

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

March 31, 2015

In Reply Refer To:
Tuscarora Gas Transmission
Company
Docket No. RP15-532-000

Tuscarora Gas Transmission Company
700 Louisiana Street
Suite 700
Houston, TX 77002

Attention: John A. Roscher
Director, Rates and Tariffs

Dear Mr. Roscher:

1. On February 27, 2015, Tuscarora Gas Transmission Company (Tuscarora) filed revised tariff records¹ to make various changes to its tariff, including the addition of a new provision to provide for contribution in aid of construction (CIAC). The filing was protested. The Commission accepts Tuscarora's tariff revisions, to become effective April 1, 2015, subject to conditions, as discussed in detail below.
2. In the instant filing, Tuscarora proposes to consolidate the tariff provisions regarding installation of facilities, which are currently included in each of its transportation rate schedules, into a new section 6.37 (Installation of Facilities). Tuscarora also proposes to remove outdated tariff language, to add a new CIAC provision, and to incorporate the Commission's interconnection policy.
3. Tuscarora proposes to remove from its tariff the requirement that, in the event Tuscarora incurs the cost of installing additional facilities on behalf of a shipper, the shipper shall pay the prorated cost-of-service attributable to any such additional facilities until the Commission specifies a different procedure. As revised, proposed section 6.37.1 states that Tuscarora may install facilities at its own expense, or require shipper to pay, either on a lump sum or incremental fee basis, all or a portion of the costs incurred for

¹ See Appendix for list of tariff records.

installing and/or operating such facilities, including the tax-on-tax effect. Tuscarora states that such changes are consistent with other pipelines' tariff provisions previously approved by the Commission.²

4. Tuscarora is also proposing to add a provision in section 6.37.2 to accommodate CIAC for shipper-owned facilities. Tuscarora states that, consistent with CIAC provisions the Commission approved in other proceedings,³ if Tuscarora determines that it will be economically neutral to or will economically benefit from the CIAC, Tuscarora may, on a nondiscriminatory basis, pay for all or part of the cost of construction of a shipper's facilities. Tuscarora avers that the flexibility to offer CIAC for shipper-owned facilities will provide Tuscarora with greater opportunities to maintain existing load and attract both new supply sources and new markets. Furthermore, Tuscarora states it will post any CIAC agreement on its Internet website along with related terms and conditions, and the accounting treatment for CIACs will be consistent with that previously approved by the Commission.

5. Additionally, Tuscarora proposes to broaden section 6.37.3 to incorporate the Commission's current interconnection policy, as set forth in *Panhandle Eastern Pipeline Co.*,⁴ which lists five conditions that must be satisfied in order for a pipeline to grant an interconnect. Tuscarora contends that, in order to ensure that Tuscarora is able to effectively operate its system after an interconnection has been installed, the proposed revisions give Tuscarora the right to require installation of any equipment necessary to accurately monitor the quality of gas received into its system at the interconnection, maintain the operational reliability of its system, and enable accurate custody transfer management.

6. Consistent with the proposed revision to section 6.37.3, Tuscarora is also proposing to revise section 6.11.1 (Measuring Equipment) to ensure that the construction and installation of measuring equipment accords with Tuscarora's technical specifications.

² Tuscarora Transmittal Letter at 2 (citing *Gas Transmission Northwest, LLC*, 148 FERC ¶ 61,216 (2014) (GTN Order)).

³ *Id.* at 2-3 (citing the GTN Order, 148 FERC ¶ 61,216; *Northern Border Pipeline Company*, 101 FERC ¶ 61,092 (2002); *Texas Gas Transmission, LLC*, 128 FERC ¶ 61,104 (*Texas Gas*); and *ANR Pipeline Company*, 138 FERC ¶ 61,247 (ANR Order), *order on reh'g.* 140 FERC ¶ 61,181 (2012) (ANR Order on Rehearing)).

⁴ *Id.* at 3 (citing 91 FERC ¶ 61,037 (2000) (Panhandle Order)).

7. Tuscarora states that section 6.27.5.2 currently provides that the ROFR process can be avoided if a ROFR shipper and Tuscarora mutually agree to extend the term of such shipper's Service Agreement at any time prior to the shipper's submission of notice to exercise ROFR. In order to provide greater flexibility, Tuscarora proposes to extend the time period for such negotiations between Tuscarora and shipper to include the time prior to Tuscarora commencing its ROFR open season bidding process, consistent with similar provisions the Commission recently approved.⁵

8. Tuscarora is also proposing various housekeeping changes.

9. Public notice of the filing was issued on March 3, 2015. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2014)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2014)), all timely filed motions to intervene and any unopposed 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 the proceeding or place additional burdens on existing parties. Sierra Pacific Power Company d/b/a NV Energy (NV Energy) filed a protest discussed below.

10. NV Energy protests Tuscarora's proposal to implement section 6.37.2. NV Energy asserts that it is essential that a pipeline financially support a project with a CIAC only if it will not harm other shippers because, ultimately, shippers may bear the rate effects of the CIAC. NV Energy contends that Tuscarora's proposal gives the pipeline significant discretion in determining whether the project will be beneficial or neutral to it and other shippers.

