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June 10, 2019

Via Electronic Filing

Public Utility Commission of Oregon
Attn: Filing Center
201 High St. SE, Suite 100
Salem OR 97301

Re: In the Matter of PACIFICORP, dba PACIFIC POWER,
2020 Transmission Adjustment Mechanism
Docket No. UE 356

Dear Filing Center:

Please find enclosed the redacted version of the Opening Testimony and Exhibits of Bradley G. Mullins on behalf of the Alliance of Western Energy Consumers ("AWEC") in the above-referenced docket.

Please note that AWEC's testimony and exhibits contain protected information that is being handled in accordance with Order No. 16-128. The confidential portions of AWEC's filing will follow to the Commission via Federal Express.

Thank you for your assistance. If you have any questions, please do not hesitate to call.

Sincerely,

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch

Enclosures

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the **confidential pages of the Opening Testimony and Exhibits of Bradley G. Mullins** upon the parties shown below via U.S. Mail, postage prepaid, and by posting to the Huddle workspace in this docket.

Dated at Portland, Oregon, this 10th day of June, 2019.

Sincerely,

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch

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**BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON
UE 356**

In the Matter of)
)
PACIFICORP, dba PACIFIC POWER,)
)
2020 Transition Adjustment Mechanism.)
_____)

**OPENING TESTIMONY OF
BRADLEY G. MULLINS
ON BEHALF OF
THE ALLIANCE OF WESTERN ENERGY CONSUMERS**

(REDACTED VERSION)

June 10, 2019

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EXHIBIT LIST

AWEC/101 – Qualification Statement of Bradley G. Mullins

AWEC/102 – PacifiCorp Responses to Data Requests

AWEC/103 – Gas Transmission Northwest October 2018 Tax Reform Settlement

Confidential AWEC/104 – Confidential Attachment to AWEC Data Request 004

I. INTRODUCTION AND SUMMARY

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Bradley G. Mullins, and my business address is 1750 SW Harbor Way, Ste 450, Portland, Oregon 97201.

Q. PLEASE STATE YOUR OCCUPATION AND IDENTIFY THE PARTY ON WHOSE BEHALF YOU ARE TESTIFYING.

A. I am an independent consultant representing utility customers before state regulatory commissions, with a primary focus in the West. I am appearing on behalf of the Alliance of Western Energy Consumers (“AWEC”), a non-profit trade association whose members are large energy users served by electric and gas utilities located throughout the West, including customers that receive electrical services from PacifiCorp dba Pacific Power.

Q. PLEASE SUMMARIZE YOUR EDUCATION AND WORK EXPERIENCE.

A. A summary of my education and work experience can be found at Exhibit AWEC/101.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I discuss my review of the modeling in PacifiCorp’s 2020 Transition Adjustment Mechanism (“TAM”) filing for 2020. In its filing, PacifiCorp has modeled a reduction to revenue requirement of approximately \$14,654,533.^{1/} In past proceedings, the loss of production tax credits has produced an increase to the TAM revenue requirement. In this case, the scenario is reversed. The renewal of production tax credits resulting from PacifiCorp’s repowering activities is a principal driver of the revenue reduction, contributing (-)\$16,365,012. In addition, this TAM is forecasting positive load growth resulting in an additional (-)\$4,921,525 reduction. These reductions offset the overall power cost increase of \$6,958,991.

^{1/} See Exhibit PAC/101

Q. WHAT WAS THE SCOPE OF YOUR REVIEW?

A. I reviewed PacifiCorp's filing and the associated workpapers. I also conducted discovery and reviewed PacifiCorp's discovery responses. Based on my review of this information, I have developed four recommendations. Specifically, I recommend the Commission:

- 1. Require PacifiCorp to update the Gas Transmission Northwest ("GTN") Pipeline expense, including 2019, which PacifiCorp failed to include in its final update for the 2019 TAM;*
- 2. Require PacifiCorp to include gas optimization revenues as an out-of-model adjustment, and to develop a formal methodology for forecasting these revenues in workshops before the next TAM;*
- 3. Require PacifiCorp to model a 300 MW transmission link between Jim Bridger and Walla Walla to account for its Energy Imbalance Market ("EIM") capability; and*
- 4. Require PacifiCorp to model all production and transmission benefits associated with repowering and Energy Vision ("EV") 2020.*

I discuss each of these recommendations in the following sections of testimony.

II. GAS TRANSMISSION NORTHWEST PIPELINE RATES

Q. WHERE IS THE GAS TRANSMISSION NORTHWEST PIPELINE?

A. The GTN Pipeline delivers gas from Kingsgate on the Canada-Idaho border to Malin on the California-Oregon border. It crosses the Williams pipeline at Stanfield, near Hermiston. PacifiCorp reserves approximately [REDACTED] dth/day across [REDACTED] miles of this line. PacifiCorp primarily uses the segment to deliver gas from Canada to Cascade Natural Gas' system in Northern Oregon and then to serve the Hermiston power plant.

Q. DOES PACIFICORP'S FORECAST INCLUDE EXPENSES ASSOCIATED WITH THE GTN PIPELINE?

A. Yes. PacifiCorp included \$ [REDACTED] in pipeline reservation costs associated with the GTN Pipeline.

1 **Q. HOW WAS THIS AMOUNT CALCULATED?**

2 A. This amount was detailed in the file ORTAM20w_Pipeline & Storage Fees (1812) CONF.xlsx.
3 PacifiCorp uses a non-mileage rate of \$ [REDACTED] dth/day and a mileage rate of \$ [REDACTED]
4 dth/day.

5 **Q. WHERE DID PACIFICORP GET THOSE RATES?**

6 A. It is not clear. In AWEC Data Request (“DR”) 002, AWEC requested the workpapers for how
7 the amounts were calculated. In response, PacifiCorp did not provide any further calculations,
8 and just referred to its capacity release agreement where it says that the GTN Tariff rates will
9 apply.^{2/} Those values, however, do not tie to the currently effective reservation rates in the
10 GTN Pipeline tariff.

11 **Q. WHAT ARE THE CURRENTLY EFFECTIVE GTN TARIFF RATES?**

12 A. I have attached the stipulation that established the current rates for GTN, and summarized that
13 further in Table 1, below.

Table 1
GTN Pipeline Rates Reductions

	Mileage		Non-Mileage	
	Rate	% Δ	Rate	% Δ
January 1, 2018	0.000434		0.034393	
January 1, 2019	0.000391	-9.9%	0.030954	-10.0%
January 1, 2020	0.000362	-7.4%	0.028612	-7.6%

14 The current rates were established in a settlement filed with the Federal Energy
15 Regulatory Commission on October 16, 2018. Excerpts from that document have been
16 provided in Exhibit AWEC/103. As a result of a stipulation between shippers and the pipeline

^{2/} Exh. AWEC/102 at 2.

1 regarding tax reform, rates declined on January 1, 2019, by approximately 10%. Further, rates
2 were to decline by an additional 7.5% on January 1, 2020. Thus, it appears that the GTN
3 Pipeline rates PacifiCorp is using are at least two cycles out of date.

4 **Q. WAS PACIFICORP A PARTY TO THE GTN PIPELINE STIPULATION?**

5 A. Yes. PacifiCorp was a party to the GTN Pipeline settlement. The Alliance of Western Energy
6 Consumers was involved in negotiating that settlement and was also a party to that settlement.
7 The list of settling parties can be found in AWEC/103.

8 **Q. ARE THERE ANY OTHER ASPECTS OF THE GTN PIPELINE STIPULATION**
9 **THAT IMPACT RATEPAYERS?**

10 A. Yes. In addition to the rate reductions, the pipeline returned \$10,000,000 to shippers in
11 recognition of interim period tax savings recognized over the period January 1, 2018, through
12 December 31, 2018, through a one-time rate credit in December of 2018. In AWEC DR 004, I
13 requested invoices from the GTN Pipeline and confirmed that the interim period tax reform
14 credit appeared on PacifiCorp's December 4, 2018 billing in the amount of \$[REDACTED].

15 **Q. DID PACIFICORP'S FINAL UPDATE IN THE 2019 TAM CONSIDER THE 10%**
16 **REDUCTION TO GTN PIPELINE RATES EFFECTIVE DECEMBER 1, 2019?**

17 A. No. PacifiCorp provided the final pipeline workpaper file from the 2019 TAM, Docket No.
18 339, in response to AWEC DR 005, and I have confirmed that PacifiCorp did not update the
19 GTN Pipeline rates, despite being a party to the October 16, 2018 Stipulation and despite
20 signing an affidavit that all contract updates had been considered.

21 **Q. DID PORTLAND GENERAL CATCH THIS UPDATE IN ITS FINAL ANNUAL**
22 **UPDATE TARIFF FORECAST FOR 2019?**

23 A. Yes. In Docket No. UE 335, PGE accounted for the GTN Pipeline stipulation. See Monet
24 Step 158. Portland General incorporated the reduced GTN Pipeline rates in base rates effective
25 January 1, 2018.

1 **Q. HOW DO YOUR RECOMMEND THE COMMISSION ADDRESS THIS UPDATE**
2 **ISSUE?**

3 A. First, I recommend that the proper GTN Pipeline rates for 2020 be used in the GRID model
4 forecast in this proceeding.


5 Further, since PacifiCorp did not include this rate reduction in its final update in Docket
6 No. UE 339, despite the GTN settlement being filed at FERC before this update, I recommend
7 including an additional adjustment in this proceeding to capture the amounts that PacifiCorp
8 missed.

9 Finally, I recommend that the interim period tax reform refund from the GTN Pipeline
10 be passed back to customers in this docket. Otherwise those benefits will flow through
11 PacifiCorp's tax reform liability.

12 **Q. WHAT IS THE IMPACT OF YOUR RECOMMENDATION?**

13 A. The impact of this treatment can be seen in Table 2, below.

CONFIDENTIAL TABLE 2
AWEC Proposed GTN Pipeline Adjustment

	<u>System</u>	<u>Oregon</u>
2019 Reduction	(195,069)	(49,380)
Missed 2018 Reduction	(116,400)	(29,466)
Interim Period Tax Refom Credit		(13,703)
Total Adjustment		(92,548)

14 **III. GAS OPTIMIZATION MARGINS**

15 **Q. WHAT ARE GAS OPTIMIZATION REVENUES?**

16 A. PacifiCorp maintains pipeline rights over a broad geographic region and has many
17 opportunities to purchase and sell gas in order to optimize the cost associated with fueling its

1 system. These activities include purchasing at one hub and transporting to another in order to
2 earn a margin on the price difference between the two locations. In addition to its rights on the
3 GTN Pipeline, PacifiCorp also has [REDACTED] dth/day rights on NW Pipeline, which is used to
4 serve the Chehalis plant. The NW Pipeline rights are more significant because they extend to
5 the Rockies.

6 PacifiCorp's modeling of gas supply costs, however, is based only on the location of
7 each individual plant, and therefore does not consider the beneficial aspects of how PacifiCorp
8 monetizes its gas transportation rights. In actual operations these activities result in a reduction
9 to power costs that offsets the cost of fuel at PacifiCorp's gas plants.

10 **Q. HOW DOES PACIFICORP EARN REVENUES WITH RESPECT TO ITS GAS**
11 **TRANSMISSION RIGHTS?**

12 A. Similar to electricity prices, natural gas prices differ depending on the location of a transaction.
13 Accordingly, if an entity owns gas transportation rights between two locations, it can buy at
14 one location and sell at the other, earning a margin, or basis, equal to the difference in price
15 between the two locations. Since PacifiCorp needs fuel to run its power plants, it obviously
16 cannot monetize the basis between two locations at all times, but it still benefits because it is
17 able to obtain a cheaper source of fuel for the power plant than if the fuel were acquired locally
18 at the location of the power plant. Further, when the plant is not operating, PacifiCorp's
19 trading floor can resell gas and earn a trading margin. Given volatile energy prices, the value
20 of basis spreads in the West has been relatively high over the past year.

21 **Q. DO OTHER UTILITIES MODEL GAS OPTIMIZATION REVENUES WHEN**
22 **FORECASTING POWER SUPPLY?**

23 A. Yes. Avista, which owns transportation rights on the GTN Pipeline system and in Canada,
24 includes an out-of-model adjustment in its power cost forecast associated with gas

1 optimization. For example, in Avista's 2018 General Rate Case before the Washington
2 Utilities and Transportation Commission, Avista proposed power cost forecast included gas
3 optimization revenues of \$9,000,000.^{3/} I recommend PacifiCorp adopt a similar approach.

