

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

CenterPoint Energy Gas Transmission Company

Docket Nos. RP96-200-113
RP96-200-118

Docket Nos. RP96-200-092
RP96-200-097
RP96-200-101
RP96-200-102
RP96-200-103
RP96-200-104
RP96-200-105
RP96-200-106
RP96-200-107
RP96-200-108
RP96-200-110
RP96-200-111

ORDER ON COMPLIANCE FILINGS

(Issued March 4, 2004)

1. On January 14, 2004, CenterPoint Energy Gas Transmission Company (CEGT) filed tariff sheets¹ in Docket No. RP96-200-118 to comply with the Commission's Order Directing Filing of Tariff Provisions and Modifying Non-Conforming Agreements issued September 15, 2003² (January compliance filing). CEGT proposes an effective date of the first day of the month after the Commission issues an order approving the compliance filing. The Commission accepts this compliance filing and terminates a number of related proceedings, as discussed below. This order benefits the public by ensuring that CEGT offers services to all shippers on a non-discriminatory basis and that shippers are not held to provisions which violate Commission policies.

¹ See Appendix for list of tariff sheets.

² CenterPoint Energy Gas Transmission Co., 104 FERC ¶ 61,281 (2003) (September 15 order).

I. Background

A. September 15 Order and Compliance

2. In the September 15 order, CEGT was directed to remedy a situation in which non-conforming transportation services were offered to members of the Arkansas Gas Consumers, Inc. (AGC). In that order, the Commission required that certain specialized services available to the AGC be offered to all customers on a non-discriminatory basis. These transportation services included special summer firm transportation (FT) contracted-for on a multi-year basis; hourly firm transportation (HFT) that could be contracted-for well in advance of tariff requirements, also on a multi-year basis with contract demand reduction rights; and arranging third party transportation on an affiliated distribution system.
3. CEGT was also required to remove certain provisions from its agreement with the AGC (AGC Agreement) that the Commission concluded were an inappropriate and impermissible use of market power in that they restricted AGC access to the Commission. These provisions: 1) denied a rate decrease to AGC members if any member initiated or supported the proceeding which mandated the decrease; and 2) required that the delivery points for all AGC members be redesignated to the relevant distributor's city gate if any AGC member initiated, directly or indirectly, or supported a Federal Energy Regulatory Commission proceeding involving a challenge to, or a complaint regarding, CEGT's rates.
4. Additional issues which CEGT was required to address included: non-conforming early termination provisions in CEGT's "Master Rate Agreement," balancing and penalty revenue crediting uncertainties, and overly broad use of a "Waiver of Future Default" to change the nature of the service provided. CEGT was also directed to file relevant documentation that had been missing in previous filings.
5. On October 15, 2003, in Docket No. RP96-200-113, CEGT filed a partial compliance filing and requested an extension of time to file the required tariff sheets. By notice issued October 8, 2003, the date for filing compliance tariff sheets was extended from October 15, 2003 to November 14, 2003. A subsequent notice was issued November 13, 2003 extending the time for filing to January 14, 2004.
6. On October 14, 2003, CEGT filed a request for rehearing of the September 15 order. Three technical conferences were held on November 19, 2003, December 12, 2003, and January 7, 2004, attended by representatives from the Commission Staff, CEGT, the AGC, and the Arkansas Public Service Commission.

B. Related Proceedings

7. There are a number of related proceedings raising similar concerns which were filed prior to the issuance of the September 15 order. These filings were accepted and suspended subject to refund and further review.³

8. As directed in those proceedings, CEGT filed, in Docket Nos. RP96-200-097 (filed February 12, 2003), RP96-200-105 (filed June 13, 2003), RP96-200-106 (filed June 27, 2003), RP96-200-110 (filed July 14, 2003) and RP96-200-111 (filed July 25, 2003), documents purportedly relating to the negotiated rate agreements.

II. Notice and Interventions

9. CEGT's partial compliance filing in Docket No. RP96-200-113 was noticed on October 17, 2003, with comments, protests, or motions to intervene due on October 27, 2003. No protests, comments or motions to intervene were filed.

10. Notice of CEGT's January compliance filing in Docket No. RP96-200-118 was issued on January 21, 2004 with comments, protests, or motions to intervene due on January 26, 2004. A timely Motion to Intervene was filed by Arkansas Electric Cooperative Corporation. A Motion to Intervene was filed one day out-of-time by the Arkansas Public Service Commission. The AGC filed a Petition to Intervene one day out-of-time and requested additional time to review and comment on CEGT's compliance filing. CEGT

³ These related proceedings are:

Docket No. RP96-200-092, CenterPoint Energy Gas Transmission Co., 102 FERC ¶ 61,094 (2003).

Docket No. RP96-200-101, CenterPoint Energy Gas Transmission Co., 103 FERC ¶ 61,253(2003).

Docket No. RP96-200-102, CenterPoint Energy Gas Transmission Co., 103 FERC ¶ 61,330 (2003).

Docket No. RP96-200-103, CenterPoint Energy Gas Transmission Co., 103 FERC ¶ 61,373 (2003).

Docket No. RP96-200-104, CenterPoint Energy Gas Transmission Co., 103 FERC ¶ 61,071 (2003).

Docket No. RP96-200-107, CenterPoint Energy Gas Transmission Co., 104 FERC ¶ 61,175 (2003).

