



Via eTariff Filing

March 24, 2023

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20428

Tuscarora Gas Transmission Company
700 Louisiana Street, Suite 1300
Houston, TX 77002-2700

David R. Hammel
Director, Regulatory & Commercial Law

tel 832.320.5861
email dave_hammel@tcenergy.com
web <http://tcplus.com/Tuscarora>

Re: Tuscarora Gas Transmission Company
Docket Nos. RP22-1072-000 and RP22-1072-001
Stipulation and Agreement of Settlement and Motion for Waiver of Reply Comment Period

Dear Ms. Bose:

Pursuant to Rule 602 of the Federal Energy Regulatory Commission's (the "Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2022), Tuscarora Gas Transmission Company ("Tuscarora") hereby files the attached Stipulation and Agreement of Settlement ("Settlement") to resolve all issues set for hearing in the above-referenced proceeding. The referenced proceeding is pending before Presiding Administrative Law Judge Andrea McBarnette and Settlement Judge Joel deJesus, and Tuscarora respectfully requests that the attached materials be forwarded to the Presiding Administrative Law Judge and Settlement Judge, and that the Settlement be certified promptly as an uncontested settlement and that the Commission act expeditiously to approve the Settlement, as discussed below.

The Settlement is the product of intensive negotiations between Tuscarora, Commission Trial Staff ("Trial Staff"), and the active parties and resolves a host of contentious issues that have been vigorously contested by the parties to the proceeding. The Settlement reflects the agreement of Tuscarora and the settling parties to resolve all issues in the above docket, and must be considered as an integrated package. The Settlement provides benefits to Tuscarora's shippers and will save the parties substantial costs, time, and resources that would have been expended in further litigating these issues. Any modification or condition placed on the Settlement, or any provision of the Settlement, could jeopardize the negotiated compromise and delicate balance of interests that is reflected in the Settlement and result in further litigation and consumption of the Commission's and the parties' resources.

The Settlement is supported or not opposed by the Settling Parties listed in Appendix A of the Settlement, which includes all of the active parties to the proceeding. Tuscarora is not aware of any party to the proceeding that opposes the Settlement.

The following appendices to the Settlement are included in this submission:

- Appendix A – Settling Parties
- Appendix B-1 – *Pro Forma* Period 1 Rates
- Appendix B-2 – *Pro Forma* Period 2 Rates
- Appendix B-3 – *Pro Forma* Revised Tariff Records
- Appendix C – Depreciation Rates and Negative Salvage Percentages

In light of the support or lack of opposition by all of the active parties, and consistent with the Motion for Waiver of the Reply Comment Period below, Tuscarora asks that the Presiding Administrative Law Judge proceed expeditiously to certify to the Commission that the Settlement is uncontested. *See* 18 C.F.R. § 385.602(g) (2022).

This submission includes:

- (i) the Stipulation and Agreement of Settlement and the relevant appendices as detailed above; and
- (ii) a separate Explanatory Statement, *see* 18 C.F.R. § 385.602(c)(ii) (2022), including answers to the questions set forth in the December 15, 2016 Amended Notice to the Public issued by the Chief Administrative Law Judge.

Copies of this transmittal letter and all attachments are being served upon all parties to this proceeding, Tuscarora's other jurisdictional customers, and all interested state commissions in accordance with Commission's Rule 602(d), 18 C.F.R. § 385.602(d) (2022).

Tuscarora respectfully requests that the Commission waive any and all regulations that may be necessary in order to permit the approval of this Settlement as filed.

Motion for Waiver of Reply Comment Period

Pursuant to Rule 602(f)(2), 18 C.F.R. § 385.602(d) (2022), initial comments on the Settlement will be due on April 13, 2023, and reply comments on April 23, 2023. Pursuant to the discretion afforded to the Commission and the Presiding Administrative Law Judge under Rule 602(f)(2), Tuscarora respectfully moves for waiver of the reply comment period to the extent no initial comments are filed opposing the Settlement. Tuscarora also requests expedited approval without modification of the Settlement.¹ As noted, Tuscarora believes that this Settlement will be uncontested. If no adverse initial comments are submitted, Tuscarora requests that the reply comment period be waived. The requested waiver of the reply comment period and prompt certification of the Settlement should enable the Commission to act swiftly. All parties have been notified of the applicable deadlines.

¹ No party has expressed opposition to waiver of the reply comment period and expedited approval.

Ms. Kimberly D. Bose

March 24, 2023

Page 3

Respectfully submitted,

/s/ David R. Hammel

David R. Hammel

Director, Regulatory & Commercial Law

Richard A. Kincheloe

Legal Counsel

Tuscarora Gas Transmission Company

700 Louisiana Street, Suite 1300

Houston, Texas 77002-2700

Tel. (832) 320-5177

Fax (832) 320-6861

E-mail: Dave_Hammel@tcenergy.com

Rick_Kincheloe@tcenergy.com

ATTORNEYS FOR TUSCARORA GAS TRANSMISSION COMPANY

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Tuscarora Gas Transmission Company)	Docket Nos.	RP22-1072-000
)		RP22-1072-001

STIPULATION AND AGREEMENT OF SETTLEMENT

**To: The Honorable Andrea McBarnette
Presiding Administrative Law Judge**

Pursuant to Rule 602 of the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2022), Tuscarora Gas Transmission Company (“Tuscarora”) submits this Stipulation and Agreement of Settlement (the “Settlement”). The Settlement resolves all issues in Tuscarora’s general rate case proceeding in Docket Nos. RP22-1072-000 and RP22-1072-001, including all issues set for hearing in the Commission’s “Order Accepting and Suspending Tariff Records, Subject to Refund and Establishing Hearing Procedures” issued on August 31, 2022.¹ Tuscarora and the Settling Parties (as defined below) stipulate and agree to the following:

**ARTICLE I.
PROCEDURAL HISTORY**

A. On July 29, 2022, Tuscarora submitted a general rate case filing (the “Rate Filing”) pursuant to section 4 of the Natural Gas Act (“NGA”)² and to Article V(B) of the Stipulation and Agreement dated March 15, 2019, in Docket No. RP19-419-001 (“2019 Settlement”).³ In the Rate

¹ *Tuscarora Gas Transmission Co.*, 180 FERC ¶ 61,147 (2022) (“Suspension Order”).

² 15 U.S.C. § 717c.

³ *Tuscarora Gas Transmission Co.*, Docket Nos. RP16-299-000, RP19-416-000, and RP19-419-001, Stipulation and Agreement of Settlement (filed Mar. 15, 2019). The Stipulation and Settlement resolved Tuscarora’s limited NGA section 4 rate case filed in Docket No. RP19-419-000 and required Tuscarora to make a general rate case filing no later than July 31, 2022.

Filing, Tuscarora proposed, among other things: (a) a system-wide general increase in Tuscarora's rates and (b) the removal of its Interruptible Transportation Revenue Credit set forth under Section 6.29.1 of the General Terms and Conditions.

B. Southwest Gas Corporation and Sierra Pacific Power Company d/b/a NV Energy (the "Protesters") protested Tuscarora's proposed rate increase and various proposals included in the Rate Filing.⁴ On August 17, 2022, Tuscarora filed an answer in response to the Protesters.

C. On August 31, 2022, the Commission issued the Suspension Order accepting and suspending Tuscarora's proposed tariff records subject to refund and the outcome of a hearing. In the Suspension Order, the Commission suspended the effectiveness of Tuscarora's proposed rates for a five (5)-month period to be effective February 1, 2023, subject to refund. The Commission also established an evidentiary hearing to explore the issues presented in the Rate Filing.

D. The Honorable Andrea McBarnette was designated as the Presiding Administrative Law Judge by order of the Chief Administrative Law Judge issued on September 6, 2022. Judge McBarnette initiated the hearing phase of the proceeding on September 29, 2022, by convening a prehearing conference to establish a procedural schedule and discovery procedures. On November 18, 2022, Judge McBarnette issued an order establishing the procedural schedule for the hearing. Pursuant to the procedural schedule, Tuscarora responded to discovery requests submitted by the Commission's Trial Staff ("Trial Staff") and the Protesters.