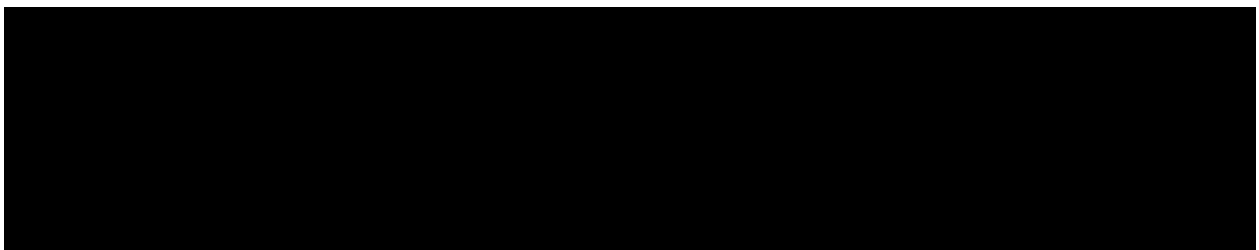
4 **Q. WHAT ANALYSIS HAVE YOU PERFORMED WITH RESPECT TO PACIFICORP'S**
5 **GAS OPTIMIZATION ACTIVITIES?**

6 A. AWEC requested the actual accounting data PacifiCorp uses to calculate the cost of gas for
7 each plant in AWEC DR 008. PacifiCorp's response referred to a gas swaps workpaper, which
8 includes only the long-term transactions in the TAM period, but does not contain the historical
9 data for properly studying gas optimization revenues. Notwithstanding, in response to AWEC
10 DR 009, PacifiCorp provided some historical transactions over calendar year 2018.

11 **Q. DOES AWEC DATA REQUEST 009 DEMONSTRATE THAT PACIFICORP IS**
12 **EARNING GAS OPTIMIZATION REVENUES?**

13 A. Yes. Clear examples of PacifiCorp's gas optimization practices are present in the data. For
14 example, on November 1, 2018, PacifiCorp engaged in transactions that clearly show it earning
15 significant revenues associated with its gas optimization practices. Those transactions are
16 summarized in Confidential Table 4, below.

CONFIDENTIAL TABLE 4
November 1, 2018 Gas Optimization Revenues

A large black rectangular redaction box covering the content of Confidential Table 4.

17 On November 1, 2018, PacifiCorp entered into two contracts purchasing approximately
18 [REDACTED] dth of natural gas at Stanfield for \$ [REDACTED] /dth. PacifiCorp, however, subsequently resold

^{3/} See WUTC vs. Avista Corporation, Docket No. UE-170485 et al. (Consolidated), Exhibit WGJ-2, Line 36.

1 [REDACTED] dth at Sumas, using its pipeline rights on the Northwest Pipeline associated with the
2 Chehalis power plant. Thus, this indicates that PacifiCorp used only approximately [REDACTED] dth
3 of fuel for electric generation. As relevant here, for the gas PacifiCorp sold, PacifiCorp earned
4 a hefty margin. In this case, PacifiCorp resold the gas at a rate of \$ [REDACTED]/dth, which earned
5 PacifiCorp a margin of [REDACTED]%, or \$ [REDACTED], in connection with a single transaction.

6 **Q. DOES THE GRID MODEL ACCOUNT FOR THOSE TYPES OF GAS**
7 **OPTIMIZATION ACTIVITIES?**

8 A. No. After accounting for margins, the effective cost of gas for the [REDACTED] dth of gas that
9 PacifiCorp used at its power plants was actually negative. The sort of trading activities that
10 could lead to negative gas costs do not get captured in the GRID model. Transactions such as
11 the one in Confidential Table 4 appear to be performed opportunistically, on a day-ahead basis.
12 In response to AWEC DR 008, PacifiCorp confirmed its forecast only includes long-term
13 swaps, so those short-term gas trading activities are not considered in the GRID forecast.

14 **Q. WHAT DO YOU RECOMMEND?**

15 A. I recommend the Commission require PacifiCorp to develop an out-of-model adjustment to
16 account for revenues associated with its optimization activities for use in this proceeding.

17 **IV. 300 MW LINK JIM BRIDGER -> WALLA WALLA**

18 **Q. WHAT IS YOUR RECOMMENDATION WITH RESPECT TO THE 300 MW LINK**
19 **BETWEEN JIM BRIDGER AND WALLA WALLA?**

20 A. In Docket No. UE 339, I recommended that PacifiCorp conform its modeling of the EIM in
21 this case with the modeling that was used in its recent 2017R RFP process involving new wind
22 and transmission located in Wyoming. In the RFP, PacifiCorp's modeling included a virtual
23 300 MW transmission link between the Jim Bridger transmission area to the Walla Walla
24 transmission area. In Docket No. UE 339, PacifiCorp agreed to a monetary adjustment for this

1 link; however, in this proceeding, PacifiCorp has not included the 300 MW link. I continue to
2 support that recommendation in this case, particularly in light of some of the other transmission
3 modeling changes that PacifiCorp has made with respect to eastern Wyoming.

4 **Q. WAS THIS ISSUE RESOLVED ON A GOING-FORWARD BASIS IN THE 2019 TAM?**

5 A. No. PacifiCorp did not agree to include this modeling change in this or future TAM filings and
6 AWEC was not precluded from proposing it again in this proceeding.

7 **Q. WHAT DO YOU RECOMMEND IN THIS PROCEEDING?**

8 A. In this proceeding, I recommend the 300 MW EIM link be modeled directly in the GRID
9 model, rather than being applied as a separate out-of-model adjustment. Applying this
10 adjustment as an out-of-model adjustment is not necessary, and results in less accurate plant
11 dispatch.

12 **Q. HOW DO YOU KNOW THAT PACIFICORP USED THIS MODELING TECHNIQUE**
13 **IN ITS 2017 RFP?**

14 A. See Docket UE 339, Exhibit AWEC/102. The exhibit from last year's TAM is a discovery
15 response where PacifiCorp confirmed that it used the 300 MW EIM link in the production cost
16 models that were used in the RFP process.

17 **Q. WHY DID PACIFICORP ASSUME THIS VIRTUAL LINK IN THE RFP PROCESS?**

18 A. The modeling was described on page 13 of PacifiCorp's July 28, 2017 IRP Informational
19 Filing with the Commission in Docket LC 67:

20 In its final 2017 IRP resource-portfolio screening process, PacifiCorp described how
21 the Energy Imbalance Market (EIM) can provide potential benefits when incremental
22 energy is added to transmission-constrained areas of Wyoming. Unscheduled or
23 unused transmission from participating EIM entities enables more efficient power flows
24 within the hour. With increasing participation in the EIM, there will be increasing
25 opportunities to move incremental energy from Wyoming to offset higher-priced
26 generation in the PacifiCorp system or other EIM participants' systems. The more
27 efficient use of transmission that is expected with growing participation in the EIM was
28 captured in the updated economic analysis by increasing the transfer capability between

the east and west sides of PacifiCorp's system by 300 MW (from the Jim Bridger plant to south-central Oregon). The ability to more efficiently use intra-hour transmission from a growing list of EIM participants is not driven by the Energy Vision 2020 projects; however, this increased connectivity provides the opportunity to move low-cost incremental energy out of transmission constrained areas of Wyoming.

Q. WHY HAS PACIFICORP NOT DEPLOYED THE SAME METHODOLOGY FOR POWER COST FORECASTING IN THE TAM?

A. It is not clear. Assuming the methodology involving the use of a modeled 300 MW transmission link between Jim Bridger and Walla Walla was valid to estimate net benefits of a proposed wind facility, it should similarly be a valid way to establish net power cost in a forecasting mechanism such as the TAM. Further, absent this modeling, ratepayers would have no way of recognizing some of the incremental benefits that were promised in the 2017R RFP or with respect to the wind repowering proposal.

V. WIND PRODUCTION

Q. WHAT IS PACIFICORP'S PROPOSAL WITH RESPECT TO OWNED WIND CAPACITY FACTORS?

A. Beginning on page 5 of his Direct Testimony, Mr. Wilding describes PacifiCorp's proposal for determining the level of wind production associated with owned wind resources in the TAM rate effective period. In summary, PacifiCorp's proposal has three general components:

1. For the nine resources expected to be repowered before 2020, PacifiCorp proposes to use the same repowering capacity factors parties agreed to use in the 2019 TAM, Docket No. UE 339;
2. For resources expected to be repowered in 2020, PacifiCorp has proposed to include the incremental repowering production only for Glenrock III, and has proposed to exclude the incremental repowering production associated with Dunlap and Foote Creek; and
3. For new Energy Vision 2020 wind resources expected to be online in 2020, PacifiCorp proposes to exclude the production from those resources.

1 **Q. DO YOU AGREE WITH PACIFICORP'S PROPOSED FRAMEWORK?**

2 A. No. PacifiCorp's proposal adopts inconsistent treatment for different resources and PacifiCorp
3 has not expressed a valid reason for why different ratemaking should apply with respect to the
4 three different classes of resources.

5 **Q. HOW IS PACIFICORP'S PROPOSAL INCONSISTENT?**

6 A. For example, PacifiCorp proposes to include the incremental repowering production associated
7 with Glenrock III, which is expected to be repowered in the summer of 2020, in the 2020
8 TAM. Yet, PacifiCorp also proposes to exclude incremental repowering production associated
9 with Dunlap, which is expected to be repowered in December 2020. In the stipulation
10 resolving the 2019 TAM, PacifiCorp agreed to include repowering production for resources
11 expected to be repowered in December 2019.

12 **Q. ARE THERE ANY OTHER WIND REPOWERING RESOURCES PACIFICORP DID**
13 **NOT ADDRESS?**

14 A. Yes. My understanding is that PacifiCorp also plans to repower the Foote Creek facility in
15 2020. PacifiCorp's testimony does not address its plans with respect to Foote Creek.

16 **Q. WHAT REASON DID PACIFICORP PROVIDE FOR EXCLUDING THE**
17 **PRODUCTION BENEFITS OF DUNLAP?**

18 A. Repowering activities for both Glenrock III and Dunlap are expected to be completed in the
19 2020 TAM period. PacifiCorp, however, has proposed to exclude the production benefits of
20 Dunlap because it states that it plans to file a rate case.^{4/}

^{4/} PAC/100, Wilding/7:11-13.

1 **Q. DID PACIFICORP PROVIDE SIMILAR REASONING FOR EXCLUDING THE**
2 **BENEFITS OF THE EV 2020 ASSETS EXPECTED TO BE ONLINE IN THE RATE**
3 **PERIOD?**

4 A. Yes. PacifiCorp's filing acknowledges that the EV 2020 assets are also expected to be online
5 in the rate period. These resources present both a significant increase to wind production and a
6 significant increase to modeled transmission transfer capability. Again, PacifiCorp states that
7 it is appropriate to exclude these production benefits because it plans to file a rate case.^{5/}

8 **Q. ARE PACIFICORP'S FUTURE RATE CASE FILING PLANS RELEVANT TO**
9 **FORECASTING THE PRODUCTION BENEFITS OF WIND IN THIS DOCKET?**

10 A. No. PacifiCorp has the option to file a rate case at any time. Ratepayers have little control
11 over when or whether PacifiCorp will file a rate case.

12 **Q. HAS PACIFICORP PREVIOUSLY INDICATED THAT IT PLANNED TO FILE A**
13 **RATE CASE AND THEN NOT ACTUALLY FILED ONE?**

14 A. Yes. When the 2017 Protocol was first implemented, PacifiCorp expected that it would file
15 two rate cases over the period 2018 through 2019. This was memorialized by the cap on the
16 Embedded Cost Differential, which was to increase when PacifiCorp filed its second rate case
17 under the 2017 Protocol. Thus, two rate cases were contemplated in short succession over that
18 period. Notwithstanding, PacifiCorp has not filed a case, and has now indicated it is not
19 planning to file until next year. Making things more complicated is the fact that PacifiCorp has
20 sought abeyance of critical proceedings, such as the ongoing depreciation docket, which are
21 necessary to be resolved before PacifiCorp implements new rates.

22 **Q. WHAT DO YOU PROPOSE?**

23 A. I recommend modeling the incremental production from the Dunlap and Foote Creek
24 repowering. I also recommend modeling the incremental production and transmission

^{5/} PAC/100, Wilding/9:1-15.

1 associated with Energy Vision 2020 projects. AWEC believes that applying consistent
2 treatment for these various new renewable resources is appropriate. PacifiCorp can always file
3 a rate case; however, absent a firm requirement for PacifiCorp to do so, the working
4 assumption should be that PacifiCorp will seek cost recovery of the repowering resources and
5 the EV 2020 wind and transmission investment through a RAC filing.

6 **Q. DOES YOUR PROPOSAL TO INCLUDE THE EV 2020 PROJECTS IN THE 2020**
7 **TAM INDICATE THAT AWEC HAS DETERMINED THAT PACIFICORP ACTED**
8 **PRUDENTLY IN PROCURING THESE PROJECTS?**

9 A. No. AWEC has not undertaken a prudence review of these projects and reserves its right to do
10 so when PacifiCorp seeks to include their costs in customer rates. If one or more of these
11 projects is ultimately found to be imprudent and excluded entirely from customer rates, AWEC
12 would not object to removing the power cost benefits associated with these resources.

13 **Q. HOW WOULD REMOVING THESE POWER COST BENEFITS BE**
14 **ACCOMPLISHED?**

15 A. PacifiCorp could file a deferral to capture this difference if and when a prudence disallowance
16 occurred.

17 **Q. DOES THIS CONCLUDE YOUR OPENING TESTIMONY?**

18 A. Yes.

UE 356

EXHIBIT NO. AWEC/101

QUALIFICATION STATEMENT OF BRADLEY G. MULLINS

1 **QUALIFICATION STATEMENT OF BRADLEY G. MULLINS**

2 **Q. PLEASE SUMMARIZE YOUR QUALIFICATIONS.**

3 A. I have been performing independent utility consulting services on matters such as power
4 costs, revenue requirement, rate spread and rate design for approximately five years, and
5 have sponsored testimony in several regulatory jurisdictions, including before the Oregon
6 Public Utility Commission. Previously, I worked at PacifiCorp as an analyst involved in
7 power supply cost forecasting. I also previously worked at Deloitte, where I ultimately
8 specialized in research and development tax incentives. I have a Master of Science
9 degree in Accounting from the University of Utah.

