

125 FERC ¶ 61,150  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

Columbia Gas Transmission Corporation and  
Columbia Gulf Transmission Company

Docket Nos. IN09-3-000  
PA03-16-000

ORDER APPROVING STIPULATION AND CONSENT AGREEMENT

(Issued November 6, 2008)

1. The Commission approves the attached Stipulation and Consent Agreement (Agreement) between the Office of Enforcement (Enforcement) and Columbia Gas Transmission Corporation (Columbia Gas) and Columbia Gulf Transmission Company (Columbia Gulf) (collectively, the Columbia Pipelines). This order is in the public interest because it resolves alleged violations by Columbia Gas of Section 1 of the Parking and Lending (PAL) Rate Schedule of its FERC Tariff, as well as alleged violations by the Columbia Pipelines of several provisions of the Commission's regulations. In the Agreement, Columbia Gas agrees to disgorge \$9,000,000 in profits to certain customers and the Columbia Pipelines agree to pay a civil penalty of \$1,000,000.

**A. Background**

2. Columbia Gas and Columbia Gulf are interstate natural gas pipelines subject to the Commission's jurisdiction pursuant to the Natural Gas Act (NGA) and, with respect to services undertaken pursuant to section 311 of the Natural Gas Policy Act of 1978 (NGPA)<sup>1</sup>, to the NGPA. Each pipeline provides services under the terms of a tariff approved by the Commission.

3. In November 1998, Columbia Gas received Commission authorization to provide PAL service as a transportation service under which interruptible parking and lending could be performed to provide customers with additional flexibility to manage their gas

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<sup>1</sup> 15 U.S.C. § 3371 (2006).

supplies and transportation agreements.<sup>2</sup> Under the Columbia Gas tariff, PAL service is the lowest priority transportation service and the final transportation service to be scheduled. In 2005, the Commission's Office of Market Oversight and Investigations (OMOI), a predecessor of Enforcement, commenced a non-public, preliminary investigation under Part 1b of the Commission's regulations into practices the Columbia Pipelines used to provide PAL services (the PAL investigation).

4. In 2003, OMOI commenced an audit in Docket No. PA03-16-000 into compliance by the Columbia Pipelines with the Commission's Standards of Conduct for Interstate Pipelines and with other regulations. OMOI later commenced a non-public, preliminary investigation into the results of the audit (the flat file/postings investigation).

## **B. PAL Services**

5. In addition to PAL service, Columbia Gas also provides, among other services, a free, interruptible paper pooling (IPP) service under its IPP Rate Schedule. Eligible points of service for Columbia Gas's parking and lending services under the PAL Rate Schedule include Columbia Gas's IPP pooling service agreements. Almost all PAL services Columbia Gas provided since November 1998 involved nominations from and to IPP points. Section 3(e) of the Columbia Gas IPP Rate Schedule provides that, to maintain a concurrent balance between receipts and deliveries, Columbia Gas may adjust a shipper's confirmed nominations into its IPP pool to match its confirmed nominations out of its IPP pool.

6. Section 1 of the Columbia Gas PAL Rate Schedule states that parking and lending is available from Columbia Gas provided that, among other things, Columbia Gas has sufficient facilities and transportation capacity available to receive gas from and deliver gas to the shipper. Columbia Gas posted on Navigator, its Internet web site, capacity

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<sup>2</sup> *Columbia Gas Transmission Corporation*, 85 FERC ¶ 61,212 (1998). In October 2000, the Commission approved a settlement (the 2000 Settlement) between the Columbia Pipelines and a predecessor of Enforcement, the Market Oversight and Enforcement Section of the Office of the General Counsel.<sup>2</sup> In the 2000 Settlement, the Columbia Pipelines agreed to pay \$27.5 million to certain customers to resolve allegations that "gas imbalance transactions" that the Columbia Pipelines undertook were not covered by their respective tariffs or *pro forma* service agreements and violated numerous provisions of the NGA, NGPA and the Commission's regulations. *Columbia Gas Transmission Corporation, et al.*, 93 FERC ¶ 61,057 (2000) (*2000 Settlement Order*). For a short period of time, Columbia Gas provided both gas imbalance transactions and PAL service.

allocation postings that identified parking and lending as either “available” or “not available” for a particular day. From November 1998 through October 2003, Columbia Gas permitted a PAL customer with a point of service at an IPP pool to accumulate imbalances in its pool when Columbia posted that the PAL service was “not available” until such time as Columbia Gas posted that the service was “available” and allowed to be scheduled in or out of the IPP pool. As a result of its PAL investigation, Enforcement concluded that Columbia Gas permitted PAL transactions to proceed on days for which it posted that the corresponding PAL service was “not available.” Enforcement concluded that Columbia Gas thereby violated Section 1 of its PAL Rate Schedule by providing PAL services when Columbia Gas posted that these services were “not available.” Columbia Gas contends that the accumulation of imbalances in IPP pools in conjunction with PAL service does not violate its tariff.

### **C. Nominations and Discount Posting Practices**

7. In the audit, staff found that Columbia Gas and Columbia Gulf had not timely made discount postings for transactions with their marketing affiliate, including some PAL transactions. In addition, Columbia Gulf posted its discounts to its marketing affiliate in its Order No. 637 transactions reports, rather than in Standards of Conduct discount reports. Enforcement auditors also found that the Columbia Pipelines’ affiliated local distribution companies, but no other transportation customers, submitted transportation nominations in a non-EDI “flat file” format instead of through file transfers in EDI format or through the Internet, after the Commission held in September 1998 in Order No. 587-I that interstate pipelines accepting such nominations must make them available to all shippers on a non-discriminatory basis.<sup>3</sup> Enforcement concluded that, in some cases, the nominations and discounts addressed by the audit related to services that Columbia Gas and Columbia Gulf provided pursuant to NGPA section 311(a).