E. On September 6, 2022, the Chief Administrative Law Judge designated the Honorable Joel deJesus as Settlement Judge to convene a settlement conference and conduct settlement negotiations. The participants exchanged multiple settlement offers and participated in

⁴ Constellation Energy Generation, LLC, Coalition for Renewable Natural Gas, Nevada Gold Mines LLC, and Avista Corporation also intervened in the proceeding.

formal settlement conferences convened by Judge deJesus on October 31, 2022, December 12, 2022, January 12, 2023, January 30, 2023, and March 1, 2023.

F. On January 31, 2023, and in accordance with the Suspension Order, Tuscarora submitted (i) a motion to place certain suspended tariff sections contained in the Rate Case Filing that were not subject to modification into effect on February 1, 2023, and (b) a separate motion to place certain updated tariff sections contained in the Rate Case Filing into effect on February 1, 2023 (collectively, the “Motion Rates”).

G. As a result of the various formal and informal settlement discussions, on March 1, 2023, Tuscarora and the active participants reached an agreement in principle to settle all issues in this case based on the terms that are reflected in this Settlement. On March 2, 2023, Tuscarora filed an Unopposed Motion to Suspend the Procedural Schedule and Waive Answer Period. The Chief Administrative Law Judge issued an order on March 6, 2023, holding the proceeding in abeyance.

H. On March 3, 2023, Tuscarora moved to place the interim settlement rates reflected in the tariff sections included in Appendix B-1 hereto (the “Interim Rates”) into effect as of February 1, 2023 and to apply such rates to the Settling Parties, subject to Tuscarora’s right to effectuate the Interim Rate Reduction Make-Up Charge as described in Article VI.B herein. On March 10, 2023, the Chief Administrative Law Judge granted Tuscarora’s March 3, 2023 motion to place the Interim Rates into effect on February 1, 2023.

ARTICLE II.
INDIVISIBILITY OF SETTLEMENT TERMS/BLACK BOX SETTLEMENT

A. Tuscarora and the Settling Parties have engaged in extensive settlement negotiations to resolve all issues set for hearing in the Suspension Order. This Settlement provides for a reasonable and comprehensive resolution of all issues and matters in dispute in this

proceeding. This Settlement is a compromise among many parties with diverse and often conflicting interests. It is an integrated package, and Tuscarora and the Settling Parties request that it be approved in its entirety, without modification.

B. The rates established pursuant to Article VI herein (collectively, the “Settlement Rates”) and depreciation rates and negative salvage percentages set forth in Articles VIII herein, respectively, are “black box” rates in the sense that there is no agreement on any underlying assumptions or methodologies for deriving them.

**ARTICLE III.
SETTLING PARTIES AND CONTESTING PARTIES**

A. Settling Parties

A “Settling Party” is any party or shipper on Tuscarora that is not a Contesting Party.⁵ References to Settling Party or Parties within this document do not include Tuscarora, though Tuscarora is a party to this Settlement, or Trial Staff.

B. Contesting Parties

1 Any person, excluding Tuscarora, shall become a Contesting Party on the date that it:

- (a) files any pleading at the Commission opposing or seeking to condition or modify this Settlement as a whole or any of its provisions, except for filings permitted under Article V.A.;
- (b) provides notice as set forth in Article IV.A.4. that it elects to become a Contesting Party; or
- (c) takes any action inconsistent with the terms of the Settlement.

⁵ The parties listed in Appendix A have indicated that they support or do not oppose the Settlement.

2 In the event that there are one or more Contesting Parties, Tuscarora shall submit a tariff filing to restore the Motion Rates, making them effective solely for Contesting Parties. Except with respect to service provided to a Contesting Party pursuant to a negotiated rate service agreement or discounted rate service agreement, Tuscarora shall have the right to charge a Contesting Party the maximum filed tariff rates set forth in the Motion Rates for service provided to a Contesting Party, for the period commencing February 1, 2023, until the Commission issues an order resolving, on the merits, the appropriate treatment of the Contesting Party, and the rates that are applicable to the Contesting Party are placed into effect. Tuscarora shall have the right to charge any Contesting Party the difference between what would have been recovered by Tuscarora under the Motion Rates (giving effect to any negotiated rate or discount agreement that was in place) and the rates actually collected from the party under each contract for the period commencing on February 1, 2023, until the date that the party became a Contesting Party (“Contesting Party Make-Up Charge”). The billing adjustment to collect the Contesting Party Make-Up Charge will be calculated based upon the period during which the Interim Rates were in effect for the Contesting Party, as follows:

- (a) if the Interim Rates are in effect for the Contesting Party for a period of fewer than six (6) months, the Contesting Party Make-Up Charge will be billed in one lump-sum amount;
- (b) if the Interim Rates are in effect for the Contesting Party for a period of six (6) months or greater, but fewer than twenty-four (24) months, the Contesting Party Make-Up Charge shall be billed in six (6) equal monthly installments, which installments shall be calculated by dividing the Contesting Party Make-Up Charge by six (6); and

(c) if the Interim Rates are in effect for the Contesting Party for a period of twenty-four (24) months or greater, the Contesting Party Make-Up Charge shall be billed in twelve (12) equal monthly installments, which installments shall be calculated by dividing the Contesting Party Make-Up Charge by twelve (12).

The calculation of the Contesting Party Make-Up Charge shall include interest at the interest rate established by using the methodology set forth in 18 C.F.R. § 154.501(d) (2022). Tuscarora shall begin applying any billing adjustment to collect the Contesting Party Make-Up Charge to the next applicable monthly bill to any Settling Party that becomes a Contesting Party, following Commission acceptance of the appropriate tariff filing necessary to implement the Contesting Party Make-Up Charge. The Contesting Party Make-Up Charge is subject to refund based upon the ultimate determination of just and reasonable rates applicable to the Contesting Party.

3 Subject to Article III.B.5., Contesting Parties shall forego any and all rights or obligations under the Settlement except for the obligation to pay the Contesting Party Make-Up Charge, if applicable. Tuscarora shall retain all rights to file base rate or any other tariff changes pursuant to section 4 of the NGA that will be applicable to all Contesting Parties, notwithstanding anything in this Settlement. Any Commission orders during the term of this Settlement related to NGA section 4 filings that are otherwise precluded by the Settlement shall only become effective as to Contesting Parties. The Settlement Rates are not subject to modification as a result of the outcome of any rate litigation involving a Contesting Party.

4 To the extent that Settling Parties and Contesting Parties are subject to different applicable maximum recourse rates, the following shall apply:

- (a) the rate that an existing customer must match to retain its existing capacity under the right of first refusal process, or that any bidder must bid to obtain that capacity, shall be based on the maximum recourse rate that is applicable to the existing shipper's contract; and
- (b) to the extent that a maximum recourse rate applies to a capacity release, the maximum recourse rate that will be applicable to the replacement shipper shall be the maximum recourse rate that is applicable to the releasing shipper's contract.

5 Nothing herein shall preclude the Commission from approving this Settlement (i) as an overall package over the objection of a Contesting Party or (ii) over the objection of a Contesting Party that has a sufficiently attenuated interest so that, in either case, the Settlement is applied to the Contesting Party (in which event the Contesting Party shall become a Settling Party from the date of the order forward only). Nothing herein shall preclude Tuscarora or any Settling Party from requesting such action by the Commission. However, Tuscarora and the Settling Parties are prohibited from requesting a ruling by the Commission on the merits of the Settlement in the event the Settlement is contested.

ARTICLE IV. SETTLEMENT EFFECTIVENESS

A. Effective Date

1 The various provisions of this Settlement are not severable and will become binding and effective on the "Effective Date," which shall be determined as follows:

- (a) if the Commission issues an order approving this Settlement without modification(s) and/or condition(s), the Effective Date shall be the date of the order approving this Settlement;

(b) if the Commission issues an order approving this Settlement with modification(s) or condition(s), and neither any Settling Party nor Tuscarora provides notice pursuant to the first sentence of Article IV.A.2., the Effective Date shall be the eighth (8th) calendar day after the date of the order approving this Settlement;

(c) if the Commission issues an order approving this Settlement with modification(s) or condition(s), and any Settling Party or Tuscarora provides notice pursuant to the first sentence of Article IV.A.2., the Effective Date shall be as specified in Article IV.A.2.

The term of the Settlement (“Settlement Term”) shall begin on the Effective Date and shall terminate when new generally applicable rates become effective subject to Article V.B.

