

130 FERC ¶ 61,227
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 19, 2010

In Reply Refer To:
Northern Natural Gas Company
Docket No. RP10-354-000

Northern Natural Gas Company
1111 South 103rd Street
Omaha, NE 68124-1000

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

Reference: Periodic Fuel Rate Adjustment and Related Waiver Request

Ladies and Gentlemen:

1. On February 1, 2010, Northern Natural Gas Company (Northern) filed revised tariff sheets¹ 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 and is proposing to base the Summer Season fuel percentage on a combination of actual fuel and throughput data from the summer of 2007 and 2009. Northern requests that the revised tariff sheets be made effective April 1, 2010.

2. Northern states the revised tariff sheets are being filed in accordance with sections 53A and 53B of its GT&C. The filing establishes the Field Area and Storage fuel percentages to be in effect for the April 1, 2010 through March 31, 2011 annual period, based on actual data for the twelve-month period January 1, 2009 through December 31, 2009. The Field Area percentage in Section 1 (Permian Area) decreased from 1.01 percent to 0.95 percent. The Field Area percentage in Section 2 (Mid-Continent Area) increased from 0.90 percent to 1.04 percent. The Storage field area increased from 0.91 percent to 1.63 percent. The filing also establishes the Market Area fuel percentage to be in effect for the summer season of April 1, 2010 through October 31, 2010. The Market Area percentage in Section 3 (Market Area) decreased

¹ See the Appendix for a list of revised tariff sheets to be effective April 1, 2010.

from 2.68 percent to 0.43 percent when using actual data from April 2007 through June 2007 and July 2009 through October 2009.

3. Northern is requesting waiver of section 53A of its tariff in order to base the summer season percentage on a combination of actual fuel and throughput data from the summers of 2007 and 2009. Northern explains that these data are more representative of the shippers' receipt point nominations than the data from the entire 2009 summer season. Northern further states this will reduce the summer season fuel percentage from that derived using actual 2009 data, as would otherwise be required by section 53A.

4. This filing also establishes the unaccounted for (UAF) percentage to be in effect for both the Market and Field Area for the annual period of April 1, 2010 through March 31, 2011, based on actual data for the twelve-month period of January 1, 2009 through December 31, 2009. The UAF percentage decreased from 0.32 percent to a -0.16 percent. Since the UAF percentage is negative, Northern proposes to continue the same accounting mechanism currently in effect for those transactions where only UAF is applicable. Northern states it will also issue a volume credit on the shippers monthly imbalance statement equivalent to the -0.16 percent UAF for April 2010 through March 2011.

5. In accordance with section 53B, the filing also establishes the Market Area Electric Compression (ECM) charge to be in effect, for the April 1, 2010 through March 31, 2011, annual period, based on actual data for the twelve-month period January 1, 2009 through December 31, 2009. The ECM commodity surcharge increased from \$0.0003 to \$ 0.0006.

6. As noted above, Northern requests waiver of section 53A of the GT&C of its tariff in order to use the actual fuel and throughput data from the periods April 1, 2007 through June 30, 2007, and from July 1, 2009 through October 31, 2009, as the basis of the 2010 Summer Season fuel percentage in the Market Area. Northern notes that the Market Area shippers have shifted large quantities of receipts away from the Demarc group on the south end of the Market Area to receipts from Northern Border Pipeline Company in the middle of the Market Area.² Less compression is needed for movements on Northern's system when gas is received in the middle of the Market Area, rather than the south end of the Market Area, and therefore less fuel is used by Northern. Northern contends that if it calculated the Summer Season percentage using the tariff-specified period of April 1, 2009 through October 31, 2009, which reflects the pre-shift positions of shippers,

² In further support of its waiver request, Northern states that the reasons for this shift were discussed in its recent interim fuel adjustment filing for Market Area Winter Season fuel, which the Commission approved on January 26, 2010; *See Northern Natural Gas Company*, 130 FERC ¶ 61,062 (2010) (January Order).

Northern would collect over-recoveries similar to those that needed to be mitigated in the January 26 interim fuel adjustment order. Northern has included schedules that show if the full summer 2009 data is used, the Market Area summer season fuel percentage, with true up, would be 0.79 percent rather than the 0.43 percent shown. Northern believes that the granting of this waiver is in the public interest because it gives Market Area shippers a lower 2010 Summer Season fuel percentage and significantly reduces the need for another interim fuel adjustment for the 2010 summer season.

7. Public notice of Northern's filing was issued on February 4, 2010. Interventions and protests were due February 16, 2010, as provided by section 154.210 of the Commission's regulations (18 C.F.R § 154.210 (2009)). Pursuant to Rule 214(18 C.F.R. § 385.214 (2009)), all timely filed motions to intervene and any motion 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.

8. The Commission finds Northern has shown good cause for its waiver request. Granting the waiver will provide Market Area shippers a lower 2010 Summer Season fuel percentage and significantly reduces the potential for another interim fuel adjustment to mitigate over-recoveries. Therefore, the Commission grants Northern's request for waiver of section 53A of its GT&C to allow use of the actual fuel and throughput data from the periods of April 1, 2007 through June 30, 2007 and from July 1, 2009 through October 31, 2009 as the basis of the 2010 Summer Season fuel percentage in the Market Area.

9. Accordingly, the Commission accepts the revised tariff sheets listed in the attached Appendix, effective April 1, 2010.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

APPENDIX

Northern Natural Gas Company
FERC Gas Tariff, Fifth Revised Volume No. 1
Tariff Sheets to be effective April 1, 2010

79 Revised Sheet No. 50
80 Revised Sheet No. 51
43 Revised Sheet No. 52
83 Revised Sheet No. 53
35 Revised Sheet No. 54
38 Revised Sheet No. 60
18 Revised Sheet No. 60A
28 Revised Sheet No. 61
30 Revised Sheet No. 62