

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Natural Gas Pipeline Company of America

Docket No. RP05-565-000

ORDER ON EMERGENCY PETITION FOR WAIVERS

(Issued August 23, 2005)

1. On August 16, 2005, Natural Gas Pipeline Company of America (Natural) submitted an emergency petition for waivers pursuant to Rule 207 of the Commission's Rules of Practice and Procedure.¹ Natural asserts that a *force majeure* situation will require it to reduce capacity on a portion of its system temporarily while it undertakes repairs, and that in the interim certain waivers of its tariff and Commission regulations are necessary to enable it to effect those repairs in a way that will allow its "customers and the market generally to mitigate the impact of the capacity reduction."

Background

2. Natural's system consists of two roughly parallel mainlines. The Amarillo Line, which originates in the Permian Basin and runs northeast to Iowa then east to Chicago and the Gulf Coast Line, which begins in the production fields of Texas and Louisiana and runs Northeast to Chicago. The two mainlines are connected by a crossover line between northwest and northeast Texas, that traverses parts of southern Oklahoma between the points of interconnection. Natural has four storage facilities along both mainlines with two facilities in each of its producing and market areas.

3. In support of its petition, Natural asserts that, as part of its Pipeline Integrity Management Program, it has discovered "isolated anomalies" that require immediate remedial action, including hydrostatic testing of multiple valve segments. These

¹ 18 C.F.R. § 385.207 (2005).

anomalies came to light when Natural evaluated the results of recent in-line inspection tool runs in several sections of its Amarillo Mainline # 3 located within Segment 14 of that mainline in eastern Iowa. Natural's Appendix to its petition describes the affected portion of the line as encompassing the portion of Segment 14 from Compressor Station 109, Harper County Iowa to Compressor Station 110, Geneseo, Illinois. Natural intends to suspend service through these sections of the Amarillo Mainline for five to seven weeks. In order to effect the hydrostatic testing of these portions of the Amarillo Mainline, Natural asserts that it will need to reduce the capacity on the affected portion of the Amarillo Mainline by about 134,000 Dth/day below system design capacity. Because Natural intends to begin this repair process on gas day Thursday, September 1, 2005, it requests the Commission grant its petition by no later than August 23, 2005.

Notice and Interventions

4. Notice of Natural's petition was issued on August 18, 2005, and the Commission set a deadline of August 22 for persons desiring to intervene or to protest Natural's petition. The Commission received motions to intervene with no substantive comment from: Ameren Energy Generating Company; Central Illinois Light Company d/b/a AmerenCILCO; Central Illinois Public Service Company d/b/a AmerenCIPS; Illinois Power Company d/b/a AmerenIP; Union Electric Company d/b/a AmerenUE; Aquila, Inc. d/b/a Aquila Networks; Duke Energy Trading and Marketing, L.L.C. and Duke Energy Marketing America, LLC; FPL Energy; MidAmerican Energy Company; and, NICOR Gas. Motions to intervene in support of Natural's petition were filed jointly by The Peoples Gas Light and Coke Company and North Shore Gas Company, who state that they do not believe they will be adversely affected by approval of Natural's request, and by Process Gas Consumers Group, who supports Natural's efforts "to make complete and expedient repairs to its system." There were no protests. The Commission hereby grants these motions to intervene.

Natural's Request for Waiver of its Tariff and Commission Regulations

5. In its petition, Natural proposes to offer discounts or assess no charge on certain alternative paths using the Gulf Coast Line to help shippers mitigate the impact of the temporary capacity reduction on the Amarillo Line. Natural states that while it has implemented some of these steps using the discounting authority under its tariff, it needs several waivers to implement its mitigation proposal completely. Natural requests the

Commission waive: (1) the zone limitations for opposite leg rights found in sections 5.5(a)(2)(i)-(iii) of its General Terms and Conditions (GT&C);² (2) all interruptible transportation charges for Gulf Coast Line sourced gas from specified receipt areas into specified Amarillo Line storage points; and, (3) the discount posting requirement of 18 C.F.R. § 358.5(d) and the transactional posting requirement of 18 C.F.R. § 284.13(b), on a limited basis.

6. Natural agrees to discount Gulf Coast Line volumes using opposite leg rights under firm Amarillo Line contracts under section 5.5(a)(2) of its GT&C to give shippers added flexibility to re-route their scheduled gas deliveries. For qualified volumes, Natural will charge a reservation rate set at the lower of the shipper's current contract rate or 4 cents per Dth/day plus all other applicable charges, including commodity, fuel, and gas lost and unaccounted for (GLU) charges. As noted above, Natural seeks waiver of the tariff's existing limitations for opposite leg rights in order to expand the scheduling ability of shippers using opposite leg rights. The waiver requested by Natural will extend the opposite leg rights and the discount described above to the entire Gulf Coast Line for any contract with firm capacity on the Amarillo Line.