11. NV Energy supports the requirement in Tuscarora's proposal that the pipeline will post any CIAC on Tuscarora's public website, along with related terms and conditions, but contends that Tuscarora should be required to include this requirement in its proposed section 6.37.2. NV Energy contends that if Tuscarora chooses to support a shipper's project through a CIAC, that choice should be public, and the analysis that Tuscarora believes supports that choice should be available to other shippers.

12. NV Energy notes that Tuscarora proposes that the accounting treatment for CIACs will be consistent with that previously approved by the Commission. NV Energy notes that Tuscarora proposes to follow the precedent the Commission established in the ANR Order on Rehearing, which allowed the pipeline to record CIAC payments in Account 303, a subaccount of Account 101, Gas Plant in Service, but required ANR to amortize the CIAC payments over the term of the related transportation agreement by debiting Account 404.3, Amortization of Other Limited-Term Gas Plant, and crediting Account

⁵ *Id.* at 4 (citing the GTN Order, 148 FERC ¶ 61,216).

111, Accumulated Provision for Amortization and Depletion of Gas Utility Plant. However, NV Energy asserts that the Commission should condition its acceptance of the proposed tariff changes on the requirement that Tuscarora must follow this accounting treatment.

13. Furthermore, NV Energy states that in these prior cases, the Commission also required the pipeline to bear the burden of proving that the CIAC costs were just and reasonable if the pipeline sought to recover these costs from shippers in future rate cases.⁶ NV Energy therefore asks that the Commission condition its order accepting Tuscarora's proposed tariff revisions on the requirement that if Tuscarora seeks to recover costs that Tuscarora made as a CIAC in aid of the construction of a shipper's facilities, there is no presumption of recovery, but rather, Tuscarora will bear the burden to demonstrate that those costs are just and reasonable. NV Energy asserts that the Commission should allow any customer to challenge Tuscarora's support for such costs.

14. As discussed below, the Commission will accept Tuscarora's proposal, subject to conditions, consistent with Commission policy established in prior orders on like issues.

15. NV Energy requests that section 6.37.2 of Tuscarora's tariff be revised to specify Tuscarora's obligation to post any CIAC on Tuscarora's public website, along with related terms and conditions in accord with the Commission's discussions in the ANR Order and *Texas Gas*. The Commission therefore directs Tuscarora to revise its tariff accordingly to make clear it shall post on its public website any CIAC made to any shippers, along with any related terms and conditions.

16. NV Energy agrees with Tuscarora's proposed accounting method but requests that the Commission require Tuscarora to follow this method. NV Energy's request is reasonable and comports with the requirements laid forth in the ANR Order on Rehearing. The Commission expects Tuscarora to follow the specified method of accounting.

17. Finally, the Commission grants NV Energy's request for clarification that Tuscarora still bears the burden of proof in future rate cases. In its next rate case, should Tuscarora seek to recover costs that NV Energy, or any customer, believes may have been incurred by Tuscarora while making a CIAC in aid of the construction of a shipper's facilities, NV Energy, or any customer, may challenge Tuscarora to support such costs, and Tuscarora will have the burden to demonstrate that the costs are just and reasonable.

⁶ NV Energy cites the ANR Order, 138 FERC ¶ 61,247 at P 18 ("ANR will have the burden to demonstrate that the costs are just and reasonable"), and the ANR Order on Rehearing at, 140 FERC ¶ 61,181 PP 9-10.

18. The Commission accepts the tariff records listed in the Appendix, effective April 1, 2015, subject to Tuscarora's revising the tariff language consistent with requirements of this letter order. Additionally, Tuscarora will bear the burden of proof in future rate cases, as discussed in P 17. Tuscarora is directed to file revised tariff records within 15 days of the date this letter order issues, implementing the changes and clarifications as discussed above.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary

Appendix

Tuscarora Gas Transmission Company
FERC NGA Gas Tariff
Tuscarora Tariffs

Tariff Records Conditionally Accepted Effective April 1, 2015

[Tariff, Second Revised Volume No. 1, 1.0.0](#)

[PART 1, TABLE OF CONTENTS, 3.0.0](#)

[5.1.3.4- Rate Schedule FT, Reserved for Future Use, 2.0.0](#)

[5.2.3.4-Rate Schedule LFS, Reserved for Future Use, 2.0.0](#)

[5.3.3 - Rate Schedule IT, Rates, 2.0.0](#)

[6.3.1 - GT&C, Qualifications for Service, 2.0.0](#)

[6.11.1 - GT&C, Measuring Station, 2.0.0](#)

[6.17 - GT&C, Other Operating Conditions, 2.0.0](#)

[6.27.5.2 - GT&C, Avoidance of Right of First Refusal, 2.0.0](#)

[6.37 - GT&C, Installation of Facilities, 0.0.0](#)

[7.1 - Service Agmts, Rate Schedule FT - Form of Service Agreement, 2.0.0](#)

[7.2 - Service Agmts, Rate Schedule LFS - Form of Service Agreement, 2.0.0](#)

[7.3 - Service Agmts, Rate Schedule IT - Form of Service Agreement, 2.0.0](#)

[7.4 - Service Agmts, Rate Schedule PL - Form of Service Agreement, 2.0.0](#)