UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
Nora Mead Brownell, Joseph T. Kelliher,
and Suedeen G. Kelly.

Maritimes & Northeast Pipeline, L.L.C.

Docket Nos. RP00-474-003,
RP00-474-004, RP00-474-005,
RP00-474-006, RP01-17-006,
RP01-17-007, RP01-17-008,
RP03-174-001, RP03-174-002
and RP03-174-003

ORDER ON REHEARING AND COMPLIANCE FILINGS

(Issued January 29, 2004)

1. This order addresses the request for rehearing of Maritimes & Northeast Pipeline, L.L.C. (Maritimes) of the Commission's June 9, 2003 Order[1] in this proceeding concerning Maritime’s compliance with Order Nos. 637, 587-G, and 587-L (the June 2003 Order). The June 2003 Order addressed Maritimes’ request for rehearing and clarification of the Commission’s July 3, 2002 Order in this proceeding[2] (the July 2002 Order). The only issue on rehearing is the Commission’s ruling on Maritimes’ proposal to charge a transportation fee for imbalance trading if such trading results in a loss of transportation revenue by Maritimes. This order also addresses Maritimes' June 24, 2003 and July 7, 2003 tariff filings to comply with the June 2003 Order, and Maritimes’ October 14, 2003 compliance filing submitted in response to an October 1, 2003 Letter Order directing Maritimes to file additional information. The Commission denies rehearing, and directs Maritimes to file revised tariff sheets within 15 days of the date of this order. This order is in the public interest because it implements compliance with the Commission's policies that encourage competitive conditions on the pipeline grid, creates greater flexibility for shippers, and enhances pipeline transportation services.

I. The Rehearing Request

[1] Maritimes & Northeast Pipeline, L.L.C., 103 FERC ¶ 61,316 (2003).

[2] Maritimes & Northeast Pipeline, L.L.C., 100 FERC ¶ 61,030 (2002).

A. Background

2. Order No. 587-G and 587-L required pipelines to permit netting and trading of imbalances. The Commission stated that the pipeline could only collect for lost transportation revenue if it demonstrated the loss in transportation revenue was due to netting and trading. The July 2002 Order directed Maritimes to justify its proposal to charge a transportation fee in connection with netting and trading by showing how it lost transportation revenue. In its rehearing request of that order, and in a compliance filing, Maritimes asserted that since it allows trades between rate schedules, it would suffer a loss of revenues when different transportation rates are involved in the trading. Maritimes provided the example below to explain how it would experience a loss of transportation revenue in the context of imbalance trading.

3. Assume Shipper A schedules 10,000 dekatherms (Dth) under MN365, a firm rate schedule, which has a usage charge of $0.00 per Dth. Shipper A actually takes 11,000 Dth at its delivery point. Shipper A pays a "usage" rate[3] of $0.0000 on the 11,000 Dth actually delivered since it is within the tolerance level, and 1,000 Dth is "due pipe." Shipper B schedules 10,000 Dth under MNIT, an interruptible rate schedule with a rate of $0.7150. Shipper B actually takes 9,000 Dth at its delivery point. Shipper B pays the interruptible rate of $0.7150 on the 9,000 Dth actually delivered and 1,000 Dth is "due shipper." Shipper A and B conduct a trade of their respective imbalances. Unless Maritimes is allowed to charge Shipper B for the difference in rates, Maritimes asserts that it will suffer a loss of revenue equal to 1,000 Dth multiplied by the difference between $0.7150 and $0.0000 or $715.00.

