

137 FERC ¶ 61,086  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Philip D. Moeller, John R. Norris,  
and Cheryl A. LaFleur.

National Fuel Gas Supply Corporation

Docket No. RP11-2594-000

ORDER ACCEPTING TARIFF RECORDS, SUBJECT TO CONDITION

(Issued October 27, 2011)

1. On September 27, 2011, National Fuel Gas Supply Corporation (National Fuel) filed revised tariff records<sup>1</sup> to establish a new plant thermal reduction (PTR) service to be effective October 27, 2011. The filing includes, among other things, a new Rate Schedule PTR, a new Section 24 of the General Terms and Conditions (GT&C), and a new form of service agreement for service under Rate Schedule PTR. As discussed below, the Commission waives the 30-day notice period in section 154.207 of the Commission's regulations and accepts the tariff records listed in the Appendix to be effective October 27, 2011, subject to the condition discussed below.

**I. Description of National Fuel's Filing**

2. National Fuel asserts that the proposed tariff filing will clarify the terms and conditions applicable to the transportation of hydrocarbons it receives and transports to certain processing plants in the State of Pennsylvania and the removal of hydrocarbons at the plants. National Fuel states that the PTR service will apply to the transportation of liquefiable hydrocarbons (hereinafter, liquifiabiles) it receives in natural gas streams in Clarion, Warren, McKean, Forest, Elk, and Jefferson Counties, Pennsylvania. National Fuel states that Rate Schedule PTR will apply to transportation that takes place upstream or "behind" processing plants where liquifiabiles are removed from the gas stream. Currently these liquifiabiles are transported under National Fuel's Rate Schedule IG, which applies to interruptible gathering activities of both liquefiabiles and natural gas.

3. National Fuel asserts that, aside from any Commission filing fees (of which there are currently none) and costs of new facilities, the only charge for the new PTR service will be the currently effective rate under Rate Schedule IG. Thus, National Fuel proposes to use the Rate Schedule IG rate of \$0.2900 per Dth for transportation of liquefiabiles

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<sup>1</sup> See Appendix.

under the new Rate Schedule PTR. National Fuel states that, since it does not currently apply the retainages for Fuel and Company Use and for Transportation LAUF to Rate Schedule IG services, it would not apply those retainages to PTR quantities. In addition, National Fuel states the Annual Charge Adjustment (ACA) should not apply to Rate Schedule PTR quantities. National Fuel states that it does not currently apply the ACA surcharge to quantities shipped under the Rate Schedule IG charge, because those quantities are subject to downstream transportation commodity charges to which the ACA surcharge applies. Therefore, National Fuel requests waiver of section 154.402 of the Commission's regulations,<sup>2</sup> as may be necessary, to maintain the revenue neutrality of its proposal.

4. National Fuel states that approval of its proposed tariff records would separate the transportation of liquefiabiles from the transportation of natural gas. The natural gas would continue to be shipped under Rate Schedule IG, but the liquefiabiles would be shipped under the new Rate Schedule PTR. National fuel states that transportation of liquefiabiles received into its newly-designated "Unprocessed Gas System" and liquefied at a third-party processing plant should be covered under a separate contract, distinct from the transportation of natural gas that is shipped through third-party processing facilities and onto its downstream system.

5. National Fuel asserts that the new Rate Schedule PTR would apply only to transportation of liquifiabiles which are transported to any of the third-party processing plants on its system and would not apply to transportation of liquifiabiles to National Fuel's wholly owned Heath Station (Heath) processing plant. National Fuel states that this is because the liquids removed at National Fuel's Heath plant are owned by National Fuel and the associated revenues have been treated as a cost of service credit in its rate cases. Thus, there is no need for a separate service agreement for the liquifiabiles.

6. National Fuel states that shippers under Rate Schedule PTR will not be required to nominate their own quantities. When the related gas stream is scheduled for transportation, National Fuel would place a nomination on the shippers behalf based on current production data or a reasonable estimate of current production. National Fuel also contends that, because quantities are allocated as measured, imbalances would not occur with respect to quantities shipped under Rate Schedule PTR.

7. In addition, National Fuel proposes a new Section 24 of its GT&C, "Transportation Through Transporter's Unprocessed Gas System," which contains three key subsections. First, Section 24.1 designates its Unprocessed Gas System as the facilities in Clarion, Warren, McKean, Forest, Elk and Jefferson Counties, Pennsylvania, upstream of Transporter's Heath Station and the Kane, Roystone, and Whitetail

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<sup>2</sup> 18 C.F.R. § 154.402 (2011).

Processing Plants operated by third-parties. Second, Section 24.2 sets forth a requirement that gas shipped by National Fuel downstream of the processing facilities on its system must be processed either at the Heath plant or under a processing agreement with one or more of the third-party processors on National Fuel's system. Finally, Section 24.3 states that, after the implementation of changes to National Fuel's business system that are required for implementation of the new Rate Schedule PTR, each shipper of the Related Gas Stream (i.e. the shipper of the natural gas that is transported along with the liquefiabiles) shall act as agent, for purposes of invoicing and payment of charges under Rate Schedule PTR, for the shipper of the associated liquefiabiles.

8. National Fuel also proposes a new form of service agreement for PTR service. The new form of service agreement is also reflected on a proposed tariff record listing National Fuel's various forms of service agreements.

9. National Fuel asserts that its proposed Rate Schedule PTR is adopted from similar provisions contained in the tariffs of Southern Natural Gas Company (Southern) and Tennessee Gas Pipeline Company (Tennessee).

10. Finally, National Fuel filed, in accordance with section 154.7(a)(9) of the Commission's regulations,<sup>3</sup> to reserve the right to file a later motion to place any suspended sections of its tariff filing into effect at the end of the suspension period.

