



January 14, 2011

The Honorable Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Gas Transmission Northwest Corporation
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Houston, TX 77002-2761

Robert D. Jackson
Director, Certificates & Regulatory Administration

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Via Electronic Filing

Dear Ms. Bose:

Pursuant to Section 7(b) of the Natural Gas Act and Sections 157.7 and 157.18 of the Federal Energy Regulatory Commission's ("Commission") regulations, Gas Transmission Northwest Corporation ("GTN") hereby eFiles an abbreviated application seeking Commission approval to abandon certain system capacity and GTN's related obligation to provide transportation service related to MAOP de-rates on its A-Line in Boundary, Bonner and Kootenai Counties, Idaho, and Spokane County, Washington. GTN seeks this abandonment to maintain compliance with U.S. Department of Transportation ("DOT") regulations.

The Abbreviated Application is being filed as follows:

- Volume I** **Public Information** consisting of the Abbreviated Application and Exhibits.
- Volume II** **Critical Energy Infrastructure Information ("CEII")** consisting of Exhibit V – Flow Diagrams Reflecting Daily Design Capacity.

Request for CEII Treatment

As permitted by Section 388.112 of the Commission's regulations, GTN requests CEII treatment of Volume II, which contains the Flow Diagrams Reflecting Daily Design Capacity. GTN submits that the flow diagram data meets the definition of CEII as found at Section 388.113 of the Commission's regulations. Accordingly, GTN is filing its flow diagram data as CEII and Volume II is labeled - "**Contains Critical Energy Infrastructure Information - Do Not Release.**"

GTN is e-filing this application in accordance with the Commission's Order No. 703, *Filing Via the Internet* guidelines, issued in Docket No. RM07-16-000 on November 15, 2007.

Questions regarding this application, including the request for CEII treatment should be directed to Rene Staeb at (832) 320-5215 or fax (832) 320-6215 or rene_staeb@transcanada.com.

Respectfully submitted,

_____/s/_____
Robert D. Jackson
Director, Certificates & Regulatory Administration

Attachments

The names, titles, and mailing addresses of the persons to whom correspondence and communications concerning this application are to be addressed are as follows:

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II.

REQUESTED AUTHORIZATIONS AND CAPACITY TO BE ABANDONED

GTN is requesting authorization pursuant to Section 7(b) of the NGA to permanently abandon a portion of its unutilized system capacity, which capacity has already been subject to a temporary pressure reduction (or “de-rate”) in order to comply with U.S. Department of Transportation (“DOT”) regulations affecting GTN’s A-Line in Boundary, Bonner and Kootenai Counties, Idaho and Spokane County, Washington.^{1, 2}

Specifically, GTN is proposing to abandon 35,106 Dth/d of annual long-term firm capacity and 24,702 Dth/d of long-term firm winter-only capacity from the pipeline’s primary receipt point at Kingsgate downstream to the Stanfield Meter Station located in Stanfield, Oregon, or just over 1% and 2% of the summer daily design capacity and the winter daily design capacity, respectively. Capacity on the south end of GTN’s system will not be impacted by this abandonment. As discussed in greater detail below, GTN is proposing to abandon this capacity in order to avoid incurring approximately \$6.8 million in costs related to DOT compliance that would be necessary to maintain capacity which has not been contracted or utilized in over three years.

¹ See *Pacific Gas Transmission Company*, 24 F.P.C. 134, 1960, 35 F.P.C. 1003, 1966, 40 F.P.C. 1147, 1968, 43 F.P.C. 418, 1970, 11 FERC ¶ 61,279 (1980), 57 FERC ¶ 61,097 (1991) and *PG&E Gas Transmission Northwest Corporation*, 84 FERC ¶ 61,204 (1998), 96 FERC ¶ 61,194 (2001).

² Although only the A-Line is being de-rated, the operating pressure on the B-Line and C-Line will also be impacted by the phased de-rating of MAOP described on pages 4 and 5.

Background

DOT regulations require that certain action be taken for changes in the class location of a pipeline, independent of a FERC project specific review and certificate authorization.³ Options for maintaining compliance with DOT requirements when class location changes occur include: 1) hydrostatic testing the affected locations in order to maintain current maximum operating pressures (“MAOP”); 2) pipe replacement in order to maintain current MAOP; 3) application for a Special Permit to operate at existing pressures without undertaking either option 1 or 2 above; and 4) lowering the MAOP of the affected pipeline segments, *i.e.*, de-rating the MAOP, which restricts gas flow, thereby reducing the design capacity through such segments.

