Affiliate so long as the Transmission Provider submits an adequate compliance filing describing how it will restrict access to transmission or customer information in the gas control center from employees engaged in gas supply functions or in contracting functions. *Alcoa Power Generating, Inc.*, 108 FERC ¶ 61,243 at PP 61-64, 104, 126, 135 and 214.

35. Ozark asserts that maintaining one Gas Control Center as a centralized means to monitor and administer the separate but interconnected pipeline systems of Ozark, Enogex, EGG and OGG would enable those systems to operate in a safe and efficient manner. The Gas Control Group provides a single point of contact for shippers, third-parties, and field and maintenance employees to provide notification of any operational accidents or emergencies. Ozark contends that if the Commission denies its request for clarification, Ozark would need to establish duplicative computer systems and office facilities to create a new Gas Control Group so that Ozark could separately monitor its own system. Ozark asserts that it would have to hire new full-time employees, and the cost of duplicating the Gas Control Group would be approximately \$600,000 for the initial year and \$400,000 annually thereafter.

A. Public Notice, Interventions, and Protests

36. No interventions or protests were filed.

B. Discussion

37. Based on the representations Ozark makes in its filing, we will grant its request to share Gas Control Employees, provided that those employees do not buy, sell, market, trade or administer natural gas, and are separated from and do not act as a conduit of transmission information to Energy Affiliate employees who do buy, sell, market, trade or administer natural gas. The Gas Control employees shall strictly observe the Standards of Conduct. Because Ozark already has implemented the safeguards described in its filing, the Commission will not require an additional compliance filing.

Shell Gas Transmission, L.L.C. (SGT) – Docket No. TS04-274-001

38. On July 26, 2004, SGT filed a request for a temporary limited exemption from the information sharing requirements of section 358.5 of the Standards of Conduct on behalf of Nautilus Pipeline Company, L.L.C. (Nautilus), Garden Banks Gas Pipeline, L.L.C. (Garden Banks) and Stingray Pipeline Company, L.L.C. (Stingray) (SGT Pipelines). Each of the SGT Pipelines is jointly-owned and representatives of each owner company sit on the Management Committee of the pipeline for which it is a joint venture partner.¹² SGT stated that Shell US Gas & Power L.L.C. announced the sale of SGT on March 26, 2004. The sale is expected to close by the end of 2004. SGT requested a temporary exemption¹³ to enable a designated representative of each joint venture owner to participate as a member of the Management Committee for each SGT Pipeline in which that representative's firm has ownership interests, and receive information necessary for the performance of management duties.

39. On September 20, 2004, the Commission noted that Order 2004-B addressed concerns about information sharing for jointly-owned Transmission Providers but that SGT did not describe the types of activities that the Management Committee members also perform for their respective Energy Affiliates. The Commission directed SGT to submit a compliance filing identifying the members of the Management Committee and describing the types of activities that the Management Committee members engage in for

¹² Marathon Oil Company, Enterprise Products Operating, L.P., and Amerada Hess each own partial interests in one or more of the SGT Pipelines.

¹³ The request for exemption is for sixty days after the sale of SGT or March 1, 2005.

their respective Energy Affiliates.¹⁴ The Commission stated that if the Management Committee representatives do not engage in Energy Affiliate-type activities,¹⁵ an exemption is not required and those individuals may receive non-public transmission information subject to a no-conduit rule. If the Management Committee representatives do engage in Energy-Affiliate-type activities, SGT must explain how SGT is functioning independently from its Energy Affiliates when the Management Committee representatives also participate in Energy Affiliate-type activities.

A. Background

40. On October 20, 2004, SGT filed a compliance filing as directed by the Commission on September 20, 2004. In the compliance filing, the SGT Pipelines stated that SGT no longer requires an exemption from the Standards of Conduct with respect to an Energy Affiliate employee participating on the Management Committee of Stingray. SGT states that as of September 30, 2004, an Enterprise representative no longer sits on the Stingray Management Committee.¹⁶

41. Nautilus states that it is also withdrawing its request for waiver with respect to the members of the Nautilus Management Committee. SGT states that Nautilus is owned by SGT, Marathon, and Enterprise. Marathon indirectly holds a 24.33 percent interest in Nautilus and is a firm shipper on Nautilus. SGT identified Mr. Craig Chambers as having primary responsibility for representing Marathon's interest on the Nautilus Management Committee. His proxy is Mr. George Misoyianis. SGT states that the principal duties of Mr. Chambers and Mr. Misoyianis concern commercial activities for various midstream assets in which Marathon owns an interest and in supporting various midstream activities in which Marathon participates, including offshore crude oil pipeline systems and in an offshore non-jurisdictional natural gas gathering system. Mr. Misoyianis also provides business support activities in non-US markets. SGT states that Enterprise indirectly holds a 25.67 percent interest in Nautilus. SGT identified Ms. Leslie Pagels as Enterprise's representative on the Nautilus Management Committee. Ms. Pagel's principal duties at Enterprise concern the commercial activities of seven offshore gas pipeline systems and the development of new offshore gas pipeline systems.