4. The June 2003 Order accepted Maritmes' explanation for situations involving Operational Balancing Agreement (OBA) parties, but rejected the explanation when shippers not covered under an OBA were involved. The Commission explained that Maritimes stated that it bills shippers at points without OBAs based on quantities of gas delivered. However, at points with OBAs shippers are billed for scheduled amounts, with differences between scheduled amounts and actual deliveries being the responsibility of the OBA party. If a shipper at a non-OBA point chooses to trade the imbalance, i.e., purchase/sell the imbalance with another shipper at a non-OBA point, the shipper avoids cashing out with Maritimes which in turn eliminates the need for Maritimes to either purchase gas when a shipper is short gas, or sell gas when the shipper has left gas on the system. Under Maritimes' example, the MN365 shipper (a firm shipper) is not billed any usage rate irrespective if the shipper takes the scheduled amount or an amount greater than

[3] Maritimes uses the term commodity rate but that is not correct and this order will refer to it as the "usage" rate.

the scheduled amount (within tolerance) since the usage rate under the MN365 Rate Schedule is $0.0000. Similarly, when the deliveries are made at points not operated by an OBA party, the MNIT interruptible shipper should only be billed for the actual deliveries. Under Maritimes' example above, that shipper is only delivered 9,000 Dth under the MNIT Rate Schedule and therefore the only usage rate should be assessed is for the 9,000 Dth delivered under the MNIT Rate Schedule.

B. Request for Rehearing

5. Maritimes argues that the Commission erred because in the shipper situation as well as in the OBA situation, it will incur a loss of revenue when different transportation rates are involved. After giving the same example that the July 2002 Order discussed and the Commission's reason for not allowing the charge in the shipper situation, Maritimes argues that the Commission's ruling will "force Maritimes to transport gas for free."

6. Maritimes contends that since Shipper A took 11,000 Dth—1,000 Dth greater than the quantity it scheduled and tendered into the system—absent a trade it would owe Maritimes a charge for transporting 1,000 Dth in conjunction with Maritimes' cashout imbalance resolution mechanism. It contends that with trading, however, Shipper B, after the trade, has 1,000 Dth that has been transported by Maritimes and for which nobody has paid. It asserts that Shipper A has not paid because its usage rate is $0.0000 per Dth, and after the trade, Shipper B has the 1,000 Dth of over-deliveries, not Shipper A. It asserts that Shipper B has not paid because it has so far only paid for the 9,000 Dth that it received and Maritimes has thus lost transportation revenue for 1,000 Dth. Maritimes contends that it must charge Shipper B for the transportation service associated with that 1,000 Dth, or else it will suffer a loss of transportation revenue.

C. Discussion

7. We will deny rehearing. As the Commission explained, at points without OBAs, Maritimes bills shippers on delivered volumes. In the example posited by Maritimes, Maritimes is receiving the same transportation revenue with trading that it would have received without trading. Without trading, Maritimes can collect the firm usage rate applicable for Shipper A's 11,000 Dth delivery, since it bills based on deliveries. It can similarly collect the interruptible rate on the 9,000 Dth delivered to Shipper B. With trading Maritimes receives the same amounts. Accordingly, Maritimes' statement that "Shipper A has not paid because its usage rate is $0.0000 per Dth, and after the trade, Shipper B has the 1,000 Dth of over-deliveries, not Shipper A" is not correct in two respects. First, Shipper A has in fact paid the correct tariff rate for the delivered volumes

since its tariff usage rate for firm deliveries up to 110% of scheduled volumes is $0.0000.[4] Its reservation charge, therefore, "pays" for all deliveries within the tariff's tolerance level. Second, Shipper B does not "have" the extra 1,000 Dth. It did not take delivery of that excess volume. It only took delivery of 9,000 Dth. The trade of the 1,000 Dth imbalance to Shipper B does not make that an actual delivery to Shipper B; it is a paper transaction for which there was no physical delivery to Shipper B. The actual physical service Maritimes performed was delivering 11,000 Dth to Shipper A and 9,000 Dth to Shipper B, and Maritimes has been paid the tariff's rates for that service.

