

**VIA ELECTRONIC FILING**

March 15, 2019

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

**Re: Tuscarora Gas Transmission Company, Docket Nos. RP16-299-000, RP19-416-000, RP19-419-000, Stipulation and Agreement of Settlement**

Dear Secretary Bose:

Pursuant to Rule 602 of the Federal Energy Regulatory Commission's (the "Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2019), Tuscarora Gas Transmission Company ("Tuscarora") hereby files the attached Stipulation and Agreement of Settlement and related materials ("Settlement") to resolve all issues in the above-referenced proceedings.

The Settlement is the product of intensive negotiations between Tuscarora and the active parties and resolves a host of issues that have been discussed by the parties to the proceedings. The Settlement reflects the agreement of Tuscarora and the Settling Parties to resolve all issues in the above-referenced dockets and must be considered as an integrated package. The Settlement provides benefits to Tuscarora's shippers and will save the parties substantial costs, time, and resources that would have been expended through litigation. Any modification or condition placed on the Settlement, or any provision of the Settlement, could jeopardize the negotiated compromise and delicate balance of interests that is reflected in the Settlement and result in litigation and consumption of the Commission's and the parties' resources.

The Settlement is supported or not opposed by the Settling Parties listed in Appendix A of the Settlement. Tuscarora is not aware of any party to the proceedings that opposes the Settlement.

The following appendices to the Settlement are included in this submission:

- Appendix A – Settling Parties
- Appendix B – Settlement Tariff Records
- Appendix C – Depreciation Rates
- Appendix D – Contract Amendment Form

In light of the support and/or non-opposition by all of the active parties, following the comment period provided for by Rule 602(f), 18 C.F.R. § 385.602(f) (2019), Tuscarora asks that the Commission act expeditiously to approve the Settlement as fair and reasonable and in the public interest. *See* 18 C.F.R. § 385.602(g) (2019).

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This submission includes:

- (i) The Stipulation and Agreement of Settlement and the relevant appendices as detailed above;
- (ii) a separate Explanatory Statement, *see* 18 C.F.R. § 385.602(c)(ii) (2019), including answers to the questions set forth in the December 15, 2016 Amended Notice to the Public issued by the Chief Administrative Law Judge;
- (iii) a separate Statement of References to testimony, exhibits, decisions, and other matters relevant to the Settlement, *see* 18 C.F.R. § 385.602(c)(iii) (2019); and
- (iv) draft order approving the Settlement for consideration and possible use by the Commission.

Tuscarora respectfully requests that the Commission waive any and all regulations that may be necessary in order to permit the approval of this Settlement as filed.

Copies of this transmittal letter and all attachments are being served upon all parties to these proceedings, Tuscarora's other jurisdictional customers, and all interested state commissions in accordance with Commission's Rule 602(d), 18 C.F.R. § 385.602(d) (2019).

Because all the participants in these proceedings were given the opportunity to review and comment on the Settlement, Tuscarora requests that the comment periods be shortened such that the initial comments are to be filed within seven (7) business days of this filing (*i.e.*, on or before March 26, 2019), and reply comments to be filed within seven (7) business days thereafter (*i.e.*, on or before April 4, 2019). Tuscarora previously circulated the dates of the shortened comment period and participants either supported or did not oppose the proposal. If the comment periods are not shortened, initial comments are due on or before April 4, 2019, and reply comments are due on or before April 15, 2019. By serving this letter, Tuscarora is concurrently informing all participants of these comment dates in accordance with Rule 602, 18 C.F.R. § 385.602(d)(2) (2019).

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Respectfully submitted,

/s/ Richard Bralow

Richard Bralow

Sandra Mazan

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**CERTIFICATE OF SERVICE**

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2019), I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Houston, Texas this 15th day of March, 2019.

/s/ Richard Bralow \_\_\_\_\_



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\* Persons designated for official service pursuant to Rule 2010.

## II. BACKGROUND

On July 15, 2016, in Docket No. RP16-299-000 Tuscarora filed a Stipulation and Agreement of Settlement (“2016 Settlement”) in order to resolve all issues therein. The Commission approved the 2016 Settlement on July 22, 2016.<sup>1</sup> The 2016 Settlement provided for a phased reduction in Tuscarora’s rates. The Phase I Rates went into effect on the effective date of the 2016 Settlement and were intended to remain in effect until July 31, 2019 (“2016 Phase I Rates”). The Phase II Rates under the 2016 Settlement were scheduled to go into effect on August 1, 2019 (“2016 Phase II Rates”).

On July 18, 2018, the Commission issued Order No. 849<sup>2</sup> and its Order on Rehearing of its previously-issued Revised Policy Statement on income tax allowances.<sup>3</sup> In the Final Rule, the Commission offered each pipeline four options: (1) file a limited rate filing pursuant to section 4 of the Natural Gas Act (“NGA”) 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

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<sup>1</sup> *Tuscarora Gas Transmission Company*, 156 FERC ¶ 61,188 (2016).

<sup>2</sup> *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) (“Final Rule”).

<sup>3</sup> *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), *order on reh’g*, 164 FERC ¶ 61,030 (2018) (“Revised Policy Statement”).

No. 501-G.<sup>4</sup>

Tuscarora held an in-person informational meeting with customers on November 28, 2018, to discuss its approach to the Form No. 501-G process. On December 6, 2018, Tuscarora submitted its Form No. 501-G one-time informational report in unadjusted and adjusted forms, and contemporaneously filed a limited NGA section 4 rate reduction filing.<sup>5</sup> The Limited Section 4 Filing provided for a reduction in the currently effective Phase I Rate Schedule FT and Rate Schedule LFS Reservation Charge and Volumetric Reservation Charge for Capacity Release rates, as well as the Phase I Rate Schedule IT Maximum Delivery Charge rate, by 1.7 percent, effective on February 1, 2019 (“Limited Section 4 Filing Rates”).<sup>6</sup> Thereafter, on January 16, 2019, Tuscarora and its customers held settlement discussions to discuss providing additional rate relief for customers and addressing the limited set of issues prompted by the 501-G process.

On January 31, 2019, the Commission issued an order accepting the Limited Section 4 Filing Rates, effective February 1, 2019, and directed Tuscarora to file formal settlement documents or an informational filing providing the status of the settlement within 30 days of the date of the order.<sup>7</sup> That formal settlement is reflected in the attached Settlement.

### **III. PETITION FOR APPROVAL AND REQUEST FOR EXPEDITED ACTION**

The attached Settlement reflects the agreement of Tuscarora and the Settling Parties (as defined therein) and results from their significant efforts to resolve all issues in above-referenced dockets. The Commission has encouraged natural gas companies and their customers to resolve

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<sup>4</sup> Final Rule at P 2, 31.

<sup>5</sup> *Tuscarora Gas Transmission Company*, Docket No. RP19-416-000, Form No. 501-G Filing, and Docket No. RP19-419-000, Limited Section 4 Income Tax Rate Reduction Filing (filed Dec. 6, 2018) (“Limited Section 4 Filing”).

<sup>6</sup> The Maximum FTS and LFS reservation charges under the Limited Section 4 Filing were reduced from \$8.3615 to \$8.2194 and the Maximum Authorized Overrun, Volumetric Reservation Charge for Capacity Release and Maximum IT Delivery Charge were reduced from \$0.2780/Dth to \$0.2733/Dth.

<sup>7</sup> *Tuscarora Gas Transmission Company*, 166 FERC ¶ 61,082 (2019) (“January 31 Order”).

differences over rates before making any filing with the Commission<sup>8</sup> because it enables the quick processing of a rate change “without the expense of a hearing and lengthy litigation.”<sup>9</sup> Moreover, the Commission has encouraged natural gas companies to resolve rate issues resulting from the Tax Cut and Jobs Act, the Final Rule, and the Revised Policy Statement through pre-packaged, unopposed settlements.<sup>10</sup>

The Settlement is an indivisible package that comprehensively resolves a wide array of 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 negotiations and collaborative efforts that produced the attached Settlement involved concessions from participants that, in isolation, they would have been unlikely to accept, but to which they were willing to consent as part of the entire Settlement. Given that all participants taking part in the negotiations producing the Settlement support or do not oppose it (to the best of the information, knowledge and belief of the undersigned), prompt Commission approval is warranted and desirable in order to give all participants the benefit of their bargain. Further, expeditious action on the part of the Commission to approve the Settlement would reduce any period of uncertainty in the marketplace regarding the rate and service-related issues that are the subject of the Settlement. Further, expedited action is appropriate given that the reduced rates will benefit shippers. The avoidance of litigation and resulting better use of resources is a valuable outcome, benefiting the participants, the Commission and the public interest. Therefore, Tuscarora submits that the Settlement is fair and reasonable and in the public interest and should be approved without condition or modification.

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<sup>8</sup> See *Dominion Transmission, Inc.*, 111 FERC ¶ 61,285 at P 30 (2005).

<sup>9</sup> *Id.*

<sup>10</sup> Final Rule at P 159.

