



NORTHWEST PIPELINE LLC  
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713-215-2000

February 28, 2023

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

Reference: Northwest Pipeline LLC  
North Seattle Lateral Upgrade and South Seattle Delivery Lateral Expansion Projects  
Annual Incremental Facilities Charge Update  
Docket No. RP23-\_\_\_\_\_

Dear Ms. Bose:

Pursuant to Section 4 of the Natural Gas Act and Part 154 of the Federal Energy Regulatory Commission's ("Commission") regulations thereunder, Northwest Pipeline LLC ("Northwest") hereby tenders for filing and acceptance the following tariff record as part of its FERC Gas Tariff, Fifth Revised Volume No. 1 ("Tariff"):

Twentieth Revised Sheet No. 5-B

The proposed effective date of the tariff record is April 1, 2023.

**Statement of Nature, Reasons and Basis for the Filing**

The purpose of this filing is to update the annual incremental facility charges for the South Seattle Delivery Lateral Expansion Project and the North Seattle Lateral Upgrade Project in compliance with the Commission's orders issued in Docket No. CP12-471<sup>1</sup> and Docket No. CP17-441<sup>2</sup>.

**Filings Pending Before the Commission**

In compliance with 18 CFR § 154.204(f), Northwest states that it has no other tariff filings pending before the Commission that may significantly impact this filing.

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<sup>1</sup> *Northwest Pipeline GP*, 143 FERC ¶ 62,106 (2013); *reh'g denied*, 145 FERC ¶ 61,013 (2013). Northwest was directed to file a tariff record setting forth the facility charge to be updated when the charge is annually revised pursuant to the associated facilities agreement.

<sup>2</sup> *Northwest Pipeline LLC*, 164 FERC ¶ 61,038 (2018). Northwest was directed to file a tariff record setting forth the facility charge to be updated when the charge is annually revised pursuant to the associated facilities agreement.

**Effective Date and Waiver Request**

Northwest requests that the proposed tariff record submitted herein be made effective April 1, 2023. In the event the tariff record is suspended, modified, or accepted subject to conditions, in accordance with Section 154.7(a)(9) of the Commission's regulations, Northwest reserved the right to file a later motion to place the proposed tariff record into effect at the end of the suspension period. Northwest requests that the Commission grant any waivers it may deem necessary for the acceptance of this filing.

**Materials Submitted Herewith**

In accordance with Section 154.7(a)(1) of the Commission's regulations, the following material is submitted herewith:

An eTariff XML filing package, filed as a zip (compressed) file, containing:

- (1) The tariff record in RTF format with metadata attached;
- (2) A transmittal letter in PDF format;
- (3) A clean version of the revised tariff record in PDF format for publishing in eLibrary;
- (4) A marked version of the tariff record in accordance with Section 154.201(a) of the Commission's regulations;
- (5) Workpapers detailing the assumptions and calculations of the annual incremental facility charge; and
- (6) A copy of the complete filing in PDF format for publishing in eLibrary.

**Posting and Certification of Service**

In accordance with the provisions of Section 154.2(d) of the Commission's regulations, copies of this filing are available for public inspection, during regular business hours, in a convenient form and place at Northwest's main office at 2800 Post Oak Boulevard in Houston, Texas. In addition, Northwest certifies that copies of this filing have been served electronically upon Northwest's customers and upon interested state regulatory commissions.

All communications regarding this filing should be served by e-mail to:

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The undersigned certifies that the contents of this filing are true and correct to the best of her knowledge and belief and that she possesses full power and authority to sign this filing.

Ms. Kimberly D. Bose  
February 28, 2023  
Page 3 of 3

Respectfully submitted,

**NORTHWEST PIPELINE LLC**

A handwritten signature in blue ink that reads "Bela Patel". The signature is written in a cursive style with a horizontal line underneath it.

