



TSP Name: Northern Natural Gas Company	Post Date/Time: 08/15/2019 10:04 AM
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Notice ID: 049663	Notice End Date/Time: 09/16/2019 08:59 AM
Notice Type: Rates and Charges	For Gas Day(s): 08/15/2019 - 09/15/2019
Subject: SECTION 5 RATE PROCEEDING FILING AND SECTION 4 RATE INCREASE EFFECTIVE JANUARY 1, 2020	Notice Status: Initiate
Critical: N	Required Response Indicator Description: 5-No response required

Notice Text:

Northern provides the following updates regarding the two pending FERC rate proceedings involving Northern.

In the section 5 rate proceeding, Docket No. RP19-59, Northern filed its [answering testimony](#) August 14, 2019. Northern has demonstrated that no rate reduction will occur as a result of the section 5 rate proceeding, which has been further validated by FERC finding that it erroneously reflected the impact of operational purchases of gas in the section 5 rate proceeding as stated in its order issued July 31, 2019. Northern's testimony confirms that resolving this issue alone would result in an 18% Market Area rate increase. Because no rate increase can be effectuated in a section 5 rate investigation, Northern continues to believe that termination of the section 5 is the most efficient use of parties' resources.

In the section 4 rate case filing, Docket No. RP19-1353, Northern received an order from FERC July 31, 2019, in response to Northern's rate increase filing made July 1, 2019. While the order stated that the proposed rate increases will be permitted to go into effect January 1, 2020, subject to refund, a number of the service proposals will be addressed at a technical conference in the near future. The following proposed service changes are expected to take effect January 1, 2020, subject to the outcome of the technical conference:

- Modification of open season posting procedures to require posting of only the winning bid rather than all bids
- Changes regarding operational balancing agreements
- Removal of obsolete gas processing provisions
- Various housekeeping changes to facilitate the above changes, eliminate obsolete provisions and correct grammar
- Revisions to Rate Schedule FDD to (1) remove the list of storage points from the tariff because those points are posted on the website and (2) clarify that account balance transfers will not be allowed during capacity allocations
- Changes to allow Northern to permit customers to use the imbalance-to-storage resolution method to resolve prior period adjustment imbalances
- Removal of the required levels for System Balancing Agreements and adding alternative agreements

FERC procedures require that Northern must file a motion for the increased rates and selected tariff changes that will take effect January 1, 2020. The majority of Northern's proposed service changes will not go into effect until after the FERC issues a final decision following a hearing or a settlement is reached; however, Northern will effectuate a reduction of the Carlton surcharge to \$0.00 effective January 1, 2020.

Upcoming events in the section 4 rate case include:

- Determination of a procedural schedule for the rate case, following a prehearing conference held August 15, 2019
- A technical conference conducted by FERC staff, at a later date to be determined, likely in September or October 2019. At the technical conference, Northern will make a presentation on the tariff issues associated with the technical conference. Northern will be working with the FERC staff to determine the content of the technical conference and will inform customers of the agenda, once it has been set.
- A settlement conference will be set by the FERC settlement judge at a date later to be determined.

The section 4 and 5 rate proceedings remain separate proceedings at this time.

Northern is interested in customer feedback regarding the rate case proposals and looks forward to discussing items of interest to you at your convenience. If you have any questions or comments, or would like to schedule a discussion, please contact your Northern account representative.