

127 FERC ¶ 61,116
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 5, 2009

In Reply Refer To:
Northwest Pipeline GP
Docket No. RP09-501-000

Northwest Pipeline GP
P.O. Box 58900
Salt Lake City, Utah 84158-0900

Attention: Lynn Dahlberg
Manager, Certificates and Tariffs

Subject: Waiver of GT&C section 25.2(c)

Dear Ms. Dahlberg:

1. On April 6, 2009, Northwest Pipeline GP (Northwest) filed a request for waiver of section 25.2(c) of the General Terms and Conditions (GT&C) of its tariff¹ to reserve 83,578 Dth/d of unsubscribed mainline capacity related to its proposed Blue Bridge Pipeline Project (Project) for a period of twenty-four months. The Commission grants the request for waiver of the one-year limitation contained in section 25.2(c) of the GT&C for good cause shown, and will permit Northwest to reserve the unsubscribed capacity until May 6, 2010, as more fully described below.

2. Public notice of Northwest's filing was issued on April 8, 2009. Interventions and protests were due as provided for in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210 (2008). Northwest Natural Gas Company (Northwest Natural) filed

¹ GT&C section 25.2(c) of Northwest's FERC Gas Tariff, Third Revised Volume No. 1 states "Transporter may elect to reserve for future expansion projects any unsubscribed capacity.... Capacity may be reserved for up to one year prior to Transporter filing for certificate approval for construction of proposed expansion and thereafter until such expansion is placed into service."

a protest. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), all timely motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted.

3. On April 27, 2009, Northwest filed an answer to Northwest Natural's protest. Rule 213(a)(2) of the Commission's Rules of Practice and Procedure,² prohibits answers to protests unless otherwise ordered by the decisional authority. We will accept Northwest's answer because it has provided information that assisted us in our decision-making process.

4. Northwest states that it commenced the open season for the Project on May 7, 2008 for commitments to firm transportation service starting November 2011. Northwest also states that as part of the open season it reserved 83,578 Dth/d of unsubscribed firm capacity on its mainline for the Project, which it has subsequently sold on a short-term basis at steeply discounted rates, except for seven days in 2008 when it received the maximum tariff rate for 25,461 Dth/d of capacity. Northwest asserts that the shippers with binding commitments have requested changing the commencement date of the Project from November 2011 to November 2012.

5. Northwest states that it recently initiated a National Environmental Policy Act (NEPA) pre-filing review of the proposed Project in Docket No. PF09-10, and anticipates filing its certificate application during the first quarter of 2010. Therefore, Northwest requests that the Commission grant waiver of the one-year limitation³ to reserve unsubscribed capacity for a period of twenty-four months before it files the certificate application for this Project. Northwest requests that the Commission grant the waiver of section 25.2(c) of its GT&C, within 30 days of its filing, to provide certainty to Northwest and its customers regarding the availability of the reserved capacity for the Project.

6. Northwest Natural protests the request for waiver on the basis that it lacks certain facts and details about the open season of the Project, such as the names of participants, the level of interest in capacity that was received, whether the Project was fully subscribed, and how that capacity level compares to the level of the unsubscribed capacity that Northwest seeks to reserve for the twenty-four month period.

7. Also, Northwest Natural claims that Northwest has not provided a reason for delaying the Project other than the later in-service date requested by the market participants. If the current state of the capital markets or the effects of the recession on

² 18 C.F.R. § 385.213(a)(2) (2008).

³ *Citing Transcontinental Gas Pipe Line Corp.*, 118 FERC ¶ 61,234, at P 10 (2007).

the natural gas market are the reasons for delaying the Project, then Northwest Natural believes there may be further requests for waivers. Northwest Natural then argues that it may be appropriate to require Northwest to continue accepting requests for long-term service for the capacity it wants to reserve, in the event that prospective shippers are not able to carry out their commitments for the reserved capacity.

8. Northwest Natural notes that Northwest does not discuss other possible uses of the capacity and how those revenues could be applied in Northwest's next rate case. Northwest Natural alleges that Northwest may be expecting a request for long-term service. Therefore, Northwest Natural states that further information is required and that the request for expedited treatment should be denied.

9. In its answer, Northwest contends that the requested waiver is consistent with Commission policy because the extended reservation period will minimize facility construction and environmental impact, encourage greater utilization of existing capacity, and minimize the rate impact of allocating costs of unsubscribed capacity to existing customers once the pipeline expansion is completed.⁴ Northwest further avers that existing shippers will not be harmed because the reserved capacity is in low demand and there is no reason to believe that shippers desire the capacity on a long-term basis.

10. Northwest also asserts that it has implemented a realistic expansion plan for the Project. Northwest notes that it has conducted an open season, entered into and continues to negotiate Precedent Agreements for the Project,⁵ and initiated the NEPA pre-filing process with the Commission, which it needs before it can file the certificate application. Northwest further states that it has provided all necessary information related to the extended reservation of capacity, and that requiring Northwest to divulge additional information is inconsistent with the Commission's capacity reservation standards.

11. The Commission has authorized similar waivers in the past when granting the requested waiver will not result in capacity being withheld from the market and is part of a realistic expansion plan.⁶ As noted above, the unsubscribed capacity being reserved for the project has generally been sold on a short-term basis at steeply discounted rates, which reflects that there has been low demand for the capacity. Northwest Natural does

⁴ *Citing ANR Pipeline Co.*, 107 FERC 61,187 (2004).

⁵ Northwest states that it has entered into Precedent Agreements that would utilize approximately 25,000 Dth/d of the reserved capacity through the I-5 corridor, and continues to negotiate with shippers that could utilize the remaining approximately 58,000 Dth/d of eastbound capacity between Washougal and Stanfield, Oregon.

⁶ *Transcontinental Gas Pipe Line Corp.*, 120 FERC ¶ 61,204, at P 12 (2007).

not claim that any harm has occurred to existing customers and has not otherwise demonstrated that Northwest can be expected to withhold the capacity.

12. The Commission finds that Northwest has provided sufficient justification and information for its waiver request. This justification includes the facts that Northwest held an open season, entered into and continues to negotiate Precedent Agreements for the Project, and has initiated a NEPA pre-filing review of the Project. All of which are indicators of a realistic expansion plan. Therefore, we are not persuaded by Northwest Natural to delay action on this matter.

13. The Commission finds that Northwest Natural's concerns about further waiver requests are premature. If Northwest requests another waiver of section 25.2(c) for this Project, the Commission will assess the waiver request at that time.

14. The Commission hereby grants waiver of the maximum one-year capacity reservation period prior to filing a certificate application contained in section 25.2(c) of the GT&C of Northwest's tariff to permit Northwest to reserve capacity on its mainline for the Project for twenty-four months prior to filing a certificate application for the Project until May 6, 2010.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.