

151 FERC ¶ 61,180  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

May 29, 2015

In Reply Refer To:  
Gas Transmission Northwest LLC  
Docket No. RP15-905-000

Gas Transmission Northwest LLC  
700 Louisiana Street, Suite 700  
Houston, Texas 77002-2700

Attention: John A. Roscher, Director  
Rates and Tariffs

Dear Mr. Roscher:

1. On April 24, 2015, Gas Transmission Northwest LLC (GTN) filed revised tariff records<sup>1</sup> to modify certain rate schedules, statement of rates, General Terms and Conditions (GT&C), and *pro forma* service agreements in its tariff. GTN currently offers parking service under Rate Schedule PS-1 and lending service under Rate Schedule AIS-1. GTN proposes to consolidate these two services into a park and loan service that it would offer under Rate Schedule PAL. We accept GTN's revised tariff records to become effective June 1, 2015, subject to the conditions set forth below. We direct GTN to make a filing, consistent with the directives set forth in this order, within 30 days of the date this order issues.

2. GTN currently offers a parking service under Rate Schedule PS-1 in section 5.5 of its tariff, and a lending service under Rate Schedule AIS-1 in section 5.6. GTN proposes to consolidate these two services into one park and loan service set forth as Rate Schedule PAL in section 5.5. GTN states that the applicability and character of its proposed PAL service remain generally the same as the services it currently provides under its PS-1 and AIS-1 services. It contends that the PAL service is an interruptible service that it will provide only to the extent that it is operationally feasible, and its proposal will not prevent GTN from meeting its firm and interruptible transportation service obligations. It states that the PAL service will be for a minimum term of one day, and has the lowest priority of all GTN transportation services. GTN states that the minimum and maximum tariff rates for PAL service will remain the same as its currently

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<sup>1</sup> See Appendix.

effective rates for PS-1 and AIS-1 services. GTN asserts that, consistent with its existing parking and lending services, GTN and a shipper may mutually agree to discount the maximum PAL rate or may mutually agree to a negotiated PAL rate. GTN states that penalties for non-performance under its PAL service will remain the same as those stated for PS-1 and AIS-1 services.

3. GTN proposes certain enhancements to its park and loan service, which it states will provide shippers with greater parking and lending flexibility and create a more transparent and efficient contracting process. GTN proposes the addition of an optional “ratable” provision to allow GTN and a shipper to agree to a defined schedule that will apply to quantities of natural gas that are parked or loaned. GTN also eliminates existing tariff language that limits PAL service to one month unless extended by GTN’s permission. GTN states this language is unnecessary and confusing. GTN also includes language in its proposed Rate Schedule PAL stating that a shipper must utilize a separate transportation service agreement in order to withdraw its parked natural gas from, or return its loaned natural gas to, a point that is different from the point set forth in its PAL service agreement.

4. GTN also proposes modifications to its PS-1 Form of Service Agreement to convert it to a PAL Form of Service Agreement. GTN proposes to establish the PAL Form of Service Agreement as an umbrella agreement that will act as a standing agreement between GTN and a shipper, enabling the shipper to contract for individual PAL transactions by executing an Exhibit A to its Rate Schedule PAL.

5. Public notice of GTN’s filing was issued on April 28, 2015. Interventions and protests were due as provided by section 154.210 (18 C.F.R. § 154.210 (2014)) of the Commission’s regulations. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2014), all timely motions to intervene and any unopposed motions to intervene out-of-time filed before the 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, which we discuss below.

6. On May 14, 2015, GTN filed an answer to the protest. Rule 213(a)(2) of the Commission’s Rules of Practice and Procedure (18 C.F.R. § 385.213(a)(2) (2014)) prohibits answers to protests or answers unless otherwise ordered by the decisional authority. In this case, the Commission will accept GTN’s answer because it assisted the Commission in its decision-making process.