2 If the Commission issues an order approving this Settlement subject to a modification or condition that materially and adversely affects any provision of this Settlement, as determined by the affected Settling Party or Tuscarora in its reasonable discretion, the Settling Party or Tuscarora shall so notify the other participants within seven (7) calendar days of the date of such a Commission order. Upon that notice, the Settling Parties, Trial Staff, and Tuscarora will engage in a good faith meet-and-confer process to: (i) determine whether the Commission-imposed modification(s) or condition(s) can be accepted by all Settling Parties and Tuscarora, or, if not, (ii) make changes to the Settlement as are necessary so it is acceptable to all Settling Parties, Trial Staff, and Tuscarora (the changed settlement shall be referred to as the “Amended Settlement”).

(a) If within fourteen (14) calendar days of the date of the Commission order the Settling Parties, Trial Staff, and Tuscarora are unable to agree as provided for in (i) or (ii) in the preceding paragraph, then the obligation to

meet and confer in good faith shall cease, and the Effective Date shall be the twenty-second (22nd) calendar day after the date of the Commission order approving the Settlement, subject to the rights of Tuscarora and the Settling Parties as set forth in Article IV.A.3. and Article IV.A.4., respectively.

(b) If, as a result of the good faith meet-and-confer process, all Settling Parties and Tuscarora agree that they can accept the Commission-imposed modification(s) or condition(s), the Effective Date shall be the twenty-second (22nd) calendar day after the date of the Commission order approving the Settlement.

(c) If as a result of the good faith meet-and-confer process, the Settling Parties, Trial Staff, and Tuscarora agree within twenty-one (21) calendar days after the date of the Commission order to an Amended Settlement, the Amended Settlement shall be filed with the Commission and this Settlement shall not take effect.

3 If an order approving the Settlement requires a modification(s) or imposes a condition(s) that materially and adversely affects Tuscarora, as determined by Tuscarora in its reasonable discretion, then within twenty-one (21) calendar days of the Commission order and following the good-faith meet-and-confer process prescribed in Article IV.A.2. above, Tuscarora shall provide notice to all participants to the proceeding indicating whether it will seek rehearing or clarification of the Commission order or withdraw the Settlement. If Tuscarora elects to withdraw the Settlement, it shall provide written notice of withdrawal of the Settlement to the Commission and all participants in this proceeding within twenty-one (21) days of the date of the

Commission order. If Tuscarora does not withdraw the Settlement, then the Settlement shall become effective with the modification(s) or condition(s) required by the Commission, on the twenty-second (22nd) day following the date of the Commission order, subject to the outcome of any request for rehearing/clarification or appeal filed by Tuscarora. If Tuscarora elects to file a request for rehearing/clarification or appeal requesting that the Commission approve the Settlement as filed, then no Settling Party shall oppose such a request for rehearing/clarification or appeal. Within seven (7) calendar days of the date on which a Commission order denying such a request for rehearing/clarification pursuant to this Article IV.A.3. becomes a Final Order, Tuscarora shall have the option to withdraw the Settlement by providing written notice of withdrawal of the Settlement to the Commission and all participants in this proceeding.

4 If an order approving the Settlement requires a modification(s) or imposes a condition(s) that materially and adversely affects any Settling Party, as determined by the Settling Party in its reasonable discretion, then within twenty-one (21) calendar days of the issuance of the Commission order and following the good-faith meet- and-confer process prescribed in Article IV.A.2. above, the Settling Party shall provide notice to all participants of one of the following:

- (a) The Settling Party will continue to be bound by the Settlement and will not seek rehearing or clarification;
- (b) The Settling Party will continue to be bound by the Settlement and will seek rehearing or clarification of the Commission order; or
- (c) The Settling Party will become a Contesting Party.

If the Settling Party elects to continue to be bound by the Settlement, then the Settlement is effective as to the Settling Party with the modification(s) or condition(s) required by the Commission, subject to the outcome of any request for rehearing/clarification or appeal filed by

the Settling Party. If the Settling Party elects to file a request for rehearing/clarification or appeal requesting the Commission approve the Settlement as filed, neither Tuscarora nor any Settling Party will oppose the request for rehearing/clarification or appeal. Filing a request for rehearing or clarification that is consistent with the Settlement does not constitute notice of intent to become a Contesting Party. A Settling Party may also elect to become a Contesting Party within seven (7) calendar days after an order denying the Settling Party's request for rehearing/clarification or appeal by providing written notice to all participants to the proceeding that it elects to become a Contesting Party. Within seven (7) calendar days of receipt of a notice that a Settling Party elects to become a Contesting Party, Tuscarora shall have the option, but not the obligation, to withdraw the Settlement by providing written notice of withdrawal of the Settlement to the Commission and all participants in this proceeding.

5 For purposes of this Settlement, a "Final Order" is an order by the Commission for which no request for rehearing or petition for review or certiorari is pending and for which the statutory time period within which to seek rehearing, review or certiorari has expired.

B. Effect of Withdrawal of the Settlement by Tuscarora or Rejection by the Commission or a Court

Any written notice of withdrawal permitted by the Settlement and provided by Tuscarora, or any rejection of the Settlement by the Commission or a court of competent jurisdiction, shall cause the Settlement to be terminated and to become null and void, and all parties shall be returned to the *status quo* as it existed prior to the effectiveness of the Interim Rates, e.g., the Motion Rates shall return to effect; provided, however, that Tuscarora shall be entitled to implement the procedures set forth in Article VI.B. regarding the Interim Rate Reduction Make-Up Charge. If Tuscarora provides notice of withdrawal or the Settlement is rejected by the Commission or a court of competent jurisdiction, Tuscarora may take any necessary action, including submission of a

tariff filing, to restore or otherwise make effective the Motion Rates as of February 1, 2023, and no former Settling Party shall oppose that action taken by Tuscarora.

**ARTICLE V.
MORATORIUM AND MANDATORY FILING REQUIREMENT**

A. Moratorium

1 The period from the Effective Date of this Settlement, as established pursuant to Article IV.A.1., until December 1, 2028, is referred to herein as the “Moratorium.”

2 Except in accordance with this Article V, during the Moratorium, Tuscarora shall not make any filing that would become effective prior to the expiration of the Moratorium proposing (a) to increase or modify the Settlement Rates established pursuant to Article VI.A., or (b) to otherwise modify the terms of the Settlement, the rates, or the tariff amendments contained in the pro forma Tariff sections attached as Appendix B-3.

3 The Settling Parties will not initiate a filing pursuant to section 5 of the NGA, at the Commission, to modify in any way, with respect to Tuscarora or any Settling Party, the Settlement Rates established pursuant to Article VI.A., or any other provision of this Settlement, including but not limited to challenging, contesting, or otherwise opposing the tariff amendments contained in the pro forma Tariff sections attached as Appendix B-3, if the modification would become effective prior to December 1, 2028. However, if the Commission initiates an action against Tuscarora under section 5 of the NGA, regardless of the timing of the action, the Settling Parties retain all their rights and may take any position in that proceeding irrespective of the terms of the Settlement. Commencing December 1, 2028, any Settling Party may initiate or support an action against Tuscarora under section 5 of the NGA without any of the foregoing limitations. Similarly, Tuscarora is prohibited from advocating or supporting a rate change that would become effective prior to the end of the Moratorium; provided, however,

Tuscarora shall be free to oppose or otherwise take any other position with respect to any proceeding described in this Article V.A.3.

4 During the Moratorium, all Settling Parties and Tuscarora shall be free, so long as no Settling Party or Tuscarora actively seeks to undermine this Settlement or the enforcement of any of its provisions, to (i) advance legislative changes and/or petition to initiate rulemaking proceedings of general industry-wide applicability; (ii) actively participate in any rulemaking, notice of inquiry, or similar proceeding of general applicability before the Commission (“Commission Rulemakings”); (iii) petition for and actively participate in judicial appeals or remands of Commission Rulemakings or in pipeline proceedings unrelated to this Settlement; (iv) participate in any other Commission proceeding and any related judicial appeals and take any position on any issue in that proceeding; and/or (v) take any position with respect to any filing made by Tuscarora pursuant to Article V.A.5.