8. As a result of the audit and the flat file/postings investigation, Enforcement concluded that from September 1998 through August 2004, Columbia Gas and Columbia Gulf violated Order No. 587-I by permitting their affiliated local distribution companies (LDCs) exclusively to submit flat file nominations, and thereby also violated sections

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<sup>3</sup> *Standards for Business Practices of Interstate Natural Gas Pipelines*, FERC Stats. & Regs. [Regulations Preambles July 1996-December 2000] ¶ 31,067 at 30,739 (1998) (Order No. 587-I).

284.7(b)(1) and 284.9(b) of the Commission's regulations,<sup>4</sup> which together require interstate pipelines to provide firm and interruptible transportation service without undue discrimination or preference of any kind.

9. Enforcement also concluded that Columbia Gas, for the period from January 2001 through September 2003, and Columbia Gulf, for the period from January 2001 through September 2004, did not properly post transportation discounts they granted to their marketing affiliate, in violation of former section 161.3(h)(2) of the Commission's regulations,<sup>5</sup> and current section 358.5(d) of the Commission's regulations.<sup>6</sup>

10. The Columbia Pipelines contend, among other things, that their acceptance of flat file nominations by their affiliated LDCs and their conduct regarding posting of transportation discounts did not violate any Commission order or regulation because those practices did not bestow an undue preference on their affiliates or unduly discriminate against non-affiliates.

#### **D. Stipulation and Consent Agreement**

11. Enforcement and the Columbia Pipelines have entered into the attached Agreement to resolve Enforcement's allegations described above. The Agreement requires Columbia Gas to disgorge \$9,000,000 of profits from PAL services to Columbia Gas's firm and interruptible gas transportation customers that are listed in Appendix A to the Agreement. The Columbia Pipelines also agree to pay a civil penalty of \$1,000,000 to the U.S. Treasury, pursuant to the NGPA, relating to their nominations and discount posting practices described in the Agreement.<sup>7</sup> Each Columbia Pipeline agrees that it will not receive parked quantities from any customer, or tender loaned quantities to any customer, by any means during any time period for which it determines that the service is

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<sup>4</sup> 18 C.F.R. §§ 284.7(b)(1) and 284.9(b).

<sup>5</sup> 18 C.F.R. § 161.3(h)(2) (2003).

<sup>6</sup> 18 C.F.R. § 358.5(d) (2004). Pursuant to Order No. 717, which issued on October 16, 2008, section 358.5(d) will be removed from the Commission's regulations effective November 26, 2008, 30 days after publication of Order No. 717 in the Federal Register. *Standards of Conduct for Transmission Providers*, 125 FERC ¶ 61,064 (2008).

<sup>7</sup> Because Enforcement's conclusions as to violations relate to practices that predate the enactment of the Energy Policy Act of 2005, the Commission has no authority in this matter to impose civil penalties for violations relating to transactions conducted pursuant to the NGA.

not available, is interrupted or is curtailed, or for which a nomination for the service cannot be confirmed. The Columbia Pipelines also agree to make non-public reports to Enforcement as specified in the Agreement on (a) the identification and adjustment of IPP pool imbalances; (b) the availability of PAL services for each day during the reporting period; and (c) all compliance-related training administered and compliance measures instituted during the reporting period.

12. Columbia Gas and Columbia Gulf agree that facts set forth in Section II of the Agreement are accurate, but neither admit nor deny that their respective conduct constituted a violation of breach of their respective tariffs, or of any law, Commission regulation, order or policy. The Columbia Pipelines consent to the use of Enforcement's conclusions for the purpose of assessing the factors, including the factor of determining a company's history of violations, that are set forth in the Commission's Revised Policy Statement on Enforcement.<sup>8</sup>

13. The Commission observes that none of the customers of Columbia Gas that received PAL service during the period November 1998 through October 2003 will receive disgorgement amounts, pursuant to paragraph 19(b) of the Agreement. The Commission further observes that some customers that will receive disgorgement amounts are LDCs. The Commission directs Enforcement to contact the appropriate state regulatory commissions and to forward to them copies of this order. The Commission expects each state regulatory commission to have the relevant LDCs pass these disgorgement amounts through to their ratepayers.<sup>9</sup>

14. The Commission concludes that the Agreement provides a fair and equitable resolution of this matter and is in the public interest.

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<sup>8</sup> *Enforcement of Statutes, Regulations, and Orders*, 123 FERC ¶ 61,156 (2008).

<sup>9</sup> *See 2000 Settlement Order* at 61,127.

The Commission orders:

The attached Stipulation and Consent Agreement is hereby approved without modification.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Columbia Gas Transmission Corporation )      Docket Nos. IN09-3-000 and  
Columbia Gulf Transmission Company )      PA03-16-000

STIPULATION AND CONSENT AGREEMENT

I. INTRODUCTION

The Office of Enforcement (Enforcement) of the Federal Energy Regulatory Commission (Commission), Columbia Gas Transmission Corporation (Columbia Gas), and Columbia Gulf Transmission Company (Columbia Gulf) (Columbia Gas and Columbia Gulf are collectively referred to as the Columbia Pipelines) enter into this Stipulation and Consent Agreement (Agreement) to resolve, as to the Columbia Pipelines, any and all matters related to: (a) a preliminary, non-public investigation, pursuant to Section 1b.5 of the Commission's regulations, 18 C.F.R. §1b.5, commenced on January 25, 2005 into the Columbia Pipelines' provision of parking and lending services (PAL investigation); and (b) an outstanding audit by the Commission's Office of Market Oversight and Investigations, the predecessor of Enforcement (hereafter referred to as Enforcement), commenced on September 30, 2003 in Docket No. PA03-16 (audit) and a subsequent preliminary, non-public investigation.

