

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
Nora Mead Brownell, Joseph T. Kelliher,
and Suedeen G. Kelly.

Northwest Pipeline Corporation

Docket No. RP04-176-000

ORDER ACCEPTING TARIFF SHEETS
SUBJECT TO CONDITION

(Issued June 23, 2004)

1. On February 23, 2004, Northwest Pipeline Corporation (Northwest) filed revised tariff sheets¹ to simplify its Form of Transportation Service Agreements (TSAs) under Rate Schedules TF-1, TF-2, and TI-1 and to make corresponding changes to these rate schedules and the applicable General Terms and Conditions (GT&C). The Commission will accept the revised tariff sheets listed in the Appendix to become effective July 1, 2004, subject to the condition imposed herein. In addition, the Commission finds, as requested by Northwest, that existing contractual rights previously accepted by the Commission will not be at risk simply due to a restatement in the new TSA form. This order is in the public interest since the simplified TSAs will assist Northwest and its shippers in determining which contracts contain non-conforming provisions.

Background

2. Northwest states that on March 17, 2003, the Commission approved a Stipulation and Consent Agreement (Stipulation) in Docket No. IN02-1-000, et al.,² between the Commission's Office of Market Oversight and Investigations (OMOI), Transcontinental Gas Pipe Line Corporation, Williams Energy Marketing & Trading Company and the Williams Companies. Northwest states that the Stipulation required it to implement a Standards of Conduct Compliance Plan (Compliance Plan) to, among other things, set forth detailed procedures for following Commission regulations for internet posting of discount and transactional information. Northwest states that on July 1, 2003 it implemented various enhancements to its electronic database systems designed to improve the timeliness and accuracy of its transactional reports for approval by OMOI.

¹ See Appendix.

² Transcontinental Gas Pipe Line Corp., et al., 102 FERC ¶ 61,302 (2003).

Northwest states, however, that it determined that certain contractual special terms and conditions still could not be retrieved from the database for transactional reports because such terms were not uniformly integrated into its tariff. Northwest states that its instant tariff proposal is intended to rectify this deficiency to permit it to fully comply with the Compliance Plan.

3. Northwest also asserts that the instant proposal conforms to the Commission's clarifications of its non-conforming contract procedures as set forth in the Commission's July 25, 2003 Order on Modification of the Negotiated Rate Policy.³

Overview of the Filing

4. Northwest states that the redesigned TSAs and related tariff changes are intended to facilitate more efficient identification and filing of non-conforming contract provisions, as well as to reduce the need for filing non-conforming contract provisions. In addition, Northwest claims that the redesigned TSAs facilitate simpler and more efficient contract administration by focusing on "fill-in-the-blank" transaction specific details. Finally, Northwest requests a determination by the Commission that existing contractual rights previously accepted by the Commission will not be at risk simply due to a restatement in the new TSA form.

Details of the Filing

Redesigned TSAs and Corresponding Rate Schedule Modifications

5. Northwest proposes to simplify its TSAs by eliminating all transaction-specific details from the body of the agreements and by relocating such provisions to corresponding rate schedules to Northwest's GT&C. Northwest states that non-conforming provisions as well as negotiated rates are now listed as part of an Exhibit to Northwest's TSAs.

6. Northwest proposes to revise Rate Schedules TF-1, TF-2, and TI-1 to implement the changes described above. Specifically, the revised provisions reflect customer category (*i.e.* large or small), submission of electronic information, and commencement of reservation charges. In addition, Northwest proposes to reflect NAESB Standard 5.3.5 (supporting volumetric releases with volumetric commitments). Northwest states that it has established provisions

³ 104 FERC ¶ 61,134 (2003).

regarding discount rates based upon volumetric formulas and capacity release rate changes due to base tariff rate changes. Further, Northwest has incorporated into its rate schedules provisions regarding rights associated with primary receipt point MDQs and primary delivery point MDDOs. Finally, Northwest has incorporated into its rate schedules contract term extension provisions as well as provisions regarding rollover periods and termination notice requirements under standard bi-lateral evergreen provisions.

7. Northwest also proposes to revise its GT&C to conform to the changes in the redesigned TSAs. Specifically, Northwest states that the revised provisions reflect a shipper's requirement to warrant that all gas tendered for transportation is eligible for transportation and to indemnify Northwest for any breach of warranty. Northwest also has included tariff language to clarify the electronic execution process.