5 During the Moratorium, Tuscarora may take any of the following actions, in addition to the actions permitted by Article V.A.4.:

- (a) file tariff provisions specifically required by any order issued after February 1, 2023, resulting from any Commission Rulemaking proceeding(s) or any Commission order of general applicability; provided, however, that all Settling Parties retain their rights to make any arguments regarding the applicability or scope of any such tariff provisions and/or mandated surcharge(s);
- (b) make any filing to implement any changes to the Settlement mandated by federal legislation enacted after February 1, 2023 and

specifically required by subsequent Commission order issued after February 1, 2023;

(c) make any filing pursuant to sections 4 or 7 of the NGA not inconsistent with the terms of the Settlement:

(i) proposing to construct and operate facilities or to provide new service(s) not covered by the Settlement;

(ii) proposing any incremental rate, maximum recourse rate, and/or rate schedule applicable solely to new facilities or new service(s) set forth in Article V.A.5.(c)(i); or

(iii) proposing new terms or conditions of service, except where the new terms or conditions of service (1) would impose a new fee or other charge on existing service(s), and (2) would materially and adversely affect any Settling Party(ies) that opposes or otherwise challenges the filing or, in the case of a State Commission, the Tuscarora shipper(s) over which the State Commission has jurisdiction;

(d) provide discounts to the Settlement Rates;

(e) enter into negotiated rate agreements; and

(f) take any other action and make any other filing not inconsistent with this Settlement.

6 During the Moratorium, Tuscarora shall be permitted to establish a regulatory asset(s), and include such regulatory asset(s) in the calculation of rates in Tuscarora's

next general NGA section 4 rate case, that will allow Tuscarora to record taxes, fees, penalties, or other assessments imposed at the state or federal level that become due or payable after the filing of the Settlement related to: (1) any carbon tax assessment; or (2) other emission-related taxes or government-imposed fees it incurs as a result of legislation or regulatory requirements imposed upon Tuscarora. Any costs recorded in the regulatory asset will accumulate interest at the rate calculated in accordance with 18 C.F.R. § 154.501(d) (2022) of the Commission's regulations. No costs recorded in such regulatory asset shall receive rate base treatment. The regulatory asset(s) shall be subject to the following requirements:

(a) All taxes or fees included in the regulatory asset(s) must (1) be paid during the Settlement Term; (2) reflect as an offset any revenues, subsidies, or tax benefits that Tuscarora receives as a result of the legislation or regulatory requirements referenced in this Article V.A.6.; (3) be related to Tuscarora assets and not those of its affiliates or of its corporate parent, TC Energy Corp.; and (4) not include any taxes or fees that can reasonably be avoided under the applicable legislation or regulations.

(b) The Settling Parties retain all rights to challenge all aspects of the regulatory asset(s), including but not limited to: (1) the appropriateness of recovering such costs in rates; (2) the level of such costs; and (3) any proposed amortization period in Tuscarora's next NGA section 4 rate case. Notwithstanding the foregoing, the Settling Parties may not challenge the recovery of such costs in the next section 4 rate case on the basis that they were incurred outside of the test period.

B. Mandatory Rate Filing Requirement

Tuscarora shall file a general rate case pursuant to section 4 of the NGA by December 1, 2028, unless the Commission has instituted an investigation of Tuscarora’s rates under section 5 of the NGA prior to December 1, 2028.

**ARTICLE VI.
SETTLEMENT RATES**

A. Settlement Rates

1 Period 1 Settlement Rates. The rates for Firm and Limited Firm Transportation Service set forth in the tariff records attached as Appendix B-1 shall be effective February 1, 2023 through January 31, 2025. For the avoidance of doubt, the Period 1 Settlement Rates apply the same rates for Firm and Limited Firm Transportation Service as the Interim Rates. Upon issuance of a “Final Order” as defined in Article IV.A.5. of this Settlement, the Interim Rates will no longer be in effect and the Settlement Rates will become effective.

2 Period 2 Settlement Rates. The rates for Firm and Limited Firm Transportation Services set forth in the tariff records attached as Appendix B-2 shall become effective on February 1, 2025 and shall remain in effect until the end of the Settlement Term.

3 Tuscarora Xpress Rates.

(a) Period 1 Settlement Rates. The rates for FT-Tuscarora Xpress Service set forth in the tariff records attached as Appendix B-1 shall become effective on February 1, 2023 through January 31, 2025.

(b) Period 2 Settlement Rates. The rates for FT-Tuscarora Xpress Service set forth in the tariff records attached as Appendix B-2 shall become effective on February 1, 2025 and shall remain in effect until the end of the Settlement Term.

4 Refund Floor. Tuscarora and the Settling Parties agree that in the next general rate case instituted by Tuscarora pursuant to section 4 of the NGA, the refund floor shall be the maximum reservation and delivery rates included in the Period 2 Settlement Rates as reflect in Appendix B-2.

B. Interim Rate Reduction Make-Up Charge

1 To the extent that the Settlement is rejected by the Commission or a court of competent jurisdiction, or Tuscarora withdraws the Settlement pursuant to Articles IV.A.3. or IV.A.4., Tuscarora shall have the right to charge each former Settling Party to the extent the party has paid a lower rate by virtue of the Interim Rates, but any such charge shall be subject to refund. The amount of the charge shall be the difference between what would have been recovered by Tuscarora under the Motion Rates (giving effect to any negotiated rate or discount agreement that was in place) and the rates actually collected from each Settling Party under each contract for the period commencing on February 1, 2023, until the date that the Motion Rates are re-implemented, plus interest at the applicable FERC interest rate (“Interim Rate Reduction Make-Up Charge”). The billing adjustment to collect the Interim Rate Reduction Make-Up Charge will be calculated based upon the period during which the Interim Rates were in effect for the party, as follows:

- (a) if the Interim Rates are in effect for a period of fewer than six (6) months, the Interim Rate Reduction Make-Up Charge will be billed in one lump-sum amount;
- (b) if the Interim Rates are in effect for a period of six (6) months or greater, but fewer than twenty-four (24) months, the Interim Rate Reduction Make-Up Charge shall be billed in six (6) equal monthly installments,

which installments shall be calculated by dividing the Interim Rate Reduction Make-Up Charge by six (6); or

(c) if the Interim Rates are in effect for a period of twenty-four (24) months or greater, the Interim Rate Reduction Make-Up Charge shall be billed in twelve (12) equal monthly installments, which installments shall be calculated by dividing the Interim Rate Reduction Make-Up Charge by twelve (12).

However, individual shippers may elect to pay the billing adjustment over a shorter period of time. The calculation of the Interim Rate Reduction Make-Up Charge shall include interest at the interest rate established by using the methodology set forth in 18 C.F.R. § 154.501(d) (2022). Tuscarora shall begin applying any billing adjustment to the party's next applicable monthly bill, following Commission acceptance of the appropriate tariff filing necessary to implement the Interim Rate Reduction Make-Up Charge. Each Settling Party agrees that it will not contest the lawfulness of the Interim Rate Reduction Make-Up Charge; provided, however, that any party may seek to correct the implementation of the Interim Rate Reduction Make-Up Charge, or to correct a calculation or billing error pursuant to Section 6.13.6(d) of the Tariff, and provided further that the Interim Rate Reduction Make-Up Charge remains subject to refund based upon the ultimate determination of just and reasonable rates in this proceeding.

ARTICLE VII. ACCUMULATED DEFERRED INCOME TAX

Tuscarora shall exclude its Regulatory Asset associated with Accumulated Deferred Income Taxes of \$4,263,301, which represents the estimated balance of ASC 740, income taxes from March 3, 2021 to January 31, 2023.

**ARTICLE VIII.
DEPRECIATION AND NEGATIVE SALVAGE**

Effective February 1, 2023, Tuscarora shall apply the depreciation rates and negative salvage percentages set forth in Appendix C for regulatory accounting purposes. A Final Order approving the Settlement shall constitute all necessary authority, including under sections 8 and 9 of the NGA, for Tuscarora to apply the Appendix C depreciation rates.

**ARTICLE IX.
TARIFF FILINGS**

A. Interruptible Transportation Revenue Credit

1 Tuscarora shall adopt the revisions set forth in the Tariff record included in Appendix B-3, which reflects the elimination of Tuscarora’s Interruptible Transportation Revenue Credit set forth in Section 6.29.1 of the General Terms and Conditions.

2 Within thirty (30) days of a “Final Order” as defined in Article IV.A.5. of this Settlement, Tuscarora shall make an NGA section 4 filing to implement the pro forma Tariff records contained in Appendix B-3.