10 **Q. PLEASE PROVIDE A LIST OF YOUR REGULATORY APPEARANCES.**

11 A. I have sponsored testimony in the following regulatory proceedings:

- 12 • In re PacifiCorp 2020 Renewable Adjustment Clause, Or.PUC Docket No. 352
- 13 • 2020 Joint Power and Transmission Rate Proceeding, Bonneville Power Administration,
14 Case No. BP-20
- 15 • In the Matter of the Application of MSG Las Vegas, LLC for a Proposed Transaction
16 with a Provider of New Electric Resources, PUC Nv. Docket No. 18-10034
- 17 • Puget Sound Energy 2018 Expedited Rate Filing, Wa.UTC Dockets UE-180899/UG-
18 180900 (Cons.)
- 19 • Georgia Pacific Gypsum LLC's Application to Purchase Energy, Capacity, and/or
20 Ancillary Services from a Provider of New Electric Resources, PUC Nv. Docket No. 18-
21 09015.
- 22 • Joint Application of Nevada Power Company d/b/a NV Energy for approval of their
23 2018-2038 Triennial Integrated Resource Plan and 2019-2021 Energy Supply Plan,
24 PUCN Docket No. 18-06003.
- 25 • In re Cascade Natural Gas Corporation Request for a General Rate Revision, Or.PUC,
26 Docket No. UE 347.

- 1 • In re Portland General Electric Company Request for a General Rate Revision, Or.PUC
2 Docket No UE 335.
- 3 • In re Northwest Natural Gas Company, dba NW Natural, Request for a General Rate
4 Revision, Or.PUC Docket No. UG 344.
- 5 • In re Cascade Natural Gas Corporation Request for a General Rate Revision, Wa.UTC,
6 Docket No. UE-170929.
- 7 • In the Matter of Hydro One Limited, Application for Authorization to Exercise
8 Substantial Influence over the Policies and Actions of Avista Corporation, Or.PUC,
9 Docket No. UM 1897.
- 10 • In re PacifiCorp, dba Pacific Power, 2016 Power Cost Adjustment Mechanism, Or.PUC,
11 Docket No. UE 327.
- 12 • In re Avista Corporation 2018 General Rate Case, Wa.UTC Dockets UE-170485 and
13 UG-170486 (Consolidated).
- 14 • Application of Nevada Power Company d/b/a NV Energy for authority to adjust its
15 annual revenue requirement for general rates charged to all classes of electric customers
16 and for relief properly related thereto, PUCN. Docket No. 17-06003.
- 17 • In re the Application of Rocky Mountain Power for Authority to Decrease Current Rates
18 by \$15.7 Million to Refund Deferred Net Power Costs Under Tariff Schedule 95 Energy
19 Cost Adjustment Mechanism and to Decrease Current Rates By \$528 Thousand Under
20 Tariff Schedule 93, REC and SO2 Revenue Adjustment Mechanism, Wy. PSC, Docket
21 No. 20000-514-EA-17 (Record No. 14696).
- 22 • In re the 2018 General Rate Case of Puget Sound Energy, Wa.UTC, Docket No. 170033
23 (Cons.).
- 24 • In re PacifiCorp, dba Pacific Power, 2018 Transition Adjustment Mechanism, Or.PUC,
25 Docket No. UE 323.
- 26 • In re Portland General Electric Company, Request for a General Rate Revision, Or.PUC,
27 Docket No. UE 319.
- 28 • In re Portland General Electric Company, Application for Transportation Electrification
29 Programs, Or.PUC, UM 1811.
- 30 • In re Pacific Power & Light Company, Application for Transportation Electrification
31 Programs, Or.PUC, Docket No. UM 1810.

- 1 • In re the Public Utility Commission of Oregon, Investigation to Examine PacifiCorp, dba
2 Pacific Power's Non-Standard Avoided Cost Pricing, Or.PUC, Docket No. UM 1802.
- 3 • In re Pacific Power & Light Co., Revisions to Tariff WN U-75, Advice No. 16-05, to
4 modify the Company's existing tariffs governing permanent disconnection and removal
5 procedures, Wa.UTC, Docket No. UE-161204.
- 6 • In re Puget Sound Energy's Revisions to Tariff WN U-60, Adding Schedule 451,
7 Implementing a New Retail Wheeling Service, Wa.UTC, Docket No. UE-161123.
- 8 • 2018 Joint Power and Transmission Rate Proceeding, Bonneville Power Administration,
9 Case No. BP-18.
- 10 • In re Portland General Electric Company Application for Approval of Sale of Harborton
11 Restoration Project Property, Or.PUC, Docket No. UP 334 (Cons.).
- 12 • In re An Investigation of Policies Related to Renewable Distributed Electric Generation,
13 Ar.PSC, Matter No. 16-028-U.
- 14 • In re Net Metering and the Implementation of Act 827 of 2015, Ar.PSC, Matter No. 16-
15 027-R.
- 16 • In re the Application of Rocky Mountain Power for Approval of the 2016 Energy
17 Balancing Account, Ut.PSC, Docket No. 16-035-01
- 18 • In re Avista Corporation Request for a General Rate Revision, Wa.UTC, Docket No. UE-
19 160228 (Cons.).
- 20 • In re the Application of Rocky Mountain Power to Decrease Current Rates by \$2.7
21 Million to Recover Deferred Net Power Costs Pursuant to Tariff Schedule 95 and to
22 Increase Rates by \$50 Thousand Pursuant to Tariff Schedule 93, Wy.PSC, Docket No.
23 20000-292-EA-16.
- 24 • In re PacifiCorp, dba Pacific Power, 2017 Transition Adjustment Mechanism, Or.PUC,
25 Docket No. UE 307.
- 26 • In re Portland General Electric Company, 2017 Annual Power Cost Update Tariff
27 (Schedule 125), Or.PUC, Docket No. UE 308.
- 28 • In re PacifiCorp, Request to Initiate an Investigation of Multi-Jurisdictional Issues and
29 Approve an Inter-Jurisdictional Cost Allocation Protocol, Or.PUC, UM 1050.
- 30 • In re Pacific Power & Light Company, General rate increase for electric services,
31 Wa.UTC, Docket No. UE-152253.

- 1 • In The Matter of the Application of Rocky Mountain Power for Authority of a General
2 Rate Increase in Its Retail Electric Utility Service Rates in Wyoming of \$32.4 Million Per
3 Year or 4.5 Percent, Wy.PSC, Docket No. 20000-469-ER-15.
- 4 • In re Avista Corporation, General Rate Increase for Electric Services, Wa.UTC, Docket
5 No. UE-150204.
- 6 • In re the Application of Rocky Mountain Power to Decrease Rates by \$17.6 Million to
7 Recover Deferred Net Power Costs Pursuant to Tariff Schedule 95 to Decrease Rates by
8 \$4.7 Million Pursuant to Tariff Schedule 93, Wy.PSC, Docket No. 20000-472-EA-15.
- 9 • Formal complaint of The Walla Walla Country Club against Pacific Power & Light
10 Company for refusal to provide disconnection under Commission-approved terms and
11 fees, as mandated under Company tariff rules, Wa.UTC, Docket No. UE-143932.
- 12 • In re PacifiCorp, dba Pacific Power, 2016 Transition Adjustment Mechanism, Or.PUC,
13 Docket No. UE 296.
- 14 • In re Portland General Electric Company, Request for a General Rate Revision, Or.PUC,
15 Docket No. UE 294.
- 16 • In re Portland General Electric Company and PacifiCorp dba Pacific Power, Request for
17 Generic Power Cost Adjustment Mechanism Investigation, Or.PUC, Docket No. UM
18 1662.
- 19 • In re PacifiCorp, dba Pacific Power, Application for Approval of Deer Creek Mine
20 Transaction, Or.PUC, Docket No. UM 1712.
- 21 • In re Public Utility Commission of Oregon, Investigation to Explore Issues Related to a
22 Renewable Generator's Contribution to Capacity, Or.PUC, Docket No. UM 1719.
- 23 • In re Portland General Electric Company, Application for Deferral Accounting of Excess
24 Pension Costs and Carrying Costs on Cash Contributions, Or.PUC, Docket No. UM
25 1623.
- 26 • 2016 Joint Power and Transmission Rate Proceeding, Bonneville Power Administration,
27 Case No. BP-16.
- 28 • In re Puget Sound Energy, Petition to Update Methodologies Used to Allocate Electric
29 Cost of Service and for Electric Rate Design Purposes, Wa.UTC, Docket No. UE-
30 141368.
- 31 • In re Pacific Power & Light Company, Request for a General Rate Revision Resulting in
32 an Overall Price Change of 8.5 Percent, or \$27.2 Million, Wa.UTC, Docket No. UE-
33 140762.

- 1 • In re Puget Sound Energy, Revises the Power Cost Rate in WN U-60, Tariff G, Schedule
2 95, to reflect a decrease of \$9,554,847 in the Company's overall normalized power
3 supply costs, Wa.UTC, Docket No. UE-141141.
- 4 • In re the Application of Rocky Mountain Power for Authority to Increase Its Retail
5 Electric Utility Service Rates in Wyoming Approximately \$36.1 Million Per Year or 5.3
6 Percent, Wy.PSC, Docket No. 20000-446-ER-14.
- 7 • In re Avista Corporation, General Rate Increase for Electric Services, RE, Tariff WN U-
8 28, Which Proposes an Overall Net Electric Billed Increase of 5.5 Percent Effective
9 January 1, 2015, Wa.UTC, Docket No. UE-140188.
- 10 • In re PacifiCorp, dba Pacific Power, Application for Deferred Accounting and Prudence
11 Determination Associated with the Energy Imbalance Market, Or.PUC, Docket No. UM
12 1689.
- 13 • In re PacifiCorp, dba Pacific Power, 2015 Transition Adjustment Mechanism, Or.PUC,
14 Docket No. UE 287.
- 15 • In re Portland General Electric Company, Request for a General Rate Revision, Or.PUC,
16 Docket No. UE 283.
- 17 • In re Portland General Electric Company's Net Variable Power Costs (NVPC) and
18 Annual Power Cost Update (APCU), Or.PUC, Docket No. UE 286.
- 19 • In re Portland General Electric Company 2014 Schedule 145 Boardman Power Plant
20 Operating Adjustment, Or.PUC, Docket No. UE 281.
- 21 • In re PacifiCorp, dba Pacific Power, Transition Adjustment, Five-Year Cost of Service
22 Opt-Out (adopting testimony of Donald W. Schoenbeck), Or.PUC, Docket No. UE 267.

UE 356

EXHIBIT NO. AWEC/102

PACIFICORP RESPONSES TO DATA REQUESTS

UE 356 / PacifiCorp
May 28, 2019
AWEC 1st Set Data Request 001

AWEC Data Request 001

Please confirm that on page 397 of PacifiCorp's 2018 FERC Form 1, PacifiCorp reported \$64,915,544 in total-Company revenues associated with the Energy Imbalance Market in 2018.

Response to AWEC Data Request 001

PacifiCorp's 2018 Federal Energy Regulatory Commission (FERC) Form 1, page 397, line 7, column (e) for \$64,915,544, represents the amount of Energy Imbalance Market (EIM) credits recorded in FERC Account 555 (Purchase Power) for the year ended December 31, 2018. This agrees to California Independent System Operator's (CAISO) purchase power costs as reported on page 327.21, lines 7-10, column (m), totaling the same amount. As noted in the footnotes to page 326.21, the amounts in column (m) lines 9-10 related to CAISO resettlements of prior periods but were recorded in 2018 when invoiced.

UE 356 / PacifiCorp
May 28, 2019
AWEC 1st Set Data Request 002

AWEC Data Request 002

Please reference work paper “ORTAM20W Pipeline & Storage Fees (1812) CONF”, tab “Charges”. Please provide work papers detailing the derivation of the Daily Mileage and Daily Non-Mileage Rates used for Gas Transmission Northwest, Deal Number 1842346.

Response to AWEC Data Request 002

For the calculation detailing the derivation of the Daily Mileage and Daily Non-Mileage Rates, please refer to the confidential 5-day transition adjustment mechanism (TAM) work papers supporting the direct testimony of company witness, Michael G. Wilding, specifically file “ORTAM20w_Pipeline & Storage Fees (1812) CONF.xlsx,” tab “Charges,” row 153 through 173.

Please refer to Confidential Attachment AWEC 002 for a copy of the agreement relevant to Transaction 1842346.

Confidential Attachment AWEC 002 is designated as Protected Information under Order No. 16-128 and may only be disclosed to qualified persons as defined in that order.

UE 356 / PacifiCorp
May 28, 2019
AWEC 1st Set Data Request 003

AWEC Data Request 003

Please reference work paper “ORTAM20W Pipeline & Storage Fees (1812) CONF”, tab “Charges”. Please provide a copy of the tariff sheets that PacifiCorp used to calculate the Daily Mileage and Daily Non-Mileage Rates used for Gas Transmission Northwest, Deal Number 1842346.