II. STIPULATION

Enforcement and the Columbia Pipelines hereby stipulate to the following:

A. PAL Investigation

1. Columbia Gas is an interstate natural gas pipeline subject to the jurisdiction of the Commission. It provides services pursuant to the terms of a Commission-approved tariff. Among the many services provided under the tariff are an interruptible pooling service under the IPP Rate Schedule (IPP) and a parking and lending service under the PAL Rate Schedule (PAL).

2. Columbia Gas' PAL Rate Schedule became effective in November 1998, and remains effective today. Eligible points of service for parking and/or lending under PAL include Columbia Gas' IPP pooling service agreements. Almost all PAL parking and lending services provided by Columbia Gas since November 1998 occurred at such points.

3. IPP service is a free service. Under the IPP Rate Schedule (Section 3(e)), to maintain a concurrent balance between receipts and deliveries, Columbia Gas, as Transporter, may adjust a shipper's confirmed nominations into its pool to match its confirmed nominations out of its pool.

4. Under the PAL Rate Schedule (Section 1), parking and lending is available from Columbia Gas provided that, among other things, it has sufficient facilities and transportation capacity available to receive gas from and deliver gas to the shipper. Under the Columbia Gas tariff, PAL service is the lowest priority interruptible transportation service and the final transportation service to be scheduled.

5. Columbia Gas posted on Navigator, its Internet web site, a forecast of non-primary firm capacity for the next gas day. The capacity posting identified parking and lending as either "available" or "not available." Through at least March 26, 2003, the capacity posting stated that Columbia Gas "has completed allocating all of its receipt and delivery points for the [next gas day]. You may now view the quantities you are authorized to flow on [the next gas day]."

6. After the effective date of Columbia Gas' PAL Rate Schedule, a PAL shipper with a point of service at an IPP pool sometimes accumulated imbalances in such pool when Columbia Gas posted that the PAL service was "not available" until such time as PAL service was posted as "available" and allowed to be scheduled in or out of the pooling point. In such circumstances, Columbia Gas did not adjust such PAL shipper's confirmed nominations into its pool to match its confirmed nominations out of its pool to force a balance. IPP shippers who were not PAL customers sometimes had imbalances in their pools.

7. Based upon the above facts, Enforcement concluded that for the period November 1998 through October 2003, Columbia Gas violated Section 1 of its PAL Rate Schedule by providing PAL services through the accumulation of imbalances in the IPP pools on days for which Columbia Gas posted a notice or otherwise communicated to its customers that the PAL services were "not available," and that under this practice, PAL service effectively proceeded while the corresponding PAL service was posted as "not available." Columbia Gas contends that the accumulation of imbalances in the IPP pools in conjunction with parking and lending does not violate its tariff. Columbia Gas further contends that prior communications with Enforcement during the course of the investigation in Docket No. IN01-1-000, and the terms of the Stipulation and Consent Agreement entered into in Docket No. IN01-1-000, covered the practice, and neither identified it as an alleged violation nor otherwise prohibited it.

8. During the course of its investigation, Enforcement reviewed Columbia Gas' provision of PAL service since the effective date of Columbia Gas' PAL Rate Schedule, including, but not limited to, rates and any changes thereto, and the use of discounts, terms and conditions under which Columbia Gas provided PAL and IPP service, the recipients of PAL service, the points at which PAL service was provided, PAL-related postings, priority of service issues associated with PAL and IPP, system restrictions, and the duration of individual PAL service agreements.

9. Columbia Gas cooperated with Enforcement's investigation.

B. Docket No. PA03-16 Audit and Flat File/Postings Investigation

10. Enforcement conducted a separate audit of the Columbia Pipelines' compliance with the Commission's Standards of Conduct, and other regulations and statutes, for the period January 1, 2000 to September 30, 2003. Both Columbia Gas and Columbia Gulf were subject to the audit. Like Columbia Gas, Columbia Gulf is an interstate natural gas pipeline subject to the jurisdiction of the Commission. Enforcement later opened an investigation into matters uncovered in the audit (Flat File/Postings investigation). The Flat File/Postings investigation extended beyond September 30, 2003.

11. Columbia Gas and Columbia Gulf's affiliated local distribution companies, but no other transportation customers, submitted nominations to Columbia Gas and Columbia Gulf through the transfer of non-EDI flat files, instead of through file transfers in EDI format or through the Internet, after the Commission issued Order No. 587-I, which required pipelines that had accepted flat file nominations to continue to make such nominations available on a non-discriminatory basis.<sup>1</sup>

12. Based upon the above facts, Enforcement concluded that for the period September 1998 through August 2004, Columbia Gas and Columbia Gulf violated Order No. 587-I by permitting their affiliated local distribution companies exclusively to submit flat file nominations, and thereby also violated sections 284.7(b)(1) and 284.9(b) of the Commission's regulations, 18 C.F.R. §§ 284.7(b)(1) and 284.9(b), which require interstate pipelines to provide firm and interruptible transportation service without undue discrimination or preference of any kind. The Columbia Pipelines contend that their conduct did not violate any Commission order or regulation on the grounds that it did not bestow an undue

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<sup>1</sup> *Standards for Business Practices of Interstate Natural Gas Pipelines*, FERC Stats. & Regs. [Regulations Preambles July 1996-December 2000] ¶ 31,067 at 30,739 (1998).

preference of any kind upon its affiliates and did not result in the affiliates' nominations being confirmed or scheduled before the nominations of non-affiliates.

