DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket Nos. CP98–529–000; CP98–603–000; CP98–690–000, and CP98–738–000]

Pacific Interstate Transmission Company, Northwest Alaskan Pipeline Company, PG&E Gas Transmission (Northwest Corporation), Transwestern Pipeline Company, Pacific Interstate Transmission Company, Pan-Alberta Gas (U.S.) Inc., and Northwest Pipeline Corporation; Notice of Applications and Notice of Petition for Declaratory Order and Request for Waivers

August 26, 1998.

Take notice that on May 8, 1998, Pacific Interstate Transmission Company (PITCO), 633 West Fifth Street, Suite 5300, Los Angeles, California 90071, filed an application in Docket No. CP98–529–000 pursuant to Section 7(b) of the Natural Gas Act (NGA), Section 157.18 of the Commission's Regulations, and Section 9 of the Alaskan Natural Gas Transportation Act (ANGTA).

Take notice that on June 9, 1998, Northwest Alaskan Pipeline Company (Northwest Alaskan), One Williams Center, Tulsa, Oklahoma 74172, filed an application pursuant to Section 7(b) of the NGA, Section 157.18 of the Commission's Regulations, and Section 9 of the ANGTA.

Take notice that on July 24, 1998, PG&E Gas Transmission, Northwest Corporation (PGT), Transwestern Pipeline Company (Transwestern), PITCO, and Pan-Alberta Gas (U.S.) Inc. (Pan-Alberta) (together as Joint Petitioners), filed a petition pursuant to Section 385.207(a)(2) of the Commission's Regulations, requesting a Declaratory Order and waiver of certain tariff provisions to complement the requests by PITCO in Docket No. PC98–529–000.

Take notice that on August 21, 1998, Northwest Pipeline Corporation (Northwest Pipeline), 295 Chipeta Way, Salt Lake City, Utah, 84158, filed an application in Docket No. CP98–738–000 pursuant to Section 7(c) of the NGA, Sections 157.6 and 157.7 of the Commission's Regulations, and Section 9 of the ANGTA.

The above filings are not formally consolidated, but are directly interrelated, and it is now appropriate for the Commission to receive public comments on these related requests. The details of these requests are more fully set forth in the applications and the petition which are on file with the Commission and open to public inspection.

PITCO is a natural gas company under the NGA pursuant to certificates first granted by the Commission in 1980 authorizing PITCO's sale of up to 300 MMCF/D of natural gas to Southern California Gas Company (SoCal Gas), PITCO's corporate affiliate. PITCO's initial certificate was issued as an integral part of the Commission's approvals of the ''pre-build'' of the Western Leg of the Alaska Natural Gas Transportation System (ANGTS) under ANGTA.

Pursuant to Western Leg pre-build certificates, PITCO purchases Canadian natural gas imported by Northwest Alaskan. Northwest Alaskan purchases the gas from Pan-Alberta Gas, Ltd. at the U.S.-Canada border near Kingsgate, British Columbia. PITCO says that the current authority to export 240 MMCF/D of gas granted to Pan-Alberta Gas Ltd. expires on October 31, 2003. In the United States, PITCO's gas is transported from the U.S.-Canada border to Stanfield, Oregon, by PGT where the gas is delivered to Northwest Pipeline. Northwest Pipeline then redelivers the gas to El Paso Natural Gas Company (El Paso) and Transwestern at their interconnections near Ignacio, Colorado.

SoCal Gas purchases the gas from PITCO at either Ignacio, Colorado or Blanco, New Mexico, under PITCO's cost-of-service tariff which aggregates gas supply, pipeline facility, and transportation costs. SoCal gas moves the gas through the El Paso and Transwestern San Juan Basin facilities and mainline transmission facilities for receipt into its intrastate system at the Arizona-California border.

