

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Great Lakes Gas Transmission Limited Partnership

Docket No. RP07-490-000

ORDER ACCEPTING TARIFF SHEETS

(Issued July 30, 2007)

1. On June 15, 2007, Great Lakes Gas Transmission Limited Partnership (Great Lakes) filed the tariff sheets listed on the Appendix, pursuant to section 154.202 of the Commission's regulations, to implement a new expedited firm transportation service under a new Rate Schedule EFT. Great Lakes states that the new service will provide greater flexibility and certainty for shippers that require accelerated and short-notice hourly flow rates on a firm basis to end users such as gas-fired electricity generators. Great Lakes requests that the new service become effective August 1, 2007. The Commission will accept the new Rate Schedule EFT and the related tariff sheets listed on the Appendix, to become effective August 1, 2007, as proposed, as discussed in detail below.

I. Description of Filing

2. Currently, Great Lakes offers firm transportation service at uniform hourly flow rates throughout the gas day, or 1/24th of a shipper's maximum daily quantity (MDQ) each hour. Great Lakes states that its new expedited firm transportation service will permit shippers to choose an hourly flow rate of between 1/4th and 1/16th of its MDQ, and to nominate that service, on a firm basis, at quarter-hour intervals, which will allow shippers up to 96 nominations per day. Great Lakes intends for the 96 nomination windows per day to synchronize with similar hourly service offered by a downstream service provider and will allow Great Lakes to better meet the needs of power plants in Ontario, Canada. Great Lakes claims that this timeframe also represents the minimum period within which Great Lakes estimates it can process a nomination or other actions can be initiated by its Gas Control Division to ready the system to respond to changes in flows. Great Lakes indicates that the increased nomination periods will allow an EFT shipper the opportunity to adjust its nominations as quickly as the quarter-hour prior to

actual gas flow to match the short-notice requirements of the power generation market or any other markets with variable load requirements.

3. Great Lakes' new Rate Schedule EFT, Original Sheet Nos. 56A through 56G, parallels its existing Rate Schedule FT for firm transportation service with the following exceptions, which Great Lakes claims are required by the operational demands of the new service and to maintain the integrity of its system and reliable service to all shippers.

- Section 1(c) requires the shipper to make arrangements acceptable to Great Lakes for service on upstream and downstream transporter(s).
- Section 1(d)(i) requires that any EFT service to an end user location that is directly connected to Great Lakes' system will require that the location be equipped with a flow control device and electronic measurement equipment capable of verifying changes in gas flow on a real-time basis. Since Great Lakes does not have the ability to distinguish the flows of multiple contracts and thereby to determine hourly deliveries for a particular shipper at an end user location, only one shipper agreement can be in effect at a directly-connected end user location at any time.
- Section 1(d)(ii) requires that, if the end user location is not directly connected to Great Lakes' system, Great Lakes must be able to confirm end user deliveries directly with any interconnecting downstream transporter(s).
- Section 2(g) appends Great Lakes existing nomination timeline provisions at section 3.2 of its General Terms and Conditions (GT&C) to offer firm transportation service at an hourly flow rate from 1/16th to 1/4th of the shipper's MDQ. The resulting quantity is the maximum hourly quantity of gas (MHQ) that Great Lakes must deliver in any hour of the gas day. The accelerated flow rate allows the delivery of a shipper's full MDQ in an expedited period of flow (EPF) of less than 24 hours. Great Lakes will not provide EFT service until it receives appropriate confirmation of receipts, deliveries, and hourly rate of gas flow from the upstream and downstream operators at the respective primary receipt and delivery points and from any downstream interconnecting transporter at the end user delivery location.
- Sections 2(h) and (i) require that a shipper's nominations and deliveries to secondary points must conform to Great Lakes' nomination timeline and hourly variation provisions at GT&C sections 3.2 and 3.6, respectively.

- Section 2(j)(i) implements daily imbalance monitoring under Rate Schedule EFT for permissible daily imbalances. Great Lakes will credit to its shippers any penalty imposed and collected, subject to its existing Penalty Revenue Crediting Mechanism at GT&C section 25.
- Section 2(j)(ii) applies to situations and requires actions when the shipper exceeds the permissible daily imbalance during a given gas day (or unauthorized daily imbalance). Great Lakes will credit to its shippers any penalty imposed and collected, subject to its existing Penalty Revenue Crediting Mechanism at GT&C section 25.

