

130 FERC ¶ 61,062  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

January 26, 2010

In Reply Refer To:  
Northern Natural Gas Company  
Docket No. RP10-294-000

Northern Natural Gas Company  
1111 South 103<sup>rd</sup> Street  
Omaha, NE 68124-1000

Attention: Mary Kay Miller  
Vice President, Regulatory and Government Affairs

Reference: Interim Periodic Rate Adjustment for Market Area Winter Fuel

Ladies and Gentlemen:

1. On January 7, 2010, Northern Natural Gas Company (Northern) filed 34 Revised Sheet No. 54 and 29 Revised Sheet No. 62 to its FERC Gas Tariff, Fifth Revised Volume No. 1. Northern requests waiver of section 53A of the General Terms and Conditions (GT&C) of its tariff that provides for a periodic rate adjustment (PRA) filing for Northern's Market Area winter fuel percentage to be effective each November 1. Northern also requests waiver of section 154.207 of the Commission's regulations to allow the tariff sheets to become effective February 1, 2010.

2. Section 53A of Northern's GT&C provides for the filing of a PRA for, among other things, the Market Area winter fuel retention percentage effective each November 1. The tariff provides that the Market Area winter fuel percentage is based upon actual data for the previous winter's five-month period of November through March. Northern's most recent PRA filing for Market Area winter fuel was made on May 1, 2009, in Docket No. RP09-569-000 (2009 PRA). In the 2009 PRA filing Northern proposed to lower the Market Area winter fuel percentage to 1.49 percent. The Commission accepted the filing effective November 1, 2009.<sup>1</sup>

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<sup>1</sup> Unpublished Letter Order dated October 15, 2009, in Docket No. RP09-569-000.

3. Northern states the revised tariff sheets are being filed as an Interim PRA to lower the Market Area winter fuel retention percentage from 1.49 percent to 0.17 percent effective February 1, 2010, based on the fact that actual Market Area winter fuel data for the period November 1, 2009 through December 31, 2009, shows fuel being consumed at a much lower percentage than 1.49 percent, and a significant overcollected balance. Northern states this reduction in fuel use is the direct result of Northern receiving more volumes from Northern Border Pipeline Company (NBPL), in the middle of Northern's Market Area, and receiving lesser volumes from the Demarc group, the receipt points on the south end of Northern's Market Area. Compared to November and December 2008, Northern states that volumes received from NBPL in November and December 2009 increased by 11 percent while volumes received from Demarc showed a 32 percent decrease.

4. Northern states it is making this filing in anticipation of continued lower Market Area winter fuel volumes for the remainder of the 2009 heating season to avoid a significant overrecovered position at the end of the period and to give shippers the benefit of the reduced Market Area winter fuel percentage on a more real time basis. Northern states during 2009 the Commission accepted two interim PRAs to lower its unaccounted for percentage that were made to address significant over recoveries in Northern's PRA balances, which were putting pressure on Northern's underground storage fields at a time of high storage inventories for the industry and Northern in particular. Northern states the current proposal is intended to address a similar storage field issue to avoid Northern having to hold another large over recovered balance through the summer of 2010.

5. Notice of Northern's filing was issued on January 8, 2010. Interventions and protests were due January 14, 2010, as provided by section 154.210 of the Commission's regulations. Pursuant to Rule 214,<sup>2</sup> all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties. No protests were filed.

6. On January 19, 2010, Minnesota Energy Resources Corporation (MERC) filed a Motion to Intervene Out of Time and Comments. MERC states it does not oppose the filing and welcomes a more accurate fuel rate, but adds that Northern's repeated interim PRA adjustments make seasonal planning difficult and may add administrative complexity.

7. Northern has shown good cause for its waiver requests. It has shown that the impact of declining volumes from the Demarc group and increased volumes from NBPL has resulted in a significant reduction in fuel use and a significant overcollected balance. Therefore, the Commission will grant Northern's request for waiver of section 53A of its

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<sup>2</sup> 18 C.F.R. § 385.214 (2009).

GT&C to implement interim adjustments to the fuel retention percentage tracker in its revised tariff sheets, and grant waiver of the 30-day notice requirement.

8. The Commission accepts 34 Revised Sheet No. 54 and 29 Revised Sheet No. 62 to Northern's FERC Gas Tariff, Fifth Revised Volume No. 1, effective February 1, 2010.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.