

137 FERC ¶ 61,163
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

November 30, 2011

In Reply Refer To:
Gas Transmission Northwest LLC
Docket No. RP11-2377-000

Gas Transmission Northwest LLC
717 Texas Street, Suite 2400
Houston, TX 77002-2761

Attention: Eva N. Neufeld, Associate General Counsel

Reference: Letter Order Approving Uncontested Settlement

Dear Ms. Neufeld:

1. On August 12, 2011, pursuant to Rule 207(a)(5),¹ Gas Transmission Northwest LLC (GTN) submitted a petition for approval of a Stipulation and Agreement of Settlement (Settlement) regarding changes to GTN's transportation rates and certain tariff provisions (Petition). GTN included *pro forma* tariff sheets implementing the settlement rates and other terms of the settlement. The Commission approves the Settlement as it appears to be fair and reasonable and in the public interest.
2. According to the Settlement, on June 30, 2006, GTN filed a general rate case pursuant to section 4 of the Natural Gas Act (NGA) in Docket No. RP06-407-000, and on January 7, 2008, the Commission approved a Stipulation and Agreement of Settlement (2007 Settlement).² Article V.A of the 2007 Settlement established a five-year moratorium period during which the parties were prohibited from taking certain actions, including any filings under sections 4 and 5 of the NGA that would be inconsistent with the 2007 Settlement. Pursuant to the moratorium, GTN was prohibited from filing a general section 4 rate case before June 30, 2011, for rates to become effective January 1, 2012, however, it required GTN to make a general section 4 rate case filing proposing

¹ 18 C.F.R. § 385.207(a)(5) (2011).

² *Gas Transmission Northwest Corp.*, 122 FERC ¶ 61,012 (2007).

rates to become effective no later than January 1, 2014. GTN states that this Settlement obviates the need for GTN to make that general section 4 rate filing.

3. GTN states that it entered into settlement negotiations with interested parties, including shippers and state regulators (Settling Parties) from April 2011 through July 2011 to resolve their differences regarding issues that may have been raised in GTN's NGA section 4 rate filing. GTN states that these meetings resulted in GTN and the Settling Parties reaching agreement regarding GTN's rates, terms, and conditions of service, reflected in the Settlement filed in this proceeding.
4. GTN states that it is mindful that the Commission encourages pipelines and their customers to resolve rate and tariff matters before filing with the Commission to change its rates or other tariff provisions as such a process enables the prompt, efficient resolution of rate and tariff related matters for the benefit of all concerned, without the expense of a hearing and lengthy litigation. Accordingly, GTN states that it is submitting the Settlement following guidance provided by the Commission in *Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 (2005).
5. GTN states that the Settlement resolves all rate issues between GTN and its customers. The principal terms of the Settlement are summarized below.
6. Article I provides background information about GTN's previous rate settlement. It also discusses the negotiation process that GTN, its customers and other interested parties engaged in to reach the instant Settlement.
7. Article II provides that the terms of the Settlement are a carefully crafted and delicate compromise, and that the Settling Parties request that it be approved in its entirety.
8. Article III defines the Settling Parties.
9. Article IV provides the proposed effective date, and details the order of events to occur if the Settlement is subject to modification or condition.
10. Article V provides for a four-year Moratorium period from January 1, 2012 through December 31, 2015, during which GTN and the Settling Parties are prohibited from taking certain actions, including making certain filings that would be inconsistent with the Settlement. It also provides that, to the extent the Commission considers any change to the terms of the Settlement during the Moratorium, the standard of review for any such proposed change shall be the most stringent standard permissible under applicable law. Finally, it requires GTN to file a general section 4 rate case for an effective date of January 1, 2016.
11. Article VI provides details regarding the Settlement Rates, and specifies that the Settlement Rates reflect the permanent rolled-in rate treatment of the 1998 and 2002

Pipeline Expansion Projects into system-wide rates. It also provides that the Pipeline Integrity Plan Surcharge, and Incremental Fuel Reallocation Mechanism will be terminated on the effective date of the Settlement.

12. Article VII details depreciation rates.

13. Article VIII provides that GTN will file actual tariff sheets as they appear in Appendix B at least 30 days before the effective date. GTN details what steps it will take if the Commission has not issued an order by December 1, 2011, and the Settlement has not been withdrawn. It also states that tariff revisions and billing adjustments will be made as necessary if the Commission has not approved the Settlement by January 1, 2012.

14. Article IX describes how the issues associated with the ratemaking consequences and regulatory accounting associated with the Calpine Bankruptcy are forever resolved, including claims by any Settling Party to any benefit related to the Calpine Bankruptcy.

15. Article X describes how Post Retirement Benefits other than Pensions (PBOP) will be funded, and the treatment of PBOPs in the next rate case. It also details PBOP disbursements, and steps GTN must take if it seeks to terminate the PBOP trust.

16. Article XI provides that upon the effective date of the Settlement, it shall supersede entirely the 2007 Settlement.

17. Article XII generally states that no party shall be bound or prejudiced by the Settlement unless it becomes effective in accordance with its provisions.

18. Article XIII provides that the Settlement is made pursuant to Rule 602 of the Commission's Rules of Practice and Procedure and until it is approved by the Commission and becomes effective, it shall be privileged and of no effect, and shall not be admissible in evidence.

19. Article XIV provides that Commission approval of the Settlement shall constitute Commission authorization and approval for GTN to implement the rates and tariff changes reflected in the Settlement without suspension or conditions, other than those specified in the Settlement. It also states that the Commission's approval of the Settlement shall constitute waiver of compliance with the requirements of the Natural Gas Act and Natural Gas Policy Act, including, but not limited to, Parts 154, 157, 201, and 284, as necessary to carry out any provision of the Settlement.

20. Article XV provides that GTN will establish collaborative processes with interested shippers and stakeholders, including meetings at least semi-annually during the term of the Moratorium to discuss options to improve the long-term competitiveness and operation of the pipeline.

21. GTN requests that the Commission approve the Settlement, unmodified, in order to allow it to become effective January 1, 2012. All of the parties filing comments either support or do not oppose the Settlement.³ No party filed adverse comments.

22. In this case, GTN, its customers and other interested parties have all engaged in extensive negotiations to address the concerns of all participants. The Settlement, which resolves by mutual agreement GTN's transportation rates and other tariff modifications, without the need for an NGA general section 4 rate proceeding, represents the culmination of those efforts.

23. The Commission may approve an uncontested settlement upon a finding that the settlement "appears to be fair and reasonable and in the public interest."⁴ The Commission finds that the proposed Settlement appears to be fair and reasonable and in the public interest, and is hereby approved, effective January 1, 2012, pursuant to its terms.

By direction of the Commission. Commissioner Spitzer is not participating.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

³ Appendix A of the Settlement lists the parties who support or do not oppose the Settlement.

⁴ 18 C.F.R. § 385.602(g) (2011).