

December 12, 2011

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

**Gas Transmission Northwest LLC**  
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Re: Gas Transmission Northwest LLC  
Compliance Filing  
Docket No. RP12-15-\_\_\_\_\_

Dear Ms. Bose:

Pursuant to Section 4 of the Natural Gas Act (“NGA”), Part 154 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) Regulations,<sup>1</sup> and to comply with the Commission Letter Order issued November 10, 2011, in Docket No. RP12-15-000,<sup>2</sup> Gas Transmission Northwest LLC (“GTN”) respectfully submits for filing the tariff section listed in Appendix A to be part of its FERC Gas Tariff, Fourth Revised Volume No. 1-A (“Tariff”). GTN respectfully requests that the Commission accept the tariff section to be effective November 11, 2011.

### **Correspondence**

The names, titles and mailing addresses of the persons to whom correspondence and communications concerning this filing should be directed as follows:

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\* Persons designated for official service pursuant to Rule 2010.

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<sup>1</sup> 18 C.F.R. Part 154 (2011).

<sup>2</sup> *Gas Transmission Northwest LLC*, 137 FERC ¶61,115 (2011) (“November 10 Letter Order”).

## **Statement of Nature, Reasons and Basis for Filing**

### **Background**

On October 11, 2011, GTN proposed tariff changes to allow the pipeline to mutually agree to pressure commitments with shippers on a non-discriminatory basis (“Tariff Filing”).<sup>3</sup> On October 24, 2011, Indicated Shippers submitted a Protest to the Tariff Filing.<sup>4</sup> On November 7, 2011, GTN filed a Motion to Leave to Answer Indicated Shippers’ Protest.

In its November 10 Letter Order, the Commission accepted GTN’s proposed tariff changes to be effective November 11, 2011, subject to GTN revising the proposed tariff language within 30 days of the date of the order.<sup>5</sup> Specifically, the Commission found that Indicated Shippers raised a reasonable concern that GTN’s entering into a pressure commitment might “alter its capacity.” As a result, the Commission directed GTN to clarify the pressure commitment language in its tariff to specify that it will not enter into pressure commitments that alter its available capacity.

The proposed language to which the Commission objects, contained in Section 6.42, states that GTN “will not be required to enter into pressure commitments that will alter its available capacity.” The term “available capacity” was intended to refer to available, unsubscribed firm pipeline capacity that is posted on GTN’s Informational Postings website rather than certificated capacity which, if altered, would require Commission approval. The intent of GTN’s proposed language was to provide GTN the ability to dedicate posted, unsubscribed firm capacity to an agreement in those instances where capacity in excess of the underlying contractual Maximum Daily Quantity (“MDQ”) would be required to support and enable an associated pressure commitment. The simple effect of this language, if utilized, would be a reduction in GTN’s unsubscribed firm capacity postings by some amount in excess of a new shipper’s contractual MDQ only when a pressure commitment would require the dedication of capacity greater than MDQ.

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<sup>3</sup> Section 6.42 – General Terms and Conditions, Pressure Commitments (“Section 6.42”).

<sup>4</sup> Protest of Indicated Shippers (filed October 24, 2011) (“Protest”). Indicated Shippers include Apache Corporation, ConocoPhillips Company, Chevron U.S.A., Inc. and Shell Energy North America (US), LP. Within the Protest, Indicated Shippers also requested that the Commission exercise its authority to require GTN to comply with the Commission’s reservation charge crediting policy.

<sup>5</sup> In the same order, FERC also ordered GTN to revise its Tariff to conform with the Commission’s reservation charge crediting policy. That filing is being submitted concurrently in a new docket on December 12, 2011.