Manager, Rates & Regulatory

Enclosures

STATEMENT OF RATES (Continued)

Effective Rates Applicable to  
Rate Schedules TF-1, TF-2, TI-1, TFL-1 and TIL-1 (Continued)

Footnotes (Continued)

- (3) To the extent Transporter discounts the Maximum Base Tariff Rate, such discounts will be applied on a non-discriminatory basis, subject to the policies of Order No. 497.

Shippers receiving service under these rate schedules are required to furnish fuel reimbursement in-kind at the rates specified on Sheet No. 14.

An incremental facilities charge or other payment method provided for in Section 21 or 29 of the General Terms and Conditions, is payable in addition to all other rates and charges if such a charge is included in Exhibit C to a Shipper's Transportation Service Agreement.

In addition to the rates set forth on Sheet No. 5, Puget Sound Energy, Inc.'s Transportation Service Agreement Nos. 140053 and 143077 are subject to an annual incremental facility charge pursuant to Section 21 of the General Terms and Conditions. The effective annual incremental facility charge for the South Seattle Delivery Lateral Expansion Project is \$2,115,928, and it is billed in equal monthly one-twelfth increments with a daily incremental facility charge of \$0.09072 per Dth. The effective annual incremental facility charge for the North Seattle Lateral Upgrade Project is \$9,669,341, and it is billed in equal monthly one-twelfth increments with a daily incremental facility charge of \$0.15331 per Dth.

In addition to the reservation rates shown on Sheet No. 5, Shippers who contract for Columbia Gorge Expansion Project capacity are subject to a facility reservation surcharge pursuant to Section 3.4 of Rate Schedule TF-1. The facility charge used in deriving the Columbia Gorge Expansion Project facility reservation surcharge has a minimum rate of \$0 and a maximum rate of \$0.10646.

In addition to the reservation rates shown on Sheet No. 5, Shippers who contract service under Rate Schedules TF-1 (Large Customer), TF-1 25-Year Evergreen, and TF-2 are subject to a Modernization and Emissions Program Cost Recovery Mechanism (CRM) Surcharge pursuant to Section 30 of this Tariff. CRM Surcharge is currently \$0.00000.

STATEMENT OF RATES (Continued)

Effective Rates Applicable to  
Rate Schedules TF-1, TF-2, TI-1, TFL-1 and TIL-1 (Continued)

Footnotes (Continued)

- (3) To the extent Transporter discounts the Maximum Base Tariff Rate, such discounts will be applied on a non-discriminatory basis, subject to the policies of Order No. 497.

Shippers receiving service under these rate schedules are required to furnish fuel reimbursement in-kind at the rates specified on Sheet No. 14.

An incremental facilities charge or other payment method provided for in Section 21 or 29 of the General Terms and Conditions, is payable in addition to all other rates and charges if such a charge is included in Exhibit C to a Shipper's Transportation Service Agreement.

In addition to the rates set forth on Sheet No. 5, Puget Sound Energy, Inc.'s Transportation Service Agreement Nos. 140053 and 143077 are subject to an annual incremental facility charge pursuant to Section 21 of the General Terms and Conditions. The effective annual incremental facility charge for the South Seattle Delivery Lateral Expansion Project is \$2, ~~590115, 878928~~, and it is billed in equal monthly one-twelfth increments with a daily incremental facility charge of \$0. ~~1110809072~~ per Dth. The effective annual incremental facility charge for the North Seattle Lateral Upgrade Project is \$~~109, 231669, 900341~~, and it is billed in equal monthly one-twelfth increments with a daily incremental facility charge of \$0.1 ~~62235331~~ per Dth.

In addition to the reservation rates shown on Sheet No. 5, Shippers who contract for Columbia Gorge Expansion Project capacity are subject to a facility reservation surcharge pursuant to Section 3.4 of Rate Schedule TF-1. The facility charge used in deriving the Columbia Gorge Expansion Project facility reservation surcharge has a minimum rate of \$0 and a maximum rate of \$0.10646.