8. To further demonstrate the fallacy of Maritimes' argument, assume in its example that Shipper A is the interruptible shipper, and Shipper B is the firm customer. There clearly is no impact on the transportation revenue as a result of the trade since Maritimes can charge Shipper A the interruptible rate of $0.6950 for the delivery of the full 11,000 Dth delivered even though Shipper A traded its 1,000 Dth imbalance for Shipper B's 1,000 Dth imbalance. Shipper B would pay the $0.0000 firm usage rate. Thus, both Shippers are properly billed for transportation service actually rendered. Accordingly, we deny rehearing.

II. Compliance Filings

A. Background

9. On June 24, 2003, in Docket No. RP00-474-003 et al., Maritimes submitted tariff sheets[5] to comply with the June 2003 order. The June 2003 Order, among other things, directed Maritimes to file revised Order No. 637 compliance tariff sheets with a proposed effective date of July 1, 2003. The June 2003 Order also directed Maritimes to file revised tariff sheets to: (1) eliminate all references to the "lowest unutilized quantity" (LUQ) with regard to segmentation; (2) remove the phrase "or at any point" in Section 6.7 of the GT&C; (3) revise the discount provisions to either eliminate or explain the last sentence of Section 27.2 of the GT&C; (4) revise the imbalance trading provisions to (i) reflect the transportation charge associated with imbalance trades involving OBA imbalances and (ii) include a crediting or refunding mechanism for overpayments to Maritimes for OBA imbalance trades; and (5) permit the use of a posted point of restriction concept for trades involving OBA imbalances. Further, the June 2003 Order directed Maritimes to make miscellaneous conforming tariff changes, and to revise its tariff to incorporate tariff

[4] See Third Revised Sheet No. 7 to Maritimes' FERC Gas Tariff, First Revised Volume No. 1 and Rate Schedule MN365 Section 3.(B).

[5] See Appendix A for a listing of the tariff sheets.

revisions accepted by the Commission subsequent to Maritimes' prior August 2, 2002 compliance filing.

10. Maritimes' June 24, 2003 compliance filing, consistent with the Commission's June 18, 2003 Notice of Extension of Time, set forth a phased implementation of the tariff sheets. The Phase I tariff sheets, which generally contained provisions related to park and loan service, netting and trading, third party imbalance management services, cashouts, and penalties and discounts would become effective July 1, 2003. The Phase II tariff sheets, containing provisions related to segmentation, secondary point priorities, flexible points, and prioritization of overlapping nominations related to releasing and replacement shipper contracts, would become effective October 1, 2003.

11. Maritimes filed revised tariff sheets[6] on July 7, 2003, in Docket No. RP00-474-004 et al., to supplement its June 24, 2003 compliance filing. The tariff sheets in that filing revised the park and loan rate under Maritimes' Rate Schedule MNPAL from $0.7150 to $0.6950 per Dth to reflect the Commission's approval of Maritimes' rate settlement in Docket No. RP02-134-000.[7]

12. On October 14, 2003, Maritimes submitted, in Docket No. RP00-474-006 additional information in compliance to a Letter Order issued on October 1, 2003. The compliance filing contained information setting forth further explanations of Maritimes' OBA trading examples set forth in Appendix C to its June 24, 2003 compliance filing.

B. Notice of Compliance Filings

13. Maritimes' June 24, July 7 and October 14, 2003 compliance filings were noticed on June 30, July 10 and October 17, 2003, providing for comments to be filed on or before July 7, July 21 and October 27, 2003, respectively. No adverse comments or protests were filed.

C. Discussion

14. Based on a review of Maritimes' June 24 and July 7, 2003 compliance filings, the Commission finds that Maritimes' revised tariff sheets satisfactorily comply with the June 2003 Order, with the exceptions discussed below. Additionally, Maritimes' October 14, 2003 compliance filing complies with the October 1, 2003 Letter Order and is accepted for filing. The compliance tariff sheets are accepted effective on the dates set forth in the

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[6] See Appendix B for a listing of the tariff sheets.

[7] Maritimes & Northeast Pipeline, L.L.C. 102 FERC ¶ 61,271 (2003).

