

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer To:
Letter Order Pursuant to § 375.307
Midwestern Gas Transmission Company
Docket Nos. RP18-1048-000
RP18-1048-001

August 30, 2018

Midwestern Gas Transmission Company
100 West 5th Street
Tulsa, OK 74103

Attention: Ron M. Mucci, Vice President,
Rates and Regulatory Affairs

Reference: Interim Rates and Motion Filing

Dear Mr. Mucci:

On August 7, 2018, Midwestern Gas Transmission Company (Midwestern) filed a tariff record¹ in Docket No. RP18-1048-000 to implement interim transportation rates, including fuel. Midwestern states that it is filing the revised rates in anticipation of an unopposed settlement that it plans to file with the Commission no later than October 1, 2018, pursuant to its section 5 rate proceeding in Docket No. RP18-441-000.² Midwestern also filed, in Docket No. RP18-1048-001, a motion to place the tariff record into effect on September 1, 2018. No party filed a protest or adverse comments in response to Midwestern's tariff and motion filings. The referenced tariff record is accepted, effective September 1, 2018, as proposed.

This acceptance for filing shall not be construed as a waiver of the requirements of section 7 of the Natural Gas Act, as amended; nor shall it be construed as constituting

¹ Midwestern Gas Transmission Company, FERC NGA Gas Tariff, Midwestern - FERC Gas Tariff, [Part 5.0, Summary of Rates and Charges, 7.0.0](#)

² *Midwestern Gas Transmission Company*, 162 FERC ¶ 61,219 (2018)

approval of the referenced filing or of any rate, charge, classification, or any rule, regulation, or practice affecting such rate or service contained in your tariff, nor shall such acceptance be deemed as recognition of any claimed contractual right or obligation associated therewith; and such acceptance is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against your company.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713 (2017).

Sincerely,

A handwritten signature in blue ink, appearing to read "Marsha K. Palazzi". The signature is fluid and cursive, with a large initial "M" and "P".

Marsha K. Palazzi, Director
Division of Pipeline Regulation



August 7, 2018

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Midwestern Gas Transmission Company
Tariff Volume No. 1
Proposed Tariff Change for Implementation on an Interim Basis
Docket No. RP18-1048-000

Dear Ms. Bose:

Pursuant to section 4(e) of the Natural Gas Act and Section 154.7(a)(9) of the Commission's regulations, and the agreement in principle reached by the participants on July 17, 2018, Midwestern Gas Transmission Company ("Midwestern" or "Company") hereby submits for filing, as part of its FERC Gas Tariff, Volume 1, the tariff record attached at Appendix A hereto, containing interim rates to be effective September 1, 2018.¹ Midwestern requests that this filing be referred to the Chief Administrative Law Judge pursuant to 18 C.F.R. Section 375.307(a)(7)(v). As required by the "Notice to Public," issued August 30, 2016, Midwestern is filing today a separate motion to place the enclosed interim rates into effect as of September 1, 2018.

In light of the fact that the active participants to this proceeding have reached an agreement in principle on a settlement, including agreement on the proposed interim implementation of the reduced rates described herein, Midwestern requests an expedited ruling on this filing, including a shortened notice period.

Background

On March 15, 2018, the Federal Energy Regulatory Commission ("FERC" or "Commission") issued an order instituting an investigation into Midwestern's rates pursuant to section 5 of the Natural Gas Act.² By order issued March 22, 2018, the Chief Administrative

¹ Appendix A contains the clean version of the proposed tariff record; Appendix B contains the marked version. Midwestern is submitting the revised tariff records via eTariff in accordance with the Chief Administrative Law Judge's public notices. *See Notice to the Public: Procedures Governing Rule 602 Settlement Filings* (Oct. 13, 2017); *Notice of Additional eTariff Type of Filing Codes* (Dec. 1, 2016).

² *Midwestern Gas Transmission Co.*, 162 FERC ¶ 61,219 (2018).

Ms. Kimberly D. Bose
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Law Judge designated Steven L. Sterner as Presiding Judge and, in a separate order also issued March 22, 2018, the Chief Judge appointed Patricia C. Hurt as Settlement Judge.

Following a prehearing conference on April 5, 2018, Presiding Judge Sterner adopted a procedural schedule which, *inter alia*, established deadlines for the submission of direct, answering, cross answering and rebuttal testimony. Discovery was ordered to commence on April 6, 2018. In addition, the procedural schedule set a hearing commencement date of January 8, 2019.