**IV.  
CONCLUSION**

WHEREFORE, for the foregoing reasons, Tuscarora respectfully requests that the Commission expeditiously grant this Petition and approve the Settlement without condition or modification. Tuscarora also requests that the Commission grant any other authorizations or waivers necessary to approve the Settlement as proposed herein.

Dated: March 15, 2019

Respectfully submitted,

/s/ Richard Bralow

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**CERTIFICATE OF SERVICE**

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2019), I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Houston, Texas this 15th day of March, 2019.

*/s/ Richard Bralow* \_\_\_\_\_



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) (“Final Rule”). 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), *order on reh’g*, 164 FERC ¶ 61,030 (2018) (“Revised Policy Statement”).

3. In the Final Rule, the Commission offered each pipeline four options: (1) file a limited rate filing pursuant to section 4 of the Natural Gas Act (“NGA”) 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. Final Rule at P 2, 31.

4. Tuscarora held an in-person informational meeting with customers on November 28, 2018, to discuss its approach to the Form No. 501-G process. On December 6, 2018, Tuscarora submitted its Form No. 501-G one-time informational report in unadjusted and adjusted forms, and contemporaneously filed a limited NGA section 4 rate reduction filing. *Tuscarora Gas Transmission Company*, Docket No. RP19-416-000, Form No. 501-G Filing, and Docket No. RP19-419-000, Limited Section 4 Income Tax Rate Reduction Filing (filed Dec. 6, 2018) (“Limited Section 4 Filing”). The Limited Section 4 Filing provided for a reduction in the currently effective Phase I Rate Schedule FT and Rate Schedule LFS Reservation Charge and Volumetric Reservation Charge for Capacity Release rates, as well as the Phase I Rate Schedule IT Maximum Delivery Charge rate, by 1.7 percent, effective on February 1, 2019 (“Limited

Section 4 Filing Rates”).<sup>2</sup> Thereafter, on January 16, 2019, Tuscarora and its customers held settlement discussions to discuss providing additional rate relief for customers and addressing the limited set of issues prompted by the 501-G process.

5. On January 31, 2019, the Commission issued an order accepting the Limited Section 4 Filing Rates, effective February 1, 2019, and directed Tuscarora to file formal settlement documents or an informational filing providing the status of the settlement within 30 days of the date of the order. *Tuscarora Gas Transmission Company*, 166 FERC ¶ 61,082 (2019) (“January 31 Order”).

6. The Settlement is intended to comply with the Commission’s directive. During the settlement discussions, the parties exchanged multiple offers of settlement and counteroffers. The Settlement is the result of these negotiations. Through the Settlement, the participants have successfully resolved all issues in these proceedings in a practical and carefully constructed fashion.

## **ARTICLE II INDIVISIBILITY OF SETTLEMENT TERMS**

The Settling Parties (as defined below) have engaged in extensive settlement negotiations in an effort to resolve all issues in these proceedings. The Settlement provides for a reasonable and comprehensive resolution of these issues. The Settlement is a carefully crafted and delicate compromise among many parties with diverse and often conflicting interests. It is an integrated package and the Settling Parties request that it be approved in its entirety.

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<sup>2</sup> The Maximum FTS and LFS reservation charges under the Limited Section 4 Filing were reduced from \$8.3615 to \$8.2194 and the Maximum Authorized Overrun, Volumetric Reservation Charge for Capacity Release and Maximum IT Delivery Charge were reduced from \$0.2780/Dth to \$0.2733/Dth.

**ARTICLE III**  
**SETTLING PARTIES AND CONTESTING PARTIES**

**A. Settling Parties**

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 does not oppose the Settlement in initial or reply comments, and (ii) is not a Contesting Party as defined in Article III.B.

**B. Contesting Parties**

1. A Contesting Party is any entity that (a) files any pleading at the Commission concerning this Settlement, other than a request for rehearing in accordance with Article IV.A.3. or Article IV.A.5, that takes any position with regard to the Settlement other than that the entity (i) unequivocally supports the Settlement as a whole and each of its underlying provisions, (ii) does not oppose approval of the Settlement as a whole and/or (iii) urges expedited approval of the Settlement as filed; or (b) provides notice as set forth in Article IV.A.6. that it elects to become a Contesting Party. For the avoidance of doubt, a Settling Party can become a Contesting Party by meeting one or both of the conditions in (a) or (b) above. Notwithstanding anything herein to the contrary, any entity treated as a Contesting Party under this Settlement reserves all rights to challenge such treatment before the Commission, and upon the Commission’s determination that such entity is not a Contesting Party, shall be entitled to a billing adjustment to reflect the rates approved herein for the Settling Parties for the time period that such entity was billed as a Contesting Party. Tuscarora shall apply any billing adjustment to the Settling Party’s next applicable monthly bill. The billing adjustment shall equal the difference between the rate charged and the applicable settlement rate under this Settlement plus interest at the FERC-approved interest rate, calculated consistent with 18 C.F.R. § 154.501(d) (2018).

2. Contesting Parties shall forego any and all rights or obligations under the Settlement, including the right to receive service at the Modified Limited Section 4 Filing Rates or the Phase II Settlement Rates, which are defined in Article VI.1-2, below, and are set forth in Appendices B-2 and B-3.

#### **ARTICLE IV SETTLEMENT EFFECTIVENESS**

**A. Effective Date**

1. **Definition of Effective Date.** This Settlement shall become effective on the Effective Date, which shall be the earlier of: (1) the first day of the month following the period for initial and reply comments associated with the filing of an uncontested settlement with the Commission, provided that no comments opposing or materially challenging the Settlement are filed with the Commission; (2) the first day of the month following a Commission order approving the Settlement without modification(s) or condition(s); or (3) the first day of the month following a Commission order approving the Settlement with modification(s) or condition(s), subject to the rights of the parties enumerated in this Article. Tuscarora agrees to request a shortened period for initial and reply comments. To the extent that this Settlement is approved without modification(s) or condition(s), Tuscarora and the Settling Parties are bound by the terms of the Settlement and waive any and all rights to file requests for rehearing, clarification and/or reconsideration of such an order.

2. **Meet and Confer Conditions if Commission Issues Order Approving Settlement with Modification(s) or Condition(s).** In the event that the Commission issues an order approving the 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 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 on the Effective Date subject to the rights of Tuscarora and the other Settling Parties as set forth in Article IV.A.3. and Article IV.A.5., respectively.

3. **Commission Modification(s) or Condition(s) Materially and Adversely Affecting Tuscarora.** If an order approving the Settlement requires a modification(s) or imposes a condition(s) that materially and adversely affects Tuscarora, as determined by Tuscarora 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, Tuscarora shall provide notice to the Commission and all parties to the proceeding stating whether it will withdraw the Settlement and, if it does not withdraw the Settlement, whether it will seek rehearing of such Commission order. If Tuscarora does not withdraw the Settlement, then the 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 Tuscarora or any other Settling Party.

4. **Tuscarora Elects Rehearing.** If Tuscarora elects to file a request for rehearing that is consistent with the terms of the Settlement, then no other Settling Party shall oppose such a request for rehearing. Within seven (7) calendar days after the date that a Commission order denying a request for rehearing filed by Tuscarora pursuant to Article IV.A.3. becomes a Final Order (as defined below), Tuscarora shall have the option to withdraw the

Settlement by providing written notice of withdrawal of the Settlement to the Commission and all parties in this proceeding.

5. **Commission Modification(s) or Condition(s) Materially and Adversely Affecting Settling Party.** If an order approving the Settlement requires a modification(s) or imposes a condition(s) that materially and adversely affects any Settling Party other than Tuscarora, 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 it elects to continue to be bound by the 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 Settlement, then the 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.

6. **Settling Party Elects Rehearing.** If a Settling Party elects to file a request for rehearing that is consistent with the Settlement pursuant to Article IV.A.5. above, then no other Settling Party will oppose such request for rehearing. If a Settling Party provides notice that it elects not to continue to be bound by the Settlement, it 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 Settlement does not constitute notice of intent to become a Contesting Party. Further, such Settling Party may elect to become a Contesting Party within seven (7) calendar days after the date that a Commission order denying a request for rehearing becomes a Final Order. Within seven (7) calendar days of receipt of such notice that such Settling Party elects to become a Contesting Party, Tuscarora shall have the option,

but not the obligation, to withdraw the Settlement by providing written notice of withdrawal of the Settlement to the Commission and all parties in this proceeding.

7. **Definition of Final Order.** For purposes of this 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.

**B. Effect on 2016 Settlement**

The 2016 Settlement shall remain in full force and effect until the Effective Date. Upon the Effective Date, this Settlement shall supersede and replace the 2016 Settlement in its entirety. Provided however, if there is a Contesting Party to this Settlement, which is also listed in Appendix A of the 2016 Settlement, the 2016 Settlement shall continue to apply to that Contesting Party until the Commission otherwise orders.