3 To the extent that any Settling Party received any Interruptible Transportation Revenue Credit set forth in Section 6.29.1 of the General Terms and Conditions based upon interruptible service provided between February 1, 2023 and the date of the “Final Order” as defined in Article IV.A.5, such Settling Party shall reimburse Tuscarora for the amount of such credits following the “Final Order” as follows: for any Settling Party that received any Interruptible Transportation Revenue Credit as set forth in Section 6.29.1 of the General Terms and Conditions between February 1, 2023 and the date of the “Final Order”, the amount of such credit received will be billed by Tuscarora in one (1) lump-sum amount in the next invoice to any such Settling Party.

**ARTICLE X.
THE SETTLEMENT SUPERSEDES THE 2019 SETTLEMENT**

Subject to Article IV.B., the Settling Parties agree that as of the Effective Date, the 2019 Settlement is superseded in its entirety by this Settlement and shall be null and void, and no provision of the 2019 Settlement will continue to have any force or effect or be binding on any entity, party, or Settling Party.

**ARTICLE XI.
MISCELLANEOUS**

A. Settlement is Non-Binding Until Effective

Neither Tuscarora nor any Settling Party shall be bound or prejudiced by any part of this Settlement, unless it becomes effective in accordance with the provisions hereof.

B. Settlement Has No Precedential Value

1 The Commission's approval of this Settlement does not constitute approval of, or precedent regarding, any principle or issue.

2 In any proceeding before the Commission, this Settlement, any of the pro forma Tariff sections attached hereto, and the content of any settlement negotiations resulting therein may not be employed or cited to in any manner other than to enforce the terms of the Settlement.

3 Nothing contained in this Settlement, nor in any of the settlement negotiations leading hereto, shall be deemed an admission by any party of any principle contained herein.

4 This Settlement and all discussions held and materials provided by any participant in reaching this Settlement shall be treated as if they were subject to Rule 602 of the

Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2022), regardless of whether Rule 602 applies.

5 The methods or practices observed in deriving rates and the presence or absence of methods of establishing rates as referenced in this Settlement shall not constitute precedent nor be used to prejudice any otherwise available rights or arguments of any participant in a future proceeding, other than to enforce the terms of the Settlement or collect rates due for the service provided while the Settlement remains in effect, and shall not be used as evidence that a particular method is a “long-standing practice” as that term is used in *Columbia Gas Transmission Corp. v. FERC*, 628 F.2d 578 (D.C. Cir. 1975), or a “settled practice” as that term is used in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980). The provisions of this Settlement are for purposes of settlement only and shall have no precedential effect.

C. No Drafter

No participant shall be deemed the drafter of this Settlement, and this Settlement shall not be construed against any participant as the drafter. In the event of conflict between terms contained in the Settlement and those of the attached Explanatory Statement, the terms of the Settlement control.

D. Severability

The provisions of the Settlement are not severable and may become effective only in accordance with the terms of the Settlement.

E. Negotiated Settlement

It is specifically understood and agreed by and among Tuscarora and the Settling Parties that the Settlement represents a negotiated settlement only with respect to the issues resolved by the Settlement. Except to the extent explicitly set forth in the Settlement, neither Tuscarora nor

any Settling Party shall be deemed to have approved, accepted, agreed to, or consented to any policy, methodology, or other principle underlying or supposed to underlie any of the matters provided for in the Settlement. Every party to this proceeding reserves any claim or right that it may otherwise have with respect to any matters not expressly provided for in this Settlement.

F. Standard of Review

To the extent that the Commission considers any changes to the terms of the Settlement before December 1, 2028, the standard of review for any proposed modifications to the provisions of the Settlement by the Commission acting *sua sponte*, the Settling Parties and Tuscarora acting unanimously, or third parties, will be the just and reasonable standard. Otherwise, prior to December 1, 2028, the standard for review for any proposed modifications to the provisions of the Settlement at the request of either Tuscarora or one or more, but less than all, Settling Parties and Tuscarora will be the “public interest” standard for review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956), and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956). *See also Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County*, 554 U.S. 527 (2008); *NRG Power Marketing, LLC v. Maine Public Util. Comm’n*, 558 U.S. 165 (2010). The “public interest” standard shall also apply to modifications to the Settlement proposed by Tuscarora before the end of the Moratorium. Nothing in the Settlement is meant to limit the Commission’s authority to approve uncontested settlements under 18 C.F.R. § 385.602(g)(3) (2022).

G. Successors in Interest

This Settlement shall apply to Tuscarora and the Settling Parties as well as their respective successors in interest.

**ARTICLE XII.
EFFECT OF COMMISSION APPROVAL**

A. The Commission’s approval of this Settlement shall constitute Commission authorization and approval for Tuscarora to implement the Settlement Rates and Tariff changes set forth in this Settlement on their proposed effective dates without suspension, without conditions other than those specified herein and without the need to grant any waiver of Part 154 of the Commission’s regulations, 18 C.F.R. Part 154 (2022), in order to implement the Tariff sections in accordance with this Settlement.

B. The Commission’s approval of this Settlement shall constitute Commission waiver of compliance, to the extent (if any) necessary, by Tuscarora with the requirements of the Commission’s Rules and Regulations under the Natural Gas Act and Natural Gas Policy Act including, but not limited to, Parts 154, 157, 201, and 284 as necessary to carry out any provision of this Settlement.

David R. Hammel
Director, Regulatory & Commercial Law
Richard A. Kincheloe
Legal Counsel
Tuscarora Gas Transmission Company
700 Louisiana Street, Suite 1300
Houston, Texas 77002-2700
Tel. (832) 320-5177
Fax (832) 320-6861
E-mail: Dave_Hammel@tcenergy.com
Rick_Kincheloe@tcenergy.com

Respectfully submitted,

/s/ Mark K. Lewis
Mark K. Lewis
George D. Fatula
Kathryn F. Penry
Lauren E. Johnstone
Bracewell LLP
2001 M Street, N.W., Suite 900
Washington, D.C. 20036-3307
Tel. (202) 828-5834
Fax (202) 404-3970
E-mail: Mark.Lewis@bracewell.com
George.Fatula@bracewell.com
Kathryn.Penry@bracewell.com
Lauren.Johnstone@bracewell.com

*Counsel for Tuscarora Gas
Transmission Company*

Dated: March 24, 2023

APPENDIX A

Settling Parties

The entities listed below either support or do not oppose the foregoing Stipulation and Agreement of Settlement.

Avista Corporation
Coalition for Renewable Natural Gas
Constellation Energy Generation, LLC
Nevada Gold Mines LLC
Sierra Pacific Power Company d/b/a NV Energy
Southwest Gas Corporation

APPENDIX B

***Pro Forma* Tariff Records**

APPENDIX B-1

***Pro Forma* Period 1 Rates**

RATE SCHEDULES FT and LFS
 CURRENTLY EFFECTIVE RATES 1/

Reservation Charge	(Maximum)	\$ 7.1500
	(Minimum)	\$ 0.0000
Delivery Charge	(Maximum)	\$ 0.0050
	(Minimum)	\$ 0.0050
Authorized Overrun Charge	(Maximum)	\$ 0.2401
	(Minimum)	\$ 0.0050
Annual Charge Adjustment		2/
Fuel and Line Loss Percentage 4/	(Maximum)	2.0%
	(Minimum)	(2.0%)
Volumetric Reservation Charge for Capacity Release		\$ 0.2401 3/

RATE SCHEDULES FT-TXP – TUSCARORA XPRESS SERVICE
 CURRENTLY EFFECTIVE RATES 1/

Reservation Charge	(Maximum)	\$8.9276
	(Minimum)	\$0.0000
Delivery Charge	(Maximum)	\$0.0027
	(Minimum)	\$0.0027
Authorized Overrun Charge	(Maximum)	\$0.2962
	(Minimum)	\$0.0027
Annual Charge Adjustment		2/
Fuel and Line Loss Percentage 4/	(Maximum)	2.0%
	(Minimum)	(2.0%)
Volumetric Reservation Charge for Capacity Release		\$0.2962 3/

1/ For scheduling, imbalance and unauthorized overrun charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.

- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge and the Authorized Overrun Charge. The currently effective ACA unit charge as published on the Commission's website (www.ferc.gov) is incorporated herein by reference.
- 3/ The Maximum Rate does not apply to capacity release transactions of one (1) year or less.
- 4/ The current Fuel and Line Loss Percentage can be found on Transporter's Internet website.

