



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
Change in FERC Gas Tariff
Docket No. RP12- -

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,¹ and to comply with the Commission Letter Order issued November 10, 2011, in Docket No. RP12-15-000,² Gas Transmission Northwest LLC (“GTN”) respectfully submits for filing the tariff sections listed in Appendix A to be part of its FERC Gas Tariff, Fourth Revised Volume No. 1-A (“Tariff”). The purpose of the filing is to revise GTN’s Tariff to provide reservation charge credits consistent with Commission policy as further described below.³ GTN respectfully requests that the Commission accept the tariff sections included herein at Appendix A to become effective January 12, 2012.

Correspondence

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

¹ 18 C.F.R. Part 154 (2011).

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

³ *Order on Petition*, 135 FERC ¶ 61,055 (2011) (“Policy Statement”).

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Statement of Nature, Reasons and Basis for Filing

Background

On October 11, 2011, in Docket No. RP12-15-000, GTN filed a tariff proposal that would allow the pipeline to mutually agree to pressure commitments with shippers on a nondiscriminatory basis. On October 24, 2011, Indicated Shippers filed a Protest that addressed, in part, GTN's proposed pressure commitment provision.⁴ In addition, Indicated Shippers requested that the Commission exercise its authority under Section 5 of the NGA to require GTN to comply with the Commission's reservation charge credit policy for outages caused by force majeure and non-force majeure events.

In its November 10 Letter Order, the Commission found that GTN's existing reservation charge credit tariff provisions do not comply with current Commission policy.⁵ As set forth in the November 10 Letter Order, the Commission found that GTN's existing tariff fails to make the distinction between force majeure and non-force majeure events. Moreover, Commission policy requires crediting when the pipeline fails to deliver the entire amount nominated by a shipper, not any lesser amount. Thus, the Commission also determined that GTN's 95-percent crediting threshold is in violation of Commission policy. Pursuant to its authority under Section 5 of the NGA, the Commission directed GTN, within 30 days of the date of the Order, to revise its Tariff to conform with the Commission's reservation charge credit policy or explain why GTN should not be required to do so.⁶

⁴ 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.

⁵ In the same order, FERC also ordered GTN to clarify its proposed pressure language. The pressure commitment compliance filing is being concurrently filed in Docket No. RP12-15-001 on December 12, 2011.

⁶ November 10 Letter Order at P 13 (2011).

The Instant Filing

As required by the November 10 Letter Order, GTN is submitting revisions to its reservation charge credit tariff provisions, consistent with FERC policy.

Section 5.1.3.9 of GTN's Tariff currently governs reservation charge credits when Malin is designated as the primary delivery point. This Malin primary delivery point distinction is no longer relevant to GTN's reservation charge credit procedure. Therefore, GTN proposes to replace this section with a provision that addresses reservation charge credits relating to force majeure outages. Specifically, GTN proposes to implement the Safe Harbor method and will provide full reservation charge credits after a safe harbor period of ten days. Reservation credits will be limited to confirmable nominations for firm service within a shipper's maximum daily quantity, as has been previously approved by the Commission.⁷ GTN is retaining language from the existing section stating that the reservation charge credit provision will be a shipper's sole remedy for any failure to deliver gas.

Section 5.1.3.10 of GTN's tariff currently governs reservation charge credits when Malin is *not* designated as the primary delivery. This non-Malin primary delivery point distinction is no longer relevant to GTN's reservation charge credit procedure. Therefore, GTN proposes to replace this section with a provision that addresses reservation charge credits related to non-force majeure outages. GTN proposes to provide full reservation charge credits for *any* nondelivery of gas resulting from a non-force majeure outage starting on day one of the outage. Reservation credits will be limited to confirmable nominations for firm service within a shipper's maximum daily quantity. GTN is retaining language from the existing section stating that the reservation charge credit provision will be a shipper's sole remedy for any failure to deliver gas.

Effective Date

GTN requests that the Commission accept the proposed tariff sheets to become effective January 12, 2012.

⁷ See *Tuscarora Gas Transmission Company*, 123 FERC ¶ 61,109 (2008). In that order, the Commission agreed that limiting reservation charge credits to those nominations confirmed is a reasonable way to determine the amount of gas shippers would have taken without curtailment.

Other Filings Which May Affect This Proceeding

There are no other filings before the Commission that may significantly affect the changes proposed herein.

