

170 FERC ¶ 61,014
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

January 17, 2020

In Reply Refer To:
Northwest Pipeline LLC
Docket Nos. RP20-309-000
RP20-309-001

Northwest Pipeline LLC
P.O. Box 58900
Salt Lake City, UT 84158

Attention: David J. Madsen
Director, Business Development & Regulatory Affairs

Dear Mr. Madsen:

1. On December 3, 2019, as amended December 20, 2019, Northwest Pipeline LLC (Northwest) filed revised tariff records that it characterizes as miscellaneous and housekeeping changes.¹ The revisions include changes concerning (a) Operational Flow Orders (OFO) under General Terms and Conditions (GT&C) section 14.15; (b) contract specific OFO parameters in its Rate Schedules TF-1 and TF-2 forms of service agreement; (c) when actual volumes are determined, giving a party the opportunity to rectify its penalty situation under GT&C section 15.5 by increasing/reducing its scheduled quantities for the gas day on which the entitlement was declared thus avoiding penalties; (d) assessment of Annual Charge Adjustment (ACA) charges for certain lateral service, unless otherwise provided for in GT&C section 16; (e) revisions to GT&C section 22.10, to be consistent with Order No. 712;² and (f) miscellaneous non-substantive changes, including removing obsolete language. As discussed below, we accept the tariff records listed in the Appendix, as amended, to be effective January 3, 2020, as requested.

¹ See Appendix for identification of tariff records filed on December 3 and December 20, 2019.

² *Promotion of a More Efficient Capacity Release Market*, Order No. 712, 123 FERC ¶ 61,286, *order on reh'g*, Order No. 712-A, 125 FERC ¶ 61,216 (2008).

2. With regard to the revisions related to GT&C section 14.15 governing Northwest's issuance of OFOs to shippers, according to section 14.15(b), Northwest may issue an OFO to a shipper when, in its reasonable judgment, "primary firm nominations through a given constraint point exceed the greater of the physical design capacity or the posted operationally available capacity for a given day."³

3. Northwest explains that, when it issues an OFO, certain shippers taking service at receipt points that are located on either side of a system constraint and who have unutilized primary receipt point rights on the downstream side of the constraint are required to realign their receipt point nominations by making use of any unused downstream receipt point capacity, and thereby reduce scheduled quantities through the constraint. Northwest states that such shippers that are using their downstream receipt point rights are not subject to an OFO "realignment" instruction if they have utilized their receipt point rights on the downstream side of the constraint point in the Timely nomination cycle. However, Northwest states that these shippers are "required to maintain their scheduled quantities from receipt points on the downstream side of the constraint point for the remainder of the gas day for which an OFO has been issued."⁴

4. Northwest explains that it relies on two assumptions when it calculates shipper OFO obligations. First, it assumes that, for shippers subject to a realignment OFO,⁵ the scheduled quantities at receipt points located downstream of a constraint will remain in place for the entire gas day.⁶ Second, it assumes that displacement scheduled quantities will also remain in place for the entire gas day.⁷ Northwest states that it proposes GT&C section 14.15(c) to memorialize its long-standing practice to rely on these scheduled quantities.

³ See GT&C section 14.15(a-b).

⁴ Filing Letter at 1-2.

⁵ GT&C section 14.15(d)(iii) defines "Realignment OFO" as follows: "Service Agreements that are subject to a Realignment OFO, requiring Shippers with unutilized MDQs on the downstream side of the constraint point to realign to those points, are those Service Agreements that meet the following criteria: have capacity that contains receipt points on both sides of the constrained point with primary firm corridor rights through such constrained point."

⁶ Filing Letter at 2.

⁷ *Id.*

5. Specifically, in its December 3, 2019 filing, Northwest proposes to add a provision to its tariff to reflect that scheduled nominations by a shipper who would otherwise be subject to a realignment OFO or which provide displacement through an OFO constraint point may not be reduced in subsequent nomination cycles during the gas day for which an OFO has been issued, unless the shipper reduces a corresponding quantity of upstream receipts flowing through the constraint or takes other actions acceptable to Northwest. Northwest states that shippers that reduce any of these scheduled quantities in a subsequent nomination cycle are subject to a penalty equal to the greater of ten dollars per dekatherm (Dth) or four times the highest reported price at specified locations. Northwest states that these are the same penalties as those outlined in GT&C section 14.15(f) for failure to comply with an OFO.⁸ Northwest explains that the removal of these scheduled quantities causes the same operational harm as failure to comply with an OFO obligation.