Appendices to this order. Maritimes is directed to file revised tariff sheets within 15 days of this order to comply with the requirements set forth below.

a. OBA Trading Volumes and Rates

i. Findings of the June 2003 Order

15. The June 2003 Order determined that Maritimes could assess a transportation charge for imbalance trades for transactions under Operational Balancing Agreements (OBA). The order found that since shippers at OBA delivery points are deemed to have received only what was scheduled, irrespective of the actual volumes delivered, and billed on the scheduled volumes, a transportation charge could be assessed for excess deliveries. The order stated that while Maritimes could assess a transportation charge under OBA transactions, Maritimes' tariff did not specify what transportation charge would be assessed when a trade takes place under an OBA. The order directed Maritimes to file revised tariff language, along with a detailed explanation and examples, to expressly state what transportation charge will be assessed for imbalance trades under an OBA. Further, the order found that Maritimes' OBA trading example did not fully address the reimbursement by the pipeline to the shipper when an overpayment resulted from a netting and trading transaction. The order directed Maritimes to include tariff language that provides for crediting or refunding revenue as the result of netting and trading transactions which result in an overpayment to Maritimes.

ii. Maritimes' Compliance Filing

16. Maritimes revised Section 11.4 of its GT&C to incorporate tariff language to address transportation charges associated with trades involving cash-out parties. Maritimes tariff reflects the following modification:

> . . . A Cash-out Party may trade any imbalance with another Cash-out Party, provided that any trades involving OBA imbalances shall not result in a transportation path which crosses a Posted Point of Restriction, as defined in Section 1.51 of the GT&C, for that month. An OBA Party that trades an imbalance resulting from actual deliveries by Pipeline in excess of schedule deliveries (due Pipeline) or an OBA Party that trades an imbalance resulting from actual deliveries by Pipeline that are less than scheduled deliveries (due OBA Party) shall be assessed either a transportation traded charge or a transportation traded credit. When the trade involves two OBA Parties, the transportation traded charge shall be calculated by multiplying the traded due Pipeline quantity by the transportation charge which shall be equal to the maximum 100% load factor Rate Schedule MN365 recourse rate in

> effect at the applicable time and the transportation credit shall be calculated by multiplying the traded due OBA Party quantity by the maximum 100% load factor Rate Schedule MN365 recourse rate in effect at the applicable time. When the trade involves an OBA Party with a "due OBA Party" imbalance and a Cash-out Party that is a Customer under any Service Agreement, the transportation traded credit allocated to the OBA Party shall be calculated by multiplying the traded due OBA Party quantity by the actual weighted average Usage Charge that the Customer paid on all quantities of Gas delivered during the month to that Customer. When the trade involves an OBA Party with a "due Pipeline" imbalance and a Cash-out Party that is a Customer under any Service Agreement, the transportation traded charge assessed to the OBA Party shall be calculated by multiplying the traded due Pipeline quantity by the maximum 100% load factor Rate Schedule MN365 recourse rate in effect at the applicable time.[8]

17. In addition, Appendix C to Maritimes' June 24, 2003 compliance filing sets forth illustrative examples of imbalance trades involving trades between two OBA parties and trades between OBA parties and shippers not covered by OBA agreements. In summary, Maritimes' examples require it to analyze each trade entered into by the OBA party and shipper. The analysis to determine the charge to be paid for deliveries factors in whether the shipper's underlying transportation agreement is a firm or interruptible agreement, and in the case of trades involving OBA imbalances, whether there are deliveries made in excess of the scheduled nominations for shippers at the OBA point. According to Maritimes, when shippers nominate volumes at points covered by OBAs, shippers are not charged for any excess deliveries to such OBA point. However, because there are excess deliveries at OBA points, Maritimes' relies on Section 11.6 of its GT&C to assess the OBA party a transportation charge equal to the 100% load factor rate for Maritimes' firm Rate Schedule MN365, which is identical to the interruptible rate under Rate Schedule MNIT.

