

168 FERC ¶ 61,091
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

August 16, 2019

In Reply Refer To:
Texas Gas Transmission, LLC
Docket No. RP19-1387-000

Texas Gas Transmission, LLC
610 West Second Street
Owensboro, KY 42301

Attention: Benjamin K. Johnson
Vice President, Rates & Tariffs

Dear Mr. Johnson:

1. On July 17, 2019, Texas Gas Transmission, LLC (Texas Gas) filed revised tariff records¹ to establish a new enhanced parking service under proposed Rate Schedule EPS and to incorporate conforming changes into the General Terms and Conditions (GT&C) of its FERC Gas Tariff (Tariff) and a *pro forma* form of service agreement in order to facilitate this new service. As discussed below, the Commission grants waiver of section 154.202(a)(1)(viii) of the Commission's regulations² and accepts the proposed tariff records, effective August 19, 2019, as proposed.

2. Texas Gas states that, when its Rate Schedule PAL was originally established, it anticipated that Rate Schedule PAL would provide a short-term, daily service to manage temporary transportation imbalances and avoid associated penalties. As part of evolving markets and a recent expression of interest from a customer, Texas Gas developed the proposed Rate Schedule EPS to offer customers a long-term parking service with a higher priority level than the existing Rate Schedule PAL to address customers' changing business needs. Texas Gas states that Rate Schedule EPS has been designed as an enhancement to Texas Gas' existing PAL service. Primary enhancements contained in the rate schedule include (i) the term, which anticipates

¹ See Appendix.

² 18 C.F.R. § 154.202(a)(1)(viii) (2018).

long-term contracts of twelve months or longer; and (ii) a higher priority of service than existing PAL interruptible service.

3. Texas Gas states that Rate Schedule EPS will provide long-term parking customers more certainty by allowing them to obtain a higher scheduling priority than existing PAL interruptible service, and in exchange, such customers will pay a reservation-type charge for enhanced parking service. Texas Gas states that this new rate schedule will provide more flexibility and certainty for parking customers and will not impact existing firm transportation service on the Texas Gas system.

4. Texas Gas states that its proposed Rate Schedule EPS service is similar to other enhanced park and loan services approved by the Commission for other pipelines.³ It explains that Rate Schedule EPS will be available for extended periods of time and, because a customer will pay a reservation charge for the service, that customer will have a higher priority of service than existing PAL interruptible service, which is charged only on volumes actually transported or parked on the system. Further, Texas Gas contends that the proposed reservation charge for the higher priority of service is consistent with the Commission's policy that a pipeline may offer a higher priority interruptible service and require prepayment for that service, if the pipeline agrees to credit the customer for periods when the service is unavailable, i.e., when the customer nominates and the pipeline is unable to schedule the service.⁴ Texas Gas states that, consistent with the reservation charge crediting provisions approved by the Commission applicable to Texas Gas' firm service agreements,⁵ Texas Gas has incorporated the same type of reservation charge credit rights into proposed Rate Schedule EPS.

5. Texas Gas proposes a daily reservation charge for Rate Schedule EPS due to the greater level of assurance it will provide than the interruptible services currently offered on its system under Rate Schedule PAL. According to Texas Gas, the proposed maximum daily rate is equal to the sum of its currently effective maximum FT daily reservation charge and usage charge from Zone SL to Zone 4 of \$0.3670 and would apply

³ Transmittal at 2 (citing *Northern Border Pipeline Co.*, 106 FERC ¶ 61,327 (2004); *Northern Border Pipeline Co.*, Docket No. RP04-204-000 (Dec. 1, 2004) (delegated order); *Questar Pipeline Co.*, 100 FERC ¶ 61,039 (2002); *Tennessee Gas Pipeline Co.*, Docket No. RP09-998-000 (Sept. 28, 2009) (delegated order)).

⁴ *Id.* (citing *Northern Border Pipeline Co.*, 106 FERC ¶ 61,327; *Northern Natural Gas Co.*, 101 FERC ¶ 61,203 (2002), *order on reh'g*, 105 FERC ¶ 61,174 (2003); *Tennessee Gas Pipeline Co.*, 69 FERC ¶ 61,095 (1994); *Texas Eastern Transmission Corp.*, 62 FERC ¶ 61,015 (1993)).

⁵ *Id.* at 2 n.4. Demand Charge Credits are addressed in section 6.25 of Texas Gas' Tariff.

to the maximum contract quantities under the Rate Schedule EPS agreement for the term of the agreement.

6. Texas Gas states that it will only enter into Rate Schedule EPS agreements under circumstances when it can be reasonably certain of its ability to provide the service for the requested level and duration by dedicating certain operational capabilities to the service. In order to assess the operational requirements associated with the requested Rate Schedule EPS service, Texas Gas states that proposed section 6.8[3.4] requires specific quantity and location information as part of the request for service process in order for Texas Gas to assess whether it can reasonably provide the requested service.

7. Texas Gas states that because of the dedication of certain operational capabilities and the associated reservation-type rate applied to the service, EPS will receive a higher level of scheduling priority than Texas Gas' interruptible services, as reflected in the proposed section 6.12[12]. Finally, Texas Gas states that all EPS service will be confirmed only after all firm services offered by Texas Gas are scheduled, ensuring that Rate Schedule EPS service is provided without detriment to Texas Gas' firm obligations. Texas Gas explains that the higher priority of service, and the associated reservation charge crediting provision associated with the service, demonstrate that Texas Gas is committed to provide the Rate Schedule EPS service for the agreed upon term of the agreement, while maintaining, without any impairment, all of its firm service obligations.

