

141 FERC ¶ 61,193  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

December 7, 2012

In Reply Refer To:  
Granite State Gas Transmission, Inc.  
Docket No. RP13-271-000

Granite State Gas Transmission, Inc.  
c/o Pierce Atwood LLP  
900 17<sup>th</sup> Street, NW  
Suite 350  
Washington, DC 20006

Attention: Randall S. Rich  
Attorney for Granite State Gas Transmission, Inc.

Reference: Sixth Revised Volume 1

Dear Mr. Rich:

1. On November 9, 2012, Granite State Gas Transmission, Inc. (Granite State) filed tariff records<sup>1</sup> to amend, clarify, and update its tariff. We accept the tariff records listed in the Appendix, effective December 10, 2012, as requested, subject to Granite State filing revisions as detailed below.

2. Granite State proposes numerous revisions to its tariff, many of them clarifying existing policies. For example, the revised tariff would: (1) replace the daily variance rates listed under the rate schedule, Load Management Service, with a cross-reference; (2) provide more clarity to the definition of a replacement shipper; (3) define fuel reimbursement, summer period, and winter period; (4) add a clause to authorize shippers to prepay, at transporters option, prior to commencing service; (5) add a provision allowing indexed-based capacity release transactions; (6) revise the right-of-first-refusal terms; and (7) revise and update Forms of Service Agreements.

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<sup>1</sup> See Appendix for list of tariff records.

3. Granite State further proposes a new provision to address reservation charge crediting. Granite State states that its intent is to establish a provision that is consistent with Commission policy. Granite State proposes the following clause to determine the size of the credit:

If, on any day, Transporter fails to make available for delivery from a Primary Receipt Point to a Primary Delivery Point under this Rate Schedule the lesser of

(i) the applicable MDTQ,

(ii) such quantity of gas as Shipper has nominated and Transporter has scheduled at Shipper's Primary Delivery Point, or

(iii) the average of the immediately previous ten (10) day's daily quantities of gas allocated to firm service at Shipper's Primary Delivery Point,

the Reservation Charge otherwise payable shall be reduced for the month by an amount equal to the quantity of gas not made available for delivery multiplied by the number of days that the Transporter failed to make such quantity available for delivery multiplied by the daily Reservation Charge;

4. Granite State also proposes a safe harbor limitation on reservation charge crediting for *force majeure* outages, and an exception for events not occurring on its system:

provided however, in the case of failure to make gas available for delivery by reason of Transporter's *force majeure*, the Reservation Charge otherwise payable shall be reduced only after ten (10) days of Transporter's inability to make gas available for delivery;

provided further, however, that no Reservation Charge reduction shall be provided for *force majeure* or other events that do not occur on Transporter's system (e.g., an event on a Shipper's facilities or an upstream or downstream pipeline's facilities), for Curtailments ordered pursuant to Section 6.22.10 of the General Terms and Conditions [Allocation of Limited

Capacity], or for deliveries scheduled at a Secondary Delivery Point.

5. Public notice of the instant filing was issued on November 13, 2012. Interventions and protests were due on or before November 21, 2012 as provided in section 154.210 of the Commission's regulations.<sup>2</sup> Pursuant to Rule 214,<sup>3</sup> all timely filed motions to intervene and any unopposed motions 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 this proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

6. While Granite State's reservation charge crediting language generally comports with Commission policy,<sup>4</sup> the Commission requires Granite State to make several revisions to that language. First, the Commission finds that Granite State's proposed three-pronged "lesser of" test for determining the level of a shipper's reservation charge credits must be modified. The second prong of that test must be revised to clarify that credits provided pursuant to that prong must equal the amount of service which the shipper nominated to be scheduled by the pipeline but the pipeline was unable to schedule or deliver.<sup>5</sup> As currently proposed by Granite State, the second prong would, contrary to Commission policy, limit credits only to amounts which the pipeline scheduled and then did not deliver.

7. Next, Granite State must modify its proposed three-pronged test to clarify that the third prong of the test, average deliveries during the preceding ten days, will only be used in situations where the pipeline has given advance notice of an outage before the first opportunity to submit a scheduling nomination for service during the day of the outage. As the Commission explained in *Southern*, when Granite State has not given such advance notice of an outage and interrupts or curtails service to a shipper during or after the NAESB scheduling process, the reservation charge credit must be based on the amount the shipper nominated for

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<sup>2</sup> 18 C.F.R. § 154.210 (2012).

