

128 FERC ¶ 61,230
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

September 9, 2009

In Reply Refer To:
Northern Border Pipeline Company
Docket No. RP09-880-000

Northern Border Pipeline Company
13710 FNB Parkway
Omaha, Nebraska 68154-5200

Attention: Bambi L. Heckerman, Manager
Regulatory Affairs

Reference: Operational Purchases and Sales of Gas

Ladies and Gentlemen:

1. On August 10, 2009, Northern Border Pipeline Company (Northern Border) filed revised tariff sheets¹ to incorporate Operational Purchases and Sales of Gas provisions as a new section 46 of its General Terms and Conditions (GT&C). Northern Border states the provisions will allow it to purchase gas from, or sell gas to, a third party for operational needs associated with maintaining pipeline pressure and line pack as well as managing system imbalances. In general, Northern Border's proposed section 46.1 provides for the applicability of operational gas purchases and sales; section 46.2 delineates provisions for the solicitation of bids of such transactions; and section 46.3 sets forth reporting requirements for the transactions. Northern Border also proposes to (1) add the Operational Purchases and Sales of Gas section title to its GT&C Index, and (2) clarify in the allocation provisions of section 10.42 of its GT&C that operational transactions will have a lower priority than firm service. Northern Border contends the Commission has approved similar provisions for other interstate pipelines.²

¹ See Appendix.

² Citing *Dominion Transmission, Inc.*, 106 FERC ¶ 61,029 (2004); *Colorado Interstate Gas Co.*, 107 FERC ¶ 61,312 (2004); *Wyoming Interstate Gas, Ltd.*, 107 FERC ¶ 61,315 (2004); and *Columbia Gas Transmission Corp.*, 123 FERC ¶ 61,214 (2008).

2. We accept Northern Border's revised tariff sheets to become effective September 9, 2009, as requested, subject to the conditions discussed below.³ We direct Northern Border to file revised tariff sheets, within 21 days of the date this order issues, incorporating these tariff changes.
3. The Commission noticed Northern Border's filing on August 20, 2009, allowing for protests as provided by section 154.210 of the Commission's regulations. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2009), all timely filed motions to intervene and any 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. North Shore Gas Company and The Peoples Gas Light and Coke Company (North Shore) filed a protest, which we address below.
4. Northern Border proposes the following language as section 46.3 of its GT&C: "Any purchases or sales of natural gas transacted by Company in a calendar year pursuant to this section of the Tariff shall be included in FERC Form No. 552 to be filed with FERC on or before May 1 of the following calendar year." While North Shore supports Northern Border's proposal in general, it protests this particular provision. It asserts that Form 552 is not the appropriate format for reporting operational gas purchases and sales for several reasons.
5. North Shore notes the stated purpose of Form 552 is to "provide information regarding the use of natural gas spot markets and the use of fixed and index price transactions." It asserts the form emphasizes the pricing applicable to the transaction instead of the reason for, and timing of, the transaction, which are important in reporting operational transactions. North Shore contends the information that pipelines must provide on its Form 552 does not include relevant detail that would be appropriate for reporting operational purchases and sales. As comparison, North Shore provides the reporting requirements set forth in the tariffs of Colorado Interstate Gas Company (CIG), Wyoming Interstate Company, Ltd. (WIC), and ANR Pipeline Company (ANR). North Shore notes that key data these pipelines report that are not included on Form 552 include the date of transaction, source of gas, costs and revenues for the transactions, and disposition of the costs and revenues. North Shore states the CIG and WIC tariffs also include a requirement that the report include an explanation of the purpose of any transaction, which it believes is valuable information.

³ Northern Border requested a September 9, 2009 effective date for the filed tariff sheets, which provided the Commission one day less than the 30-day notice required by section 4(d) of the Natural Gas Act and the Commission's regulations. 18 C.F.R. § 154.207 (2009). The Commission grants waiver of the 30-day notice requirement to allow the sheets to become effective as proposed.

6. North Shore also expresses concerns that on Form 552, parties would not be able to discern which transactions Northern Border made pursuant to its proposed section 46, and that since not all transactions are reportable under Form 552, the form may not include all of Northern Border's operational purchases and sales. Finally, North Shore notes that since a pipeline need not submit a Form 552 to the Commission unless its reportable transactions exceed 2.2 million MMBtu for the reporting year, it is possible that Northern Border would have no obligation to report its operational transactions. North Shore recommends the Commission reject Northern Border's proposed section 46.3 and require Northern Border to incorporate into its tariff modified reporting requirements similar to what CIG, WIC, and ANR include in their tariffs.

7. We find that Northern Border needs to include a greater level of detail in its operational transaction reporting requirements. Reporting operational purchases and sales of gas on Form 552 does not provide adequate transparency for the Commission and shippers to examine such transactions. Accordingly, we direct Northern Border to file revised tariff sheets, within 21 days of the date this order issues, setting forth more detailed reporting requirements, similar to the reporting requirements included in the tariffs of CIG, WIC, and ANR. Moreover, Northern Border should file a report annually with the Commission. For each operational purchase or sale, Northern Border should provide the source of the operational gas purchased or sold, the date of such sale or purchase, the volume, the purchase or sale price, the costs and revenues from such purchase or sale, the disposition of the associated costs and revenues, and an explanation of the purpose of any operational transaction.⁴

By direction of the Commission.

Kimberly D. Bose,
Secretary.

cc: All Parties

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⁴ E.g., CIG, 107 FERC 61,312 at P 15, order of reh'g. 111 FERC 61,216 at P 13 (2005).

Appendix

**Northern Border Pipeline Company
First Revised Volume No. 1**

Tariff Sheets Conditionally Accepted Effective September 9, 2009

Sixth Revised Sheet No. 202
Second Revised Sheet No. 250A.01
Original Sheet No. 250A.02
Original Sheet No. 307
Original Sheet No. 308
Sheet Nos. 309-399