¹⁴ *Order on Request for Waivers from the Standards of Conduct*, 108 FERC ¶ 61,243 (2004).

¹⁵ See sections 358.3(d)(1), (2), (3), or (4).

¹⁶ SGT states that Stingray is owned 50 percent by SGT and 50 percent by Enterprise. On October 1, 2004, Enterprise completed its merger with GulfTerra Energy Partners, L.P.. As of September 30, 2004, Enterprise's interest in Stingray was placed in the hands of an independent trustee pending the divestiture of Enterprise's interest in Stingray, as required by the Federal Trade Commission.

SGT states that Nautilus has received assurances that Mr. Chambers, Mr. Misoyianis, and Ms. Pagels do not engage in Energy Affiliate activities described in section 358.3(d)(1), (2), (3), and (4).

42. SGT states that Garden Banks continues to require a limited exemption from the information sharing requirements of the Standards of Conduct. SGT indirectly holds an 80 percent interest in Garden Banks. Amerada Hess indirectly owns a 20 percent interest in Garden Banks and is a firm shipper on Garden Banks. The Management Committee representative is identified as Mr. George Patterson, Manager of Marketing, USA Exploration and Production for Amerada Hess. In his capacity on Garden Banks's Management Committee, SGT states that Mr. Patterson receives information regarding Garden Banks's financial performance, prospects and new investments. Mr. Patterson provides summary information concerning the profitability of Amerada Hess's Garden Banks investment to senior Amerada Hess management. SGT states that Mr. Patterson is the only Amerada Hess employee that receives the Garden Banks information.

43. SGT states that Mr. Patterson's duties for Amerada Hess include the management of certain commercial aspects of Amerada Hess's midstream assets, including three natural gas processing plants and one, third-party operated oil pipeline, and the sale of Amerada Hess's domestic natural gas production, primarily to an Amerada Hess Marketing Affiliate in New Jersey. SGT states that 85 percent of Amerada Hess's domestic natural gas production is sold by Mr. Patterson to the Marketing Affiliate. Most of Amerada Hess's deepwater natural gas is shipped on Garden Banks and is sold by Mr. Patterson to the Marketing Affiliate. The Marketing Affiliate sells the Amerada Hess gas to end-use customers.

44. SGT states that Mr. Patterson does not participate in any marketing of natural gas to end users and does not participate in the nominations or scheduling of Amerada Hess gas on Garden Banks or any other Transmission Provider. SGT states that the information Mr. Patterson receives during the course of his duties on the Garden Banks Management Committee offers no potential advantage with respect to the sale of Amerada Hess natural gas. The information is not conveyed to the Amerada Hess Marketing Affiliate that actually markets the natural gas to end-users. SGT states that Mr. Patterson has agreed to be bound by the no-conduit rule and has been trained as to the requirements of the Standards of Conduct.

B. Discussion

45. The Commission shall grant SGT a limited exemption from section 358.5 of the Standards of Conduct with respect to the Amerada Hess representative on the Garden Banks Management Committee. The limited exemption shall be granted until 30 days after the close of the sale of SGT or March 1, 2005, whichever comes first.

The Commission orders:

- (A) As discussed herein, the Commission is granting Central New York Oil and Gas Company's request for exemption from the Standards of Conduct and denying its request for confirmation.
- (B) As discussed herein, the Commission is denying Energy West Developments request for waiver from the Standards of Conduct, and within 30 days of the date of this order, Energy West must make a compliance filing as discussed herein.
- (C) As discussed herein, the Commission is accepting Granite State Gas Transmission Inc.'s compliance filing and denying the request for rehearing.
- (D) As discussed herein, the Commission is granting Green Mountain Power an exemption from the Standards of Conduct.
- (E) As discussed herein, the Commission is granting Ozark Gas Transmission Company's request to permit it to share gas control employees.
- (F) As discussed herein, the Commission is accepting Shell Gas Transmission's compliance filing.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.