iii. Commission Response

18. The June 2003 Order authorized Maritimes to assess transportation charges when OBA parties traded imbalances. The order also found that no additional transportation charges could be assessed to shipper deliveries not covered by an OBA agreement (non-OBA party) since Maritimes' tariff already provided for the

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[8] See Substitute First Revised Sheet No. 262A to FERC Gas Tariff, First Revised Volume No. 1.

assessment of transportation charges on all shipper-delivered volumes.[9] While the changes required by the June 2003 Order only related to the transportation charge issue, Maritimes' compliance filing also raises two issues regarding what OBA trades will be permitted.

19. First, in revising its tariff to comply with the requirements concerning the transportation revenues that may be collected with respect to imbalance trades, Maritimes has also clarified the type of imbalance trades permitted. While the Commission had previously understood that OBA parties could only make trades with other OBA parties, Maritimes' revised tariff language permits OBA parties to trade imbalances with shippers that make deliveries to points not covered by an OBA agreement. Maritimes' proposed tariff language provides shippers with a greater opportunity to trade imbalances and avoid Maritimes' imbalance cash out provisions. Accordingly, we will accept the tariff language permitting OBA parties to trade with shippers, subject to the changes set forth below.

20. Second, the following proposed tariff language appears ambiguous as to the extent of the prohibition on trading OBA imbalances across a posted point of restriction:

> A Cash-out Party may trade any imbalance with another Cash-out Party, provided that any trades involving OBA imbalances shall not result in a transportation path which crosses a Posted Point of Restriction, as defined in Section 1.51 of the GT&C, for that month.

The phrase "for that month" leaves unclear whether such restriction would prohibit the trading of all OBA imbalances for the entire month, or, whether Maritimes is proposing only to limit trading of OBA imbalances that were generated on the day(s) of a posted point of restriction. In the Commission's view, the restriction should be limited to those OBA imbalances generated during the period a posted point of restriction is in effect. For example, if on day two of the month, Maritimes implements a posted point of restriction for a period of three days, those OBA imbalances incurred for that three day period would not be available for trading across the posted point of restriction. To the extent OBA imbalances were incurred during the remainder of the month when no posted point of restriction is in effect, those OBA imbalances should be available for trading. Maritimes is directed to revise its tariff to reflect this requirement, or fully explain why such a revision is not appropriate.

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[9] 103 FERC ¶ 61,316 at P 34.

21. We now turn to issues related to the transportation charge Maritimes may collect in connection with imbalance trading. Maritimes' tariff states that "An OBA Party that trades an imbalance resulting from actual deliveries by Pipeline in excess of scheduled deliveries (due Pipeline) or an OBA Party that trades an imbalance resulting from actual deliveries by Pipeline that are less than scheduled deliveries (due OBA Party) shall be assessed either a transportation traded charge or a transportation traded credit." In the case of OBA to OBA trades, Maritimes proposes to charge the OBA party at the point where deliveries exceeded scheduled amounts a rate designed as the 100% load factor of the Rate Schedule MN365 rate for the excess deliveries. It proposes to credit the OBA party at the point where deliveries were below scheduled amounts based on the same 100% load factor rate. No party has objected to this proposal. We accept this proposal subject to Maritimes clarifying its tariff as discussed below.

22. The Commission has permitted Maritimes to charge for transportation in connection with OBA trades because of the way it charges for service to OBA points. Maritimes bills shippers at such points based on their scheduled deliveries at the point, regardless of actual deliveries. Any difference between scheduled and actual deliveries is the responsibility of the OBA party. Therefore, if actual deliveries at the OBA point exceed scheduled amounts, and an additional charge would otherwise be owed for the excess deliveries, Maritimes has performed an additional service for which it has not been paid by the shippers at the point. The Commission has found it reasonable that Maritimes be permitted to charge for this additional service, while at the same time giving credits at points where actual deliveries are below scheduled amounts and thus the shippers have been overcharged for the service actually provided.