GTN notes that it would like the flexibility to agree, on a non-discriminatory basis, to pressure commitments that require the dedication of capacity in excess of a shipper's contractual MDQ, but that it not be required in all instances to do so. GTN additionally notes that its current unsubscribed capacity postings for firm transportation service are approaching 1 Bcf/d of unsubscribed capacity. GTN reminds the Commission that its proposal to enter into pressure commitments will provide shippers with another service option that will hopefully allow the pipeline to attract additional load to its system. By its proposal, GTN is demonstrating its commitment to developing new business opportunities to make use of its unused capacity, consistent with Commission policy.<sup>6</sup>

The Commission has limited pressure commitments to the extent that they may adversely affect a pipeline's existing firm shippers. It has held that tariff provisions allowing for pressure commitments sufficiently protect existing shippers if they contain a limitation stating that the commitments will not affect the pipeline's existing firm service obligations.<sup>7</sup> GTN's proposed tariff language contains such a limitation: GTN "will not agree to a minimum or maximum receipt or deliver pressure that will render it unable to meet its existing firm obligations."<sup>8</sup> However, the Commission has not limited a pipeline's ability to provide a pressure commitment when such a commitment would affect posted, available capacity. Furthermore, when it accepted a pipeline's proposal to post, as unsubscribed, capacity that would become available when shippers waive their pressure commitments, the Commission effectively acknowledged that providing a pressure commitment to shippers may affect a pipeline's posted available capacity by an amount greater than the contract quantity.<sup>9</sup>

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<sup>6</sup> See *El Paso Natural Gas Company*, 72 FERC ¶ 61,083 at p. 61,441 (1995).

<sup>7</sup> *Colorado Interstate Gas Co.*, 99 FERC ¶ at 61,132 (2002) ("[B]ecause CIG's revised tariff language commits it to deny minimum receipt or delivery pressures that will render it unable to meet its existing firm service obligations, the commitments reflected in CIG's revised tariff language will ensure that the quality of service for CIG's existing customers will not be adversely affected by the new agreements.").

<sup>8</sup> Proposed GTN Tariff at Section 6.42.1.

<sup>9</sup> *Guardian Pipeline, L.L.C.*, 108 FERC ¶ 61,066 at P 3, 9 (2004) (acknowledging that "capacity...may be created" following a shipper's waiver of its pressure commitment); see also *Transcontinental Gas Pipe Line Corp.*, 110 FERC ¶ 61,115 at P 17 (2005) (stating that the pipeline did not have sufficient capacity to meet both pressure commitments and increased demand).

### Instant Filing

For the reasons stated above and consistent with the November 10 Letter Order, GTN is revising proposed Section 6.42 to clarify the use of posted, unsubscribed capacity for pressure commitments by stating:

“Transporter will not be required to enter into pressure commitments that will require the dedication of posted, unsubscribed capacity in excess of the contractual MDQ.”

The use of posted, unsubscribed capacity to support certain pressure commitments will not affect GTN’s existing obligations to its shippers. Furthermore, GTN’s proposed tariff language will benefit GTN and its existing shippers by making it more likely that GTN will be able to make use of its unused capacity. By this filing, GTN believes that it has clearly specified that it will not enter into pressure commitments that alter its certificated capacity, consistent with the Commission’s November 10 Letter Order.

### Effective Date

GTN requests that the Commission accept Section 6.42 to become effective November 11, 2011, and respectfully requests waiver of Section 154.207 of the Commission’s regulations to allow for this effective date.

### Other Filings Which May Affect This Proceeding

On December 12, 2011, in Docket No. RP12-15-000, GTN filed its Request for Clarification, or in the Alternative, Rehearing to request that the Commission clarify that it did not intend to limit GTN’s ability to utilize posted, available capacity to provide pressure commitments. GTN’s Request for Clarification, or in the Alternative, Rehearing is currently pending before the Commission.

### Contents of Filing

In accordance with Section 154.7 of the Commission’s Regulations, GTN is submitting the following via its electronic tariff filing:

1. This transmittal letter;
2. The clean tariff section, and tariff records (Appendix A);
3. A marked version of the tariff section (Appendix B).

**Certificate of Service**

As required by Sections 154.7(b) and 154.208 of the Commission's regulations, copies of this filing are being served upon all of GTN's existing customers and interested state regulatory agencies. A copy of this letter, together with the other attachments, is available during regular business hours for public inspection at GTN's principal place of business.

Pursuant to Section 385.2005 and Section 385.2011, the undersigned has read this filing and knows its contents, and the contents are true as stated, to the best of his knowledge and belief. Additionally, the undersigned possesses full power and authority to sign such filing.