Docket No. RP96-200-108, CenterPoint Energy Gas Transmission Co., 104 FERC ¶ 61,174 (2003).

filed an answer to the Motions to Intervene on January 29, 2004, requesting that the proceedings not be delayed. The Arkansas Public Service Commission and the AGC are already parties to this proceeding and their interventions are unnecessary. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. 385.214 (2003), the timely, unopposed motion of Arkansas Electric Cooperative Corp. to intervene is granted. AGC's request for additional time was granted by Notice of Extension of Time issued January 30, 2004.

11. The AGC filed on February 5, 2004, a motion for additional time to February 12, 2004, to file comments. By notice issued February 9, 2004, AGC's motion was granted. On February 12, 2004, the AGC filed supplemental comments supporting CEGT's compliance filing, stating that the AGC believes its members will not lose quality of service. The AGC believes that the January compliance filing is consistent with the terms of the September 15 order and that AGC's members will retain services through the generic tariff format. In addition, the AGC Agreement provisions prohibiting AGC access to the Commission have been removed in a manner satisfactory to the AGC.

III. Discussion

12. CEGT's proposed revised tariff sheets clarify third party transportation arrangements to assure that CEGT would be willing to arrange transportation for any shipper on any third party system and provides a description of the recourse rate provided for this service. The proposed revised tariff will provide for the availability of FT service for less than 12 months, including a summer service period, and capacity for this will be posted on CEGT's website as it becomes available. This FT service may be contracted for on a multi-year basis. Modified HFT will be offered to small volume customers (13 Dth/day), allowing them to contract for HFT service more than 30 days in advance on a recurring multi-year basis with contract demand reduction rights.

13. CEGT has submitted a revised, easier to understand, FT form of service agreement. CEGT states that if this form of service agreement is approved it will file a similar form of service agreement for HFT. CEGT also submitted a new form of agency agreement to be used by shippers and their agents. The agency agreement spells out actions agents can take regarding balancing.

14. In its filing, CEGT affirms that no shipper that has ratified the AGC Agreement is bound by, or is required to perform under the paragraphs, 1g and 7, of the agreement that contain the provisions restricting AGC participation in Commission proceedings.

15. In addition, in compliance with the September 15 order, the proposed revised tariff provides that CEGT will not retain penalty revenue credits. Further, CEGT has proposed to revise its revenue crediting provision to include revenue from multi-year service agreements

for less than 12 months each year. The new form of service agreement provides that CEGT will not withhold capacity release credits from a Shipper unless those credits exceed the amount of the Shipper's invoiced demand component.

16. CEGT proposes to revise Section 15 of the General Terms and Conditions, to provide that limited term waivers will be posted in a log on CEGT's website. Any waiver of a term of a service agreement will be considered a material deviation and CEGT will notify the Commission of such material deviations.

17. CEGT also proposed to revise its tariff to state that CEGT will file all negotiated rate contracts with the Commission by the earlier of (a) two business days following the contract execution or (b) the day of execution if the gas is expected to flow within two days of contract execution.

18. Finally, CEGT has stated that its request for rehearing of the September 15 order will be withdrawn upon approval, without modification and in a final and nonappealable order, of the January compliance filing.

19. The Commission finds that CEGT's proposed revised tariff sheets, along with the statement that no shipper is bound by the provisions of the AGC Agreement that would penalize a shipper for protesting CEGT's rates at the Commission, satisfactorily comply with the findings of the September 15 order. The Commission believes that the proposed tariff revisions and assurances will ensure that service is provided on a non-discriminatory and not unduly preferential basis and will also ensure that historical service to the AGC is preserved.

The Commission orders:

(A) CEGT's compliance filing in Docket No. RP96-200-118 is hereby accepted to be effective April 1, 2004, as discussed in the body of this order.

(B) CEGT's compliance filing in Docket No. RP96-200-113 is hereby accepted for filing.

(C) CEGT is directed to file a revised pro forma service agreement for Rate Schedule HFT service within 30 days of the issuance of this order.

(D) Docket Nos. RP96-200-092, RP96-200-097, RP96-200-101, RP96-200-102, RP96-200-103, RP96-200-104, RP96-200-105, RP96-200-106, RP96-200-107, RP96-200-108, RP96-200-110, and RP96-200-111 are terminated.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

APPENDIX
CenterPoint Energy Gas Transmission Company
Docket No. RP96-200-118
Tariff Sheets Accepted
Effective Date March 1, 2004

FERC Gas Tariff Sixth Revised Volume No. 1:

First Revised Sheet No. 1	First Revised Sheet No. 683
First Revised Sheet No.46	First Revised Sheet No. 728
First Revised Sheet No. 47	First Revised Sheet No. 729
First Revised Sheet No. 70	First Revised Sheet No. 730
First Revised Sheet No. 72	Original Sheet No. 731
Original Sheet No. 72A	Original Sheet No. 732
First Revised Sheet No. 421	Original Sheet No. 733
Original Sheet No. 421A	Original Sheet No. 734
First Revised Sheet No. 455	Original Sheet No. 735
First Revised Sheet No. 469	Original Sheet No. 736
Original Sheet No. 469A	Sheet Nos. 737-741
First Revised Sheet No. 476	Original Sheet No. 788
Original Sheet No. 476A	Original Sheet No. 789
First Revised Sheet No. 590	Sheet Nos. 790 - 798