In addition to the reservation rates shown on Sheet No. 5, Shippers who contract service under Rate Schedules TF-1 (Large Customer), TF-1 25-Year Evergreen, and TF-2 are subject to a Modernization and Emissions Program Cost Recovery Mechanism (CRM) Surcharge pursuant to Section 30 of this Tariff. CRM Surcharge is currently \$0.00000.

**NORTHWEST PIPELINE LLC**  
**South Seattle Delivery Facilities**  
**2023 Cost of Service Forecast**

**Summary**

<b>Operation and Maintenance Expense</b>	<b>\$ 35,433</b>
<b>Depreciation Expense</b>	<b>1,408,789</b>
<b>Ad Valorem and Other Taxes</b>	<b>78,627</b>
<b>Federal Income Taxes</b>	<b>114,743</b>
<b>State Income Tax</b>	<b>21,583</b>
<b>Net Excess Deferred Income Tax Amortization</b>	<b>(83,488)</b>
<b>Return</b>	<b><u>540,241</u></b>
<b>Total Cost of Service</b>	<b><u><u>\$ 2,115,928</u></u></b>

**Capacity Release Rate Development:**

<b>Cost of Service</b>	<b>\$ 2,115,928</b>
<b>Annual Billing Determinants (Dth)</b>	<b>23,323,500</b>
<b>Capacity Release Rate (Dth/d)</b>	<b>\$0.09072</b>

**NORTHWEST PIPELINE LLC**

**South Seattle Delivery Facilities**

**2023 Cost of Service Forecast**

**Operation and Maintenance Expenses**

<b>Operation and Maintenance Expenses</b>	<b>\$</b>	<b>26,573</b>
<b>Administrative and General Expenses</b>		<u><b>8,860</b></u>
<b>Total Operation and Maintenance Expense</b>	<b>\$</b>	<u><u><b>35,433</b></u></u>

**NORTHWEST PIPELINE LLC**  
**South Seattle Delivery Facilities**  
**2023 Cost of Service Forecast**

**Depreciation Expense and Ad Valorem and Other Taxes**

<b>Total Depreciation Expense</b>	<b>\$ 1,408,789</b>
<b>Taxes Other Than Income Taxes</b>	
<b>Ad Valorem Tax</b>	<b>\$ 76,457</b>
<b>Payroll Taxes</b>	<b>\$ 1,036</b>
<b>Franchise and Sundry Taxes</b>	<b>\$ <u>1,134</u></b>
<b>Total Taxes Other Than Income Taxes</b>	<b>\$ <u><u>78,627</u></u></b>



**NORTHWEST PIPELINE LLC**  
**South Seattle Delivery Facilities**  
**2023 Cost of Service Forecast**  
  
**Federal and State Income Taxes**

<b>Taxable Portion of Return</b>	<b>\$ 431,653</b>
<b>State Taxable Income (Grossed-up for Taxes /(1-.24))</b>	<b>567,979</b>
<b>State Income Tax Rate</b>	<u><b>3.80%</b></u>
<b>State Income Tax at 3.80%</b>	<u><u><b>\$ 21,583</b></u></u>
<b>Federal Taxable Income</b>	<b>\$ 546,396</b>
<b>Federal Income Tax Rate</b>	<u><b>21.00%</b></u>
<b>Federal Income Tax</b>	<u><u><b>\$ 114,743</b></u></u>

**NORTHWEST PIPELINE LLC**  
**South Seattle Delivery Facilities**  
**2023 Cost of Service Forecast**

**Rate Base and Return**

<b>Average Rate Base:</b>	
Gas Plant in Service	\$ 20,530,596
Accumulated Depreciation	<u>(13,611,115)</u>
Net Plant	\$ 6,919,481
Accum. Def. Income Taxes	\$ (1,520,345)
Working Capital	<u>3,274</u>
Total Average Rate Base	\$ 5,402,410
Rate of Return (Page 11)	<u>10.00%</u>
Return	<u><u>\$ 540,241</u></u>