23. However, the circumstance of the actual service performed at the OBA point varying from the service for which the shippers at the point are charged occurs whenever there is an imbalance at the point, regardless of whether that imbalance is traded. Accordingly, the Commission believes it reasonable that the pipeline impose the same charge for transportation associated with the variation from scheduled amounts in the same manner, whether or not a trade occurs. There would appear to be two reasonable methods to determine the appropriate charge. One would be to determine which shippers behind the point are responsible for the variation and charge those shippers the appropriate rate provided under their rate schedules. In Maritimes' case, that would mean that, where the variation was attributable to an interruptible shipper, Maritimes would charge the $0.6950 per Dth interruptible rate for the excess volumes. Where the variation was attributable to a firm shipper, Maritimes would charge the $0.0000 firm usage rate for the excess volumes, unless the variation exceeded the tariff's scheduling tolerances or contract demand, in which case Maritimes could charge the rates provided for in its tariff

for such variations.[10] A second method to determine the appropriate charge for variations from scheduled amounts would be to treat the variations as a service performed for the OBA operator and for the pipeline to determine an appropriate charge for that service. This second method has the advantage that it obviates the need to attribute the variation to any particular shipper and its rate schedule.

24. Maritimes is proposing to use this second method, at least when the OBA operator trades its imbalance, and proposes a rate equal to a 100% load factor of its firm rate. The Commission has accepted such a rate for this type of service in Midwestern Gas Transmission Co., 101 FERC ¶ 61,310 at P 85-90 (2002). Therefore, Maritimes' proposal is acceptable, assuming it uses this same method of charging for variations from scheduled amounts at OBA points when there is no imbalance trade. However, Maritimes' tariff does not appear to clearly address transportation charges to OBA operators for variations from scheduled amounts when there is no trade of such an imbalance, but instead the imbalance is cashed out pursuant to Section 11.6 of its tariff. Accordingly, our acceptance of Maritimes' proposal is subject to Maritimes clarifying its tariff that it imposes the same charges (and credits) without a trade. If Maritimes uses some other reasonable method for addressing variations from scheduled amounts at OBA points when there is no trade, then it must also use that method where there is a trade, and modify its tariff accordingly.

25. The Commission also finds that Maritimes' proposed charge for trades between OBA parties and shippers requires modification. Maritimes' illustrative OBA trading examples indicate that rates charged for trades between two OBA parties and trades between an OBA party and shipper will not be treated in a consistent manner. Based on the following comparative examples set forth in Maritimes' compliance filings,[11] Maritimes' revised tariff provision will not provide a full credit or refund when actual deliveries are made to OBA points at less than the scheduled level at that point.

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[10] For service under Rate Schedule MN365 within the lesser of 110% of scheduled volumes or 102% of MDQ, Maritimes charges a $0.0000 per Dth usage charge. Service in excess of such tolerances is charged the 100% load factor rate of $0.6950 per Dth. See Rate Schedule MN365, Section 3.(B) and rates set forth on Third Revised Sheet No. 7 to Maritimes' FERC Gas Tariff, First Revised Volume No. 1.

[11] See Appendix C of the June 24, 2003 compliance filing and Response 2 of the October 14, 2003 compliance filing.

