

-
 (i) any intrastate pipeline; and
-
 (ii) any local distribution company.

 (B) Just and reasonable rates

 The rates and charges of any interstate pipeline with respect

 to any transportation authorized under subparagraph (A) shall

 be just and reasonable (within the meaning of the =
<I>Natural</I> <I>Gas</I>

 <I>Act</I> [15 U.S.C. 717 et seq.]).

 (2) Intrastate pipelines

 (A) In general

 The Commission may, by rule or order, authorize any

 intrastate pipeline to transport <I>natural</I> =
<I>gas</I> on behalf of -=20

-
 (i) any interstate pipeline; and
-
 (ii) any local distribution company served by any

 interstate pipeline.

 (B) Rates and charges

 (i) Maximum fair and equitable price

 The rates and charges of any intrastate pipeline with

 respect to any transportation authorized under subparagraph

 (A), including any amount computed in accordance with the

 rule prescribed under clause (ii), shall be fair and

 equitable and may not exceed an amount which is reasonably

 comparable to the rates and charges which interstate

 pipelines would be permitted to charge for providing similar

 transportation service.

 (ii) Commission rule

 The Commission shall, by rule, establish the method for

 calculating an amount necessary to -=20

-
 (I) reasonably compensate any intrastate pipeline for

 expenses incurred by the pipeline and associated with the

 providing of any gathering, treatment, processing,

 transportation, delivery, or similar service provided by

 such pipeline in connection with any transportation of

 <I>natural</I> <I>gas</I> authorized under =
subparagraph (A); and

 (II) provide an opportunity for such pipeline to earn a

 reasonable profit on such services.

 (b) Commission approval of sales

 (1) In general

 The Commission may, by rule or order, authorize any intrastate

 pipeline to sell <I>natural</I> <I>gas</I> to -=20

 (A) any interstate pipeline; and

 (B) any local distribution company served by any interstate

 pipeline.

 (2) Rates and charges

 (A) Maximum fair and equitable price

 The rates and charges of any intrastate pipeline with respect

 to any sale of <I>natural</I> <I>gas</I> =
authorized under paragraph (1) shall

 be fair and equitable and may not exceed the sum of -=20

 (i) such intrastate pipeline's weighted average acquisition

 cost of <I>natural</I> <I>gas</I>;

 (ii) an amount, computed in accordance with the rule

 prescribed under subparagraph (B); and

 (iii) any adjustment permitted under subparagraph (C).

 (B) Commission rule

 The Commission shall, by rule, establish the method for

 calculating an amount necessary to -=20

 (i) reasonably compensate any intrastate pipeline for

 expenses incurred by the pipeline and associated with the

 providing of any gathering, treatment, processing,

 transportation, or delivery service provided by such pipeline

 in connection with any sale of <I>natural</I> =
<I>gas</I> authorized under

 paragraph (1); and

(ii) provide an opportunity for such pipeline to earn a reasonable profit on such services.

(C) Adjustment

(i) Application

This subparagraph shall apply in any case in which, in order to deliver any volume of **<I>natural</I>** = **<I>gas</I>** pursuant to any sale authorized under paragraph (1), any intrastate pipeline acquires quantities of **<I>natural</I>** **<I>gas</I>** = under any existing contract, if -=20

(I) such intrastate pipeline acquires any volume of **<I>natural</I>** **<I>gas</I>** under such contract = in excess of that which such pipeline would otherwise have acquired; and

(II) the price paid for such additional volume of **<I>natural</I>** **<I>gas</I>** acquired under such contract is greater = than such pipeline's weighted average acquisition cost of **<I>natural</I>** **<I>gas</I>**, computed without regard to the = acquisition of such additional volume of **<I>natural</I>** = **<I>gas</I>**.

(ii) Commission adjustment

In any case to which this subparagraph applies, the Commission shall permit an adjustment to the maximum fair and equitable price provided under subparagraph (A) to increase the revenue to the intrastate pipeline under such sale by an amount determined by the Commission to be adequate to offset the additional cost incurred by such pipeline due to any increase in such pipeline's weighted average acquisition cost of **<I>natural</I>** **<I>gas</I>**.