**NORTHWEST PIPELINE LLC**  
**South Seattle Lateral Facilities**  
**2023 Cost of Service Forecast**  
**Supporting Work Paper Assumptions**

**General Overview**

Per the Commission's Order Issuing Certificate and Approving Abandonment in Docket No. CP12-471,<sup>1</sup> Northwest is required to file a tariff record setting forth the facilities charge to be updated when the facility charge is revised annually pursuant to the facilities agreement. Additionally, Northwest is required to use the facility charge as the rate for capacity releases inside the corridor established by the primary receipt and delivery points.

Per the facilities agreement, an **estimated** South Seattle Lateral Facilities cost of service is projected annually and includes all costs associated with the South Seattle Lateral Facilities including operating and maintenance expenses, administrative and general expenses, depreciation, net negative salvage, income taxes, other taxes, net excess deferred income tax amortization,<sup>2</sup> and return.

**Operation and Maintenance (O&M) Expense**

Directly assigned South Seattle Lateral Facilities Operation and Maintenance ("O&M") costs are accumulated in a separate work order.

Indirectly assigned O&M is allocated using the method agreed to in Northwest's Stipulation and Settlement Agreement ("Settlement") filed in Docket No. RP12-490.<sup>3</sup>

Administrative and General Expenses ("A&G") are allocated in accordance with the Kansas Nebraska methodology.

**Depreciation Expense**

Direct depreciation expense for the gross direct South Seattle Lateral Facilities is 6.67 percent based on a straight-line methodology over 15 years.

Net negative salvage is 0.20 percent for transmission facilities, as outlined in the RP22-1155 Settlement.<sup>4</sup>

Indirect depreciation expense includes general and intangible plant depreciation and amortization that is allocated using the method agreed to in the Settlement.

**Federal and State Income Taxes**

The federal income tax rate utilized is 21 percent. The state income tax rate utilized is 3.8 percent. The taxable portion of the return is based on Northwest's estimate of the project's equity capital.

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<sup>1</sup> *Northwest Pipeline GP*, 143 FERC ¶ 62,106 (2013) ("May Order"); *reh'g denied*, 145 FERC ¶ 61,013 (2013).

<sup>2</sup> See Article VII of the RP22-1155 Settlement.

<sup>3</sup> *Northwest Pipeline Corp.*, 139 FERC ¶ 61,071 (2012).

<sup>4</sup> *Northwest Pipeline LLC*, 181 FERC ¶ 61,118 (2022).

### **Taxes Other Than Income Taxes**

Ad Valorem taxes are based on the rate used to determine the taxes paid for King County, Washington multiplied by the total average net plant of the South Seattle Lateral Facilities and the general and intangible plant assigned to the facilities.

Payroll taxes and other taxes are allocated based on the method agreed to in the Settlement.

### **Return on Rate Base**

Return on Rate Base is calculated by multiplying Rate Base by the Rate of Return.

Rate of Return – The weighted overall cost of capital (exclusive of taxes) is fixed at 10 percent per the South Seattle Lateral Facilities agreement.

Rate Base – Rate base includes both direct and indirect rate base. Direct rate base equals gross direct plant less accumulated depreciation and accumulated deferred income taxes related to the South Seattle Lateral Facilities. Indirect rate base equals applicable gross general and intangible plant less related accumulated depreciation and accumulated deferred income taxes plus working capital. Working capital includes materials and supplies and prepaid expenses.

Rate base is calculated on an annual basis using a 13-month average.

### **Billing Determinants**

The South Seattle Lateral Facilities capacity is 63,900 Dth per day. This capacity is used in calculating a capacity release rate as directed in the May Order.