**C. Effect of Withdrawal of the Settlement by Tuscarora**

Any notice of withdrawal permitted by the Settlement and provided by Tuscarora shall cause the Settlement to be terminated and become null and void, except with respect to Article X.2-3. If Tuscarora withdraws the Settlement, all parties' rights, obligations and commitments under the Settlement are deemed null and void, and all parties are returned to the *status quo ante*, and the 2016 Settlement shall remain in full force and effect.

**ARTICLE V  
MORATORIUM AND MANDATORY FILING REQUIREMENT**

**A. Moratorium**

1. The period from the Effective Date through July 31, 2022, is referred to herein as the "Moratorium."

2. Except in accordance with this Article, Tuscarora 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 Settlement during the Moratorium, including, without limitation, any increase, change or modification of Limited Section 4 Filing Rates, Modified Limited Section 4 Filing Rates, or the Phase II Settlement Rates, as defined in Article VI.1. and Article VI.2., or the amendments to Tuscarora’s FERC Gas Tariff, Second Revised Volume No. 1 (“Tariff”) contained in the Pro Forma Tariff sections included in Appendices B-2, and B-3. Neither Tuscarora nor any of its successors, assignees or affiliates will initiate, undertake, pursue, seek, advocate, support, aid or abet any effort to implement a change or adjustment to any provision of this Settlement 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 Tuscarora, to modify, increase or otherwise change in any way any of the settlement rates, or any other provision of this Settlement, including but not limited to challenging, contesting or otherwise opposing any of the Limited Section 4 Filing Rates, Modified Limited Section 4 Filing Rates, or the Phase II Settlement Rates, or the Tariff amendments contained in the Pro Forma Tariff sections attached as Appendices B-2 and B-3; provided, however, that the waiver effectuated by this Article V.A.2. does not preclude Tuscarora from making any filing under section 4 for the purpose of seeking a change or adjustment to Tuscarora’s rates or terms and condition of service on or after August 1, 2022, or from making any filing allowed under Article V.A.4. or Article V.A.5.

3. Each Settling Party other than Tuscarora, 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 Settlement during the Moratorium. Neither such Settling Party nor any of its successors, assignees (including shippers acquiring capacity by capacity release) or affiliates, whether acting individually, with others or in support of others, will initiate, undertake, pursue, seek, advocate, support, aid or abet any effort to implement a change or adjustment to any provision of this Settlement 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 Tuscarora, to modify, restrict, encumber, reduce or otherwise change in any way any of the Limited Section 4 Filing Rates, Modified Limited Section 4 Filing Rates, or the Phase II 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 Appendices B-2 and B-3; 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 Tuscarora has violated the terms of this Settlement or has applied the terms of this Settlement in an unduly discriminatory manner, or (ii) making any filing allowed under Article V.A.4. or Article V.A.6.

4. During the Moratorium, and provided that any such activity is not inconsistent with the provisions of this Settlement, Tuscarora 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, Tuscarora may take any action and make any filing not inconsistent with this Settlement, including the actions listed in Article V.A.5.(a) through (d) below. Parties may not challenge Tuscarora'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 Tuscarora may not recover costs imposed upon the pipeline to comply with such legislation, regulation or order;
- (b) make any filing pursuant to sections 4 or 7 of the NGA not inconsistent with the terms of the Settlement for the following:
  - (i) proposing to construct and operate new facilities or to provide new service(s) not covered by the 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 any of the Limited Section 4 Filing Rates, the Modified Limited Section 4 Filing Rates, or the Phase II Settlement Rates; and
- (d) enter into negotiated rate agreements.

6. During the Moratorium, Settling Parties other than Tuscarora shall have the right to make any NGA section 5 filing not prohibited by the 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 Tuscarora 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 Settlement during the Moratorium, the standard of review for any such proposed change shall be the most stringent standard permissible under applicable law.

8. The provisions of this Article V.A. shall no longer have any force and effect following the termination of the Moratorium on July 31, 2022.

**B. Mandatory Filing Requirement**

1. Tuscarora shall file a general rate case pursuant to section 4 of the NGA no later than July 31, 2022.

**ARTICLE VI  
SETTLEMENT RATES AND REFUND FLOOR**

1. **The 2016 Phase I Rates, The Limited Section 4 Filing Rates, and The Modified Limited Section 4 Filing Rates.** The 2016 Settlement set forth rates to be charged for all Tuscarora mainline transportation services from August 1, 2016, through July 31, 2019, the 2016 Phase I Rates, as defined in Article I.1. above. These rates are set forth in Appendix B-4 attached hereto. Pursuant to the January 31 Order, the Limited Section 4 Filing Rates became effective February 1, 2019 and superseded the applicable 2016 Phase I Rates. The Limited Section 4 Rates are set forth in Appendix B-1 attached hereto. The Parties hereby agree that the Limited Section 4 Filing Rates shall be modified to reduce the commodity component of such rates and apply the reduction to the rates under Rate Schedule PL (“Limited Section 4 Modifications”) effective February 1, 2019, as set forth or otherwise referenced on Pro Forma Tariff Sections 4.1 and 4.3, attached in Appendix B-2 (“Modified Limited Section 4 Filing Rates”). The 2016 Phase I Rates, the Limited Section 4 Filing Rates, and the Modified Limited Section 4 Filing Rates do not include Tuscarora’s annual charge adjustment (“ACA”).

2. **Phase II Settlement Rates.** Effective August 1, 2019, through July 31, 2022, the rates for all Tuscarora mainline transportation services, are set forth or otherwise referenced on Pro Forma Tariff Sections 4.1 and 4.3, attached in Appendix B-3 (the “Phase II Settlement Rates”). The Phase II Settlement Rates include Tuscarora’s reservation and delivery rates, but do not include Tuscarora’s ACA. The Phase II Settlement Rates set forth in Appendix B-3, supersede the 2016 Phase II Rates that were included as part of the 2016 Settlement, except for Contesting Parties, as defined above.<sup>3</sup>

3. **Refund Floor.** Tuscarora and the Settling Parties agree that in the next general rate case instituted by Tuscarora pursuant to section 4 of the NGA, the refund floor shall be the maximum reservation and delivery rates included in the Phase II Settlement Rates (as reflected in Appendix B-3).

## **ARTICLE VII DEPRECIATION**

As of the Effective Date, the annual depreciation rate applicable to the following shall be: mainline transmission and intangible facilities, 1.30%; 2006 and prior compressor equipment, 2.771%; and post-2006 compressor equipment, 3.380%. All other annual depreciation rates shall be as set forth in Appendix C. In addition, for regulatory purposes, Tuscarora shall reflect negative salvage at an annual rate of 0.18% of transmission plant.

## **ARTICLE VIII INCOME TAX ALLOWANCE/ADIT**

Effective February 1, 2019, the Limited Section 4 Filing Rates, the Modified Limited

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<sup>3</sup> The 2016 Phase II Reservation and Delivery Rates, excluding ACA charges, shall be reduced by approximately 5.45 percent, resulting in Rate Schedules FTS and LFS Phase II Maximum Reservation Rates of \$7.3305/Dth. The 2016 Phase II Rates for services under Rate Schedules IT and PL, excluding ACA charges, will also be reduced by approximately 5.45 percent. The effective date of the Phase II Settlement Rates shall be specified as August 1, 2019.

Section 4 Filing Rates, and the Phase II Settlement Rates described in Article VI.1. and VI.2. reflect 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 and consistent with RP19-416-000 and RP19-419-000 (jointly, “Tax Allowance Policy”). Tuscarora and the Settling Parties specifically agree and acknowledge as follows: (a) for the period from February 1, 2019, through July 31, 2022, the Limited Section 4 Filing Rates, the Modified Limited Section 4 Filing Rates, and the Phase II Settlement Rates shall reflect zero income tax allowance and elimination of ADIT, regardless of any change in the Tax Allowance Policy during that term; and (b) after July 31, 2022, 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) Tuscarora’s ownership structure, Tuscarora and the Settling Parties agree to reserve all rights to address said changes in a subsequent proceeding following the expiration of this Settlement.

## **ARTICLE IX CONTRACT AMENDMENTS**

NV Energy, Southwest Gas Corporation, and Tuscarora, as applicable, shall amend each of the following contracts to extend the existing term of each such contract through December 31, 2022: NV Energy Contract Nos. F001, F019, F024, F025, and F030, and Southwest Gas Corporation Contract Nos. F026, F027, and F325. Additionally, NV Energy and Tuscarora shall amend each of the following contracts to eliminate all unilateral evergreen rights contained therein: NV Energy Contract Nos. F001, F019. Contract amendments reflecting the agreed-upon modifications shall be executed in a form substantially similar to the one attached to this Settlement in Appendix D. Within five (5) business days after Tuscarora’s final right to withdraw the Settlement pursuant to Article IV expires, Tuscarora shall tender to NV Energy and Southwest Gas

Corporation executed copies of the applicable contract amendments. NV Energy and Southwest Gas Corporation shall execute and return the applicable contract amendments to Tuscarora within five (5) business days thereafter.

