



Transcontinental Gas Pipe Line  
Company, LLC  
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August xx, 2020

Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Attention: Kimberly D. Bose, Secretary

Re: Transcontinental Gas Pipe Line Company, LLC  
Filing to Revise Procedures for Allocating Available Firm Capacity  
Docket No. RP20-

Ladies and Gentlemen:

Pursuant to Section 4 of the Natural Gas Act (“NGA”) and Part 154 of the Federal Energy Regulatory Commission’s (“Commission”) regulations thereunder, Transcontinental Gas Pipe Line Company, LLC (“Transco”) hereby submits for filing with the Commission the following revised tariff record to its FERC Gas Tariff, Fifth Revised Volume No. 1 (“Tariff”):

<u>Part</u>	<u>Section</u>	<u>Version</u>	<u>Description</u>
IV	49	4.0.0	Procedures for Allocating Available Firm Capacity

The revised tariff record is proposed to be effective on [September xx, 2020].

### **Statement of Nature, Reasons and Basis for Filing**

Transco proposes to revise Section 49 of the General Terms and Conditions of its Tariff (“GT&C”), which sets forth the procedures for allocating existing firm capacity that becomes available on its system.<sup>1</sup> Section 49 currently provides that existing firm capacity offered through an open season will be evaluated and the best bid determined using one of two methods:

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<sup>1</sup> Section 49 sets forth procedures for allocating existing firm capacity that becomes available on Transco’s system other than through the applicable provisions of Section 42 (Capacity Release) of the GT&C and not otherwise allocated pursuant to the right of first refusal procedures contained in Section 48 of the GT&C.

(a) highest net present value (“NPV”) of reservation charges or (b) highest rate bid, provided such bid meets the minimum term stated in the open season posting. The specific evaluation method to be used is identified in Transco’s notice for bid solicitation. With the instant filing, Transco proposes to revise its Tariff to allow for greater flexibility in determining the highest NPV. Specifically, Transco proposes to add subsection 49.2(a)(i) to clarify the possible factors upon which the NPV calculation may be based, including the term, quantity, the date on which the requested service is requested to commence, and other factors determined to be relevant by Transco, and to provide that Transco will set forth the determinative factors in its open season posting. In addition, proposed subsection 49.2(a)(i) provides Transco with the option to aggregate two or more bids for one or more bid packages. Finally, proposed subsection 49.2(a)(ii) provides that Transco will post on 1Line the NPV analysis used to determine the successful bidder or bidders, consistent with the Commission’s direction to pipelines proposing similar flexibility for defining the NPV.<sup>2</sup>

The revisions proposed herein are consistent with Commission policy and help assure that available capacity on Transco’s system is awarded to the shippers that value it most as well as maximize the use of the pipeline. As the Commission has stated, “pipelines should have some flexibility, in open season provisions, to either include in their tariff a single non-discriminatory bid methodology, or provide different non-discriminatory bid evaluation methods, provided that the pipeline posts the bid evaluation methodology before the open season begins.”<sup>3</sup> Additionally, the Commission has previously determined that the aggregation of bids is consistent with ensuring that capacity is awarded based on the highest economic value.<sup>4</sup> The Commission has approved tariff provisions for inclusion in other pipelines’ tariffs that are similar to those proposed herein.<sup>5</sup>

### **Proposed Effective Date**

Transco requests that the revised tariff record submitted herein be made effective September xx, 2020. In the event the Commission elects to accept and suspend the revised tariff record, in accordance with the provisions of Section 154.7(a)(9) of the Commission’s Regulations, Transco reserves the right to file a later motion to place such tariff record into effect.

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<sup>2</sup> See, e.g., Texas Eastern Transmission Corp., 79 FERC ¶ 61,258, at 62,109 (1997), order on reh’g, 80 FERC ¶ 61,270 (1997)

<sup>3</sup> Texas Eastern Transmission Corp., 79 FERC ¶ 61,258, at 62,109 (1997), order on reh’g, 80 FERC ¶ 61,270 (1997).

<sup>4</sup> See, e.g., Columbia Gas Transmission, LLC, 148 FERC ¶ 61,218, at P. 46 (2014) (citing Natural Gas Pipeline Co. of Am., 82 FERC ¶ 61,036 at 61,140 (1998) (citing Tennessee Pipeline Co., 76 FERC ¶ 61,101, order on reh’g, 79 FERC ¶ 61,297 (1997); Texas Eastern Transmission Corp., 79 FERC ¶ 61,258 (1997), order on reh’g, 80 FERC ¶ 61,270 (1997)); National Energy & Trade, LP v. Texas Gas Transmission, LLC, 121 FERC ¶ 61,064, at P 50 (2007)).

<sup>5</sup> See, Northern Border Pipeline Company, FERC Gas Tariff, Second Revised Volume No. 1, Sections 6.26.3 and 6.26.4 of the General Terms and Conditions; and Columbia Gas Transmission, LLC, FERC Gas Tariff, Fourth Revised Volume No. 1, Sections VII.4.4(b) and (e) of the General Terms and Conditions.