8. Texas Gas proposes a service commencement date of November 1, 2019 for Rate Schedule EPS, and requests an effective date of August 19, 2019, for the subject tariff records. Texas Gas explains that this effective date coupled with the November 1, 2019 service commencement date will allow Texas Gas to begin marketing this new service option to customers, will allow customers to request service, and will allow customers to have their requested Rate Schedule EPS capacity evaluated. Texas Gas states that the November 1, 2019 service commencement date will also afford it the necessary time to make the technology changes necessary to effectuate this new Rate Schedule EPS service.

9. Public notice of the filing was issued on July 18, 2019. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.⁶ Pursuant to Rule 214,⁷ all timely filed motions to intervene and any unopposed motions to intervene out-of-time before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. On July 22, 2019, Louisville Gas and Electric Company (Louisville)

⁶ 18 C.F.R. § 154.210 (2018).

⁷ *Id.* § 385.214.

filed comments. Tennessee Valley Authority filed comments in support of Texas Gas' proposal on July 23, 2019.

10. Louisville states that while it does not oppose the filing, this non-opposition is predicated on Texas Gas' assurance that the new service will not harm existing customers. Louisville asks that the Commission determine that Texas Gas has in place adequate protections to ensure that the rights of firm customers will not be adversely affected by the Commission's acceptance of the tariff records.

11. Based on a review of Texas Gas' filing, the Commission finds that the proposed Rate Schedule EPS service benefits customers by providing an additional parking service option with a higher level of certainty in order to meet their business needs. In addition, because Texas Gas' proposed language provides that all enhanced parking service be confirmed only after all firm services offered by Texas Gas are scheduled and Texas Gas will only enter into Rate Schedule EPS agreements under circumstances when it can be reasonably certain of its ability to provide the service for the requested level and duration by dedicating certain operational capabilities to the service, this ensures that Texas Gas' new enhanced parking service will be provided without detriment to Texas Gas' existing firm transportation customers. Therefore, the Commission finds that Texas Gas' proposal as reflected in the tariff records referenced in the Appendix, appears just and reasonable and therefore, the tariff records are accepted, effective August 19, 2019, as proposed.

12. The Commission will grant waiver of the requirement in section 154.202(a)(1)(viii) that a pipeline seeking to initiate a new service must include workpapers showing the estimated effect on revenue and costs over a twelve-month period commencing on the effective date of the instant tariff records. The Commission has previously granted waiver of the same requirement when approving new rate schedules for innovative services derived from the rates for existing firm transportation services rather than via cost allocation methods.⁸ Here, waiver is necessary in order to facilitate the establishment of Texas Gas' new enhanced parking service. Accordingly, the Commission finds good cause to grant the unopposed waiver.

13. When the pipeline proposing a new rate schedule lacks the experience necessary to provide a reliable projection of possible revenues or costs related to the new service, the Commission has often conditioned its approval upon the filing of an activity report

⁸ *Trailblazer Pipeline Co. LLC*, 156 FERC ¶ 61,117, at P 9 (2016); *Gulf South Pipeline Co., LP*, 136 FERC ¶ 61,086, at P 23 (2011); *CenterPoint Energy Gas Transmission Co.*, 125 FERC ¶ 61,334, at P 14 (2008); *Great Lakes Gas Transmission Ltd. P'ship*, 120 FERC ¶ 61,105, at PP 8-10 (2007).

following the first year of service.⁹ This appears appropriate here. Therefore, the Commission will require Texas Gas to file an activity report within 45 days after the conclusion of Rate Schedule EPS's first year of operation. The report must detail (1) the contract term for each EPS agreement, (2) the volume parked or loaned for each day by transaction, (3) monthly volumes parked and loaned, (4) the name of the Rate Schedule EPS shipper, (5) whether the shipper is an affiliate of Texas Gas, (6) the number of days EPS service was not available to the EPS shipper, and (7) the rate charged for each agreement.

14. For the reasons set forth above, the Commission will accept the tariff records referenced in the Appendix to this order, effective August 19, 2019, as proposed. Further, Texas Gas shall file an activity report within 45 days after the conclusion of Rate Schedule EPS's first year of operation, detailing its experience with the implementation of its enhanced parking service, as discussed above.

By direction of the Commission. Commissioner McNamee is not participating.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁹ See *Northwest Pipeline Corp.*, 100 FERC ¶ 61,336, at PP 9, 12 (2002); *Gulf South Pipeline Co., LP*, 136 FERC ¶ 61,086 at P 24; *Trailblazer Pipeline Co. LLC*, 156 FERC ¶ 61,117 at P 10.

Appendix

Texas Gas Transmission, LLC FERC NGA Gas Tariff Tariffs

Tariff Records Accepted Effective August 19, 2019

[Section 1, Table of Contents, 8.0.0](#)

[Section 4.22, Currently Effective Rates - EPS, 0.0.0](#)

[Section 5.22, Rate Schedules - EPS, 0.0.0](#)

[Section 6.2, G T & C - Definitions, 9.0.0](#)

[Section 6.8, G T & C - Requests for Service, 7.0.0](#)

[Section 6.12, G T & C - Nominations, Confirmations, and Scheduling, 9.0.0](#)

[Section 7.4, Form\(s\) of Serv Agmts - EPS, 2.0.0](#)