## **ARTICLE X TARIFF FILINGS**

1. **Interim Rate Relief and Filing of Live Tariff Sections.** Tuscarora shall make an NGA section 4 filing for the limited purpose of modifying the Limited Section 4 Rates by placing the Modified Limited Section 4 Filing Rates into effect as of February 1, 2019, or as soon thereafter as authorized by the Commission, on an interim basis, pending the Commission's approval of the Settlement. Once the Settlement is approved, Tuscarora shall make additional filings, if any, necessary to implement the approved Settlement. If Tariff sections implementing the Modified Limited Section 4 Filing Rates on an interim basis have not been accepted by FERC with an effective date of February 1, 2019, and if the Settlement is not withdrawn by Tuscarora pursuant to Article IV.A., then upon the Commission's approval of the Settlement, Tuscarora shall revise the actual Tariff sections, as they appear in Appendix B-1, to include a billing adjustment with interest regarding the Limited Section 4 Modifications, calculated in accordance with Section 154.501 of the Commission's regulations, 18 C.F.R. § 154.501 (2019), to reflect the effectiveness of the rates approved herein for the Settling Parties, effective February 1, 2019. Tuscarora 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 X.1.

2. **Rate Recovery if Settlement is Rejected or Tuscarora Withdraws.** To the extent that the Settlement is rejected by the Commission or Tuscarora withdraws the Settlement

under the circumstances where withdrawal is permitted in Article IV above, Tuscarora shall have the right to charge each Settling Party the Limited Section 4 Filing Rates from February 1, 2019 through July 31, 2019 and the 2016 Phase II Rates as approved in the 2016 Settlement beginning August 1, 2019. To the extent a Settling Party has paid the Modified Limited Section 4 Filing Rates, Tuscarora shall have the right to charge each Settling Party the difference between the Limited Section 4 Filing Rates and the Modified Limited Section 4 Filing Rates collected from each Settling Party under each contract for the period commencing on the date that the Modified Limited Section 4 Filing Rates took effect according to this Article X until the date that the Settlement is rejected by the Commission or withdrawn by Tuscarora, plus interest at the applicable FERC interest rate (“Rate Reduction Make-Up Charge”). Tuscarora 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 Rate Reduction Make-Up Charge. Each Settling Party agrees that it will not contest the lawfulness of the Rate Reduction Make-Up Charge; provided however, that any Settling Party may seek to correct a calculation or billing error pursuant to Section 6.13 of the General Terms and Conditions (“GT&C”) of the Tariff.

**3. Right to Charge the Limited Section 4 Filing Rates and the 2016 Phase II Settlement Rates to Contesting Parties.** A Contesting Party shall not be entitled to the Modified Limited Section 4 Filing Rates or the Phase II Settlement Rates. If a party becomes a Contesting Party prior to the date that the Modified Limited Section 4 Filing Rates have become effective, Tuscarora shall have the right to charge such party the Limited Section 4 Filing Rates through July 31, 2019. On August 1, 2019, and thereafter, Tuscarora shall have the right to charge such Contesting Party the 2016 Phase II Rates. Tuscarora shall have the right to make any necessary tariff, Section 4, or other filings required to ensure that result and Settling Parties

shall support or not oppose all such filings. To the extent that a Settling Party becomes a Contesting Party after the date that the Modified Limited Section 4 Filing Rates have become effective, Tuscarora shall have the right to charge such party the difference between the Limited Section 4 Filing Rates and the Modified Limited Section 4 Filing Rates under each contract for the period commencing on the date that the Modified Limited Section 4 Filing Rates took effect according to this Article X until the date that such Settling Party became a Contesting Party, plus interest at the applicable FERC interest rate (“Contesting Party Rate Reduction Make-Up Charge”). After the date that such Settling Party became a Contesting Party, Tuscarora shall have the right to charge such Contesting Party the Limited Section 4 Filing Rates until July 31, 2019. On August 1, 2019, and thereafter, Tuscarora shall have the right to charge such Contesting Party the 2016 Phase II Rates. Tuscarora 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 Rate Reduction Make-Up Charge. Such Settling Party that became a Contesting Party agrees it will not contest the lawfulness of the Contesting Party Rate Reduction Make-Up Charge; provided however, that any Settling Party that became a Contesting Party may seek to correct a calculation or billing error pursuant to GT&C Section 6.13 of the Tariff.

4. **Tariff Filing to Implement Phase II Settlement Rates.** Tuscarora shall make an NGA section 4 filing containing the actual Tariff sections as they appear in Appendix B-3 to implement the Phase II Settlement Rates on or before June 30, 2019, to become effective August 1, 2019.

## **ARTICLE XI RESERVATIONS**

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

### **A. Settlement Has No Precedential Value**

1. The Commission's approval of this Settlement does not constitute approval of, or precedent regarding, any principle or issue. Unless this Settlement is approved and becomes effective in accordance with the provisions set forth herein, then in any proceeding before the Commission this Settlement, none of the Pro Forma Tariff sections attached hereto nor the content of any settlement negotiations resulting therein may be employed or cited to in any manner and nothing contained in this 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 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 Settlement or collect rates due for the service provided while the 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 Settlement are for purposes of settlement only and shall have no precedential effect.

3. Neither this Settlement nor the Limited Section 4 Filing Rates, the

Modified Limited Section 4 Filing Rates, or Phase II Settlement Rates create any presumption as to the justness and reasonableness of Tuscarora's rates with respect to the Commission's *Policy Statement on Cost Recovery Mechanisms for Natural Gas Facilities*, 151 FERC ¶ 61,047 (2015).

**B. No Drafter**

No party shall be deemed the drafter of this Settlement, and this Settlement shall not be construed against any party as the drafter. In the event of conflict between terms contained in the Settlement and those of the attached Explanatory Statement, the terms of the Settlement control.

**C. Severability**

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

**D. Negotiated Settlement**

It is specifically understood and agreed by and among the Settling Parties that the Settlement represents a negotiated settlement only with respect to the issues resolved by the Settlement. Except to the extent explicitly set forth in the 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 Settlement.

**E. Headings**

The headings for each section in this Settlement are for the convenience of the parties only and shall not be deemed or taken to constitute any part of said section or to alter the contents thereof in any way.

**ARTICLE XII  
PRIVILEGED DOCUMENT**

Unless and until the Settlement shall have become effective in accordance with Article IV, this Settlement shall be privileged, and all discussions held and materials provided by any party in reaching this Settlement shall be treated as subject to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2019).

**ARTICLE XIII  
STANDARD OF REVIEW**

This Settlement may be amended only by unanimous written agreement of Tuscarora and Settling Parties. In the absence of such mutual agreement, it is intended that, once approved by the Commission, the standard of review for any proposed modifications to the provisions of this Settlement by the Commission acting *sua sponte*, third parties or any Contesting Party will be the just and reasonable standard. The standard of review for any modification proposed by Tuscarora or any Settling Parties shall be the "public interest" standard.

**ARTICLE XIV  
EFFECT OF COMMISSION APPROVAL**

1. The Commission's approval of this Settlement shall constitute Commission's authorization and approval for Tuscarora to implement the rates and Tariff changes set forth in this 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 Settlement.

2. The Commission's approval of this Settlement shall constitute Commission waiver of compliance, to the extent (if any) necessary, by Tuscarora 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 Settlement.

Dated: March 15, 2019

Respectfully submitted,

*/s/ Richard Bralow*

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*Attorneys for Tuscarora Gas Transmission  
Company*

**CERTIFICATE OF SERVICE**

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2019), I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Houston, Texas this 15th day of March, 2019.

*/s/ Richard Bralow* \_\_\_\_\_

**APPENDIX A**

**Settling Parties**

**SETTLING PARTIES**

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

Sierra Pacific Power Company d/b/a NV Energy  
Southwest Gas Corporation

**APPENDIX B**

**Settlement Tariff Records**

**Appendix B-1 – Limited Section 4 Filing Rates effective 2/1/19**

RATE SCHEDULES FT and LFS  
CURRENTLY EFFECTIVE RATES 1/

Reservation Charge	(Maximum)	\$ 8.2194
	(Minimum)	\$ 0.0000
Delivery Charge	(Maximum)	\$ 0.0031
	(Minimum)	\$ 0.0031
Authorized Overrun Charge	(Maximum)	\$ 0.2733
	(Minimum)	\$ 0.0031
Annual Charge Adjustment		2/
Measurement Variance Gas Factor	(Maximum)	2.0%
	(Minimum)	(2.0%)
Volumetric Reservation Charge for Capacity Release		\$ 0.2733 3/

- 1/ For scheduling, imbalance and unauthorized overrun charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge and the Authorized Overrun Charge. The currently effective ACA unit charge as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference.
- 3/ The Maximum Rate does not apply to capacity release transactions of one (1) year or less.

IT RATE SCHEDULE  
CURRENTLY EFFECTIVE RATES 1/

Delivery Charge (Maximum)	\$ 0.2733
(Minimum)	\$ 0.0031
Annual Charge Adjustment	2/
Measurement Variance Gas Factor (Maximum)	2.0%
(Minimum)	(2.0%)

- 1/ For scheduling and imbalance charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge. The currently effective ACA unit charge as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference.