Considerable discovery was conducted by the participants following the prehearing conference and, thereafter, the participants engaged in settlement conferences held on June 27, 2018, July 10, 2018, and July 17, 2018. As a result of these settlement negotiations, the participants informed Settlement Judge Hurt on July 17, 2018 that an agreement in principle had been reached that would fully resolve the matters set for hearing. Accordingly, on July 25, 2018, Midwestern filed an unopposed motion to suspend the procedural schedule.

Statement of Nature, Reasons, and Basis for the Proposed Changes

In accordance with the agreement in principle reached by the participants, and pursuant to section 4(e) of the Natural Gas Act and Section 154.7(a)(9) of the Commission's regulations, Midwestern seeks to implement an interim rate reduction in advance of, and in conjunction with, the anticipated filing of a comprehensive settlement agreement ("Settlement") resolving all issues in this proceeding. The process of memorializing the terms of the Settlement is underway, with the goal of submitting the Settlement no later than October 1, 2018. Among other terms to be reflected in the Settlement are (i) an approximate 6.5% reduction to Midwestern's currently effective firm transportation rates under Rate Schedules FT-A, FT-C and FT-D; and (ii) a reduction in Midwestern's Fuel Retention and Loss Quantity ("Fuel") rate from 1.00% to 0.50%.³ The agreement in principle establishes a September 1, 2018 effective date for the Settlement.

Accordingly, and as more fully explained in a concurrently filed "Motion to Make Interim Settlement Rates Effective," Midwestern, with the support or non-opposition of the participants, hereby submits for approval as Interim Settlement Rates, the rates reflected in the clean and marked tariff records attached as Appendix A and B, hereto, including the reduction in the Fuel rate.

³ As noted in the submitted tariff record, displacement deliveries will be subject to a 0.25% Loss Quantity rate, in lieu of the 0.50% rate. The agreement in principle provides that the recourse rate for service under Midwestern's Rate Schedule FT-B will be \$4.8089 per dth per month (demand), with a \$0.000 commodity charge. Rate Schedule FT-B governs firm service on Midwestern's Eastern Extension facilities and 100% of FT-B capacity is currently subscribed by a single shipper pursuant to a negotiated rate agreement.

The Interim Settlement Rates reflect the inclusion of \$21.5 million of planned plant additions that the Company anticipates placing into service before the end of the test period in this case (i.e., on or before August 31, 2018). In accordance with the agreement in principle, the Interim Settlement Rates may be adjusted to reflect the actual costs of plant additions in service as of the end of the test period, subject to a cap of \$21.5 million. Because the test period ends August 31, 2018, the determination of includable plant addition costs (and, hence, the determination of final Settlement Rates) will not likely be known for several weeks, and, therefore, a “true-up” adjustment may be required to the Interim Settlement Rates, as of September 1, 2018, to the extent that the full \$21.5 million of planned plant addition is not placed in service as of August 31, 2018. The determination of final costs for plant in service as of August 31, 2018, and the subsequent true-up adjustment to the Interim Settlement Rates, will be made following Midwestern’s review and verification of all contractor/vendor invoices, which is expected to be completed no later than November 1, 2018.

The proposed implementation of the Interim Settlement Rates is subject to (i) the aforementioned true-up, in the establishment of final Settlement Rates, to capture actual costs associated with plant additions in service as of August 31, 2018 (not to exceed \$21.5 million); and (ii) Midwestern’s right, in accordance with the settlement in principle, to assess “claw-back” surcharges, in the event the Settlement is (a) not filed; (b) not approved; or (c) approved with conditions materially adverse to the Company.⁴

Midwestern requests that the reduced, Interim Settlement Rates, including the reduced Fuel rate, be made effective September 1, 2018, and subject to the terms and conditions described above. Midwestern is authorized to state that this filing is supported by Commission Trial Staff (“Staff”) and the active intervenors in this proceeding.

Request for Expedited Action

Given that all active parties in this proceeding support or do not oppose this filing, that Midwestern is unaware of any opposition to this motion, and that the agreement in principle provides for a September 1, 2018 effective date, Midwestern respectfully submits that good cause exists for expedited action on the instant filing, including a shortened notice period.

Materials Enclosed

In accordance with section 154.7 of the Commission’s regulations, the following items are included in this filing:

⁴ “Claw-back” surcharges would reflect the difference between (i) the rates collected by Midwestern on and after September 1, 2018, and (ii) the Company’s existing rates, and would be subject to interest at the Commission-prescribed interest rate. *See* 18 C.F.R. § 154.501(d).