Now, PITCO requests authority for the following in order for SoCal Gas to restructure its gas supply and transportation arrangements under a ''global settlement'' with its customers:

1. Abandonment of its sales to SoCal Gas under its Rate Schedule CQS–1 and Rate Schedule S–1; and

2. Abandonment by sale of its 30% undivided interest in certain jurisdictional facilities which are part of the pipeline system of Northwest Pipeline.[1]

As part of the proposed abandonments and the broader restructuring, PITCO also wants to assign its pipeline capacity rights on the PGT and Northwest Pipeline systems to Pan-Alberta. Likewise, SoCal Gas also intends to permanently transfer by assignment to Pan-Alberta some of its firm capacity on the Transwestern system. PITCO also intends to direct bill SoCal Gas the costs of revising and terminating gas sales and purchase agreements and transferring of capacity, including a payment of $31 million to Pan-Alberta Gas Ltd. PITCO states that its restructuring proposal incorporates a new gas sales agreement between SoCal Gas and Pan-Alberta. PITCO says that the parties intend to execute a Closing Agreement which will control all of the details and timing of the broader restructuring transaction/arrangements.

PITCO requests expeditious consideration of its application by or before October 1, 1998, as the conditions and economic considerations of the proposed restructuring are based on implementation during, but in no event beyond, the end of 1998. PITCO states that the requested abandonment authority and other authorizations are in the present and future public convenience and necessity. As a result of the abandonment and other authorizations requested, PITCO will no longer be a natural gas company providing jurisdictional service.

Northwest Alaskan seeks to abandon the sale to PITCO of a daily average of 240,000 Mcf of Canadian natural gas transported through the pre-build Western Leg of the ANGTS.[2] Northwest Alaskan states that the proposed abandonment is part of the broader restructuring transaction/arrangements among itself, Pan-Alberta, PITCO and SoCal Gas.[3] Northwest Alaskan says that the abandonment approval should become effective on the first day of the first month following the day on which the satisfaction of the conditions precedent to the Closing Agreement.

The Joint Petitioners request waiver of the following tariff provisions:

1. PGT—Section 28 (Capacity Release) of PGT's Transportation General Terms and Conditions, Sheet Nos. 89 through 115.

2. Transwestern—Section 30 (Capacity Release Program) of Transwestern's General Terms and Conditions, Sheet Nos. 95 through 95L.

The Joint Petitioners say that they recognize that capacity release is the strongly preferred method by which

[1] As described herein, Northwest Pipeline has filed an application under Section 7(c) to acquire PITCO's equity interest in these facilities.

[2] On June 9, 1998, Northwest Alaskan filed in Docket No. RP98–247–000 certain related tariff sheets of its FERC Gas Tariff to reflect the proposed abandonment and termination of Rate Schedule X–4 (sale to PITCO) and tariff revisions to Rate Schedules X–1, X–2 and X–3 (sales for pre-build Eastern Leg of the ANGTS). This filing was noticed separately on June 12, 1998, under Section 154.210 of the Commission's Regulations.

[3] On June 9, 1998, Northwest Alaskan filed an application at the Department of Energy requesting a transfer of its import authorization for the pre-build Western Leg supplies to Pan-Alberta.

pipeline capacity is transferred. However, to accommodate the broader restructuring transaction/arrangements for the pre-build Western Leg of ANGTS, the Joint Petitioners request waiver of the respective capacity release tariff provisions of PGT and Transwestern to the extent necessary to accommodate PITCO's requested assignment of capacity. Pan-Alberta will, however, be subject to all other terms and conditions contained within PGT's and Transwestern's tariffs (including but not limited to creditworthiness provisions). The Joint Petitioners say that the requested waivers are needed because PITCO's transfer of capacity to Pan-Alberta on the three pipelines includes, in part, a single payment by PITCO to Pan-Alberta.[4]

They say that in order for the broader restructuring proposal to be implemented as desired, Pan-Alberta must have access to, or control of, firm capacity from the Canadian border to Blanco, New Mexico. They also say that loss of any one segment, if it is posted under the standard capacity release provisions, will cause the overall package to fail. They say that neither current Commission rules nor the tariffs of PGT or Transwestern specifically allow a releasing shipper to condition an award of capacity to an acquiring shipper based on that same acquiring shipper also obtaining complementary capacity on upstream and downstream systems from the same releasing shipper.