RATE SCHEDULES FT and LFS  
CURRENTLY EFFECTIVE RATES 1/

Reservation Charge	(Maximum)	\$ <del>8.3615</del> <u>8.2194</u>
	(Minimum)	\$ 0.0000
Delivery Charge	(Maximum)	\$ 0.0031
	(Minimum)	\$ 0.0031
Authorized Overrun Charge	(Maximum)	\$ <del>0.2780</del> <u>0.2733</u>
	(Minimum)	\$ 0.0031
Annual Charge Adjustment		2/
Measurement Variance Gas Factor	(Maximum)	2.0%
	(Minimum)	(2.0%)
Volumetric Reservation Charge for Capacity Release		\$ <del>0.2780</del> <u>0.2733</u> 3/

- 1/ For scheduling, imbalance and unauthorized overrun charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge and the Authorized Overrun Charge. The currently effective ACA unit charge as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference.
- 3/ The Maximum Rate does not apply to capacity release transactions of one (1) year or less.

IT RATE SCHEDULE  
CURRENTLY EFFECTIVE RATES 1/

Delivery Charge (Maximum)	\$ <del>0.2780</del> <u>0.2733</u>
(Minimum)	\$ 0.0031
Annual Charge Adjustment	2/
Measurement Variance Gas Factor (Maximum)	2.0%
(Minimum)	(2.0%)

- 1/ For scheduling and imbalance charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge. The currently effective ACA unit charge as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference.

**Appendix B-2 – Modified Limited Section Filing 4 Rates effective 2/1/19**

RATE SCHEDULES FT and LFS  
CURRENTLY EFFECTIVE RATES 1/

Reservation Charge	(Maximum)	\$ 8.2194
	(Minimum)	\$ 0.0000
Delivery Charge	(Maximum)	\$ 0.0030
	(Minimum)	\$ 0.0030
Authorized Overrun Charge	(Maximum)	\$ 0.2733
	(Minimum)	\$ 0.0030
Annual Charge Adjustment		2/
Measurement Variance Gas Factor	(Maximum)	2.0%
	(Minimum)	(2.0%)
Volumetric Reservation Charge for Capacity Release		\$ 0.2733 3/

- 1/ For scheduling, imbalance and unauthorized overrun charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge and the Authorized Overrun Charge. The currently effective ACA unit charge as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference.
- 3/ The Maximum Rate does not apply to capacity release transactions of one (1) year or less.

IT RATE SCHEDULE  
CURRENTLY EFFECTIVE RATES 1/

Delivery Charge (Maximum)	\$ 0.2733
(Minimum)	\$ 0.0030
Annual Charge Adjustment	2/
Measurement Variance Gas Factor (Maximum)	2.0%
(Minimum)	(2.0%)

- 1/ For scheduling and imbalance charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge. The currently effective ACA unit charge as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference.

PL RATE SCHEDULE  
CURRENTLY EFFECTIVE RATES

Delivery Charge: (Maximum)	\$ 0.0473
(Minimum)	\$ 0.0000

RATE SCHEDULES FT and LFS  
 CURRENTLY EFFECTIVE RATES 1/

Reservation Charge	(Maximum)	\$ 8.2194
	(Minimum)	\$ 0.0000
Delivery Charge	(Maximum)	\$ <del>0.0031</del> <u>0.0030</u>
	(Minimum)	\$ <del>0.0031</del> <u>0.0030</u>
Authorized Overrun Charge	(Maximum)	\$ 0.2733
	(Minimum)	\$ <del>0.0031</del> <u>0.0030</u>
Annual Charge Adjustment		2/
Measurement Variance Gas Factor	(Maximum)	2.0%
	(Minimum)	(2.0%)
Volumetric Reservation Charge for Capacity Release		\$ 0.2733 3/

- 1/ For scheduling, imbalance and unauthorized overrun charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge and the Authorized Overrun Charge. The currently effective ACA unit charge as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference.
- 3/ The Maximum Rate does not apply to capacity release transactions of one (1) year or less.

IT RATE SCHEDULE  
CURRENTLY EFFECTIVE RATES 1/

Delivery Charge (Maximum)	\$ 0.2733
(Minimum)	\$ <del>0.0031</del> <u>0.0030</u>
Annual Charge Adjustment	2/
Measurement Variance Gas Factor (Maximum)	2.0%
(Minimum)	(2.0%)

- 1/ For scheduling and imbalance charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge. The currently effective ACA unit charge as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference.

PL RATE SCHEDULE  
CURRENTLY EFFECTIVE RATES

Delivery Charge: (Maximum)	\$ <del>0.0481</del> <u>0.0473</u>
(Minimum)	\$ 0.0000

**Appendix B-3 – Phase II Settlement Rates Superseding 2016 Phase II Rates effective 8/1/19**

RATE SCHEDULES FT and LFS  
CURRENTLY EFFECTIVE RATES 1/

Reservation Charge	(Maximum)	\$ 7.3305
	(Minimum)	\$ 0.0000
Delivery Charge	(Maximum)	\$ 0.0029
	(Minimum)	\$ 0.0029
Authorized Overrun Charge	(Maximum)	\$ 0.2439
	(Minimum)	\$ 0.0029
Annual Charge Adjustment		2/
Measurement Variance Gas Factor	(Maximum)	2.0%
	(Minimum)	(2.0%)
Volumetric Reservation Charge for Capacity Release		\$ 0.2439 3/

- 1/ For scheduling, imbalance and unauthorized overrun charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge and the Authorized Overrun Charge. The currently effective ACA unit charge as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference.
- 3/ The Maximum Rate does not apply to capacity release transactions of one (1) year or less.

IT RATE SCHEDULE  
CURRENTLY EFFECTIVE RATES 1/

Delivery Charge (Maximum)	\$ 0.2439
(Minimum)	\$ 0.0029
Annual Charge Adjustment	2/
Measurement Variance Gas Factor (Maximum)	2.0%
(Minimum)	(2.0%)

- 1/ For scheduling and imbalance charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge. The currently effective ACA unit charge as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference.

PL RATE SCHEDULE  
CURRENTLY EFFECTIVE RATES

Delivery Charge: (Maximum)	\$ 0.0455
(Minimum)	\$ 0.0000

RATE SCHEDULES FT and LFS  
 CURRENTLY EFFECTIVE RATES 1/

	Reservation Charge	(Maximum)	\$ <del>8.2194</del> <u>7.3305</u>
		(Minimum)	\$ 0.0000
	Delivery Charge	(Maximum)	\$ <del>0.0030</del> <u>0.0029</u>
		(Minimum)	\$ <del>0.0030</del> <u>0.0029</u>
	Authorized Overrun Charge	(Maximum)	\$ <del>0.2733</del> <u>0.2439</u>
		(Minimum)	\$ <del>0.0030</del> <u>0.0029</u>
	Annual Charge Adjustment		2/
	Measurement Variance Gas Factor	(Maximum)	2.0%
		(Minimum)	(2.0%)
	Volumetric Reservation Charge for Capacity Release		\$ <del>0.2733</del> <u>0.2439</u> 3/

- 1/ For scheduling, imbalance and unauthorized overrun charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge and the Authorized Overrun Charge. The currently effective ACA unit charge as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference.
- 3/ The Maximum Rate does not apply to capacity release transactions of one (1) year or less.

IT RATE SCHEDULE  
CURRENTLY EFFECTIVE RATES 1/

Delivery Charge (Maximum)	\$ <del>0.2733</del> 0.2439
(Minimum)	\$ <del>0.0030</del> 0.0029
Annual Charge Adjustment	2/
Measurement Variance Gas Factor (Maximum)	2.0%
(Minimum)	(2.0%)

- 1/ For scheduling and imbalance charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge. The currently effective ACA unit charge as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference.

PL RATE SCHEDULE  
CURRENTLY EFFECTIVE RATES

Delivery Charge: (Maximum)	\$ <del>0.0473</del> <u>0.0455</u>
(Minimum)	\$ 0.0000

**Appendix B-4 – 2016 Phase I Rates**

RATE SCHEDULES FT and LFS  
CURRENTLY EFFECTIVE RATES 1/

Reservation Charge	(Maximum)	\$ 8.3615
	(Minimum)	\$ 0.0000
Delivery Charge	(Maximum)	\$ 0.0031
	(Minimum)	\$ 0.0031
Authorized Overrun Charge	(Maximum)	\$ 0.2780
	(Minimum)	\$ 0.0031
Annual Charge Adjustment		2/
Measurement Variance Gas Factor	(Maximum)	2.0%
	(Minimum)	(2.0%)
Volumetric Reservation Charge for Capacity Release		\$ 0.2780 3/

- 1/ For scheduling, imbalance and unauthorized overrun charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge and the Authorized Overrun Charge. The currently effective ACA unit charge as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference.
- 3/ The Maximum Rate does not apply to capacity release transactions of one (1) year or less.

