

131 FERC ¶ 61,054
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
and John R. Norris.

Narragansett Electric Company

Docket No. CP09-12-000

ORDER ISSUING BLANKET CERTIFICATE OF LIMITED JURISDICTION

(Issued April 19, 2010)

1. On October 16, 2008, Narragansett Electric Company (Narragansett) filed an application under section 7(c) of the Natural Gas Act (NGA) and section 284.224 of the Commission's regulations for a limited jurisdiction blanket certificate to transport natural gas in interstate commerce.¹ In addition, Narragansett requests approval of rates and charges pursuant to section 284.224(e) of the Commission's regulations. For the reasons discussed below, the requested certificate authority is granted and the proposed rates are approved subject to the conditions discussed herein.

I. Background and proposal

2. Narragansett is a corporation organized under the laws of the State of Rhode Island and a wholly owned subsidiary of National Grid plc (National Grid). Narragansett is an LDC and provides natural gas and electric distribution services in the State of Rhode Island subject to the jurisdiction of the Rhode Island Public Utility Commission (Rhode Island PUC). In 2007, Narragansett acquired the Rhode Island gas distribution assets of New England Gas Company, a division of Southern Union Company (New England). New England had previously acquired these properties through its acquisition of the Providence Gas Company (Providence Gas).

3. Narragansett states that after acquiring the gas distribution assets of New England, it conducted an internal compliance review in order to ensure that its operations and activities were being conducted in compliance with applicable laws and regulations and

¹ 18 C.F.R. § 284.224 (2009). Section 284.224 of Part 284, subpart G, authorizes local distribution companies (LDC) and Hinshaw pipelines to perform the same types of transactions which intrastate pipelines are authorized to perform under section 311 of the Natural Gas Policy Act (NGPA) and subparts C and D of Part 284 of the Commission's regulations.

determined that it requires certificate authority from the Commission to continue to perform redeliveries of regasified LNG by displacement. Accordingly, Narragansett herein seeks a blanket certificate to enable it to continue to transport regasified LNG in the same manner as Providence Gas had been previously authorized to do.² Narragansett also requests approval of the proposed firm transportation rate which is on file and has been approved by the Rhode Island PUC.

4. Narragansett's proposed rate of \$3.6169 per Dekatherm is derived from the distribution rates most recently approved by the Rhode Island PUC for New England. Narragansett agrees to comply with the conditions set forth in paragraph (e) of section 284.224 of the Commission's regulations, which state that any transaction authorized under the blanket certificate is subject to the same rates and charges, terms and conditions and reporting requirements that apply under subparts C and D of Part 284 of the Commission's regulations.³

II. Notice

5. Notice of Narragansett's application was published in the *Federal Register* on October 31, 2008 (73 Fed. Reg. 64939) with comments, protests, and interventions due on or before November 12, 2008. No motions to intervene, protests, or adverse comments were filed.

III. Discussion

6. Since Narragansett will be transporting natural gas in interstate commerce, that transportation is subject to the requirements of section 7 of the NGA. Narragansett will be continuing the same service with the same facilities for the same customers as previously authorized by the Commission for Narragansett's predecessor. Accordingly, we find that its proposal is in the public convenience and necessity.

7. The rates charged by an LDC for service under a section 284.224 blanket certificate may be determined by: (1) submitting proposed rates to the Commission for approval or (2) electing to use the rates contained in one of its transportation rate

² The Commission issued Providence a blanket transportation certificate under section 284.224 of the regulations in *Algonquin LNG, Inc.*, 60 FERC ¶ 61,127, *order on reh'g*, 61 FERC ¶ 61,292 (1992).

³ 18 C.F.R. §§ 284.224(c)(5) and 284.224(e) (2009).

schedules for intrastate service on file with the appropriate state regulatory agency covering comparable service.⁴ Narragansett has elected the latter option.

8. Narragansett has determined that for its firm transportation service, the most comparable rate is the rate of its immediate predecessor, New England, as most recently approved by the Rhode Island PUC. Narragansett's proposed maximum firm transportation rate is approved as consistent with sections 284.224(c) and 284.123(b). Consistent with Commission policy, Narragansett must file a cost and revenue study within three years of the date of this order to justify its rates. In its rate filing, Narragansett must include a cost and revenue study in the form specified in section 154.313 of the Commission's regulations. After review, we will be able to determine whether we should exercise our authority under NGA section 5 to establish just and reasonable rates.

9. No environmental assessment or environmental impact statement has been prepared for this project because it qualifies for categorical exclusion from such review under section 380.4(a)(22) of the Commission's regulations.

10. Finally, Narragansett acquired New England's assets in 2007. Narragansett was required to request authorization to provide jurisdictional service at that time, as a companion to an application by New England for authority to abandon its service pursuant to NGA section 7(b). Without such authority, the subject transportation service has been performed for two years without prior authorization from this Commission, in violation of section 7(c) of the NGA. The Commission does not take violations of the NGA lightly and we will not hesitate to impose sanctions against violators in appropriate situations. However, because there was no harm and Narragansett identified the matter through an internal review and remedied the failure to obtain authorization by filing the certificate application, we do not find that the circumstances here warrant additional investigation or sanctions at this time. Nevertheless, Narragansett is reminded that it must submit required filings on a timely basis or face possible sanctions by the Commission.

11. The Commission, on its own motion, received and made part of the record in this proceeding all evidence, including the application and exhibits thereto, submitted in support of the authorizations sought herein, and upon consideration of the record,

The Commission orders:

(A) A blanket certificate of limited jurisdiction is granted under section 284.224 of the Commission's regulations authorizing Narragansett to engage in the transportation

⁴ 18 C.F.R. § 284.123 (2009).

of natural gas that is subject to the Commission's jurisdiction under the NGA to the same extent and in the same manner that intrastate pipelines are authorized to engage in such activity by subparts C and D of the Commission's regulations.

(B) The certificate issued by paragraph (A) above and the rights granted thereunder are conditioned upon Narragansett's compliance with all applicable Commission regulations under the NGA and in particular the general terms and conditions set forth in paragraphs (a) and (e) of section 157.20 regulations. Further, the authorization granted herein is also subject to all the terms and conditions in section 284.224 of the Commission's regulations

(C) The firm transportation rate of \$3.6169 per Dekatherm is approved.

(D) Narragansett is directed to file a Statement of Operating Conditions within 30 days of the date of this order.

(E) The authorization granted herein is subject to Narragansett filing, within three years of the date of this order, a rate petition pursuant to section 284.123(b) of the Commission's regulations or a cost and throughput study and other information sufficient to allow the Commission to determine whether any change in Narragansett's rate pursuant to NGA section 5, which would apply prospectively, should be ordered. This cost and throughput data should be in the form specified in section 154.313 of the Commission's regulations (18 C.F.R. § 154.313 (2009)).

(F) This order does not relieve Narragansett of its obligations to file reports required by Part 284 of the Commission's regulations.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.