

138 FERC ¶ 61,057
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

January 26, 2012

In Reply Refer To:
Midwestern Gas Transmission Company
Docket No. RP12-262-000

Midwestern Gas Transmission Company
100 West 5th Street
Tulsa, Oklahoma 74102-0871

Attention: Ron M. Mucci
Vice President, Rates and Regulatory Affairs

Reference: Rate Schedule PAL Modification Filing

Dear Mr. Mucci:

1. On December 28, 2011, Midwestern Gas Transmission Company (Midwestern) filed revised tariff records¹ to modify Rate Schedule PAL and its associated form of service agreement and rate description. The proposed tariff records are accepted and suspended to be effective June 28, 2012,² or some earlier date established by a subsequent Commission order, subject to conditions as discussed herein.
2. Midwestern states that the purpose of the proposed changes is to modify its existing PAL service options to provide a PAL service option which has “elements of firmness.” Midwestern states that it offers four PAL service options: (1) Buyer Nominated Parking/Lending (NPL); (2) Buyer Requested Term Parking/Lending (RPL);

¹ Part 5.0, Summary of Rates and Charges, 3.0.0; Part 7.30, Rate Schedule PAL, 2.0.0, and Part 9.30; Park and Loan Agreement (PAL), 2.0.0 to Midwestern - FERC Gas Tariff, FERC NGA Gas Tariff.

² Midwestern requested a January 27, 2012 effective date for the filed tariff sheet, which provided one day less than the 30-day notice required by section 4(d) of the Natural Gas Act and the Commission’s regulations. 18 C.F.R. § 154.207 (2011).

(3) Company Offered Parking/Lending (OPL); and (4) Buyer Authorized Automatic Parking/Lending (APL). In order to add firm elements of service to the RPL option, Midwestern proposes to (1) establish a daily reservation rate for the RPL PAL service of \$0.0687 per Dth on the Mainline and \$0.0993 per Dth on Eastern Mainline and a minimum rate of \$0.000 per Dth basis as set forth on the Summary of Rates; (2) incorporate a reservation charge crediting requirement in the RPL service in the event that Midwestern fails to make available the requested RPL PAL quantities during the term of the PAL service agreement; (3) establish a higher priority for RPL service than NPL, OPL, and APL services; and (4) make clarifying and housekeeping changes to the NPL, OPL, and APL service options. In addition, Midwestern proposes to add a clarification that its interruptible service option is subject to availability and the applicable daily commodity rate. Midwestern also clarifies that it is not obligated to provide OPL service at less than the applicable maximum rate. Finally, Midwestern clarifies that the existing rate language applies to the NPL, OPL, and APL service options which continue to be based on actual quantities of gas parked and loaned for each day at the existing maximum or mutually agreed upon PAL daily commodity rate. Midwestern states that the proposed changes are consistent with the PAL service offered by Guardian Pipeline, L.L.C. and Viking Gas Transmission Company, also operated by ONEOK Partners GP, L.L.C.

3. Public notice of the filing was issued on January, 3, 2012. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210). Pursuant to Rule 214 (18 C.F.R. § 385.214), all timely filed motions to intervene and any unopposed motion to intervene out-of-time filed before the issuance 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 January 9, 2012, Nicor Gas (Nicor) filed a motion for leave to intervene and comments.

4. Nicor states that on a regular basis, it utilizes Midwestern's existing interruptible RPL PAL service. As such, Nicor Gas believes there is a justification to retain the existing, interruptible RPL PAL service as is. Nicor states that it does not object to Midwestern offering a new, firm RPL PAL service; however, it questions the elimination of the interruptible RPL PAL service at this time. Nicor would propose that the interruptible RPL PAL service be maintained.

5. The Commission accepts and suspends Midwestern's revised tariff records subject to conditions. Midwestern characterizes the revised RPL PAL service as "having elements of firmness,"³ because the revised RPL PAL service will have priority over the three other PAL services. However, Midwestern's proposed tariff records also provide

³ Midwestern Gas Transmission Petition at p. 2.

that “[Midwestern] shall not be required to provide service under this [PAL] Rate Schedule if such service would prevent Company from providing any other firm or interruptible transportation service.”⁴ Additionally, Midwestern’s proposed *pro forma* service agreements continue to refer to all park and loan service as “interruptible.”⁵ Thus, although Midwestern’s proposed RPL PAL receives priority over the three other PAL services, it is not a firm service because it does not “receive the same priority as any other class of firm service”⁶ and, in fact, has a lower priority than other interruptible transportation services. Consequently, Commission regulations prohibit Midwestern from imposing a reservation fee for this interruptible RPL PAL service and require that the RPL PAL rate be based on actual units of gas parked or loaned.⁷ Midwestern is directed to file revised tariff records within 30 days consistent with the Commission’s regulations as discussed herein. Nicor will have the opportunity to address any concerns it may have with any revised RPL PAL service Midwestern may propose with the Commission.

6. Based upon a review of the filing, the Commission finds that the proposed tariff records have not been shown to be just and reasonable, and may be unjust, unreasonable, unduly discriminatory, or otherwise unlawful. Accordingly, the Commission shall accept such tariff sheets for filing and suspend their effectiveness for the period set forth below, subject to the conditions set forth in this order. The Commission's policy regarding rate suspensions is that rate filings generally should be suspended for the maximum period permitted by statute where preliminary study leads the Commission to believe that the filing may be unjust, unreasonable, or that it may be inconsistent with other statutory standards. *See Great Lakes Gas Transmission Co.*, 12 FERC ¶ 61,293 (1980) (five-month suspension). It is recognized, however, that shorter suspensions may be warranted in circumstances where suspensions for the maximum period may lead to harsh and inequitable results. *See Valley Gas Transmission, Inc.*, 12 FERC ¶ 61,197 (1980) (one-day suspension). Such circumstances do not exist here. Therefore, the Commission shall exercise its discretion to suspend the rates to take effect on June 28, 2012, or some earlier

⁴ Proposed Part 7.30, Rate Schedule PAL, 2.0.0., Section 1.2.2.

⁵ *E.g.* Part 7.30, Rate Schedule PAL, 2.0.0, and Part 9.30 (“Whereas Buyer desires to engage Company to provide *interruptible* park and loan service; and Whereas, Company desires to provide *interruptible* park and loan service to Buyer....”) (emphasis added).

⁶ 18 C.F.R. § 284.7(a)(3).

⁷ 18 C.F.R. § 284.9(c).

date established by a subsequent Commission order, subject to the conditions set forth in this letter order.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.