13. Columbia Gas and Columbia Gulf did not timely post on Navigator certain transportation discounts granted to their marketing affiliate, EnergyUSA-TPC.

14. Columbia Gulf posted its affiliate discounts as part of its Order No. 637 Transactional Reports, instead of through a separate Standards of Conduct discount report.

15. Based upon the above facts, Enforcement concluded that Columbia Gas, for the period from January 2001 through September 2003, and Columbia Gulf, for the period from January 2001 through September 2004, did not properly post transportation discounts they granted to their marketing affiliate, in violation of former section 161.3(h)(2) of the Commission's regulations, 18 C.F.R. § 161.3(h)(2) (2003), and section 358.5(d) of the Commission's regulations, 18 C.F.R. § 358.5(d) (2004). The Columbia Pipelines contend that the conduct was an administrative posting error that did not bestow an undue preference of any kind upon its affiliate, and did not unduly discriminate against non-affiliates.

16. Enforcement also concluded that in some cases, the nominations and discounts discussed above related to services that Columbia Gas and Columbia Gulf provided pursuant to section 311(a) of the Natural Policy Gas Act of 1978, 15 U.S.C. § 3371(a) (1994 and 2000) (NGPA), which the Commission implemented in Part 284, subpart B of its regulations. The Columbia Pipelines contend that the services provided were Part 284, subpart G (not subpart B) transportation; that certain service agreements were inadvertently checked as subpart "B" instead of subpart "G"; and that pure administrative error of this type does not convey NGPA jurisdiction.

17. The Columbia Pipelines cooperated with the audit and the Flat File/Postings investigation.

### III. RESOLUTION

18. The Columbia Pipelines agree that the facts set forth in Section II of this Agreement (Paragraphs 1-6, 11, 13-14) are accurate, but neither admit nor deny that their respective conduct constituted a violation or breach of their respective tariffs, or of any law, or of the Commission's regulations, orders or policies. Accordingly, in view of the costs and risks of litigation, and in the interest of resolving any dispute between Enforcement and the Columbia Pipelines regarding the conduct in question and in lieu of an adjudication on the merits,

Enforcement and the Columbia Pipelines agree to undertake the obligations set forth below. The Columbia Pipelines and Enforcement acknowledge that they had sufficient information necessary to fully evaluate the conduct in question, and knowingly enter into this Agreement as a compromise of disputed claims.

19.

a. To resolve the Docket No. PA03-16 audit and Flat File/Postings investigation, the Columbia Pipelines shall pay a civil penalty of \$1,000,000 (\$1 million) to the United States Treasury, pursuant to section 504(b)(6)(A) of the NGPA, 15 U.S.C. § 3414(b)(6)(A) (2006), by wire transfer, within ten days of the Effective Date of this Agreement.

b. To resolve the PAL investigation, within 30 days of the Effective Date of this Agreement, Columbia Gas shall disgorge profits in the amount of \$9,000,000 (\$9 million) to its firm and interruptible gas transportation customers (disgorgement amount). The allocation of the disgorgement amount for each of the customers listed on Appendix A is based upon the demand revenues for Rate Schedules FSS, GTS, FTS, SST, NTS, ITS, OPT-30 and OPT-60, for the period November 1998 through October 2003. The customers that received service under Columbia Gas' PAL Rate Schedule were excluded in calculating disgorgement amounts under this subparagraph b. Columbia Gas may make the payments to customers as identified on Appendix A by check, wire transfer, or billing credit to an existing customer's invoice(s).

c. Each Columbia Pipeline agrees that it will not receive parked quantities from any customer, or tender loaned quantities to any customer, by any means on any day during which the Pipeline determines that the park or lend service, respectively, is not available because it is: (a) interrupted; (b) curtailed; or (c) a nomination for the service cannot be confirmed and scheduled. Nothing in this Agreement requires the Columbia Pipelines to recall previously parked or loaned quantities during the duration of a PAL service agreement except as permitted in Section 5 of the Columbia Pipelines' PAL Rate Schedules. Interruptions, curtailments and/or non-confirmations shall not automatically trigger recalls.

20. The Columbia Pipelines shall make two non-public reports to Enforcement staff, the first to be submitted no later than July 10, 2009. The second report is to be submitted six months thereafter, on January 10, 2010. The first compliance report shall: (1) advise staff on the procedures and control systems in place on each Columbia Pipeline system to govern the identification and adjustment of IPP pool imbalances of PAL and other customers (including the use of any new computer systems or other technology in this regard) during the reporting period; (2) report each date on which either pipeline provided PAL

service and state whether on that date any PAL service was not available because it was interrupted, curtailed, or a nomination for that service could not be confirmed and scheduled; (3) provide a detailed update of all compliance training administered and compliance measures instituted in that reporting period, including a description of the training provided to all relevant personnel concerning the Commission's Standards of Conduct, and a statement of the personnel that have received such training, and when the training took place; and (4) include an affidavit executed by an officer of the Columbia Pipelines that the compliance reports are true and accurate. Upon request by staff, the Columbia Pipelines shall provide to staff all backup documentation supporting its reports. The second report shall provide the same information in items (1) through (4) of this paragraph. After the receipt of the second report, staff may, at staff's sole option, require the Columbia Pipelines to submit such reports for one additional year (on July 10, 2010 and January 10, 2011, as applicable).

#### IV. TERMS

21. The "Effective Date" of this Agreement shall be the date on which the Commission issues an order approving this Agreement without modification. As of the Effective Date, this Agreement shall resolve any and all matters, whether asserted or not, related to: PAL service from the effective dates of the Columbia Pipelines' PAL Rate Schedules to the present; the PAL investigation; the Docket No. PA03-16 audit; and the Flat File/Postings investigation with respect to the Columbia Pipelines and any affiliated entity, their agents, officers, directors and employees, both past and present, and any successor in interest to the Columbia Pipelines.

