

109 FERC ¶ 61,115
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

October 29, 2004

In Reply Refer To:
Northern Natural Gas Company
Docket No. RP04-622-000

Northern Natural Gas Company
1111 South 103rd Street
Omaha, NE 68124

Attention: Dari R. Dornan, Senior Counsel

Reference: Order Granting Limited Waiver

Dear Ms. Dornan:

1. On September 30, 2004, Northern Natural Gas Company (Northern) filed a petition to continue a previously granted limited waiver of its FERC Gas Tariff to allow Firm Deferred Delivery (FDD) shippers to use the imbalance-to-storage option for resolving imbalances during the month of October 2004. We grant Northern's request to extend its limited waiver through October 31, 2004.
2. Northern filed a similar petition for limited waiver of its tariff on August 31, 2004, to allow FDD shippers to use the imbalance-to-storage option for resolving imbalances during August 25, 2004 through September 30, 2004. On October 5, 2004,¹ the Commission granted Northern's request for limited waiver of its tariff.
3. Northern's tariff provides that the imbalance-to-storage provision is not available to either FDD or Interruptible Deferred Delivery (IDD) shippers on days when Northern allocates storage during the Intra-Day 2 nomination cycle (in other words, when Northern is unable to schedule all nominated storage injections). In its previous waiver request, Northern explained that on August 25, 2004 it began allocating storage capacity among shippers for all IDD injections that caused a positive storage inventory, but still had sufficient capacity to schedule all FDD storage injections. Northern stated that it

¹ *Northern Natural Gas Company*, 109 FERC ¶ 61,013 (2004).

implemented this allocation procedure for two reasons. First, IDD shippers injected larger than anticipated storage inventories into their IDD accounts. Second, Northern stated that its Lyons storage facility experienced a *force majeure* situation in mid-August, which hindered its injection capability for two weeks, further exacerbating Northern's storage inventory situation. Northern stated that it anticipates continuing to allocate IDD storage because inventory projections in Northern's storage will reflect full capacity during October and November 2004. Unlike for its IDD shippers, Northern stated that its inventory projections include an allowance for the FDD shippers to fill their account balances to their contractual inventory levels. Therefore, Northern contended that it is contractually and physically appropriate to allow the FDD shippers to continue to use the imbalance-to-storage option to fill their storage accounts during this allocation period up to their contracted level, whereas it is not appropriate to allow IDD shippers to inject any unplanned volumes.

4. Northern, in this filing, requests the continuation of the waiver of its tariff to permit FDD shippers use the imbalance-to-storage option to resolve imbalances. Northern provides the same reasoning and support in its instant waiver request as it had provided in its prior waiver request as outlined in the above paragraph. In granting Northern's initial request for waiver, we agreed that it would be both contractually and physically appropriate to allow FDD shippers to continue to use the imbalance-to-storage option to fill their storage accounts up to their contracted storage inventory levels during a period when IDD service is being allocated. We also found that granting waiver would not harm IDD shippers, as they do not have the same contractual rights to fill their account balances during periods of allocation.

5. We find that the facts supporting Northern's previous request for waiver of its tariff continue. As a result, we grant extension of the limited waiver of Northern's tariff to allow FDD shippers to use the imbalance-to-storage option for resolving imbalances during the month of October.

6. In the October 5, 2004 letter order, we recommended that if Northern anticipates a need to request a waiver of its tariff regarding similar circumstances in the future, Northern should consider filing permanent tariff language to cover this situation. Northern filed the instant request for waiver of its tariff before the Commission issued the October 5 order. If another waiver is required, Northern should explain why a permanent tariff change is not feasible to address this recurring situation. It is consistent with the

firm nature of the FDD shippers' service that they are given a priority over IDD shippers to use their FDD firm contractual entitlements for any purpose they desire, including exercise of the imbalance-to-storage option. Therefore, we see no reason why a waiver of the tariff should be necessary to accomplish this result.

By direction of the Commission.

Linda Mitry
Acting Secretary

cc: All Parties

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