Response to AWEC Data Request 003

Please refer to the Attachment AWEC 003.

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by the attorney-client privilege or other applicable privileges or law may have been included in its responses to these data requests. PacifiCorp did not intend to waive any applicable privileges or rights by the inadvertent disclosure of protected information, and PacifiCorp reserves its right to request the return or destruction of any privileged or protected materials that may have been inadvertently disclosed. Please inform PacifiCorp immediately if you become aware of any inadvertently disclosed information.

UE 356 / PacifiCorp
May 28, 2019
AWEC 1st Set Data Request 004

AWEC Data Request 004

Please provide all invoices from Gas Transmission Northwest for Deal Number 1842346 over the period January 1, 2018 through March 31, 2019.

Response to AWEC Data Request 004

Please refer to Confidential Attachment AWEC 004. Note: transaction 1842346 is “Svc Req K” reference 17813 (Total Firm) on the provided invoices.

Confidential Attachment AWEC 004 is designated as Protected Information under Order No. 16-128 and may only be disclosed to qualified persons as defined in that order.

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by the attorney-client privilege or other applicable privileges or law may have been included in its responses to these data requests. PacifiCorp did not intend to waive any applicable privileges or rights by the inadvertent disclosure of protected information, and PacifiCorp reserves its right to request the return or destruction of any privileged or protected materials that may have been inadvertently disclosed. Please inform PacifiCorp immediately if you become aware of any inadvertently disclosed information.

UE 356 / PacifiCorp
May 28, 2019
AWEC 1st Set Data Request 005

AWEC Data Request 005

Please reference work paper “ORTAM20W Pipeline & Storage Fees (1812) CONF,” tab “Charges”. Please provide the final Pipeline and Storage Fees file from the 2019 TAM proceeding.

Response to AWEC Data Request 005

Please refer to the Confidential Attachment AWEC 005.

Confidential Attachment AWEC 005 is designated as Protected Information under Order No. 16-128 and may only be disclosed to qualified persons as defined in that order.

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by the attorney-client privilege or other applicable privileges or law may have been included in its responses to these data requests. PacifiCorp did not intend to waive any applicable privileges or rights by the inadvertent disclosure of protected information, and PacifiCorp reserves its right to request the return or destruction of any privileged or protected materials that may have been inadvertently disclosed. Please inform PacifiCorp immediately if you become aware of any inadvertently disclosed information.

UE 356 / PacifiCorp
May 28, 2019
AWEC 1st Set Data Request 008

AWEC Data Request 008

Please provide an explanation of how PacifiCorp accounts for natural gas sales transactions when calculating and forecasting actual net power costs.

Response to AWEC Data Request 008

The company assumes that this request intended to ask about transactions when calculating and forecasting “net power costs” as opposed to forecasting “actual net power costs” on the basis that net power costs (NPC) are either forecasted or actuals. Based on the foregoing assumption, the company responds as follows:

The natural gas sales transactions forecast are based on the natural gas transactions the company executes on a forward basis. The dollar amount of each natural gas sales transaction is the multiplication of the transacted volume and the prices. The prices can be fixed prices or floating prices, depending on how each natural gas transaction is constructed. For the detailed calculation of the natural gas sales transactions, please refer to the confidential 5-day transition adjustment mechanism (TAM) work papers supporting the direct testimony of company witness, Michael G. Wilding, specifically file “ORTAM20w_Gas Swaps (1812) FEB19 CONF.xlsx,” tab “Gas Swap Source,” columns AD to AJ.

UE 356 / PacifiCorp
May 28, 2019
AWEC 1st Set Data Request 009

AWEC Data Request 009

Please provide detail of each physical natural gas sales transaction executed over the period January 1, 2018 through December 31, 2018 in a format substantially similar to the work paper "ORTAM20w_Gas Swaps (1812) FEB19 CONF."

Response to AWEC Data Request 009

Please refer to the Confidential Attachment AWEC 009.

Confidential Attachment AWEC 009 is designated as Protected Information under Order No. 16-128 and may only be disclosed to qualified persons as defined in that order.

Despite PacifiCorp's diligent efforts, certain information protected from disclosure by the attorney-client privilege or other applicable privileges or law may have been included in its responses to these data requests. PacifiCorp did not intend to waive any applicable privileges or rights by the inadvertent disclosure of protected information, and PacifiCorp reserves its right to request the return or destruction of any privileged or protected materials that may have been inadvertently disclosed. Please inform PacifiCorp immediately if you become aware of any inadvertently disclosed information.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 356

In the Matter of)
)
PACIFICORP, dba PACIFIC POWER,)
)
2020 Transition Adjustment Mechanism.)
<hr/>)

EXHIBIT NO. AWEC/103

GAS TRANSMISSION NORTHWEST OCTOBER 2018 TAX REFORM SETTLEMENT

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

Gas Transmission Northwest LLC) Docket No. RP15-904-___

**PETITION OF GAS TRANSMISSION NORTHWEST LLC FOR APPROVAL OF
AMENDED STIPULATION AND AGREEMENT OF SETTLEMENT
AND REQUEST FOR EXPEDITED ACTION**

Pursuant to Rule 207(a)(5) of the Federal Energy Regulatory Commission's ("FERC" or "Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.207(a)(5) (2018), Gas Transmission Northwest LLC ("GTN") hereby petitions the Commission for approval of the amended Stipulation and Agreement of Settlement ("Amended Settlement"), including associated Pro Forma tariff sections, submitted herewith. GTN respectfully requests that the Commission issue an order granting this Petition and approving the Amended Settlement prior to December 1, 2018, in order to permit GTN to implement reduced rates to be effective January 1, 2019. In support hereof, GTN shows as follows:

**I.
CORRESPONDENCE AND COMMUNICATION**

All correspondence and communications regarding this filing should be addressed to the following:

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* Persons designated for official service pursuant to Rule 2010.

II. BACKGROUND

On April 23, 2015, in Docket No. RP15-904-000, GTN filed a Petition for Approval of Stipulation and Agreement of Settlement (“2015 Settlement”) in order to resolve issues relating to a potential GTN general rate change filing pursuant to section 4 of the Natural Gas Act (“NGA”).¹ The Commission approved the 2015 Settlement on June 30, 2015.² The 2015 Settlement provided for a rate decrease effective July 1, 2015, and further provides for GTN to implement an additional rate decrease to become effective on January 1, 2020.³ The 2015 Settlement also requires GTN to submit a general rate filing pursuant to section 4 of the NGA⁴ such that the rates proposed therein will be effective no later than January 1, 2022.⁵

On July 18, 2018, the Commission issued Order No. 849⁶ and its Order on Rehearing of its previously-issued Revised Policy Statement on income tax allowances.⁷ In Order No. 849, the Commission offered pipelines four options: (1) file a limited NGA section 4 filing to reduce

¹ 15 U.S.C. § 717c.

² *Gas Transmission Northwest LLC*, 151 FERC ¶ 61,280 (2015).

³ 2015 Settlement, Article VI.A.

⁴ 15 U.S.C. § 717c.

⁵ 2015 Settlement, Article V.1.

⁶ *Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate*, Order No. 849, 83 Fed. Reg. 36,672 (Jul. 30, 2018).

⁷ *Inquiry Regarding the Commission’s Policy for Recovery of Income Tax Costs*, Revised Policy Statement on Treatment of Income Taxes, 162 FERC ¶ 61,227 (2018) (“Revised Policy Statement”), *order on reh’g*, 164 FERC ¶ 61,030 (2018).

its rates; (2) commit to file a general NGA section 4 rate case or pre-packaged uncontested rate settlement in the near future; (3) provide a statement explaining why an adjustment to its rates is not needed; or (4) take no action other than filing Form No. 501-G.⁸ The Commission encouraged interstate natural gas companies to enter into pre-packaged uncontested settlements in order to address rate issues arising from the Tax Cut and Jobs Act (“Tax Act”), Order No. 849, and the Revised Policy Statement, stating that pipelines that do so between March 26, 2018 and the date their Form No. 501-G would otherwise be due need not file Form No. 501-G.⁹

In response to Order No. 849 and the Revised Policy Statement, GTN has engaged in settlement discussions with its customers and other stakeholders in order to resolve the issues raised by these orders and the Tax Act through an amendment to the 2015 Settlement. GTN provided a settlement offer to stakeholders on September 12, 2018, and convened an in-person settlement conference in Seattle, Washington on September 18-19, 2018. As a result of these discussions, GTN and its customers have agreed to a settlement in principle that will provide customers with rate relief resulting from the Tax Act, Order No. 849, and the Commission’s revised tax allowance policy.¹⁰ That settlement in principle is reflected in the attached Amended Settlement.

III. PETITION FOR APPROVAL

The attached Amended Settlement reflects the agreement of GTN and the settling parties, and results from their significant efforts to resolve the issues arising from the Tax Act, Order No.

⁸ Order No. 849 at P 2, 31.

⁹ *Id.* at P 159.

¹⁰ Subsequent to reaching the settlement in principle, on September 24, 2018, GTN filed a petition for waiver of the requirement to file Form No. 501-G or, in the alternative, to postpone the due date until December 6, 2018. On October 5, 2018, the Commission issued an order granting GTN an extension of time until December 6, 2018 to file its Form No. 501-G.

849, and the Revised Policy Statement. The Commission has encouraged natural gas companies and their customers to resolve differences over rates before making any filing with the Commission,¹¹ because it enables the quick processing of a rate change “without the expense of a hearing and lengthy litigation.”¹² Moreover, as noted above, the Commission has encouraged natural gas companies to resolve rate issues resulting from the Tax Act, Order No. 849, and the Revised Policy Statement through pre-packaged, unopposed settlements.¹³ The Amended Settlement successfully resolves issues that may have been in dispute in a practical and carefully constructed fashion, eliminating the need for testimony, discovery, hearing and briefing of the matters resolved. The avoidance of litigation and resulting better use of resources is a valuable outcome, benefiting the participants, the Commission and the public interest. Therefore, GTN submits that the Amended Settlement is in the public interest and should be approved to become effective January 1, 2019 without modification or condition.

IV. REQUEST FOR EXPEDITED ACTION

The Amended Settlement provides for reduced rates to become effective January 1, 2019. GTN requests that the Commission grant this Petition and approve the Amended Settlement prior to December 1, 2018, in order to permit GTN to implement the reduced rates provided for in the Amended Settlement to be effective January 1, 2019. GTN submits that expedited action is appropriate, given that the reduced rates will benefit shippers and are consistent with the intent of the Commission to encourage pipelines to reflect the effect of the reduced corporate income tax rate arising from the Tax Act.

¹¹ See *Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 at P 30 (2005).

¹² *Id.*

¹³ Order No. 849 at P 159. Consistent with the Commission’s declaration in Order No. 849, the filing of the Settlement will obviate the requirement that GTN submit Form No. 501-G.

**V.
CONCLUSION**

WHEREFORE, GTN respectfully requests that the Commission grant this Petition by approving the Amended Settlement without condition or modification. GTN further requests that the Commission grant any other authorizations or waivers that may be necessary to approve the Amended Settlement as proposed herein. Finally, GTN requests that the Commission grant this Petition and approve the Amended Settlement prior to December 1, 2018, in order to permit GTN to make the necessary tariff filing to implement the rate reduction provided for in the Amended Settlement.

Respectfully submitted,

/s/ Stefan M. Krantz

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ATTORNEYS FOR GAS TRANSMISSION NORTHWEST LLC

October 16, 2018

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

Gas Transmission Northwest LLC) Docket No. RP15-904-__

AMENDED STIPULATION AND AGREEMENT OF SETTLEMENT

Upon approval by the Federal Energy Regulatory Commission (“FERC” or the “Commission”) pursuant to Rule 207(a)(5) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.207(a)(5) (2018), this Amended Stipulation and Agreement of Settlement (“Amended Settlement”) shall serve to modify the transportation service rates set forth in Gas Transmission Northwest, LLC’s (“GTN’s”) FERC Gas Tariff, Fourth Revised Volume No. 1-A (“Tariff”), pursuant to the terms below. GTN and the Settling Parties (as defined below) stipulate and agree to the following:

**ARTICLE I
PROCEDURAL HISTORY**

1. On April 23, 2015, in Docket No. RP15-904-000, GTN filed a Petition for Approval of Stipulation and Agreement of Settlement (“2015 Settlement”) in order to resolve issues relating to a potential GTN general rate change filing pursuant to section 4 of the Natural Gas Act (“NGA”), 15 U.S.C. § 717c. The Commission approved the 2015 Settlement on June 30, 2015. *Gas Transmission Northwest LLC*, 151 FERC ¶ 61,280 (2015).

2. On July 18, 2018, the Commission issued Order No. 849. *Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate*, Order No. 849, 83 Fed. Reg. 36,672 (Jul. 30, 2018). Also on July 18, 2018, the Commission issued its Order on Rehearing of its previously-issued Revised Policy Statement on income tax allowances. *Inquiry Regarding the Commission’s Policy for Recovery of Income Tax Costs*, Revised Policy

Statement on Treatment of Income Taxes, 162 FERC ¶ 61,227 (2018) (“Revised Policy Statement”), *order on reh’g*, 164 FERC ¶ 61,030 (2018).