22. Commission approval of this Agreement without modification shall release the Columbia Pipelines and any affiliated entity, their agents, officers, directors, and employees, both past and present, from, and forever bar the Commission from bringing against the Columbia Pipelines, their agents, officers, directors, and employees, both past and present, any and all administrative or civil claims arising out of, related to, connected with, or that otherwise could have been brought regarding any and all matters, whether asserted or not, in the PAL investigation, the Docket No. PA03-16 audit, and the Flat File/Postings investigation, including, but not limited to: a) the Columbia Pipelines' implementation of their PAL Rate Schedules, or their application for same, b) the matters addressed in this Agreement, and c) any matters covered by Staff's discovery but not discussed in this Agreement, through and including the date of execution.

23. Upon the Effective Date, Enforcement's investigations and audit shall be terminated with prejudice and the dockets shall be closed.

24. The Columbia Pipelines consent to the use of Enforcement's conclusions as set forth above in this Agreement for the purpose of assessing the factors, including the factor of determining a company's history of violations, that are set forth in the Commission's Revised Policy Statement on Enforcement. Such use may be in any other proceeding before the Commission or to which the Commission is a party; provided, however, that the Columbia Pipelines do not consent to the use of the conduct addressed in this Agreement as the sole basis for any other proceeding brought by the Commission; nor do the Columbia Pipelines consent to the use of this Agreement by any other party in any other proceeding.

25. Failure to make a timely civil penalty payment, or to comply with any other provision of this Agreement, shall be deemed a violation of a final order of the Commission issued pursuant to the NGPA or the Natural Gas Act (NGA), as appropriate, and may subject the Columbia Pipelines to additional action under the enforcement and penalty provisions of the NGPA or the NGA, as appropriate.

26. If the Columbia Pipelines do not make the civil penalty payment or the disgorgement amount payment above by the time agreed to by the parties, interest payable to the United States Treasury will begin to accrue pursuant to the Commission's regulations at 18 C.F.R. § 35.19(a)(2)(iii) from the date that payment is due, in addition to the penalty and disgorgement amounts specified above.

27. The Columbia Pipelines and their affiliates shall not seek to, and shall take no action to, recover any part of the \$1,000,000 (\$1 million) civil penalty or the \$9,000,000 (\$9 million) disgorgement amount through any rate for any service subject to the Commission's jurisdiction.

28. The signatories to the Agreement agree that they enter into the Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer or promise of any kind by any member, employee, officer, director, agent or representative of Enforcement or the Columbia Pipelines, their agents, officers, directors, and employees, both past and present, has been made to induce the signatories or any other party to enter into the Agreement.

29. Unless the Commission issues an order approving the Agreement in its entirety and without modification, the Agreement shall be null and void and of no effect whatsoever, and neither Enforcement nor the Columbia Pipelines shall be bound by any provision or term of the Agreement, unless otherwise agreed to in writing by Enforcement and the Columbia Pipelines.

30. In connection with the payment of the civil penalty provided for herein, the Columbia Pipelines agree that the Commission's order approving the Agreement without modification shall be a final and unappealable order under the NGPA. The Columbia Pipelines waive findings of fact and conclusions of law, rehearing of any Commission order approving the Agreement without modification, and judicial review by any court of any Commission order approving the Agreement without modification.

31. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity and accepts the Agreement on the entity's behalf.

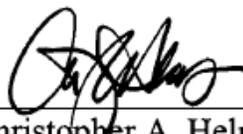
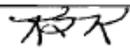
32. The Agreement may be signed in counterparts.

33. This Agreement is executed in duplicate, each of which so executed shall be deemed to be an original.

Agreed to and accepted:

  
\_\_\_\_\_  
Susan J. Court, Director  
Office of Enforcement  
Federal Energy Regulatory Commission

Date 

  
\_\_\_\_\_  
Christopher A. Helms   
President  
Columbia Gas Transmission Corporation  
Columbia Gulf Transmission Company

Date: October 23, 2008

APPENDIX A

COLUMBIA GAS TRANSMISSION CORPORATION

ALLOCATION OF \$9 MILLION BASED ON  
 DEMAND REVENUES FROM NOVEMBER 1, 1998 - OCTOBER 31, 2003  
(ADJUSTED TO EXCLUDE ALL PAL CUSTOMERS DURING THAT PERIOD)

