



September 6, 2019

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

Gas Transmission Northwest LLC
700 Louisiana Street, Suite 700
Houston, TX 77002-2700

John A. Roscher
Director, Rates & Tariffs

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Re: Gas Transmission Northwest LLC
Change in FERC Gas Tariff
Docket No. RP19-___-000

Dear Ms. Bose:

Pursuant to Section 4 of the Natural Gas Act (“NGA”) and Part 154 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) regulations,¹ Gas Transmission Northwest LLC (“GTN”) hereby submits for filing and acceptance one tariff section² to be part of its FERC Gas Tariff, Fourth Revised Volume No. 1-A (“Tariff”). GTN is proposing to modify Section 6.33 of its General Terms and Conditions (GT&C”), as more fully described below. GTN respectfully requests that the Commission accept the proposed tariff section, included herein as Appendix A, to become effective October 6, 2019.

Correspondence

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

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* Persons designated for official service pursuant to Rule 2010.

¹ 18 C.F.R. Part 154 (2019).

Statement of Nature, Reasons and Basis for Filing

GTN is proposing in the instant filing modifications to provisions in its Tariff regarding the right of first refusal (“ROFR”) in an effort to provide greater clarity, increased flexibility, and conformance with current Commission policy, as more fully described below.

6.33 – GT&C, ROFR Upon Termination of Firm Service Agreement

In an effort to allow GTN to properly plan for, and size, possible future expansions of its pipeline system, GTN is proposing the addition of a provision to Section 6.33 of its Tariff that will allow GTN the right to provide a capacity holder an accelerated ROFR notice in certain instances where GTN is proposing an expansion to its system. GTN’s system moves predominately Western Canadian Supply Basin (“WCSB”) production to markets in the U.S. Northwest and West. As the availability of firm capacity on GTN’s system becomes tighter, it inhibits GTN’s ability to serve expanding gas markets with WCSB production. To position itself to properly plan for and size a possible expansion project, GTN is proposing to add language to Section 6.33 that will allow GTN to provide notice no more than 36 months prior to the termination of a shipper’s service agreement that such shipper’s capacity is subject to the ROFR election and ROFR process. Such notice will give a shipper the opportunity to commit to the continuation of its existing capacity, while allowing GTN to properly size a fully subscribed expansion to its system.

The proposed provision is consistent with Commission policy which states that “*if an expansion open season is issued and becomes fully subscribed, the pipeline may issue a subsequent separate notice prior to construction to its ROFR shippers whose contracts will be expiring within 36 months,*” thus allowing the pipeline to “*fully plan and rationalize its pending construction project.*”³ Furthermore, the proposed provision is consistent with similar provisions approved by the Commission in other FERC gas tariffs.⁴

² Specifically, Section 6.33 – GT&C, ROFR Upon Termination of Firm Service Agreement (“Section 6.33”).

³ *Bison Pipeline LLC*, 131 FERC ¶ 61,013, at P 39 (2010).

⁴ *Bison Pipeline LLC*, 131 FERC ¶ 61,013 (2010); *Tuscarora Gas Transmission Company*, FERC Gas Tariff, Section 6.27.5.3, GT&C, Existing Shipper’s Notice of Election to Exercise its ROFR; *Northern Border Pipeline*

Effective Date

GTN respectfully requests that the Commission accept this filing and approve the tariff section included as Appendix A to become effective October 6, 2019.

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. A clean version of the tariff section (Appendix A); and
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 any 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 of the Commission's regulations, 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 David A. Alonzo at (832) 320-5477.

Company, FERC Gas Tariff, Section 5.1.4.1, Rate Schedule T-1, Service Continuation; and *Portland Natural Gas Transmission System*, FERC Gas Tariff, Section 6.13, GT&C, Available Capacity and Right of First Refusal.