In accordance with Part 192 of the DOT regulations and as part of its ongoing pipeline integrity program, GTN has undertaken class location analyses to determine where class changes have occurred due to changes in demographics along its pipeline system. Specifically, in late 2007 GTN completed a class location analysis, which determined that several sections of GTN’s original A-Line required action by the pipeline.

The identified sections were deemed good candidates for a Special Permit due to the excellent condition of the affected pipeline. Because of this, on May 22, 2008, GTN submitted an application for a Special Permit from the DOT⁴ to cover the noted sections of pipe. On December 16, 2009, GTN received a denial of the Special Permit with instructions that GTN comply with the class regulations as they apply to the affected segments by December 16, 2010.⁵

Subsequent to the 2007 class location analysis, additional encroachment on GTN’s pipeline system necessitated additional class location analyses. The resulting detailed

³ *Columbia Gas Transmission Corporation*, 95 FERC ¶ 61,218, at footnote 4 (2001).

⁴ Specifically, GTN submitted an application to the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration, or PHMSA.

⁵ The request for a Special Permit was denied because the five affected locations had not been hydrostatically tested to 1.25 times the MAOP, a mandatory requirement for approval.

analyses, along with ground-based validation, reduced the original number of sections to six that required compliance with DOT regulations by December 16, 2010. These six sections were temporarily de-rated on December 16, 2010. In addition, several new sections were identified which require compliance with DOT regulations by December 31, 2011. Of these newly-identified sections of pipeline, GTN proposes to further de-rate three sections that were part of the temporary MAOP reduction on December 16, 2010. GTN seeks herein to permanently abandon the capacity associated with the de-rated MAOP.

Table 1 below identifies the sections of pipeline that GTN has identified for permanent MAOP reductions, including those reductions required for DOT compliance by December 31, 2011. The sections of affected pipeline are located between the Kingsgate and Stanfield meter stations. Therefore, the permanent de-rating of these pipeline segments will result in an abandonment of capacity from Kingsgate to Stanfield.

Table 1: Segments of pipeline subject to DOT class change regulations

Valve Section on GTN A-Line (MLV)	Class Change (from/to)	State	December 16, 2010 De-rate Pressure	December 31, 2011 De-rate Pressure	Avoided Hydrotest Cost (\$Millions)
3 to 3-1	1/2	ID	884	No change from 2010	1.0
3-1 to 3-2	1/2	ID	892	867	1.2
3-2 to 4	1/2	ID	890	No change from 2010	1.2
4 to 4-1	1/2	ID	861	856	1.2
4-1 to 4-2	1/2	ID	907	829	1.2
5-2.5 to 5-3	1/2	WA	874	No change from 2010	1.0

Phased De-rating of MAOP

Consistent with the compliance date established by DOT, GTN temporarily reduced the MAOP of certain segments of pipe on December 16, 2010.⁶ Phase 1 included the modification of automation logic and over-pressure protection equipment at Compressor Stations 3, 4 and 5

⁶ The Phase 1 and Phase 2 MAOP de-rates will be accomplished with auxiliary installations under Section 2.55(a) of the Commission's regulations.

to limit the discharge pressure at or below the de-rated downstream MAOP. Additionally, the automation logic at Compressor Stations 3, 4, 5 and 6 was modified to enable the closure of valves necessary to isolate each pipeline segment that may be over-pressured in the event a station is not running. The cost to complete the Phase 1 modifications is estimated to be \$119,000.

Phase 2 will be completed in 2011 consistent with the compliance date established by DOT and will include the further modification of automation logic and over-pressure protection equipment to meet the 2011 reduced MAOPs imposed by DOT regulations. In addition, necessary control equipment on the existing operators on mainline valves upstream of the de-rated pipeline segments will be installed to close the valves if the pressure exceeds the de-rated MAOP. The cost to complete the Phase 2 modifications is estimated to be \$284,000.

GTN notes that the avoided cost associated with not conducting hydrostatic testing on the affected sections of pipe totals approximately \$6.8 million. Taking into account the costs to modify GTN's system as discussed above, the net avoided costs associated with the proposed capacity abandonment is approximately \$6.4 million.

