

153 FERC ¶ 61,046
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

October 14, 2015

In Reply Refer To:
National Fuel Gas Supply Corporation
Docket Nos. RP15-1188-000
RP15-1188-001

National Fuel Gas Supply Corporation
6363 Main Street
Williamsville, NY 14221

Attention: David W. Reitz
Attorney for National Fuel Gas Supply Corporation

Dear Mr. Reitz:

1. On August 11, 2015, National Fuel Gas Supply Corporation (National Fuel) filed in Docket No. RP15-1188-000 revised tariff records listed in the Appendix to clarify the scheduling priorities applicable to National Fuel's transportation and storage services, and to clarify and revise the curtailment priorities applicable to these services (August 11 filing). On September 14, 2015, National Fuel filed in Docket No. RP15-1188-001 an amended revised tariff record, also listed in the Appendix, which supersedes one of the tariff records filed on August 11 (September 14 filing). National Fuel requests that the Commission waive the 30-day notice requirement in section 154.207 of the Commission's regulations so that its proposed tariff records become effective on October 1, 2015. As discussed more fully below, we accept the proposed tariff records in Docket Nos. RP15-1188-000 and RP15-1188-001 as reflected in the Appendix, effective October 1, 2015.¹

2. Section 13.2 of National Fuel's General Terms and Conditions (GT&C) governs how it schedules service. Section 16 of National Fuel's GT&C governs how it curtails service, when it cannot provide all the service it has scheduled, for example because of a *force majeure* event. Currently, GT&C section 16 sets forth a detailed sequence of the

¹ The Commission grants waiver of the 30-day notice requirement in 18 C.F.R. § 154.207 (2015), so that the proposed tariff records effective October 1, 2015.

order in which National Fuel's services are curtailed, starting with various interruptible services and then proceeding through secondary firm service outside a shipper's contract path, within-path secondary firm service, and ending with primary firm services. Existing section 13.2 provides that National Fuel will schedule service in sequence that is the reverse of the order in which it curtails service.

3. In its August 11 filing, National Fuel states that, in the past, its shippers' scheduling nominations for all services rarely, if ever, exceeded available capacity, and therefore, it almost never had to apply its scheduling priorities. However, National Fuel states that, recently, nominations to use certain transportation paths and receipt and delivery points have exceeded capacity. Therefore, National Fuel is proposing to clarify the scheduling and curtailment provisions of its tariff. Specifically, National Fuel proposes to revise GT&C section 13.2 to set forth in detail the sequence in which it will schedule its various services, when necessary to allocate available capacity through constrained transportation paths, receipt or delivery points, injection and withdrawal capacity, and storage capacity (i.e., starting with nominations for firm service from a primary receipt point to a primary delivery point and continuing through mandatory returns of gas National Fuel advances to certain interruptible shippers, within-path secondary firm service, other secondary firm service, and then through various types of interruptible service). Further, to consolidate its tariff language and to clarify how its capacity is scheduled at pipeline transfer points, National Fuel proposes to add definitions for the terms "primary receipt point" and "primary delivery point" and remove language in the FT, FT-S, and FST Rate Schedules that will be obviated by these new definitions. National Fuel asserts that the aforementioned revisions are meant to clarify its current scheduling procedures.

4. In addition, in the August 11 filing National Fuel proposes to replace the detailed curtailment priorities that now appear in GT&C section 16 with a statement that National Fuel will curtail service in the reverse of the order in which it schedules service under GT&C section 13.2, except that the scheduling priorities in GT&C section 13.2 for firm services will be combined into one category for purposes of curtailment. National Fuel states that this exception reflects current Commission policy that "once scheduled, firm is firm."²

5. In the September 14 filing in Docket No. RP15-1188-001, National Fuel states that a revision to the proposed changes to GT&C section 13.2 is necessary to avoid a conflict with the requirement not to bump interruptible service during the North American Energy Standards Board's (NAESB) intraday 2 nomination cycle, and with other language in GT&C section 13.1 which protects already-scheduled secondary firm from being bumped

² National Fuel Transmittal at 4 (citing *Tennessee Gas Pipeline Company*, 135 FERC ¶ 61,208 (2011), *Ozark Gas Transmission, LLC*, 125 FERC ¶ 61,113 (2008)).

by a later primary firm nomination. National Fuel states that, in the August 11 filing, it proposed language in GT&C section 13.2 to clarify that its scheduling priorities are applied at each nomination cycle, not just daily, as its existing provision states. National Fuel asserts that, read literally, this language would require bumping of lower priority service but to avoid this result, National Fuel proposes to revise section 13.2 to clarify that the current no-bumping rules will still apply.