**NORTHWEST PIPELINE LLC**

**North Seattle Lateral & Meter Upgrade Delivery Facilities**

**2023 Cost of Service Forecast**

**Summary**

<b>Operation and Maintenance Expense</b>	<b>\$</b>	<b>129,217</b>
<b>Depreciation Expense</b>	<b>\$</b>	<b>2,664,264</b>
<b>Ad Valorem and Other Taxes</b>	<b>\$</b>	<b>525,513</b>
<b>Federal Income Taxes</b>	<b>\$</b>	<b>1,076,993</b>
<b>State Income Tax</b>	<b>\$</b>	<b>202,583</b>
<b>Return</b>	<b>\$</b>	<b><u>5,070,771</u></b>
<b>Total Cost of Service</b>	<b>\$</b>	<b><u><u>9,669,341</u></u></b>

**Capacity Release Rate Development:**

<b>Cost of Service</b>	<b>9,669,341</b>
<b>Annual Billing Determinants (Dth)</b>	<b>63,071,635</b>
<b>Capacity Release Rate (Dth/d)</b>	<b>\$0.15331</b>

**NORTHWEST PIPELINE LLC**

**North Seattle Lateral & Meter Upgrade Delivery Facilities**

**2023 Cost of Service Forecast**

**Operation and Maintenance Expenses**

<b>Operations and Maintenance Expenses</b>	<b>\$</b>	<b>88,147</b>
<b>Administrative and General Expenses</b>	<b>\$</b>	<b><u>41,070</u></b>
<b>Total Operation and Maintenance Expense</b>	<b>\$</b>	<b><u><u>129,217</u></u></b>

**NORTHWEST PIPELINE LLC**

**North Seattle Lateral & Meter Upgrade Delivery Facilities**

**2023 Cost of Service Forecast**

**Depreciation Expense and Ad Valorem and Other Taxes**

<b>Depreciation Expense</b>	<b>\$</b>	<b>2,664,264</b>
<b>Taxes Other Than Income Taxes:</b>		
<b>Total Ad Valorem Tax</b>	<b>\$</b>	<b>516,030</b>
<b>Payroll Taxes</b>	<b>\$</b>	<b>5,428</b>
<b>Franchise and Sundry Taxes</b>	<b>\$</b>	<b><u>4,055</u></b>
<b>Total Taxes Other Than Income Taxes</b>	<b>\$</b>	<b><u><u>525,513</u></u></b>

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**NORTHWEST PIPELINE LLC**

**North Seattle Lateral & Meter Upgrade Delivery Facilities**

**2023 Cost of Service Forecast**

**Federal and State Income Taxes**

<b>Taxable Portion of Return</b>	<b>\$</b>	<b>4,051,546</b>
<b>State Taxable Income (Grossed-up for Taxes /(1-.24))</b>	<b>\$</b>	<b>5,331,122</b>
<b>State Income Tax Rate</b>		<u><b>3.80%</b></u>
<b>State Income Tax at 3.80%</b>	<b>\$</b>	<u><u><b>202,583</b></u></u>
<b>Federal Taxable Income</b>	<b>\$</b>	<b>5,128,539</b>
<b>Federal Income Tax Rate</b>		<u><b>21.00%</b></u>
<b>Federal Income Tax</b>	<b>\$</b>	<u><u><b>1,076,993</b></u></u>



**NORTHWEST PIPELINE LLC**

**North Seattle Lateral & Meter Upgrade Delivery Facilities**

**2023 Cost of Service Forecast**

**Rate Base and Return**

	<u>Total</u>
<b>Average Rate Base:</b>	
<b>Gas Plant in Service</b>	<b>\$ 63,408,873</b>
<b>Accumulated Depreciation</b>	<b><u>(9,869,994)</u></b>
<b>Net Plant</b>	<b>\$ 53,538,879</b>
<b>Accumulated Deferred Income Taxes</b>	<b>\$ (2,842,874)</b>
<b>Working Capital</b>	<b><u>11,706</u></b>
<b>Total Average Rate Base</b>	<b>\$ 50,707,711</b>
<b>Weighted Overall Cost of Capital per Facilities Agreement</b>	<b><u>10.00%</u></b>
<b>Return</b>	<b><u><u>\$ 5,070,771</u></u></b>