System Flow Diagrams

Exhibit V, attached hereto, contains four flow diagrams showing the GTN mainline system. Diagrams 1 and 2 show GTN's existing pipeline system before the capacity abandonment, and diagrams 3 and 4 show the pipeline system after the proposed abandonment. Diagrams 1 and 3 represent the summer season with higher ambient temperatures and lower available compressor horsepower. Diagrams 2 and 4 represent the winter season with lower ambient temperatures and higher available compressor horsepower. The delivery quantities for all four flow diagrams are the long-term firm contract quantities for the summer and winter seasons. The direction of gas flow for each case is from north to south. The existing system assumes 911 psig MAOP for the entire mainline. However, the proposed

system assumes reduced pressure control setpoint pressures of 884 psig at the discharge of Compressor Station 3, 867 psig at Mainline Valve 3-1,⁷ 856 psig at the discharge of Compressor Station 4, 829 psig at Mainline Valve 4-1 and 874 psig at Mainline Valve 5-2. Reducing the pressure at these points reduces pipeline capacity between GTN's primary receipt point at Kingsgate, British Columbia, and the interconnection with Williams' Northwest Pipeline at Stanfield, Oregon.

As noted above and demonstrated in the attached flow diagrams, the amount of capacity that GTN is proposing herein to abandon represents a small amount of its total system design capacity. Specifically, GTN seeks to abandon approximately 34 MMcf/d (35,106 Dth/d) of its current summer daily design capacity of over 2.5 Bcf/d, or just over 1%, and approximately 58 MMcf/d (59,809 Dth/d) of its current winter daily design capacity of over 2.7 Bcf/d, or just over 2%. As further described below, this will have no impact on service to GTN's shippers.

In-house software called GasTran was used to develop the existing and proposed system capacities. The GasTran hydraulic model uses the Monte Carlo method to determine pipeline system capacity based on the statistical probability of compressor unit and station outages. The GasTran model has been used for prior GTN pipeline expansion project filings. Gregg Engineering Inc. ("Gregg") software was then used to develop the detailed pressures and flows for all flow diagrams. Note that GL Noble Denton SynerGEE Gas software was used to develop the flow diagrams for GTN's prior expansion filings but Gregg software was used for this filing. The two software products use different solution methodologies and so the results of the two models differ, however the amount of difference is de minimis.