Example 2

OBA 1	Nomination	Allocated Deliveries	Imbalance Due Pipeline (Due Shipper)
Shipper 1A	10,000	10,000	0
Shipper 1B	20,000	20,000	0
OBA	0	1,500	1,500
Total	30,000	31,500	1,500

	Nomination	Allocated Deliveries	Imbalance Due Pipeline (Due Shipper)
Shipper 2	240,000	238,500	(1,500)

Under this example Maritimes will bill Shipper 2 based on actual deliveries, consistent with its practice of billing shippers at non-OBA points for their actual deliveries. However, Shippers 1A and 1B at the OBA 1 point will be billed on their respective nominations. Since there are additional, or excess deliveries at that point, Maritimes will bill the OBA 1 party for the excess deliveries. The revenues generated for the deliveries under OBA 1 are calculated as follows: (1) daily demand charge of $0.6950 x 30,000 Dth nominated volumes for a total of $20,850 and (2) OBA 1 party will pay an amount equal to the 100% load factor rate under Rate Schedule MN365 of $0.6950 times 1,500 Dth, or $1,042.50, to compensate Maritimes for transportation above scheduled deliveries.

Example 3

OBA 1	Nomination	Allocated Deliveries	Imbalance Due Pipeline (Due Shipper)
Shipper 1A	10,000	10,000	0
Shipper 1B	20,000	20,000	0
OBA	0	(1,500)	(1,500)
Total	30,000	28,500	(1,500)

Shipper 2	Nomination	Allocated Deliveries	Imbalance Due Pipeline (Due Shipper)
MN365	120,000	120,750	750
MNIT	120,000	120,750	750
Total	240,000	241,500	1,500

Under this example, Maritimes will bill Shipper 2 the firm and interruptible transportation rates for actual deliveries. Shippers 1A and 2A will be billed on nominations. Since there was less gas delivered at the OBA 1 delivery point, the OBA 1 party will receive a credit. The credit, however, is based on the average transportation cost for the volumes delivered to Shipper 2, as opposed to the 100% load factor rate under Rate Schedule MN365 of $0.6950. The revenues generated for the deliveries under OBA 1 are calculated as follows: (1) daily demand charge of $0.6950 x 30,000 Dth nominated volumes for a total of $20,850 and (2) OBA 1 Party would receive a credit of $521.25, based on 1,500 Dth x the weighted average usage rate of $0.3475 generated for Shipper 2.[12] In contrast to Example 2, the OBA party in this example receives a refund of $521.25 for under deliveries of 1,500 Dth, whereas when there is an over delivery of 1,500 Dth, the OBA party will pay $1,042.50.

26. Maritimes' proposed method for charging for trades involving OBA imbalances with Shipper imbalances appears overly complex and difficult to administer since underling assumptions must be made as to the sources of the gas used to trade shipper

[12] The average usage rate of $0.3475 was calculated as follows: usage revenues of $83,921 (120,750 x $0.6950) divided by MN365 and MNIT transported volumes of 241,500.

imbalances.[13] The fallacy of Maritimes' proposed method to charge OBA imbalance specific transportation rates for trades of OBA imbalances with shipper imbalances is rooted in Maritimes' position that when an OBA party receives more gas than scheduled, such amount is attributable to transportation services provided at the 100% load factor rate under Rate Schedule MN365. However, when the OBA party takes less gas than scheduled, and such gas is traded with a shipper with an under delivery, Maritimes calculates the compensation to the OBA party based on the underlying shipper contract(s) that were used for delivering the gas. Maritimes proposed assessment of transportation charges for over deliveries and under deliveries is inconsistent. If Maritimes proposes to charge OBA delivery parties the equivalent of the 100% load factor MN365 rate when actual quantities to the point exceed scheduled quantities, then it must similarly credit an OBA delivery point operator the full 100% load factor rate for all cases in which actual deliveries are less than scheduled volumes. Therefore, in Example 3, Maritimes must credit the OBA 1 Party the full 100% load factor rate regardless of the amount it collects from the shipper with firm and interruptible contracts. Alternatively, Maritimes can propose some other reasonable method of allocating quantities among firm and interruptible contracts for the purpose of determining the credits and payments owed to OBA operators. However, whatever proposal Maritimes submits, it must treat overpayments and underpayments consistently.

b. Miscellaneous Compliance Obligations

27. Maritimes' June 24, 2003, compliance filing stated that the submitted tariff sheets reflect revisions which incorporate changes accepted by the Commission subsequent to the June 2003 Order. In addition, Maritimes also stated that the tariff sheets reflect changes that were filed in Docket No. RP03-431-000, which at the time the compliance filing was submitted were pending Commission action. In order to bring Maritimes' tariff into compliance with Commission orders issued subsequent to the June 2003 Order, Maritimes is directed to make conforming changes to the tariff sheets filed in compliance with this order to incorporate tariff revisions previously accepted by the Commission.

