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June 5, 2018

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

Re: Northwest Pipeline LLC
Docket No. RP18-
Buy and Sell Gas to Support Flows for Inline Inspections Filing

Dear Ms. Bose:

Northwest Pipeline LLC (Northwest) hereby submits for filing with the Federal Energy Regulatory Commission (Commission) pursuant to Part 154 of the Commission's Regulations,[1] the following revised tariff records as part of its FERC Gas Tariff, Fifth Revised Volume No. 1 (Tariff):

Third Revised Sheet No. 298 Second Revised Sheet No. 299

Statement of Nature, Reasons and Basis for the Filing

The purpose of this filing is to make changes to Northwest's Tariff by adding a provision to provide Northwest with the ability to buy and sell gas when it is unable to secure the necessary flows to run inline assessment tools for its Integrity Management Program.

Background

Section 32 of the General Terms and Conditions (GT&C) of Northwest's tariff, enumerate the circumstances under which Northwest may buy and sell gas in connection with providing storage and transportation services. This section does not provide for a sales service, rather it specifies the situations under which Northwest may buy and sell gas supplies, authorized pursuant to its blanket sales certificate, in de minimis quantities or in limited or infrequent situations. The

[1] 18 C.F.R. Part 154 (2017).

current situations outlined in Section 32 were approved by the Commission in Docket Nos. RP95-145-002 and RP95-145-004.[2]

Proposed Changes

Northwest proposes to add to GT&C Section 32 the following situation under which it may buy and sell gas:

Section 32.1 (l)

> Pursuant to Section 14.14, if, as part of its integrity management program to perform inline inspections, Transporter requires minimum flow levels where scheduled quantities, and balancing flexibility related to line-pack, system storage, and interconnect agreements are insufficient to provide the required flow levels, Transporter may buy and sell gas to create such flows. If, due to market conditions, the purchased gas is sold at a loss, Transporter will recover the loss by selling gas in excess of the purchased gas. If, due to market conditions, the purchased gas is sold at a gain, Transporter will only sell sufficient gas to cover the cost of the gas purchased. Transporter will pass any difference in the quantities purchased verses sold through the fuel use requirements factors as reimbursement.

The purpose of this provision is to allow Northwest, if necessary, to buy and sell gas to create necessary flows for performing inline assessments. Northwest has certain requirements to assess its pipeline system to maintain reliable service and comply with the Code of Federal Regulations, Title 49, Part 192. To effectively collect reliable data, the inline assessment tools must travel at a certain speed which is controlled by pressure and flow. Northwest makes efforts to plan such assessments during certain times of the year to minimize the impact to customers. However, in some instances the flow levels through the given segment are not sufficient to accurately run the inline assessment tools.

Northwest will utilize this provision to meet the flows necessary to accurately run the inline assessment tools after it has exhausted other efforts such as flexibility in utilizing line-pack, storage, and interconnect agreements to achieve the necessary flows. If after pursuing these options Northwest is unable to secure sufficient flows to perform its inline assessments, it will buy gas to meet the remainder of the flow requirements. For example, if a given segment of pipe requires flows of 100,000 Dths per day to run the tool and flows through the segment are anticipated to be 70,000 Dths, then Northwest would buy sufficient quantities of gas to ensure that it could meet the 100,000 Dth requirement.

The provision stipulates how Northwest will handle the buying and selling of gas when recognizing a gain or a loss on the sale of gas. In the instance that Northwest sells the gas at a gain, Northwest will only sell sufficient gas to cover the cost of gas purchased. When Northwest sells the gas at a loss, it will sell excess gas to get it back to the initial purchase cost of the gas. For example, assume that Northwest requires the 100,000 Dths per day flow from the previous

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[2] *See* Letter Order Dated August 5, 1996.

example. If Northwest only had anticipated flows of the 70,000 Dths, Northwest would buy 30,000 Dths of gas to meet the flow requirements for the inline assessment. If the cost of purchasing the 30,000 Dths was $3.00 per Dth and Northwest was only able to sell the gas for $2.90 per Dth, then Northwest would need to sell an additional 1,034 Dths to bring it back to a revenue neutral position and the excess amount would be recovered through the fuel reimbursement factor filing. The transaction would be as follows:

Transaction	QTY	Price	$
Buy	30,000	$ 3.00	$ 90,000
Sell	31,034	$ 2.90	$ 90,000
Fuel Filing Recovery	1,034		

Any difference that arises from the quantities of gas purchased and sold will be passed through the fuel reimbursement factors in Northwest's semi-annual fuel filing.[3] The semi-annual fuel filings will provide shippers with information regarding the details of the transactions. Prior to the purchase or sale of the quantities of gas under the proposed provision, Northwest will post a notice to its website requesting offers to buy or sell gas. The notice will state that shippers desiring to participate will be required to sign a Base Contract for Sale and Purchase of Natural Gas. The information provided in the fuel filing and the portal postings will provide transparency throughout the process and allow shippers to evaluate the transactions.

Northwest has reviewed and discussed with its customer group the details regarding this filing and believes this collaborative effort has resolved the customers' concerns.

Waiver Requests and Effective Date

Northwest requests that the Commission grant any waivers it may deem necessary for the acceptance of this filing. Northwest requests an effective date of July 5, 2018, for the proposed tariff records included in this filing.

Procedural Matters

Pursuant to the applicable provisions in Section 154 of the Commission's regulations, Northwest

[3] Section 14.12 of the GT&C requires the factor for the transportation rate schedules to be determined semi-annually to become effective on April 1 and October 1 of each year.

submits an eTariff.xml filing package that contains the following items:

- proposed tariff records;
- marked tariff records; and
- transmittal letter.