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 sections, and tariff records (Appendix A);
3. A marked version of the tariff sections (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



John A. Roscher
Director, Rates & Tariffs

Enclosures

Appendix A

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

Clean Tariff

<u>Tariff Section</u>	<u>Version</u>
5.1.3.9 – Rate Schedule FTS-1, Reservation Charge Credits – Force Majeure Events	v.4.0.0
5.1.3.10 – Rate Schedule FTS-1, Reservation Charge Credits – Non-Force Majeure Events	v.4.0.0

5.1.3.9 Reservation Charge Credit - Force Majeure Event.

As used in this Section 5.1.3.9, Firm Daily Volume shall mean the volume of gas which GTN is obligated to deliver on a firm basis at Shipper's primary firm delivery point(s) on a Gas Day, based on confirmable nominations for firm service within Shipper's Maximum Daily Quantity. If, due to an event of Force Majeure as defined in Section 6.10 of the General Terms and Conditions of this FERC Gas Tariff, GTN is unable to deliver any portion of Shipper's Firm Daily Volume for a period greater than ten (10) consecutive days, then for each day beyond ten (10) days that GTN so fails to provide service the applicable reservation charges including applicable reservation-based surcharges shall not apply to the quantity of gas not delivered by GTN within the Shipper's Firm Daily Volume; provided, however, that these charges shall not be eliminated to the extent that the Shipper utilizes secondary point service.

Except as provided for in Section 5.1.3.10 of this rate schedule, this Reservation Charge Credit is Shipper's sole remedy for nondelivery of gas by GTN.

5.1.3.10 Reservation Charge Credit - Non-Force Majeure Event.

As used in this Section 5.1.3.10, Firm Daily Volume shall mean the volume of gas which GTN is obligated to deliver on a firm basis at Shipper's firm delivery point(s) on a Gas Day, based on confirmable nominations for primary firm service within Shipper's Maximum Daily Quantity. Except as provided for in Section 5.1.3.9 above, in the event GTN fails to deliver any portion of Shipper's Firm Daily Volume on any Gas Day under any firm contract, then the applicable reservation charges including applicable reservation-based surcharges shall not apply to the quantity of gas not delivered by GTN within the Shipper's Firm Daily Volume; provided, however, that these charges shall not be eliminated to the extent that the Shipper utilizes secondary point service.

Except as provided for in Section 5.1.3.9 of this rate schedule, this Reservation Charge Credit is Shipper's sole remedy for nondelivery of gas by GTN.

Appendix B

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

Marked Tariff

<u>Tariff Section</u>	<u>Version</u>
5.1.3.9 – Rate Schedule FTS-1, Reservation Charge Credits – Force Majeure Events	v.4.0.0
5.1.3.10 – Rate Schedule FTS-1, Reservation Charge Credits – Non-Force Majeure Events	v.4.0.0

5.1.3.9 Reservation Charge Credit - ~~Force Majeure Event~~~~Malin Primary Delivery Point.~~

As used in this Section 5.1.3.9, Firm Daily Volume shall mean the volume of gas which GTN is obligated to deliver on a firm basis at Shipper's primary firm delivery point(s) on a Gas Day, based on confirmable nominations for firm service within Shipper's Maximum Daily Quantity. If, due to an event of Force Majeure as defined in Section 6.10 of the General Terms and Conditions of this FERC Gas Tariff, GTN is unable to deliver any portion of Shipper's Firm Daily Volume for a period greater than ten (10) consecutive days, then for each day beyond ten (10) days that GTN so fails to provide service the applicable reservation charges including applicable reservation-based surcharges shall not apply to the quantity of gas not delivered by GTN within the Shipper's Firm Daily Volume; provided, however, that these charges shall not be eliminated to the extent that the Shipper utilizes secondary point service.