IT RATE SCHEDULE  
CURRENTLY EFFECTIVE RATES 1/

Delivery Charge (Maximum)	\$ 0.2780
(Minimum)	\$ 0.0031
Annual Charge Adjustment	2/
Measurement Variance Gas Factor (Maximum)	2.0%
(Minimum)	(2.0%)

- 1/ For scheduling and imbalance charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge. The currently effective ACA unit charge as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference.

RATE SCHEDULES FT and LFS  
 CURRENTLY EFFECTIVE RATES 1/

	Reservation Charge (Maximum)	\$ <del>10.0375</del> <u>8.3615</u>
	(Minimum)	\$ 0.0000
	Delivery Charge (Maximum)	\$ <del>0.0000</del> <u>0.0031</u>
	(Minimum)	\$ <del>0.0000</del> <u>0.0031</u>
	Authorized Overrun Charge (Maximum)	\$ <del>0.3300</del> <u>0.2780</u>
	(Minimum)	\$ <del>0.0000</del> <u>0.0031</u>
	Annual Charge Adjustment	2/
	Measurement Variance Gas Factor (Maximum)	2.0%
	(Minimum)	(2.0%)
	Volumetric Reservation Charge for Capacity Release	\$ <del>0.3300</del> <u>0.2780</u> 3/

- 1/ For scheduling, imbalance and unauthorized overrun charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge and the Authorized Overrun Charge. The currently effective ACA unit charge as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference.
- 3/ The Maximum Rate does not apply to capacity release transactions of one (1) year or less.

IT RATE SCHEDULE  
CURRENTLY EFFECTIVE RATES 1/

Delivery Charge (Maximum)	\$ <del>0.33000</del> <u>0.2780</u>
(Minimum)	\$ <del>0.00000</del> <u>0.0031</u>
Annual Charge Adjustment	2/
Measurement Variance Gas Factor (Maximum)	2.0%
(Minimum)	(2.0%)

- 1/ For scheduling and imbalance charges see General Terms and Conditions, Section 6.6. Maximum and minimum rates are applicable to backhaul service.
- 2/ The Annual Charge Adjustment (ACA) is in addition to the above Delivery Charge. The currently effective ACA unit charge as published on the Commission's website ([www.ferc.gov](http://www.ferc.gov)) is incorporated herein by reference.

## APPENDIX C

### Depreciation Rates

#### DEPRECIATION RATES

<u>Line No.</u>	<u>Description</u>	<u>Rate in %</u>
1	<b>Mainline</b>	
2	Transmission Plant	1.30
3	Negative Salvage	0.18
4	Compressor Station Equipment (Post 2006)	3.38
5	Compressor Station Equipment (2006 and Earlier)	2.771
6	CommEquip-HW & SW*	10.00
7		
8	<b>Intangible Plant</b>	
9	Organization, Franchise & Consent, Miscellaneous	1.30
10		
11	<b>General Plant</b>	
12	Structures & Improvements*	10.00
13	Office Furniture and Equipment	5.00
14	Office Furniture and Equipment – Com	20.00
15	Computer Software*	10.00
16	Transportation Equipment*	14.286
17	Tools, Shop, Garage Equipment	3.33
18	Communications Equipment	3.33

\* To be applied only to new plant in service.

**APPENDIX D**

**Contract Amendment Form**

**Date:**

**Contract No.:**  
**Amendment and Restated Agreement No.:**

FORM OF SERVICE AGREEMENT  
(APPLICABLE TO FT RATE SCHEDULE)

This Agreement ("Agreement") is made and entered into this day of , , by and between Tuscarora Gas Transmission Company, a Nevada general partnership (herein called "Transporter"), and \_\_\_\_\_ (herein called "Shipper" whether one or more persons).

Whereas, Transporter and Shipper previously made and entered into Contract No. \_\_\_ on \_\_\_\_\_, \_\_\_ for firm transportation service under Rate Schedule FT. Service under Contract No. \_\_\_ commenced on \_\_\_\_\_, \_\_\_\_\_, as reflected in Section 3.1 herein. Transporter and Shipper now desire to amend, restate and supersede any prior agreements associated with services provided hereunder;

In consideration of the premises and of the mutual covenants herein contained, the parties do agree as follows:

ARTICLE I  
GENERAL

1. Pursuant to the terms of this Agreement, Transporter agrees to provide Shipper interstate natural gas transportation service, and Shipper agrees to pay Transporter for such service.
2. This Firm Transportation Agreement is made pursuant to the regulations of the Federal Energy Regulatory Commission (FERC) contained in 18 CFR Part 284, as amended from time to time, and all other applicable laws and regulations.
3. As of \_\_\_ \_\_, \_\_\_\_\_, the terms and conditions of this Amended and Restated Agreement No. \_\_\_ represent the agreement between Transporter and Shipper in its entirety and upon becoming effective supersedes any prior agreements associated with services provided hereunder, including the agreement with the same contract number as this Agreement and dated .

ARTICLE II  
QUANTITY OF GAS AND POINTS OF RECEIPT AND DELIVERY

1. The Maximum Transportation Quantity to be received or delivered by Transporter for the account of Shipper hereunder shall be at the Primary Receipt Point and Primary Delivery Point set forth in Exhibit A of the Transportation Service Agreement along with the pressure obligations indicated for each point. Exhibit A is attached hereto, and incorporated herein by reference in its entirety and made a part hereof for all purposes.
2. The Maximum Transportation Quantities listed in Exhibit A are subject to adjustment to reflect the Measurement Variance Gas Quantity as provided in the General Terms and Conditions of Transporter's FERC Gas Tariff.

**Date:**

**Contract No.:**  
**Amendment and Restated Agreement No.:**

ARTICLE III  
TERM

1. The service commencement date is \_\_\_\_ \_\_, \_\_\_\_, and service shall continue until \_\_\_\_ \_\_, \_\_\_\_.

Shipper shall have a regulatory Right of First Refusal as set forth in Section 6.27 of the General Terms and Conditions of Transporter's Tariff.

2. Thereafter, this Agreement shall continue in full force and effect for an additional term of \_\_\_\_ to \_\_\_\_ unless \_\_\_\_\_ gives at least \_\_\_\_\_ prior written notice of its desire to terminate this Agreement. Under this evergreen provision, parties capable of giving notice of termination may include only Shipper (unilateral evergreen) or may include both Shipper and Transporter (bilateral evergreen).

ARTICLE IV  
RATE(S), RATE SCHEDULES,  
AND GENERAL TERMS AND CONDITIONS OF SERVICE

1. Shipper shall pay Transporter each month for services rendered pursuant to this Agreement in accordance with Transporter's Rate Schedule FT, or superseding rate schedule(s), on file with and subject to the jurisdiction of FERC.

In the event Transporter and Shipper mutually agree on a rate other than the Recourse Rate, that rate, and any provisions governing such rate, shall be set forth herein.

2. This Agreement in all respects shall be and remains subject to the applicable provisions of Rate Schedule FT, or superseding rate schedule(s) and to the applicable General Terms and Conditions of Service of Transporter's FERC Gas Tariff on file with FERC, all of which are by this reference made a part hereof.
3. Transporter shall have the right to file with FERC any changes in the terms or rates/charges applicable to any of its Rate Schedules, General Terms and Conditions of Service or Form of Service Agreement as Transporter may deem necessary, and to make such changes effective at such times as Transporter desires and is possible under applicable law. Shipper may protest any filed changes before FERC and exercise any other rights it may have with respect thereto.

ARTICLE V  
MISCELLANEOUS

**Date:**

**Contract No.:**  
**Amendment and Restated Agreement No.:**

1. The interpretation and performance of the Agreement shall be in accordance with the laws of Nevada, excluding conflicts of law principles that would require the application of the laws of a different jurisdiction.
2. Shipper warrants that requisite upstream and downstream transportation arrangements are in place, or will be in place as of the requested effective date of service, and that it has advised the upstream and downstream transporters of the receipt and delivery points under this Agreement and any quantity limitations for each point as specified on Exhibit A attached hereto.
3. Unless herein provided to the contrary, all notices and communications with respect to this Agreement shall be in writing by mail, e-mail, or fax, or other means as agreed to by the parties, and sent to the addresses stated below or to any other such address(es) as may be designated in writing by mail, e-mail, or fax, or other means similarly agreed to:
  - (a) Transporter: Tuscarora Gas Transmission Company  
700 Louisiana Street, Suite 700  
Houston, Texas 77002-2700  
Attention: Transportation Accounting and Contracts
  - (b) Shipper:  
Attention:
4. No modification of the terms and provisions of a Transportation Service Agreement shall be made except by the execution of written contracts signed by Transporter and Shipper.

**Date:**

**Contract No.:**  
**Amendment and Restated Agreement No.:**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective agents thereunto duly authorized, the day and year first above written.