IT RATE SCHEDULE
CURRENTLY EFFECTIVE RATES 1/

Delivery Charge (Maximum)	\$ 0.2401
(Minimum)	\$ 0.0050
Annual Charge Adjustment	2/
Fuel and Line Loss Percentage 3/ (Maximum)	2.0%
(Minimum)	(2.0%)

- 1/ For scheduling and imbalance charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge. The currently effective ACA unit charge as published on the Commission's website (www.ferc.gov) is incorporated herein by reference.
- 3/ The current Fuel and Line Loss Percentage can be found on Transporter's Internet website.

PL RATE SCHEDULE
CURRENTLY EFFECTIVE RATES

Delivery Charge: (Maximum)	\$ 0.2401
(Minimum)	\$ 0.0000

APPENDIX B-2

***Pro Forma* Period 2 Rates**

RATE SCHEDULES FT and LFS
 CURRENTLY EFFECTIVE RATES 1/

Reservation Charge	(Maximum)	\$ 6.4773
	(Minimum)	\$ 0.0000
Delivery Charge	(Maximum)	\$ 0.0050
	(Minimum)	\$ 0.0050
Authorized Overrun Charge	(Maximum)	\$ 0.2180
	(Minimum)	\$ 0.0050
Annual Charge Adjustment		2/
Fuel and Line Loss Percentage 4/	(Maximum)	2.0%
	(Minimum)	(2.0%)
Volumetric Reservation Charge for Capacity Release		\$ 0.2180 3/

RATE SCHEDULES FT-TXP – TUSCARORA XPRESS SERVICE
 CURRENTLY EFFECTIVE RATES 1/

Reservation Charge	(Maximum)	\$8.3919
	(Minimum)	\$0.0000
Delivery Charge	(Maximum)	\$0.0027
	(Minimum)	\$0.0027
Authorized Overrun Charge	(Maximum)	\$0.2786
	(Minimum)	\$0.0027
Annual Charge Adjustment		2/
Fuel and Line Loss Percentage 4/	(Maximum)	2.0%
	(Minimum)	(2.0%)
Volumetric Reservation Charge for Capacity Release		\$0.2786 3/

1/ For scheduling, imbalance and unauthorized overrun charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.

- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge and the Authorized Overrun Charge. The currently effective ACA unit charge as published on the Commission's website (www.ferc.gov) is incorporated herein by reference.
- 3/ The Maximum Rate does not apply to capacity release transactions of one (1) year or less.
- 4/ The current Fuel and Line Loss Percentage can be found on Transporter's Internet website.

IT RATE SCHEDULE
CURRENTLY EFFECTIVE RATES 1/

Delivery Charge (Maximum)	\$ 0.2180
(Minimum)	\$ 0.0050
Annual Charge Adjustment	2/
Fuel and Line Loss Percentage 3/ (Maximum)	2.0%
(Minimum)	(2.0%)

- 1/ For scheduling and imbalance charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge. The currently effective ACA unit charge as published on the Commission's website (www.ferc.gov) is incorporated herein by reference.
- 3/ The current Fuel and Line Loss Percentage can be found on Transporter's Internet website.

PL RATE SCHEDULE
CURRENTLY EFFECTIVE RATES

Delivery Charge: (Maximum)	\$ 0.2180
(Minimum)	\$ 0.0000

RATE SCHEDULES FT and LFS
 CURRENTLY EFFECTIVE RATES 1/

	Reservation Charge	(Maximum)	\$ 7.1500 <u>6.4773</u>
		(Minimum)	\$ 0.0000
	Delivery Charge	(Maximum)	\$ 0.0050
		(Minimum)	\$ 0.0050
	Authorized Overrun Charge	(Maximum)	\$ 0.2401 <u>0.2180</u>
		(Minimum)	\$ 0.0050
	Annual Charge Adjustment		2/
	Fuel and Line Loss Percentage 4/	(Maximum)	2.0%
		(Minimum)	(2.0%)
	Volumetric Reservation Charge for Capacity Release		\$ -0.2401 <u>0.2180</u> 3/

RATE SCHEDULES FT-TXP – TUSCARORA XPRESS SERVICE
 CURRENTLY EFFECTIVE RATES 1/

	Reservation Charge	(Maximum)	\$ 8.9276 <u>8.3919</u>
		(Minimum)	\$0.0000
	Delivery Charge	(Maximum)	\$0.0027
		(Minimum)	\$0.0027
	Authorized Overrun Charge	(Maximum)	\$ 0.2962 <u>0.2786</u>
		(Minimum)	\$0.0027
	Annual Charge Adjustment		2/
	Fuel and Line Loss Percentage 4/	(Maximum)	2.0%
		(Minimum)	(2.0%)
	Volumetric Reservation Charge for Capacity Release		\$ 0.2962 <u>0.2786</u> 3/

1/ For scheduling, imbalance and unauthorized overrun charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.

- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge and the Authorized Overrun Charge. The currently effective ACA unit charge as published on the Commission's website (www.ferc.gov) is incorporated herein by reference.
- 3/ The Maximum Rate does not apply to capacity release transactions of one (1) year or less.
- 4/ The current Fuel and Line Loss Percentage can be found on Transporter's Internet website.

IT RATE SCHEDULE
CURRENTLY EFFECTIVE RATES 1/

Delivery Charge (Maximum)	\$ 0.2401 <u>0.2180</u>
(Minimum)	\$ 0.0050
Annual Charge Adjustment	2/
Fuel and Line Loss Percentage 3/ (Maximum)	2.0%
(Minimum)	(2.0%)

- 1/ For scheduling and imbalance charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge. The currently effective ACA unit charge as published on the Commission's website (www.ferc.gov) is incorporated herein by reference.
- 3/ The current Fuel and Line Loss Percentage can be found on Transporter's Internet website.

PL RATE SCHEDULE
CURRENTLY EFFECTIVE RATES

	Delivery Charge: (Maximum)	\$ 0.2401 <u>0.2180</u>
	(Minimum)	\$ 0.0000

APPENDIX B-3

Pro Forma Revised Tariff Records

6.29.1 RESERVED FOR FUTURE USE

6.29.1 ~~RESERVED FOR FUTURE USE~~ ~~Interruptible Transportation Revenue Credit.~~

- ~~(a) — Applicability. The credit available under this Section 6.29.1 shall apply to all Transportation Service Agreements under the FT and LFS Rate Schedules.~~
- ~~(b) — Basis of the Credit. Revenues to which the credit under this Section 6.29.1 shall apply ("Eligible Revenues") shall be the revenues actually received by Transporter under the IT Rate Schedule that are not subject to refund and are attributable to delivery charges but not imbalance charges, scheduling penalties, ACA, or other charges. Starting with the effectiveness of this Tariff and the anniversary of the effective date every year thereafter, except as provided in Section 6.29.1(b) below, Transporter shall first retain 100% of all IT Rate Schedule revenues until Transporter has received an amount of revenues equal to the annual amount of costs, if any, allocated by the Commission to service under the IT Rate Schedule. Thereafter and for the remainder of the year Transporter shall credit to current month invoices under the applicable rate schedules 90% of the Eligible Revenues received during the prior month. Transporter shall retain the remainder of the Eligible Revenues not required to be credited or refunded.~~

~~Pursuant to the Settlement Agreement in Docket No. RP11-1823-000, Tuscarora will retain 100% of IT revenues during the three-year Moratorium Period from January 1, 2012, through December 31, 2014.~~

- ~~(c) — Apportionment of Eligible Revenues. Eligible Revenues attributable to a month shall be apportioned among all FT and LFS Rate Schedule Shippers by applying the following ratio for each customer: (a) the Shipper's total Maximum Transportation quantities in effect during that month under the FT and LFS Rate Schedules, (b) divided by the summation of the total Maximum Transportation Quantity in effect during that month for all FT and LFS Rate Schedule Shippers; provided, however, that no Shipper shall receive a credit under this Section 6.29.1 in excess of its Reservation Charges for that month, with such excess being reallocated to the other Shippers in accordance with the above ratios.~~
- ~~(d) — Revenues Subject to Refund. In the event that any revenues obtained under the IT Rate Schedule are collected subject to refund, and are ultimately not required to be refunded to Shippers under the IT Rate Schedule, Transporter shall recalculate the revenue credits that would have been due to Shipper if the IT Rate Schedule rate ultimately approved by the Commission had been in effect at the time of the revenue credit, and shall credit Shipper for the difference between revenues actually credited, and the recalculated revenue credit, plus interest at the rate prescribed by the Commission's regulations.~~