7. GTN’s proposed tariff revisions setting forth its proposal to consolidate its existing parking service (Rate Schedule PS-1) and lending service (Rate Schedule AIS-1) into one park and loan service under Rate Schedule PAL are generally consistent with Commission’s policies and are accepted. This acceptance is subject to certain conditions

as discussed below. NV Energy protests certain elements of GTN's proposal. First, GTN proposes the following tariff provision as section 5.5.2(4) of proposed Rate Schedule PAL: "If GTN and Shipper agree that Shipper may receive parked gas quantities or return loaned gas quantities at point(s) that are different from those specified on Exhibit A of Shipper's effective PAL Service Agreement, then Shipper and GTN shall enter into a separate Transportation Service Agreement(s) to effectuate receipt or delivery of such gas at the new point(s)." GTN states that this provision is similar to language provided in other pipelines' tariffs.<sup>2</sup>

8. NV Energy expresses concerns that the proposed tariff language does not appear to permit shippers to use *existing* transportation service agreements to effectuate receipt or delivery of natural gas under a PAL service agreement. It asserts that the Commission should condition its acceptance of GTN's proposal on the requirement that GTN modify its proposed section 5.5.2(4) and the proposed PAL Form of Service Agreement to clarify that shippers are not required to sign a new transportation service agreement to effectuate parking or lending services from different points, but may use an existing transportation service agreement. NV Energy offers a possible tariff modification to provide this clarification.

9. In its answer, GTN states that it was never its intent to limit transportation service agreements in this situation to new agreements. GTN states it will modify the language in section 5.5.2(4) to simply require that shippers use separate transportation service agreements to deliver parked and loaned gas to a point other than that specified in the PAL service agreement, whether the agreement is new or existing. We agree and direct GTN to file revised tariff records reflecting this clarification.

10. Second, NV Energy also protests two penalty provisions proposed by GTN as part of its Rate Schedule PAL filing. Section 5.5.2(8) of GTN's currently effective Rate Schedule PS-1 provides as follows: "If GTN upon nomination by Shipper fails to schedule quantities of gas for withdrawals from Shipper's Parking Account for a period of thirty (30) consecutive days, GTN will be obligated to purchase the quantity of gas in Shipper's Parking Account at a price equal to 120% of the Monthly Contract Index as published in Gas Daily for GTN (Kingsgate) applicable for the month in which the thirtieth (30<sup>th</sup>) day of curtailment occurs." In the instant filing, GTN proposes to transpose this language to section 5.5.2(6) of Rate Schedule PAL, with a slight modification from the original provision. Instead of basing the penalty amount on the Monthly Contract Index price at the GTN-Kingsgate index point, GTN proposes to make the penalty equal to 120 percent of the "average daily midpoint prices, as published in the daily price survey Gas Daily for GTN-Kingsgate, Stanfield, Ore., or PG&E-Malin as applicable, for the thirty (30) days in which the curtailment occurs."

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<sup>2</sup> Citing North Baja Pipeline, LLC, tariff section 5.3.2(2)(c) – Rate Schedule PAL-1, Applicability of Character of Service.

11. NV Energy opposes this revision to the penalty provision, asserting that GTN provides no support in its filing for the proposed change to the penalty calculation. NV Energy contends that the existing Monthly Contract Index price for GTN is reasonable, whereas, the proposed average daily midpoint price at different locations is potentially more volatile.

12. Also, GTN proposes the following provision as section 5.5.2(7) of Rate Schedule PAL: “Unless otherwise agreed to by GTN, if Shipper fails to return to GTN loaned quantities of gas as agreed in Exhibit A of an effective PAL Service Agreement, Shipper will be obligated to purchase such quantities of gas from GTN at the highest price, determined as 200% of the highest daily midpoint price for GTN-Kingsgate, Stanfield, Ore., or PG&E-Malin, as applicable, as published in the daily price survey by Gas Daily....”

13. NV Energy categorizes this provision as a new penalty provision with a different calculation and methodology. NV Energy asserts that GTN has not explained why it should be allowed to impose this penalty, and expresses concern that this provision may subject shippers to unfair penalties. It contends that using the highest price, determined as 200 percent of the highest daily midpoint price at various points, appears to be draconian, and that the proposal is unsupported.