7. Natural also proposes to waive all interruptible transportation charges for deliveries of Gulf Coast Line sourced gas from certain receipt areas into specified Amarillo Line storage points. Natural proposes to waive all of the tariff's minimum charges including commodity, fuel and GLU charges. Natural further submits that all charges related to storage service (including storage reservation charges and storage injection fuel) will still apply. Natural claims this waiver will allow any shipper to fill Amarillo storage from Gulf Coast Line sources, by moving gas on unconstrained paths that represent a backhaul into Amarillo storage. Natural further claims that, because interruptible contracts have access to all points and are ubiquitous, shippers can use these rights to access Gulf Coast gas sources from the indicated receipt areas.

8. Natural contends that these waivers are warranted in these extraordinary circumstances. Natural states that the waiver of all charges associated with interruptible transportation of Gulf Coast sourced gas to Amarillo Line storage points will assist shippers in filling their Amarillo Line storage, thus facilitating preparations for the coming winter. Furthermore, Natural also points out that the backhaul transactions provide operational benefits to the system and will help shippers to offset the adverse consequences of the capacity reduction on the Amarillo Line.

² Currently, a firm Amarillo Line transportation contract has opposite leg rights only in receipt zones on the Gulf Coast Line that corresponds to its path on the Amarillo Line.

9. In addition to the waiver of tariff provisions, Natural also seeks a partial, limited waiver of the discount and transactional posting requirements of 18 C.F.R. § 284.13(b) and § 358.5(d). Natural states that when it posts a generally-applicable discount for interruptible service, it also makes specific postings for each individual shipper. Natural claims that its computer systems are not set up to accommodate a posting that notifies shippers when a generally-applicable discount is made available to shippers under existing firm contracts. Natural also claims that it has never posted a generic discount affecting a class of firm contracts. Waiver of these Commission regulations is also necessary, according to Natural, because it would cause a considerable burden on its administrative staff if it were required to post manually the transactional details for individual shippers. Therefore, Natural requests a waiver of the requirement for “contemporaneous” posting of discounts and authorization to make any individual shipper discount and transactional postings required within ten (10) days after it concludes the service reduction. Finally, Natural seeks a limited waiver to make a single interactive website posting that sets out the required information identifying all contracts that utilized the discounts. Natural claims that if the Commission grants the waiver, it will either make a single interactive website posting or make discount and transactional postings for each contract eligible for the discount, whichever turns out to be less burdensome administratively. Natural also claims that since it will otherwise post the generally-applicable discounts, in accordance with all applicable Commission requirements, the short delay in the timing for individual shippers’ postings should not create any disadvantage to the market.

10. Natural requests the Commission grant the waivers for the duration of the *force majeure* event. Natural states that it expects that sections of its Amarillo line will be out of service for approximately five to seven weeks, and it will undertake to notify the Commission when those sections are back in service and the requested waivers are no longer necessary.

Discussion

11. In its petition, Natural states that the actions it is proposing to take, including those that require a waiver of its tariff, will help shippers mitigate the impact of the *force majeure* situation. The filing describes this situation only as “the discovery of isolated anomalies which require remedial action, including hydrostatic testing of multiple valve segments.” Section 27.2 of the GT&C of Natural’s tariff provides an extensive list of events that, if outside the control of the claiming party, would constitute a *force majeure* event. Based on the information provided by Natural, and described above, the Commission cannot confirm that the circumstances requiring suspension of service on the Amarillo Line constitutes a *force majeure* event. Nevertheless, the Commission does not

view this as relevant to the issue of whether the requested waivers are warranted under the circumstances described in the petition.

12. Accordingly, the Commission finds that Natural's waiver requests are justified and in the interest of its shippers. The waiver of zone limitations for opposite leg rights and the waiver of all interruptible transportation charges will assist shippers in filling their Amarillo Line storage for the coming winter and will offset the adverse consequences of the capacity reduction on the Amarillo Line. The Commission also finds that, because Natural is effectively announcing in its petition that all qualifying firm transportation shippers will either pay the lower of their current reservation charge or the 4 cents per Dth/day rate offered by Natural, and because interruptible transportation shippers will pay no charges for deliveries of Gulf Coast-sourced gas from specified receipt points into specified Amarillo Line storage points, the limited waiver of the posting requirements for five to seven weeks will cause no harm to the market. While the Commission believes that its posting requirements provide important transparency for market participants, Natural has demonstrated that there will be no harm to the shippers as a result of this limited waiver of the posting requirements. Therefore, the Commission grants Natural's waiver requests, as proposed.

The Commission orders:

(A) Natural's petition for waiver of specified tariff provisions and Commission regulations is hereby granted as discussed in the body of this order.

(B) Natural is directed to notify the Commission as well as its shippers within five days of when it has completed the work on the specified portions of the Amarillo Line and the line is brought back into service.

By the Commission.

(S E A L)

Linda Mitry,
Deputy Secretary.