APPENDIX C

Depreciation Rates and Negative Salvage Percentages

Tuscarora Gas Transmission Company, LLC
Appendix C – Depreciation Rates and Negative Salvage Percentages

Line No.	Depreciable Category	FERC Account No.	Settlement Rates
Transmission Plant			
1	Transmission Plant	365 - 370	1.40%
2	Compressor Station Equipment (Post 2006)	368.0	1.40%
3	Compressor Station Equipment (Rate Adj)	368.1	1.40%
4	Tuscarora Xpress Compressor Station Equipment	368.2	3.38%
5	Tuscarora Xpress Meas/Reg Equipment	369.2	1.30%
6	CommEquip - H/W & S/W	370.1	1.40%
7	Negative Salvage ⁽¹⁾	108.0	0.40%
General & Intangible Plant			
8	Intangible Plant (Organization Costs)	301.0	1.19%
9	Intangible Plant (Franchise & Consents)	302.0	0.86%
10	Misc Intang Plant	303.0	3.86%
11	TC Plus System	303.1	19.17%
12	Structures and Improvements	390.0	6.67%
13	Office Furniture and Equipment	391.0	8.33%
14	Office Furn&Equip-Com	391.1	8.33%
15	Computer Software	391.2	25.00%
16	Transportation Equipment	392.0	16.67%
17	Tools, Shop and Garage Equipment	394.0	6.67%
18	Communications Equipment General Plant	397.0	4.35%

(1) Negative salvage expenses include costs related to interim retirements and terminal decommissioning.

ARTICLE III - SETTLING PARTIES AND CONTESTING PARTIES

Article III describes settlement procedures and the parties' rights in the event there is a Contesting Party as that term is defined in the Settlement.

Article III.A. defines "Settling Party" as any party or shipper on Tuscarora that is not a Contesting Party. It further provides that although Tuscarora is a party to the Settlement, it is not a Settling Party as the term is defined, nor is Commission Trial Staff ("Trial Staff") a Settling Party as the term is defined.

Article III.B.1. provides that any person, excluding Tuscarora, shall become a Contesting Party on the date that it (a) files any pleading at the Commission opposing or seeking to condition or modify the Settlement as a whole or any of its provisions, except for filings submitted pursuant to Article V.A. of the Settlement; (b) provides notice as set forth in Article IV.A.4. that it elects to become a Contesting Party; or (c) takes any action inconsistent with the terms of the Settlement.

Article III.B.2. provides that if there are one or more Contesting Parties, Tuscarora shall submit a tariff filing to restore the rates reflected in its rate filing in Docket No. RP22-1072-000 ("Motion Rates"), making them effective solely for Contesting Parties. It further provides that Tuscarora shall have the right to charge a Contesting Party the Motion Rates for service provided to a Contesting Party, for the period commencing February 1, 2023, until the Commission issues an order resolving, on the merits, the appropriate treatment of the Contesting Party, and the rates that are applicable to the Contesting Party are placed into effect. It further states that Tuscarora shall have the right to charge any Contesting Party the difference between what would have been recovered by Tuscarora under the Motion Rates (giving effect to any negotiated rate or discount agreement that was in place) and the rates actually collected from that party under each contract for the period commencing on February 1, 2023, until the date that the party became a Contesting

Party. It further sets forth the manner in which the make-up charge shall be calculated and billed to a Contesting Party.

Article III.B.3. provides that, subject to Article III.B.5., Contesting Parties shall forego any and all rights or obligations under the Settlement except for the obligation to pay the make-up charge described in the preceding paragraph. Tuscarora shall retain all rights to file base rate or any other tariff changes pursuant to section 4 of the NGA that will be applicable to all Contesting Parties, notwithstanding anything in the Settlement. Any Commission orders during the term of the Settlement related to NGA section 4 filings that are otherwise precluded by the Settlement shall only become effective as to Contesting Parties. The Settlement Rates are not subject to modification as a result of the outcome of any rate litigation involving a Contesting Party.

Article III.B.4. addresses the circumstance where Settling Parties and Contesting Parties are subject to different applicable maximum recourse rates, and specifies how the maximum recourse rate for those shippers shall be determined for purposes of the right of first refusal and capacity release purposes.

Article III.B.5. provides that nothing in the Settlement shall preclude the Commission from approving the Settlement (i) as an overall package over the objection of a Contesting Party or (ii) over the objection of a Contesting Party that has a sufficiently attenuated interest so that, in either case, the Settlement is applied to the Contesting Party (in which event the Contesting Party shall become a Settling Party from the date of the order forward only). Nothing in the Settlement shall preclude Tuscarora or any Settling Party from requesting such action by the Commission; however, Tuscarora and the Settling Parties are prohibited from requesting a ruling by the Commission on the merits of the Settlement in the event the Settlement is contested.

ARTICLE IV - SETTLEMENT EFFECTIVENESS

Article IV generally governs when the Settlement shall become effective and sets forth the rights of various parties should the Commission issue an order approving the Settlement subject to a modification(s) or condition(s). In the event the Commission issues an order approving the Settlement subject to a modification(s) or condition(s), then Tuscarora, Trial Staff, and the Settling Parties shall meet and confer to determine whether the modification(s) and condition(s) may be accepted by all Settling Parties and Tuscarora, or, if not, whether agreeable changes to the Settlement may be made. If the Settling Parties, Trial Staff, and Tuscarora are unable to agree on a suitable solution, the Settlement will become effective subject to the rights set forth in the paragraphs below.

Article IV.A.3. sets forth Tuscarora's rights to seek rehearing of any Commission order approving the Settlement subject to a modification(s) or condition(s) that materially or adversely affects Tuscarora as well as Tuscarora's right to withdraw the Settlement if the Commission issues such an order or a Settling Party elects not to be bound by the Settlement. If the Commission issues an order approving the Settlement subject to a modification(s) or condition(s) that materially or adversely affects Tuscarora, then Tuscarora may elect to seek rehearing of the order or withdraw the Settlement. If Tuscarora elects to seek rehearing that is consistent with the terms of the Settlement, then no Settling Party shall oppose such a request for rehearing. If the Commission issues a Final Order denying Tuscarora's request for rehearing, Tuscarora shall have the option to withdraw the Settlement.

If the Commission issues an order approving the Settlement subject to a modification(s) or condition(s) that materially or adversely affect a Settling Party other than Tuscarora, then Article IV.A.4. provides that the Settling Party may, upon notice, elect not to be bound by the Settlement and/or seek rehearing of such an order. If a Settling Party elects to seek rehearing that is consistent

with the terms of the Settlement, then neither Tuscarora nor any Settling Party will oppose the request for rehearing. A Settling Party that elects not to be bound by the Settlement shall be considered a Contesting Party and Tuscarora shall have the option, but not the obligation, to withdraw the Settlement.

Article IV.B. provides that if Tuscarora withdraws the Settlement or it is rejected by the Commission or a court of competent jurisdiction, then all parties' rights and obligations under the Settlement are deemed null and void and all parties shall be restored to the status quo as it existed prior to February 1, 2023; provided, however, that Tuscarora shall be entitled to implement the procedures set forth in Article VI.B. If Tuscarora provides notice of withdrawal or the Settlement is rejected by the Commission or a court of competent jurisdiction, Tuscarora may take any necessary action, including submission of a tariff filing, to restore or otherwise make effective the Motion Rates as of February 1, 2023, and no former Settling Party shall oppose that action taken by Tuscarora.

ARTICLE V - MORATORIUM AND MANDATORY FILING REQUIREMENT

Article V.A. establishes a Moratorium during which Tuscarora and the Settling Parties are prohibited from taking certain actions, including but not limited to any filings under sections 4 and 5 of the NGA that would be inconsistent with the Settlement or any of its constituent provisions. Article V.A. also enumerates various permissible filings by Tuscarora and the Settling Parties during the Moratorium, including the establishment by Tuscarora, subject to specified conditions, of a regulatory asset(s) that will allow Tuscarora to record taxes, fees, penalties or other assessments imposed at the state or federal level that become due or payable after filing of the Settlement related to: (1) any carbon tax assessment or (2) other emission-related taxes or government-imposed fees it incurs as a result of legislation or regulatory requirements imposed upon Tuscarora.

