

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

July 25, 2006

Reply Refer To:
Natural Gas Pipeline Company of America
Docket No. RP06-402-000

Natural Gas Pipeline Company of America
747 East 22nd Street
Lombard, IL 60148

Attention: Maria K. Pavlou
Assistant General Counsel

Reference: Petition for Waivers

Ladies and Gentlemen:

1. On June 23, 2006, Natural Gas Pipeline Company of America (Natural) filed a Petition for Waiver of Tariff Provisions and Request for Expedited Action to waive certain zone limitation provisions set forth in section 5 of its General Terms and Conditions (GT&C), and certain posting requirements set forth in the Commission's regulations. Natural requests the waivers to mitigate the effects of a system maintenance project it plans to undertake in August 2006 that may result in capacity constraints on part of its system.

2. Specifically, as part of its system maintenance program, Natural has scheduled a pipeline drip replacement project during the month of August 2006 on Segment 14 of its Amarillo Mainline No. 3. As a result, a ten-mile section of pipeline on Segment 14, near Natural's Compressor Station No. 110, will be out of service from August 2, 2006, though August 7, 2006.¹ Natural states this replacement project will result in temporary capacity reductions though the affected area during the outage period. Natural states that during the outage period, it will initially schedule primary firm and secondary in-path firm transportation to a minimum of 75 percent of each shipper's maximum daily

¹ Natural states in its request that these dates are estimated and may have to be adjusted.

quantity (MDQ) for each contract with primary or secondary in-path rights for Segment No. 14. This will include firm transportation contracts used to inject storage volumes under Rate Schedules NSS and DSS² at any storage point on the Amarillo Mainline. In addition, Natural states that it will initially schedule nominated DSS storage withdrawals to a minimum of 75 percent of each shipper's Amarillo Leg Withdrawal Quantity (WQ), and that 100 percent of the Gulf Coast Mainline WQ will still be available. Natural states that it will predicate its actual scheduled quantities during the outage on shippers using all of their firm primary and in-path secondary rights in the affected area, and adds that actual scheduled quantities may increase if capacity is available. Natural does not anticipate scheduling any interruptible transportation or out-of-path secondary firm transportation volumes during the outage in the affected area.

3. Natural states that the reduction in capacity resulting from its drip replacement project will constrain capacity on a certain section of its Amarillo Mainline during the outage period. Consequently, to mitigate such capacity constraints, Natural plans to undertake certain measures to assist affected shippers in getting their contractual quantities. For one, Natural plans to offer discounts to shippers that have firm transportation contracts on its Amarillo Mainline but transport on its Gulf Coast Mainline using opposite leg rights under its tariff. The discounts Natural plans to offer are the lower of: (1) the daily equivalent of the shipper's current contract rate; or, (2) 4 cents per Dt per day. The shipper will also pay applicable charges, including the commodity rate and fuel and gas lost and unaccounted for. Natural states it will offer these discounts under its existing discount authority, and will limit the discounts to the duration of the outage period. In addition to discounts, Natural also proposes to provide shippers with additional zone limitations flexibility to provide more alternative shipping choices.

4. To implement these mitigation measures, Natural requests certain waivers. First, it requests waiver of the zone limitations for opposite leg rights set forth in section 5.5(a)(2)(i) through (iii) in its GT&C. Natural's system generally consists of two parallel mainlines – the Amarillo Mainline and the Gulf Coast Mainline. Under its current tariff, a shipper with a firm transportation contract on the Amarillo Mainline has opposite leg rights on the Gulf Coast Mainline, but only for certain receipt zones that correspond to its path on the Amarillo Line. Natural requests waiver so that affected shippers with firm rights on the Amarillo Mainline would have opposite leg rights for receipts in *all* zones on the Gulf Coast Mainline, and not just the corresponding zones. Natural states that providing shippers with more alternative transportation path options would increase their operational flexibility during the capacity constraints.

² NSS is Nominated Storage Service and DSS is Delivered Firm Storage Service.

5. Additionally, Natural seeks a partial, limited waiver of the discount and transactional posting requirements set forth in sections 284.13(b) and 358.5(d) of the Commission's regulations. Section 284.13(b) delineates transactional information a pipeline must post on its Internet website for each firm and interruptible contract. Section 358.5(d) requires a pipeline to post on its Internet website certain transactional data for any discount it offers a shipper, contemporaneous with the time that the offer is contractually binding. The discount that Natural plans to offer to qualified shippers is a generally applicable discount for firm service. Natural states that currently, when it posts a generally-applicable discount for interruptible service, it also makes postings to each individual shipper. Natural contends, however, that its computer system does not have the ability to notify individual shippers when it makes a generally-applicable discount for firm service. Accordingly, it would have to do so manually, which Natural asserts would result in a considerable administrative burden. Natural adds that it has never posted a generic discount affecting a class of firm contracts. Accordingly, Natural requests waiver of sections 358.5(d) and 284.13(b), because it will not be able to make individual postings contemporaneously with the effectiveness of each discount contract. Natural states that, in the alternative, it will post transactional data for all required individual shipper discounts within ten days after the outage period has concluded. Natural also 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 is less burdensome administratively. Natural argues that since it has already posted the generally applicable discount discussed herein on its interactive website on June 21, 2006, the market is fully aware of the discount availability and no shipper will be disadvantaged.

6. Natural requests the Commission grant the waivers discussed herein by July 25, 2006, so that Natural's shippers can plan their nominations for the month of August 2006 in advance of the capacity reductions. Further, Natural states it will notify the Commission when the subject outage period ends and the requested waivers are no longer necessary.

7. The Commission noticed Natural's filing on June 27, 2006, allowing for protests as provided by section 154.210 of the Commission's regulations. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2004), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties. No party filed a protest or adverse comments.

8. For good cause shown, we grant Natural's request to waive sections 5.5(a)(2) (i) through (iii) of its GT&C, and sections 284.13(b) and 358.5(d) of the Commission's regulations. Granting these waivers will benefit shippers by providing them with additional system flexibility to mitigate any impacts of system constraints during Natural's system outage. Waiving the zone limitation provisions for opposite leg rights

will assist affected shippers by providing alternative transportation paths to serve their markets and to offset any capacity reductions. Waiving the posting requirements will not harm other shippers or the market in general, since Natural has already provided adequate transparency by posting the discounts on its interactive website and by specifying the specific discount rates it plans to offer qualified shippers. Further, granting these waivers is consistent with Commission action in *Natural*,³ where the Commission granted identical waivers to Natural during another system capacity constraint situation.

By direction of the Commission. Commissioner Spitzer voted present.

Magalie R. Salas,
Secretary.

cc: All Parties

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³ *Natural Gas Company of America*, 115 FERC ¶ 61,151 (2006).