(3) Limitation

(A) Two-year duration

No authorization of any sale (or any extension thereof) under paragraph (1) may be for a period exceeding two years.

(B) Extension

Any authorization of any sale under paragraph (1), and any extension of any such authorization under this subparagraph, may be extended by the Commission if such extension satisfies the requirements of this subsection.

(4) Adequacy of service to intrastate customers

Any sale authorized under paragraph (1) shall be subject to interruption to the extent that **natural** = **gas** subject to such sale is required to enable the intrastate pipeline involved to provide adequate service to such pipeline's customers at the time of such sale.

(5) Procedural requirements

(A) Affidavit

Any application for authorization of any sale under paragraph (1) shall be accompanied by an affidavit filed by the intrastate pipeline involved and setting forth --20

(i) the identity of the interstate pipeline or local distribution company involved;

(ii) each point of delivery of the **natural** = **gas** from the intrastate pipeline;

(iii) the estimated total and daily volumes of = **natural** **gas** subject to such sale;

(iv) the price or prices of such volumes; and

(v) such other information as the Commission may, by rule, require.

(B) Verification of compliance

Any application for authorization of any sale under paragraph (1) shall be accompanied by a statement by the intrastate pipeline involved verifying by oath or affirmation that such

 sale, if authorized, would comply with all requirements

 applicable to such sale under this subsection and all terms and

 conditions established, by rule or order, by the Commission and

 applicable to such sale.

(6) Termination of sales

(A) Hearing

 Upon complaint of any interested person, or upon the

 Commission's own motion, the Commission shall, after affording

 an opportunity for oral presentation of views and arguments,

 terminate any sale authorized under paragraph (1) if the

 Commission determines --20

 (i) such termination is required to enable the intrastate

 pipeline involved to provide adequate service to the

 customers of such pipeline at the time of such sale;

 (ii) such sale involves the sale of <I>natural</I> =
<I>gas</I> acquired by

 the intrastate pipeline involved solely or primarily for the

 purpose of resale of such <I>natural</I> =
<I>gas</I> pursuant to a sale

 authorized under paragraph (1);

 (iii) such sale violates any requirement of this subsection

 or any term or condition established, by rule or order, by

 the Commission and applicable to such sale; or

 (iv) such sale circumvents or violates any provision of

 this chapter.

(B) Suspension pending hearing

 Prior to any hearing or determination required under

 subparagraph (A), upon complaint of any interested person or

 upon the Commission's own motion, the Commission may suspend

 any sale authorized under paragraph (1) if the Commission finds

 that it is likely that the determinations described in

 subparagraph (A) will be made following the hearing required

 under subparagraph (A).

(C) Determination

The determination of whether any interruption of any sale

authorized under paragraph (1) is required under subparagraph

(A)(i) shall be made by the Commission without regard to the

character of the use of <I>natural</I> <I>gas</I> =
by any customer of the

intrastate pipeline involved.

(D) State intervention

Any interested State may intervene as a matter of right in

any proceeding before the Commission relating to any

determination under this section.

(7) Disapproval of application

The Commission shall disapprove any application for

authorization of any sale under paragraph (1) if the Commission

determines --20

(A) such sale would impair the ability of the intrastate

pipeline involved to provide adequate service to its customers

at the time of such sale (without regard to the character of

the use of <I>natural</I> <I>gas</I> by such =
customer);

(B) such sale would involve the sale of <I>natural</I> =
<I>gas</I> acquired

by the intrastate pipeline involved solely or primarily for the

purpose of resale of such <I>natural</I> =

<I>gas</I> pursuant to a sale

authorized under paragraph (1);

(C) such sale would violate any requirement of this

subsection or any term or condition established, by rule or

order, by the Commission and applicable to such sale; or

(D) such sale would circumvent or violate any provision of

this chapter.

(c) Terms and conditions

Any authorization granted under this section shall be under such

terms and conditions as the Commission may prescribe.