LINE NO.	<u>DESCRIPTION</u>	AMOUNT
1	ACN ENERGY, INC.	\$ 288
2	AGF DIRECT GAS	\$ 81
3	AK STEEL CORPORATION	\$ 261
4	AK STEEL MAIN	\$ 117
5	ALERT OIL & GAS CO., INC.	\$ 648
6	ALLEGHENY POWER	\$ 288
7	ALLEGHENY TECHNOLOGIES, INC.	\$ 1,692
8	ALLIANCE ENERGY SERVICES, LLC	\$ 6,957
9	ALLIEDSIGNAL, INC.	\$ 48,978
10	AQUILA ENERGY TRANSPORTATION CORPORATION	\$ 9
11	ARCADIA ENERGY CORPORATION	\$ 90
12	ARISTECH CHEMICAL CORPORATION	\$ 6,489
13	ARLINGTON NATURAL GAS COMPANY	\$ 1,188
14	ARMCO INC.	\$ 162
15	ASHLAND CHEMICAL COMPANY - DUBLIN	\$ 189
16	ASHLAND DISTRIBUTION COMPANY ENERGY	\$ 126
17	ASHLAND ENERGY SERVICES	\$ 6,507
18	ASHLAND INC.	\$ 27
19	ATLANTIC THERMAL SYSTEMS INC.	\$ 3,411
20	ATLAS GAS MARKETING, INC.	\$ 360
21	ATMOS ENERGY SERVICES, LLC	\$ 12,960
22	BALTIMORE GAS & ELECTRIC COMPANY	\$ 494,955
23	BELDEN & BLAKE CORPORATION	\$ 162
24	BELFRY GAS COMPANY	\$ 459
25	BETHLEHEM STEEL CORPORATION	\$ 51,498
26	BLACKSVILLE OIL AND GAS COMPANY, INC.	\$ 72
27	BLUEFIELD GAS COMPANY	\$ 14,076
28	CABOT OIL & GAS MARKETING CORPORATION	\$ 27
29	CED ROCK SPRINGS, LLC	\$ 1,062
30	CENTRAL HUDSON GAS & ELECTRIC CORPORATION	\$ 24,624
31	CENTRAL MOTOR WHEEL OF AMERICA, INC.	\$ 306
32	CENTRAL SOYA COMPANY, INC.	\$ 3,825
33	CHESAPEAKE UTILITIES CORP DELAWARE DIVISION	\$ 14,409
34	CHESAPEAKE UTILITIES CORP MARYLAND DIVISION	\$ 6,867
35	CITY OF BROOKSVILLE	\$ 9
36	CITY OF CARLISLE	\$ 1,386

37	CITY OF CHARLOTTESVILLE	\$	33,444
38	CITY OF FLEMINGSBURG	\$	1,323
39	CITY OF HAMILTON OHIO	\$	9
40	CITY OF LANCASTER	\$	32,220
41	CITY OF RICHMOND	\$	129,690
42	CLINTON ENERGY MANAGEMENT SERVICES, INC.	\$	2,943
43	COBRA PETROLEUM PRODUCTION CORPORATION	\$	288
44	COLUMBIA ELECTRIC REMAINDER CORPORATION	\$	3,249
45	COLUMBIA GAS OF KENTUCKY, INC	\$	299,925
46	COLUMBIA GAS OF MARYLAND, INC.	\$	62,370
47	COLUMBIA GAS OF OHIO, INC.	\$	2,147,193
48	COLUMBIA GAS OF PENNSYLVANIA, INC.	\$	768,942
49	COLUMBIA GAS OF VIRGINIA, INC.	\$	296,442
50	COLUMBIA NATURAL RESOURCES, INC.	\$	17,595
51	COMMONWEALTH ATLANTIC LIMITED PARTNERSHIP	\$	28,305
52	COMMONWEALTH ENERGY SERVICES INC.	\$	3,186
53	CONECTIV ENERGY SUPPLY, INC.	\$	7,470
54	CONSTELLATION NEWENERGY, INC.	\$	1,098
55	CORAL ENERGY RESOURCES L P	\$	22,104
56	CORAL GAS MARKETING, LLC	\$	1,134
57	CORNERSTONE GAS RESOURCES, INC.	\$	315
58	CORNING INCORPORATED	\$	855
59	CORNING INCORPORATED-CITY PLANTS	\$	306
60	CORNING INCORPORATED-ST. COLLEGE FACILITY	\$	1,980
61	CORNING NATURAL GAS CORPORATION	\$	1,566
62	CUMBERLAND VALLEY RESOURCES, LLC	\$	702
63	D & L GAS MARKETING LTD.	\$	783
64	DAYTON POWER & LIGHT COMPANY	\$	116,514
65	DELMARVA POWER & LIGHT COMPANY	\$	51,768
66	DELTA NATURAL GAS COMPANY, INC.	\$	1,989
67	DELTA NATURAL GAS COMPANY, INC., CUMBERLAND	\$	1,431
68	DELTA NATURAL GAS COMPANY, INC., STANTON	\$	702
69	DELTA-MT. OLIVET NATURAL GAS COMPANY	\$	135
70	DELTA-NO. MIDDLETOWN	\$	54
71	DOME ENERGI CORP	\$	360
72	DOMINION FIELD SERVICES, INC.	\$	1,251
73	DPL ENERGY, INC.	\$	2,412
74	DUKE ENERGY FUELS, L.P.	\$	29,043
75	DUKE ENERGY KENTUCKY, INC.	\$	48,294
76	DUKE ENERGY OHIO, INC.	\$	238,095
77	E PRIME	\$	45
78	EAGLE POINT COGENERATION PARTNERSHIP	\$	61,803
79	EAST OHIO GAS COMPANY	\$	117,855
80	EASTERN AMERICAN ENERGY CORPORATION	\$	1,107
81	EASTERN MARKETING CORPORATION	\$	1,125
82	EASTERN NATURAL GAS COMPANY	\$	1,611
83	EASTERN SHORE NATURAL GAS COMPANY	\$	1,512
84	EASTERN STATES OIL & GAS, INC.	\$	729
85	ELAM UTILITY COMPANY, INC.	\$	378
86	ENERGY AMERICA, LLC	\$	23,247