Any questions regarding this filing may be directed to Joan Collins at (832) 320-5651.

Respectfully submitted,

GAS TRANSMISSION NORTHWEST LLC

A handwritten signature in black ink that reads "John A. Roscher". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

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John A. Roscher  
Director, Rates & Tariffs

Enclosures

# Appendix A

## *Gas Transmission Northwest LLC - FERC Gas Tariff, Fourth Volume No. 1-A*

### Clean Tariff

<u>Tariff Section</u>	<u>Version</u>
6.42 - GT&C, Pressure Commitments	v.0.1.0

## 6.42 PRESSURE COMMITMENTS

1. By mutual agreement, Transporter may, on a non-discriminatory basis, enter into minimum or maximum receipt or delivery pressure commitments with Shippers at a location specified on Transporter's side of custody transfer points. Transporter may specify conditions to ensure that such commitments do not have any adverse effect on Transporter's system. Transporter will not agree to a minimum or maximum receipt or delivery pressure that will render it unable to meet its existing firm obligations. In addition, Transporter will not be required to enter into pressure commitments that will require the dedication of posted, unsubscribed capacity in excess of the contractual MDQ. Upon request, Transporter will provide a written explanation to Shipper explaining the operational basis for rejecting any request for a pressure commitment.
2. Absent an event of Force Majeure (in which case the provisions of Section 6.10 of these General Terms and Conditions shall apply), if Transporter fails to meet a minimum or maximum receipt or delivery pressure commitment made pursuant to an Agreement, then for each day Transporter so fails to meet the pressure commitment (a "Credit Day"), Shipper shall be entitled to a Reservation Charge Credit calculated in the manner hereinafter set forth:

The Reservation Charge Credit for each Credit Day for a particular Shipper shall be computed as follows:

Reservation Charge Credit  
for Each Credit Day  $= A \times (B - C)$

Where:

A = Shipper's applicable daily Reservation Rate components

B = Shipper's confirmed daily nomination for the Credit Day

C = Actual quantity of gas delivered for Shipper's account for the Credit Day

This Reservation Charge Credit is Shipper's sole remedy for Transporter's failure to meet a pressure commitment provided for in an Agreement.

# Appendix B

## *Gas Transmission Northwest LLC - FERC Gas Tariff, Fourth Volume No. 1-A*

### Marked Tariff

<u>Tariff Section</u>	<u>Version</u>
6.42 - GT&C, Pressure Commitments	v.0.1.0

## 6.42 PRESSURE COMMITMENTS

1. By mutual agreement, Transporter may, on a non-discriminatory basis, enter into minimum or maximum receipt or delivery pressure commitments with Shippers at a location specified on Transporter's side of custody transfer points. Transporter may specify conditions to ensure that such commitments do not have any adverse effect on Transporter's system. Transporter will not agree to a minimum or maximum receipt or delivery pressure that will render it unable to meet its existing firm obligations. In addition, Transporter will not be required to enter into pressure commitments that will ~~alter its available capacity~~ require the dedication of posted, unsubscribed capacity in excess of the contractual MDQ. Upon request, Transporter will provide a written explanation to Shipper explaining the operational basis for rejecting any request for a pressure commitment.
2. Absent an event of Force Majeure (in which case the provisions of Section 6.10 of these General Terms and Conditions shall apply), if Transporter fails to meet a minimum or maximum receipt or delivery pressure commitment made pursuant to an Agreement, then for each day Transporter so fails to meet the pressure commitment (a "Credit Day"), Shipper shall be entitled to a Reservation Charge Credit calculated in the manner hereinafter set forth:

The Reservation Charge Credit for each Credit Day for a particular Shipper shall be computed as follows:

Reservation Charge Credit  
for Each Credit Day =  $A \times (B - C)$

Where:

A = Shipper's applicable daily Reservation Rate components

B = Shipper's confirmed daily nomination for the Credit Day

C = Actual quantity of gas delivered for Shipper's account for the Credit Day

This Reservation Charge Credit is Shipper's sole remedy for Transporter's failure to meet a pressure commitment provided for in an Agreement.