## **II. Public Notice, Interventions, and Protest**

11. Notice of National Fuel's filing was issued on September 28, 2011. Interventions and protests were due October 11, 2011, as provided in section 154.210 of the Commission's regulations.<sup>4</sup> Pursuant to Rule 214,<sup>5</sup> all timely filed motions to intervene and any unopposed 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.

12. On October 11, 2011, an intervention and protest was filed by the Pennsylvania Independent Oil & Gas Association (PIOGA). Among other things, PIOGA contended that adding Rate Schedule PTR would create an additional and unnecessary level of tariff compliance for producers. For example, PIOGA expressed concern as to whether shippers under the new Rate Schedule PTR would be required to meet GT&C

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<sup>3</sup> 18 C.F.R. § 154.7(a)(9) (2011).

<sup>4</sup> 18 C.F.R. § 154.210 (2011).

<sup>5</sup> 18 C.F.R. § 385.214 (2011).

requirements such as the creditworthiness requirements in Section 31 of GT&C or the warranty of title to gas sold under Section 7 of the GT&C of National Fuel's tariff.

13. On October 17, 2011, an answer to the protest was filed by National Fuel. Among other things, National Fuel clarified that producers would not have to nominate or resolve imbalances, nor would they receive monthly bills from National Fuel for providing the service. In addition, National Fuel stated that it would presume that its interconnected producers are creditworthy with respect to the modest level of monthly charges that would be associated with PTR service. National Fuel maintained that producers would be subject to reevaluation only in particular cases where such charges are not paid on a timely basis. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2011), prohibits an answer to a protest unless otherwise ordered by the decisional authority. The Commission accepts National Fuel's answer because it has provided information that assisted our decision-making process.

14. On October 25, 2011, pursuant to Rule 216 of the Commission's Rules of Practice and Procedure,<sup>6</sup> PIOGA filed a request to withdraw its protest, stating that National Fuel's answer had addressed its concerns; PIOGA also stated its intention that the withdrawal becomes effective immediately.

### **III. Discussion**

15. The Commission has reviewed National Fuel's filing and finds that National Fuel's proposed Rate Schedule PTR is similar to liquefiabiles rate schedules offered by other natural gas pipelines.<sup>7</sup> However, National Fuel's request for waiver of section 154.402 of the Commission's regulations regarding applicability of ACA charges to Rate Schedule PTR is denied. National Fuel cites Southern and Tennessee as pipelines after whom National Fuel has modeled its new Rate Schedule PTR. However, both Southern and Tennessee appear to assess the ACA charge to their transportation of liquefiabiles.<sup>8</sup> Further, section 154.402 of the Commission's regulations requires that "[a] company must reflect the ACA unit charge in each of its rate schedules applicable to sale or transportation."<sup>9</sup> Accordingly, the Commission accepts National Fuel's proposal subject

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<sup>6</sup> 18 C.F.R. § 385.216 (2011).

<sup>7</sup> See the tariffs of Southern and Tennessee for examples of other natural gas pipelines whose tariffs contain rate schedules related to transportation of liquefiabiles.

<sup>8</sup> See *Southern Natural Gas Co.*, 65 FERC ¶ 61,346, at 62,813-62,814 (1993); *Tennessee Gas Pipeline Co.*, 56 FERC ¶ 61,463, at 62,627 (1991); 59 FERC ¶ 61,045, at 61,206-7 (1992); and 64 FERC ¶ 61,020, at 61,280 (1993) (approving separate rate schedules and service agreements for the transportation of liquefiabiles).

<sup>9</sup> 18 C.F.R. § 154.402(a) (2011).

to the condition that within thirty (30) days of the date of issuance of this order, National Fuel must file appropriate tariff records reflecting the inclusion of the ACA charge into its Rate Schedule PTR.

16. Although National Fuel submitted its proposed tariff records for PTR service on September 27, 2011, National Fuel requests that its PTR service become effective on October 27, 2011, only 29 days after filing. Section 154.207 of the Commission's regulations requires at least a 30-day notice for proposed tariff changes unless a waiver of the time period is granted by the Commission. Accordingly, the Commission grants a waiver of section 154.207 of the Commission's regulations so that the tariff records listed in the attached Appendix are accepted effective October 27, 2011.

The Commission orders:

(A) The 30-day notice period in section 154.207 of the Commission's regulations is hereby waived.

(B) The tariff records as listed in the attached Appendix are accepted, to be effective October 27, 2011, subject to the condition that within thirty (30) days of the date of this order, National Fuel must file revised tariff records to reflect the inclusion of the ACA charge into its Rate Schedule PTR.

By the Commission. Commissioner Spitzer is not participating.

( S E A L )

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

## **Appendix**

National Fuel Gas Supply Corporation  
National Fuel Tariff  
FERC NGA Gas Tariff

*Tariff Records to be Effective, March 27, 2012, Subject to Conditions:*

1 – Table of Contents, 1 – Table of Contents, 1.0.0  
List of Contents, 6 – Rate Schedules, 1.0.0  
6.055: PTR Rate Schedule, 1 - Availability, 0.0.0  
6.055: PTR Rate Schedule, 2 - Applicability and Character of Service, 0.0.0  
6.055: PTR Rate Schedule, 3 - Rates, 0.0.0  
6.055: PTR Rate Schedule, 4 - General Terms and Conditions, 0.0.0 A  
24 – Trans. Unprocessed, 24 – Transportation Through Unprocessed Gas System, 1.0.0  
List of Contents, 8 – Forms of Service Agreement, 1.0.0  
8.055 - Forms, 8.055 - PTR Form of Service Agreement, 0.0.0