8. Northwest proposes to establish procedures for voluntarily restating existing Rate Schedule TF-1, TF-2, and TI-1 service agreements in the new TSA forms while preserving existing contractual rights. Northwest proposes general successor and assignment rights for service agreements and also proposes that its GT&C be revised to provide that upon termination, a service agreement will continue to be effective for any unsatisfied obligations or liabilities arising prior to or as a result of termination of a contract. Northwest states that its proposal clarifies its current business practices with regard to capacity release recall rights and obligations.

9. Northwest's proposal is intended to show more transparently the manner in which the terms and conditions of a capacity release are reflected in a replacement shipper's service agreement and the modification of the releasing shipper's service agreement. Northwest also establishes procedures for the execution of new service agreements. Finally, Northwest proposes to clarify its GT&C to provide that Northwest will not accept any responsibility or liability for enforcing or administering any special capacity release conditions imposed on the replacement shipper.

Interventions and Protests

10. Northwest's filing was noticed on February 26, 2004, with interventions and protests due on or before March 8, 2004. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214 (2003)). Any opposed or untimely filed motion to intervene is

governed by the provisions of Rule 214. Protests were filed by Northwest Industrial Gas Users (NWIGU), Puget Sound Energy, Inc. (Puget), Duke Energy Trading and Marketing, L.L.C. and Duke Energy Marketing America, L.L.C. (DETM).

11. NWIGU and Puget generally support Northwest's proposal and request that the Commission accept Northwest's request for a determination that existing contractual rights previously accepted by the Commission will not be at risk simply due to a restatement in the new TSA form. Puget expresses concern that certain aspects of Northwest's proposal such as memorializing business practices may go beyond the requirements in the Commission's regulations and the Standards of Conduct Compliance Plan. Therefore, Puget argues that existing customer rights must be preserved, and that no unnecessary costs will be imposed on Northwest's system. DETM states that it has not had an opportunity to fully analyze Northwest's proposal and therefore, reserves the right to submit additional comments after completing its analysis.

12. NWIGU requests that the word "prearranged" be removed from the phrase in section 12.3 of Rate Schedule TF-1 which states "...to permanently release all or a portion of its firm contract rights, including its unilateral evergreen rights, to a prearranged replacement shipper at the maximum base tariff rate..." NWIGU states that insertion of the word "prearranged" in section 12.3 would force shippers with unilateral evergreen rights to prearrange capacity release and only at the maximum rate. NWIGU states that the current tariff contains only a limitation to release at the maximum rate in order to release a contract on a permanent basis with existing unilateral evergreen rights to a replacement shipper. NWIGU argues that shippers with unilateral evergreen rights under the current tariff, that seek to exercise their contractual rights to permanently release capacity, may do so through prearranged deals or by posting their capacity for bidding electronically.

Discussion

13. Northwest states that it proposes these modifications in order to comply with the transactional reports required by the Compliance Plan it agreed to with OMOI. However, in this context, the Compliance Plan only requires that Northwest provide the OMOI staff with transaction reports. The Compliance Plan does not require that Northwest revise its tariff in this particular manner. Northwest's obligation is to provide accurate and timely transactional reports.⁴ Therefore, the Commission finds that toward that end Northwest has chosen to

⁴ 102 FERC at 61,968.

make a filing pursuant to section 4 of the NGA in order to revise its tariff to simplify its TSAs and to make corresponding changes to these rate schedules and its GT&C.⁵ Accordingly, for good cause shown, the Commission will waive the notice requirements of section 154.207 of its regulations to permit Northwest to file its proposal more than 60 days prior to the proposed effective date.

14. Northwest's proposed tariff changes conform to the Commission's regulations and eliminate potential inconsistencies between Northwest's GT&C, rate schedules and the related TSAs. In addition, the simplified TSAs will assist Northwest and its shippers in determining which contracts contain non-conforming provisions. Northwest's proposal to simplify its TSAs by focusing on "fill-in-the-blank" agreements is consistent with other Commission approved proceedings.⁶ Therefore, with the exception of the provision discussed below, the Commission will accept the revised tariff sheets listed in the Appendix to become effective July 1, 2004, subject to the condition imposed herein.

15. Section 12.3 of Rate Schedule TF-1 of Northwest's proposed tariff requires Northwest's shippers to prearrange capacity release transactions with evergreen rights pursuant to section 22.5 of Northwest's GT&C, without the option of posting such capacity for bid on Northwest's Electronic Bulletin Board. The Commission agrees with NWIGU that this is inconsistent with section 22.5 of Northwest's tariff, which provides for bidding procedures for the permanent release of firm capacity. Therefore, Northwest is required to remove the word "prearranged," within 15 days of the date this order is issued, from the phrase in section 12.3 of Rate Schedule TF-1 which states "...to permanently release all or a portion of its firm contract rights, including its unilateral evergreen rights, to a prearranged replacement shipper at the maximum base tariff rate...."