3. In Order No. 849, the Commission offered pipelines four options: (1) file a limited NGA section 4 filing to reduce its rates; (2) commit to file a general NGA section 4 rate case or pre-packaged uncontested rate settlement in the near future; (3) provide a statement explaining why an adjustment to its rates is not needed; or (4) take no action other than filing Form No. 501-G. Order No. 849 at P 2, 31. The Commission encouraged interstate natural gas companies to enter into pre-packaged uncontested settlements in order to address rate issues arising from the Tax Cut and Jobs Act (“Tax Act”), Order No. 849, and the Revised Policy Statement, stating that pipelines that do so between March 26, 2018 and the date their Form No. 501-G would otherwise be due need not file Form No. 501-G. *Id.* at P 159.

4. GTN provided a settlement offer to stakeholders on September 12, 2018, and convened an in-person settlement conference in Seattle, Washington on September 18-19, 2018. During the settlement discussions, the parties exchanged multiple offers of settlement and counteroffers. The Amended Settlement is the result of these negotiations. Through the Amended Settlement, participants have successfully resolved issues in a practical and carefully constructed fashion.

ARTICLE II

EFFECT ON 2015 SETTLEMENT

1. Except as specifically amended in this Amended Settlement, the terms and conditions of the 2015 Settlement, as approved by the Commission on June 30, 2015, shall continue in full force and effect. Nothing in this Amended Settlement is intended to alter any provision of the 2015 Settlement, except as explicitly provided herein. Specifically, this

Amended Settlement does not alter the following provisions of the 2015 Settlement: Article II (Indivisibility of Settlement Terms); Article VII (Depreciation); Article IX (Post Retirement Benefits Other Than Pensions); Article X (Supersedure of the 2011 Settlement); Article XI.B. (Survivability); and Article XIV (Safety and Reliability Compliance).

ARTICLE III SETTLING PARTIES AND CONTESTING PARTIES

A. Settling Parties

1. A “Settling Party” is (a) any party identified in Appendix A; or (b) any party or shipper not identified in Appendix A that (i) expressly supports, or (ii) does not oppose the Amended Settlement as a whole and/or any of its underlying provisions.

B. Contesting Parties

1. Any entity, party or Settling Party shall become a Contesting Party on the date that it (a) files any pleading at the Commission concerning this Amended Settlement, other than a request for rehearing in accordance with Article IV.A.3. or Article IV.A.4, that takes any position with regard to the Amended Settlement other than that the entity, party, or Settling Party (i) unequivocally supports the Settlement as a whole and each of its underlying provisions, (ii) does not oppose approval of the Amended Settlement as a whole and/or (iii) urges expedited approval of the Amended Settlement as filed; (b) provides notice as set forth in Article IV.A.4. or Article IV.A.5. that it elects to become a Contesting Party; or (c) takes any action inconsistent with the terms of the Amended Settlement.

2. Contesting Parties shall forego any and all rights or obligations under the Amended Settlement. GTN shall retain all rights to file base rate or any other base or tariff changes pursuant to section 4 of the NGA that will be applicable to all Contesting Parties,

notwithstanding anything in this Amended Settlement. Any Commission orders during the term of this Amended Settlement related to such NGA section 4 filings that are otherwise precluded by the Amended Settlement shall only become effective as to Contesting Parties. Further, no rate, surcharge, or allocation of costs applicable to any Settling Party shall be modified as a result of the election of any other party to be a Contesting Party.

ARTICLE IV AMENDED SETTLEMENT EFFECTIVENESS

A. Effective Date

1. This Amended Settlement shall become effective on December 1, 2018 (“Effective Date”). If a Commission order approving the Amended Settlement requires modification(s) or condition(s), then the Amended Settlement shall take effect with the modification(s) or condition(s) required by the Commission, subject to the rights of the parties enumerated in this Article. To the extent that this Amended Settlement is approved without modification or condition, the Settling Parties are bound by the terms of the Amended Settlement and waive any and all rights to file requests for rehearing, clarification and/or reconsideration of such an order.

2. In the event that the Commission issues an order approving the Amended Settlement subject to a modification(s) or condition(s), then, within seven (7) calendar days of the date of such a Commission order, the Settling Parties will initiate a good-faith meet-and-confer process to: (a) determine whether the Commission-imposed modification(s) or condition(s) can be accepted by all Settling Parties, or, if not, then (b) make such mutually agreeable changes to the Amended Settlement as are necessary so it is accepted by Settling Parties. If within fourteen (14) calendar days of the date of such a Commission order the Settling

Parties are unable to mutually agree as provided for in (a) or (b) in the preceding sentence, then the obligation to meet and confer in good faith shall cease and the Settlement will become effective subject to the rights of GTN and the other Settling Parties as set forth in Article IV.A.3. and Article IV.A.4., respectively.

3. If an order approving the Settlement requires a modification(s) or imposes a condition(s) that materially and adversely affects GTN, as determined by GTN in its reasonable discretion, then within twenty-one (21) calendar days of such Commission order and following the good faith efforts prescribed in Article IV.A.2. above, GTN shall provide notice to the Commission and all parties to the proceeding stating whether it will withdraw the Amended Settlement and, if it does not withdraw the Amended Settlement, whether it will seek rehearing of such Commission order. If GTN does not withdraw the Amended Settlement, then the Amended Settlement shall remain in effect with the modification(s) or condition(s) required by the Commission, subject to the outcome of any request for rehearing filed by GTN or any other Settling Party. If GTN elects to file a request for rehearing that is consistent with the terms of the Amended Settlement, then no other Settling Party shall oppose such a request for rehearing. Within seven (7) calendar days of a Final Order denying a request for rehearing filed by GTN pursuant to Article IV.A.3., GTN shall have the option to withdraw the Settlement by providing written notice of withdrawal of the Amended Settlement to the Commission and all parties in this proceeding.

4. If an order approving the Amended Settlement requires a modification(s) or imposes a condition(s) that materially and adversely affects any Settling Party other than GTN, as determined by such Settling Party in its reasonable discretion, then within twenty-one (21) calendar days of the issuance of such Commission order and following the good faith efforts

prescribed in Article IV.A.2. above, such Settling Party shall provide notice to the Commission and all parties to the proceeding stating whether or not it elects to continue to be bound by the Amended Settlement and, if so, whether it will seek rehearing of such Commission order. If such Settling Party elects to continue to be bound by the Amended Settlement, then the Amended Settlement shall remain in effect with the modification(s) or condition(s) required by the Commission, subject to the outcome of any request for rehearing filed by such Settling Party. If such Settling Party elects to file a request for rehearing that is consistent with the Settlement, then no other Settling Party will oppose such request for rehearing. Such Settling Party providing notice that it elects not to continue to be bound by the Amended Settlement shall cease to be a Settling Party and shall be deemed to be a Contesting Party as of the date of such notice, provided, however, that filing a request for rehearing that is consistent with the Amended Settlement does not constitute notice of intent to become a Contesting Party, and provided, further, that such Settling Party may elect to become a Contesting Party within seven (7) calendar days of a Final Order denying a request for rehearing, consistent with Article IV.A.5. below. Within seven (7) calendar days of receipt of such notice that such Settling Party elects to become a Contesting Party, GTN shall have the option, but not the obligation, to withdraw the Amended Settlement by providing written notice of withdrawal of the Amended Settlement to the Commission and all parties in this proceeding.

5. Within seven (7) calendar days of a Final Order denying a request for rehearing filed by a Settling Party other than GTN, such Settling Party shall have the option to provide notice to the Commission and all parties to the proceeding that it elects not to be bound by the Amended Settlement. Such Settling Party that elects not to be bound by the Amended Settlement shall cease to be a Settling Party and shall be deemed to be a Contesting Party as of

the date of such notice. Within seven (7) calendar days of receipt of such notice, GTN shall have the option, but not the obligation, to withdraw the Amended Settlement by providing written notice of withdrawal of the Amended Settlement to the Commission and all parties in this proceeding.

6. For purposes of this Amended 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. If GTN withdraws the Amended Settlement, all parties' rights, obligations and commitments under the Amended Settlement are deemed null and void, and all parties are returned to the status quo *ante*, and GTN shall file its Form No. 501-G within 30 (thirty) calendar days of such withdrawal; provided, however, the effective date of any rates that reflect a litigated outcome resulting from actions taken under Sections 4 or 5 of the NGA, following GTN's submission of its Form No. 501-G, shall be "X" days earlier than the date on which the Commission issues the order approving such new rates. "X" shall equal the number of days between October 11, 2018 and the date on which GTN submits its Form No. 501-G following the withdrawal of the Amended Settlement.

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

1. Any notice of withdrawal permitted by the Amended Settlement and provided by GTN, or any rejection of the Amended Settlement by the Commission or a court of competent jurisdiction, shall cause the Amended Settlement to be terminated and become null and void, the provisions of the 2015 Settlement, including the rates stated therein, shall be restored to full effectiveness, and GTN shall file its Form No. 501-G within 30 (thirty) calendar

days of such withdrawal; provided, however, the effective date of any rates that reflect a litigated outcome resulting from actions taken under Sections 4 or 5 of the NGA, following GTN's submission of its Form No. 501-G, shall be "X" days earlier than the date on which the Commission issues the order approving such new rates. "X" shall equal the number of days between October 11, 2018 and the date on which GTN submits its Form No. 501-G following the rejection of the Amended Settlement.

ARTICLE V

MORATORIUM AND MANDATORY FILING REQUIREMENT

Article V of the 2015 Settlement is amended and restated as follows:

A. Moratorium

1. The period from January 1, 2019 until December 31, 2021, is referred to herein as the "Moratorium."

2. Except in accordance with this Article, GTN hereby waives and relinquishes its rights under section 4 of the NGA to advocate any changes or adjustments that would be inconsistent with any provision of this Amended Settlement to be effective during the Moratorium, including, without limitation, any increase, change or modification of the Amended Settlement Rates, as referenced in Article VI.A., or the tariff amendments contained in the Pro Forma Tariff sections included in Appendix B. GTN, and any successor, assignee or affiliate, will not initiate, undertake, pursue, seek, advocate, support, aid or abet any effort to implement a change or adjustment to any provision of this Amended Settlement that would become effective during the Moratorium, pursuant to section 4 of the NGA or any other statutory provision, at the Commission or with any other governmental authority or regulatory body having jurisdiction over GTN, to modify, increase or otherwise change in any way the

Amended Settlement Rates, or any other provision of this Amended Settlement, including but not limited to challenging, contesting or otherwise opposing the Amended Settlement Rates, as referenced in Article VI.A., or the tariff amendments contained in the Pro Forma Tariff sections attached as Appendix B; provided, however, that the waiver effectuated by this Article V.A.2. does not preclude GTN from making any filing under section 4 for the purpose of seeking a change or adjustment to GTN's rates or terms and condition of service effective on or after January 1, 2022 or from making any filing allowed under Article V.A.4. or Article V.A.5.

3. Each Settling Party other than GTN, hereby waives and relinquishes its rights under section 5 of the NGA to advocate individually, with others or in support of others, any changes or adjustments that would be inconsistent with any provision of this Amended Settlement to be effective during the Moratorium. Such Settling Party, and any successor, assignee (including shippers acquiring capacity by capacity release) or affiliate of such Settling Party, whether acting individually, with others or in support of others, will not initiate, undertake, pursue, seek, advocate, support, aid or abet any effort to implement a change or adjustment to any provision of this Amended Settlement that would become effective during the Moratorium, pursuant to section 5 of the NGA or any other statutory provision, at the Commission or with any other governmental authority or regulatory body having jurisdiction over GTN, to modify, restrict, encumber, reduce or otherwise change in any way the Amended Settlement Rates, 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; provided, however, that the waiver effectuated by this Article V.A.3. does not preclude such Settling Party from (i) making any

section 5 filing on the basis that GTN has violated the terms of this Amended Settlement or has applied the terms of this Amended Settlement in an unduly discriminatory manner, (ii) making any filing allowed under Article V.A.4. or Article V.A.6., or (iii) making any filing under section 5 for the purpose of seeking a change or adjustment to GTN's rates or terms and conditions of service effective on or after January 1, 2022.

4. During the Moratorium, and provided that any such activity is not inconsistent with the provisions of this Amended Settlement, GTN and any other Settling Party shall be free to: (a) petition to initiate rulemaking proceedings of general industry-wide applicability; (b) actively participate in any rulemaking, notice of inquiry or similar proceeding of general applicability before the Commission ("Commission Rulemaking"); (c) petition for and actively participate in judicial appeals or remands of Commission Rulemaking proceedings; and (d) participate in any other Commission proceeding.

5. During the Moratorium GTN may take any action and make any filing not inconsistent with this Amended Settlement, including the actions listed in Article V.A.5.(a) through (d) below. Parties may not challenge GTN's right to make such filings, but may otherwise take any position with respect to such filings.