Respectfully submitted,

GAS TRANSMISSION NORTHWEST LLC

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

John A. Roscher

Director, Rates & Tariffs

Enclosures

Appendix A

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

Clean Tariff

Tariff Section

Version

Part 6.33 – GT&C, Right of First Refusal Upon Termination of Firm Service Agreement v. 5.0.0

6.33 RIGHT OF FIRST REFUSAL (ROFR) UPON TERMINATION OF FIRM SERVICE AGREEMENT

Firm Shippers (original capacity holders) under GTN's firm transportation rate schedules of Fourth Revised Volume No. 1-A who: (1) hold capacity for terms greater than or equal to one year at the maximum authorized reservation charge or rate, or (2) hold multi-year seasonal contracts at the maximum authorized reservation charge or rate, for a service not available from GTN for a full twelve consecutive months, shall have the right of first refusal at the expiration of their service agreements, subject to the procedures outlined below. If a Shipper is not otherwise eligible for a right of first refusal as identified above, GTN may offer a contractual right of first refusal on a not unduly discriminatory basis. The right of first refusal does not apply to interim service agreements for capacity that has been reserved for a future expansion project as set forth in Section 6.32 of these Transportation General Terms and Conditions, or capacity that has been sold on a pre-arranged basis pursuant to Section 6.18.2(b) of these Transportation General Terms and Conditions.

No earlier than 13 months and no later than 12 months prior to termination of an original capacity holder's Service Agreement, GTN shall give written notice to original capacity holder that an election is required regarding original capacity holder's right of first refusal. GTN shall require a response from an original capacity holder no later than 12 months prior to the termination of the original capacity holder's Service Agreement. An original capacity holder's response to GTN's notice shall indicate original capacity holder's election to either: 1) terminate its Service Agreement; or 2) not terminate its Service Agreement. In the event an original capacity holder does not respond to GTN's notice at least 12 months prior to the termination of its Service Agreement, and the Service Agreement is not extended pursuant to an evergreen provision, then original capacity holder's failure to respond shall be construed as an election to terminate its Service Agreement at the end of the contract term.

In the event an expansion project is proposed that would utilize capacity on GTN's existing facilities, the sizing of which project could be affected by an original capacity holder's plans regarding the continuation of service, and such proposed expansion project is fully subscribed, then GTN will have the right to give the original capacity holder notice no more than 36 months prior to termination of the original capacity holder's Service Agreement that the original capacity holder's capacity is subject to the right of first refusal election and process. GTN shall require a response from the original capacity holder no later than ten (10) Business Days from the date the notice is issued. If the original capacity holder elects to terminate, then the original capacity holder's capacity may be reserved by GTN pursuant to Section 6.32 (Reservation of Capacity for Expansion Projects).

At the time an original capacity holder provides its response to GTN's notice regarding its election to terminate or not to terminate its service agreement, GTN will post a notice

on its Internet website that the original capacity holder's service agreement will expire and whether the original capacity holder has either elected or not elected to terminate pursuant to this section.

1. In the event original capacity holder elects termination, original capacity holder shall no longer hold a right of first refusal and GTN shall post the original capacity holder's capacity on GTN's Internet website as available capacity in accordance with Section 6.18.2(c) of these General Terms and Conditions.
2. In the event original capacity holder does not elect termination, GTN will commence open bidding no later than 3 months prior to the service agreement expiration. The bid period will be no less than 5 business days in duration. GTN will notify the original capacity holder of any acceptable bid(s) as soon as practicable, provided, however, that GTN will have no obligation to accept any bid(s) at rates less than the maximum applicable rate in effect. Acceptable bids will be those having the greatest economic value as determined in Section 6.18.2(e). In the event that GTN does not receive any acceptable bids, the original capacity holder shall not be entitled to continue to receive transportation service upon the expiration of its contract except by agreeing to pay the maximum applicable tariff rate. If GTN accepts any bid(s) the original capacity holder will have ten (10) business days from the date of notice to match the accepted bid(s) in order of economic value (highest to lowest), provided that the original capacity holder shall not have to match any bid rate higher than the maximum applicable rate and shall not be subject to the highest incremental rate on the GTN system. GTN will announce the winning bid(s) as soon as practicable after the close of the match period. If the original capacity holder matches an accepted bid, the associated capacity is awarded to the original capacity holder. If the original capacity holder does not match an accepted bid, the capacity shall be awarded to the highest acceptable bid(s). If there is more than one equivalent winning bid, GTN shall award capacity on a pro rata basis. New long-term Shippers will be subject to the highest incremental fuel rate on the GTN system where such fuel rate otherwise applies to expansion shippers on the GTN system. New Shippers must execute a firm transportation service agreement with GTN prior to service commencement. Original capacity holder is allowed to retain a portion of its capacity by matching the NPV, based upon price and term, of acceptable bids, according to the procedure outlined in this provision, provided that the original contract path is maintained.
3. The net present value of revenues to be received from a Shipper bidding a Negotiated Rate shall be calculated using the proposed reservation charge revenues and any proposed usage charge revenues guaranteed by a minimum volume commitment or otherwise. Where the Negotiated Rate is based on a Negotiated Rate Formula, the future value of which cannot be determined at the time of the bidding, GTN shall estimate the future revenues to be received under the Negotiated Rate Formula using currently available data.