TUSCARORA GAS TRANSMISSION COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Shipper name

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Date:**

**Contract No.:**  
**Amendment and Restated Agreement No.:**

EXHIBIT A

TO THE FIRM TRANSPORTATION AGREEMENT

Dated: ,

Between  
Tuscarora Gas Transmission Company  
and \_\_\_\_\_

<u>Start</u> <u>Date</u>	<u>End</u> <u>Date</u>	<u>Receipt</u> <u>Point</u>	<u>Delivery</u> <u>Point</u>	Maximum Transportation Quantity <u>Dth/d</u>	Minimum Receipt Pressure <u>(Psig)</u>	Minimum and Maximum Delivery Pressure <u>(Psig)</u>
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Commission on January 31, 2019; and the settlement discussions that produced the attached Settlement.

## **Article II – Indivisibility of Settlement Terms**

Article II provides that the Settlement is the product of extensive settlement negotiations and reflects a carefully crafted and delicate compromise among many parties with diverse and often conflicting interests. The Settlement provides for a reasonable and comprehensive resolution of the matters at issue and is an integrated package that the Settling Parties request be approved in its entirety.

## **Article III – Settling Parties and Contesting Parties**

Part A defines a “Settling Party” as (a) any party identified in Appendix A of the Settlement; or (b) any party or shipper not identified in Appendix A that (i) expressly supports, or does not oppose the Settlement in initial or reply comments and (ii) is not a Contesting Party.

Part B defines a “Contesting Party” as any entity, party, or Settling Party that (a) files a pleading, other than a request for rehearing provided for in Article IV, that takes any position with regard to the Settlement other than that the entity, party, or Settling Party (i) unequivocally supports the Settlement, (ii) does not oppose approval of the Settlement, and/or (iii) urges expedited approval of the Settlement as filed, or (b) provides notice electing to become a Contesting Party. A Contesting Party shall forego any and all rights or obligations under the Settlement.

#### **Article IV – Settlement Effectiveness**

Article IV generally governs when the Settlement shall become effective and sets forth the rights of Settling Parties should the Commission issue an order approving the Settlement subject to a modification(s) or condition(s). In the event the Commission issues an order approving the Settlement subject to a modification(s) or condition(s), then the Settling Parties shall meet and confer to determine whether the modification(s) and condition(s) may be accepted by the Settling Parties, or, if not, whether mutually agreeable changes to the Settlement may be made. If the Settling Parties are unable to mutually agree on a suitable solution, the Settlement will become effective on the effective date subject to the rights set forth in the following paragraph.

Article IV also sets forth Tuscarora's rights to seek rehearing of any Commission order approving the Settlement subject to a modification(s) or condition(s) that materially or adversely affects Tuscarora as well as Tuscarora's right to withdraw the Settlement if the Commission issues such an order or a Settling Party elects not to be bound by the Settlement. If Tuscarora elects to seek rehearing that is consistent with the terms of the Settlement, then no other Settling Party shall oppose such a request for rehearing. If the Commission issues a Final Order (as such term is defined in the Settlement) denying Tuscarora's request for rehearing, Tuscarora shall have the option to withdraw the Settlement.

If the Commission issues an order approving the Settlement subject to a modification(s) or condition(s) that materially or adversely affect a Settling Party other than Tuscarora, then Article IV provides that such Settling Party may, upon notice, elect not to be bound by the Settlement and/or seek rehearing of such an order. If a Settling Party elects to seek rehearing that is consistent with the terms of the Settlement, then no other Settling Party will oppose such request for rehearing. A Settling Party that elects not to be bound by the Settlement shall be considered a

Contesting Party and Tuscarora shall have the option, but not the obligation, to withdraw the Settlement. Part B provides that the 2016 Settlement shall remain in full force and effect until the Effective Date of the Settlement (as such term is defined therein), at which time the Settlement shall supersede and replace the 2016 Settlement in its entirety except with respect to Contesting Parties. Part C provides that if Tuscarora withdraws the Settlement, then all parties' rights and obligations under the Settlement are deemed null and void, with the exception of Tuscarora's right to charge rate reduction make-up charges, and the 2016 Settlement shall remain in full force and effect.

#### **Article V – Moratorium, Mandatory Filing Requirement and Parties' Filing Rights**

Article V establishes that (a) during the time period from the Effective Date through July 31, 2022, Tuscarora and Settling Parties each waive and relinquish their rights under sections 4 and 5 of the NGA, respectively, to advocate any changes or adjustments that would be inconsistent with any provision of the Settlement, and (b) Tuscarora shall have an obligation to file a general rate case pursuant to section 4 of the NGA no later than July 31, 2022.

#### **Article VI – Settlement Rates and Refund Floor**

Article VI establishes the rates for mainline transportation and parking and lending services under the Settlement and provides for a refund floor in the next general rate case instituted by Tuscarora pursuant to section 4 of the NGA.

## **Article VII – Depreciation**

Article VII sets forth all applicable depreciation rates and provides that the annual depreciation rate shall be 1.30 percent for all mainline transmission and intangible facilities, 2.771 percent for 2006 and prior compressor equipment, and 3.380 percent for post-2006 compressor equipment. Additionally, Tuscarora shall reflect negative salvage at an annual rate of 0.18 percent of transmission plant. All other annual depreciation rates shall be as set forth in Appendix C.

## **Article VIII – Income Tax Allowance/ADIT**

Article VIII stipulates that, effective February 1, 2019 through July 31, 2022, the settlement rates set forth in Article VI reflect 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 and consistent with RP19-416-000 and RP19-419-000 (jointly, “Tax Allowance Policy”), regardless of any change in the Tax Allowance Policy during that term. After July 31, 2022, 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) Tuscarora’s ownership structure, Tuscarora and the Settling Parties agree to reserve all rights to address said changes in a subsequent proceeding following the expiration of this Settlement.

## **Article IX – Contract Amendments**

Article IX stipulates that NV Energy, Southwest Gas Corporation, and Tuscarora, as applicable, shall each amend certain existing service agreements to extend the term of each through December 31, 2022, and eliminate all unilateral evergreen rights.

## **Article X – Tariff Filings**

Article X stipulates that Tuscarora shall make an NGA section 4 filing for the limited purpose of modifying the rates resulting from its aforementioned limited section 4 rate reduction and placing the modified rates into effect as of February 1, 2019, or as soon thereafter as authorized by the Commission, on an interim basis, pending the Commission’s approval of the Settlement. Article X also stipulates that Tuscarora shall submit a section 4 filing containing live tariff sections, in lieu of the pro forma tariff sections contained in the Settlement, by no later than June 30, 2019, to be effective August 1, 2019. Additionally, Article X provides Tuscarora with the right to charge rate reduction make-up charges in the event that the Settlement is either rejected by the Commission or withdrawn by Tuscarora.

## **Article XI – Reservations**

Article XI generally states that no party shall be bound or prejudiced by the Settlement unless it becomes effective and in accordance with its provisions. Specifically, Article XI provides that: the Settlement has no precedential value (Part A); no party shall be deemed the drafter of the Settlement (Part B); the provisions of the Settlement are not severable (Part C); that the Settlement represents a negotiated settlement only with respect to the issues resolved by the Settlement (Part D); and that headings for each section of the Settlement are for the convenience of the parties only and shall not be deemed or taken to constitute any part of said section or to alter the contents thereof in any way (Part E).

## **Article XII – Privileged Document**

Article XII provides that the Settlement is made pursuant to Rule 602 of the Commission’s Rules of Practice and Procedure, and until it is approved by the Commission and becomes effective, it is privileged, and all discussions held and materials provided by any party in reaching the Settlement shall be treated as subject to Rule 602.

## **Article XIII – Standard of Review**

Article XIII provides that the Settlement may be amended only by unanimous written agreement of Tuscarora and Settling Parties. In the absence of such mutual agreement, it is intended that, once approved by the Commission, the standard of review for any proposed modifications to the provisions of this Settlement by the Commission acting *sua sponte*, third parties or any Contesting Party will be the just and reasonable standard. The standard of review for any modification proposed by Tuscarora or any Settling Parties shall be the “public interest” standard.

## **Article XIV – Effect of Commission Approval**

Article XIV provides that the Commission’s approval of the Settlement shall constitute Commission’s authorization and approval for Tuscarora to implement the rates and Tariff changes reflected in the Settlement without suspension or conditions, other than those specified in the Settlement. The Commission’s approval of the Settlement shall also constitute waiver of compliance 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.

## **Certification Questions**

On December 15, 2016, the Chief Administrative Law Judge issued an Amended Notice to the Public requiring that each Explanatory Statement submitted in support of a proposed settlement filed with the Commission, address the following four questions:

**1. Does the Settlement affect other pending cases?**

Tuscarora does not believe that the Settlement affects any other pending case.

**2. Does the Settlement involve issues of first impression?**

The Settlement does not involve any issue of first impression.

**3. Does the settlement depart from Commission precedent?**

The Settlement does not depart from Commission precedent.