1. an eTariff XML filing package containing the revised tariff record in electronic format;
2. this transmittal letter in PDF format which incorporates the Statement of Nature, Reasons, and basis for the filing required by section 154.7(a)(6) of the Commission's regulations;
3. Appendix A—a clean version of the tariff records in PDF format for publishing in eLibrary; and
4. Appendix B—a marked version of the tariff records in PDF format for publishing in eLibrary.

Proposed Effective Date

Pursuant to section 154.7(a)(3) of the Commission's regulations, Midwestern respectfully requests that the tariff records submitted herewith be approved effective September 1, 2018. In accordance with section 154.7(a)(9) of the Commission's regulations, Midwestern hereby files a motion to place the proposed tariff records into effect at the end of any suspension period if one is so ordered by the Commission in this proceeding.

Waivers

Pursuant to section 154.7(a)(7) of the Commission's regulations, Midwestern respectfully requests that the Commission grant a waiver to its 30-day notice requirement found in section 154.207 of the Commission's regulations. Midwestern has not identified any additional waivers of the Commission's regulations needed to permit its filing to become effective as proposed; however, Midwestern respectfully requests that, should the Commission determine that any such waivers are required, the Commission grant such waivers as are necessary in order that the revised tariff records may be made effective as proposed.

Service and Correspondence

In accordance with section 154.208 of the Commission's regulations, the undersigned certifies that a copy of this filing has been served electronically on Midwestern's customers and affected state regulatory commissions. A copy has also been served on all parties to Docket No. RP18-441-000. A paper copy of this filing may only be served if a customer has been granted waiver of electronic service pursuant to Part 390 of the Commission's regulations. In addition, a copy of this filing is available for public inspection during regular business hours at Midwestern's office at 100 West Fifth Street, Tulsa, Oklahoma 74103.

Pursuant to section 385.2005 and section 385.2011(c)(5) of the Commission's regulations, the undersigned has read this filing and knows its contents, and the contents are true as stated, to the best knowledge and belief of the undersigned.

Ms. Kimberly D. Bose
August 7, 2018
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It is requested that a copy of all communications, correspondence, and pleadings with respect to this filing be sent to:

Denise Adams Director, Rates and Regulatory Compliance ONEOK, Inc. 100 West 5th Street Tulsa, Oklahoma 74103 (918) 732-1408 Email: denise.adams@oneok.com	Lisa Nishimuta Managing Attorney, Interstate Regulatory ONEOK, Inc. 100 West 5th Street Tulsa, Oklahoma 74103 (918) 588-7730 Email: lisa.nishimuta@oneok.com
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Any questions regarding this filing may be directed to Denise Adams at (918) 732-1408.

Respectfully submitted,

/s/ Ron M. Mucci

Ron M. Mucci
Vice President, Rates and Regulatory Affairs
ONEOK, Inc.
100 West 5th Street
Tulsa, Oklahoma 74103

Attachments

Appendix A

Clean Tariff Records

SUMMARY OF RATES AND CHARGES

<u>Rate Schedule and Rate</u>	<u>Base Tariff Rate</u>
<u>TRANSPORTATION RATES (Per Dekatherms) 1/</u>	
FT-A	
Monthly Demand:	
Maximum	\$1.9223
Minimum	\$0.0000
Daily Demand: 2/	
Maximum	\$0.0632
Minimum	\$0.0000
Commodity Rate: 3/	
Maximum	\$0.0009
Minimum	\$0.0009
FT-B	
Monthly Demand:	
Maximum	\$4.8089
Minimum	\$0.0000
Daily Demand: 4/	
Maximum	\$0.1581
Minimum	\$0.0000
Commodity Rate: 3/	
Maximum	\$0.0000
Minimum	\$0.0000

- 1/ Transportation rates apply to forward hauls, backhauls and exchanges.
- 2/ The Maximum Volumetric Firm Rate for Capacity Release is the equivalent of the 100% load factor rate for Rate Schedule FT-A.
- 3/ Pursuant to Section 18 of the General Terms and Conditions, the maximum and minimum commodity rates shall be increased to include the Commission-authorized Annual Charge Adjustment unit rate as published on the Commission's web site located at <http://www.ferc.gov>.
- 4/ The Maximum Rate applicable for Capacity Release is the equivalent of the 100% load factor rate for Rate Schedule FT-B.