<sup>3</sup> 18 C.F.R. § 385.214 (2012).

<sup>4</sup> See, e.g., *Natural Gas Supply Association*, 135 FERC ¶ 61,055 (2012); *TransColorado Gas Transmission Co.*, 139 FERC ¶ 61,229 (2012).

<sup>5</sup> *Tennessee Gas Pipeline Co.*, 135 FERC ¶ 61,208, at P 74 (2011).

scheduling.<sup>6</sup> Therefore, Granite State is directed to revise its tariff to clarify that the previous ten day's average daily quantities will only be used to determine the level of reservation charge credits when the pipeline has notified the shipper prior to the first opportunity to schedule service that the capacity will be unavailable.

8. We find the proposed blanket exemption from providing any credits for curtailments ordered pursuant to section 6.22.10 of its General Terms and Conditions (GT&C) to be unjust and unreasonable, and require Granite State to eliminate it. Commission policy requires pipelines to provide some level of reservation charge credits whenever the pipeline is unable to schedule primary firm service. For example, the Commission has held that the issuance of an Operational Flow Order [OFO] cannot justify a complete exemption from reservation charge crediting.<sup>7</sup> The only issue is whether the issuance of an OFO, or a curtailment order of the type for which Granite State proposes an exemption from crediting, is the result of a *force majeure* situation outside the pipeline's control, in which case only partial credits are required. Therefore, the cause of any curtailments Granite State orders pursuant GT&C section 6.22.10 is only relevant to the amount of the required credit and there is no basis for an exemption from the Commission's current reservation charge crediting policy for such outages. Therefore, we direct Granite State to eliminate this crediting exemption from its proposed tariff language.

9. Accordingly, we accept Granite State's proposed tariff records in this docket effective December 10, 2012, as requested, subject to Granite State filing revised reservation charge crediting language within 30 days of the date of this order.

10. Finally, in a recent order, the Commission accepted a non-conforming agreement between Granite State and Northern Utilities, Inc., subject to the outcome of the proceedings in the present docket.<sup>8</sup> That contract was the sole non-conforming contract listed in its tariff records. With Granite State's revision of its Form of Service Agreements in this proceeding, its agreement with Northern Utilities, Inc. now conforms to the applicable Form of Service Agreement, and Granite State therefore no longer has any non-conforming contracts. We direct

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<sup>6</sup> *Southern Natural Gas Co.*, 135 FERC ¶ 61,056, at PP 29-34, *reh'g*, 137 FERC ¶ 61,050, at PP 18-21 (2011); *Midwestern Gas Transmission Co.*, 137 FERC ¶ 61,257, at PP 17-18 (2011).

<sup>7</sup> *Natural Gas Pipeline Co. of America*, 106 FERC ¶ 61,310, at PP 13, 15 (2004); *Texas Eastern Transmission, LP*, 140 FERC ¶ 61,216, at P 91 (2012).

<sup>8</sup> *Granite State Gas Transmission, Inc.*, 141 FERC ¶ 61,170 (2012)

Granite State to revise its tariff records<sup>9</sup> accordingly to remove the now-conforming Northern Utilities, Inc. contract, as part of its compliance filing in the present docket.

By direction of the Commission

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>9</sup> Granite State Gas Transmission, Inc., FERC NGA Gas Tariff, F.E.R.C. Gas Tariff of Granite State Gas Transmission, Inc., [Table of Contents, Section 1.0 Table of Contents, 2.0.0, Section 9.0, Non-Conforming Contracts, 0.0.0](#), and [Contract, Northern Utilities, Inc., 0.0.0](#).

## Appendix

**Granite State Gas Transmission, Inc.  
FERC NGA Gas Tariff  
F.E.R.C. Gas Tariff of Granite State Gas Transmission, Inc.**

*Tariff Records Accepted Effective December 10, 2012*

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*Tariff Records Accepted Effective December 10, 2012, Subject to Conditions*  
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