4. If there are no acceptable bids received, the rate and terms of continuing service is to be negotiated between original capacity holder and GTN. GTN and original capacity holder shall have 20 business days from the end of the bid period to mutually agree to acceptable terms. In the event GTN and original capacity holder do not mutually agree to continue service, original capacity holder shall no longer hold a right of first refusal and the capacity will be posted as available capacity in accordance with Section 6.18.2(c).

However, if during this 20-day period the original capacity holder agrees to pay the maximum authorized rate, the original capacity holder may determine the term it desires and GTN must extend the original capacity holder's contract accordingly. However, in order to retain the right of first refusal, the original capacity holder must extend its contract at the maximum authorized rate for a term of at least one year.

5. Shippers who terminate their service agreements are not liable for any reservation charges or other charges applicable to the new Shipper contracting for this capacity.
6. Only valid bids will be accepted. In order for a bid to be considered valid, a bidder must be deemed creditworthy per Section 6.18.4 of these Transportation General Terms and Conditions by the close of the bid period. All bids not withdrawn prior to the close of the bid period shall be binding. At the end of the bid period, GTN will evaluate the bids and determine the bid(s) having the greatest economic value as determined in Section 6.18.2(e). Bidders may submit valid bids for all or a portion of the capacity that is subject to a right of first refusal provided that the original contract path is maintained.
7. Right of first refusal rights held by Shipper continue to apply following an election of termination pursuant to existing evergreen language contained in Shipper's Firm Transportation Service Agreement. A Shipper that holds evergreen rights in addition to a right of first refusal under a Firm Transportation Service Agreement must first elect termination under the evergreen provision in order to initiate the right of first refusal process. When either GTN or Shipper elects termination under an evergreen provision, GTN shall not be obligated to continue Shipper's evergreen rights on a contract extended through the right of first refusal process. Shippers may exercise their right of first refusal rights consistent with this Section 6.33.
8. When a right of first refusal process has been completed and there has been no award of capacity, the capacity will be offered pursuant to Transportation General Terms and Conditions Section 6.18.2(c), which governs GTN's sale of generally available capacity where there is no shipper with right of first refusal rights.

9. Unless GTN and Shipper expressly agree otherwise in Shipper's service agreement, a Shipper who has entered into an interim service agreement pursuant to Section 6.18.2(b) or Section 6.32 of these Transportation General Terms and Conditions may not elect to extend such interim service agreement pursuant to this Section 6.33.
10. A Shipper paying a discounted rate or a negotiated rate will not have the right of first refusal, unless otherwise agreed to in writing by GTN.
11. Prior to GTN commencing an open season bidding process in accordance with paragraph 2, above, original capacity holder and GTN may mutually agree to extend the contract term of the existing Service Agreement, thus avoiding the bidding process.

Appendix B

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

Marked Tariff

Tariff Section

Version

Part 6.33 – GT&C, Right of First Refusal Upon Termination of Firm Service Agreement v. 5.0.0

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