**4. Does the Settlement seek to impose a standard of review other than the ordinary just and reasonable standard with respect to any changes to the settlement that might be sought by either a third party or the Commission acting *sua sponte*?**

This Settlement may be amended only by unanimous written agreement of Tuscarora and Settling Parties. In the absence of such mutual agreement, it is intended that, once approved by the Commission, the standard of review for any proposed modifications to the provisions of this Settlement by the Commission acting *sua sponte*, third parties or any Contesting Party will be the just and reasonable standard. The standard of review for any

modification proposed by Tuscarora or any Settling Parties shall be the “public interest” standard.

Dated: March 15, 2019

Respectfully submitted,

/s/ Richard Bralow

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Director, Rates & Regulatory  
Tuscarora Gas Transmission Company  
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Houston, Texas 77002-2700  
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*Attorneys for Tuscarora Gas  
Transmission Company*

**CERTIFICATE OF SERVICE**

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2019), I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Houston, Texas this 15th day of March, 2019.

*/s/ Richard Bralow* \_\_\_\_\_



**CERTIFICATE OF SERVICE**

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010 (2019), I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Houston, Texas this 15th day of March, 2019.

*/s/ Richard Bralow* \_\_\_\_\_

**DRAFT**

**FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426**

[insert date]

In Reply Refer To:

Docket Nos. RP16-299-000

RP19-416-000

and RP19-419-000

Richard Bralow  
Tuscarora Gas Transmission Company  
700 Louisiana Street, Suite 700  
Houston, Texas 77002-2700

Re: Tuscarora Gas Transmission Company, Docket Nos. RP16-299-000, RP19-416-000,  
RP19-419-000, Offer of Settlement

Dear Mr. Bralow:

1. On March \_\_\_\_, 2019 you filed a Stipulation and Agreement of Settlement (“Settlement”) on behalf of Tuscarora Gas Transmission Company (“Tuscarora”).
2. On \_\_\_\_\_, \_\_\_\_\_ filed comments, stating \_\_\_\_\_.

**The Settlement**

3. Article I describes the procedural history of this docket.
4. Article II provides that the Settlement is the product of extensive settlement negotiations and reflects a carefully crafted and delicate compromise among many parties with diverse and often conflicting interests. The Settlement provides for a reasonable and comprehensive resolution of the matters at issue and is an integrated package that the Settling Parties request be approved in its entirety.
5. Article III.A defines a “Settling Party” as (a) any party identified in Appendix A of the Settlement; or (b) any party or shipper not identified in Appendix A that (i) expressly supports, or does not oppose the Settlement in initial or reply comments and (ii) is not a Contesting Party.

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Article III.B defines a “Contesting Party” as any entity, party, or Settling Party that (a) files a pleading, other than a request for rehearing provided for in Article IV, that takes any position with regard to the Settlement other than that the entity, party, or Settling Party (i) unequivocally supports the Settlement, (ii) does not oppose approval of the Settlement, and/or (iii) urges expedited approval of the Settlement as filed, or (b) provides notice electing to become a Contesting Party. A Contesting Party shall forego any and all rights or obligations under the Settlement.

6. Article IV generally governs when the Settlement shall become effective and sets forth the rights of Settling Parties should the Commission issue an order approving the Settlement subject to a modification(s) or condition(s). In the event the Commission issues an order approving the Settlement subject to a modification(s) or condition(s), then the Settling Parties shall meet and confer to determine whether the modification(s) and condition(s) may be accepted by the Settling Parties, or, if not, whether mutually agreeable changes to the Settlement may be made. If the Settling Parties are unable to mutually agree on a suitable solution, the Settlement will become effective on the effective date subject to the rights set forth in the following paragraph. Article IV also sets forth Tuscarora’s rights to seek rehearing of any Commission order approving the Settlement subject to a modification(s) or condition(s) that materially or adversely affects Tuscarora as well as Tuscarora’s right to withdraw the Settlement if the Commission issues such an order or a Settling Party elects not to be bound by the Settlement. If Tuscarora elects to seek rehearing that is consistent with the terms of the Settlement, then no other Settling Party shall oppose such a request for rehearing. If the Commission issues a Final Order (as such term is defined in the Settlement) denying Tuscarora’s request for rehearing, Tuscarora shall have the option to withdraw the Settlement. If the Commission issues an order approving the Settlement subject to a modification(s) or condition(s) that materially or adversely affect a Settling Party other than Tuscarora, then Article IV provides that such Settling Party may, upon notice, elect not to be bound by the Settlement and/or seek rehearing of such an order. If a Settling Party elects to seek rehearing that is consistent with the terms of the Settlement, then no other Settling Party will oppose such request for rehearing. A Settling Party that elects not to be bound by the Settlement shall be considered a Contesting Party and Tuscarora shall have the option, but not the obligation, to withdraw the Settlement. Part B provides that the 2016 Settlement shall remain in full force and effect until the Effective Date of the Settlement (as such term is defined therein), at which time the Settlement shall supersede and replace the 2016 Settlement in its entirety except with respect to Contesting Parties. Part C provides that if Tuscarora withdraws the Settlement, then all parties’ rights and obligations under the Settlement are deemed null and void, with the exception of Tuscarora’s right to charge rate reduction make-up charges, and the 2016 Settlement shall remain in full force and effect.

7. Article V establishes that (a) during the time period from the Effective Date through July 31, 2022, Tuscarora and Settling Parties each waive and relinquish their rights under sections 4 and 5 of the NGA, respectively, to advocate any changes or adjustments that would

## DRAFT

be inconsistent with any provision of the Settlement, and (b) Tuscarora shall have an obligation to file a general rate case pursuant to section 4 of the NGA no later than July 31, 2022.

8. Article VI establishes the rates for mainline transportation and parking and lending services under the Settlement and provides for a refund floor in the next general rate case instituted by Tuscarora pursuant to section 4 of the NGA.

9. Article VII sets forth all applicable depreciation rates and provides that the annual depreciation rate shall be 1.30 percent for all mainline transmission and intangible facilities, 2.771 percent for 2006 and prior compressor equipment, and 3.380 percent for post-2006 compressor equipment. Additionally, Tuscarora shall reflect negative salvage at an annual rate of 0.18 percent of transmission plant. All other annual depreciation rates shall be as set forth in Appendix C.

10. Article VIII stipulates that, effective February 1, 2019 through July 31, 2022, the settlement rates set forth in Article VI reflect 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 and consistent with RP19-416-000 and RP19-419-000 (jointly, “Tax Allowance Policy”), regardless of any change in the Tax Allowance Policy during that term. After July 31, 2022, 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) Tuscarora’s ownership structure, Tuscarora and the Settling Parties agree to reserve all rights to address said changes in a subsequent proceeding following the expiration of this Settlement.

11. Article IX stipulates that NV Energy, Southwest Gas Corporation, and Tuscarora, as applicable, shall each amend certain existing service agreements to extend the term of each through December 31, 2022, and eliminate all unilateral evergreen rights.

12. Article X stipulates that Tuscarora shall make an NGA section 4 filing for the limited purpose of modifying the rates resulting from its aforementioned limited section 4 rate reduction into effect as of February 1, 2019, or as soon thereafter as authorized by the Commission, on an interim basis, pending the Commission’s approval of the Settlement. Article X also stipulates that Tuscarora shall submit a section 4 filing containing live tariff sections, in lieu of the pro forma tariff sections contained in the Settlement by no later than June 30, 2019, to be effective August 1, 2019. Additionally, Article X provides Tuscarora with the right to charge rate reduction make-up charges in the event that the Settlement is either rejected by the Commission or withdrawn by Tuscarora.

13. Article XI generally states that no party shall be bound or prejudiced by the Settlement unless it becomes effective and in accordance with its provisions. Specifically, Article XI provides that: the Settlement has no precedential value (Part A); no party shall be deemed the

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drafter of the Settlement (Part B); the provisions of the Settlement are not severable (Part C); that the Settlement represents a negotiated settlement only with respect to the issues resolved by the Settlement (Part D); and that headings for each section of the Settlement are for the convenience of the parties only and shall not be deemed or taken to constitute any part of said section or to alter the contents thereof in any way (Part E).

14. Article XII provides that the Settlement is made pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, and until it is approved by the Commission and becomes effective, it is privileged, and all discussions held and materials provided by any party in reaching the Settlement shall be treated as subject to Rule 602.

15. Article XIII provides that the Settlement may be amended only by unanimous written agreement of Tuscarora and Settling Parties. In the absence of such mutual agreement, it is intended that, once approved by the Commission, the standard of review for any proposed modifications to the provisions of this Settlement by the Commission acting *sua sponte*, third parties or any Contesting Party will be the just and reasonable standard. The standard of review for any modification proposed by Tuscarora or any Settling Parties shall be the "public interest" standard.

16. Article XIV provides that the Commission's approval of the Settlement shall constitute Commission's authorization and approval for Tuscarora to implement the rates and Tariff changes reflected in the Settlement without suspension or conditions, other than those specified in the Settlement. The Commission's approval of the Settlement shall also constitute waiver of compliance 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.

17. The subject Settlement is fair and reasonable and in the public interest and is hereby approved. The Commission's approval of the Settlement does not constitute approval of, or precedent regarding, any principle or issue in this proceeding.

By order of the Commission.