to abandon a natural gas transportation service between Applicants and ANR Pipeline Company (ANR) for ultimate use as storage gas for United Cities Gas Company (Cities), all as more fully set forth in the application which is on file with the Commission and open to public inspection.

Applicants state that they propose to abandon a transportation service initiated to implement a storage agreement for annual storage of up to 100,000 Mcf of natural gas by ANR for Cities. Applicants also state that the agreement is dated July 13, 1979, as amended, April 17, 1980. Applicants indicate that Panhandle provides its service under its Rate Schedule T-39, and Trunkline provides its service under its Rate Schedule T-61. Applicants further state that the service was authorized in Docket No. CP79-438. It is indicated that the agreement provides for delivery of gas at a rate of up to 500 Mcf per day to ANR during the 1980 and ensuing summer periods. Applicants aver that during the summer period Trunkline effects delivery to Panhandle by reducing existing deliveries of up to 500 Mcf per day of natural gas to Cities at an existing point of interconnection in Massac County, Illinois and the thermally equivalent volumes, not taken by Cities, are then delivered by Panhandle to ANR at an existing point of interconnection between Panhandle and ANR in Defiance County, Ohio, for storage. Applicants further indicate that during the winter period, Panhandle would receive daily volumes from ANR and Trunkline would make daily redeliveries of thermally equivalent volumes to Cities in Massac County,

Applicants indicate that the agreement provides for a primary term of fifteen years with extensions provided for on a year-to-year basis until terminated by either party upon at least twelve months written notice. Applicants state that they and Cities have agreed to terminate the transportation service, effective April 1, 1995. Applicants further state that the interconnection with Cities will continue to be available for open access transportation service.

Any person desiring to be heard or to make any protest with reference to said application should on or before March 17, 1995, file with the Federal Energy Regulatory Commission, Washington, DC 20426, a petition to intervene or a protest in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.214 or 385.211) and the regulations under the Natural Gas Act (18 CFR

157.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to the proceeding or to participate as a party in any hearing therein must file a petition to intervene in accordance with the Commission's Rules.

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by Sections 7 and 15 of the Natural Gas Act and the Commission's Rules of Practice and Procedure, a hearing will be held without further notice before the Commission on this application if no petition to intervene is filed within the time required herein, and if the Commission on its own review of the matter finds that the abandonment is required by the public convenience and necessity. If a petition for leave to intervene is timely filed, or if the Commission on its motion believes that a formal hearing is required, further notice of such hearing will be duly given.

Under the procedure herein provide for, unless otherwise advised, it will be unnecessary for Applicants to appear or be represented at the hearing.

Lois D. Cashell,

Secretary.

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[Docket No. CP95-218-000]

Texas Eastern Transmission Corp.; Petition for Declaratory Order

February 24, 1995.

Take notice that on February 22, 1995, Texas Eastern Transmission Corporation (Texas Eastern), P.O. Box 1642, Houston, Texas 77252–1642, filed in Docket No. CP95–218–000 a petition under Rule 207 of the Commission's Rules of Practice and Procedure (18 CFR 385.207) requesting that the Commission confirm that Order No. 636 does not create a *per se* rule prohibiting interstate pipelines which have implemented Order No. 636 from entering into contracts for transportation or storage capacity on other interstate pipelines.

Texas Eastern submits that the Commission's preliminary determination in Texas Eastern Transmission Corporation, 69 FERC ¶ 61,132 (1994),¹ incorrectly created a

per se rule that precludes a pipeline from holding pipeline capacity on other pipelines for economic (as distinguished from operational) reasons. Texas Eastern contends that such a per se rule against economically desirable transactions is contrary to the policy behind Order No. 636 and is in conflict with prior Commission decisions. It is asserted that, if not corrected, the position that interstate pipelines cannot contract for capacity on other interstate pipelines will undermine the Commission's efforts in Order No. 636 to create a flexible, competitively responsive natural gas industry. Texas Eastern states that the ultimate loser will be not just interstate pipelines, but consumers who need new facilities and services as well.

Texas Eastern asserts that, unless corrected, the preliminary order will foreclose the development of new services in most circumstances in which more than one pipeline is needed to perform a new service. It is stated that in the new, post-Order No. 636 environment, it is critically important that pipelines be allowed to hold capacity on upstream or downstream pipelines. To create new services for new markets, Texas Eastern contends that a pipeline must be able to acquire firm transportation capacity rights on other pipelines in areas where the pipeline does not have transportation facilities.

Texas Eastern contends that the Commission will still have its jurisdiction to review contracts between pipelines and may withhold approval where it finds them to be anticompetitive or otherwise contrary to the public interest. It is stated that the Commission should not, however, create a *per se* rule against pipelines holding capacity on upstream or downstream pipelines. Texas Eastern argues that where the contractual arrangement is not opposed by any party and is being used to provide new services demanded by the market, such arrangements should be permitted. Texas Eastern submits that the Commission should promptly issue a Declaratory Order finding that interstate pipelines that have implemented Order No. 636 may contract for transportation or storage capacity on other interstate pipelines.

Any person desiring to be heard or to make any protest with reference to said petition should on or before March 17, 1995, file with the Federal Energy Regulatory Commission, Washington, D.C. 20426, a motion to intervene or a

¹Texas Eastern states that the Request for Hearing of this decision has been rendered moot by a

settlement filed by the parties in this proceeding on February 21, 1995.