<u>Rate Schedule and Rate</u>	<u>Base Tariff Rate</u>
<u>TRANSPORTATION RATES (Per Dekatherms) 1/</u>	
FT-C	
Monthly Demand:	
Maximum	\$1.9223
Minimum	\$0.0000
Daily Demand: 2/	
Maximum	\$0.0632
Minimum	\$0.0000
Commodity Rate: 3/	
Maximum	\$0.0009
Minimum	\$0.0009
FT-D	
Monthly Demand:	
Maximum	\$1.9223
Minimum	\$0.0000
Daily Demand: 4/	
Maximum	\$0.0632
Minimum	\$0.0000
Commodity Rate: 3/	
Maximum	\$0.0009
Minimum	\$0.0009
FT-GS 3/	
Maximum	\$0.1705
Minimum	\$0.0009

- 1/ Transportation rates apply to forward hauls, backhauls and exchanges.
- 2/ The Maximum Volumetric Firm Rate for Capacity Release is the equivalent of the 100% load factor rate for Rate Schedule FT-C.
- 3/ Pursuant to Section 18 of the General Terms and Conditions, the maximum and minimum commodity rates shall be increased to include the Commission-authorized Annual Charge Adjustment unit rate as published on the Commission's web site located at <http://www.ferc.gov>.
- 4/ The Maximum Volumetric Firm Rate for Capacity Release is the equivalent of the 100% load factor rate for Rate Schedule FT-D.

<u>Rate Schedule and Rate</u>	<u>Base Tariff Rate</u>
<u>TRANSPORTATION RATES (Per Dekatherms)</u>	
<u>1/2/</u>	
IT – Mainline 3/	
Maximum	\$0.0641
Minimum	\$0.0009
IT – Eastern Mainline 3/	
Maximum	\$0.1581
Minimum	\$0.0000
Fuel Retention and Loss Quantity 4/	0.50%

- 1/ Transportation rates apply to forward hauls, backhauls and exchanges.
- 2/ Pursuant to Section 18 of the General Terms and Conditions, the maximum and minimum rates shall be increased to include the Commission-authorized Annual Charge Adjustment unit rate as published on the Commission’s web site located at <http://www.ferc.gov>.
- 3/ If an IT Customer nominates a quantity of gas which includes a Receipt Point or Delivery Point on the Mainline and a Receipt Point or Delivery Point on the Eastern Mainline, such quantity of gas shall be subject to the sum of the Rate Schedule IT – Mainline Maximum Rate and the Rate Schedule IT - Eastern Mainline Maximum Rate, subject to Section 27 of the General Terms and Conditions of Company's FERC Gas Tariff, in addition to the Fuel Retention and Loss Quantity.
- 4/ The Fuel Retention and Loss Quantity applies to all transportation rate schedules except for service rendered entirely by displacement for which a 0.25 percent Loss Quantity shall apply, and except for service where both the receipt and delivery points are the same for which no Fuel Retention and Loss Quantity shall apply. No Fuel Retention and Loss Quantity shall apply to those services provided under Rate Schedules PAL, FPAL, or TPB if Customer uses such ancillary services in conjunction with transportation services for which either a Fuel Retention and Loss Quantity or a Loss Quantity applies.

PARK AND LOAN RATES (Per Dekatherms) 6/

FPAL – Mainline 5/

Daily Demand:

Maximum	\$0.0632
Minimum	\$0.0000

Commodity Rate:

Maximum	\$0.0009
Minimum	\$0.0009

PAL – Mainline 5/

Maximum	\$0.0641
Minimum	\$0.0000

PAL – Eastern Mainline 5/

Maximum	\$0.1581
Minimum	\$0.0000

TPB RATES (Per Dekatherms) 6/

Maximum	\$0.0200
Minimum	\$0.0000

5/ The Mainline rates apply to service under Rate Schedule PAL or FPAL with a Parking Point or Lending Point at Portland.

6/ Rates are Daily Rates per Dekatherm.

Appendix B
Marked Tariff Records

SUMMARY OF RATES AND CHARGES

<u>Rate Schedule and Rate</u>	<u>Base Tariff Rate</u>
<u>TRANSPORTATION RATES (Per Dekatherms) 1/</u>	
FT-A	
Monthly Demand:	
Maximum	\$2.0600 <u>1.9223</u>
Minimum	\$0.0000
Daily Demand: 2/	
Maximum	\$0.0677 <u>0.0632</u>
Minimum	\$0.0000
Commodity Rate: 3/	
Maximum	\$0.0009
Minimum	\$0.0009
FT-B	
Monthly Demand:	
Maximum	\$3.0190 <u>4.8089</u>
Minimum	\$0.0000
Daily Demand: 4/	
Maximum	\$0.0993 <u>0.1581</u>
Minimum	\$0.0000
Commodity Rate: 3/	
Maximum	\$0.0000
Minimum	\$0.0000

- 1/ Transportation rates apply to forward hauls, backhauls and exchanges.
- 2/ The Maximum Volumetric Firm Rate for Capacity Release is the equivalent of the 100% load factor rate for Rate Schedule FT-A.
- 3/ Pursuant to Section 18 of the General Terms and Conditions, the maximum and minimum commodity rates shall be increased to include the Commission-authorized Annual Charge Adjustment unit rate as published on the Commission's web site located at <http://www.ferc.gov>.
- 4/ The Maximum Rate applicable for Capacity Release is the equivalent of the 100% load factor rate for Rate Schedule FT-B.

