

§ 157.100 General.

This subpart establishes optional procedures whereby any eligible applicant may obtain, for the purpose of providing new service, a certificate authorizing the following activities subject to the Commission's jurisdiction:

- (a) The transportation of natural gas;
- (b) Sales of natural gas;
- (c) The construction and operation of natural gas facilities;
- (d) The acquisition and operation of natural gas facilities; and
- (e) Conditional pre-granted abandonment of such activities and facilities upon termination of its contractual obligations to provide the services.

§ 157.101 Definitions.

(a) *Statutory terms.* Any term defined under the Natural Gas Policy Act of 1978 (NGPA) means the same under this subpart as under the NGPA.

(b) *Subpart E definitions.* For purposes of this subpart:

(1) *Eligible applicant* means any natural gas company or person that will be a natural gas company upon completion of any proposed construction or extension of natural gas facilities.

(2) *New service* means a service for which the applicant for a certificate under this subpart does not have certificate authority. If a contract for service provided under a certificate issued pursuant to this subpart or subpart A of this part is renegotiated to provide for an increase in existing service or an additional kind of service, only the additional increment of service or the different service qualifies as "new service."

(3) *Qualifying facility* means a facility or a portion of a facility that will be used solely to provide new service.

§ 157.102 Contents of application and other pleadings.

(a) *General contents.* (1) Any application, amendment thereto, exhibits, and other submissions required under this subpart must be submitted in the manner prescribed in §§ 157.6(a) and 157.14(a) of this part and must contain all information necessary to advise the Commission fully concerning the transportation, sales and other services, and facilities, construction, extension, or acquisition and operation for which a cer-

tificate and conditional pregranted abandonment authorization is requested.

(2) Except as otherwise provided in paragraph (b) of this section, any application under this subpart must conform to the requirements of subpart A of this part. Section 157.11 does not apply to applications under this subpart.

(b) *Specific contents.* (1) Any application under this subpart must contain:

(i) A statement plainly requesting that the application be considered under the optional procedures of this subpart;

(ii) A statement that the applicant agrees to comply with all terms and conditions specified in § 157.103 of this chapter;

(iii) All exhibits required under § 157.14, except for the information required by § 157.14(a) (10), (11) and (18), unless the application is filed under § 157.7;

(iv) If the proposed new service would be provided to a customer that is located in the service area of a local distribution company, a statement that the applicant has served a copy of this application on that local distribution company and the local distribution company's appropriate state regulatory agency;

(v) An environmental report as specified in § 380.3 and § 380.12 of this chapter. Applicant must submit all appropriate revisions to the environmental report whenever route or site changes are filed. These revisions must identify and describe the specific differences resulting from the route or site changes. Revised totals for the resources affected will not be sufficient; and

(vi) A statement of the rates to be charged for the proposed new service, including *pro forma* copies of the rate schedule to be included in the effective tariff, a statement explaining fully how the proposed rate was derived, showing clearly whether the proposed rate results from negotiation, cost-of-service determination, competitive factors or others, and explaining the bases for the findings and conclusions of any related studies. Any rate filed under this paragraph for new service must comply with the conditions set forth in § 157.103.

(2) Any person filing a petition to intervene, notice of intervention, or protest in a proceeding initiated by a certificate application under this subpart must:

(i) Comply with § 157.10; and
 (ii) Provide in its filing a statement of all genuine issues of fact raised by such person, identifying those alleged to be material to a determination of whether the applicant's requested certificate is or will be required by the present or future public convenience and necessity.

(c) *Transportation for others.* If the application requests a certificate to provide transportation service under this subpart, the applicant must state that it has filed for and will accept a blanket transportation certificate under § 284.221 of this chapter, identify the docket number assigned to that filing, and state that it will comply with the conditions in subpart A of part 284.

[Order 436, 50 FR 42488, Oct. 18, 1985; 50 FR 45908, Nov. 5, 1985, as amended at 50 FR 52274, Dec. 23, 1985; Order 486, 52 FR 47910, Dec. 17, 1987; Order 493, 53 FR 15030, Apr. 27, 1988; Order 603, 64 FR 26606, May 14, 1999]

§ 157.103 Terms and conditions; other requirements.

(a) *Non-exclusivity of certificates issued under this subpart.* A certificate issued pursuant to this subpart must be non-exclusive and must provide that it in no way prejudices any application for any other certificate under the Natural Gas Act or for authorization under the Natural Gas Policy Act.

(b) *Certificate limited to qualifying facilities and new service.* A certificate issued under this subpart provides only for authorization to construct or acquire and operate qualifying facilities and to provide new service.

(c) *Allocation of joint costs.* To the extent the service proposed will utilize existing facilities, the cost of those facilities will be allocated among the services provided under this subpart and other services provided.

(d) *Rates—(1) General.* Any rate filed for new service under this subpart must comply with the conditions of this paragraph.

(2) *Rate objectives.* Maximum rates for both peak and off-peak periods must be designed, to the maximum extent pos-

sible, to achieve the following three objectives:

(i) Rates for service during peak periods should ration capacity;

(ii) Rates for firm service during off-peak periods and for interruptible service during all periods should maximize through-put; and

(iii) The certificate holder's revenue requirement allocated to firm and interruptible services should be attained by providing the projected units of service in peak and off-peak periods at the maximum rate for each service.

(3) *Volumetric rates.* Except for a reservation charge for firm transportation service consistent with the conditions in § 284.8(d), any rate filed for new service must be a one-part rate that recovers the costs allocated to the new service to the extent that the projected units of that service are actually purchased and may not include a demand charge, a minimum bill or minimum take provision or any other provision that has the effect of guaranteeing revenue.

(4) *Based on projected units of service.* Any rate filed for new service must be designed to recover costs on the basis of projected units of service. The units projected for the new service in the initial rates filed under this subpart may be increased in a subsequent rate filing but may not be decreased.

(5) *Differentiation due to time and distance.* Any rate filed for new service must reasonably reflect any material variation in the cost of providing the service due to:

(i) Whether the new service is provided during a peak or an off-peak period; and

(ii) The distance over which the new service is provided.

(6) *Cost basis for rates.* (i) Any maximum rate filed for new service must be designed to recover, on a unit basis, solely those costs which are properly allocated to that service.

(ii) Any minimum rate for new service must be based on the average variable costs which are properly allocated to that service.

(7) *Rate flexibility.* (i) Any rate schedule filed for new service must state a maximum rate and a minimum rate.

(ii) The certificate holder may charge an individual customer for new service