

154 FERC ¶ 61,266
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

March 30, 2016

In Reply Refer To:
Algonquin Gas Transmission, LLC
Docket No. RP13-751-002

Algonquin Gas Transmission, LLC
P.O. Box 1642
Houston, TX 77251-1642

Attn: Janice K. Devers

Dear Mrs. Devers:

1. On November 13, 2015, as clarified on November 18, 2015, Algonquin Gas Transmission, LLC (Algonquin) submitted revised tariff records in compliance with the Commission's October 15, 2015 Order on Rehearing and Compliance Filing.¹ The October 2015 Order directed Algonquin to revise various provisions of its tariff regarding *force majeure* and reservation charge credits pursuant to section 5 of the Natural Gas Act. We accept the revised tariff records effective on April 1, 2016.

2. In compliance with the October 2015 Order, Algonquin proposes to include new General Terms and Conditions (GT&C) section 50, Reservation Charge Adjustment, to provide its reservation charge crediting tariff provisions. GT&C section 50 contains three subsections: section 50.1, Reservation Charge Adjustment for Non-Force Majeure Events; section 50.2, Reservation Charge Adjustment for Force Majeure Events and Certain Orders Issued by the Pipeline and Hazardous Materials Safety Administration; and section 50.3, Reservation Charge Adjustment for Other Events.

3. Algonquin also proposes to modify its definition of *force majeure*, in GT&C section 16.1, to exclude as *force majeure* events outages due to scheduled or routine

¹ *Algonquin Gas Transmission, LLC*, 153 FERC ¶ 61,038 (2015) (October 2015 Order).

maintenance. In addition, Algonquin proposes to revise section 16.4 of its GT&C to provide that Algonquin will not curtail scheduled service in order to perform routine repair and maintenance.

4. Public notice of the filing was issued on November 16, 2015, allowing for protests due on or before November 25, 2015. New England Local Distribution Companies² filed an untimely intervention and comments and Algonquin filed an answer to the comments (Answer),³ which are discussed below. Pursuant to Rule 214,⁴ New England Local Distribution Companies' motion to intervene which is unopposed is granted.

5. Algonquin's proposed tariff records provide for reservation charge credits consistent with Commission policy, as required by the October 2015 Order. The only aspect of Algonquin's proposal which has been protested is proposed GT&C section 50.3, "Reservation Charge Adjustment for Other Events," which provides, in part, that:

Notwithstanding any other provision in Algonquin's FERC Gas Tariff, in no event shall Customer be entitled to a decrease in its Reservation Charge for Algonquin's failure to deliver any quantity of gas as contemplated under Section 50:

...

(iv) due to the installation of new facilities that are designed, in whole or in part, to provide service to the Customer.

6. New England Distribution Companies argues that, contrary to Commission policy, Algonquin proposes to not provide credits for non-*force majeure* situations when it fails

² New England Local Distribution Companies include Bay State Gas Company d/b/a Columbia Gas of Massachusetts; Connecticut Natural Gas Corporation; Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty Utilities; Middleborough Gas & Electric Department; NSTAR Gas Company d/b/a Eversource; Northern Utilities, Inc.; City of Norwich, Department of Public Utilities; The Southern Connecticut Gas Company; and Yankee Gas Services Company d/b/a Eversource.

³ Rule 213(a)(2) of the Commission's Rules of Practice and Procedure prohibits answers to protests or answers unless otherwise permitted by the decisional authority. 18 C.F.R. § 385.213(a)(2) (2015). However, the Commission accepts Algonquin's Answer since it will not delay the proceeding, may assist the Commission in understanding the issues raised, and will ensure a complete record.

⁴ 18 C.F.R. § 385.214 (2015).

to provide firm service due to the installation of new facilities “designed to provide service to the Customer.” New England Distribution Companies asserts that Algonquin fails to provide any citations to Commission orders or other justification supporting this proposal. New England Distribution Companies further asserts that no justification or explanation has been presented as to why under the reservation charge crediting policy outages due to new construction should be treated differently than outages for maintenance.

7. New England Distribution Companies asserts that Algonquin’s proposal may well have a direct impact on it because Algonquin is constructing the AIM project⁵ and several of its members have signed precedent agreements for AIM capacity. New England Distribution Companies further asserts that, recently, Algonquin has posted notices on its EBB stating that firm service to existing customers would be interrupted for as long as three weeks due to construction of AIM facilities, and these outages, which occurred in November, could have had serious effects on the affected New England LDCs’ ability to serve high priority retail load. New England Distribution Companies argues that, if the weather had been colder, revenue credits would be inadequate to protect LDCs and their customers from the operational effects of Algonquin’s recent service interruptions.

New England Distribution Companies further argues that pipelines must do everything possible to avoid such interruptions, including interruptions to install new facilities, in order to ensure that high priority customers receive the natural gas service they need.

8. In its Answer, Algonquin argues that, contrary to New England Distribution Companies’ assertions, its proposal to exempt from reservation charge credits when interruptions to a customer’s firm service are caused by the installation of new facilities for that customer is consistent with the Commission’s current reservation charge crediting policy. Algonquin further argues that the pipeline should not be at risk under such circumstances.

9. As Algonquin points out in its Answer, the Commission has found similar exemptions from crediting when an interruption is caused by the construction of new facilities that are designed to provide service to that customer are reasonable.⁶

⁵ The Algonquin Incremental Market Project (AIM) in New York, Connecticut, Rhode Island and Massachusetts, which was approved in Docket No. CP14-96-00, on March 3, 2015. *See Algonquin Gas Transmission, LLC*, 150 FERC ¶ 61,163 (2015).

⁶ *Iroquois Gas Transmission System, L.P. Tariff*, GT&C section 20.2(F)(V)(G), *Iroquois Gas Transmission System, L.P.*, 145 FERC ¶ 61,233 (2013); *East Tennessee Natural Gas, LLC Tariff*, GT&C section 9.3(v), *East Tennessee Natural Gas, LLC*,

(continued...)

Algonquin, consistent with Commission policy, would provide reservation charge credits to customers for interruptions due to repair or replacement of existing facilities or due to the installation of new facilities for parties other than the customer for which the facilities are designed.

10. The Commission finds that it is reasonable to allow an exemption to the reservation charge crediting requirement, in the limited circumstances when an interruption of service is required by the construction of new facilities designed to provide service to that very customer. For example, in these circumstances, as indicated by New England Distribution Companies, several New England LDCs have signed precedent agreements for the AIM project. Outages may be necessary to allow construction of the new AIM project facilities. The purpose of that construction is to build facilities that will serve and ultimately benefit these customers, i.e., by increasing their capacity to serve the high priority retail load during New England winters. Therefore, section 50.3(iv) is accepted as consistent with Commission Policy.

By direction of the Commission

Nathaniel J. Davis, Sr.,
Deputy Secretary.

150 FERC ¶ 61,239 (2015); Sabine Pipe Line LLC Tariff, GT&C, section 7.19.2(e)(iv), *Sabine Pipe Line LLC*, 153 FERC ¶ 61,123 (2015); Texas Eastern Transmission, LP Tariff, GT&C section 31.3(iv), *Texas Eastern Transmission, LP*, 149 FERC ¶ 61,143 (2014).