- (a) file tariff provisions or make any filing (i) mandated by legislation or regulations or (ii) to comply with the requirements of any order resulting from any Commission Rulemaking proceedings(s) or any Commission order requiring general applicability; provided, however, that GTN may not recover costs imposed upon the pipeline to comply with such legislation, regulation or order other than as provided in V.A.5.(c) herein;
- (b) make any filing pursuant to sections 4 or 7 of the NGA not inconsistent with the terms of the Amended Settlement for the following:

- (i) proposing to construct and operate new facilities or to provide new service(s) not covered by the Amended Settlement;
- (ii) proposing any incremental rate, maximum recourse rate and/or rate schedule associated with such new facilities or new service(s); or
- (iii) proposing new terms or conditions of service;
- (c) provide discounts to the Amended Settlement Rates; and
- (d) enter into negotiated rate agreements.

6. During the Moratorium, Settling Parties other than GTN shall have the right to make any NGA section 5 filing not prohibited by the Amended Settlement and, subject to the limitations set forth in Article V.A.3. and Article V.A.5. above, shall have the right to challenge any filing made by GTN pursuant to Article V.A.4 or Article V.A.5. above.

7. To the extent that the Commission considers any change to the terms of the Amended Settlement during the Moratorium, the standard of review for any such proposed change shall be the most stringent standard permissible under applicable law.

B. Mandatory Rate Filing Requirement

1. GTN shall file a general rate case pursuant to section 4 of the NGA such that the rates proposed therein will be effective no later than January 1, 2022. The filing shall be made within sufficient time to accommodate any Commission-imposed suspension period.

**ARTICLE VI
AMENDED SETTLEMENT RATES**

Article VI of the 2015 Settlement is amended and restated as follows:

A. Settlement Recourse Rates

1. The rates for all GTN mainline transportation services, to be effective on January 1, 2019 and through December 31, 2019, are set forth or otherwise referenced on Pro Forma Tariff Sections 4.1, 4.2, 4.3, and 4.5, attached in Appendix B-1 (the “Amended Phase I Settlement Rates”).

2. Effective on January 1, 2020 and continuing until December 31, 2021, the rates for all GTN mainline transportation services are set forth or otherwise referenced on Pro Forma Tariff Sections 4.1, 4.2, 4.3, and 4.5, attached in Appendix B-2 (the “Amended Phase II Settlement Rates”).

B. Negotiated Rates

1. Effective on January 1, 2019 and continuing until December 31, 2021, GTN shall implement a five (5) percent reduction to reservation rates for all negotiated rate contracts entered into prior to the date of filing of this Amended Settlement. The parties understand and agree that effective on January 1, 2022, this rate reduction will expire and the rates under the affected negotiated rate contracts shall revert to the rates stated in the contracts.

C. Interim Rate Relief

1. If the Commission has not issued an order on the Amended Settlement as of December 1, 2018, on that date GTN shall make an NGA section 4 filing for the limited purpose of placing the Amended Phase I Settlement Rates into effect as of January 1, 2019 on an interim basis. To the extent that the Amended Settlement is rejected by the Commission or GTN withdraws the settlement, GTN shall have the right to charge each Settling Party to the extent such party has paid a lower rate by virtue of the Interim Rate Relief provided by this Article VI.C. The amount of the charge shall be the difference between the rates that were in effect

immediately prior to the date that the Interim Rate Relief took effect in accordance with this Article VI.C. and the rates collected from each Settling Party under each contract for the period commencing on the date that the Interim Rate Relief took effect according to this Article VI.C. until the date that the Amended Settlement is rejected by the Commission or withdrawn by GTN, plus interest at the applicable FERC interest rate (“Interim Rate Reduction Make-Up Charge”) applied from the date each GTN invoice reflecting the Interim Rate Relief was payable by the Settling Party to the date the Settling Party pays the Interim Rate Reduction Make-Up Charge. GTN shall apply any billing adjustment to the Settling 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 Settling Party may seek to correct a calculation or billing error pursuant to GT&C Section 6.8 of the Tariff.

2. A Contesting Party shall not be entitled to Interim Rate Relief. To the extent that a Settling Party becomes a Contesting Party after the date that the Interim Rate Relief has become effective, GTN shall have the right to charge such party the difference between the rates that were in effect immediately prior to the date that the Interim Rate Relief took effect in accordance with this Article VI.C. and the rates collected from such party under each contract for the period commencing on the date that the Interim Rate Relief took effect according to this Article VI.C. until the date that such Settling Party became a Contesting Party, plus interest at the applicable FERC interest rate (“Contesting Party Interim Rate Reduction Make-Up Charge”). GTN shall apply any billing adjustment to the next applicable monthly bill to the Settling Party that became a Contesting Party, following Commission acceptance of the appropriate tariff filing

necessary to implement the Contesting Party Interim Rate Reduction Make-Up Charge. Such Settling Party that becomes a Contesting Party agrees that it will not contest the lawfulness of the Contesting Party Interim Rate Reduction Make-Up Charge; provided, however, that such Settling Party that became a Contesting Party may seek to correct a calculation or billing error pursuant to GT&C Section 6.8 of the Tariff.

ARTICLE VII RATE CREDIT

1. GTN will credit \$10 million to all firm shippers that are Settling Parties that also took firm service from GTN during the ten (10)-month period ending October 31, 2018 (“Rate Credit Parties”). The credit for each Rate Credit Party shall be credited to the Rate Credit Party’s invoice(s) from GTN issued and payable in December 2018. The amount to be refunded to each Rate Credit Party will be calculated based upon each Rate Credit Party’s pro rata share of the total reservation charges paid by all Rate Credit Parties for services provided by GTN during the ten (10)-month period ending October 31, 2018. Any GTN shipper who is not a Settling Party at the time GTN issues the credit will not receive a share of the credit. In the event that the Amended Settlement is rejected by the Commission or GTN withdraws the settlement, GTN shall have the right to charge each Rate Credit Party that has received a credit pursuant to this Article VI.D. by implementing a billing adjustment to the Rate Credit Party’s next applicable monthly bill. Each Rate Credit Party agrees that it will not contest the lawfulness of such billing adjustment; provided, however, that any Rate Credit Party may seek to correct a calculation or billing error pursuant to GT&C Section 6.8 of the Tariff.

**ARTICLE VIII
INCOME TAX ALLOWANCE/ADIT**

1. During the term of the Amended Settlement, the Amended Settlement Rates set forth in Article VI.A. reflect, as a settled practice, zero income tax allowance as well as elimination of accumulated deferred income tax (“ADIT”) and associated regulatory liability, based on the Commission’s rulings in Order No. 849 and Docket No. PL17-1 (“Tax Allowance Policy”). GTN and the Settling Parties specifically agree and acknowledge as follows: (a) for the period January 1, 2019 through December 31, 2021, the Amended Settlement Rates shall reflect zero income tax allowance and elimination of ADIT, regardless of any change in the Tax Allowance Policy during that term; (b) after December 31, 2021, to the extent that there is no change in the Commission’s Tax Allowance Policy with respect to income tax allowance and/or elimination of ADIT, or to GTN’s ownership structure, GTN’s treatment of these rate elements as reflected in the Amended Settlement shall continue as a settled practice; and (c) after December 31, 2021, to the extent there is or has been any change in (i) the Commission’s Tax Allowance Policy with respect to income tax allowance and/or elimination of ADIT, or (ii) GTN’s ownership structure, GTN and the Settling Parties agree to reserve all rights to address said changes in a subsequent proceeding following the expiration of the Amended Settlement.

**ARTICLE IX
TARIFF FILINGS**

1. GTN shall make a section 4 filing containing the actual Tariff sections as they appear in Appendix B-1 at least thirty (30) calendar days before the January 1, 2019 Effective Date. However, if a Commission order approving the Amended Settlement has not been issued by December 1, 2018, and if the Settlement is not withdrawn by GTN pursuant to

Article IV.A., GTN shall on that day file actual Tariff sections as they appear in Appendix B-1 to be effective January 1, 2019 on an interim basis, pending the Commission's approval of the Settlement. If Tariff sections have been filed on an interim basis and accepted by the Commission, GTN shall make additional filings, if any, necessary to implement the approved Amended Settlement. If Tariff sections implementing the Amended Phase I Settlement Rates on an interim basis have not been accepted by the FERC on or before January 1, 2019, and if the Settlement is not withdrawn by GTN pursuant to Article IV.A., then upon the Commission's approval of the Amended Settlement, GTN shall revise the actual Tariff sections, as they appear in Appendix B-1, to include a billing adjustment with interest, calculated in accordance with Section 154.501 of the Commission's regulations, 18 C.F.R. § 154.501 (2018), to reflect the effectiveness of the rates approved herein for the Settling Parties, effective January 1, 2019. GTN shall apply any billing adjustment to the Settling Party's next applicable monthly bill, following Commission acceptance of the Tariff sections filed pursuant to this Article VII.1.

2. GTN shall make an NGA section 4 filing containing the actual Tariff sections as they appear in Appendix B-2 to implement the Amended Phase II Settlement Rates at least thirty (30) calendar days before January 1, 2020.

ARTICLE X RESERVATIONS

1. No Settling Party shall be bound or prejudiced by any part of this Amended Settlement, unless it becomes effective in accordance with the provisions hereof.

A. Amended Settlement Has No Precedential Value

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

Settlement is approved and becomes effective in accordance with the provisions set forth herein, then in any proceeding before the Commission this Amended 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 and nothing contained in this Amended Settlement, nor in any of the settlement negotiations leading hereto, shall be deemed an admission by any party of any principle contained herein.

2. Except as explicitly stated in Article VIII above, the methods or practices observed in deriving rates and the presence or absence of methods of establishing rates as referenced in this Amended 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 Amended Settlement or collect rates due for the service provided while the Amended 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 Amended Settlement are for purposes of settlement only and shall have no precedential effect.

B. No Drafter

1. No party shall be deemed the drafter of this Amended Settlement, and this Amended Settlement shall not be construed against any party as the drafter.

C. Severability

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

D. Negotiated Settlement

1. It is specifically understood and agreed by and among the Settling Parties that the Amended Settlement represents a negotiated settlement only with respect to the issues resolved by the Amended Settlement. Except to the extent explicitly set forth in the Amended Settlement, neither the Commission, its Staff 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 Amended Settlement.

E. Choice of Law

1. This Amended Settlement shall be interpreted in accordance with and governed by the laws of the State of California, without regard to its conflicts of laws principles.

F. Standard of Review

1. To the extent that the Commission considers any changes to the terms of the Amended Settlement, the standard of review for any such proposed change shall be the most stringent standard permissible under applicable law.

**ARTICLE XI
PRIVILEGED DOCUMENT**

1. Unless the Amended Settlement shall have become effective in accordance with Article IV, this Amended Settlement shall be privileged, and all discussions held and materials provided by any party in reaching this Amended Settlement shall be treated as if it were subject to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2018), regardless of whether Rule 602 applies.

ARTICLE XII
EFFECT OF COMMISSION APPROVAL

1. The Commission's approval of this Amended Settlement shall constitute Commission authorization and approval for GTN to implement the rates and Tariff changes set forth in this Amended Settlement on their proposed effective dates without suspension, without conditions other than those specified herein and granting any waiver of Section 154 of the Commission's regulations necessary to implement such Tariff sections in accordance with this Amended Settlement.

2. The Commission's approval of this Amended Settlement shall constitute Commission waiver of compliance, to the extent (if any) necessary, by GTN with the requirements of the Commission's Rules and Regulations under the NGA 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 Amended Settlement.

Respectfully submitted,

/s/ Stefan M. Krantz

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ATTORNEYS FOR GAS TRANSMISSION NORTHWEST LLC

October 16, 2018

APPENDIX A

Settling Parties

SETTLING PARTIES

The entities listed below have authorized GTN to state that they either support or do not oppose the foregoing Amended Stipulation and Agreement of Settlement.