Article V.B. establishes that Tuscarora shall file a general rate case pursuant to section 4 of the NGA by December 1, 2028, unless the Commission has instituted an investigation of Tuscarora's rates under NGA section 5 prior to December 1, 2028.

ARTICLE VI - SETTLEMENT RATES

Article VI.A. establishes the Firm and Limited Firm Transportation Service rates that shall be in effect pursuant to the Settlement. The rates for all Tuscarora Firm and Limited Firm Transportation Service to be effective as of February 1, 2023 until the Period 2 Settlement Rates Effective Date, shall be as set forth in the tariff records attached as Appendix B-1 to the Settlement ("Period 1 Settlement Rates"). The rates for all Tuscarora Firm and Limited Firm Transportation Services to be effective on February 1, 2025 and remain in effect until the end of the Settlement Term, shall be set forth in the tariff records attached as Appendix B-2 to the Settlement ("Period 2 Settlement Rates"). Article VI.A.4. establishes that the refund floor in the next general rate case instituted by Tuscarora pursuant to NGA section 4 shall be the maximum reservation and delivery rates included in the Period 2 Settlement Rates as reflected in Appendix B-2.

Article VI.B. provides that to the extent that the Settlement is rejected by the Commission or a court of competent jurisdiction or Tuscarora withdraws the Settlement pursuant to Articles IV.A.3. or IV.A.4., Tuscarora shall have the right to charge each former Settling Party to the extent the party has paid a lower rate by virtue of the rates that were placed into effect by Tuscarora on an interim basis effective February 1, 2023, but that any make-up charge shall be subject to refund. It further sets forth the manner in which the make-up charge shall be calculated and billed to former Settling Parties.

ARTICLE VII - ACCUMULATED DEFERRED INCOME TAX

Article VII provides for Tuscarora to exclude its Regulatory Asset associated with Accumulated Deferred Income Taxes of \$4,263,301, which represents the estimated balance of ASC 740, income taxes from March 3, 2021 to January 31, 2023.

ARTICLE VIII - DEPRECIATION AND NEGATIVE SALVAGE

Article VIII describes the depreciation rates and negative salvage percentages that shall be applied by Tuscarora for regulatory accounting purposes during the term of the Settlement, which are detailed in Appendix C to the Settlement. It further provides that a Final Order approving the Settlement shall constitute all necessary authority, including under sections 8 and 9 of the NGA, for Tuscarora to apply the Appendix C depreciation rates.

ARTICLE IX - TARIFF FILINGS

Article IX provides for Tuscarora, within thirty days of a Final Order as defined in Article IV.A.5. of the Settlement, to file to implement the *pro forma* Tariff records contained in Appendix B-3.

ARTICLE X - THE SETTLEMENT SUPERSEDES THE 2019 SETTLEMENT

Article X provides that, subject to Article IV.B., the Settling Parties agree that as of the Effective Date, the 2019 Settlement is superseded in its entirety by the Settlement and shall be null and void, and no provision of the 2019 Settlement will continue to have any force or effect or be binding on any entity, party, or Settling Party.

ARTICLE XI - MISCELLANEOUS

Article XI.A. provides that neither Tuscarora nor any Settling Party shall be bound or prejudiced by any part of the Settlement, unless it becomes effective in accordance with the provisions hereof.

Article XI.B. provides that: the Settlement shall have no precedential value (Article XI.B.1.); the Settlement and any negotiations may not be employed other than to enforce the terms of the Settlement (Article XI.B.2.); nothing in the Settlement shall be deemed an admission by any party (Article XI.B.3.); the Settlement and all discussions held and materials provided by any participant are subject to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2022) (Article XI.B.4.); and the methods or practices used in deriving rates shall not be considered settled practices (Article XI.B.5.).

Article XI.C. provides that no participant shall be deemed the drafter of the Settlement, and the Settlement shall not be construed against any participant as the drafter. In the event of conflict between terms contained in the Settlement and those of this Explanatory Statement, the terms of the Settlement control.

Article XI.D. provides that the provisions of the Settlement are not severable and may become effective only in accordance with the terms of the Settlement.

Article XI.E. provides that the Settlement represents a negotiated settlement only with respect to the issues resolved by the Settlement. Except to the extent explicitly set forth in the Settlement, neither Tuscarora nor any Settling Party shall be deemed to have approved, accepted, agreed to, or consented to any policy, methodology, or other principle underlying or supposed to underlie any of the matters provided for in the Settlement. Every party to this proceeding reserves any claim or right that it may otherwise have with respect to any matters not expressly provided for in this Settlement.

Article XI.F. states that to the extent that the Commission considers any changes to the terms of the Settlement before December 1, 2028, the standard of review for any proposed modifications to the provisions of the Settlement by the Commission acting *sua sponte*, the Settling

Parties and Tuscarora acting unanimously, or third parties, will be the just and reasonable standard. Otherwise, prior to December 1, 2028, the standard for review for any proposed modifications to the provisions of the Settlement at the request of either Tuscarora or one or more, but less than all, Settling Parties and Tuscarora will be the “public interest” standard for review. Nothing in the Settlement is meant to limit the Commission’s authority to approve uncontested settlements under 18 C.F.R. § 385.602(g)(3) (2022).

Article XI.G. provides that the Settlement shall apply to Tuscarora and the Settling Parties as well as their respective successors in interest.

ARTICLE XII - EFFECT OF COMMISSION APPROVAL

Article XII.A. states that the Commission’s approval of the Settlement shall constitute Commission authorization and approval for Tuscarora to implement the Settlement Rates and Tariff changes set forth in the Settlement on their proposed effective dates without suspension, without conditions other than those specified herein and without the need to grant any waiver of Part 154 of the Commission’s regulations, 18 C.F.R. Part 154 (2022), in order to implement the Tariff sections in accordance with the Settlement.

Article XII.B. states that the Commission’s approval of the Settlement shall constitute Commission waiver of compliance, to the extent (if any) necessary, by Tuscarora with the requirements of the Commission’s Rules and Regulations under the Natural Gas Act and Natural Gas Policy Act including, but not limited to, Parts 154, 157, 201, and 284 as necessary to carry out any provision of the Settlement.

CERTIFICATION QUESTIONS

On December 15, 2016, the Chief Administrative Law Judge issued an Amended Notice to the Public requiring that each Explanatory Statement submitted in support of a proposed settlement filed with the Commission address the following four questions:

1. Does the settlement affect other pending cases?

Tuscarora does not believe that the Settlement will affect other pending cases.

2. Does the settlement involve issues of first impression?

The Settlement does not involve any issues of first impression.

3. Does the settlement depart from Commission precedent?

The Settlement does not depart from Commission precedent.

4. Does the settlement seek to impose a standard of review other than the ordinary just and reasonable standard with respect to any changes to the settlement that might be sought either by a third party or the Commission acting *sua sponte*?

No.

David R. Hammel
Director, Regulatory & Commercial Law
Richard A. Kincheloe
Legal Counsel
Tuscarora Gas Transmission Company
700 Louisiana Street, Suite 1300
Houston, Texas 77002-2700
Tel. (832) 320-5177
Fax (832) 320-6861
E-mail: Dave_Hammel@tcenergy.com
Rick_Kincheloe@tcenergy.com

Respectfully submitted,

/s/ Mark K. Lewis

Mark K. Lewis
George D. Fatula
Kathryn F. Penry
Lauren E. Johnstone
Bracewell LLP
2001 M Street, N.W., Suite 900
Washington, D.C. 20036-3307
Tel. (202) 828-5834
Fax (202) 404-3970
E-mail: Mark.Lewis@bracewell.com
George.Fatula@bracewell.com
Kathryn.Penry@bracewell.com
Lauren.Johnstone@bracewell.com

*Counsel for Tuscarora Gas
Transmission Company*

Dated: March 24, 2023

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding pursuant to 18 C.F.R. § 385.2010(f)(2).

Dated at Houston, Texas this 24th day of March, 2023.

/s/ Jonathan Scullion

Tuscarora Gas Transmission Company