

TEXAS PIPELINE ASSOCIATION
Docket No. RM01-5-000
Meeting with the North American Energy Standards Board at the Federal Energy
Regulatory Commission
February 1, 2007

TPA Positions with Respect to eTariff

Good afternoon. My name is Lee Baskin. I am Director of Regulatory for the Kinder Morgan Texas Intrastate Pipeline Group. I am representing the Texas Pipeline Association at this conference as chairman of the Association's Federal Regulatory Affairs Committee. The Association is an organization of 27 natural gas and liquids pipeline companies operating in the State of Texas. The Association's members gather, process, treat, transport, store and deliver natural gas and liquids for marketers, commercial and industrial end-users, other pipelines, and distribution companies, as well as residential customers. The primary regulator for the Association's members as to rates and tariffs is the Railroad Commission of Texas.

Many members of the Association are Texas intrastate natural gas pipelines. Many of these pipelines provide transportation services in interstate commerce pursuant to Section 311 of the Natural Gas Policy Act. It is for this reason we are participating in this conference.

In July 2005, the Association filed comments to the Notice of Proposed Rulemaking for Electronic Tariff Filings in Commission Docket No. RM01-5-000. These comments primarily addressed aspects of the rules proposed by the NOPR as they relate to intrastate pipelines providing 311 service. Some of those comments are pertinent to the discussion in this conference.

First, let me state that the Association does not object to electronic filing as a matter of administrative efficiency. However, the primary thrust of the NOPR is the development of an electronic tariff filing system for interstate entities. We are concerned that intrastate pipelines providing 311 service could get swept up in the process of developing the more complex filing requirements for interstate tariffs, resulting in an overly burdensome expansion of the requirements for intrastates without commensurate benefits.

The filing requirements for intrastate pipelines providing 311 service are significantly different from the requirements for a FERC Gas Tariff filed by interstate pipelines, in both substance and timing. Specifically, intrastate pipelines providing 311 service are required to file with the Commission a statement describing how the pipeline will engage in 311 transactions and including operating conditions and the pipeline's rate election under Section 284.123 (b) of the Commission's regulations. We are required to file this statement within 30 days after commencement of 311 service. We are also required to amend the statement within 30 days after any change in operating conditions or rate election. Furthermore, unlike interstate pipelines, no common format has ever been developed for intrastates' operating statements. Thus, each intrastate has tended to

develop a unique format which reflects its specific business and operating needs, the needs of its customers and the differing requirements of state regulatory agencies. And finally, while many interstate pipelines use some form of tariff management program, most intrastate pipelines simply create and maintain their statements in a word processor software.

The Association contends that any electronic filing system must accommodate the differences in filing requirements and not result in unduly burdensome requirements on the intrastate pipelines. We also contend that the transition to electronic filing should be simple and efficient allowing the continued use of each entities current programs or software. We further contend that any rules promulgated by the NOPR should not preclude an intrastate pipeline from exercising the option under FERC Order No. 46-A and Section 284.123 (b) of the Commission's regulations to base its 311 rates on rates reviewed and approved by an appropriate state regulatory agency.

We hope to work with this group of participants to develop a system that will work for all stakeholders without unduly burdening any one of the stakeholders.

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