87	ENERGY EAST SOLUTIONS, INC.	\$	1,917
88	ENERGY MARKETING SERVICES, INC.	\$	1,287
89	ENERGY MAX OF NE OHIO	\$	558
90	ENERGY USA-APPALACHIAN CORPORATION	\$	27
91	ENERGYUSA-RETAIL	\$	576
92	ENRON ENERGY SERVICES, INC.	\$	13,653
93	EQUITABLE ENERGY, L.L.C.	\$	8,217
94	EQUITABLE GAS COMPANY, A DIVISION OF EQUITRANS	\$	14,193
95	EQUITABLE PRODUCTION COMPANY	\$	75,285
96	EQUITABLE RESOURCES MARKETING CO.	\$	2,754
97	EVANTAGE, DIVISION OF VIRGINIA POW	\$	891
98	EXELON ENERGY COMPANY	\$	8,973
99	FIRSTENERGY SOLUTIONS CORP.	\$	44,595
100	FLT ENERGY SERVICES, LLC	\$	27
101	FORTUNA ENERGY INC.	\$	3,978
102	FSG ENERGY SERVICES	\$	20,853
103	GAS TRANSPORT, INC.	\$	5,292
104	GASCO DISTRIBUTION SYSTEMS INC. - CLAYSVILLE	\$	1,476
105	GASCO DISTRIBUTION SYSTEMS INC. - KANE D	\$	1,116
106	GASCO DISTRIBUTION SYSTEMS INC.- MA	\$	126
107	GASCO DISTRIBUTION SYSTEMS, INC.	\$	2,655
108	GASLANTIC CORPORATION	\$	1,350
109	GENERAL MOTORS CORPORATION	\$	8,325
110	HONDA OF AMERICA MFG, INC.	\$	26,181
111	HONEYWELL INTERNATIONAL, INC.	\$	7,380
112	HOPE GAS, INC. DBA DOMINION HOPE	\$	594
113	HUDSON VALLEY GAS CORPORATION	\$	6,462
114	INTERCONN RESOURCES, INC.	\$	4,572
115	INTERNATIONAL PAPER COMPANY	\$	13,284
116	INTERSTATE GAS SUPPLY, INC.	\$	33,705
117	ISG ACQUISITION, INC.	\$	1,800
118	J. W. KINZER DRILLING COMPANY	\$	459
119	JOHNS MANVILLE	\$	3,195
120	KENTUCKY WEST VIRGINIA GAS	\$	459
121	KEYSPAN ENERGY SERVICES	\$	1,530
122	KINGSTON OIL CORPORATION	\$	117
123	KNG ENERGY, INC.	\$	117
124	KV OIL & GAS INC.	\$	405
125	LAKESIDE GAS COMPANY	\$	81
126	LEXMARK INTERNATIONAL, INC.	\$	234
127	LG&E ENERGY MARKETING INC.	\$	459
128	LUKENS STEEL COMPANY	\$	1,665
129	M & B GAS SERVICES, INC.	\$	2,268
130	MARYLAND NATURAL GAS LTD. DBA OPERATORS	\$	162
131	MEAD CORPORATION	\$	306
132	MEADWESTVACO CORPORATION	\$	1,305
133	MIAMI VALLEY RESOURCES, INC.	\$	225
134	MINNESOTA MINING & MANUFACTURING COMPANY	\$	1,161
135	MIRANT BOWLINE, LLC	\$	20,079
136	MOUNTAINEER GAS COMPANY	\$	439,506

137	MURPHY GAS, INC.	\$	27
138	MX ENERGY INC.	\$	9
139	NAMI RESOURCES COMPANY, LLC	\$	2,448
140	NASHVILLE GAS COMPANY, A DIVISION OF PIE	\$	13,842
141	NATIONAL FUEL GAS DISTRIBUTION CORPORATION	\$	24,264
142	NATIONAL FUEL RESOURCES, INC.	\$	189
143	NATIONAL GAS & OIL COOPERATIVE	\$	2,556
144	NATURAL ENERGY UTILITY CORPORATION	\$	135
145	NEA CROSS OF NY	\$	9
146	NESI INTEGRATED ENERGY RESOURCES, INC.	\$	63
147	NEW ENGLAND POWER COMPANY	\$	6,903
148	NEW JERSEY NATURAL GAS COMPANY	\$	11,844
149	NEW YORK STATE ELECTRIC & GAS CORPORATION	\$	139,716
150	NEWPORT STEEL CORPORATION	\$	18
151	NGO DEVELOPMENT CORPORATION	\$	1,539
152	NGTS L.L.C.	\$	9
153	NICOLE ENERGY SERVICES, INC.	\$	207
154	NICOR ENERGY	\$	1,395
155	NO. AMERICAN ENERGY, INC.	\$	225
156	NOCO ENERGY CORPORATION	\$	18
157	NORTH CAROLINA NATURAL GAS CORPORATION	\$	31,131
158	NORTH STAR CONCRETE OF OHIO INC.	\$	117
159	NORTHEAST OHIO GAS MARKETING	\$	270
160	NORTHEAST OHIO NATURAL GAS	\$	216
161	NORTHERN INDIANA PUBLIC SERVICE COMPANY	\$	3,411
162	NUI UTILITIES, INC.	\$	33,444
163	OHIO CUMBERLAND GAS COMPANY	\$	1,530
164	OHIO EDISON COMPANY	\$	252
165	ORANGE & ROCKLAND UTILITIES, INC.	\$	107,775
166	ORION POWER MIDWEST, L.P.	\$	495
167	ORWELL NATURAL GAS COMPANY	\$	729
168	OSRAM SYLVANIA, INC.	\$	3,429
169	OSRAM SYLVANIA, INC.-YORK	\$	90
170	OWENS-BROCKWAY GLASS CONTAINER, INC	\$	1,449
171	OXFORD NATURAL GAS COMPANY	\$	1,368
172	PANDA BRANDYWINE LP	\$	27,279
173	PARAMOUNT NATURAL GAS COMPANY	\$	54
174	PEEK N PEAK RECREATION, INC.	\$	9
175	PENNSYLVANIA GENERAL ENERGY CORPORATION	\$	11,493
176	PG ENERGY INC	\$	30,960
177	PHOENIX DOMINION ENERGY, LLC	\$	225
178	PHOENIX ENERGY SALES COMPANY	\$	180
179	PIEDMONT NATURAL GAS COMPANY, INC.	\$	138,969
180	PIKE NATURAL GAS COMPANY	\$	2,628
181	POWER GAS MARKETING & TRANSMISSION, INC.	\$	432
182	POWER RESOURCES OPERATING CO., INC.	\$	7,434
183	PPG INDUSTRIES, INC.	\$	27
184	PPL ENERGYPLUS,LLC	\$	5,868
185	PPL GAS UTILITIES CORPORATION	\$	31,977
186	PROLIANCE ENERGY L.L.C.	\$	204,471