16. The Commission will accept Northwest's request that existing contractual rights previously accepted by the Commission will not be at risk simply due to a restatement in the new TSA form. The Commission finds that non-conforming

⁵ The Commission makes no finding in the instant order regarding whether Northwest has complied with the dictates of the Compliance Plan in Docket No. IN02-1-000.

⁶ Gulf South Pipeline Company, 101 FERC ¶ 61,119 (2002) and CenterPoint Energy Gas Transmission Company, 106 FERC ¶ 61,213 (2004).

provisions previously accepted by the Commission should not be subject to further scrutiny when an approved existing contract is simply restated in the new TSA form.

The Commission orders:

The revised tariff sheets listed in the Appendix are accepted to become effective July 1, 2004, subject to the condition discussed herein.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.

**Third Revised Volume No. 1
Tariff Sheets Accepted Subject to Condition
Effective July 1, 2004**

Eighth Revised Sheet No. 1
Third Revised Sheet No. 16
Fifth Revised Sheet No. 17
Eighth Revised Sheet No. 18
Fourth Revised Sheet No. 18-A
Seventh Revised Sheet No. 19
Sixth Revised Sheet No. 19-A
Fifth Revised Sheet No. 20
Fourth Revised Sheet No. 21
Original Sheet No. 21-A
Seventh Revised Sheet No. 23
Eleventh Revised Sheet No. 24
Fourth Revised Sheet No. 25
Second Revised Sheet No. 26
Original Sheet No. 27
Original Sheet No. 28
Sheet No. 29
Sixth Revised Sheet No. 32
Third Revised Sheet No. 33
Third Revised Sheet No. 34
Original Sheet No. 35
Sheet Nos. 36 through 39
Sixth Revised Sheet No. 102
First Revised Sheet No. 102-A
Eighth Revised Sheet No. 103
Seventh Revised Sheet No. 104
Original Sheet No. 104-A
Fourth Revised Sheet No. 105
Fourth Revised Sheet No. 106
Fourth Revised Sheet No. 107
Seventh Revised Sheet No. 108
Fifth Revised Sheet No. 109
Fourth Revised Sheet No. 110
Original Sheet No. 111
Sheet Nos. 112 through 114
First Revised Sheet No. 213
First Revised Sheet No. 214

**Third Revised Volume No. 1
Tariff Sheets Accepted Subject to Condition
Effective July 1, 2004**

First Revised Sheet No. 217
Second Revised Sheet No. 218
Original Sheet No. 218-A
Third Revised Sheet No. 219
First Revised Sheet No. 220
Sixth Revised Sheet No. 259
Third Revised Sheet No. 259-A
Fourth Revised Sheet No. 260
Fourth Revised Sheet No. 261
Fourth Revised Sheet No. 262
Second Revised Sheet No. 264-A
Seventh Revised Sheet No. 265
Second Revised Sheet No. 271-A
Fifth Revised Sheet No. 272
Fourth Revised Sheet No. 278-B
Fourth Revised Sheet No. 300
Second Revised Sheet No. 301
Second Revised Sheet No. 302
Second Revised Sheet No. 302-A
First Revised Sheet No. 302-B
First Revised Sheet No. 302-C
First Revised Sheet No. 302-D
Third Revised Sheet No. 303
Sixth Revised Sheet No. 303-A
First Revised Sheet No. 303-B
Fourth Revised Sheet No. 304
Fourth Revised Sheet No. 305
Third Revised Sheet No. 306
Third Revised Sheet No. 307
Second Revised Sheet No. 308
Second Revised Sheet No. 315
First Revised Sheet No. 316
First Revised Sheet No. 317
First Revised Sheet No. 318

**Third Revised Volume No. 1
Tariff Sheets Accepted Subject to Condition
Effective July 1, 2004**

First Revised Sheet No. 319
First Revised Sheet No. 320
First Revised Sheet No. 321
Third Revised Sheet No. 322
Second Revised Sheet No. 350
First Revised Sheet No. 351
Original Sheet No. 351-A
First Revised Sheet No. 352
First Revised Sheet No. 353
Original Sheet No. 353-A
First Revised Sheet No. 354
First Revised Sheet No. 355
Second Revised Sheet No. 356
Third Revised Sheet No. 357
Second Revised Sheet No. 358
Original Sheet No. 358-A