

147 FERC ¶ 61,247
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

June 24, 2014

In Reply Refer To:
Portland Natural Gas Transmission
System
Docket Nos. RP14-556-001
RP14-556-000

Portland Natural Gas Transmission System
717 Texas Street, Suite 2400
Houston, TX 77002-2761

Attention: John A. Roscher
Director, Rates & Tariffs

Dear Mr. Roscher:

1. On April 25, 2014, Portland Natural Gas Transmission System (Portland) filed a revised tariff record¹ to comply with the Commission's order issued March 31, 2014, in the captioned docket.² The March 31, 2014 Order accepted and suspended the tariff records proposed by Portland to restructure the creditworthiness provisions of its tariff, subject to conditions, to become effective the earlier of September 1, 2014, or subsequent order of the Commission.³

2. In the instant filing, Portland proposes to comply with the conditions of the March 31, 2014 Order by modifying its tariff to state that in determining the creditworthiness of a shipper by comparing a shipper's contractual obligation to its net worth, Portland will assess the value of the shipper's contractual obligation based upon a

¹ Portland Natural Gas Transmission System, FERC NGA Gas Tariff, PNGTS Tariffs, [Part 6.3 GT&C, Requests for Service/Creditworthiness, 3.1.0.](#)

² *Portland Natural Gas Transmission System, Order Accepting and Suspending Tariff Filing, Subject to Conditions*, 146 FERC ¶ 61,243 (2014) (March 31, 2014 Order).

³ March 31, 2014 Order, 146 FERC ¶ 61,243 at P 26 and ordering para. (A).

net present value basis. As discussed below, the Commission finds that the instant filing complies with the directives of the March 31, 2014 Order. Accordingly, the Commission accepts the instant tariff record, and lifts the suspension imposed on Portland's tariff records accepted by the March 31, 2014 order to become effective the date of issuance of this order.⁴

3. Public notice of the filing was issued on April 25, 2014 allowing for protests to be filed as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2013)). No protests or adverse comments were filed.

4. On February 28, 2014, Portland filed revised tariff sections to update and restructure the creditworthiness determination and financial assurances provisions contained in sections 6.3.4 through 6.3.7 of its tariff. In its March 31, 2014 Order, the Commission accepted and suspended the tariff records proposed by Portland, subject to conditions, to become effective the earlier of September 1, 2014, or subsequent order of the Commission.⁵ However, the Commission found that Portland's proposed method of calculating a Shipper's tangible net worth was unjust and unreasonable because Portland did not use a net present value calculation when summing the reservation charges to compare with the shipper's current tangible net worth.⁶ The Commission stated that the purpose of using tangible net worth as part of a creditworthiness determination is to determine whether the shipper's current net worth is sufficient to cover the value of its contractual obligation to the pipeline. The Commission reasoned that the current value of the contractual obligation is best represented by the present value of the stream of future reservation charges, not a simple summation of those values as proposed by Portland. Accordingly, the Commission accepted Portland's filing subject to the condition that Portland utilize a net present value methodology to value a shipper's contract in the determination of the Shipper's tangible net worth.⁷ Accordingly, the March 31, 2014 Order directed Portland to file revised tariff sheets consistent with the Commission's findings within thirty days.⁸

5. In the instant filing, Portland proposes a modification to section 6.3, paragraph 4.1(2)(a)(ii) of its tariff to state that in determining creditworthiness by comparing a Shipper's contractual obligation to its net worth, such Shipper's contractual

⁴ Portland must submit a filing to move its tariff records into effect. The tariff records may not become effective earlier than the date of such motion filing.

⁵ March 31, 2014 Order, 146 FERC ¶ 61,243 at P 26 and ordering para. (A).

⁶ *Id.* P 16.

⁷ *Id.* P 17.

⁸ *Id.* at ordering para. (B).

obligation shall be determined on a net present value basis. Specifically, the proposed language states that “the contractual obligation derived from the sum of, reservation charges, *on a net present value* basis, plus applicable commodity charges and any other associated fees and charges, plus the value of any loaned or imbalance gas, is no greater than 10% of Shipper’s Tangible Net Worth.”

6. The Commission finds that the proposed language complies with the directives of the March 31, 2014 Order. Accordingly, the Commission accepts the proposed tariff record to be effective as of the date of issuance of this instant order.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

Appendix

Portland Natural Gas Transmission System FERC NGA Gas Tariff PNGTS Tariffs

Tariff Records Permitted to Become Effective as of the issuance of this Order

- [PART 1, TABLE OF CONTENTS, 6.0.0](#)
- [Part 5.1.1 Rate Sch FT, Availability, 2.0.0](#)
- [Part 5.2.1 Rate Sch IT, Availability, 2.0.0](#)
- [Part 5.3.1 Rate Sch PAL, Availability, 2.0.0](#)
- [Part 5.3.7 Rate Sch PAL, Contract Termination, 2.0.0](#)
- [Part 5.4.1 Rate S FT FLEX, Availability, 2.0.0](#)
- [Part 5.4.3.2 Rate FT FLEX, Monthly Bill, 2.0.0](#)
- [Part 5.5.1 Rate Sch HRS, Availability, 2.0.0](#)
- [Part 6.2 GT&C, Definitions, 5.0.0](#)
- [Part 6.8 GT&C, Balancing and Penalties, 2.0.0](#)
- [Part 6.11 GT&C, Capacity Release, 5.0.0](#)
- [Part 6.16 GT&C, Billing and Payments, 2.0.0](#)
- [Part 6.17 GT&C, Cost Reimbursements, 2.0.0](#)
- [Part 7.6 Pro Forma - RFS, Request for Service, 2.0.0](#)