

134 FERC ¶ 61,204  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

March 16, 2011

In Reply Refer To:  
Northern Natural Gas Company  
Docket No. RP11-1773-000

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

Attention: Dari R. Dornan, Senior Counsel

Reference: Non-Conforming Service Agreement and Waiver Request

Ladies and Gentlemen:

1. On February 14, 2011, Northern Natural Gas Company (Northern) filed a non-conforming service agreement and associated tariff records<sup>1</sup> to be effective March 17, 2011. Northern also requests waiver of the six-month time limit for prior period billing adjustments provided by section 8 of the General Terms and Conditions (GT&C) of Northern's FERC Gas Tariff. The Commission accepts the revised tariff records, to be effective March 17, 2011, and grants the requested waiver.

2. The filed agreement amends and extends a prior agreement between Northern and Flint Hills Resources, LP (Flint Hills). Northern had filed the prior agreement with the Commission as a non-conforming agreement.<sup>2</sup> Northern identifies two non-conforming provisions in the amended agreement that did not appear in the prior agreement. First, Northern explains that the amended agreement includes a provision that adjusts Flint Hills' prior monthly bills for certain Gas Cost Savings related to the application of the discounted rate to alternate receipt points. Once the Gas Cost Savings for the contract year have been determined, Northern explains that it will adjust the monthly bills for the prior contract year to include 50 percent of the Gas Cost Savings involving service related to these alternate receipt points. Northern requests waiver of the six-month time

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<sup>1</sup> See Appendix.

<sup>2</sup> *Northern Natural Gas Co.*, 115 FERC ¶ 61,270 (2006), *order on reh'g*, 118 FERC ¶ 61,053 (2007).

limit for prior period billing adjustments contained within section 8 of its GT&C in order to adjust prior bills for the Gas Cost Savings as provided by the agreement.

3. Explaining the second additional non-conforming provision, Northern states that in return for receiving the discounted rates, Flint Hills will use this agreement to service the first 102,200 Dth/day of its requirements.

4. Public notice of the filing was issued on February 15, 2011. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2010)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2010)), all timely filed motions to intervene and any unopposed 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 the proceeding or place additional burdens on existing parties. No comments or protests were filed.

5. The additional non-conforming provisions incorporated into the amended agreement are permissible deviations. One provision allows Northern to modify prior monthly bills for service pursuant to the discounted rate agreement at the conclusion of the contract year. These modifications would occur after the expiration of the six-month adjustment period permitted by section 8 of Northern's GT&C. However, this provision exists solely to effectuate the Gas Cost Savings adjustment which is part of the discounted rate that Northern and Flint Hills have agreed upon. Because this provision does not present a substantial risk of undue discrimination among shippers, the non-conforming language is permissible and the Commission grants the necessary waiver to permit the adjustment for the Gas Cost Savings for the contract year.

6. Second, the agreement provides that "[i]n consideration for Northern agreeing to the rates contained herein, [Flint Hills] agrees to use this Agreement to serve the first 102,200 Dth/day of [Flint Hills'] requirements."<sup>3</sup> A prior non-conforming agreement between Northern and Flint Hills included a similar provision.<sup>4</sup> Such a provision is consistent with the purpose of the discounted agreement to retain Flint Hills' load on Northern's system, and is not unduly discriminatory; thus it is a permissible deviation.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.

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<sup>3</sup> Paragraph 5 of the agreement.

<sup>4</sup> See Docket No. RP06-339-000, *et al.*, May 1, 2006 Filing, Contract No. 111404, Paragraph (1)(h).

**Appendix**

Northern Natural Gas Company  
FERC Gas Tariffs  
Tariff Records Accepted Effective March 17, 2011

Sheet No. 80A, Non-Conforming Service Agreements, 3.0.0  
Section No. 1, Table of Contents, 5.0.0  
Section No. 10, Flint Hills 111404, 0.0.0