

125 FERC ¶ 61,126
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Northern Natural Gas Company

Docket No. RP96-272-082

ORDER ACCEPTING TARIFF SHEETS

(Issued October 30, 2008)

1. On October 3, 2008, Northern Natural Gas Company (Northern) filed revised tariff sheets¹ to implement a negotiated rate transaction with CenterPoint Energy Minnesota Gas (CenterPoint). Northern states the negotiated rate service agreements do not deviate in any material aspect from the form of service agreement in its FERC Gas Tariff. Northern requests the Commission waive its 30-day notice requirement to permit the revised tariff to become effective October 4, 2008. We grant waiver of the 30-day notice requirement and accept the revised tariff sheets, effective October 4, 2008, as proposed.

2. Public notice of Northern's filing issued on October 6, 2008. Notices of interventions 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 (2007)). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214. On October, 15, 2008, the Northern Municipal Distributors Group (NMDG) and the Midwest Region Gas Task Force Association (MRGTF) jointly filed a request for clarification, or, in the alternative, a protest. On October 24, 2008, Northern filed an answer to the protest. On October 24, 2008, Northern filed an answer to the request for clarification, or in the alternative, protest. Under Rule 213(a)(2) of the Commission's Rules of Practice and Procedure,² answers to protests are not accepted unless otherwise ordered by the decisional authority. In this case, the Commission accepts Northern's answer because it provides information helpful to the resolution of this case.

¹ 11 Revised Sheet 66B.01 and First Revised Sheet 66B.09 to its FERC Gas Tariff, Fifth Revised Volume No. 1.

² 18 C.F.R. § 385.213(a)(2) (2008).

3. NMDG/MRGTF seek clarification of the negotiated rate as set forth in Northern's proposed tariff sheets. NMDG/MRGTF state that Northern's language "the reservation rate in subparagraph a. above shall be adjusted on Northern's actual capital requirements" is insufficient. NMDG/MRGTF claim this information is necessary to determine the actual consideration being provided to CenterPoint and for computing the negotiated rate. NMDG/MRGTF request that Northern define the term "actual capital requirements" and to explain precisely and with actual numbers how that term as defined will be used to adjust the negotiated rate for CenterPoint.

4. Northern's answer explains how its actual capital requirements will be calculated. Northern states that its tariff reflects the February 11, 2005 Extension Agreement which provides the following methodology used to determine the cost of service:

The cost of service will be determined using the methodology used for Exhibit N of certificate filings as provided in 18 C.F.R. § 157.14 (a)(16)(ii) which currently states that the costs shall be classified in accordance with the Commission's Uniform System of Accounts for Natural Gas Companies, including the annual depreciation, depletion, taxes, utility income, and resulting rate of return on net investment in gas plant including working capital. An example is provided on Attachment X of the Letter Agreement. The return on common equity or overall return, as appropriate, will reflect the last approved (not proposed) percentage return established for Northern in a Section 4 general rate case at FERC.

We find that Northern's answer adequately provides the definition and usage of actual capital requirements, and accordingly, will accept the revised tariff sheets, effective October 4, 2008, as proposed.

The Commission orders:

The Commission accepts Northern's revised tariff sheets.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.