187	PROVIDENCE GAS COMPANY	\$	56,061
188	PTC ALLIANCE CORP.	\$	567
189	PUBLIC SERVICE COMPANY OF NORTH CAROLINA	\$	51,480
190	PUBLIC SERVICE ELECTRIC AND GAS	\$	14,067
191	RANGE ENERGY SERVICES COMPANY	\$	243
192	REPUBLIC ENGINEERED PRODUCTS, INC.	\$	1,287
193	REYNOLDS METALS COMPANY	\$	648
194	RICHMOND UTILITIES BOARD	\$	3,735
195	RILEY NATURAL GAS COMPANY	\$	900
196	ROANOKE GAS COMPANY	\$	73,899
197	ROCK SPRINGS GENERATION, LLC	\$	1,098
198	SEMCO PIPELINE COMPANY	\$	918
199	SHELDON GAS COMPANY, INC.	\$	927
200	SHELL ENERGY SERVICES COMPANY, L.L.C.	\$	9
201	SIGCORP ENERGY SERVICES	\$	369
202	SNYDERS OF HANOVER, INC.	\$	666
203	SOLAR TURBINES, INC.	\$	7,668
204	SOUTH JERSEY GAS COMPANY	\$	131,139
205	SOUTHEASTERN NATURAL GAS COMPANY	\$	72
206	SOUTHERN GAS COMPANY, INC.	\$	648
207	SOUTHERN TIER TRANSMISSION CORPORATION	\$	459
208	STATOIL ENERGY SERVICES, INC.	\$	14,139
209	STI CAPITAL COMPANY	\$	2,835
210	STRATEGIC ENERGY LLC	\$	396
211	STRIPCO INC	\$	117
212	SUBURBAN NATURAL GAS COMPANY	\$	11,016
213	SUMMIT NATURAL GAS & POWER SOLUTIONS, IN	\$	648
214	SWICKARD GAS COMPANY	\$	369
215	SYMMES NATURAL GAS CORPORATION	\$	126
216	T. W. PHILLIPS GAS AND OIL CO.	\$	55,251
217	TEXACO ENERGY MARKETING L.P.	\$	9
218	THE EASTON UTILITIES COMMISSION	\$	774
219	THE ENERGY COOPERATIVE	\$	1,566
220	THE NEW POWER COMPANY	\$	12,060
221	THE TIMKEN COMPANY	\$	99
222	TITAN ENERGY, INC.	\$	1,206
223	TOYOTA MOTOR ENGINEERING & MANUFACTURING	\$	12,348
224	TRIAD ENERGY RESOURCES CORP.	\$	225
225	TRISTAR VENTURES CORPORATION	\$	8,937
226	TXU PEDRICKTOWN COGENERATION COMPANY LP	\$	4,869
227	UGI ENERGY SERVICES INCORPORATED	\$	22,995
228	UGI UTILITIES INC AS AGENT FOR XD LFD	\$	56,736
229	UGI UTILITIES INC.	\$	197,811
230	UNION CAMP CORPORATION	\$	2,133
231	UNION CAMP CORPORATION - FRANKLIN,	\$	2,088
232	UNION PACIFIC FUELS, INC.	\$	7,641
233	UNITED CITIES GAS COMPANY, A DIVISION OF	\$	27
234	UNITED STATES GYPSUM COMPANY	\$	21,510
235	USGEN NEW ENGLAND, INC.	\$	60,075
236	UTZ QUALITY FOODS, INC.	\$	774

237	VANCEBURG ELECTRIC LIGHT, HEAT & POWER	\$	864
238	VECTREN RETAIL, LLC	\$	378
239	VERONA NATURAL GAS COMPANY	\$	153
240	VINELAND COGENERATION LIMITED PARTNERSHIP	\$	9,351
241	VIRGINIA NATURAL GAS, INC.	\$	194,355
242	VIRGINIA POWER SERVICES ENERGY CORP., IN	\$	114,705
243	VOLUNTEER ENERGY CORPORATION	\$	6,840
244	VOLUNTEER ENERGY SERVICES, INC.	\$	783
245	VP ENERGY, INC.	\$	99
246	VPI FILM, LLC	\$	27
247	WALD LLC	\$	36
248	WASHINGTON GAS ENERGY SERVICES	\$	19,782
249	WASHINGTON GAS LIGHT COMPANY	\$	868,563
250	WASHINGTON STEEL CORPORATION	\$	468
251	WATERVILLE GAS & OIL COMPANY	\$	1,233
252	WATERVILLE GAS COMPANY	\$	117
253	WEIRTON STEEL CORPORATION	\$	9,090
254	WEST MILLGROVE GAS COMPANY	\$	99
255	WEST VIRGINIA POWER	\$	270
256	WESTERN LEWIS-RECTORVILLE WATER & GAS DIVISION	\$	495
257	WESTVACO CORPORATION	\$	15,660
258	WESTVACO CORPORATION - BERYL	\$	477
259	WORTHINGTON INDUSTRIES	\$	27
260	ZEBULON GAS ASSOCIATION, INC.	\$	63
261	TOTAL DISGORGEMENT AMOUNT	\$	9,000,000