4. In its transmittal letter, Great Lakes states that it may be required to obtain upstream No-Notice service or “Hourly”-type firm transportation service with a third-party transportation provider to meet the EFT service requirements to provide accelerated delivery on short notice. Any such third-party transaction(s) will be made in accordance with GT&C sections 9.6 and 22 regarding Third Party Charges and Off-System Capacity, respectively. Alternatively, the EFT shipper may contract for such service directly with a third-party transportation provider.

5. Great Lakes does not plan to allocate any specific amount of capacity to Rate Schedule EFT. Rather, similar to its other firm transportation services, Great Lakes will evaluate requests for EFT service on a case-by-case basis. Any quantity and transportation path(s) that Great Lakes determines are available for firm transportation service will be posted on its website. Great Lakes will then determine on a case-by-case, non-discriminatory basis if it can provide the requested EFT service.

6. In this regard, Great Lakes notes that the quantity currently posted on its website for FT or LFT services represents available capacity on Great Lakes’ system assuming a uniform flow rate over a 24 hour gas day. Because EFT service provides for an accelerated flow rate, the equivalent MDQ available for EFT service will be some quantity less than the quantity posted, with the exact quantity dependent on the specific accelerated flow rate and the corresponding expedited period of gas flow requested. Similarly, a request to convert an existing shipper’s FT capacity to EFT service will result not in a one-for-one conversion, but in a conversion to an equivalent EFT MDQ that is some quantity less than the MDQ of the converted FT contract, depending upon the requested period of accelerated flow and provided that Great Lakes is able to accommodate the change in rate schedule (*e.g.*, locations must meet Great Lakes’ tariff requirements for availability of EFT service).

7. Great Lakes indicates that while its long haul capacity is fully subscribed, pockets of shorter haul capacity exist, primarily in its eastern zone. Great Lakes states that it can use this capacity to facilitate EFT service, since it has experienced minimal success in selling its available eastern zone unsubscribed capacity as traditional FT service.

Because EFT service will only be sold when there is available system capacity, Great Lakes emphasizes that, with the possible exception of interruptible transportation service under Rate Schedule IT, the EFT service will not adversely affect its existing Rate Schedule FT, LFT, and MC shippers with regard to receipt and delivery point flexibility, nomination and scheduling priorities, the allocation of capacity, operating conditions, or curtailment. Great Lakes further points out that the eastern zone is in close proximity to abundant underground storage, which may provide a supply option for shippers desiring EFT transportation. Great Lakes states that it can facilitate such transportation by way of forwardhaul or backhaul EFT service within the eastern zone, or along other paths of its system.

8. Great Lakes states that it based the applicable maximum reservation rates for EFT service on the maximum reservation rates for Rate Schedule FT, since EFT is a firm transportation service. However, to recognize that EFT shippers may flow their full MDQ at an accelerated rate and thereby in an expedited period of less than 24 hours over the course of a gas day, Great Lakes adjusts the maximum reservation fee to reflect the applicable expedited period of gas flow (EPF) using the following formula:

$EFT = FT * (24/EPF)$ where:

EFT = EFT Reservation Fee

FT = Applicable FT Reservation Fee

24 = Number of Hours in a Gas Day

EPF = MDQ/MHQ (Maximum Daily Quantity under the EFT Agreement divided by the Maximum Hourly Quantity under the EFT Agreement).

9. The usage rates applicable to service under Rate Schedule EFT shall be the same as those rates applicable to service under Rate Schedule FT. Any EFT shipper must also pay the applicable ACA charge and for fuel used by Great Lakes to provide the EFT service, as set forth in Great Lakes' tariff.

10. In its transmittal letter, Great Lakes asserts that because it bases the proposed EFT rates on its existing Commission-approved, cost-based FT rates, a "just and reasonable foundation has been presented for the EFT rates." Great Lakes states that, because this is a new and optional service and because it is not presently able to predict the extent to which this service will be used, it cannot determine with precision the revenue which may be expected from this service for the twelve months commencing August 1, 2007. However, because quantities sold under Rate Schedule EFT would supplant available FT capacity, Great Lakes states that it believes that the potential for any incremental revenue under the proposed service relates primarily to the sale of previously unmarketable pockets of capacity, and would be *de minimis*.

11. Great Lakes' filing also includes ministerial changes to its tariff GT&C and its *pro forma* service agreement for firm transportation service to define and properly reference the new EFT service and related terms. The filing also includes Appendix B that shows the contracting, pricing, and revenue characteristics of EFT service as compared to its FT service, as required by section 154.202 of the Commission's regulations.