Northwest Pipeline seeks certificate authority to acquire PITCO's 30% undivided interest in certain jurisdictional facilities which are part of the pipeline system of Northwest Pipeline. The acquisition would be pursuant to the terms of the August 19, 1998, Sales Agreement between Northwest Pipeline and PITCO. These facilities were constructed and are operated by Northwest Pipeline pursuant to a certificate issued in Docket No. CP79–56. These facilities include abut 350 miles of 30-inch and 24-inch pipeline loops in Oregon and Idaho; 3,500 horsepower of additional compression at Northwest Pipeline's Baker and Caldwell Compressor Stations; and appurtenant facility modifications at three other compressor stations and the Stanfield Meter Station.

Pursuant to the Sales Agreement, Northwest Pipeline will pay PITCO $3,028 for PITCO's interest in the pre-build facilities. Northwest Pipeline says that PITCO stipulates that the stated purchase price represents its current net book value for its pre-build assets. The Sales Agreement also provides that PITCO will pay Northwest Pipeline $2,276,000 as a one-time reimbursement in lieu of the future O&M payments which will be foregone due to the resulting early termination of the 1978 Investment and Operating Agreement for these facilities.

Northwest Pipeline also requests the Commission to grant any waivers of its accounting regulations necessary to allow Northwest Pipeline to record on its books only the proposed payment to PITCO, and not the original cost and associated accumulated depreciation for the thirty percent interest being acquired from PITCO.

Northwest Pipeline says that its acquisition of PITCO's interest in the pre-build facilities is proposed to occur concurrently with implementation of PITCO's restructuring proposals which are at issue in Docket No. CP98–529–000. Accordingly, Northwest Pipeline says that its acquisition is contingent upon acceptable resolution in both that proceeding, and in its related Petition for Tariff Waiver proceeding in Docket No. RP98–370, of all issues associated with PITCO's proposed assignment to Pan-Alberta of its existing firm transportation agreement with Northwest Pipeline.

Any person desiring to be heard or making any protest with reference to said applications and petition should on or before September 16, 1998, file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, a motion to intervene or a protest in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.214 or 385.211) and the Regulations under the Natural Gas Act (18 CFR 157.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. The Commission's rules require that protestors provide copies of their protests to the party or person to whom the protests are directed. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a motion to intervene in accordance with the Commission's Rules.

A person obtaining intervenor status will be placed on the service list maintained by the Secretary of the Commission and will receive copies of all documents issued by the Commission, filed by the applicant, or filed by all other intervenors. An intervenor can file for rehearing of any Commission order and can petition for court review of any such order. However, an intervenor must serve copies of comments or any other filing it makes with the Commission to every other intervenor in the proceeding, as well as filing an original and 14 copies with the Commission.

A person does not have to intervene, however, in order to have comments considered. Commenters will not be required to serve copies of filed documents on all other parties. However, commenters will not receive copies of all documents filed by other parties or issued by the Commission, and will not have the right to seek rehearing or appeal the Commission's final order to a Federal court. The Commission will consider all comments and concerns equally, whether filed by the commenters or those requesting intervenor status.

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by Sections 7 and 15 of the NGA and the Commission's Rules of Practice and Procedure, a hearing will be held without further notice before the Commission or its designee on these applications if no motion to intervene is filed within the time required herein, if the Commission on its own review of the matter finds that a grant of the certificate is required by the public convenience and necessity. If a motion for leave to intervene is timely filed, or if the Commission on its own motion believes that a formal hearing is required, further notice of such hearing will be duly given.

Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for any parties to appear or be represented at the hearing.

Linwood A. Watson, Jr.,

Acting Secretary.

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[4] A separate petition for waiver related to the broader transaction was filed by Northwest Pipeline in Docket No. RP98–370–000 on August 3, 1998. This filing was noticed separately on August 7, 1998, under Section 154.210 of the Commission's Regulations.

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. CP98–739–000]

Tennessee Gas Pipeline Company; Notice of Application

August 26, 1998.

Take notice that on August 21, 1998, Tennessee Gas Pipeline Company (Tennessee), 1001 Louisiana, Houston,