**Materials Submitted Herewith**

In accordance with, Section 154.7(a)(1) of the Commission's Regulations, the following material is submitted herewith:

An eTariff XML filing package, filed as a zip (compressed) file, containing:

- (1) The revised tariff record in RTF format with metadata attached;
- (2) A transmittal letter in PDF format;
- (3) A clean version of the revised tariff record in PDF format for publishing in eLibrary;
- (4) A marked version of the revised tariff record in accordance with Section 154.201(a) of the Regulations; and
- (5) A copy of the complete filing in PDF format for publishing in eLibrary.

**Posting and Certification of Service**

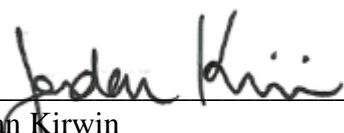
In accordance with the provisions of Section 154.2(d) of the Regulations, copies of this filing are available for public inspection, during regular business hours, in a convenient form and place at Transco's main office at 2800 Post Oak Boulevard in Houston, Texas. In addition, Transco is serving copies of the instant filing on its affected customers, interested State Commissions, and other interested parties.

Any communication regarding this filing should be sent to the undersigned and a copy sent to:

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Respectfully submitted,

TRANSCONTINENTAL GAS PIPE LINE COMPANY, LLC

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## GENERAL TERMS AND CONDITIONS

### 49. PROCEDURES FOR ALLOCATING AVAILABLE FIRM CAPACITY

49.1 This Section 49 sets forth procedures for allocating existing firm capacity that becomes available on Seller's system other than through the applicable provisions of Section 42 of the General Terms and Conditions and not otherwise allocated pursuant to the right of first refusal procedures contained in Section 48 of the General Terms and Conditions. Firm transportation capacity subject to the allocation procedures set forth in this Section 49 includes firm transportation capacity that becomes available from (i) existing firm transportation service performed under a Part 284 rate schedule with a primary term of one year or more that is subject to Natural Gas Act Section 7(b) abandonment and for which abandonment authority has been sought or obtained (ii) existing firm transportation service performed under a Part 284 rate schedule with a primary term of less than one year and (iii) existing firm transportation service provided under Section 157 of the Commission's regulations and for which abandonment authority has been sought or obtained. In the event firm capacity on Seller's system becomes available as described herein, Seller shall post such capacity to its Unsubscribed Capacity Report. Seller shall have the right to (i) award available capacity on a first-come, first-served basis to Buyers who submit a valid request for the capacity or (ii) solicit bids for available capacity in an open season for at least the following periods:

- (a) Four (4) hours for firm capacity which will be available for one month or less;
- (b) Two (2) business days for firm capacity which will be available for more than one month but less than twelve months; and
- (c) Five (5) business days for firm capacity which will be available for twelve months or longer.

49.2 Seller shall evaluate and determine the best bid in accordance with one of the following two methods, with the specific method identified in its notice for bid solicitation:

~~(a)~~ (a) Highest net present value (NPV) of reservation charges;

(i) The NPV is the discounted cash flow of incremental revenues per dekatherm to Seller produced, lost, or affected by the requests for service and may be based upon such factors as the term, quantity, date on which the requested service is requested to commence, and other factors determined to be relevant by Seller. All determinative factors will be defined in Seller's notice for bid solicitation. For purposes of Seller's NPV evaluation and as defined in its notice for bid solicitation, Seller may aggregate two or more bids for one or more bid packages;

~~(i)(ii)~~ (ii) The NPV analysis used to determine the successful bidder(s) will be posted on 1Line.;

- (b) Highest rate bid, provided such bid meets Seller's minimum stated term.

For purposes of determining the highest bid under Sections 49.2(a) and (b), Seller will use the reservation rates and other form of revenue guarantee bid, not to exceed Seller's applicable maximum reservation rates. The value of a bid proposing a reservation rate or other form of revenue guarantee which exceeds Seller's applicable maximum reservation rates shall be determined pursuant to the provisions in Section 53.3 of the General Terms and Conditions. In the event Seller receives two or more bids of equal value, then under method (a) the best bid shall be the bid with the shortest term and under method (b) the best bid shall be the bid with the longest term.

- 49.3 If two or more potential Buyers submit best bids such capacity shall be allocated to such potential Buyers ratably on the basis of the quantities bid.
- 49.4 In the event a potential Buyer's bid is accepted, and such potential Buyer otherwise meets all qualifications for service, Seller shall submit a service agreement to Buyer which sets forth the terms of such bid. Buyer shall execute the service agreement within thirty (30) days of receipt of the same.
- 49.5 Notwithstanding the above, Seller shall not be obligated to accept any bid or execute a service agreement at a rate less than the maximum rate allowable under the applicable rate schedule.