6. Public notice of the December 3, 2019 filing was issued on December 4, 2019. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.⁹ On December 16, 2019, Idaho Power Company (Idaho Power) filed comments requesting clarification and amendment of Northwest's proposed tariff changes.

7. On December 20, 2019, in response to Idaho Power, Northwest filed an amended OFO proposal (December 20 amendment) to provide that, if a shipper that had reduced its scheduled quantities during a gas day on which an OFO had been issued restored such quantities in the next available nomination cycle, the shipper would not be subject to OFO penalties for the reduction.

8. To further address Idaho Power's concerns, in its December 20 amendment Northwest proposes the following language in GT&C section 14.15(e) to clarify its historical business practice relating to mutually agreeable alternative actions to alleviate OFO conditions:

Notwithstanding the foregoing, Transporter and Shipper may agree to take any other mutually agreeable action that would assist in alleviating the operating condition which necessitated the issuance of the OFO.

Northwest states that it has discussed the changes in the December 20 amendment with Idaho Power and believes these edits address Idaho Power's concerns.

⁸ *Id.*

⁹ 18 C.F.R. § 154.210 (2019).

9. Public notice of the December 20 amendment was issued on December 23, 2019. Interventions and protests were due as provided in section 154.210 of the Commission's regulations.¹⁰ Pursuant to Rule 214,¹¹ all timely filed motions to intervene and any unopposed motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties.

10. On December 30, 2019, Idaho Power submitted supplemental comments. Idaho Power states that it supports the December 20 amendment and that the revisions proposed in the December 20 amendment resolve the concerns that Idaho Power raised in its December 16, 2019 comments.¹²

11. We accept the tariff records submitted in Northwest's December 3, 2019 filing, as amended December 20, 2019, to be effective January 3, 2020, as requested. We find that the language in the December 20 amendment satisfactorily addresses Idaho Power's concerns. The Commission has elsewhere recognized Northwest's long history with OFOs and that Northwest's system design is a primary consideration in imposing OFO obligations, to meet the need to have displacement volumes flow to meet its firm commitments.¹³ Reasonable penalties for OFO violations are appropriate because such penalties deter customers from taking actions that threaten the integrity of the system.¹⁴ We find Northwest's amended proposal acceptably balances these concerns with the needs of its shippers.

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

¹⁰ 18 C.F.R. § 154.210 (2019).

¹¹ 18 C.F.R. § 385.214 (2019).

¹² Idaho Power Supplemental Comments at 1.

¹³ *N. Nevada Indus. Gas Users v. Nw. Pipeline Corp.*, 94 FERC ¶ 61,065, at 61,275 (2001) (citing *Nw. Pipeline Corp.*, 79 FERC ¶ 61,029, at 61,135 (1997)).

¹⁴ *See, e.g., Trunkline Gas Co.*, 64 FERC ¶ 61,141, at 62,120 (1993).

Appendix

Northwest Pipeline LLC
FERC NGA Gas Tariff
Fifth Revised Volume No. 1

Tariff Records Accepted Effective January 3, 2020:

[Sheet No. 137, Rate Schedule TFL-1 - Rates and Monthly Charges, 4.0.0](#)

[Sheet No. 151, Rate Schedule TIL-1 - Rates and Monthly Charges, 5.0.0](#)

[Sheet No. 232, GT&C - Operational Flow Order, 5.1.0](#)

[Sheet No. 232-A, GT&C - Operational Flow Order, 4.0.0](#)

[Sheet No. 232-B, GT&C - Operational Flow Order, 5.0.0](#)

[Sheet No. 232-D, GT&C - Operational Flow Order, 4.0.0](#)

[Sheet No. 232-E, GT&C - Operational Flow Order, 5.0.0](#)

[Sheet No. 237, GT&C - Deliveries and Imbalances, 3.0.0](#)

[Sheet No. 266, GT&C - Capacity Release, 2.0.0](#)

[Sheet No. 267, GT&C - Capacity Release, 4.0.0](#)

[Sheet No. 302-D, TF-1 Form of Service Agreement - Exhibit A, 6.0.0](#)

[Sheet No. 303-B, TF-1 Form of Service Agreement - Exhibit A, 6.0.0](#)

[Sheet No. 353-A, TF-2 Form of Service Agreement - Exhibit A, 4.0.0](#)

[Sheet No. 355, TF-2 Form of Service Agreement - Exhibit A, 4.0.0](#)