Service and Communications

In compliance with 18 C.F.R. § 154.7(b), 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 his knowledge and belief; that the electronic versions of the submitted tariff records contain the same information; and that he possesses full power and authority to sign this filing.

Respectfully submitted,

Northwest Pipeline LLC

Laren Gertsch
Director, Rates & Tariffs

Enclosures

GENERAL TERMS AND CONDITIONS
(Continued)

32. SALES OF EXCESS GAS (Continued)

(g) as system operations dictate, Transporter may buy and sell gas in equivalent Dth amounts for the purpose of moving gas between the Jackson Prairie and Clay Basin storage facilities;

(h) pursuant to Section 14.12, Transporter may recover gas through its fuel use requirements factors as reimbursement for volumes purchased by Transporter to fund lost and unaccounted-for gas;

(i) pursuant to Rate Schedule DEX-1, Transporter will take title to any Deferred Exchange Quantity not delivered to Shipper at the end of the Deferred Exchange Period or any extension thereof due to Shipper's failure to arrange for receipt of such gas;

(j) pursuant to Section 5 of Rate Schedule PAL, any Parked Quantity not removed within the time frame specified by Transporter's notice and any Parked Quantity not removed by the termination date of the Service Agreement will be deemed as a sale to Shipper; and

(k) pursuant to Section 15.14, any excess LNG Boil-off Balance not brought within tolerance levels within 45 non-entitlement Balancing Approved Days from the date of Transporter's notice becomes the property of Transporter.

(l) Pursuant to Section 14.14, if, as part of its integrity management program to perform inline inspections, Transporter requires minimum flow levels where scheduled quantities, and balancing flexibility related to line-pack, system storage, and interconnect agreements are insufficient to provide the required flow levels, Transporter may buy and sell gas to create such flows. If, due to market conditions, the purchased gas is sold at a loss, Transporter may recover the loss by selling gas in excess of the purchased gas. If, due to market conditions, the purchased gas is sold at a gain, Transporter will only sell sufficient gas to cover the cost of the gas purchased. Transporter will pass any difference in the quantities purchased verses sold through the fuel use requirements factors as reimbursement.

~~32.2 Revenue Crediting. One hundred percent (100%) of all sales revenues received by Transporter pursuant to Sections 32.1(a) through (d) and Section 32.1(i), and one hundred percent (100%) of all net sales revenues received by Transporter pursuant to Section 32.1(j) and Section 5.3 of Rate Schedule PAL, will be credited to firm transportation Shippers. Credits due pursuant to Section 32.2 will be allocated to all firm transportation Shippers under Rate Schedule TF-~~

~~1(Large Customer), excluding discounted firm transportation service and Shippers receiving service under a capacity release Service Agreement, Rate Schedule TF-1(Small Customer) for the months they paid a reservation charge due to conversion to Rate Schedule TF-1 (Large Customer) service, Rate Schedule TF-2 and Rate Schedule T-1 who received service prior to the cancellation of Rate Schedule T-1 (collectively, the specified Shippers). The credits will be allocated to the specified Shippers pro rata in proportion to reservation revenue (total revenue, net of credits from capacity releases as described in Section 23 of the General Terms and Conditions, less variable cost charges and all surcharges) received by Transporter from each and all of the specified Shippers for each applicable month. Such credits shall be reflected as a credit billing adjustment to each March billing for credits accrued during the prior calendar year.~~

GENERAL TERMS AND CONDITIONS
(Continued)

32. SALES OF EXCESS GAS (Continued)

32.2 Revenue Crediting. One hundred percent (100%) of all sales revenues received by Transporter pursuant to Sections 32.1(a) through (d) and Section 32.1(i), and one hundred percent (100%) of all net sales revenues received by Transporter pursuant to Section 32.1(j) and Section 5.3 of Rate Schedule PAL, will be credited to firm transportation Shippers. Credits due pursuant to Section 32.2 will be allocated to all firm transportation Shippers under Rate Schedule TF-1(Large Customer), excluding discounted firm transportation service and Shippers receiving service under a capacity release Service Agreement, Rate Schedule TF-1(Small Customer) for the months they paid a reservation charge due to conversion to Rate Schedule TF-1 (Large Customer) service, Rate Schedule TF-2 and Rate Schedule T-1 who received service prior to the cancellation of Rate Schedule T-1 (collectively, the specified Shippers). The credits will be allocated to the specified Shippers pro rata in proportion to reservation revenue (total revenue, net of credits from capacity releases as described in Section 23 of the General Terms and Conditions, less variable cost charges and all surcharges) received by Transporter from each and all of the specified Shippers for each applicable month. Such credits shall be reflected as a credit billing adjustment to each March billing for credits accrued during the prior calendar year.

32.3 Reporting Requirements. Transporter will post on its Designated Site any quantities of gas available for sale pursuant to Section 32. In the event gas is sold, completed transactions will be posted on the Designated Site within thirty (30) days of the sales transaction detailing the quantity of gas sold, the sales price and whether or not the gas was sold to an affiliate. Transporter will file an annual report with the Commission by March 1 of each year describing for each sales transaction for the preceding calendar year the identities of the parties, the type of service provided, the total volumes sold, and the total revenues received.

GENERAL TERMS AND CONDITIONS
(Continued)

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GENERAL TERMS AND CONDITIONS
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