bidding requirements. The current regulation permits such releases for a full calendar month. The Commission is revising the regulation to permit exempt releases for up to 31 days in order to accommodate releases crossing calendar months.

EFFECTIVE DATE: The final rule becomes effective July 10, 1995.

FOR FURTHER INFORMATION CONTACT: Michael Goldenberg, Federal Energy Regulatory Commission, 825 North Capitol Street, NE., Washington, DC 20426, (202) 208–2294.

SUPPLEMENTARY INFORMATION: In addition to publishing the full text of this document in the **Federal Register**, the Commission also provides all interested persons an opportunity to inspect or copy the contents of this document during normal business hours in Room 3104, 941 North Capitol Street NE., Washington DC 20426.

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Before Commissioners: Elizabeth Anne Moler, Chair; Vicky A. Bailey, James J. Hoecker, William L. Massey, and Donald F. Santa, Jr.

Order Granting Rehearing

On May 1, 1995, Great Lakes Gas Transmission Limited Partnership (Great Lakes) filed a request for rehearing and clarification of Order No. 577, issued March 29, 1995. For the reasons discussed below, the Federal Energy Regulatory Commission (Commission) will grant rehearing and revise § 284.243(h) of its regulations.

Background

In Order No. 577, the Commission revised § 284.243(h) of its capacity release regulations to promote a more effective and efficient capacity release mechanism as well as reduce administrative burdens. The prior regulations permitted shippers to release their firm capacity for less than one calendar month without having to comply with the Commission's requirements to post release offers for bidding. In Order No. 577, the Commission extended the advance posting and bidding exception to one full calendar month to comport with the industry's practice of making gas and capacity decisions on a calendar month basis and to reduce administrative burdens resulting from the use of socalled "29/1" day deals to effectuate full month releases.

Great Lakes seeks rehearing or clarification as to whether the Commission intended to exempt short term capacity release transactions spanning two calendar months from the bidding requirements. Great Lakes states that, in its restructuring proceeding under Order No. 636, the Commission required Great Lakes to permit an exception from its bidding requirements for short-term capacity releases of less than 30 days that extended over parts of two months.2 Great Lakes argues that in the March 29, 1995 order in this rulemaking docket, the Commission seemed to adopt a different approach to short-term releases spanning two calendar months.

Great Lakes points to the Commission's rejection of a request by a commenter that the regulation refer to releases of 31 days, rather than to a calendar month, in order to permit releases of 31 days spanning two calendar months (i.e., January 15 to February 15). The Commission found that limiting the exception to a calendar month synchronized the short-term exception with the industry's practice of purchasing gas and capacity on a monthly basis. The Commission further concluded that substitution of the phrase "31 days" was not needed to effectuate mid-month releases. Great Lakes points out that this procedure is not only inconsistent with its tariff, but is burdensome because it entails two postings and two separate contracts.

Discussion

The Commission's restructuring orders were inconsistent in interpreting whether releases crossing calendar

months were permissible. 3 To ensure that this rule does not limit flexibility shippers already possess, the Commission will revise the language of the regulation to substitute "31 days' for "calendar month." This will permit parties to execute releases of up to 31 days without complying with the Commission's advance posting and bidding requirements. This revision will increase shipper flexibility and also reduce administrative burdens by eliminating the need for one bid, two postings, and two contracts in order to consummate short-term releases across calendar months.

Effective Date

The final rule will take effect July 10, 1995.

List of Subjects in 18 CFR Part 284

Continental shelf, Natural gas, Reporting and recordkeeping requirements.

By the Commission.

Linwood A. Watson, Jr.,

Acting Secretary.

In consideration of the foregoing, the Commission amends Part 284, Chapter I, Title 18, Code of Federal Regulations, as set forth below.

PART 284—CERTAIN SALES AND TRANSPORTATION OF NATURAL GAS UNDER THE NATURAL GAS POLICY ACT OF 1978 AND RELATED AUTHORITIES

1. The authority citation for Part 284 continues to read as follows:

Authority: 15 U.S.C. 717–717w, 3301–3432; 42 U.S.C 7101–7532; 43 U.S.C 1331–1356.

2. In § 284.243, paragraph (h)(1) is revised to read as follows:

§ 284.243 Release of firm capacity on interstate pipelines.

(h)(1) A release of capacity by a firm shipper to a replacement shipper for any period of 31 days or less, or for any term at the maximum tariff rate applicable to the release, need not comply with the notification and bidding requirements of paragraphs (c) through (e) of this section. A release under this paragraph may not exceed the maximum rate. Notice of a firm release under this paragraph must be provided on the

¹ Release of Firm Capacity on Interstate Natural Gas Pipelines, Order No. 577, 60 FR 16979 (Apr. 4, 1995), III FERC Stats. & Regs. Preambles ¶ 31,017 (Mar. 29, 1995).

² Great Lakes Gas Transmission Limited Partnership, 64 FERC ¶ 61,017 at 61,171 (1993).

³ Compare Northwest Pipeline Corporation, 63 FERC ¶ 61,124 at 61,803 (1993); Kern River Gas Transmission Company, 62 FERC ¶ 61,191 at 62,270 (1993) (no cross month releases) with Great Lakes Gas Transmission Limited Partnership, 64 FERC ¶ 61,017 at 61,171 (1993); Columbia Gas Transmission Corporation, 64 FERC ¶ 61,060 at 61,530 (1993) (permitting cross month releases).