II. Notice, Interventions, and Comments

12. Notice of this filing was issued June 20, 2007, with interventions, comments and protests due as provided under section 154.210 of the Commission's regulations (18 C.F.R. §154.210 (2007)). Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2007), all notices of intervention and timely, unopposed motions to intervene, and any out-of-time motions to intervene filed before the issuance date of this order are granted. Minnesota Energy Resources Corporation (MERC) and Wisconsin Public Service Corporation (WPSC) filed the joint comments discussed below. On July 19, 2007 Great Lakes filed an answer to the comments. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 213(a)(2)(2007), prohibits answers to protests unless otherwise ordered by the decisional authority. We will accept Great Lakes' answer discussed below because it provides information that assisted us in our decision-making process.

A. MERC's and WPSC's Joint Comments

13. MERC and WPSC expressed a number of concerns with, and objections to, Great Lakes' proposed EFT service. First, MERC and WPSC are concerned that Great Lakes' proposal may cause an increased burden on the local distribution company (LDC) because the LDC may be responsible for balancing EFT customers to the extent that such customers reside behind the LDC citygate. MERC and WPSC assert that this increased burden must not impact the flexibility and services the LDC receives under its existing FT contracts. Next, MERC and WPSC argue that an LDC should not have its service restricted via limitations or reduced flows when a new EFT shipper overruns its contract. MERC and WPSC state that while they understand that Great Lakes proposes to install flow control at the meters of EFT customers directly interconnected with Great Lakes, they oppose installation of flow control at the LDC citygates so that Great Lakes can offer this EFT service. MERC and WPSC assert that they do not support a new service that would degrade the firm services that they currently receive from Great Lakes, including pressure characteristics to the MERC and WPSC citygates. Last, MERC and WPSC note that Great Lakes does not propose to assign costs to this service. MERC and WPSC request that, at a minimum, the Commission should require Great Lakes to file a report within twelve months of the commencement of service and each twelve months thereafter reporting volumes of service provided and revenues received under the new EFT service.

B. Great Lakes' Answer

14. In response to MERC's and Wpsc's concern that the new service may impose new burdens on LDCs, Great Lakes states that there will be no additional burden for an LDC because the new EFT service will not result in any change to the LDC's existing procedures. Great Lakes states that just as required under its existing Rate Schedule FT service, to the extent that a shipper securing Great Lakes' EFT service resides behind a downstream LDC citygate, the contracting party will be required to secure transportation capacity with the LDC. The contracting party will then be subject to the usual balancing provisions of the LDC's tariff. Thus, the EFT service will not result in any additional burden to the LDC and will not reduce the flexibility and services the LDC currently receives under its firm contracts with Great Lakes.

15. As noted above, MERC and Wpsc also expressed concern that their service could be restricted via limitations or reduced flows when a new EFT shipper overruns its contract. In addition, MERC and Wpsc do not support a new service that would degrade the firm services that they currently receive from Great Lakes, including pressure characteristics to the MERC and Wpsc citygates.

16. Great Lakes responded that it designed the EFT service with parameters to ensure that its other services will not be degraded. First, Great Lakes states that it will only award EFT service with the shipper's desired MHQ and MDQ after it first determines, on a case by case, non-discriminatory basis, that this capacity is available. This determination will include ensuring that Great Lakes can maintain all of its firm commitments if the EFT service is awarded. Great Lakes states that once service is awarded, EFT shippers will be required to stay within the parameters of their EFT flow rates and scheduled nominations, as facilitated via the proposed 96 EFT nomination windows. Great Lakes emphasizes that shippers will not be allowed to overrun the MHQ and MDQ associated with their EFT service. Great Lakes states that it will strictly enforce all parameters of EFT service and use flow control when necessary to ensure that its services to other shippers are not degraded.

17. MERC and Wpsc stated that while they understood that Great Lakes proposes to install flow control at the meters of EFT customers directly interconnected with Great Lakes, they opposed installation of flow control at the LDC citygates. Great Lakes responded that it proposes to install flow control only at those end use points requesting EFT service that are directly connected to Great Lakes' system, citing Original Sheet No. 56A.

