

126 FERC ¶ 61,309
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 31, 2009

In Reply Refer To:
Northwest Pipeline GP
Docket No. RP09-396-000

Northwest Pipeline GP
P.O. Box 58900
Salt Lake City, Utah 84158-0900

Attention: Lynn Dahlberg
Manager, Certificates and Tariffs

Subject: Fuel Reimbursement Factors

Dear Ms. Dahlberg:

1. On February 26, 2009, Northwest Pipeline GP (Northwest) filed a revised tariff sheet updating the fuel reimbursement factors (Factors) for various transportation and storage services,¹ and requested a limited waiver of section 14.12 (Fuel Gas Reimbursement) of the General Terms and Conditions (GT&C) of its tariff and temporary waiver of section 15.10 (Assessment of Shipper Imbalance Penalties) of the GT&C. The Commission grants the requested waivers of sections 14.12 and 15.10 of the GT&C, as discussed herein. The revised tariff sheet is accepted to be effective April 1, 2009, as requested.

2. Northwest proposes (1) no change from the 1.85 percent fuel reimbursement factor for services under transportation service Rate Schedules TF-1, TF-2, TI-1 and DEX-1,² (2) a decrease from 0.27 percent to 0.18 percent in the Factor for underground storage service Rate Schedules SGS-2F and SGS-2I, (3) a decrease from 2.03 percent to 1.72

¹ Third Revised Sheet No. 14 to Northwest's FERC Gas Tariff, Fourth Revised Volume No. 1.

² In addition to the Rate Schedule TF-1 Factor, a fixed 0.50 percent Evergreen Expansion Incremental Surcharge applies to the quantity of gas nominated for receipt at the Sumas, SIPI, or Pacific Pool receipt points under the Evergreen Expansion service agreements.

percent in the Factor for liquefied natural gas storage service Rate Schedules LS-1, LS-2F and LS-2I, and (4) no change from the 0.00 percent Factor for lateral service Rate Schedules TFL-1 and TIL-1.

3. Public notice of Northwest's filing was issued on March 3, 2009. Interventions and protests were due as provided for in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2008). No protests or comments were filed. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), all timely motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted.

4. Northwest states that the Rate Schedules TFL-1 and TIL-1 became effective coincident with the in-service date of the Parachute Lateral,³ and since then it has experienced a gain in its lost and unaccounted-for (L&U) gas on the Parachute Lateral. Northwest contends that despite the L&U gain, the line pack on the Parachute Lateral has remained relatively constant because of offsetting imbalances held on Operational Balancing Agreements. Northwest asserts that it conducted a measurement audit and found no measurement problems, further noting that parties that interconnect with Northwest on the Parachute Lateral completed their own audits and/or participated in Northwest's audit, and were satisfied with the audit results pending the results of an independent third-party audit.

5. In November 2008, the independent third-party auditor determined that the current L&U gain of about 0.72 percent of the total quantities transported on the Parachute Lateral was within expected variances. Northwest states that the Parachute Lateral has almost no fuel to offset the L&U gain, so that the Factor calculated in accordance with section 14.12 of the GT&C would be less than zero percent, in effect, requiring Northwest to deliver more gas than it receives for every nomination in order to distribute the gain to its customer.⁴

6. Northwest requests a limited waiver of section 14.12 of the GT&C to be allowed to distribute the L&U gain to its single customer on the Parachute Lateral by creating a one-time shipper imbalance when Northwest owes gas to its customer, rather than utilizing a Factor. Northwest contends that its scheduling system is not programmed to accommodate a Factor that is less than zero percent, and if it did use a negative Factor, it would need to receive gas payback from interconnecting parties on Operational Balancing Agreements at the same rate that Northwest is distributing gas to its customer

³ See *Northwest Pipeline Corp.*, 116 FERC ¶ 61,151 (2006) (granting certificate authorization for Parachute Lateral).

⁴ Section 14.12 of the GT&C states, "In addition to the payments for transportation and storage, Shipper will reimburse Transporter for Shipper's *pro rata* share of gas used for fuel, including lost or gained and unaccounted-for gas, based on a fuel use requirements factor."

via the Factor in order to maintain the system line pack. Additionally, Northwest states that it currently does not have any tariff or contractual mechanisms to require interconnecting parties to payback the gas at a specified rate. In contrast, if the shipper imbalance is accepted, Northwest's tariff has provisions for eliminating shipper imbalances, such as netting and trading, that can be used to eliminate the proposed shipper imbalance in a manner that does not cause operational problems or require tariff revisions.

7. Northwest states that if its request for limited waiver of section 14.12 of the GT&C is granted to allow Northwest to create the one-time shipper imbalance, it also requests that the Commission grant a twelve-month waiver of section 15.10 of the GT&C for the shipper imbalances it proposes creating to allow the customer ample time to resolve the shipper imbalance that Northwest proposes to create without incurring imbalance penalties.

8. Northwest states that if its pending request before the Commission in Docket No. CP09-66-000 to abandon its certificate authority to operate the Parachute Lateral facilities is granted, then this will be the last fuel reimbursement factor filing made by Northwest for the Parachute Lateral and going forward the imbalances involving the Parachute Lateral would be managed by Parachute Pipeline, LLC, the passive owner and future operator of the Parachute Lateral facilities.

9. Northwest's request for limited waiver of section 14.12 of the GT&C is granted for good cause shown, and the Commission will permit Northwest to create a one time shipper imbalance to distribute the L&U gain associated with the Parachute Lateral. Distributing the L&U gain associated with the Parachute Lateral via a one-time shipper imbalance is more efficient than utilizing a negative fuel reimbursement factor. In addition, Northwest's request for a twelve month waiver of section 15.10 of the GT&C is granted, to permit Northwest to waive the imbalance penalties associated with the one-time shipper imbalance on the Parachute Lateral.

By direction of the Commission.

Kimberly D. Bose,
Secretary.