14. In its answer, GTN states that both penalty provisions currently exist in Rate Schedules PS-1 and AIS-1, respectively, but it is proposing to change the index used to calculate the penalties because the GTN-Kingsgate Monthly Contract Index is no longer published by Gas Daily. It asserts that incorporating the three index points – GTN-Kingsgate, Stanfield, Ore., and PG&E-Malin – will not significantly modify the penalty calculation methodology, as NV Energy states, but will better align the penalty to the location of the PAL transaction in the absence of the GTN-Kingsgate Monthly Contract Index.

15. We find GTN’s explanation for its proposed changes to its penalty provisions to be acceptable and the penalty provisions to be just and reasonable. Accordingly, we accept the penalty provisions. We make this acceptance subject to a condition. GTN references three index points in section 5.5.2(6) and 5.5.2(7) of Rate Schedule PAL – GTN-Kingsgate, Stanfield, Ore., and PG&E-Malin. GTN utilizes GTN-Kingsgate and PG&E-Malin in its currently effective tariff. It appears that GTN is now introducing the Stanfield, Ore, index point into its tariff. On November 19, 2004, the Commission issued its, *Price Discovery in Natural Gas and Electric Markets*.<sup>3</sup> In that order, the Commission determined that any index point introduced to a jurisdictional tariff must have a minimum level of liquidity, and any pipeline filing revised tariff records to incorporate a new index

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<sup>3</sup> 109 FERC ¶ 61,184 (2004).

point into its tariff must file supporting documents showing that its proposed index point meets the minimum liquidity standards set forth in that order.<sup>4</sup> In the instant filing, GTN proposes to add the Stanfield, Ore., index point into its proposed Rate Schedule PAL. GTN did not file supporting documents showing that the Stanfield, Ore., index point meets the Commission's minimum standards for price indices incorporated into jurisdictional tariffs. Accordingly, we direct GTN to file this supporting documentation.

16. Accordingly, the Commission accepts the proposed tariff records, subject to GTN's satisfactorily filing, within 30 days of this order, revised tariff records allowing use of existing transportation service agreements for PAL service, and adequate support for its index and penalty provisions as required above.

By direction of the Commission.

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>4</sup> The minimum liquidity standards are set forth in Paragraph 66 of the November 19, 2004, order.

Appendix

Gas Transmission Northwest LLC  
FERC NGA Gas Tariff  
GTN Tariffs

Tariff Records Accepted Effective June 1, 2015, Subject to Conditions

PART 1, TABLE OF CONTENTS, 8.0.0

4.5 - Statement of Rates, Parking and Lending Service, 4.0.0

4.8 - Statement of Rates, Negotiated Rate Agreements - ITS-1 and PAL, 5.0.0

4.9 - Statement of Rates, Footnotes for Negotiated Rates - ITS-1 and PAL, 5.0.0

PART 5, RATE SCHEDULES, 3.0.0

5.5 - Rate Schedules, Rate Schedule PAL - Parking and Lending Service, 3.0.0

5.5.1 - Rate Sched PAL, Availability, 3.0.0

5.5.2 - Rate Sched PAL, Applicability and Character of Service, 4.0.0

5.5.3 - Rate Sched PAL, Rates, 4.0.0

5.5.4 - Rate Sched PAL, PAL General Terms and Conditions, 3.0.0

5.6 - Rate Schedules, Reserved for Future Use, 3.0.0

5.6.1 -Res for Future Use, Reserved for Future Use, 3.0.0

5.6.2 -Res for Future Use, Reserved for Future Use, 5.0.0

5.6.3 -Res for Future Use, Reserved for Future Use, 4.0.0

5.6.4 -Res for Future Use, Reserved for Future Use, 3.0.0

6.1 - GT&C, Definitions, 6.0.0

6.18.4.2 - GT&C, Failure to Establish or Maintain Creditworthiness, 4.0.0

6.18.4.5 - GT&C, Credit Requirement for Loaned Gas, 4.0.0

6.19.5 - GT&C, Priority of Parking and Lending Service, 3.0.0

6.20 - GT&C, Curtailment, 4.0.0

7.3 - Service Agmts, Rate Schedule PAL, 5.0.0

7.3.1 - Service Agmts, Rate Schedule PAL - Exhibit A, 4.0.0

7.4 - Service Agmts, Reserved for Future Use, 5.0.0

7.4.1 - Service Agmts, Reserved for Future Use, 3.0.0