6. Public notice for the August 11 filing in Docket No. RP15-1188-000 was issued on August 12, 2015. Public notice for the September 14 filing in Docket No. RP15-1188-001 was issued on September 15, 2015. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2015)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2015)), all timely filed motions to intervene and any unopposed motion 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. On August 24, 2015, National Fuel Gas Distribution Corporation (Distribution) filed comments. On September 24, 2015, National Fuel filed an answer to Distribution's comments.³

7. Distribution comments that, in the August 11 filing section 13.2(a)(i), National Fuel appropriately assigns the highest scheduling priority to quantities within contract quantities nominated under firm service rate schedules, for service from a primary receipt point to a primary delivery point (Primary Firm Service). But, Distribution notes that prior to scheduling quantities within contract quantities under firm service rate schedules, where either the receipt point or the delivery point or both are not primary points (Secondary Firm Service), in section 13.2(a)(ii), National Fuel proposes to schedule "mandatory return quantities as described in section 2.6 of the IAS, IR-1 or IR-2 Rate Schedules."⁴ Distribution contends that National Fuel does not address scheduling of Secondary Firm Service until GT&C section 13.2(a)(iii), at a level below mandatory returns. Distribution maintains that all firm service should be scheduled before mandatory returns.

³ Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2015), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We will accept National Fuel's response because it has provided information that assisted us in our decision-making process.

⁴ IAS Rate Schedule is "Interruptible Advance Service." (See tariff record 6.060: IAS Rate Schedule, § 1 – Availability, 0.0.0, *et seq.*) IR-1 and IR-2 Rate Schedules are "Hub Service - Imbalance Resolution Schedule." (See tariff record 6.110: IR-1 Rate Schedule, § 1 – Availability, 0.0.0, *et seq.*)

8. In its answer, National Fuel states that it agrees that firm services should be scheduled before interruptible services. National Fuel also states that, under its tariff, shipper nominations under IAS, IR-1, IR-2 and all other interruptible services have a lower priority than firm service, whether primary or secondary. National Fuel notes that IAS, IR-1 and IR-2 services involve advances of gas by National Fuel to its shipper. National Fuel states that a shipper under one of these rate schedules may nominate for the return of gas at any time, and the return is scheduled as interruptible service. But, National Fuel avers, as the advance itself is interruptible, the shipper is subject to the risk that National Fuel will require the return of the gas when needed to meet its firm service obligations.

9. National Fuel contends that the issue raised by Distribution concerns the scheduling priority assigned to the mandatory returns it requires when it needs the gas to provide service to its firm shippers. National Fuel asserts that Distribution's position is that because its Advance Services are interruptible, the priority for mandatory returns of gas it has advanced to shippers taking those services must also be interruptible. National Fuel responds that because the mandatory return provision is intended to benefit firm shippers, a firm scheduling priority is appropriate. Furthermore, National Fuel contends that if it were to require the return of gas from an advance shipper, it would do so to protect its ability to meet its primary firm obligations. National Fuel concludes that the existing scheduling priority – higher than secondary firm – is appropriate.

10. The Commission finds that National Fuel's proposed revisions to the scheduling and curtailment provisions of its GT&C are consistent with Commission policy. National Fuel's proposal to assign a higher priority to mandatory returns than to secondary firm service does not represent a change from the scheduling priorities in National Fuel's current tariff. That existing priority is reasonable, because, as National Fuel explains in its answer, it only requires mandatory returns when necessary to meet its firm service obligations. Accordingly, the subject tariff records listed in the Appendix are accepted effective October 1, 2015, as requested.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

Appendix

National Fuel Gas Supply Corporation
FERC NGA Gas Tariff
National Fuel Tariff

Accepted, effective October 1, 2015:

Docket No. RP15-1188-000

[6.010: FT Rate Schedule, § 2 – Applicability and Character of Service, 2.0.0](#)
[6.020: FT-S Rate Schedule, § 2 – Applicability and Character of Service, 2.0.0](#)
[6.040: FST Rate Schedule, § 2 – Applicability and Character of Service, 4.0.0](#)
[1 – Definition of Terms, 1 – Definition of Terms, 3.0.0](#)
[14 – Alloc. & Imbalances, 14.12 – Balancing at Contract Termination, 1.0.0](#)
[15 – Tenders/Receipts, 15 – Unauthorized Tenders and Receipts, 3.0.0](#)
[16 – Curtailment, 16 – Curtailment, 4.0.0](#)
[30 – Industry Standards, 30 – Industry Standards, 3.0.0](#)

Docket No. RP15-1188-001

[13 – Noms & Scheduling, 13.2 – Scheduling, 1.0.1](#)