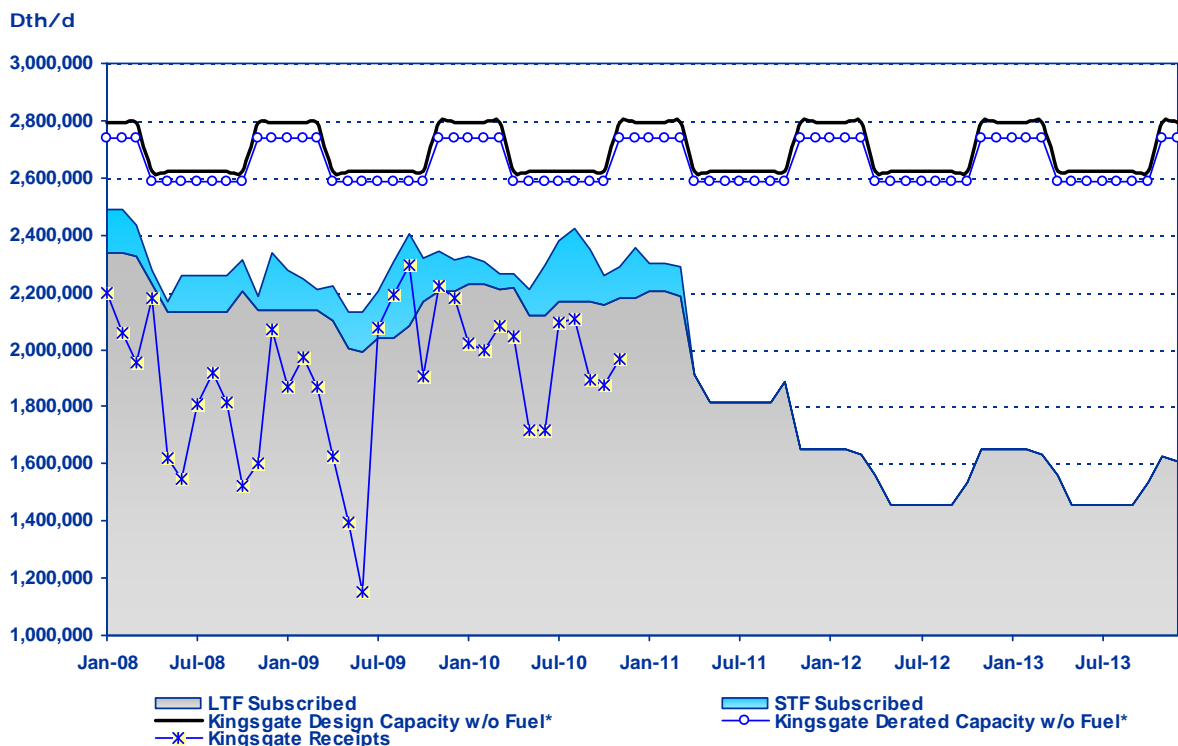
Impact on Existing Shippers

Figure 1 below demonstrates that the abandonment of capacity from Kingsgate to Stanfield will have no impact on existing shippers on GTN, and that the system will be capable

⁷ The segment from Mainline Valve 3-2 to Station 4 is being de-rated to 890 psig but doesn't establish a control set point due to the lower upstream pressure at Mainline Valve 3-1.

of meeting shippers' firm capacity needs following the capacity abandonment. The top two lines in Figure 1 show the design capacity profile at GTN's Kingsgate station with and without the derates. The shaded areas in Figure 1 illustrate the cumulative amount of firm capacity at Kingsgate that was contracted under long-term and short-term contracts from January 2008 to present, in addition to the contract profile of GTN's long-term firm contracts to 2013. The line within the shaded area shows actual total flows under all of GTN's firm and interruptible transportation contracts from 2008 to present. As shown, none of GTN's firm (or interruptible) shippers will be impacted by the requested abandonment of capacity from Kingsgate to Stanfield.

Figure 1: GTN Capacity Profile - Kingsgate



* Based on a 1,025 heat rate.

Effect of the Abandonment on Existing Tariffs

The abandonment of capacity as requested herein will have no immediate impact on GTN's existing tariff or tariff rates. GTN notes that any changes to its design capacity that result from the instant request to abandon capacity will be taken into consideration in the design of GTN's transportation rates when GTN files its next rate case under section 4 of the NGA. Under the provisions of a Stipulation and Agreement approved by Commission letter order on January 7, 2008, in Docket No. RP06-407-000,⁸ GTN is required to file another rate case with rates effective no later than January 1, 2014. GTN is permitted to file a rate case with rates effective as soon as January 1, 2012.

III.

PUBLIC CONVENIENCE AND NECESSITY

As described herein, the MAOP reduction of GTN's A-Line, resulting in the abandonment of capacity, will not adversely affect the quality of service otherwise provided to GTN's existing shippers. Decreasing the certificated MAOP of the A-Line will ensure compliance with DOT requirements and facilitate the continued operation of the A-Line in a safe and reliable manner for GTN's shippers while avoiding otherwise required significant expenditures. For these reasons, the requested authorization is required by and will serve the present and future public convenience and necessity.

IV.

ENVIRONMENTAL MATTERS

In the instant filing, GTN is only proposing to abandon a small portion of its unutilized capacity and GTN's related obligation to provide transportation service. The abandonment of capacity reflects a permanent reduction in MAOP on certain sections of pipeline. As discussed above, reductions in MAOP are achieved through the modification of automation logic, over-

⁸ See *Gas Transmission Northwest Corporation*, 122 FERC ¶ 61,012 (2008)

pressure protection, and control equipment on existing operators on mainline valves. Modification work includes auxiliary installations under Section 2.55(a) of the Commission's regulations. Additionally, no ground disturbance will occur for these modifications. Therefore, GTN has not included an environmental report and respectfully submits that the instant Application is excluded from the preparation of an environmental assessment or an environmental impact statement.

V.

FORM OF NOTICE

A form of notice suitable for publication in the Federal Register is attached.

VI.

DESCRIPTION OF EXHIBITS

The exhibits required for this abandonment application pursuant to 18 C.F.R. § 157.18 are attached. Because this is an abbreviated application filed in accordance with 18 C.F.R. § 157.7, certain exhibits are attached or omitted for the stated reasons.