**NORTHWEST PIPELINE LLC**  
**North Seattle Lateral Upgrade Project Facilities**  
**2023 Cost of Service Forecast**  
**Supporting Work Paper Assumptions**

**General Overview**

Per the Commission’s Order Issuing Certificate and Approving Abandonment in Docket No. CP17-441,<sup>1</sup> Northwest is required to file a tariff record setting forth the facilities charge to be updated when the facility charge is revised annually pursuant to the facilities agreement. Additionally, Northwest is required to use the facility charge as the rate for capacity releases inside the corridor established by the primary receipt and delivery points.

Per the facilities agreement, an **estimated** North Seattle Lateral Upgrade Facilities cost of service is projected annually and includes all costs associated with the North Seattle Lateral Upgrade Facilities including operating and maintenance expenses, administrative and general expenses, depreciation, net negative salvage, income taxes, other taxes and return.

**Operation and Maintenance (O&M) Expense**

Directly assigned North Seattle Lateral Upgrade Facilities Operation and Maintenance (“O&M”) costs are accumulated in a separate work order.

Indirectly assigned O&M is allocated using the method agreed to in Northwest’s Stipulation and Settlement Agreement (“Settlement”) filed in Docket No. RP12-490.<sup>2</sup>

Administrative and General Expenses (“A&G”) are allocated in accordance with the Kansas Nebraska methodology.

**Depreciation Expense**

Direct depreciation expense for the gross direct North Seattle Lateral Upgrade Facilities is 4 percent based on a straight-line methodology over 25 years.

Net negative salvage is 0.20 percent for transmission facilities, as outlined in the RP22-1155 Settlement.<sup>3</sup>

Indirect depreciation expense includes general and intangible plant depreciation and amortization that is allocated using the method agreed to in the Settlement.

**Federal and State Income Taxes**

The federal income tax rate utilized is 21 percent. The state income tax rate utilized is 3.8 percent. The taxable portion of the return is based on Northwest’s estimate of the project’s equity capital.

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<sup>1</sup> *Northwest Pipeline LLC*, 164 FERC ¶ 61,038 (2018).

<sup>2</sup> *Northwest Pipeline Corp.*, 139 FERC ¶ 61,071 (2012).

<sup>3</sup> *Northwest Pipeline LLC*, 181 FERC ¶ 61,118 (2022).

### **Taxes Other Than Income Taxes**

Ad Valorem taxes are based on the rate used to determine the taxes paid for King County, Washington multiplied by the total average net plant of the North Seattle Lateral Upgrade Facilities and the general and intangible plant assigned to the facilities.

Payroll taxes and other taxes are allocated based on the method agreed to in the Settlement.

### **Return on Rate Base**

Return on Rate Base is calculated by multiplying Rate Base by the Rate of Return.

Rate of Return – The weighted overall cost of capital (exclusive of taxes) is fixed at 10 percent per the North Seattle Lateral Upgrade Facilities agreement.

Rate Base – Rate base includes both direct and indirect rate base. Direct rate base equals gross direct plant less accumulated depreciation and accumulated deferred income taxes related to the North Seattle Lateral Upgrade Facilities. Indirect rate base equals applicable gross general and intangible plant less related accumulated depreciation and accumulated deferred income taxes plus working capital. Working capital includes materials and supplies and prepaid expenses.

Rate base is calculated on an annual basis using a 13-month average.

### **Billing Determinants**

The North Seattle Lateral Upgrade Facilities capacity is 172,799 Dth per day. This capacity is used in calculating a capacity release rate as directed in the Commission's Order.