Alliance of Western Energy Consumers
Apache Corporation
ARC Resources Ltd.
Avangrid Renewables, LLC
Avista Corporation
BP Canada Energy Marketing Corp.
California Public Utilities Commission
Canadian Association of Petroleum Producers
Cascade Natural Gas Corporation
Cenovus Energy Marketing Services Ltd.
Chevron U.S.A., Inc.
CIMA ENERGY, LP
Citadel Energy Marketing LLC
Encana Marketing (USA) Inc.
Gas Transmission Northwest LLC
Hammerhead Resources Inc.
Mercuria Commodities Canada Corporation
Northwest Natural Gas Company
PacifiCorp
Paramount Resources
Pacific Gas and Electric Company
Puget Sound Energy, Inc.
Sacramento Municipal Utility District
Shell Energy North America (US), L.P.
Sierra Pacific Power Company d/b/a NV Energy
Southern California Gas Company
Tenaska Marketing Ventures
Tourmaline Oil Marketing Corp.
Turlock Irrigation District

APPENDIX B

Tariff Sections

APPENDIX B-1

Amended Phase I Settlement Rate Tariff Sections

Gas Transmission Northwest LLC

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

Pro Forma (1/1/2019 – 12/31/2019)

Marked Tariff

Tariff Section

- 4.1 - Statement of Rates,
FTS-1, LFS-1, and FHS Rates
- 4.2 - Statement of Rates,
ITS-1 and IHS Rates
- 4.3 - Statement of Rates,
Footnotes to Statement of Effective Rates and Charges
- 4.5 - Statement of Rates,
Parking and Lending Service

STATEMENT OF EFFECTIVE RATES AND CHARGES FOR
TRANSPORTATION OF NATURAL GAS

Rate Schedules FTS-1, ~~and~~ LFS-1, and FHS

For Rate Schedules FTS-1 and LFS-1:

	RESERVATION							
	DAILY MILEAGE (a) (Dth-MILE)		DAILY NON-MILEAGE (b) (Dth)		DELIVERY (c) (Dth-MILE)		FUEL (d) (Dth-MILE)	
	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.
BASE	0.000434 <u>0.000391</u>	0.000000	0.034393 <u>0.030954</u>		0.000000	0.000016	0.000016	0.0050%
	0.0000%							
STF (e)	(e)	0.000000	(e)	0.000000	0.000016	0.000016	0.0050%	0.0000%
EXTENSION CHARGES								
MEDFORD								
E-1 (f)	0.002759 <u>0.002483</u>	0.000000	0.004641 <u>0.004177</u>		0.000000	0.000026	0.000026	---

E-2 (h) (Diamond 1)	0.002972	0.000000	---	---	0.000000	0.000000	---	---
E-2 (h) (Diamond 2)	0.001166	0.000000	---	---	0.000000	0.000000	---	---
COYOTE SPRINGS								
E-3 (i)	0.001282 <u>0.001154</u>	0.000000	0.001283 <u>0.001155</u>		0.000000	0.000000	0.000000	---

<u>CARTY LATERAL</u>								
<u>E-4 (p)</u>	---	---	0.166475 <u>0.149828</u>	0.000000	0.000000	0.000000	---	---
OVERRUN CHARGE (j)								
	---	---	---	---	---	---	---	---
SURCHARGES								
ACA (k)	---	---	---	---	(k)	(k)	---	---

For Rate Schedule FHS:

The Mainline and Extension Reservation rates shown above for Rate Schedules FTS-1 and LFS-1 shall also be applicable to service under Rate Schedule FHS, except that the Mileage and Non-Mileage Components shall be adjusted to reflect the expedited hours of gas flow ("HF") utilizing the following formulas, rounded to 6 decimal places:

(a) Mileage Reservation Component = FTS-1M x Miles x (24/HF)

(b) Non-Mileage Reservation Component = FTS-1NM x (24/HF)

where:

<u>FTS-1M</u>	<u>=</u>	<u>Applicable FTS-1 Mileage Reservation Charge</u>
<u>FTS-1NM</u>	<u>=</u>	<u>Applicable FTS-1 Non-Mileage Reservation Charge</u>
<u>Miles</u>	<u>=</u>	<u>Distance, in pipeline miles, from the Primary Point(s) of Receipt to the Primary Point(s) of Delivery as set forth in Shipper's Contract</u>
<u>HF</u>	<u>=</u>	<u>MDQ/MHQ</u>

STATEMENT OF EFFECTIVE RATES AND CHARGES FOR
TRANSPORTATION OF NATURAL GAS (a)

Rate Schedule ITS-1

	MILEAGE (n) (Dth-Mile)		NON-MILEAGE (o) (Dth)		DELIVERY (c) (Dth-Mile)		FUEL (d) (Dth-Mile)	
	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>
BASE	(e)	0.000000	(e)	0.000000	0.000016	0.000016	0.0050%	0.0000%
EXTENSION CHARGES								
MEDFORD								
E-1 (Medford) (f)	0.002759	<u>0.002483</u>	0.000000	0.004641	<u>0.004177</u>	0.000000	0.000026	
		0.000026	---	---				
COYOTE SPRINGS								
E-3 (Coyote Springs) (i)	0.001282	<u>0.001154</u>	0.000000	0.001283	<u>0.001155</u>	0.000000	0.000000	
		0.000000	---	---				
<u>CARTY LATERAL</u>								
<u>E-4 (Carty Lateral) (p)</u>								
	---	---	0.166475	<u>0.149828</u>	0.000000	0.000000	0.000000	---

SURCHARGES								
ACA (k)	---	---	(k)	(k)	---	---	---	---

Rate Schedule IHS

	<u>MILEAGE (n)</u>		<u>NON-MILEAGE (o)</u>		<u>DELIVERY (c)</u>		<u>FUEL (d)</u>	
	<u>(Dth-Mile)</u>		<u>(Dth)</u>		<u>(Dth-Mile)</u>		<u>(Dth-Mile)</u>	
	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>
<u>BASE</u>	<u>(e)</u>	0.000000	<u>(e)</u>	0.000000	0.000016	0.000016	0.0050%	0.0000%

EXTENSION CHARGES

MEDFORD

<u>E-1 (Medford) (f)</u>	0.006622 <u>0.005959</u>	0.000000	0.011138 <u>0.010025</u>	0.000000	0.000026	0.000026	---

COYOTE SPRINGS

<u>E-3 (Coyote Springs) (i)</u>	0.003077 <u>0.002770</u>	0.000000	0.003079 <u>0.002772</u>	0.000000	0.000000	0.000000	---

CARTY LATERAL

<u>E-4 (Carty Lateral) (p)</u>	---	---	0.399540 <u>0.359587</u>	0.000000	0.000000	0.000000	---	---
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SURCHARGES

<u>ACA (k)</u>	---	---	<u>(k)</u>	<u>(k)</u>	---	---	---	---
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STATEMENT OF EFFECTIVE RATES AND CHARGES
FOR TRANSPORTATION OF NATURAL GAS

Notes:

- (a) The mileage component shall be applied per pipeline mile to gas transported by GTN for delivery to shipper based on the primary receipt and delivery points in Shipper's contract. Consult GTN's system map in Section 3 for receipt and delivery point and milepost designations.
- (b) The non-mileage component is applied per Shipper's MDQ at Primary Point(s) of Delivery on Mainline Facilities.
- (c) The delivery rates are applied per pipeline mile to gas transported by GTN for delivery to shipper based on distance of gas transported. Consult GTN's system map in Section 3 for receipt and delivery point and milepost designations.
- (d) Fuel Use: Shipper shall furnish gas used for compressor station fuel, line loss, and other utility purposes, plus other unaccounted-for gas used in the operation of GTN's combined pipeline system in an amount equal to the sum of the current fuel and line loss percentage and the fuel and line loss percentage surcharge in accordance with Section 6.38 of this tariff, multiplied by the distance in pipeline miles transported from the receipt point to the delivery point multiplied by the transportation quantities of gas received from Shipper under these rate schedules. The current fuel and line loss percentage shall be adjusted each month between the maximum rate of 0.0050% per Dth per pipeline mile and the minimum rate of 0.0000% per Dth per mile. The fuel and line loss percentage surcharge is 0.0000% per Dth per pipeline mile. No fuel use charges will be assessed for backhaul service. Currently effective fuel charges may be found on GTN's Internet website under "Informational Postings."
- (e) Seasonal recourse rates apply to short-term firm (STF) service under Rate Schedules [FTS-1](#) and [FHS](#) (i.e., firm service that has a term of less than one year and that does not include multiple-year seasonal service) and IT Service under Rate Schedules [ITS-1](#) and [IHS](#). By March 1 of each year GTN may designate up to four (4) months as peak months during a twelve-month period beginning on June 1 of the same year through May 31 of the following year. All other months will be considered off-peak months. Reservation rate components that apply to STF service and per-unit-rate [ITS-1](#) and [IHS](#) service are as follows (delivery charges and applicable surcharges continue to apply):

For STF and ITS-1:

	4 Peak Mos.	3 Peak Mos.	2 Peak Mos.	1 Peak Mo.	0 Peak Mos.
Peak NM Res.	\$0.048150 <u>0.043336</u>	\$0.048150 <u>0.043336</u>		\$0.048150 <u>0.043336</u>	
	\$0.048150 <u>0.043336</u>	\$0.034393 <u>0.030954</u>			
Peak Mi. Res.	\$0.000608 <u>0.000547</u>	\$0.000608 <u>0.000547</u>		\$0.000608 <u>0.000547</u>	
	\$0.000608 <u>0.000547</u>	\$0.000434 <u>0.000391</u>			
Off-Pk NM Res.	\$0.027515 <u>0.024763</u>	\$0.029807 <u>0.026827</u>		\$0.031642 <u>0.028478</u>	
	\$0.033142 <u>0.029828</u>	\$0.034393 <u>0.030954</u>			
Off-Pk Mi. Res.	\$0.000347 <u>0.000313</u>	\$0.000376 <u>0.000339</u>		\$0.000399 <u>0.000360</u>	
	\$0.000418 <u>0.000377</u>	\$0.000434 <u>0.000391</u>			

For IHS:

	4 Peak Mos.	3 Peak Mos.	2 Peak Mos.	1 Peak Mo.	0 Peak Mos.
Peak NM Res.	\$0.115560 <u>0.104006</u>	\$0.115560 <u>0.104006</u>		\$0.115560 <u>0.104006</u>	
	\$0.115560 <u>0.104006</u>	\$0.082543 <u>0.074290</u>			
Peak Mi. Res.	\$0.001459 <u>0.001313</u>	\$0.001459 <u>0.001313</u>		\$0.001459 <u>0.001313</u>	
	\$0.001459 <u>0.001313</u>	\$0.001042 <u>0.000938</u>			
Off-Pk NM Res.	\$0.066036 <u>0.059431</u>	\$0.071537 <u>0.064385</u>		\$0.075941 <u>0.068347</u>	
	\$0.079541 <u>0.071587</u>	\$0.082543 <u>0.074290</u>			
Off-Pk Mi. Res.	\$0.000833 <u>0.000751</u>	\$0.000902 <u>0.000814</u>		\$0.000958 <u>0.000864</u>	
	\$0.001003 <u>0.000905</u>	\$0.001042 <u>0.000938</u>			

Months currently designated as "Peak Months" may be found on GTN's Internet website under "Informational Postings." By March 1 of each year, GTN will post the Peak Months for the upcoming twelve-month period beginning June 1 of the same year.

- (f) Applicable to firm service on GTN's Medford Extension.
- (g) Reserved for Future Use.
- (h) E-2 (Diamond 1) is a ~~N~~egotiated Rate consisting of a reservation charge of \$0.002972 per Dth per day for the first 45,000 Dth/d and E-2 (Diamond 2) is a ~~N~~egotiated Rate consisting of a reservation charge of \$0.001166 per Dth per day for the second 45,000 Dth/d. During leap years, E-2 (Diamond 1) is a ~~N~~egotiated Rate consisting of a reservation charge of \$0.002964 per Dth per day for the first 45,000 Dth/d and E-2 (Diamond 2) is a ~~N~~egotiated Rate consisting of a reservation charge of \$0.001163 per Dth per day for the second 45,000 Dth/d. Pursuant to Article VI, Subsections B and C of the Amended Stipulation and Agreement filed with the Commission on October 16, 2018, in Docket No. RP15-904-____, and as accepted by Order of the Commission dated _____, the Diamond 1 and Diamond 2 Negotiated Rates in Section 4.1, above, shall be modified as follows: 1) from

January 1, 2019, through December 31, 2019, and January 1, 2021, through December 31, 2021, the Diamond 1 reservation charge shall be \$0.002823 and the Diamond 2 reservation charge shall be \$0.001108; 2) from January 1, 2020, through December 31, 2020, the Diamond 1 reservation charge shall be \$0.002816 and the Diamond 2 reservation charge shall be \$0.001105.

- (i) Applicable to firm service on GTN's Coyote Springs Extension.
- (j) The Overrun Charge shall be equal to the rates and charges set forth for interruptible service under Rate Schedule ITS-1.
- (k) In accordance with Section 6.22 of the Transportation General Terms and Conditions of this FERC Gas Tariff, Fourth Revised Volume No. 1-A, all Transportation services that involve the physical movement of gas shall pay an ACA unit adjustment. The currently effective ACA unit adjustment as published on the Commission's website (www.ferc.gov) is incorporated herein by reference. This adjustment shall be in addition to the Base Tariff Rate(s) specified above.
- (l) Reserved for Future Use.
- (m) Reserved.
- (n) The Rate Schedule ITS-1 Mileage Component shall be applied per pipeline mile to gas transported by GTN based on the distance of gas transported. Consult GTN's system map in Section 3 for receipt and delivery point and milepost designations.
- (o) The Rate Schedule ITS-1 Non-Mileage Component shall be applied per Dth of gas transported by GTN for immediate delivery to the facilities of another entity or an extension facility.

(p) Applicable to firm service on GTN's Carty Lateral Extension.