- | | |
|-----------|--|
| Exhibit T | <u>Related Applications</u>
The facilities through which GTN seeks to abandon certain of its capacity herein were certificated at Docket Nos. G-17350, CP65-213, CP67-187, CP67-188, CP69-347, CP79-60, CP89-460, CP98-167 and CP01-141. |
| Exhibit U | <u>Contracts and Other Agreements</u>
Omitted. GTN has not entered into any agreements that will have an effect on the proposed abandonment of capacity requested herein. |
| Exhibit V | <u>Flow Diagrams Reflecting Daily Design Capacity</u>
Submitted herewith. Information for Exhibit V is attached as Volume II which is sensitive, protected critical energy infrastructure information as defined in 18 C.F.R. § 388.113(C). Accordingly, Volume II is marked in bold print Contains Critical Energy Infrastructure Information – Do Not Release. |
| Exhibit W | <u>Impact on Customers Whose Service Will Be Terminated</u>
Omitted. No services are being terminated. This abandonment of capacity will not adversely affect the quality or quantity of service otherwise provided to the existing transportation customers served by GTN. |

- Exhibit X Effect of the Abandonment on Existing Tariffs
See section II of the application.
- Exhibit Y Accounting Treatment
Omitted. GTN is not proposing to abandon any physical facilities.
- Exhibit Z Location of Facilities
Submitted herewith.

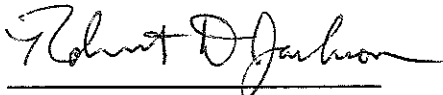
VII.

CONCLUSION

For the above reasons, GTN respectfully requests that the Commission issue an order permitting and approving the abandonment of capacity and related obligation to provide transportation service requested herein.

Respectfully submitted,

Gas Transmission Northwest Corporation



Robert D. Jackson
Director, Certificates & Regulatory Administration
(832) 320-5487
(832) 320-6487 (Fax)

VERIFICATION

STATE OF TEXAS)

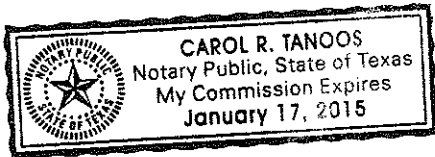
COUNTY OF HARRIS)

Robert D. Jackson, being duly sworn on his oath, states that he is Director, Certificates & Regulatory Administration for Gas Transmission Northwest Corporation, that he is authorized to execute this Verification, that he has read the above and foregoing Section 7(b) Abbreviated Application and is familiar with the content thereof, and that all allegations and facts contained therein are true and correct to the best of his knowledge, information and belief, and that the activities proposed therein comply with the requirements of Section 7(b) of the Natural Gas Act, and Sections 157.7 and 157.18 of the Federal Energy Regulatory Commission's regulations.

Robert D. Jackson

Robert D. Jackson
Director, Certificates & Regulatory Administration

SWORN TO AND SUBSCRIBED before me on the 14th day of January, 2011.