18. With respect to the request to impose an annual reporting requirement on its new EFT service, Great Lakes refers to its transmittal letter, wherein it states that quantities sold under Rate Schedule EFT will supplant available FT capacity. Consequently, Great Lakes asserts that the potential for any incremental revenue under the proposed EFT

service relates primarily to the sale of previously unmarketable pockets of capacity, and is therefore minimal. Great Lakes states its intent, as demonstrated in Appendix B to its filing, that no incremental revenue is realized when, all other things being equal, the same quantity of daily available firm capacity is sold as EFT or FT service. Further, Great Lakes notes that volume and revenue information for EFT is subject to existing reporting requirements such as FERC Form Nos. 2 and 3Q, the Transactional Report and the Index of Customers Report, under the Commission's regulations at sections 260.1, 260.300, and 284.13(b)(c). Great Lakes asserts that these existing reports provide more than adequate access to information about Great Lakes EFT service for interested parties to monitor Great Lakes' EFT activity and revenues. Any report would reflect data already obtainable by MERC and WPSC.

III. Discussion

19. We find that MERC's and WPSC's concerns are fully addressed by Great Lakes, and find that the proposed revised tariff sheets are just and reasonable, and will accept them as proposed. Many LDCs hold firm capacity that they cannot use at all times of the year to ensure that they have sufficient firm capacity to serve their peak needs, and offer the unused portion of their capacity for release on the secondary market. Further, Great Lakes proposes to offer the new expedited firm service on an "as available basis" only following a case-by-case analysis of whether the delivery point requested for the EFT service can accommodate the swing patterns of any service requested at that point without impairing the rights of its other existing firm shippers.

20. In general, the Commission finds that Great Lakes' new expedited service will provide shippers with the added flexibility to alter their hourly flows to support swings in demand. Further, our review of Great Lakes' new EFT rate schedule shows that the proposed terms and conditions of that service, including the revenue crediting mechanism, track similar variable hourly transportation services approved by the Commission.¹ Similar to those approved services, Great Lakes' formula to derive the EFT rate conforms to the approved formulae for those comparable services.² Further, consistent with the cases cited, Great Lakes will employ the same scheduling and curtailment priority as its existing FT and other firm services to provide its EFT service.

¹ See, e.g., *Vector Pipeline L.P.*, 103 FERC ¶ 61,391 (2003); *Panhandle Eastern Pipe Line Co.*, 90 FERC ¶ 61,119 (2000), *reh'g granted*, 91 FERC ¶ 61,174 (2000), *reh'g granted*, 93 FERC ¶ 61,211 (2000); and *ANR Pipeline Co.*, 89 FERC ¶ 61,210 (1999).

² See, e.g., *Vector Pipeline L.P. (Rate Schedule FT-H)*, FERC Gas Tariff, Original Volume No. 1, Seventh Revised Sheet No. 21, Footnote 3; *also Panhandle Eastern Pipe Line Co. (Rate Schedule HFT)*, FERC Gas Tariff, First Revised Volume No. 1, Original Sheet No. 117, section 3.1 (a).

21. Based on these representations and Commission precedent, we will accept the tariff sheets implementing the new firm service to become effective August 1, 2007, as requested.

The Commission orders:

The tariff sheets listed in the appendix are accepted, effective August 1, 2007, as proposed.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

Appendix

Great Lakes Gas Transmission Limited Partnership
FERC Gas Tariff, Second Revised Volume No. 1

Tariff Sheets Effective August 1, 2007:

Twentieth Revised Sheet No. 1	Third Revised Sheet No.44
Ninth Revised Sheet No. 4	Eleventh Revised Sheet No. 45
Eighth Revised Sheet No. 8	Fourth Revised Sheet No. 45A
Seventh Revised Sheet No. 8A	Sixth Revised Sheet No. 46
Thirteenth Revised Sheet No. 9	Sixth Revised Sheet No. 50A
Third Revised Sheet No. 9A	Fourth Revised Sheet No. 50Q
First Revised Sheet No. 9B	Original Sheet No. 56A
Twelfth Revised Sheet No. 10	Original Sheet No. 56B
Eighth Revised Sheet No. 13	Original Sheet No. 56C
Fourth Revised Sheet No. 14	Original Sheet No. 56D
Eighth Revised Sheet No. 22	Original Sheet No. 56E
Fifth Revised Sheet No. 24	Original Sheet No. 56F
Fourth Revised Sheet No. 25	Original Sheet No. 56G
Sixth Revised Sheet No. 39	Tenth Revised Sheet No. 65
Sixth Revised Sheet No. 39B	Fifth Revised Sheet No. 66
Thirteenth Revised Sheet No. 40	Eleventh Revised Sheet No. 84
Tenth Revised Sheet No. 40A	Fourth Revised Sheet No. 85
Ninth Revised Sheet No. 42A	Third Revised Sheet No. 86
Sixth Revised Sheet No. 43	Second Revised Sheet No. 86.01