STATEMENT OF EFFECTIVE RATES AND CHARGES
FOR TRANSPORTATION OF NATURAL GAS FOR

~~Parking and Authorized Imbalance Services~~Parking and Lending Service
(\$/Dth)

RATE SCHEDULE
AND TYPE OF CHARGE

BASE TARIFF RATE
MINIMUM MAXIMUM

~~PS-1 Parking Service~~ PAL Parking and Lending Service: 0.0
~~0.243541~~0.220149/d

~~AIS-1 Authorized Imbalance Service: 0.0 0.223901/d~~

Notes:

APPENDIX B-2

Amended Phase II Settlement Rate Tariff Sections

Gas Transmission Northwest LLC

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

Pro Forma (1/1/2020 – 12/31/2021)

Marked Tariff

Tariff Section

- 4.1 - Statement of Rates,
FTS-1, LFS-1, and FHS Rates
- 4.2 - Statement of Rates,
ITS-1 and IHS Rates
- 4.3 - Statement of Rates,
Footnotes to Statement of Effective Rates and Charges
- 4.5 - Statement of Rates,
Parking and Lending Service

STATEMENT OF EFFECTIVE RATES AND CHARGES FOR
TRANSPORTATION OF NATURAL GAS

Rate Schedules FTS-1, ~~and~~ LFS-1, and FHS

For Rate Schedules FTS-1 and LFS-1:

	RESERVATION								
	DAILY MILEAGE (a) (Dth-MILE)		DAILY NON-MILEAGE (b) (Dth)		DELIVERY (c) (Dth-MILE)		FUEL (d) (Dth-MILE)		
	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	
BASE	0.000398	<u>0.000362</u>	0.000000	0.031442	<u>0.028612</u>	0.000000	0.000016	0.000016	0.0050%
	0.0000%								
STF (e)	(e)	0.000000	(e)	0.000000	0.000016	0.000016	0.0050%	0.0000%	

EXTENSION CHARGES

MEDFORD

E-1 (f)	0.002759	<u>0.002511</u>	0.000000	0.004641	<u>0.004223</u>	0.000000	0.000026	0.000026	---

E-2 (h) (+)	0.002972	0.000000	---	---	0.000000	0.000000	---	---	
(Diamond 1)									
E-2 (h) (+)	0.001166	0.000000	---	---	0.000000	0.000000	---	---	
(Diamond 2)									

COYOTE SPRINGS

E-3 (i)	0.001282	<u>0.001167</u>	0.000000	0.001283	<u>0.001168</u>	0.000000	0.000000	0.000000	---

CARTY LATERAL

<u>E-4 (p)</u>	---	---	0.166475	<u>0.151492</u>	0.000000	0.000000	0.000000	---	---
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OVERRUN CHARGE (j)

	---	---	---	---	---	---	---	---	---
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SURCHARGES

ACA (k)	---	---	---	---	(k)	(k)	---	---	
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For Rate Schedule FHS:

The Mainline and Extension Reservation rates shown above for Rate Schedules FTS-1 and LFS-1 shall also be applicable to service under Rate Schedule FHS, except that the Mileage and Non-Mileage Components shall be adjusted to reflect the expedited hours of gas flow ("HF") utilizing the following formulas, rounded to 6 decimal places:

(a) Mileage Reservation Component = FTS-1M x Miles x (24/HF)

(b) Non-Mileage Reservation Component = FTS-1NM x (24/HF)

where:

<u>FTS-1M</u>	=	<u>Applicable FTS-1 Mileage Reservation Charge</u>
<u>FTS-1NM</u>	=	<u>Applicable FTS-1 Non-Mileage Reservation Charge</u>
<u>Miles</u>	=	<u>Distance, in pipeline miles, from the Primary Point(s) of Receipt to the Primary Point(s) of Delivery as set forth in Shipper's Contract</u>
<u>HF</u>	=	<u>MDQ/MHQ</u>

STATEMENT OF EFFECTIVE RATES AND CHARGES FOR
TRANSPORTATION OF NATURAL GAS (a)

Rate Schedule ITS-1

	MILEAGE (n) (Dth-Mile)		NON-MILEAGE (o) (Dth)		DELIVERY (c) (Dth-Mile)		FUEL (d) (Dth-Mile)	
	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>
BASE	(e)	0.000000	(e)	0.000000	0.000016	0.000016	0.0050%	0.0000%
EXTENSION CHARGES								
MEDFORD								
E-1 (Medford) (f)	0.002759	<u>0.002511</u>	0.000000	0.004641	<u>0.004223</u>	0.000000	0.000026	
		0.000026	---	---				
COYOTE SPRINGS								
E-3 (Coyote Springs) (i)	0.001282	<u>0.001167</u>	0.000000	0.001283	<u>0.001168</u>	0.000000	0.000000	
		0.000000	---	---				
<u>CARTY LATERAL</u>								
<u>E-4 (Carty Lateral) (p)</u>								
	---	---	0.166475	<u>0.151492</u>	0.000000	0.000000	0.000000	---

SURCHARGES								
ACA (k)	---	---	(k)	(k)	---	---	---	---

Rate Schedule IHS

	<u>MILEAGE (n)</u>		<u>NON-MILEAGE (o)</u>		<u>DELIVERY (c)</u>		<u>FUEL (d)</u>	
	<u>(Dth-Mile)</u>		<u>(Dth)</u>		<u>(Dth-Mile)</u>		<u>(Dth-Mile)</u>	
	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>
<u>BASE</u>	<u>(e)</u>	<u>0.000000</u>	<u>(e)</u>	<u>0.000000</u>	<u>0.000016</u>	<u>0.000016</u>	<u>0.0050%</u>	<u>0.0000%</u>

EXTENSION CHARGES

MEDFORD

E-1 (Medford) (f)

<u>0.006026</u>	<u>0.000000</u>	<u>0.010135</u>	<u>0.000000</u>	<u>0.000026</u>	<u>0.000026</u>	<u>---</u>	<u>---</u>
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COYOTE SPRINGS

E-3 (Coyote Springs) (i)

<u>0.002801</u>	<u>0.000000</u>	<u>0.002803</u>	<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>	<u>---</u>	<u>---</u>
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CARTY LATERAL

E-4 (Carty Lateral) (p)

<u>---</u>	<u>---</u>	<u>0.363581</u>	<u>0.000000</u>	<u>0.000000</u>	<u>0.000000</u>	<u>---</u>	<u>---</u>
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SURCHARGES

<u>ACA (k)</u>	<u>---</u>	<u>---</u>	<u>(k)</u>	<u>(k)</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
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STATEMENT OF EFFECTIVE RATES AND CHARGES
FOR TRANSPORTATION OF NATURAL GAS

Notes:

- (a) The mileage component shall be applied per pipeline mile to gas transported by GTN for delivery to shipper based on the primary receipt and delivery points in Shipper's contract. Consult GTN's system map in Section 3 for receipt and delivery point and milepost designations.
- (b) The non-mileage component is applied per Shipper's MDQ at Primary Point(s) of Delivery on Mainline Facilities.
- (c) The delivery rates are applied per pipeline mile to gas transported by GTN for delivery to shipper based on distance of gas transported. Consult GTN's system map in Section 3 for receipt and delivery point and milepost designations.
- (d) Fuel Use: Shipper shall furnish gas used for compressor station fuel, line loss, and other utility purposes, plus other unaccounted-for gas used in the operation of GTN's combined pipeline system in an amount equal to the sum of the current fuel and line loss percentage and the fuel and line loss percentage surcharge in accordance with Section 6.38 of this tariff, multiplied by the distance in pipeline miles transported from the receipt point to the delivery point multiplied by the transportation quantities of gas received from Shipper under these rate schedules. The current fuel and line loss percentage shall be adjusted each month between the maximum rate of 0.0050% per Dth per pipeline mile and the minimum rate of 0.0000% per Dth per mile. The fuel and line loss percentage surcharge is 0.0000% per Dth per pipeline mile. No fuel use charges will be assessed for backhaul service. Currently effective fuel charges may be found on GTN's Internet website under "Informational Postings."
- (e) Seasonal recourse rates apply to short-term firm (STF) service under Rate Schedules [FTS-1 and FHS](#) (i.e., firm service that has a term of less than one year and that does not include multiple-year seasonal service) and IT Service under Rate Schedules [ITS-1 and IHS](#). By March 1 of each year GTN may designate up to four (4) months as peak months during a twelve-month period beginning on June 1 of the same year through May 31 of the following year. All other months will be considered off-peak months. Reservation rate components that apply to STF service and per-unit-rate [ITS-1 and IHS](#) service are as follows (delivery charges and applicable surcharges continue to apply):

For STF and ITS-1

	4 Peak Mos.	3 Peak Mos.	2 Peak Mos.	1 Peak Mo.	0 Peak Mos.
Peak NM Res.	\$0.044019 <u>0.040057</u>	\$0.044019 <u>0.040057</u>	\$0.044019 <u>0.040057</u>	\$0.044019 <u>0.040057</u>	
	\$0.044019 <u>0.040057</u>	\$0.031442 <u>0.028612</u>			
Peak Mi. Res.	\$0.000557 <u>0.000507</u>	\$0.000557 <u>0.000507</u>	\$0.000557 <u>0.000507</u>	\$0.000557 <u>0.000507</u>	
	\$0.000557 <u>0.000507</u>	\$0.000398 <u>0.000362</u>			
Off-Pk NM Res.	\$0.025154 <u>0.022890</u>	\$0.027250 <u>0.024797</u>	\$0.028927 <u>0.026323</u>		
	\$0.030299 <u>0.027572</u>	\$0.031442 <u>0.028612</u>			
Off-Pk Mi. Res.	\$0.000319 <u>0.000290</u>	\$0.000345 <u>0.000314</u>	\$0.000366 <u>0.000333</u>		
	\$0.000384 <u>0.000349</u>	\$0.000398 <u>0.000362</u>			

For IHS:

	4 Peak Mos.	3 Peak Mos.	2 Peak Mos.	1 Peak Mo.	0 Peak Mos.
Peak NM Res.	\$0.096137	\$0.096137	\$0.096137	\$0.096137	\$0.068669
Peak Mi. Res.	\$0.001217	\$0.001217	\$0.001217	\$0.001217	\$0.000869
Off-Pk NM Res.	\$0.054936	\$0.059513	\$0.063175	\$0.066173	\$0.068669
Off-Pk Mi. Res.	\$0.000696	\$0.000754	\$0.000799	\$0.000838	\$0.000869

Months currently designated as "Peak Months" may be found on GTN's Internet website under "Informational Postings." By March 1 of each year, GTN will post the Peak Months for the upcoming twelve-month period beginning June 1 of the same year.

- (f) Applicable to firm service on GTN's Medford Extension.
- (g) Reserved for Future Use.
- (h) ~~Applies to Diamond Energy service, which commences 1998. Rate is negotiated reservation charge of \$0.002972 per Dth per day for first 45,000 Dth/d and \$0.001166 per Dth per day for the second 45,000 Dth/d. Revenues will be applied to annual revenue requirement on the Medford Extension.~~ E-2 (Diamond 1) is a Negotiated Rate consisting of a reservation charge of \$0.002972 per Dth per day for the first 45,000 Dth/d and E-2 (Diamond 2) is a Negotiated Rate consisting of a reservation charge of \$0.001166 per Dth per day for the second 45,000 Dth/d. During leap years, E-2 (Diamond 1) is a Negotiated Rate consisting of a reservation charge of \$0.002964 per Dth per day for the first 45,000 Dth/d and E-2 (Diamond 2) is a Negotiated Rate consisting of a reservation charge of \$0.001163 per Dth per day for the second 45,000 Dth/d. Pursuant to Article VI, Subsections B and C of the Amended Stipulation and Agreement filed with the Commission on October 16, 2018, in Docket No. RP15-904-_____, and as accepted by Order of the Commission dated _____, the Diamond 1 and Diamond 2 Negotiated Rates in Section 4.1, above, shall be modified as follows: 1) from January 1, 2019, through

December 31, 2019, and January 1, 2021, through December 31, 2021, the Diamond 1 reservation charge shall be \$0.002823 and the Diamond 2 reservation charge shall be \$0.001108; 2) from January 1, 2020, through December 31, 2020, the Diamond 1 reservation charge shall be \$0.002816 and the Diamond 2 reservation charge shall be \$0.001105.

- (i) Applicable to firm service on GTN's Coyote Springs Extension.
- (j) The Overrun Charge shall be equal to the rates and charges set forth for interruptible service under Rate Schedule ITS-1.
- (k) In accordance with Section 6.22 of the Transportation General Terms and Conditions of this FERC Gas Tariff, Fourth Revised Volume No. 1-A, all Transportation services that involve the physical movement of gas shall pay an ACA unit adjustment. The currently effective ACA unit adjustment as published on the Commission's website (www.ferc.gov) is incorporated herein by reference. This adjustment shall be in addition to the Base Tariff Rate(s) specified above.
- (l) ~~Daily reservation charges will be reset for leap years.~~ Reserved for Future Use.
- (m) Reserved.
- (n) The Rate Schedule ITS-1 Mileage Component shall be applied per pipeline mile to gas transported by GTN based on the distance of gas transported. Consult GTN's system map in Section 3 for receipt and delivery point and milepost designations.
- (o) The Rate Schedule ITS-1 Non-Mileage Component shall be applied per Dth of gas transported by GTN for immediate delivery to the facilities of another entity or an extension facility.
- (p) Applicable to firm service on GTN's Carty Lateral Extension.

STATEMENT OF EFFECTIVE RATES AND CHARGES
FOR TRANSPORTATION OF NATURAL GAS FOR

~~Parking and Authorized Imbalance Services~~[Parking and Lending Service](#)
(\$/Dth)

RATE SCHEDULE
AND TYPE OF CHARGE

BASE TARIFF RATE
MINIMUM MAXIMUM

~~PS-1 Parking Service~~[PAL Parking and Lending Service:](#) 0.0
~~0.223901~~[0.204356](#)/d

~~AIS-1 Authorized Imbalance Service: 0.0 0.223901/d~~

Notes:

UE 356

EXHIBIT NO. AWEC/104

(REDACTED)

Exhibit AWEC/104 contains protected information under Order No. 16-128 and has been redacted in its entirety.