Carol R. Tanoos
Notary Public in and for
State of Texas

My Commission expires: 01/17/2015

**CONTAINS CRITICAL ENERGY INFRASTRUCTURE
INFORMATION - DO NOT RELEASE**

Volume II

DOCKET NO. CP11- -000

EXHIBIT V

FLOW DIAGRAMS REFLECTING DAILY DESIGN CAPACITY

SEE VOLUME II

EXHIBIT Z

DOCKET NO. CP11- -000

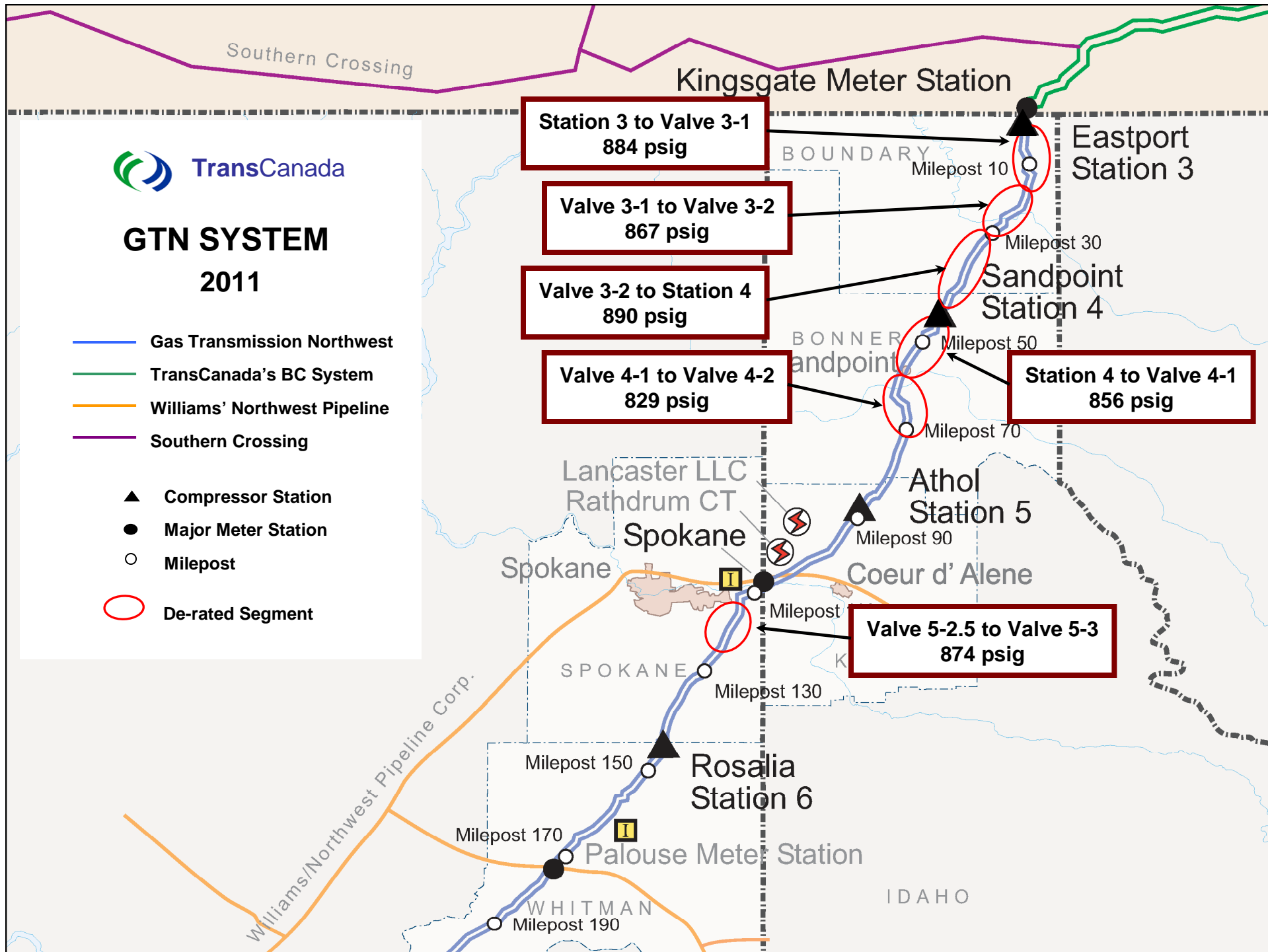
LOCATION OF FACILITIES



GTN SYSTEM 2011

- Gas Transmission Northwest
- TransCanada's BC System
- Williams' Northwest Pipeline
- Southern Crossing

- ▲ Compressor Station
- Major Meter Station
- Milepost
- De-rated Segment



FORM OF NOTICE

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Gas Transmission Northwest Corporation

Docket No. CP11 -

NOTICE OF APPLICATION FOR ABANDONMENT

(JANUARY 2011)

Take notice that on January 14, 2011, Gas Transmission Northwest Corporation (“GTN”), 717 Texas Street, Houston, Texas 77002-2761 filed with the Federal Energy Regulatory Commission (“Commission”) an application under Section 7(b) of the Natural Gas Act for permission and approval to abandon certain system capacity and GTN’s related obligation to provide transportation service related to MAOP de-rates on its A-Line in Boundary, Bonner and Kootenai Counties, Idaho, and Spokane County, Washington.

Any questions concerning this application should be directed to Rene Staeb, Manager, Project Determinations & Regulatory Administration, Gas Transmission Northwest Corporation, 717 Texas Street, Houston, Texas 77002-2761, at (832) 320-5215 or fax (832) 320-6215 or Rene_Staeb@transcanada.com.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission’s Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. Anyone filing a motion to intervene or protest must serve a copy of that document on the Applicant. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the “eFiling” link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the “eLibrary” link and is available for review in the Commission’s Public Reference Room in Washington, D.C. There is an “eSubscription” link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Kimberly D. Bose
Secretary