~~If GTN fails to deliver to Malin, Oregon ninety five percent (95%) or more of the aggregate Confirmed Daily Nominations (as hereinafter defined) of all Shippers with a Malin primary delivery point receiving service under this rate schedule (hereinafter referred to as the "Non-Deficiency Amount") for more than twenty five (25) days in any given Contract Year, then for each day during that Contract Year in excess of twenty five (25) days that GTN so fails to deliver the Non-Deficiency Amount (a "Credit Day") Shipper, as its sole remedy, shall be entitled to a Reservation Charge Credit calculated in the manner hereinafter set forth.~~

~~For the purpose of this Section 5.1.3.9, Confirmed Daily Nomination shall mean for any day, the lesser of (1) Shipper's Maximum Daily Quantity or (2) the actual quantity of gas that the connecting pipeline upstream of GTN is capable of delivering for Shipper's account to GTN at Shipper's primary point of receipt(s) on GTN less Shipper's requirement to provide compressor fuel and line losses under the Statement of Effective Rates and Charges of GTN's FERC Gas Tariff, Fourth Revised Volume No. 1-A or (3) the quantity of gas that Pacific Gas and Electric Company (PG&E) is capable of accepting at Malin for Shipper's account or (4) Shipper's nomination to GTN.~~

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

$$\begin{array}{r} \text{Reservation Charge} \text{-----} \text{A} \text{-----} \text{B - C} \\ \text{Credit for Each} \text{-----} \text{x} \text{-----} \\ \text{Credit Day} \text{-----} \text{=} \text{-----} \text{(B)} \end{array}$$

~~Where A = Shipper's Daily Reservation Charge~~

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

~~C = Actual quantity of gas delivered by GTN to PG&E Malin for
Shipper's account for the Credit Day~~

Except as provided for in Section 5.1.3.10 of this rate schedule, this Reservation Charge Credit is Shipper's sole remedy for nondelivery of gas by GTN.

5.1.3.10 Reservation Charge Credit - ~~Non-Force Majeure Event~~Other than Malin Primary Delivery Point.

As used in this Section 5.1.3.10, Firm Daily Volume shall mean the volume of gas which GTN is obligated to deliver on a firm basis at Shipper's firm delivery point(s) on a Gas Day, based on confirmable nominations for primary firm service within Shipper's Maximum Daily Quantity. Except as provided for in Section 5.1.3.9 above, in the event GTN fails to deliver any portion of Shipper's Firm Daily Volume on any Gas Day under any firm contract, then the applicable reservation charges including applicable reservation-based surcharges shall not apply to the quantity of gas not delivered by GTN within the Shipper's Firm Daily Volume; provided, however, that these charges shall not be eliminated to the extent that the Shipper utilizes secondary point service.

~~If GTN fails to deliver Forward Haul service on a Primary Path to a primary delivery point on its system other than Malin, Oregon, ninety five percent (95%) or more of the aggregate Confirmed Daily Nominations (as hereinafter defined) of all Shippers at such primary delivery point other than Malin receiving service under this rate schedule (hereinafter referred to as the "Non-Deficiency Amount") for more than twenty five (25) days in any given Contract Year, then for each day during that Contract Year in excess of twenty five (25) days that GTN so fails to deliver the Non-Deficiency Amount (a "Credit Day") Shipper, as its sole remedy, shall be entitled to a Reservation Charge Credit calculated in the manner hereinafter set forth.~~

~~For the purpose of this Section 5.1.3.10, Confirmed Daily Nomination shall mean for any day, the lesser of (1) Shipper's Maximum Daily Quantity or (2) the quantity of gas that the connecting downstream pipeline(s), local distribution company pipeline(s), or end user(s) is/are capable of accepting for Shipper's account at Shipper's point(s) of primary delivery on GTN or (3) the quantity of gas that the connecting pipeline upstream of GTN is capable of delivering to GTN for Shipper's account to GTN at Shipper's primary point of receipt(s) on GTN less Shipper's requirement to provide compressor fuel and line losses under the Statement of Effective Rates and Charges of GTN's FERC Gas Tariff, Fourth Revised Volume No. 1-A or (4) Shipper's nomination to GTN.~~

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

$$\begin{array}{r}
 \text{Reservation Charge} \text{-----} \text{A} \text{-----} \text{B} \text{-----} \text{C} \\
 \text{Credit for Each} \text{-----} \text{-----} \text{x} \text{-----} \\
 \text{Credit Day} \text{-----} \text{-----} \text{=} \text{-----} \text{(- B) }
 \end{array}$$

~~Where A = Shipper's Daily Reservation Charge
 B = Shipper's confirmed daily nomination for the Credit Day~~

~~C = Actual quantity of gas delivered by GTN to a Shipper's primary delivery point(s) (other than Malin) for Shipper's account for the Credit Day~~

Except as provided for in Section 5.1.3.9 of this rate schedule, this Reservation Charge Credit is Shipper's sole remedy for nondelivery of gas by GTN.