The Commission orders:

(A) Maritimes' request for rehearing is denied as discussed in the body of this order.

[13] While Maritimes illustrated examples focus on one transaction, shippers may have multiple firm and interruptible contracts with imbalances that can be netted and traded during the month, requiring assumptions in deriving what transportation rate was paid with the imbalance.

(B) Maritimes' proposed tariff sheets are accepted effective on the dates set forth in Appendices A and B of this order.

(C) Maritimes is directed to file within 15 days of this order, revised tariff sheets consistent with the discussion in the body of this order.

By the Commission.

(S E A L)

Linda Mitry,
Acting Secretary.

Appendix A
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Maritimes & Northeast Pipeline, L.L.C.
Revised Tariff Sheets

Accepted Effective July 1, 2003

First Revised Volume No. 1

Sub First Revised Sheet No. 2
Sub First Revised Sheet No. 4
Sub Second Revised Sheet No. 6
Sub Original Sheet No. 10 **
Sub First Revised Sheet No. 100
Sub First Revised Sheet No. 103
Sub First Revised Sheet No. 109
Sub First Revised Sheet No. 115
Sub First Revised Sheet No. 121
Sub First Revised Sheet No. 122
Sub First Revised Sheet No. 128
Sub Original Sheet No. 136
Sub Original Sheet No. 137
Sub Original Sheet No. 138
Sub Original Sheet No. 139
Sub Original Sheet No. 140
Sub Original Sheet No. 141
Sub Original Sheet No. 142
Sub Original Sheet No. 143
Sub Original Sheet No. 144
Sub Original Sheet No. 145
Sub Second Revised Sheet No. 201
Sub Second Revised Sheet No. 210A
Sub First Revised Sheet No. 210A
Sub First Revised Sheet No. 212
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Sub First Revised Sheet No. 219
Sub First Revised Sheet No. 235
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Sub First Revised Sheet No. 239
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Sub First Revised Sheet No. 241
Sub Second Revised Sheet No. 257
Sub First Revised Sheet No. 260
Sub First Revised Sheet No. 260A
Sub First Revised Sheet No. 262A
Original Sheet No. 262B
Sub Second Revised Sheet No. 263
Sub Second Revised Sheet No. 265
Sub Second Revised Sheet No. 295
Sub First Revised Sheet No. 305
Sub Original Sheet No. 305A
Sub First Revised Sheet No. 400
Sub Original Sheet No. 495
Sub Original Sheet No. 496
Sub Original Sheet No. 497
Sub Original Sheet No. 498
Sub Original Sheet No. 499

** Rejected As Moot

Appendix A
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Maritimes & Northeast Pipeline, L.L.C.
Revised Tariff Sheets

Accepted October 1, 2003

First Revised Volume No. 1

Sub First Revised Sheet No. 104
Sub First Revised Sheet No. 110
Sub First Revised Sheet No. 116
Sub First Revised Sheet No. 123
Sub First Revised Sheet No. 124
Sub First Revised Sheet No. 129
Sub First Revised Sheet No. 134
Sub Second Revised Sheet No. 235
Sub Second Revised Sheet No. 236
Sub Original Sheet No. 236A
Sub Original Sheet No. 236B

Appendix B
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Maritimes & Northeast Pipeline, L.L.C.
Revised Tariff Sheets

Accepted July 1, 2003

First Revised Volume No. 1

Fourth Revised Sheet No. 1
Second Sub Original Sheet No. 10