<u>Rate Schedule and Rate</u>	<u>Base Tariff Rate</u>
<u>TRANSPORTATION RATES (Per Dekatherms) 1/</u>	
FT-C	
Monthly Demand:	
Maximum	\$2.0600 1.9223
Minimum	\$0.0000
Daily Demand: 2/	
Maximum	\$0.0677 0.0632
Minimum	\$0.0000
Commodity Rate: 3/	
Maximum	\$0.0009
Minimum	\$0.0009
FT-D	
Monthly Demand:	
Maximum	\$2.0600 1.9223
Minimum	\$0.0000
Daily Demand: 4/	
Maximum	\$0.0677 0.0632
Minimum	\$0.0000
Commodity Rate: 3/	
Maximum	\$0.0009
Minimum	\$0.0009
FT-GS 3/	
Maximum	\$0.1705
Minimum	\$0.0009

- 1/ Transportation rates apply to forward hauls, backhauls and exchanges.
- 2/ The Maximum Volumetric Firm Rate for Capacity Release is the equivalent of the 100% load factor rate for Rate Schedule FT-C.
- 3/ Pursuant to Section 18 of the General Terms and Conditions, the maximum and minimum commodity rates shall be increased to include the Commission-authorized Annual Charge Adjustment unit rate as published on the Commission's web site located at <http://www.ferc.gov>.
- 4/ The Maximum Volumetric Firm Rate for Capacity Release is the equivalent of the 100% load factor rate for Rate Schedule FT-D.

<u>Rate Schedule and Rate</u>	<u>Base Tariff Rate</u>
<u>TRANSPORTATION RATES (Per Dekatherms)</u>	
<u>1/2/</u>	
IT – Mainline 3/	
Maximum	\$0.06870.0641
Minimum	\$0.0009
IT – Eastern Mainline 3/	
Maximum	\$0.09930.1581
Minimum	\$0.0000
Fuel Retention and Loss Quantity 4/	1.000.50%

1/ Transportation rates apply to forward hauls, backhauls and exchanges.

2/ Pursuant to Section 18 of the General Terms and Conditions, the maximum and minimum rates shall be increased to include the Commission-authorized Annual Charge Adjustment unit rate as published on the Commission’s web site located at <http://www.ferc.gov>.

3/ If an IT Customer nominates a quantity of gas which includes a Receipt Point or Delivery Point on the Mainline and a Receipt Point or Delivery Point on the Eastern Mainline, such quantity of gas shall be subject to the sum of the Rate Schedule IT – Mainline Maximum Rate and the Rate Schedule IT - Eastern Mainline Maximum Rate, subject to Section 27 of the General Terms and Conditions of Company's FERC Gas Tariff, in addition to the Fuel Retention and Loss Quantity.

4/ The Fuel Retention and Loss Quantity applies to all transportation rate schedules except for service rendered entirely by displacement for which a ~~0.50.25~~ percent Loss Quantity shall apply, and except for service where both the receipt and delivery points are the same for which no Fuel Retention and Loss Quantity shall apply. No Fuel Retention and Loss Quantity shall apply to those services provided under Rate Schedules PAL, FPAL, or TPB if Customer uses such ancillary services in conjunction with transportation services for which either a Fuel Retention and Loss Quantity or a Loss Quantity applies.

PARK AND LOAN RATES (Per Dekatherms) 6/

FPAL – Mainline 5/

Daily Demand:

Maximum \$0.06770.0632

Minimum \$0.0000

Commodity Rate:

Maximum \$0.0009

Minimum \$0.0009

PAL – Mainline 5/

Maximum \$0.06870.0641

Minimum \$0.0000

PAL – Eastern Mainline 5/

Maximum \$0.09930.1581

Minimum \$0.0000

TPB RATES (Per Dekatherms) 6/

Maximum \$0.0200

Minimum \$0.0000

5/ The Mainline rates apply to service under Rate Schedule PAL or FPAL with a Parking Point or Lending Point at Portland.

6/ Rates are Daily Rates per Dekatherm.